AGENDA

Committee on Ways and Means
April 16, 2026 at 3:00 PM

Lansing City Hall, City Council Conference Room
124 W. Michigan Avenue, 10th Floor
To provide input or ask questions on any item that is listed on the agenda,
members of the public may contact the City Council at city.council@lansingmi.gov or (517) 483-4177 prior to the meeting.
To view the meeting live and participate in virtual public comment: https://www.lansingmi.gov/1212/Council-Committee-Meetings

Council Member Carter, Chairperson
Council Member Spadafore, Vice Chairperson
Council Member Nevarez Martinez, Member

1. **Call to Order**
2. **Roll Call**
3. **Minutes**
   A. April 2, 2026
4. **Public Comment on Agenda Items (Up to 3 Minutes)**
5. **Discussion/Action:**
   B. PLACE ON FILE - Sole Source Purchase; Public Safety Department notification of Great Lakes Breathing Air LLC as the vendor for Make Air Compressors for new fire stations and fire training building
   C. RESOLUTION - Grant Acceptance; Michigan Recycling Coalition Community Education Subaward Program Grant
   D. RESOLUTION - Local Development Finance Authority Budget Amendment; Fiscal Year 2025-2026
   E. RESOLUTION - Designation of Maner Costerisan as the City External Auditor
   F. Presentation - Place on File- Lansing Housing Commission Financial Statements and Independent Auditors' Report for Fiscal Year ended June 30, 2025
6. **Other**
7. **Adjourn**

Persons with disabilities who need an accommodation to fully participate in these meetings should contact the City Council Office at 517-483-4177 (TTY 711) 24 hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodation requests.

MINUTES
Committee on Ways and Means
Thursday, April 2, 2026 @ 3:00 p.m.
City Council Conference Room

CALL TO ORDER
Council Member Carter called the meeting to order at 3:00 pm

PRESENT
Council Member Tamera Carter, Chair
Council Member Peter Spadafore, Vice Chair
Council Member Deyanira Nevarez Martinez, Member- excused

OTHERS PRESENT
Sherrie Boak, Council Legislative Office Manager
Cheryl Rupprecht, LPD
Matt Staples, OCA
Luke Bingaman, Legislative Analyst
Jami Garver, EDP
Bryan Dryer, EDP
Alan McCarrick, IT Director
Delvata Moses, Interim HRCS Director
Joe McDonald, HRCS
Council Member Kost

Minutes
Council Member Carter passed the gavel.

MOTION BY COUNCIL MEMBER CARTER TO APPROVE THE MINUTES OF MARCH 19, 2026, AS PRESENTED. MOTION CARRIED 2-0.

Council Member Spadafore passed the gavel.

Public Comment
No public comment at this time.

Discussion/Action:
RESOLUTION – Donation Acceptance; Daughtry and Miles Families Appreciation of Services Donation for the D.I.V.E Unit
Ms. Rupprecht explained to the Committee that this was received a donation in appreciation for the dive team's participation in the event.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION TO ACCEPT THE DONATION. MOTION CARRIED 2-0.

RESOLUTION – Grant Acceptance; Michigan Department of State Police, Emergency Management and Homeland Security Division State and Local Cybersecurity Grant Program (SLCGP)
The Information Technology representatives stated there are two projects they were focusing on the funds towards.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE GRANT ACCEPTANCE FOR THE CYBERSECURITY GRANT PROGRAM (SLCGP). MOTION CARRIED 2-0.

RESOLUTION – Grant Acceptance; Ingham County Housing and Homeless Millage for hotel accommodations for unhoused individuals
Ms. Moses stated they are seeking acceptance of the grant for the occupants at Causeway Bay.

Council Member Spadafore asked if the county allocated and provides another 6 months, and if there are still residents there. It was confirmed this is the goal and there are still 19 residents. Council Member Carter asked about those resident status, and Ms. Moses stated they are in different phases but some have moved onto housing, roughly 4 and there are more ready with their housing vouchers.

Council Member Spadafore asked how many moved from the hotel to permanent housing, and Ms. Moses stated 4, other working on vouchers and still in hotel. Some were transitioned out because they were not working on the process. Council Member Spadafore asked if this is a model for the future, and if a reasonable option or housing. Ms. Moses stated it has been successful with the HRCS team and other sources. She stated they might need to explore before determining it was something to pursue as an option.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE GRANT ACCEPTANCE FROM INGHAM COUNTY FOR HOTEL ACCOMMODATIONS FOR UNHOUSED INDIVIDUALS FROM THE MILLAGE. MOTION CARRIED 2-0

RESOLUTION – Grant Acceptance; Ingham County Housing and Homeless Millage for ModPods for unhoused individuals
Ms. Moses stated the $600,000 was for the purchase of the pods.

Council Member Spadafore acknowledged the County, but would like to table on this until the budget discussions are done on the ModPods.
]
MOTION BY COUNCIL MEMBER SPADAFORE TO TABLE THE RESOLUTION FOR THE GRANT ACCEPTANCE FROM INGHAM COUNTY MILLAGE FOR MODPODS FOR UNHOUSED INDIVIDUALS UNTIL MAY 7, 2026 COMMITTEE MEETING UNTIL THE BUDGET DISCUSSIONS ON MODPODS ARE COMPLETED. MOTION CARRIED 2-0.

RESOLUTION – Grant Acceptance; Department of Housing and Urban Development Lead Hazard Reduction Grant for Lead Safe Phase 5 Program
Ms. Garver provided the following information on the grant:

- Provided by US housing and urban development office of lead hazard control and healthy homes, total is $6,872,347.31.

- EDP will provide cost sharing match using CDBG Funds
- $687,234.73.
- The period of performance is from 3/2/2026 – 3/1/2030 for a total of 48 months or 4 years, although starting 3/2 the office will not spend any lead hazard grant funds prior to July 1, 2026.
- As waiting for July 1, 2026 they have met with NACE to talk about how to get the information to the community. They will attend city of Lansing community events, advertise in their newsletter and provide brochures.
- The fact about lead; if the home was built before 1978 it could contain lead-based paint. Exposure to lead can cause behavior problems, language problems, damage to organs, learning problems, problems with speech and language.
- Who can apply for the lead hazard reduction grant program? Owner-occupied homeowners, rental property owners and tenants. The units must be within the City limits of Lansing with a child under the age of 6 or a pregnant woman in the home. The lead program is available to low to moderate income occupant, home owner occupied income limits must be at 80 % area median income. Rental units, at least 50% of the rental units, their area median income must be at least below 50%. Income limits updated each year.
- EDP is committed to completing 120 units over the 4 year period, provide up to $35,000 lead funds, and $3,000 CDBG match making total $38,000 per unit. The funding will be secured based with 3 year commitment with homeowner and/or landlord by signing promissory note with mortgage. The lien will be forgiven and released when all requirements have been met. The loan will become due and payment if the homeowner and/or landlord vacate or sell.

Council Member Carter inquired into a list of impacted homes that qualify, and was told that that is being researched by an intern, within the City limits on where those homes would be and looking at target areas. Council Member Carter also asked if there was any qualifications for veterans or seniors, they do have to have a child under the age of 6 or a pregnant woman under the home, and if the homeowner has a visiting child they would consider that.

MOTION BY COUNCIL MEMBER SPADAFORE TO APPROVE THE RESOLUTION FOR THE GRANT ACCEPTANCE FROM THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR LEAD SAFE PHASE 5 PROGRAM. MOTION CARRIED 2-0

<u>OTHER</u>
No other topics.

<u>ADJOURN</u>
Adjourned at 3:15 pm
Submitted by,
Sherrie Boak, Recording Secretary,
Lansing City Council
Approved by the Committee on

CITY OF LANSING, MICHIGAN

ORDINANCE NO. 1218

AN ORDINANCE OF THE CITY OF LANSING, MICHIGAN TO AMEND SECTION 206.05 OF THE CITY OF LANSING CODIFIED ORDINANCES TO PROVIDE FOR SOLE SOURCE PROCUREMENT OF SUPPLIES, SERVICES, OR CONSTRUCTION ITEMS AND SETTING THE CRITERIA FOR SUCH PROCUREMENT

THE CITY OF LANSING ORDAINS:

SECTION ONE: Section 206.05 of Part 2, Title 2, Chapter 206 of the City of Lansing Codified Ordinances is amended to read as follows:

206.05. - Sole source procurement.

(A) A contract for supplies, services or construction items may be awarded by the Mayor or Director, whoever is applicable, without competitive sealed bids when the Director, HAVING PERFORMED A WRITTEN ANALYSIS WITH FINDINGS PURSUANT TO THIS SECTION, determines, after conducting a good faith review of available sources AND APPLYING THE CRITERIA SET FORTH IN Section 206.05 (C), that there is only one source for supplying the requested supply, service or construction item AND NO OTHER REASONABLE ALTERNATIVE SOURCE EXISTS. The Director, along with a representative from the requesting using agency, shall conduct negotiations as appropriate. The written documentation shall be available for public inspection in the Finance Department.

(B) The sole source procurement shall be made at the lowest obtainable price and the Mayor OR DIRECTOR shall submit a WRITTEN report, INCLUDING THE ANALYSIS AND FINDINGS REQUIRED IN SECTION 206.05, WITHIN THIRTY DAYS FROM THE DATE the transaction is CONSUMMATED, to the City Clerk and CITY Council identifying sole source procurement contracts equal to or in excess of $15,000.00 awarded by the City, the name of the firm(S) involved, and the prices the contracts were awarded for.

(C) THE CRITERIA TO BE FOLLOWED BY THE DIRECTOR IN DETERMINING THAT THERE IS ONLY ONE SOURCE FOR SUPPLYING THE REQUESTED SUPPLY, SERVICE, OR CONSTRUCTION ITEM ARE:

(1) SPECIAL FEATURES ARE REQUIRED; OR

(2) SPECIAL MARKET CONDITIONS EXIST; OR

(3) SPECIAL SERVICES OR FACILITIES ARE REQUIRED; OR

(4) THE SOURCE IS UNIQUE OR SPECIAL IN NATURE; OR

(5) THE SOURCE IS LIMITED OR PROPRIETARY; OR

(6) SALES TERRITORIES OR PRODUCT AVAILABILITY WITHIN LIMITED GEOGRAPHICAL BOUNDARIES REQUIRE SOLE SOURCE PROCUREMENT; OR

(7) WHERE STANDARDIZATION OR COMPATIBILITY IS THE OVERRIDING CONSIDERATION AND SUCH COMPATABILITY OR STANDARDIZATION CAN ONLY BE ACHIEVED THROUGH THE PURCHASE OR USE OF A UNIQUE PRODUCT; OR

(8) WHERE A PRODUCT OR SERVICE IS SPECIFICALLY IDENTIFIED AS PART OF A GRANT AWARD.

(D) THIS SECTION IS SUBJECT TO SECTION 206.17., UNAUTHORIZED PURCHASES.

SECTION 2. All ordinances, resolutions or rules, parts of ordinances, resolutions or rules, inconsistent with the provisions hereof are hereby repealed in their entirety and shall be void and of no effect.

SECTION 3. Should any section, clause or phrase of this Ordinance be declared to be invalid, the same shall not affect the validity of the ordinance as a whole, or any part thereof, other than the part declared to be invalid.

SECTION 4. This Ordinance shall take effect on the 30th day after enactment unless given immediate effect by the City Council.

Chris Swope

Chris Swope, CMMC/MMC
Lansing City Clerk

I hereby certify that the foregoing is true and is a complete copy of the action adopted by the Lansing City Council.

Andy Schor, Mayor
Carrie Edwards-Clemons, Fire Chief

City of Lansing | Fire Department
Administration
120 E. Shiawassee | Lansing MI 48933
517-483-6910
lansingmi.gov/fire

To: Stephanie Robinson - SR Buyer, City of Lansing Purchasing

From: Fire Chief Edwards-Clemons CEC

CC: Chief Randle

Date: January 27th, 2026

Re: Compressors — Sole Source

After evaluating our current cache of compressors, the department needs a more durable compressor with a longer life expectancy. Two of the three compressors the department currently owns are 30 plus years old. LFD is recommending the vendor Great Lakes Breathing Air of Allendale, Michigan as its preferred vendor/ sole source. The advantages of this company include the following, which meet the sole source qualifications:

- Only authorized dealer in the state of Michigan
- Only authorized distributors in the state of Michigan
- 5-year warranty
- Only authorized dealer that can perform service for the 5-year warranty to be valid

The funding line will be the project funds allocated through the current building project.

Carrie Edwards-Clemons

Date: January 21, 2026

To: Stephanie Robinson – Senior Buyer
City of Lansing Purchasing

From: Eddie Lacefield
Mako

Re: MAKO Authorized Distributor Information

Dear Stephanie,

Thank you for your interest in MAKO Compressors. Please be advised that Great Lakes Breathing Air, LLC of Allendale, Michigan is the **only** authorized distributor sanctioned by us to represent our MAKO breathing air products in the municipal fire and safety markets in the entire state of Michigan.

As an authorized MAKO distributor, Great Lakes Breathing Air is the **only** approved company for new unit sales, OEM spare parts, warranty / service for any MAKO breathing air product located within the state of Michigan. In addition, as an authorized distributor Great Lakes Breathing Air is required to maintain MAKO certification(s) for service and warranty within their assigned area. Furthermore Great Lakes Breathing Air service technician(s) are required to renew their service certifications every five years to keep abreast of current product and maintenance procedures. If you have any questions please do not hesitate to contact us.

Sincerely,

Eddie Lacefield

Eddie Lacefield
Territory Sales Manager, Mako Products
Cell No.: (484)719-3255
Website: www.makocompressors.com

CITY of LANSING

INTEROFFICE COMMUNICATION

TO: Andy Schor, Mayor

FROM: Stephanie Robinson, Senior Buyer

DATE: March 24, 2026

SUBJECT: Sole Source Purchase – Great Lakes Breathing Air LLC

Please include this Sole Source packet of information in your transmittal to Council as required by the Purchasing Ordinance Section 206.05.

In summary, the Purchasing Office processed the following Sole Source transaction:

Department: Lansing Fire Department

Vendor: Great Lakes Breathing Air System

Item Purchased : Breathing Air Compressors for Station 8, Station 9 and Fire Training Center

Dollar Amount: $ 238,534.69 from Account:419-933008-972000, 419-933009-977000, 419-933657-977000

Additional information pertaining to this purchase is attached for your information.

This letter is filed in accordance with the Purchasing Ordinance Section 206.05 (a) and (b).

slr

CITY of LANSING
INTEROFFICE COMMUNICATION

TO: Andy Schor, Mayor

FROM: Stephanie Robinson, Senior Buyer

DATE: **January 27, 2026**

SUBJECT: Sole Source –Mako Equipment from Great Lakes Breathing Air LLC

The Lansing Fire Department requests that Great Lakes Breathing Air LLC be designated as a Sole Source provider of the purchase of Mako Equipment for Fire Station 8, 9 and Fire Training

Please see the attached letter from Chief Edwards-Clemons regarding the request.

Based on the attached letter we recommend issuing a sole source purchase order to Great Lakes Breathing Air LLC in the amount of $ 224,594.07 per the request of the LFD Department from account number: 419-933009-977000

Attachment

Date: ________________

Approved______ Denied ______

____

Andy Schor, Mayor

Great Lakes Breathing Air
PO Box 93
Allendale MI 49401
Phone: 616-262-0640

Office of:
Rob Shepard

rshepard@greatlakesbreathingair.com

****

Bill to Address	**LANSING CITY FIRE DEPT** **3708 PLEASANT GROVE** **LANSING MI 48910**	PO #	
		Ship Via	Best Way
Shipping Address		Date:	11/23/2025
	JWAN RANDLE		
Phone #	**517-582-5906**	County:	
Fax #			
E-mail	Jwan.Randle@lansingmi.gov	**QUOTE VALID FOR 30 DAYS**	

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
3	MAKO BAM06H 10HP, 14 CFM, 6000PSI BREATHING AIR COMPRESSOR WITH CO MONITOR & AIR AWITCH		
3	MAKO SSCFS3-4HP NEW MAKO THREE POSITION SCBA/SCUBA CONTAINMENT FILL STATION, WITH 4 BANK CASCADE CONTROL 4800PSI SAFETY RELIEF VALVE CAN FILL 5500PSI BOTTLES		
12	6000ISO/UN 6000PSI AIR STORAGE CYLINDER		
3	VERTICAL STORAGE RACK 4 BOTTLE SCR-4DV		
3	MISC AIR LINE, FITTINGS, AIR SAMPLE, CALIBRATION GAS.		
3	LABOR TO INSTALL, PERFORM START UP & TRAIN STAFF ON DAY OF INSTALL		
3	5 YEAR MAKO EXTENDED WARRANTY		N/C

Subtotal	$224,594.07
FREIGHT INCLUDED IN QUOTE	
Tax (If Applicable)	
TOTAL QUOTE	**$224,594.07**

CITY OF LANSING
124 W. Michigan Ave
Lansing, MI 48933
(517) 483-4128

PURCHASE ORDER	
P.O. NUMBER	P093861
DATE	03/09/2026
VENDOR I.D.	V051846
FOB	DELIVERED
REQUISITION NO	PR023365

OUR PURCHASE ORDER NUMBER MUST APPEAR ON ALL INVOICES, PACKING LIST AND CORRESPONDENCE

TO: GREAT LAKES BREATHING AIR
PO BOX 93
ALLENDALE, MI 49401

RSHEPARD@GREATLAKESBREATHINGAIR.COM
(616) 262-0640

DELIVER ITEMS TO:
LFD - MAINT ALARM
3708 PLEASANT GRV
LANSING, MI 48910
ATTN STEPHANIE ROBINSON

SEND INVOICE TO:
FINANCE DEPARTMENT OPERATIONS
124 W MICHIGAN AVE
8TH FLOOR
LANSING 48933

Item No.	QTY	Description	Unit Price	Extended Price
1	74,864.69	MAKO BREATHING AIR COMPRESSORS #8 *419-933008-972000 $74,864.69*	$1.00	$74,864.69
2	74,864.69	MAKO BREATHING AIR COMPRESSOR #9 *419-933009-977000 $74,864.69*	$1.00	$74,864.69
3	74,864.69	MAKO BREATHING AIR COMPRESSOR TRAINING *419-933657-977000 $74,864.69*	$1.00	$74,864.69
4	4,646.87	JAN. PRICE INCREASE *419-933008-972000 $4,646.87*	$1.00	$4,646.87
5	4,646.87	JAN PRICE INCREASE *419-933009-977000 $4,646.87*	$1.00	$4,646.87
6	4,646.88	JAN PRICE INCREASE *419-933657-977000 $4,646.88*	$1.00	$4,646.88
			Total:	$238,534.69

3 MAKO BREATING AIR COMPRESSORS WITH CO MONITOR AND AIR SWITCH PER QUOTE DTD 11/23/2025, 2 5500 PSI BOTTLES, 12 AIR STORAGE CYLINDERS, 3 VERTICAL STORAGE RACK, 3 MISC AIR LINE, 3 LABOR TO INSTALLATION AND START UP AND TRAINING, AND 3 -5YEAR MAKO EXTENDED WARRANTY. SHIP TO 2400 S WASHINGTON AVE. DELAY SHIPPING PER FIRE DEPT. BLDG IN PROCESS OF BEING BUILT

THE ARTICLES SPECIFIED ARE SUBJECT TO THE FOLLOWING CONDITIONS:

1. **Goods other than those specified on this order must not be substituted or prices changed without authorization.**
2. **If the quantity shipped is short of the purchase order quantity, specify on the packing slip if that quantity is on back order or cancelled.**

Federal Tax ID: 38-6004628

AUTHORIZED SIGNATURE Crystal L. Thomas

Date
Printed: 03/12/2026

Sole Source Cover Sheet

Project: ____

206.05. - Sole source procurement. This request adheres to the portions of the ordinance checked below.

(c) The criteria to be followed by the Director in determining that there is only one source for supplying the requested supply, service, or construction item are:

X _Special features are required; **Mako 5 Year Warranty**

_____Special market conditions exist; or

_____Special services or facilities are required; or

X _The source is unique or special in nature; **Great Lakes Breathing Air is the only Dealer that can perform service for the 5-year warranty to be Valid.**

X _The source is limited or **proprietary**; **Great Lakes Breathing Air is the only Authorized Mako Dealer for/in the State of Michigan.**

__X__Sales territories or product availability within limited geographical boundaries require sole source procurement; **Great Lakes Breathing Air is the only Authorized Mako distributor in the State of Michigan.**

_Where standardization or compatibility is the overriding consideration and such compatibility or standardization can only be achieved through the purchase or use of a unique product; or

_____Where a product or service is specifically identified as part of a grant award.

Discussion/Notes:

Sole Source Manufacturer –

The manufacturer,

Mako Compressors
1301 North Euclid Ave
Princeton, IL 61356

Sole Source Agent/Distributor or Consultant–

The supplier,

Rob Shepard / Owner
Great Lakes Breathing Air
PO Box 93
Allendale, MI 49401

MAKO5

5-YEAR EXTENDED WARRANTY

We've Got Your Back

5-YEARS, 1000 HOURS

The MAKO5 is offered exclusively to the municipal fire market, and it covers MAKO's full-line of stationary breathing air compressors, containment fill stations, air storage systems, and select accessory products.

PROGRAM SUMMARY & REQUIREMENTS

- Warranty coverage:
  - » Stationary Compressors:
    - ▪ Years 3-5 block and purification system, parts only
    - ▪ Models Covered:
      - – Breathing Air Module (BAM)
      - – AirCharge Innovator (ACI)
      - – Horizontal Breathing Air (HBA)
      - – EconoAir (EA)
      - – Modular Breathing Air Center (M-BAC)
      - – Water-Cooled Package (WCP)
      - – OEM Truck-Mount Package
  - » Bare Block:
    - ▪ Years 3-5 block, parts only
- Semi-annual inspections and PM's must be performed by an authorized and certified distributor service technician
- Customer is required to use only genuine MAKO parts during the entire warranty period
- Compressor must be ran minimum 1-hour per week to ensure proper lubrication to all critical compressor block components

Maximize the benefits of your investment and have confidence knowing your MAKO breathing air system is...

- The best built, most reliable product on the market
- Backed by our comprehensive 5-year, 1000-hour warranty
- Serviced by our distributors' highly trained, highly-skilled technicians
- Maintained using only genuine, MAKO OEM parts

LIFE COMES WITH ENOUGH RISKS

THE AIR YOU BREATHE NEEDN'T BE ONE OF THEM.

Contact your local authorized MAKO distributor for complete program details

MAKO Compressors
1301 North Euclid Ave.
Princeton, IL 61356
217-222-5400
217-224-7814
www.makocompressors.com

DISTRIBUTOR PARTNER

MAKO Breathing Air Solutions

Authorized Dealer for the State of Michigan

Rob Shepard
616-262-0640
rshepard@greatlakesbreathingair.com

LANSING CITY COUNCIL

FY25 GRANT INFORMATION FORM

(Required for all grant applications and acceptances)

PREFERRED REFERRAL DATE: - April 1, 2026

GRANT NAME: MRC's EPA Community Education Subaward Program Grant -

GRANT AGENCY: - Michigan Recycling Coalition (MRC)

ASSISTANCE LISTING (CDFA): N/A

DEPARTMENT: - Public Service

CONTACT NAME: - Lori Thomas

CONTACT PHONE: - 517-483-4599

GRANT PERIOD START: 4/1/26

GRANT PERIOD END: 8/1/26

APPLICATION DATE: 2/24/26

AWARD DATE: 3/19/26 -

TOTAL AMOUNT: $7500.00

ADMINISTRATIVE COST RECOVERY AMOUNT:

SUMMARY OF GRANT PURPOSE AND ALLOWABLE USES:

The funds will be used to create new and enhance existing education and outreach materials in an effort to increase awareness of the recycling and waste diversion programs offered to Lansing residents, reduce recycling contamination and increase partipation.

PROJECTED ACCOUNT CODE DETAIL (OBJECT MINIMUM):

Account	Description	Amount

MATCHING FUNDS ACCOUNT CODE DETAIL (IF APPLICABLE):

Account	Description	Amount

BY THE COMMITTEE ON WAYS AND MEANS
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, February 24, 2026, the City of Lansing applied for the Michigan Recycling Coalition's EPA Community Education Subaward Program Grant to fund recycling education and outreach efforts; and

WHEREAS, on March 19, 2026, the City of Lansing received notification from the Michigan Recycling Coalition that the City has received the grant; and

WHEREAS, The City of Lansing was awarded $7,500.00 with no matching requirement; and

WHEREAS, the funded work must be completed by August 1, 2026; and

WHEREAS, the funds will be used to promote the City's recycling and waste diversion programs; and

WHEREAS, the Public Service Department is requesting acceptance of the grant; and

WHEREAS, the Administration and the City Council recognizes the importance of education and outreach efforts as a way to effectively manage the recycling and materials management programs and understands how it relates to the Climate Action and Sustainability Action Plans.

NOW, THEREFORE, BE IT RESOLVED, that the Lansing City Council approves acceptance of the Michigan Recycling Coalition's EPA Community Education Subaward Program Grant in the amount of $7,500.00 for the purposes of funding recycling education and outreach efforts.

BE IT FINALLY RESOLVED, the Administration is authorized to receive the funds, create the necessary accounts, and make necessary transfers for administration in accordance with the requirements of the grantor.

Resolution #2026-###

By the Committee on Ways and Means
Resolved by the City Council of the City of Lansing

WHEREAS, the City of Lansing (the "City") and the City of East Lansing ("East Lansing") established a Local Development and Finance Authority (the "LDFA") in 2005, and renewed the same in 2022 pursuant to Act 57 of 2018 (the "Act"); and

WHEREAS the City and East Lansing entered into an Amendment and Restated Agreement Regarding the Operation of the Local Development Finance Authority of the Cities of Lansing and East Lansing (the "Agreement") in 2022; and

WHEREAS, the Agreement, consistent with the Act, requires that the City and East Lansing both approve the annual budget of the LDFA; and

WHEREAS, the on June 23, 2025, the City approved the annual budget of the LDFA for Fiscal Year Ending 2026 by Resolution 2025-161; and

WHEREAS, the LDFA has prepared and preliminarily approved an amended budget for Fiscal Year Ending 2026 (the "Amended Budget") reflecting additional TIF capture, and submitted it to the City for approval, attached hereto; and

WHEREAS, upon review the Lansing Economic Development Corporation finds that the Amended Budget continues to show no capture of City taxes or use of City funds;

NOW, THEREFORE BE IT RESOLVED, that the Lansing City Council hereby approves the adoption of the Amended Budget by the LDFA.

Lansing Regional SmartZone - Joint Local Development Finance Authority
Fiscal Year July 1, 2025 - June 30, 2026
Affiliated Agency Budget - LDFA/SmartZone

	-	Current Approved Budget FYE 2026	Amended Budget FYE 2026
	General Operating Income		
42000	Property Tax Capture	$594,640.00	$952,608.38
	- City of East Lansing capture	$594,640.00	$952,608.38
	- City of Lansing capture	$0.00	$0.00
	- TIF Capture Adjustment (Adjustment factor)	-$59,464.00	-$95,260.84
45030	Investments	$0.00	$0.00
	Total General Operating Income	$535,176.00	$857,347.54
	General Operating Expenditures		
60290	Business Registration Fees	$50.00	$50.00
62110	Accounting Fees	$15,000.00	$15,000.00
62140	Legal Fees	$10,000.00	$10,000.00
62895	Facilities Management	$0.00	$0.00
63200	LEAP Contract (Staff and Services)	$156,279.38	$156,279.38
63300	TIF Capture Adjustment	$0.00	$0.00
63400	LDFA TIC Sponsorship (Base)	$10,000.00	$10,000.00
63500	LDFA TIC Additional Sponsorship	$10,000.00	$31,710.00
63600	Incubator Support	$10,000.00	$10,000.00
65020	Postage, Mailing Service	$50.00	$50.00
65040	Supplies	$500.00	$500.00
65070	Bank Fees	$100.00	$100.00
65120	Insurance - Liability, D&O	$3,200.00	$3,200.00
65130	Programs and services (including unrestricted net spenddown)	$383,000.00	$383,000.00
65140	Discretionary Payment	$5,000.00	$5,000.00
65145	Unrestricted net position spend down	$0.00	$50,000.00
65150	LDFA Strategic planning facilitation	$50,000.00	$50,000.00
65155	SmartZone development fund (including marketing, events, etc.)	$70,000.00	$70,000.00
65160	2021 TIF Plan	$0.00	$0.00
65165	Staff Support	$0.00	$0.00
66310	Rising Tide Fund	$48,772.00	$48,772.00
68320	Travel and Meetings	$0.00	$0.00
	Total Year Spending	**$ 771,951.38**	**$ 843,661.38**
	Net Income	$ (236,775.38)	$ 13,686.16

Resolution #2025-161

By the Committee on Ways and Means
Resolved by the City Council of the City of Lansing

WHEREAS, the City of Lansing (the "City") and the City of East Lansing ("East Lansing") established a Local Development Finance Authority (the "LDFA") in 2005, and renewed the same in 2022 pursuant to Act 57 of 2018 (the "Act"); and

WHEREAS, the City and East Lansing entered into an Amendment and Restated Agreement Regarding the Operation of the Local Development Finance Authority of the Cities of Lansing and East Lansing (the "Agreement") in 2022; and

WHEREAS, the Agreement, consistent with the Act, requires that the City and East Lansing both approve the annual budget of the LDFA; and

WHEREAS, the LDFA has preliminarily approved its budget for Fiscal Year Ending 2026 (the "Budget") and submitted it to the City for approval, attached hereto; and

WHEREAS, upon review the Lansing Economic Development Corporation finds that the Budget reflects no capture of City taxes or use of City funds.

NOW, THEREFORE BE IT RESOLVED, that the Lansing City Council hereby approves the adoption of the Budget by the LDFA.

Lansing Regional SmartZone - Joint Local Development Finance Authority
Fiscal Year July 1, 2025 - June 30, 2026
Affiliated Agency Budget - LDFA/SmartZone

	-	FYE 2024 - Adopted Budget	FYE 2024 - Actuals	FYE 2025 - Adopted Budget	FYE 2025 - Projected Budget	FYE 2026 - Proposed Budget
	General Operating Income					
42000	Property Tax Capture	$ 478,110.00	$ 477,112.88	$ 482,891.10	$ 482,891.10	$ 487,720.01
	- City of East Lansing capture	$ 478,110.00	$ 477,112.88	$ 482,891.10	$ 482,891.10	$ 487,720.01
	- City of Lansing capture	$ -		$ -		$ -
	- TIF Capture Adjustment (Adjustment factor)	$ (47,811.00)		$ (48,289.11)		$ (48,772.00)
45030	Investments	$ -	$ 145.33			
	Total General Operating Income	**$ 430,299.00**	**$ 477,258.21**	**$ 434,601.99**	**$ 482,891.10**	**$ 438,948.01**
	General Operating Expenditures					
60290	Business Registration Fees	$ 50.00	$ 20.00	$ 50.00	$ 20.00	$ 50.00
62110	Accounting Fees	$ 15,000.00	$ 12,455.00	$ 15,000.00	$ 15,000.00	$ 15,000.00
62140	Legal Fees	$ 10,000.00	$ 900.00	$ 10,000.00	$ 1,500.00	$ 10,000.00
62895	Facilities Management	$ -	0	$ -		$ -
63200	LEAP Contracts (Services and Staff)	$ 145,000.00	$ 141,750.00	$ 152,250.00	$ 148,837.50	$ 156,279.38
63300	TIF Capture Adjustment	$ -	$ 10,000.00	$ -		$ -
63400	LDFA TIC Sponsorship (Base)	$ 10,000.00	$ -	$ 10,000.00	$ 10,000.00	$ 10,000.00
63500	LDFA TIC Additional Sponsorship	$ 10,000.00	$ -	$ 10,000.00	$ -	$ 10,000.00
63600	TIC development support	$ 10,000.00	$ 7,817.00	$ 10,000.00	$ 2,500.00	$ 10,000.00
65020	Postage, Mailing Service	$ 50.00	$ -	$ 50.00	$ -	$ 50.00
65040	Supplies	$ 500.00	$ 609.84	$ 500.00	$ -	$ 500.00
65070	Bank Fees	$ 100.00	$ -	$ 100.00	$ -	$ 100.00
65120	Insurance - Liability, D&O	$ 3,200.00	$ 2,513.00	$ 3,200.00	$ 3,200.00	$ 3,200.00
65130	Programs and services (including unrestricted net	$ 325,000.00	$ 311,559.28	$ 385,000.00	$ 382,600.00	$ 383,000.00
65140	Discretionary Payment	$ 5,000.00	$ 4,197.54	$ 5,000.00	$ 2,000.00	$ 5,000.00
65145	Unrestricted net position spend down	$ -	$ 15,600.00	$ -		$ -
65150	LDFA Strategic planning facilitation	$ -	$ -	$ 70,000.00	$ 2,000.00	$ 50,000.00
65155	SmartZone development fund (including marketin	$ 50,000.00	$ 32,973.62	$ 80,000.00	$ 50,000.00	$ 70,000.00
65160	2021 TIF Plan	$ -		$ -		
65165	Staff Support	$ -	$ -	$ -		
65170	Rising Tide fund	$ 47,811.00	$ 47,500.00	$ 48,289.11	$ 29,500.00	$ 48,772.00
68320	Travel and Meetings	$ -	$ 49.78			
	Total Year Spending	**$ 631,711.00**	**$ 587,945.06**	**$ 799,439.11**	**$ 647,157.50**	**$ 771,951.38**
	Net Income	**$ (201,412.00)**	**$ (110,686.85)**	**$ (364,837.12)**	**$ (164,266.40)**	**$ (333,003.37)**

BY THE COMMITTEE ON WAYS AND MEANS
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the Finance Director, Controller, and Chief Strategy Officer met and considered accounting firms to perform an external audit of the City for the fiscal year ending June 30, 2026; and

WHEREAS, Maner Costerisan had the most recent 5-year agreement to conduct external audits for the City, and just completed the audit for fiscal year ending June 30, 2025, which involved both the City and the auditor navigating an entirely new accounting software environment; and

WHERAS, in light of the challenges associated with conducting the audit in an entirely new accounting software environment, the City would prefer to engage the same auditor for a single year, rather than entering another 5-year agreement for external audits, in order to best understand the factors for evaluating accounting firms at the next request for proposals; and

WHEREAS, Maner Costerisan continues to be highly regarded and capable in the field of external audits for municipalities; and

WHEREAS, the Finance Director is recommending the accounting firm of Maner Costerisan to perform the City's external audit for fiscal year ending June 30, 2026; and

WHEREAS, the Committee on Ways and Means concurs with the Finance Director's recommendation.

NOW, THEREFORE BE IT RESOLVED the Lansing City Council hereby approves the selection of Maner Costerisan as external auditor for the City for the fiscal year ending June 30, 2026.

Agenda Item 5. E. – Designation for External Auditor

The following is for informational purposes and includes historical information

Andy Schor, Mayor

CITY OF LANSING
PURCHASING OFFICE
124 W. Michigan Avenue, 8th floor Lansing, Michigan 48933-1603
(517) 483-4128
http://www.lansingmi.gov/finance/787/purchasing

March 20, 2020

REQUEST FOR QUALIFICATIONS AND PROPOSAL
RFQP/20/024
ANNUAL FINANCIAL AUDIT SERVICES
FINANCE DEPARTMENT

The City of Lansing officially distributes all Purchasing documents through the Michigan Inter-governmental Trade Network (MITN) and the City of Lansing Purchasing Office. Our office no longer mails bid documents, notices or addendums to our vendors. To register for the MITN system or access bid information, including addendums, go to www.mitn.info

PURPOSE

This request for qualifications and proposal is solicited for ANNUAL FINANCIAL AUDIT SERVICES from well qualified firms of certified public accountants to perform audits of the City's financial statements in accordance with and as set forth in the GAO standards of 1994, the Federal Single Audit Act of 1984 and all other OMB (Federal) circulars and as called out within this RFQP under separate cover.

The City reserves the right to accept any proposal, to reject any and all proposals and to make the award in the best interest of the city.

Please submit two (2) typewritten copies, one unbound, of your completed proposal **up to but no later than, 2:00 PM local time in effect APRIL 20, 2020,** to the City of Lansing, Purchasing Office, 8th floor City Hall, 124 W. Michigan Avenue, Lansing, Michigan 48933. All submittals must be sealed and identified on the outside of the mailing envelope with "RFQP/20/024, Annual Financial Audit Services".

Please submit two copies of the cost of services as a separate and distinct part of your overall proposal and clearly mark "RFQP/20/024, Annual Financial Audit Services Fees/Cost Proposal" on the outside of the envelope enclosed with your response.

Please direct all questions concerning the content or purpose of this RFQP to me at (517) 483-4128. Technical Questions should be directed to Jeff Scharnowske, Controller, (517) 483-4515.

Stephanie Robinson CPPB
Senior Buyer

Solicitation Number: **RFQP/20/024**

Solicitation Name: **ANNUAL FINANCIAL AUDIT SERVICES**

The City of Lansing Purchasing Office is collecting information regarding the use of the MITN e-procurement system. We are also collecting demographic information regarding Lansing based business. This form will not be used during the evaluation of bids or proposals. You may return this sheet, which is voluntary, with your submittal or shortly thereafter. Please, do not staple this to your bid document.

I. Where did your firm receive of this solicitation? Please check all that apply.

___ City of Lansing Purchasing Web Page http://www.mitn .info
___ City of Lansing Purchasing Office
___ Other, please list:..

II. Demographic Information:

Is your firm located or have a business office within the corporate city limits of Lansing
yes____ no__

III. Company Information **Federal Tax ID Number** _ _ _ _ _ _ _ _ _

Firm Name

Address (Street, City, State, ZIP)

Phone Number Fax Number

Web Site Address Contact Person

Thank you for your participation.

All proposers shall complete the Proposal and Award page(s) and submit all information requested herein in the proposal document in its entirety, **IN ORDER FOR THE PROPOSAL TO BE RESPONSIVE. FAILURE TO DO SO MAY RESULT IN THE PROPOSAL BEING DECLARED NON-RESPONSIVEAND REJECTED.**

REQUEST FOR QUALIFICATIONS and PROPOSAL (RFQP)

PROPOSAL REFERENCE No.: RFQP/20/024

ISSUE DATE: March 20, 2020

PROPOSAL OPENING DATE: April 20, 2020

PROJECT: ANNUAL FINANCIAL AUDIT SERVICES

ISSUING OFFICE: FINANCE DEPARTMENT

CONTACT NAME: JEFF SCHARNOWSKE
PHONE: (517) 483-4515

CONTENTS	Page

Should any of the required documents be missing from your packet, immediately notify the Finance Department, Purchasing Section and request that they be supplied.

PROPOSAL AND AWARD Initial:____

The undersigned having become thoroughly familiar with and understanding all of the proposal documents attached hereto, agrees to provide the services as specified herein, for the total fees as stipulated herein, subject to negotiation.

I hereby state that all of the information I have provided is true, accurate and complete. I hereby state that I have authority to submit this proposal which will become a binding contract if accepted by the City of Lansing. I hereby state that I have not communicated with, nor accepted anything of value from an official or employee of the City of Lansing that would tend to destroy or hinder free competition.

I hereby state that I have read, understand and agree to be bound by all the terms of this proposal document. Please initial next to Proposal and Award

STATEMENT OF NO PROPOSAL Initial ______

If you do **not** intend to submit a proposal on this commodity or service, please sign and return this page by the proposal due date. Also, please initial next to Statement of No Proposal. Fax: 517-483-4524

We, the undersigned have declined to submit a proposal for the following reason:

____ Insufficient time to respond to the Request for Proposal.
____ Our schedule would not permit us to perform.
____ Other (specify below).

Remarks: ....

____

****

SIGNED:___________________________NAME:_______________________

TITLE:___________________________DATE:_______________________

FIRM NAME (if any): ____

ADDRESS: --
(Street) (City) (State) (Zip)

PHONE:(_)_________FAX:(_)____

INSTRUCTIONS TO RESPONDENTS
TERMS AND CONDITIONS

Use Of RFOP Forms

This packet represents the RFQP document. If you choose not to submit a response, please complete and return Page 2 "Statement of No Proposal". If you choose to submit a proposal, then page 3 "Proposal and Award" must be submitted with your proposal.

Interpretations for Addenda

Questions from Respondents regarding this RFQP must be submitted to the Buyer, in writing, and must arrive in the Office of Purchasing no later than seven (7) City business days prior to the due date set of the RFQP. Answers to questions that change or substantially clarify the RFQP will be issued as an addendum and will be provided to all prospective bidders. Addenda will be on file in the Office of Purchasing at least five **(5)** City business days before the proposals are opened. All addenda will be mailed to each person holding Documents, but it shall be the Respondent's responsibility to make inquiries as to the Addenda issued. All such Addenda shall become part of the Contract Documents and all Respondents shall be bound by such Addenda, whether or not received by the Respondent. The Office of Purchasing will respond to telephone inquiries or visitations by bidders or their representatives. The City of Lansing's Office of Purchasing does not commit to answering questions received during the last five (5) business days prior to the proposal due date.

RFOP's

a) All proposals must be submitted following the RFQP Format as stated in this document using figures attached (when provided) and shall be subject to all requirements of this Document including the INSTRUCTION TO RESPONDENTS and GENERAL INFORMATION sections. All proposals must be regular in every respect and no interlineations, excisions, or special conditions shall be made or included in the RFQP format by the Respondent.

b) The City of Lansing may consider as irregular any proposal on which there is an alteration of or departure from this RFQP Format, as provided in the RFQP Documents, and at its option may reject the same.

c) If a Contract is awarded it will be awarded by the City of Lansing to the most responsive proposal on the basis of Section 206 of the City of Lansing Code of Ordinances. The Contract will require the completion of the work pursuant to these documents.

d) Each Respondent shall include in its proposal, in the format requested thereof, the cost of performing the work. The prices set forth in the proposal by the Respondent shall remain effective 90 days from the time of the proposal opening.

PROPOSAL CONTENTS/ ECONOMY OF PREPARATION

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the respondent's ability to meet the requirements of the RFQP. Fancy bindings, colored displays, promotional material, etc., will not receive evaluation credit. Emphasis should be on completeness and clarity of content.

All costs associated in the preparation of the proposal and its contents will be born by the respondent. The city is not responsible for any costs or fees associated with its preparation or delivery. The contents of the proposal will become the property of the City's upon submission. The contents of the proposal of the successful respondent will become contractual obligations, if a contract ensues. Failure of the successful vendor to accept these obligations may result in cancellation of the award.

CORRECTIONS

Erasures or other changes in the RFQP form must be explained or noted over the signature of the Respondent.

COLLUSIVE AGREEMENTS

a) Each Respondent submitting a proposal to the City of Lansing for any portion of the work contemplated by the documents on which a Response is based shall execute and attach an affidavit to the effect that it has not colluded with any other person, firm, or corporation in regard to any proposal submitted.

b) Before executing any subcontract, the successful Respondent shall submit the name of any proposed subcontractor for prior approval.

ORGANIZATION AND FINANCIAL STATEMENT

Each Respondent shall, upon request, of the City of Lansing, submit an ORGANIZATION AND FINANCIAL STATEMENT. The City of Lansing shall have the right to take such steps as it deems necessary to determine the ability of the Respondent to perform its obligations under the Contract, and the Respondent shall furnish the City of Lansing all such information and data for this purpose as it may request. The right is reserved to reject any proposal where an investigation of available evidence or information does not satisfy the City of Lansing that the Respondent is qualified to carry out properly the terms of the Contract, or where the Respondent refuses or fails to furnish the City of Lansing with any evidence or information requested by the City.

SIGNATURES

The Proposal and Award page and any proposal notifications, claims or statements must be signed in ink by an official of the proposing organization authorized to bind the proposer to the provisions of the RFQP.

TIME FOR RECEIVING PROPOSALS

Proposals received prior to advertized hour of opening will be securely kept unopened. The officer whose duty it is to open them will decide when the specified time has arrived, and proposals received thereafter will not be considered. Late RFQP's will be returned to the Respondent un-opened. **The City of Lansing is not responsible for delivery delays and the date-stamp clock at the City of Lansing Purchasing office location shall determine the official time of receipt.**

WITHDRAWAL OF PROPOSALS

Proposals may be withdrawn on written request dispatched by the Respondent in time for delivery in the normal course of business prior to the time fixed for opening. The proposal guarantee of any Respondent withdrawing its RFQP in accordance with the foregoing conditions will be returned promptly.

A proposal, including all pricing, may not be withdrawn, modified or canceled by the vendor for a period of 90 days following the proposal deadline and vendor so agrees upon submittal of the proposal. Once selected, the vendor agrees to extend submitted prices, if needed, during the contract negotiation period.

DEFAULT TO CITY

It is understood that any Respondent who is in default to the City at the time of opening the proposal shall have the proposal declared null and void.

AWARD OF CONTRACTS / REJECTION OF PROPOSALS

a) The Contract will be awarded to the most responsive bidder as determined pursuant to the provisions of Chapter 206 of the City of Lansing's Code of Ordinances, provided such proposal is in the best interests of the City of Lansing to accept it.

b) The City of Lansing reserves the right to reject any and all proposals and to waive any irregularity in proposals received whenever such rejection or waiver is in its best interests. The Respondent to whom the Award is made will be notified at the earliest possible date.

c) The City of Lansing reserves the right to consider as unqualified to perform the Contract any Respondent who does not habitually perform with its own forces twenty-five (25%) of the work involved.

d) The Contract shall not be considered executed unless signed by the Mayor after approval as to form by the City Attorney and certification as to the availability of funds by the City Controller. Signatures on behalf of the City other than those cited above shall not constitute contract execution by the City and the contract shall be null and void.

EQUAL EMPLOYMENT OPPORTUNITY

Attention of Respondents is particularly called to the requirements for ensuring that employees and applicants for employment are not discriminated on any illegal basis including race, color, religion, sex, or national origin as required by the City of Lansing's Ordinance Section 206.21 (see Equal Opportunity Provisions).

TAX LIABILITY

When the term of this contract involve the lease of property, real or personal, to the City, it is understood that the Lessor shall be solely responsible for the payment of all taxes of any nature whatsoever that accrue on the property during the term of the lease. Sales Tax and Use Tax are applicable in this contract and are the sole responsibility of the Provider of services.

CITY ORDINANCE AND CHARTER REFERENCES

All City of Lansing Ordinances and Charter Sections applicable to this RFQP are available at the Lansing City Clerk's office for the Respondent's inspection and review, and the Respondent understands that it is its sole responsibility to understand and fully comply with all applicable City of Lansing Ordinance and Charter sections.

NOT TO EXCEED OR NON-APPROPRIATION

The Respondent hereby recognizes that the City is a political body corporate, and that in the event the City fails to appropriate monies sufficient enough to pay its obligations herein, that the City may terminate this agreement without incurring any liability thereof.

TYPE OF CONTRACT

It is proposed that a contract entered into as a result of this RFQP will have a fee structure with a specified maximum, not to be exceeded, cost. Negotiations may be undertaken with those Respondents whose proposals as to price and other factors show them to be qualified, responsible and capable of performing the work; and in accord with the City of Lansing Code of Ordinances. The contract that may be entered into will be that one which is most advantageous to the City, price and other factors considered. The City reserves the right to consider proposals of modifications thereof received at any time before the award is made, if such action is deemed to be in the best interest of the City.

NEWS RELEASES

News releases pertaining to this request, or the work to which it relates, will not be made without prior written approval of the issuing office.

CONTRACT EXTENSIONS

This contract will be for a period of three years with the option to extend for one additional year, up to a maximum of two (2) one-year extensions. Contract extensions are subject to agreement between the contractor and the City 30 days prior to contract expiration of each year.

INCURRING COST

The City shall not be liable for any costs, including any travel, by the proposer prior to award of contract. The City does not intend to pay for any information obtained, though such may be utilized in determining the award. Total liability of the City is limited to the terms and conditions of this request and any resulting contract.

NO THIRD-PARTY RIGHTS

It is agreed and understood that the contract is made solely for the benefit of the City and the Provider of Services; that it is not made for the benefit of any third party; and that no action or defense may be founded upon this contract except by the parties signatory hereto.

DISCLOSURE OF PROPOSAL CONTENTS

After contract award, a summary of total price information for all submissions may be furnished upon demand to those Respondents participating in this request. If a proposal contains any information that the Respondent does not want disclosed to the public or used by the City for any purpose other than proposal evaluation, each sheet of such information must be marked with the following legend:

"This information shall not be disclosed outside the City or be duplicated, used or disclosed in whole or in part for any purpose other than to evaluate the proposal; provided, that if a contract is awarded to the respondent, or as a result of, or in connection with the submission of such information, the City shall have the right to duplicate, use or disclose this information to the extent provided in the contract. This restriction does not limit the City's right to use information contained herein if obtained from another source."

ORAL PRESENTATION

Respondents who submit a proposal may be required to make an oral presentation of their proposal to the Issuing Office. These presentations will provide an opportunity for the respondent to clarify its proposal to ensure mutual understanding of its contents. The Issuing Office will schedule any such presentations.

ACCEPTANCE OF PROPOSAL CONTENT

The contents of the proposal of the successful offeror will become contractual obligations, if a contract is issued. Failure of the successful bidder to accept these obligations will result in cancellation of the award.

PROJECT CONTROL

A. The consultant will perform the work under the direction and control of a Project Director designated by the Issuing Office.

B. The Project Director will meet on an agreed upon basis with the consultant's Project Manager for the purpose of reviewing progress and providing necessary guidance to the consultant in solving problems which may arise.

C. The consultant will submit written, summaries of progress on an agreed upon basis which outlines the work accomplished during the reporting period, work to be accomplished during the subsequent reporting period, problems which have arisen or may arise which should be brought to the attention of the City of Lansing's Project Director, and to request approval for significant deviation from previously agreed upon work plans. In addition, a summary of project costs for completed work, and expected costs for the remainder of the work will be included.

CONTRACT PAYMENT SCHEDULE

Payment for a contract entered into as a result of this request will be made monthly upon receipt of the consultant's billing statement and progress reports. The consultant's billing statement should include detailed information regarding person-hours expended by classification and by task, as well as information regarding such items as mileage, materials, and other non-overhead costs.

CANCELLATION

CANCELLATION OF CONTRACT by the City may be for; a) default by the contractor or; b) lack of further need for the service or commodity at the location names in the contract. Default is defined as the failure of the contractor to fulfill the obligations of his/her quotation, contract, or purchase order. In case of default by the contractor, the City may cancel the contract or purchase order immediately and procure the articles or services from other sources and hold the contractor responsible for any excess costs occasioned thereby. In the even the City no longer needs the service or commodity specified in the contract or purchase order due to program changes, changes in laws, rules or regulations, relocation of offices, or lack of funding, the city may cancel the contract or purchase order by giving the contractor written notice of such cancellation 30 days prior to the date of cancellation.

INDEPENDENT PRICE DETERMINATION

A. By submission of a proposal, the offeror certifies, and, in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

1. The prices in the proposal have been arrived at independently, without consultation, communication or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other offeror, or with any competitor; and

2. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the offeror, and will not

knowingly be disclosed by the offeror prior to award directly or indirectly to any other offeror, or to any competitor; and

3. No attempt has been made or will be made by the offeror to entice any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.

B. Each person signing the proposal certifies either:

1. They are the person(s) in the offeror's organization responsible within the organization for the decision as to the prices being offered in the proposal, and that they have not participated and will not participate in any action contrary to "A-1, 2, and 3" above; or

2. They are not the person(s) in the offeror's organization responsible within that organization for the decision as to the prices being offered in the proposal, but that they have been authorized in writing to act as agent for the persons responsible for such decision in certifying that such persons have not participated and will not participate in any action contrary to "A, 1, 2, and 3" above, and as their agent does hereby so certify, and that they have not participated and will not participate in any action contrary to "A 1, 2 and 3" above.

C. A proposal will not be considered for award if the sense of the statement required in the Cost and Price Analysis portion of the proposal has been altered, so as to delete or modify "A 1 and 2" or "B", above. If "A 2" has been modified or deleted, the proposal will not be considered for award unless the offeror furnishes with the proposal a signed statement which sets forth in detail the circumstances of the disclosure and the Issuing Office determines that such disclosure was not made for the purpose of restricting competition.

INDEMNITY

Respondent shall be solely responsible for and shall indemnify, defend and hold harmless the City, its agents, officers and employees from and against any and all claims, suits, damages and losses, specifically including, but not limited to those for loss of use of property, for damage to any property, real or personal, for injury to or the death of any person including but not limited to employees and officers of the City and for all other liabilities whatsoever including related expenses and actual attorney’s fees in any way sustained or alleged to have been sustained or indirectly, by reason of or in connection with:

1. The performance of the works by or any other activities of the Respondent, its employees or agents or officers including but not limited to the use of any equipment or material furnished by the Respondent; or

2. The presence of Respondent, its employees, agents or officers on the premises of the City; whether such claims, suits, damages, losses and liabilities are based upon or result in whole or in part from the active or passive negligence of the City, its employees, agents or officers or City's strict liability in tort, breach of warranty, breach of contract, duty to indemnify or any other basis or cause whatsoever whereby the City might be held liable; provided, however, that the foregoing shall not be construed to be an agreement to indemnify the City against liability for damages caused by or resulting from the sole negligence of the City, its agents, employees

or officials, under circumstances whereby said agreement would be in violation of Michigan Public Act 1966 No. 165, Section 1 (MCLA Section 691.991) if applicable. This provision shall extend beyond the terms of this Agreement

INSURANCE

The selected firm will be responsible for providing certificates of insurance to the City which prove the firm has not less than $5,000,000 coverage for Personal Liability and Property Damage and proof of Worker's Compensation Insurance. The Personal Liability and Property Damage certificate shall name the City of Lansing as additionally insured and shall carry a twenty (20) day Notice of Cancellation. Proof of insurance, as stipulated above, shall be provided to the City within ten (l0) working days of issuance by the City of an Award of Contract. When the City receives proof of insurance, if everything is in order, it will issue a "Notice to Proceed" to the consultant.

Automobile Liability insurance shall be provided and include:

1. Coverage that complies with the requirements of the Michigan No-Fault Law.
2. Coverage for Owned, Hired, and Non-owned vehicles.
3. Residual liability coverage with a combined single limit of at least $5,000,000 for both Bodily Injury and Property Damage.

The consultant shall also provide proof of professional liability insurance which shall insure against acts which are professional services performed by architects and engineers. If a contract is entered into, the consultant shall maintain such professional liability insurance during the life of the contract.

Professional Liability Coverage shall be provided in an amount not less than $5,000,000 per occurrence. This coverage may be written on a claims-made basis.

FINANCIAL AUDIT SERVICES

INTRODUCTION

The City of Lansing, hereinafter referred to as "City", is requesting proposals from qualified firms of certified public accountants to perform an annual audit of its financial statements for the fiscal years ending 6/30/20 through 6/30/24. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards (1994), the provisions of the federal Single Audit Act of 1984 and all applicable U.S. Office of Management and Budget (0MB) circulars as well as the following additional requirements:

1. Provisions of state statutes applicable to finance, accounting and auditing.
2. Bulletins or regulations issued by supervisory officials of the state, e.g., a state auditor general.
3. The relevant ordinances of the City, including provisions relating to auditing.
4. The laws and other regulations governing the use of grants made by the federal government and the State of Michigan.

Proposals submitted will be evaluated by a three (3) member Audit Committee consisting of the Finance Director, Deputy Finance Director, and Controller. During the evaluation process, the Audit Committee and the City reserve the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the City or the Audit Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is the intention of the City to retain the auditor awarded the contract for the next five annual audits. However, the contract can be terminated by either party by written notification given at least 90 days prior to the next fiscal year end that is to be audited.

There is no expressed or implied obligation for the City to reimburse for any expenses incurred in preparing proposals in response to this request.

Firms submitting proposals are encouraged to consider subcontracting portions of the engagement to small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the City.

SCOPE OF SERVICES

General

The City of Lansing is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2020, 2021, 2022, with a City option to renew for 2023 and 2024.

Scope of Work

Annual Audit
The City of Lansing Charter and state law require an annual audit of the financial records and transactions of the city by independent certified public accountants selected by the city commission. In addition to meeting the requirements set forth in the city charter and State law, the audit should also be designed to meet the requirements of the Single Audit Act and related Uniform Guidance (formerly OMB Circular A-133), if applicable. The auditor's reports related specifically to the single audit should be issued under separate cover.

The City of Lansing desires the auditor to express an opinion on the fair presentation of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information including the discretely presented component unit of the City of Lansing in conformity with generally accepted accounting principles. The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

Auditing Standards to be followed

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants and, if applicable, the provisions of the Single Audit Act of 1996 and the provisions of U.S. Office of Management and Budget (OMB) Uniform Guidance (formerly OMB Circular A-133), Audits of states, local governments, and non-profit organizations.

Special Considerations

The City of Lansing will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program.

The city does not qualify as a low-risk auditee.

If applicable, the schedule of expenditures of federal awards (SEFA) and related auditor's report, as well as the reports on the internal control structure and compliance are not to be included in the comprehensive annual financial report, but are to be issued separately.

The City of Lansing's Finance Department prepares all required audit schedules, footnote disclosures and statistical section in addition to implementing all required Governmental Accounting Standard Board Statements. The auditors will assist in the preparation of the Comprehensive Annual Financial Report. It is required that all audit work is completed and the final Comprehensive Annual Financial Report (needs to be prepared within the requirements of the GFOA certificate of achievement for excellence in financial reporting) is presented to the City Council no later than the first Council meeting in December.

Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the City of Lansing of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- City of Lansing
- Parties designated by the federal or state governments or by the City of Lansing as part of an audit quality review process.

- Auditors of entities of which the City of Lansing is a sub-recipient of grant funds

- In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

Description of the Government:

A. Contact Person

The auditor's principal contact with the City of Lansing will be Jeffery Scharnowske Controller, or a designated representative, who will provide the assistance by the City of Lansing to the auditor.

B. Fund Structure

As of July 1, 2019, the City of Lansing and its component units used the following fund types in its financial reporting: Individual

Fund Type Funds
General Fund 1
Special revenue funds 10
Capital project funds 2
Debt service funds 2
Permanent funds 2
Internal Service Funds 4
Enterprise funds 6
Fiduciary funds 2
Component Unit 4

The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The financial section also contains required supplemental information in addition to the basic financial statements.

C. Budgetary Basis of Accounting

The City of Lansing prepares its budgets on a basis consistent with generally accepted accounting principles, except that transfers have been included in the “revenue” and “expenditure” categories, rather than as “other financing sources (uses).”

D. Pension Plans

The City of Lansing administers two defined benefit pension plans (Employees’ Retirement System and Police and Fire Retirement System) with actuarial services for these plans provided by Boomershine Consulting Group. In addition, the City has a defined contribution plan with ICMA-RC 401A. The city also administers the retiree healthcare plan (OPEB).

E. Joint Ventures

The City is a member of the City of Lansing and County of Ingham Joint Building Authority which holds the purpose of constructing and managing a building in downtown Lansing that houses the courts, prosecuting attorney and other related departments. The City is considered to be a joint venture with no equity interest.

F. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit work papers and management letters should contact Jeff Scharnowske, Controller, via email at jeff.scharnowske@lansingmi.gov. The City of Lansing will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this Request for Proposals.

TIME REQUIREMENTS:

A. Date Audit May Commence

The City of Lansing will have all records ready for audit and all management personnel available to meet with the firm's personnel no later than the second week in October of each year or an alternate date mutually agreed upon by the Controller and the audit firm.

B. Date Final Report is Due

The audit review committee shall receive the draft CAFR for their review one week prior to the audit review committee meeting (at least 10 days prior to the first Council meeting in December). All issues for discussion are resolved at the audit review committee meeting and the final signed report shall be delivered to the Finance Director the following morning. It is anticipated that this process will be completed and the final report presented to City Council at the Council's first meeting in December. The final report presentation will not be adjusted even if the start date of the audit is moved forward or pushed back.

AUDITOR ASSISTANCE AND REPORT PERPARATION:

A. Finance Department

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City of Lansing.

B. Statements and schedules and reports to be prepared by the staff of the City of Lansing vs Auditors

The finance staff of the City of Lansing will prepare all required supporting work papers, confirmations, and statistical information. Auditors will prepare the financial report footnotes with assistance from the City of Lansing finance staff. Auditors will prepare the CAFR (including printing and filing with appropriate authorities). Auditors will prepare the Form F-65 data and will prepare a report for the City. City will be responsible for transferring this data to Form F-65 and filing with state authorities.

C. Work Area, Telephone, Photocopying and Fax Machines

The City of Lansing will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to one telephone line, photocopying facilities and a fax machine.

D. Report Preparation

The Single Audit Act Compliance report (including printing) shall be the responsibility of the auditor. The state and federal required filing of both the CAFR and Single Audit Report shall be the responsibility of the auditor.

E. Separate Reports

The City of Lansing issues, and will be the responsibility of the auditor to prepare, the following reports under separate cover; City of Lansing Building Authority, Tri-County Metro Narcotics Squad, Lansing Brownfield Redevelopment Authority, Tax Increment Finance Authority of the City of Lansing and Lansing Entertainment and Public Facilities Authority.

PROPOSAL REQUIREMENTS:

General Requirements

1. Inquires

Inquiries concerning the RFP and the subject of the RFP should be made in writing via email or fax to:

Jeff Scharnowske
Controller
jeff.scharnowske@lansingmi.gov
(517)483-4515 Phone

Any interpretation or correction, as well as any additional RFP provisions that the City may decide to include, will be made as an addendum which will be posted on the MITN website at www.mitn.info.

QUALIFICATION AND PROPOSAL STATEMENT

The purpose of the Qualification and Proposal Statement section is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The responses should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

Pricing information should not be included in this response. Refer to the "Fee Section" for instructions on submitting the cost proposal.

Submit a title page entitled: External Auditing Services - City of Lansing; include the firm's name; the name, address and telephone number of the contact person; and the date of the response.

QUALIFICATION QUESTIONNAIRE

1. Firm Qualifications and Experience
   Please provide the following information regarding your firm:

   I. Size of the firm
   II. Size of the firm's governmental audit staff
   III. Location of the office from which the work on this engagement is to be performed
   IV. Number and nature of the professional staff to be employed in this engagement on a full-time basis
   V. Number and nature of the staff to be so employed on a part-time basis

2. Joint Venture or Consortium:
   If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

3. Submit a copy of the most recent external quality control review report with a statement whether that quality control review included a review of specific government engagements.

4. Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Similar Engagements with Other Government Entities: For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum - 5) performed in the last five years that are like the engagement described in this request for proposal. These engagements should be ranked based on total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

6. Prior Engagements with the City: List separately all engagements within the last five years, ranked based on total staff hours, for the City by type of engagement (i.e., audit, management advisory

services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Partner, Supervisory and Staff Qualifications and Experience:

   I. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement.
   II. Indicate whether each such person is registered or licensed to practice as a ce1iified public accountant in the State of Michigan.
   III. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

8. Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

9. Given your firms past experience, why are you uniquely qualified to serve the City of Lansing?

10. Independence from the City:
   I. Provide an affirmative statement that the firm is independent of the City as defined by the U.S. General Accounting Office's Government Auditing Standards (1994).
   II. The firm also should provide an affirmative statement that it is independent of all of the component units of the City as defined by those same standards.
   III. The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the City or any of its agencies or component units/agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
   IV. In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

11. Include an affirmative statement that the firm and all assigned key professional staff are properly licensed to practice in the State of Michigan.

PROPOSAL STATEMENT

1. Briefly describe your understanding of the work to be done.

2. State your commitment to perform the work within the time period and the proposal is a firm and irrevocable offer.

3. Specific Audit Approach

Describe the work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for qualifications and proposals. In developing the work plan, reference should be made to such sources of information as City's budget and related materials, organizational charts, manuals and programs, and financial and other management infororn1ation systems.

Proposers will be required to provide the following information on their audit approach:

I. Proposed segmentation of the engagement
II. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
III. Type and extent of analytical procedures to be used in the engagement
IV. Approach to be taken to gain and document an understanding of the City's internal control structure
V. Approach to be taken in determining laws and regulations that will be subject to audit test work
VI. Approach to be taken in drawing audit samples for purposes of tests of compliance

4. Identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

5. Include sample formats for required reports.

6. The proposal should set forth a general work plan that includes proposed procedures to update the internal controls assessment narrative of the City.

Please specify how early in the audit process and how often drafts of the financial statements, either hard copy or electronic, would be made available to the City for review.

ADDITIONAL INFORMATION

The proposer must adhere to the principles and policies of equal employment opportunity as mandated by the City Affirmative Action Plan (reference City of Lansing Ordinance Section 206.21).

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

Payment: Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month.

The most recent General City audit report and CAFR are available upon request.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed price quotations. Such costs should not be included in the proposal.

FEE PROPOSAL

Include four (4) copies of the "Fee Proposal" information as a separate and distinct part of your overall proposal and clearly marked "RFQP/20/024 Financial Auditing Services: Fees/Cost proposal" on the outside of a separate envelope enclosed with your separate "technical response".

The sealed price quotations should include the following information:

a. Name of Firm
b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City.
c. A schedule of professional fees and expenses presented in the format provided in page 2 that supports the total all-inclusive maximum price for the 2020 engagement. The price will cover all audit costs and out-of-pocket expenses.
d. The total all-inclusive maximum price for subsequent years 2011 through 2014.
e. The total all-inclusive price for 2020-2014 broken down by nature of the service to be provided, as presented in the format provided on page 3.
f. A properly executed signature page as provided on page 5.
g. It is the City's wish to have a separate quote broken out by audit year, of the following reports:
   1. Single Audit
   2. Tri-County Metro
   3. Tax Increment Finance Authority
   4. Brownfield Redevelopment Authority

5. Lansing Entertainment and Public Facilities Authority
6. City of Lansing Building Authority

This information is required to support the reasonableness of your quotation. The data will be held in confidence and will not be revealed to or discussed with the competitors prior to signing a contract with the successful respondent.

Base Proposal:

The sealed price quotations should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The firms are to state an average hourly rate based on the total number of personnel that they deem necessary to complete the project. The firms are to establish the maximum number of hours necessary to complete the project. The proposal shall state the total cost of the project, not to exceed the average hourly rate times the maximum number of hours per year. In no circumstances is the City of Lansing to be billed in excess of actual hours worked.

Rates for Additional Professional Services:
If it should become necessary for the City to request the auditor to render any additional services to either supplement the services requested in this RFQP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the sealed price quotations for the fiscal year under audit unless a specific fee proposal is requested for the additional service.

EVALUATION PROCEDURES

Audit Committee & Review of Proposals

Proposals submitted will be evaluated by a three (3) member Audit Committee consisting of the Finance Director, Deputy Finance Director, and Controller.

Evaluation Criteria

Mandatory Elements:

I. The audit firm is independent and licensed to practice in the State of Michigan.
II. The firm has no conflict of interest with regard to any other work performed by the firm for the City.
III. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
IV. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.

Technical Quality:

I. Expertise and Experience:
II. The firm's past experience and performance on comparable government engagements.
III. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
IV. Audit Approach
V. Adequacy of proposed staffing plan for various segments of the engagement
VI. Capacity of firm in terms of number of employees and capability to provide the services requested.
VII. Adequacy of analytical procedures
VIII. Adequacy of audit plan for electronic data processing function

Price : Cost will not be the primary factor in the selection of an audit firm

Oral Presentations

During the evaluation process, the Audit Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide the firms with an opportunity to answer any questions the Audit Committee may have on a firm’s proposal. Not all firms may be asked to make such oral presentations.

Final Selection

The Audit Committee will make the final selection of the auditing firm.

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COST PROPOSAL and AWARD

Detach and enclose in separate sealed envelope.

The undersigned having become thoroughly familiar with and understanding all the proposed documents incorporated herein, agrees to provide the services as specified herein for the total fee as stipulated below:

Please provide proposal costs for audit and financial statement services as described in the Audit Contract RFQP Specifications for the years ending June 30, 2020, 2011, 2012, 2013, and 2014. Include the hourly rates of audit team members as requested.

Schedule of Professional Fees and Expenses for The Audit and Financial Statement Services for Years Ending June 30, 2020 and Four Subsequent Years

2020 AUDIT AND FINANCIAL STATEMENT SERVICES

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	______	______	______	______
Managers	______	______	______	______
Supervisors	______	______	______	______
Staff	______	______	______	______
Other (Specify)	______	______	______	______
	______	______	______	______

Total All-Inclusive Maximum Price for the 2020 Services $===

SUBSEQUENT AUDIT AND FINANCIAL STATEMENT SERVICES

Total All-Inclusive Maximum Price for the 2021 Services ______

Total All-Inclusive Maximum Price for the 2022 Services ______

Total All-Inclusive Maximum Price for the 2023 Services ______

Total All-Inclusive Maximum Price for the 2024 Services ______

NOTE: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

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SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT AND FINANCIAL STATEMENT SERVICES FOR THE 2020-2024 FINANCIAL STATEMENTS: COMBINING SCHEDULE-ALL SERVICES DESCRIBED IN RFQP TASKS AND SCOPE OF SERVICES.

	TOTAL PRICE BY AUDIT YEAR				
Nature of Services to be Provided	2020	2021	2022	2023	2024
1. Audit and CAFR Preparation	_______	_______	_______	_______	_______
2. Single Audit and Report	_______	_______	_______	_______	_______
3. TIFA Audit and Report	_______	_______	_______	_______	_______
4. Brownfield Audit and Report	_______	_______	_______	_______	_______
	_______	_______	_______	_______	_______
5. Tri-Co Metro Audit and Report	_______	_______	_______	_______	_______
6. Lansing Entertainment and Public Facilities Authority Audit and Report	_______	_______	_______	_______	_______
7. Lansing Building Authority					
Total	_______ _	__	_____	_______	

The Total above must equal the total all-inclusive maximum prices listed on page 2.

I hereby state that all of the information I have provided is true, accurate and complete. I hereby state that I have the authority to submit this proposal which will become a binding contract if accepted by the City of Lansing. I hereby state that I have not communicated with nor otherwise colluded with any other bidder, not have I made any agreement with nor offered/accepted anything of value to/from an official or employee of the City of Lansing that would tend to destroy or hinder free competition.

The firm's identification provided will be used by the City for purchase orders, payment and other contractual purposes. If the contractual relationship is with, or the payment made to, another firm, please provide a complete explanation on your letterhead and attach to your proposal. Please provide for accounts payable purposes:

Tax Identification Number (Federal ID): ______________________________

Remittance Address: ____

I hereby state that I have read, understand and agree to be bound by all terms and conditions of this proposal document.

SIGNED:.. NAME:..

TITLE:.. DATE:..

FIRM NAME:..

ADDRESS: --
(STREET ADDRESS) (CITY) (STATE) (ZIP)

PHONE:.. FAX NUMBER:..

EMAIL ADDRESS:..

,,,,.¯

QUALIFICATIONS QUESTIONNAIRE

Please answer the following questions completely. You are not required to submit answers on this form and additional information (brochures, illustrations, etc.) will be used in determining qualifications. If not using this form, please follow its format.

1. Firm Name: ....
2. Established: Year .... State ....
3. Type of Organization:

   a. Individual: _ _ _ _ _ _ _ b. Partnership:__________

   c. Corporation:__________ d. Other: _ _ _ _ _ _ _ _ _ _

4. Former firm name(s) if any, and years(s) in business:

5. Home office business address and telephone number where work will be performed:

6. Branch office(s) if work will be performed there:

Company Name:____

Signed:__________________________ Name: _ _ _ _ _ _ _ _ _ _ _ _ _ _ _

Type or print

Title: _ _ _ _ _ _ _ _ _ _ _ _ Date:__________________________

_ _

7. Personnel of firm who will be working on this project. Attach resumes of key personnel:

Name and Title   Specialty   Years' Experience   Expected Role

____

____

____

____

____

8. Total personnel of firm:

a. Professional: --------------- b. Non-professional:__________

Attach responses to the technical proposal qualifications questions as outlined in the Proposal Requirements.

I hereby certify that all of the information provided is true and answered to the best of my ability.

Company Name:____

Signed:______________________________ Name:

Title:.. Date:

CITY OF LANSING
PURCHASING OFFICE
124 W Michigan Ave.
Lansing, Michigan 48933
(517) 483-4128
http://www.lansingmi.gov/787/purchasing

Andy Schor, Mayor

March 26, 2020

A D D E N D U M #1

RFP/20/024
FINANCIAL AUDITING SERVICES

This is Addendum #1 for RFP/20/024 this addendum informs you of the following:

1. **Answers to questions: attached**

2.This addendum notice shall be signed below and returned with your proposal. Please list the signed "Addendum #1 received" and date received with your submittal. Any proposal received without this addendum and notation may be declared non-responsive.

Stephanie Robinson CPPB
Senior Buyer

This undersigned hereby acknowledges receipt of Addendum #1
This ___day of _________, 2020

By ______________________________

For ______________________________

QUESTIONS

In lieu of the governor's "Stay at home order", will the requirements for hard copies and ink signatures be waived? **No, hard copies and ink signatures are a requirement under the City Ordinance.**

Has the City taken corrective actions regarding the prior year's audit finding? **We are working on them, not complete yet, but plan to be before the end of the fiscal year.**

Does the City require a certain type of cover for the CAFR? If so, what is the estimated costs and who is responsible for such cost? **Nothing fancy, the prior years are spiral bound with just a cardboard back cover and clear plastic front cover. The audit firm is responsible for preparing the entire CAFR.**

What was the number and type of audit entries in the prior year? **Around 20 to 30 (Rehmann posted some on their Trial Balance as they were financial statement reclass only type entries).**

What software does the City utilize? **OneSolutions (owned by Central Square) for Financial Statements and most underlying transactions and BS&A for Tax.**

Does the City maintain its own fixed assets records? **Yes, on excel spreadsheets**

Does the City prepare the GASB No. 34 fund? **We do not track it on the system, but do provide the support to do the entries.**

Can we get the trial balances and general ledger electronically? **Yes, in excel format.**

Does the City prepare the GASB No. 68 and 75 entries? **Yes**

Does the City prepare the MD&A? **The City is ultimately responsible for the MD&A but would anticipate the audit firm to assist with this, including providing the numbers in a linked document to the financials.**

How many auditors were at the City during the audit field work and how long were they present? **Approximately 3 for a month and a half.**

What were the audit fees for the City for past three years? **If needed, this is available via a FOIA.**

What were the audit fees for the last year for each of the entities listed in the RFP on page 19? **If needed, this is available via a FOIA.**

Have there been any significant changes to members of management or the accounting department? **Yes, basically an entirely new management team (Finance Director, Deputy Finance Director, and Controller) were put in place between August and October 2019).**

Have there been any changes to the pension or OPEB plans? **No**

Does the City anticipate a change in the number or type of funds? **No significant changes anticipated**

Has the City incurred any new debt in FY2020? **No**

Have there been any changes in the number or types of federal programs that would be a part of the single audit? **No**

Andy Schor, Mayor

CITY OF LANSING
PURCHASING OFFICE
124 W Michigan Ave.
Lansing, Michigan 48933
(517) 483-4128
http://www.lansingmi.gov/787/purchasing

April 2, 2020

A D D E N D U M #2

RFP/20/024
FINANCIAL AUDITING SERVICES

This is Addendum #2 for RFP/20/024 this addendum informs you of the following:

1. **Answers to questions: attached**

2.This addendum notice shall be signed below and returned with your proposal. Please list the signed "Addendum #2 received" and date received with your submittal. Any proposal received without this addendum and notation may be declared non-responsive.

Stephanie Robinson CPPB
Senior Buyer

This undersigned hereby acknowledges receipt of Addendum #2
This ___day of _________, 2020

By ______________________________

For ______________________________

City of Lansing, Michigan

Year Ended
June 30, 2019

Single Audit Act Compliance

Rehmann
Business wisdom delivered.

CITY OF LANSING, MICHIGAN

Table of Contents

Rehmann Robson

2330 East Paris Ave. SE
Grand Rapids, MI 49546
Ph: 616.975.4100
Fx: 616.975.4400
rehmann.com

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

March 31, 2020

Honorable Mayor and
Members of the City Council
City of Lansing, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Lansing, Michigan*** (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Robson LLC

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Housing and Urban Development					
Community Development Block Grant/Entitlement Grant Cluster:					
2012 Entitlement	14.218	Direct	B-12-MC-26-0025	$ 750	$ 221,953
2013 Entitlement	14.218	Direct	B-13-MC-26-0025	-	235
2014 Entitlement	14.218	Direct	B-14-MC-26-0025	850	230,998
2015 Entitlement	14.218	Direct	B-15-MC-26-0025	750	61,024
2016 Entitlement	14.218	Direct	B-16-MC-26-0025	750	462,375
2017 Entitlement	14.218	Direct	B-17-MC-26-0025	11,916	393,664
2018 Entitlement	14.218	Direct	B-18-MC-26-0025	208,690	865,964
				223,706	2,236,213
Emergency Solutions Grant Program:					
2018 Grant	14.231	Direct	E-18-MC-26-0025	150,844	167,605
ESG through MSHDA	14.231	MSHDA	HML-2015-City of -384-ESF	-	2,395
ESG through MSHDA	14.231	MSHDA	HML-2017 City of -384-ESF	281,410	293,556
ESG through MSHDA	14.231	MSHDA	HML-2016-City of -384-ESF	-	20,986
ESG through MSHDA	14.231	MSHDA	HML-2018-City of -384-ESM	164,073	292,289
				596,327	776,831
HOME Investment Partnership Program:					
2014 Grant Year	14.239	Direct	M-14-MC-26-0208	-	158,830
2015 Grant Year	14.239	Direct	M-15-MC-26-0208	7,475	7,475
2016 Grant Year	14.239	Direct	M-16-MC-26-0208	12,951	20,975
2017 Grant Year	14.239	Direct	M-17-MC-26-0208	-	53,233
2018 Grant Year	14.239	Direct	M-18-MC-26-0208	39,741	39,741
				60,167	280,254
Continuum of Care Program:					
NOFA Planning	14.267	Direct	MI0532L5F081600	-	3,866
Advent House - Next Step Housing - 2017	14.267	Direct	MI0507L5F081601	23,091	26,885
CACS/EFHTRR 2017	14.267	Direct	MI0417L5F081603	40,872	48,368
GATEWAY/CROSSROAD 2017	14.267	Direct	MI0188L5F081609	11,689	11,689
HMIS I 2017	14.267	Direct	MI0194L5F081609	-	18,027
LHC/PHS2 2017	14.267	Direct	MI0196L5F081609	360,058	366,596
VOAM/PHS I	14.267	Direct	MI0409L5F081603	18,761	20,706
LHC/PHS 2	14.267	Direct	MI0506L5F081601	18,992	20,737
2018 NOFA ADVENT/FRESH START	14.267	Direct	MI0581L5F081700	37,222	43,336
2018 NOFA ADVENT/PSH FAMILIES	14.267	Direct	MI0199L5F081710	65,891	67,408
2018 NOFA ADVENT/HOUSING	14.267	Direct	MI0483L5F081702	135,290	139,708
2018 NOFA OCOF/EFHTRR	14.267	Direct	MI0417L5F081704	195,747	202,814
2018 NOFA CF GATEWAY/RRH YOUTH	14.267	Direct	MI0582L5F081700	112,938	117,382
2018 NOFA GLHC/WALNUT	14.267	Direct	MI0200L5F081710	92,406	97,097
2018 HMIS I	14.267	Direct	MI0194L5F081710	-	40,121
2018 NOFA MMRS/SOBER CENTER	14.267	Direct	MI0198L5F081710	140,161	144,944
2018 NOFA LHC/PHS 2	14.267	Direct	MI0196L5F081710	359,921	364,921
2018 NOFA LHC/SHELTER + CARE	14.267	Direct	MI0195L5F081710	242,249	251,841
2018 NOFA VOAMI/PSH 1	14.267	Direct	MI0409L5F081704	102,944	105,444
2018 NOFA VOAMI/PSH 2	14.267	Direct	MI0506L5F081702	73,384	101,739
2018 NOFA VOA/PHS BONUS	14.267	Direct	MI0376L5F081706	155,985	170,802
2019 NOFA ADVENT/PSH FAMILIES	14.267	Direct	MI0199L5F081811	-	8,044
2019 NOFA LHC/SHELTER + CARE	14.267	Direct	MI0195L5F081811	24,577	24,577
				2,212,178	2,397,052
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct	MILHD 0302-16	73,817	837,695
Total U.S. Department of Housing and Urban Development				3,166,195	6,528,045

continued…

CITY OF LANSING, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of the Interior					
Pave the Way	15.904	Direct	P18AP00163	$ -	$ 7,786
U.S. Department of Justice					
Crime Victim Assistance:					
Capital Area Response Effort - Year 22	16.575	MDHHS	20160038-00	-	32,524
Capital Area Response Effort - Year 23	16.575	MDHHS	E20180602-00	-	94,744
				-	127,268
Edward Byrne Memorial Justice Assistance Grant Program:					
Justice Assistance Grant - 2015	16.738	Direct	2015-H4103-MI-DJ	-	2,586
Justice Assistance Grant - 2017	16.738	Direct	2017-H4103-MI-DJ	-	108,181
Justice Assistance Grant - 2018	16.738	Direct	2018-H4103-MI-DJ	-	11,018
Byrne Justice Assistance Grant - 2018	16.738	MSP	JAG-70901-2018	24,685	25,111
Byrne Justice Assistance Grant - 2019	16.738	MSP	JAG-70901-2019	31,383	99,000
				56,068	245,896
Equitable Sharing Program	16.922	Direct	n/a	-	98,715
Total U.S. Department of Justice				56,068	471,879
U.S. Department of Transportation					
Highway Planning and Construction Cluster:					
Traffic Ops Center	20.205	MDOT	261733035M40E1	-	17,339
U.S. Environmental Protection Agency					
Clean Water State Revolving Fund Cluster	66.458	EGLE	5581-01	-	1,580,302
Clean Water State Revolving Fund Cluster	66.458	EGLE	5005-23	-	5,170,918
				-	6,751,220
Brownfield Assessment and Cleanup Cooperative Agreements:					
Brownfield Revolving Loan Fund	66.818	Direct	BF00E008930	-	376,088
Total U.S. Environmental Protection Agency				-	7,127,308
U.S. Department of Homeland Security					
Pre-Disaster Mitigation	97.047	Direct	n/a	-	32,653
Homeland Security Grant Program:					
2014 State Homeland Security Program	97.067	INGC	n/a	-	53,394
2016 State Homeland Security Program	97.067	INGC	n/a	-	84,988
2017 State Homeland Security Program	97.067	INGC	n/a	-	57,000
				-	195,382
Total U.S. Department of Homeland Security				-	228,035
Total Expenditures of Federal Awards				$ 3,222,263	$ 14,380,392

concluded

See notes to schedule of expenditures of federal awards.

CITY OF LANSING, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Lansing, Michigan (the "City") under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the City has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The City receives certain federal grant as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MSHDA	Michigan State Housing Development Authority
MDHHS	Michigan Department of Health and Human Services
MSP	Michigan State Police
MDOT	Michigan Department of Transportation
EGLE	Michigan Department of Environment, Great Lakes & Energy
INGC	Ingham County

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 19, 2019

Honorable Mayor and
Members of City Council
City of Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Lansing, Michigan*** (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001, -002, -003, and -004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

City of Lansing, Michigan's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 31, 2020

Honorable Mayor and
Members of City Council
City of Lansing, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the ***City of Lansing, Michigan*** (the "City") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on Continuum of Care and Emergency Solutions Grant Programs

As described in item 2019-005 in the accompanying schedule of findings and questioned costs, the City did not comply with the activities allowable costs/cost principles, procurement and suspension and debarment and subrecipient monitoring requirements applicable to its Continuum of Care and Emergency Solutions Grant programs. Compliance with these requirements is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

Qualified Opinion on Continuum of Care and Emergency Solutions Grant Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Continuum of Care and Emergency Solutions Grant programs for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-006, -007 and -008. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-005 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-006 and -007 to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rehmann Robson LLC

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	X yes	___ none reported

Identification of major programs, and type of auditors' report issued on compliance:

CFDA Number	Name of Federal Program or Cluster	Type of Opinion
14.218	Community Development Block Grant - Entitlement Grants Cluster	Unmodified
14.231	Emergency Solutions Grants Program	Qualified
14.267	Continuum of Care Program	Qualified
14.905	Lead Hazard Reduction Demonstration Program	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X yes	___ no
Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	___ yes	X no

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001 - Material Audit Adjustments (Repeat Comment)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During our audit, we identified and proposed material adjustments (which were approved and posted by management) to adjust the City's accounting records. In addition, we received several revisions to the City's trial balance (the final version was received on December 9, 2019), each of which contained material corrections to previous versions. Also, management identified and posted many smaller adjustments to a wide variety of funds and accounts throughout the audit process that collectively had a material effect on the City's financial reporting process.

Cause. Over the past several years, the City's Finance Department has reduced in size due to staffing reductions and staffing turnover. These changes have placed a significant burden on the year-end financial close process, and have resulted in reconciliation of account balances and adjustment of related accounts, and preparation of the schedule of expenditures of federal awards (SEFA), not being completed timely (several account balances had not initially been adjusted or reconciled since the end of the previous fiscal year).

Effect. As a result of this condition, the City's financial information was initially misstated by amounts that were deemed to be quantitatively material to nearly every opinion unit, and numerous account balances were not adjusted timely throughout the year. Correcting entries were subsequently posted by management to the City's records and the appropriate balances are presented in the audited financial statements.

Recommendation. Management has already taken appropriate corrective action by posting correcting journal entries. However, we strongly recommend that the City critically assess the staffing levels in its Finance Department to ensure that there are an appropriate number of qualified/trained individuals available throughout the year to maintain the City's books and records in accordance with GAAP, and that balance sheet accounts for all funds be subject to periodic review and adjusted or reconciled to their underlying detail as soon as practical after fiscal year-end.

View of Responsible Officials. This past fiscal year, two key positions (Finance Director and Accounting Manager) were vacant for 1 to 3 months respectively. In addition there was turnover in another accounting position. Subsequent to year end, two of these positions were filled and one was combined with the Chief Strategy Officer position (Finance Director). In addition, a Budget Director was hired. However, the loss of these individuals represented a combined 30+ years of experience. The loss of this "institutional knowledge", combined with the vacancy periods, meant that we were behind before we started. We plan on making the following improvements in FY2020 that will address many of the issues noted in this finding: We are going to evaluate the functions that are being performed by each staff member, redistribute workload, cross train all staff, and put procedures in place to help us make sure we are recording all major transactions in a timely manner. We will also critically assess the staffing levels in the Finance Department and within the budget constraints of the City, will do what we can to augment the existing Finance staff.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-002 - Segregation of Duties over Distributions and Timely and Accurate Preparation and Submission of Pension and OPEB Data (Repeat Comment)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. The City obtains actuarial valuations and other reports for its various pension and other postemployment benefit (OPEB) plans each year. Ideally, these valuations should be obtained far enough in advance to be used to calculate amounts to be included in the audited financial statements. Management is responsible for accurate and timely compilation of data necessary for actuarial professionals to process and complete reporting necessary for the proper reporting of pension and OPEB information in the annual financial statements. The City should also have proper segregation of duties in place regarding the preparation and review of census information and underlying reports that are essential for accurate and complete reporting of pension and OPEB information in the annual financial statements.

Condition. Actuarial valuations for the pension and other postemployment benefit plans, the GASB 67/68 rollforward related to the defined benefit pension plans, and the GASB 74/75 rollforward related to the other postemployment benefit plans were not completed until December 2019, and the related account balances were not adjusted until late in audit fieldwork. In addition, the City has not verified that pension census data/reconciliations provided to the actuary were properly recorded by the actuary. Also, the census information for the retiree healthcare plans are currently contained in a manual spreadsheet that does not appear to be updated timely.

We noted several inconsistencies in current year census data, including accumulated contributions of five new hires from the employees check stub not agreeing the census data, two new hires were excluded entirely from the census data, and other instances of individuals being incorrectly included or excluded from the census. While, to the best of our knowledge, these discrepancies did not materially impact the final valuations, these issues increase the risk that errors could occur that would materially effect the amounts reported in the financial statements.

During our testing of the census data, we noted that there is no independent review over pension and OPEB benefit calculations and terminated employee distributions of accumulated contributions. This includes date of birth, date of hire, separation date, retirement date, service credits, final average salary, benefit multiplier, pensionable wages, accumulated employee contributions, and benefits selected.

Cause. The City does not appear to have a system in place to enable timely reporting of pension and OPEB benefit information. The City does not have policies and procedures in place to provide reasonable assurance that the information submitted to the actuary is accurate and complete. The City also did not independently review pension and OPEB benefit calculations and terminated employee distributions of accumulated contributions.

Effect. As a result of this condition, the City experienced an increased risk that misstatements in the accounting records, whether caused by error or fraud, would not be detected and corrected on a timely basis.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-002 - Segregation of Duties over Distributions and Timely and Accurate Preparation and Submission of Pension and OPEB Data (Repeat Comment) (Concluded)

Recommendation. Accurate reporting of census information is important given its impact on the underlying valuations. Given this, we strongly recommend that the City critically assess the activities of the Finance Department to assure that required tasks are completed accurately and in a timely fashion. We further recommend that the City maintain the complete census, and implement a review process to determine that census data submitted to the actuary is accurate and complete. We also recommend that an independent review be done of all census information, including retirement calculations and terminated employee distributions of accumulated contributions.

View of Responsible Officials. We have plans to begin the data gathering process earlier in the year in FY2020, so that we have ample time to review the census report and improve the accuracy of the data we are submitting to the actuary. We will work with Human Resources to implement an independent review of the retirement calculations and terminated employee distributions of accumulated contributions.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-003 - Timely and Accurate Preparation and Review of Bank Reconciliations

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Timely bank account reconciliations represent an important control used to detect and prevent material misstatements. Such reconciliations should be completed and reviewed within six weeks of each month and year-end.

Condition. Throughout the year, the City failed to complete bank reconciliations on a timely basis for most of its cash accounts. Several individual bank account reconciliations were not completed for the entire fiscal year until approximately five months after fiscal year-end.

Cause. Over the past several years, the City's Finance Department has reduced in size due to staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year-end close processes, and have contributed to reconciliations not being completed or reviewed timely.

Effect. As a result of this condition, the City experienced an increased risk that misstatements in the accounting records, whether caused by error or fraud, would not be detected and corrected on a timely basis.

Recommendation. Management has already taken appropriate corrective action by completing all current year bank reconciliations. However, we strongly recommend that the City critically assess the staffing levels in its Finance Department to ensure that there are an appropriate number of qualified/trained individuals available throughout the year to complete bank reconciliations on a timely basis. We also recommend that the bank reconciliations be subject to an independent review and approval process, and that review be evidenced in writing.

View of Responsible Officials. Due to the significant turnover experienced in the City's Finance Department during FY2019 and corresponding significant loss of decades of institutional knowledge as noted in item 2019-001 above, the bank reconciliation process fell behind. In addition, significant time had to be expended just to get on-line access to these accounts set back up and/or obtain copies of the bank statements (the former Finance Director and Accounting Manager were in many cases the only two signers). Finally, there are too many accounts to deal with – over 75. First, we are going to begin working on combining as many of the bank accounts as we can as well as making sure that we have on-line access to all accounts so that we can obtain statements in a timely manner. Then we are going to evaluate who is performing the bank reconciliations and spread this workload among the entire Finance Department. We will implement independent review of the bank reconciliations and document this in writing.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-004 - Conflict of Interest - City Payments

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. City policies, as well as clauses in external contracts and grant agreements, require reporting of any potential conflicts of interest related to payments to outside organizations for services provided to or on behalf of services provided by the City.

Condition. Forensic procedures were conducted by a third-party forensic accounting team related to the Human Relations and Community Services Department (HRCS) during the latter part of 2019. The findings are summarized as follows:

- The Director, her husband and daughter have been directly or indirectly involved in the governing boards of several area non-profits that have received payments from HRCS during the last several years, which is in violation of the City's policy, as noted above. Funding to these entities varied from general fund dollars to federal awards (see finding 2019-005 for impact on the related grants). The third-party forensic team discovered no evidence that these relationships were disclosed to the City Council as is required by City policy.

- Despite submitting a letter of resignation to one payee, the third-party forensic team discovered that the entity's state filing still showed the Director as a member of the governing board.

- The third-party forensic team cited an instance where a grant reimbursement request from one payee was signed by the Director, as President of that Organization, and showed the Director as approving the disbursement of grant funds for the City.

- The third-party forensic team cited a couple of invoices for home rehabilitation work, funded with general fund dollars, that appears to be for the benefit of property that the third-party forensic team believes is owned by the HRCS Director.

Cause. The cause of this issue appears to be the lack of a process to test for relationships of this type when contracting with outside parties.

Effect. As a result of this condition, the City HRCS Department was in violation of the City's internal conflict of interest policy, as well as conflict of interest clauses in several contract and grant agreements entered into by the City on behalf of the HRCS Department.

Recommendation. Management has already taken appropriate corrective action by conducting the investigation related to these issues. The HRCS Director has retired from that position as of the issuance date of this report. We recommend that the City consider implementing a process to test for inappropriate relationships with vendors during the contracting process.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-004 - Conflict of Interest - City Payments (Concluded)

View of Responsible Officials. A new HRCS director has been hired and will be evaluating processes and procedures in the department. In addition, an investigation is ongoing by the office of the State Attorney General, with which we are fully cooperating. We are working with the Office of the City Attorney (OCA) on this investigation, and once their final report is issued, we will take whatever steps are necessary to improve processes and procedures in the department.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-005 - Conflict of Interest - City Payments to Subrecipients

Finding Type. Material noncompliance / Material Weakness in Internal Control over Compliance (Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, and Subrecipient Monitoring).

Programs. Continuum of Care Program (COC); U.S. Department of Housing and Urban Development (HUD); CFDA Number 14.267; Award Number MI0417L5F081704.

Emergency Solutions Grant Program; U.S. Department of Housing and Urban Development; CFDA Number 14.231; All Award Numbers.

Criteria. City policies, as well as clauses in external contracts and grant agreements, require reporting of any potential conflicts of interest related to payments to outside organizations for services provided to or on behalf of services provided by the City.

Condition. The following issues were noted during grant compliance testing:

Continuum of Care Program

- The Human Resources and Community Services (HRCS) Director was identified on a monitoring checklist as the Director of a subrecipient entity.
- The HCRS Director was also noted as Executive Director in the subrecipient Organization Chart (her daughter is also listed as a Director).
- The HRCS Director signed checks, on behalf of the subrecipient, submitted in support of subrecipient reimbursement requests.
- The HCRS Director signed off on the subrecipient agreement and subrecipient reporting, as evidence of independent review and approval, as the HCRS Director.
- The subrecipient's form 990-EZ, included in the grant file was also signed, on behalf of the subrecipient, by the HRCS Director.
- We noted that conflict of interest questions included in a subrecipient monitoring compliance checklist were marked "N/A", and contained the comment "No incident reported to recipient".

Emergency Solutions Grant Program

- The spouse of the HRCS Director is identified in the State of Michigan annual filing as being a member of the governing board of one of this program's subrecipient entities.

Cause. The cause of this issue appears to be the lack of a process to test for relationships of this type when contracting with outside parties.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-005 - Conflict of Interest - City Payments to Subrecipients (Concluded)

Effect. As a result of this condition, the City HRCS Department was in violation of the City's internal conflict of interest policy, as well as conflict of interest clauses in the grant agreement related to the Continuum of Care and Emergency Solutions Grant programs. The fact that payments to these entities do not constitute an "arms-length-transaction" causes the costs reported by these subrecipients to be in noncompliance with federal cost principles. Additionally, because these relationships were not properly disclosed, along with the fact that there does not appear to be a process in place for testing for these types of relationships, the procurement process fails to comply with the requirements set forth in the Uniform Guidance.

Questioned Costs. The total amount of payments made to these subrecipients over the year ended June 30, 2019 was $233,710. $195,747 was paid from the Continuum of Care program and $37,963 from the Emergency Solutions Grants.

Recommendation. Management has already taken appropriate corrective action by conducting the investigation related to these issues. The HRCS Director has retired from that position as of the issuance date of this report. We recommend that the City consider implementing a process to test for inappropriate relationships with vendors during the contracting process. We further recommend that the grant payments process, including review of subrecipient draw requests be performed by the City's Finance Department.

View of Responsible Officials. A new HRCS director has been hired and will be evaluating processes and procedures in the department. In addition, an investigation is ongoing by the office of the State Attorney General, with which we are fully cooperating. We are working with the Office of the City Attorney (OCA) on this investigation, and once their final report is issued, we will take whatever steps are necessary to improve processes and procedures in the department.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-006 - Interdepartmental Rental of Facilities

Finding Type. Immaterial noncompliance / Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

Program. Community Development Block Grant - Entitlement Grants Cluster (CDBG) U.S. Department of Housing and Urban Development; CFDA Number 14.218; Award Number B-18-MC-26-0025.

Criteria. Per 2 CFR 200.465(c), rental costs under "less-than-arm's-length" leases are allowable only up the amount that would be allowed if the non-federal entity owned the property, including expenses such as depreciation (subject to related limits), maintenance, taxes and insurances.

Condition. The City charged to the CDBG grant a monthly rental charge for facilities owned by the City without having documentation of the actual costs related to the facility to support the amount of the charge.

Cause. The cause of this issue appears to be the lack of understanding related to the principles around the charging of interdepartmental rental of facilities to federal awards.

Effect. As a result of this condition, the City charged amounts to the CDBG grant that were not supported by documentation of actual costs incurred.

Questioned Costs. The total amount of rent charged to the CDBG grant for the year ended June 30, 2019 was $29,612.

Recommendation. We recommend that the City track and report to CDBG grant staff the cost of operating and maintaining City-owned property rented for administration of the program, and that any rent charged to the program be limited to the total of these costs.

View of Responsible Officials. The City Finance Department will work with the Development Office to track and calculate the cost of operating and maintaining City-owned property rented for administration of the program, so that any rental charged to the program will be limited to the total of these costs and properly documented.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-007 - Lack of Support for Matching Funds - Subrecipients

Finding Type. Immaterial noncompliance / Significant Deficiency in Internal Control over Compliance (Matching, Level of Effort and Earmarking).

Program. Continuum of Care Program (COC); U.S. Department of Housing and Urban Development (HUD); CFDA Number 14.267; Award Numbers MI0582L5F081700 and MI0507L5F081601.

Criteria. During-the-award monitoring of subrecipients should provide reasonable assurance that the subrecipient has adhered to all compliance areas that are direct and material to the grant being passed-through.

Condition. For two of the fourteen grant files tested, we were not able to verify the matching funds provided by the associated subrecipients. The files contained summaries of matching amounts provided, but appropriate documentation to support the amounts claimed was not attached.

Cause. The cause of this issue appears to be the lack of appropriate communication with these subrecipients as to the reporting requirements associated with the matching funds to be provided by the subrecipient.

Effect. As a result of this condition, the City did not have reasonable assurance that the matching funds for these programs were from allowable sources.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs or excess cash draws.

Recommendation. We recommend that the City reach out to the subrecipients associated with these grants and communicate the importance of providing appropriate detailed support for matching funds. In addition, we recommend that payments to subrecipients be withheld when incomplete documentation is not provided related to matching funds claimed.

View of Responsible Officials. A new HRCS director has been hired and will be evaluating processes and procedures in the department including obtaining appropriate documentation from subrecipients for matching funds. The Finance department will review these procedures to insure they are in compliance.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-008 – Written Policies Required by the Uniform Grant Guidance (Repeat Comment)

Finding Type. Immaterial Noncompliance (Allowable Costs/Cost Principles, Cash Management and Procurement and Suspension and Debarment).

Programs. Community Development Block Grant - Entitlement Grants Cluster; U.S. Department of Housing and Urban Development; CFDA Number 14.218; All Award Numbers.

Lead Hazard Reduction Demonstration Program; U.S. Department of Housing and Urban Development; CFDA Number 14.905; Award Number MILHD 0302-16.

Continuum of Care Program; U.S. Department of Housing and Urban Development; CFDA Number 14.267; All Award Numbers.

Emergency Solutions Grant Program; U.S. Department of Housing and Urban Development; CFDA Number 14.231; All Award Numbers.

Criteria. The Uniform Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to various areas, including: 1) Payments (draws of federal funds and how to minimize the time elapsing between the receipt of federal funds and the disbursement to contractors/employees/subrecipients) (§200.302 (6)); 2) Procurement (including bidding and a conflict of interest policy) (§200.318); and 3) Allowability of costs charged to federal programs (§200.302 (7)).

Condition. Although the City has processes in place to cover these areas, there are no formal written policies covering payments, procurement and allowability of costs that address all of the areas required by the Uniform Guidance. The City does have a written conflict of interest policy in place related to the procurement process.

Cause. This condition appears to be the result of a time lag in identifying the requirement and developing a plan for compliance.

Effect. As a result of this condition, the City did not fully comply with the Uniform Guidance applicable to the above noted grants.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs or excess cash draws.

Recommendation. We recommend that the City draft the required policies as soon as practical, but no later than the end of fiscal year 2020.

View of Responsible Officials. The Finance Department will work with all of the departments named in this finding including Economic Development and Planning and HRCS director to draft the required written policies as noted in this audit finding. We will review these policies with the OCA to make sure that we are in compliance going forward.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

Finding 2018-001 – Material Audit Adjustments (Repeated from Prior Year)

The audit identified the need for substantial adjustments to the City's accounting records, which impacted a variety of funds and financial statement areas that collectively had a material effect on the City's financial statements. This matter was repeated as finding 2019-001.

Finding 2018-002 - Timely and Accurate Preparation and Submission of Pension and OPEB Data (Repeated from Prior Year)

Actuarial valuations for the pension and other postemployment benefit plans, and the GASB 67/74 rollforward related to the defined benefit pension and other postemployment benefit plans, were not completed until December 2018, and the related account balances were not adjusted until late in audit fieldwork. This matter is repeated as finding 2019-002.

2018-003 – Timely Obligation of Grant Funds

The City did not finalize subrecipient agreements to obligate Emergency Solution Grant funds within the required 180 days of the beginning of the period of program performance stated in the grant award. This finding was resolved during the year ended June 30, 2019.

2018-004 – Written Policies Required by the Uniform Grant Guidance

Although the City has processes in place to cover these areas, there are no formal written policies covering payments, procurement and allowability of costs that address all of the areas required by the Uniform Guidance. This matter was repeated as finding 2019-008.

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CITY OF LANSING
FINANCE DEPARTMENT
124 W Michigan Ave., 8th Floor
Lansing, Michigan 48933
517.483.4500

Andy Schor, Mayor

BE COUNTED LANSING
CENSUS 2020

CORRECTIVE ACTION PLAN

Certain matters were brought to our attention as a result of the audit process. These are described more fully in the Schedule of Findings and Questioned Costs. We evaluated the matters as noted below, and have described our planned actions as a result.

2019-001 – Material Audit Adjustments

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. This past fiscal year, two key positions (Finance Director and Controller) were vacant for 1 to 3 months respectively. In addition, there was turnover in another accounting position. Subsequent to year end, two of these positions were filled and one was combined with the Chief Strategy Officer position (Finance Director). In addition, a Budget Director was hired. However, the loss of these individuals represented a combined 30+ years of experience. The loss of this "institutional knowledge", combined with the vacancy periods, meant that we were behind before we started. We plan on making the following improvements in FY2020 that will address many of the issues noted in this finding: We are going to evaluate the functions that are being performed by each staff member, redistribute workload, begin cross training staff, and put procedures in place to help us make sure we are recording all major transactions in a timely manner. We will also critically assess the staffing levels in the Finance Department and within the budget constraints of the City, will do what we can to augment the existing Finance staff.

Responsible Party. Controller

Date of Planned Corrective Action. June 30, 2020

2019-002 - Segregation of Duties over Distributions and Timely and Accurate Preparation and Submission of Pension and OPEB Data

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. We have plans to begin the data gathering process earlier in the year in FY2020, so that we have ample time to review the census report and improve the accuracy of the data we are submitting to the actuary. We will work with Human Resources to implement an independent review of the retirement calculations and terminated employee distributions of accumulated contributions.

Responsible Party. Controller & HR Director

Date of Planned Corrective Action. June 30, 2020

2019-003 - Timely and Accurate Preparation and Review of Bank Reconciliations

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. Due to the significant turnover experienced in the City's Finance Department during FY2019 and corresponding significant loss of decades of institutional knowledge as noted in item 2019-001 above, the bank reconciliation process fell behind. In addition, significant time had to be expended just to get on-line access to these accounts set back up and/or obtain copies of the bank statements (the former Finance Director and Accounting Manager were in many cases the only two signers). Finally, there are too many accounts to deal with – over 75. First, we are going to begin working on combining as many of the bank accounts as we can as well as making sure that we have on-line access to all accounts so that we can obtain statements in a timely manner. Then we are going to evaluate who is performing the bank reconciliations and spread this workload among the entire Finance Department. We will implement independent review of the bank reconciliations and document this in writing.

Responsible Party. Controller

Date of Planned Corrective Action. June 30, 2020

2019-004 - Conflict of Interest - City Payments

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. A new HRCS director has been hired and will be evaluating processes and procedures in the department. In addition, an investigation is ongoing by the office of the State Attorney General, with which we are fully cooperating. We are working with the Office of the City Attorney (OCA) on this investigation, and once their final report is issued, we will take whatever steps are necessary to improve processes and procedures in the department.

Responsible Party. HRCS Director & OCA

Date of Planned Corrective Action. Ongoing

2019-005 - Conflict of Interest - City Payments to Subrecipients

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. A new HRCS director has been hired and will be evaluating processes and procedures in the department. In addition, an investigation is ongoing by the office of the State Attorney General, with which we are fully cooperating. We are working with the Office of the City Attorney (OCA) on this investigation, and once their final report is issued, we will take whatever steps are necessary to improve processes and procedures in the department.

Responsible Party. HRCS Director

Date of Planned Corrective Action. Ongoing

2019-006 - Interdepartmental Rental of Facilities

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. The City Finance Department will work with the Development Office to track and calculate the cost of operating and maintaining City-owned property rented for administration of the program, so that any rental charged to the program will be limited to the total of these costs and properly documented.

Responsible Party. Grant Accountant

Date of Planned Corrective Action. June 30, 2020

2019-007 – Lack of Support for Matching Funds - Subrecipients

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. A new HRCS director has been hired and will be evaluating processes and procedures in the department including obtaining appropriate documentation from subrecipients for matching funds. The Finance department will review these procedures to insure they are in compliance.

Responsible Party. HRCS Director & Grant Accountant

Date of Planned Corrective Action. June 30, 2020

2019-008 – Written Policies Required by the Uniform Grant Guidance

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. The Finance Department will work with all of the departments named in this finding including Economic Development and Planning and HRCS director to draft the required written policies as noted in this audit finding. We will review these policies with the OCA to make sure that we are in compliance going forward.

Responsible Party. The Grant Accountant will work with all departments named in this finding with assistance from the OCA.

Date of Planned Corrective Action. June 30, 2020

Tri-County Metro Narcotics Squad

Year Ended
June 30, 2019

Financial Statements

TRI-COUNTY METRO NARCOTICS SQUAD

Table of Contents

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INDEPENDENT AUDITORS' REPORT

December 19, 2019

Board Members
Tri-County Metro Narcotics Squad
Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the ***Tri-County Metro Narcotics Squad*** ("Tri-County Metro"), a special revenue fund of the City of Lansing, Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tri-County Metro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Tri-County Metro Narcotics Squad as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements referred to above present only the Tri-County Metro Narcotics Squad and do not purport to, and do not, present fairly the financial position of the City of Lansing, Michigan, as of June 30, 2019, and the changes in its financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 19, 2019 on our consideration of the Tri-County Metro Narcotics Squad's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri-County Metro's internal control over financial reporting and compliance.

Rehmann Robson LLC

BASIC FINANCIAL STATEMENTS

TRI-COUNTY METRO NARCOTICS SQUAD

Statement of Net Position

June 30, 2019

Assets		
Cash and pooled investments	$	939,396
Receivables		41,415
Total assets		980,811
Liabilities		
Payables		624,583
Net position		
Restricted for public safety	$	356,228

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Statement of Activities
For the Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues: Operating Grants and Revenues	Net (Expense) Revenues
Governmental activities			
Public safety	$ 922,125	$ 800,214	$ (121,911)
General revenues			
Interest revenues			17,098
Change in net position			(104,813)
Net position, beginning of year			461,041
Net position, end of year			$ 356,228

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Balance Sheet

Governmental Fund
June 30, 2019

	General Fund
Assets	
Cash on hand	$ 49,029
Equity in pooled cash and investments of the City of Lansing, Michigan	890,367
Due from other governments	41,415
Total assets	$ 980,811
Liabilities	
Accounts payable	$ 91,350
Accrued payroll	1,383
Due to other governments	496,830
Undistributed forfeitures	35,020
Total liabilities	624,583
Fund balance	
Restricted for public safety	356,228
Total liabilities and fund balance	$ 980,811

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Governmental Activities
June 30, 2019

Fund balance - governmental fund	$	356,228
Amounts reported for *governmental activities* in the statement of net position may differ because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets being depreciated, net		-
Net position of governmental activities	$	356,228

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ 428,220	$ 560,220	$ 658,773	$ 98,553
Forfeitures and other revenues	428,220	428,220	141,441	(286,779)
Interest revenues	-	-	17,098	17,098
Total revenues	856,440	988,440	817,312	(171,128)
Expenditures				
Current expenditures:				
Public safety	856,440	988,440	921,249	(67,191)
Net change in fund balance	-	-	(103,937)	(103,937)
Fund balance, beginning of year	460,165	460,165	460,165	-
Fund balance, end of year	$ 460,165	$ 460,165	$ 356,228	$ (103,937)

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2019

Net change in fund balance - governmental fund	$	(103,937)
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation expense		(876)
Change in net position of governmental activities	$	(104,813)

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The ***Tri-County Metro Narcotics Squad*** ("Tri-County Metro") is a special revenue fund of the City of Lansing, Michigan. The financial statements of Tri-County Metro have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of Tri-County Metro's accounting policies are described below.

Reporting Entity

Tri-County Metro involves an interlocal agreement with participation from the City of Lansing, City of East Lansing, Ingham, Eaton, and Clinton Counties and the Michigan Department of State Police. This task force was formed pursuant to the Urban Cooperation Act of 1967 and is governed by a command board made up of member-designated representatives. The operations of Tri-County Metro are accounted for by the City of Lansing as part of its nonmajor governmental funds.

The purpose of Tri-County Metro is to establish a cooperative law enforcement force assembled for the purpose of enforcing narcotics and other controlled substances laws.

The accompanying financial statements present the financial position and results of operations of Tri-County Metro. They do not purport to, and do not present fairly, the net position of the City of Lansing, Michigan and changes in its net position or cash flows in conformity with accounting principles generally accepted in the United States of America. Tri-County Metro has no blended or discretely presented component units, and is not itself a component unit of any other government.

Operations

Tri-County Metro's primary revenue sources are forfeitures, grants and local contributions. These sources provide funding for goods and services which include supply and equipment purchases, equipment, office, and vehicle rents and contractual services including payment for contract labor. Tri-County Metro has no direct employees.

Basis of Presentation

Separate financial statements are provided for governmental funds and proprietary funds. The major individual governmental fund is reported as a separate column in the fund financial statements. Tri-County Metro does not have any proprietary funds.

Governmental Fund

General fund. This fund is used to account for all financial transactions including all financial resources and general operating expenditures.

Notes to Financial Statements

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities are mainly supported by forfeitures and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, forfeit to, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (the statement of net position and statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within three months of the end of the current fiscal period, or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Charges for services, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Cash and Pooled Investments

Cash and pooled investments consist of cash on hand, and amounts held by the City of Lansing, Michigan for the benefit of Tri-County Metro.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide statements (statement of net position). Capital assets are defined by Tri-County Metro as assets with an initial, individual cost of more than $5,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is recorded over the estimated useful lives (six years for equipment) of the assets, using the straight-line method for all capital assets.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. A formal resolution of the Board of Directors is required to establish, modify, or rescind a fund balance commitment. The government reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Tri-County Metro currently has no assigned fund balance, as the Board of Directors has not yet given the authority for the making of such assignments.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Budgetary Process

Tri-County Metro is under formal budgetary control. Formal budget integration is employed as a management control device during the year. Tri-County Metro's budget is adopted by the Tri-County Metro Narcotics Squad Board in accordance with Public Act 621, the Michigan Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget. The budget, as presented in the accompanying statement of revenues, expenditures, and changes in fund balance, was prepared on the modified accrual basis of accounting.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2019, Tri-County Metro had no expenditures in excess of budgeted amounts.

2. EQUITY IN CASH AND POOLED INVESTMENTS OF THE CITY OF LANSING, MICHIGAN

Tri-County Metro's cash and pooled investments included on the statement of net position and general fund balance sheet are classified as follows:

Cash on hand	$ 49,029
Equity in pooled cash and investments of the City of Lansing, Michigan	890,367
Total	$ 939,396

Notes to Financial Statements

Deposits and Investments

State of Michigan statutes authorize Tri-County Metro to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposit, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper, bankers' acceptance of U.S. banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

The above cash and pooled investments are held by the City of Lansing, Michigan (the fiscal agent of Tri-County Metro). Specific deposit and investment accounts are not held in the name of Tri-County Metro. The amount of federal depositary insurance and custodial credit risk of investments is determined for the City of Lansing, Michigan as a whole, and cannot be separately identified for Tri-County Metro.

3. CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended June 30, 2019:

	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	$ 53,970	$ -	$ -	$ 53,970
Less accumulated depreciation	(53,094)	(876)	-	(53,970)
Total capital assets, net	$ 876	$ (876)	$ -	$ -

4. RISK MANAGEMENT

Tri-County Metro is exposed to various risks of loss related to property loss, torts, and errors and omissions. Tri-County Metro is covered by the City of Lansing, Michigan's commercial liability insurance for the above risks of loss. Settled claims have not exceeded insurance coverage for the last three years.

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INTERNAL CONTROL AND COMPLIANCE

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Rehmann Robson

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 19, 2019

Board Members
Tri-County Metro Narcotics Squad
Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the ***Tri-County Metro Narcotics Squad*** ("Tri-County Metro"), a special revenue fund of the City of Lansing, Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tri-County Metro's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-County Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-County Metro's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-County Metro’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-County Metro’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Robson LLC

Index: RR-402a
Last Updated: 05/31/2013

City of Lansing's Building Safety Department
Internal Control Systems Documentation
For the June 30, 2018 Audit

In order to help us better understand your major transaction cycles, and the corresponding internal controls, please answer the questions listed below in narrative form. Please also provide any additional information you feel would be relevant to our gaining an understanding of the specifics of your operations. We would appreciate receiving your responses electronically, to facilitate future updates/changes. Thank you in advance.

RESPONSES IN BLUE BELOW WERE REVIEWED BY RANDY ENDSLEY, ACCOUNTING MANAGER ON 12/18/18. ANY RR ADDED COMMENTS ARE IN GREEN TEXT.

NEW COMMENTS NEED TO BE IN RED.

Budgets

1. Is it the policy of the government to formally adopt a budget for the general fund and all special revenue funds in accordance with state law before the start of the fiscal year?

   Refer to RR-402

2. Are detailed budget vs. actual reports prepared monthly and reviewed by department heads or others in management?

   Refer to RR-402

Cash Receipts (for each cash collection location)

1. Who initially handles receipts (i.e., opens the mail, receives over-the-counter payments, etc.)

   Tina Raeder and Jennifer Hovey open mail and are cashiers (Jon Snyder and Steve Swan are back up cashiers)

2. When customers pay bills in person (i.e., at the counter), are they either given a receipt or have their bills stamped as paid?

   Yes

3. Are the revenue distributions (i.e., which general ledger account to use) for all receipts reviewed and approved by a knowledgeable individual?

   General Ledger accounts are assigned to "Item Code" in the BS&A db. Item codes are what is keyed in and reviewed daily by a manager or his designee.

4. How often are receipts entered into the general ledger (i.e., daily, weekly, monthly), and by whom?

   Daily. Centralized @ the Treasurer's office

5. Are monthly or quarterly statements sent to all customers?

   Only amounts owed are for upcoming due-to-expire Rental property licenses. Notifications are sent 2 months prior to expiration.

6. Are credit memos or other account adjustments reviewed by a responsible official other than the individual responsible for preparing bills?

   Only the Managers and agent for BSO (Brian Shields) have the ability to void transactions.

Commented [SS1]: Remove

Commented [SS2]: No, They are paid at the time of service.

City of Lansing's Building Safety Department
Internal Control Systems Documentation
For the June 30, 2018 Audit

7. Are past due or credit balances reviewed by someone other than the individual responsible for billing before making any adjustments to write-off or refund accounts?

   Refunds are reviewed by the Accounts payable clerk.

8. Who delivers checks and/or currency to the bank for deposit, and how often?

   Deposits are transported to the Treasurer's office per the Planning & Neighborhood Development Department Cash Handling Procedures. RR reviewed this provided document and noted that no one but the designated courier is to take a deposit to the treasurer's office and that the deposit should be delivered daily.

9. What documents are filed internally for receipts?

   Daily reports

10. Who is responsible for reconciling the monthly bank statements?

    Centralized in Finance.

<u>Cash Disbursements</u> - excluding payroll

1. Is a formal purchase order system used? If so, please briefly describe how this system works. (Who prepares what documents and approves them, etc.)

   Refer to RR-402

2. Are all purchases supported by either a purchase order or check request, signed by an authorized individual not responsible for preparing checks?

   Yes. Check preparation is centralized in Finance

3. Who initially receives invoices (i.e., opens the mail)?

   Cashiers.

4. Are invoices approved before payment? If so, by whom?

   Response

5. Are the expense distributions (i.e., which general ledger account to use) for all purchases reviewed and approved by the department requesting payment?

   Yes. The department that requests payment also enters the GL account#.

6. How often are invoices entered into the general ledger (i.e., daily, weekly, monthly), and by whom?

   Daily by A/P clerk Tina Thomas.

Commented [SS3]: BSO does not make any general ledger entries.

7. Are all checks either (a) hand signed by an authorized individual not responsible for preparing the checks, or (b) if mechanically or electronically signed, is a check register reviewed by an authorized individual not responsible for preparing the checks?

   Refer to RR-402

8. Is unused check stock stored in a physically safe (locked) location?

   Refer to RR-402

City of Lansing's Building Safety Department
Internal Control Systems Documentation
For the June 30, 2018 Audit

9. When checks are voided or spoiled, are they stamped VOID and retained?

    Refer to RR-402

10. At what stage are actual expenditures compared to budget to highlight any overages?

    Refer to RR-402

11. Please briefly describe the process of check preparation and mailing, including the preparation of a check register and other reports.

    Refer to RR-402

12. What is the process for creating a new vendor in the system, and who has authority and access to do this?

    Refer to RR-402

13. Are any vendor paid through ACH transfer (electronic payment)? If so, please describe the approval process.

    Refer to RR-402

Personnel and Payroll **N/A to the Building Safety department as payroll is processed centrally - refer to RR-402.**

1. Are accounting personnel subject to a background check prior to hiring?

    Refer to RR-402

2. Does the government have a fidelity bond covering all key employees with financial responsibilities?

    Refer to RR-402

3. How often are employees paid?

    Refer to RR-402

4. Are timesheets used for hourly employees, and approved by their supervisors?

    Refer to RR-402

5. How are the hours aggregated for payroll processing?

    Refer to RR-402

6. Are the pay rates of all employees approved annually by the governing body and appropriately documented?

    Refer to RR-402

7. What policies exist for sick and/or vacation time, and how are these balances tracked?

    Refer to RR-402

8. Who enters the payroll data for processing?

Refer to RR-402

9. Please briefly describe the process of check preparation and mailing, including the preparation of a check register and other reports.

    Refer to RR-402

10. Before running payroll checks, is a payroll register reviewed and approved by an authorized individual not responsible for preparing the checks?

    Refer to RR-402

11. Do employee pay stubs display a detail of hours worked, gross pay, and all withholdings and deductions?

    Refer to RR-402

12. Are withholding accounts periodically reviewed and reconciled to ensure that all required payments are made on a time basis?

    Refer to RR-402

13. What is the process for setting up a new employee in the system, and who has authority and access to do this?

    Refer to RR-402

14. Are new employees approved by someone other than the individual responsible for processing payroll?

    Refer to RR-402

Grant Administration **N/A to the Building Safety Department as it is not responsible for processing any grants.**

1. Does the organization have a formal grant administration policy?

    N/A

2. Are all new grant agreements properly approved by the governing body prior to requesting funds?

    N/A

3. Is grant administration handled centrally (e.g., by Finance), or by each separate department?

    N/A

4. Who is responsible for preparing grant reimbursement (draw) requests?

    N/A

5. Are all grant expenditures reviewed by a project manager knowledgeable of the grant requirements to ensure only eligible expenditures are incurred?

    N/A

6. Are all reimbursement requests reviewed by a responsible official to ensure that they are in agreement with the accounting records?

N/A

7. At what stage are grant reimbursement requests recorded in the general ledger, and by whom?

   N/A

8. Who is responsible for monitoring the organization's compliance with grantor requirements and/or federal guidelines?

   N/A

9. Does the organization pass-through any grants to subrecipients?

   N/A

10. Briefly describe any monitoring or internal auditing procedures applied to the organization's administration of grant programs.

    N/A

Accounts Receivable **N/A to the Building Safety as A/R balances are monitored by Finance. Refer to RR-402.**

1. How often are customers billed, and for what services?

   Refer to RR-402

2. What is the current rate structure (flat fee vs. usage, etc.)?

   Refer to RR-402

3. How is customer usage measured, reported, and entered into the billing system?

   Refer to RR-402

4. Briefly describe the process of preparing and distributing invoices, including any reports generated by the system.

   Refer to RR-402

5. What steps are taken to ensure collection of past-due amounts?

   Refer to RR-402

6. How is the information in the billing system entered into and reconciled against the general ledger?

   Refer to RR-402

General Ledger and Journal Entries **N/A to the Building Safety as the GL and JE's are the responsibility of Finance. Refer to RR-402.**

1. Are all balance sheet accounts periodically reviewed and reconciled against supporting documentation and subsidiary ledgers, where appropriate?

   Refer to RR-402

2. How often are journal entries made?

   Refer to RR-402

City of Lansing's Building Safety Department
Internal Control Systems Documentation
For the June 30, 2018 Audit

3. Describe the process utilized to maintain controls over the preparation, posting and review of journal entries?

   Refer to RR-402

4. Briefly describe the process of preparing, posting and authorizing journal entries.

   Refer to RR-402

5. Are all journal entries reviewed and approved by an employee other than the preparer?

   Refer to RR-402

6. Is access to computerized accounting records restricted to authorized individuals (e.g., by using passwords)?

   Refer to RR-402

7. Do software controls prevent accounting transactions from being deleted or modified once posted?

   Refer to RR-402

Other Significant Transaction Classes (describe each separately)

(e.g., Prepaid and Other Assets, Capital Assets, Long-term Debt, Fund Balances/Net Position)

1. Describe the method used to account for the detail of the transaction class (e.g., module of the accounting software, electronic spreadsheets, manual logs).

   N/A to the Building Safety.

2. Describe how and when information is entered and updated in the detail records.

   N/A to the Building Safety.

3. Describe how and when the detail records are reconciled to the general ledger.

   N/A to the Building Safety.

4. Describe any other internal controls over financial reporting for this transaction class if not addressed above (e.g., authorization, review, approval)

   N/A to the Building Safety.

City of Lansing's District Court Department
Internal Control Systems Documentation – Sample Questions
For the June 30, 2018 Audit

In order to help us better understand your major transaction cycles, and the corresponding internal controls, please answer the questions listed below in narrative form. Please also provide any additional information you feel would be relevant to our gaining an understanding of the specifics of your operations. We would appreciate receiving your responses electronically, to facilitate future updates/changes. Thank you in advance.

RESPONSES IN BLUE BELOW WERE REVIEWED AND UPDATED BY RANDY ENDSLEY, ACCOUNTING MANAGER, ON 12/18/18. ANY RR ADDED COMMENTS ARE IN GREEN TEXT.

Budgets

1. Is it the policy of the government to formally adopt a budget for the general fund and all special revenue funds in accordance with state law before the start of the fiscal year?

   Refer to RR-402.

2. Are detailed budget vs. actual reports prepared monthly and reviewed by department heads or others in management?

   Refer to RR-402.

Cash Receipts (for each cash collection location)

1. Who initially handles receipts (i.e., opens the mail, receives over-the-counter payments, etc.)

   Staff not functioning as cashiers, open and distribute the mail. Cashiers enter payments into subsidiary Court db. This db handles all of the financial and case activity of the Court.

2. When customers pay bills in person (i.e., at the counter), are they either given a receipt or have their bills stamped as paid?

   Yes

3. Are the revenue distributions (i.e., which general ledger account to use) for all receipts reviewed and approved by a knowledgeable individual?

   Yes. By ~~Tina Smith~~ Financial Coordinator District Court.

4. How often are receipts entered into the general ledger (i.e., daily, weekly, monthly), and by whom?

   Daily. Centralized @ the Treasurer's office

5. Are monthly or quarterly statements sent to all customers?

   No. outstanding amounts owed are sent a show cause notification and then a bench warrant is issued if not responded to.

6. Are credit memos or other account adjustments reviewed by a responsible official other than the individual responsible for preparing bills?

   Yes – by the Criminal/Traffic/Collections Manager.

7. Are past due or credit balances reviewed by someone other than the individual responsible for billing before making any adjustments to write-off or refund accounts?

   Refunds are reviewed by ~~Tina Smith~~ the Financial Coordinator.

8. Who delivers checks and/or currency to the bank for deposit, and how often?

   ~~Tina Smith~~ Financial Coordinator daily

9. What documents are filed internally for receipts?

   Daily reports

10. Who is responsible for reconciling the monthly bank statements?

    Centralized in Finance.

Cash Disbursements ***– excluding payroll***

1. Is a formal purchase order system used? If so, please briefly describe how this system works. (Who prepares what documents and approves them, etc.)

   Refer to RR-402.

2. Are all purchases supported by either a purchase order or check request, signed by an authorized individual not responsible for preparing checks?

   Yes. Check preparation is centralized in Finance

3. Who initially receives invoices (i.e., opens the mail)?

   Deb England.

4. Are invoices approved before payment? If so, by whom?

   Yes. Anethia Brewer or Susan Knieling Court Administrator and Deputy, respectively.

5. Are the expense distributions (i.e., which general ledger account to use) for all purchases reviewed and approved by the department requesting payment?

   Yes. The department that requests payment also enters the GL account#.

6. How often are invoices entered into the general ledger (i.e., daily, weekly, monthly), and by whom?

   Daily by the Financial Coordinator.

7. Are all checks either (a) hand signed by an authorized individual not responsible for preparing the checks, or (b) if mechanically or electronically signed, is a check register reviewed by an authorized individual not responsible for preparing the checks?

   Refer to RR-402.

8. Is unused check stock stored in a physically safe (locked) location?

   Refer to RR-402.

9. When checks are voided or spoiled, are they stamped VOID and retained?

   Refer to RR-402.

City of Lansing's District Court Department
Internal Control Systems Documentation – Sample Questions
For the June 30, 2018 Audit

10. At what stage are actual expenditures compared to budget to highlight any overages?

    Refer to RR-402.

11. Please briefly describe the process of check preparation and mailing, including the preparation of a check register and other reports.

    Refer to RR-402.

12. What is the process for creating a new vendor in the system, and who has authority and access to do this?

    Refer to RR-402.

13. Are any vendor paid through ACH transfer (electronic payment)? If so, please describe the approval process.

    Refer to RR-402.

Personnel and Payroll **N/A to the District Court department as payroll is processed centrally – refer to RR-402.**

1. Are accounting personnel subject to a background check prior to hiring?

   Refer to RR-402.

2. Does the government have a fidelity bond covering all key employees with financial responsibilities?

   Refer to RR-402.

3. How often are employees paid?

   Refer to RR-402.

4. Are timesheets used for hourly employees, and approved by their supervisors?

   Refer to RR-402.

5. How are the hours aggregated for payroll processing?

   Refer to RR-402.

6. Are the pay rates of all employees approved annually by the governing body and appropriately documented?

   Refer to RR-402.

7. What policies exist for sick and/or vacation time, and how are these balances tracked?

   Refer to RR-402.

8. Who enters the payroll data for processing?

   Refer to RR-402.

9. Please briefly describe the process of check preparation and mailing, including the preparation of a check register and other reports.

   Refer to RR-402.

10. Before running payroll checks, is a payroll register reviewed and approved by an authorized individual not responsible for preparing the checks?

    Refer to RR-402.

11. Do employee pay stubs display a detail of hours worked, gross pay, and all withholdings and deductions?

    Refer to RR-402.

12. Are withholding accounts periodically reviewed and reconciled to ensure that all required payments are made on a time basis?

    Refer to RR-402.

13. What is the process for setting up a new employee in the system, and who has authority and access to do this?

    Refer to RR-402.

14. Are new employees approved by someone other than the individual responsible for processing payroll?

    Refer to RR-402.

Grant Administration **N/A to the District Court Department as it is not responsible for processing any grants.**

1. Does the organization have a formal grant administration policy?

    N/A

2. Are all new grant agreements properly approved by the governing body prior to requesting funds?

    N/A

3. Is grant administration handled centrally (e.g., by Finance), or by each separate department?

    N/A

4. Who is responsible for preparing grant reimbursement (draw) requests?

    N/A

5. Are all grant expenditures reviewed by a project manager knowledgeable of the grant requirements to ensure only eligible expenditures are incurred?

    N/A

6. Are all reimbursement requests reviewed by a responsible official to ensure that they are in agreement with the accounting records?

    N/A

7. At what stage are grant reimbursement requests recorded in the general ledger, and by whom?

    N/A

8. Who is responsible for monitoring the organization's compliance with grantor requirements and/or federal guidelines?

   N/A

9. Does the organization pass-through any grants to subrecipients?

   N/A

10. Briefly describe any monitoring or internal auditing procedures applied to the organization's administration of grant programs.

    N/A

Accounts Receivable **N/A to the District Court as A/R balances are monitored by Finance. Refer to RR-402.**

1. How often are customers billed, and for what services?

   Refer to RR-402

2. What is the current rate structure (flat fee vs. usage, etc.)?

   Refer to RR-402

3. How is customer usage measured, reported, and entered into the billing system?

   Refer to RR-402

4. Briefly describe the process of preparing and distributing invoices, including any reports generated by the system.

   Refer to RR-402

5. What steps are taken to ensure collection of past-due amounts?

   Refer to RR-402

6. How is the information in the billing system entered into and reconciled against the general ledger?

   Refer to RR-402

General Ledger and Journal Entries **N/A to the District Court as the GL and JE's are the responsibility of Finance. Refer to RR-402.**

1. Are all balance sheet accounts periodically reviewed and reconciled against supporting documentation and subsidiary ledgers, where appropriate?

   Refer to RR-402

2. How often are journal entries made?

   Refer to RR-402

3. Describe the process utilized to maintain controls over the preparation, posting and review of journal entries?

   Refer to RR-402

City of Lansing's District Court Department
Internal Control Systems Documentation – Sample Questions
For the June 30, 2018 Audit

4. Briefly describe the process of preparing, posting and authorizing journal entries.

    Refer to RR-402

5. Are all journal entries reviewed and approved by an employee other than the preparer?

    Refer to RR-402

6. Is access to computerized accounting records restricted to authorized individuals (e.g., by using passwords)?

    Refer to RR-402

7. Do software controls prevent accounting transactions from being deleted or modified once posted?

    Refer to RR-402

Other Significant Transaction Classes (describe each separately)

(e.g., Prepaid and Other Assets, Capital Assets, Long-term Debt, Fund Balances/Net Position)

1. Describe the method used to account for the detail of the transaction class (e.g., module of the accounting software, electronic spreadsheets, manual logs).

    N/A to District Court

2. Describe how and when information is entered and updated in the detail records.

    N/A to District Court

3. Describe how and when the detail records are reconciled to the general ledger.

    N/A to District Court

4. Describe any other internal controls over financial reporting for this transaction class if not addressed above (e.g., authorization, review, approval)

    N/A to District Court

City of Lansing

RFP (RFPQ/20/024) QUESTIONS

April 2, 2020

1. To clarify a previous question, to be in compliance with the Governor's Executive Order 2020-21, to the maximum extent possible, we working at home so can the hard copies that are submitted have original signatures/initials but those signatures/initials be scanned originals that are bound into the hard copies of the proposals? Or do we need to break the "stay-at-home order" to go to our office and place "ink signatures" on the hard copies that we will submit? – Scanning signatures are ok. Must be hard copies.

2. 2 separately bound audits for the City do not appear to be on Treasury's website. May we get full copies of: the Federal Compliance (Single) Audit (only the *GAS* letter and findings are at the end of the 2019 CAFR on-line) and the audit issued under separate cover for the Tri-County Metro Narcotics Squad? **Both are attached.**

3. "Sample formats for required reports" are requested in the proposal statements, page 18. Do you want samples of other CAFR's that we assist our clients with or simply references as to where they can be obtained from Treasury's site? Or does this refer to something else? **We are looking for examples of other Cities / Municipalities CAFR's that you have produced in the past – you can just refer us to them on the Treasury site.**

4. It is noted that we must follow "relevant ordinances of the City" in conducting the annual audit. Is there anything in the City Ordinances that is required more than what is in Chapter 4 of the Codified City ordinances related to "internal and external audits" that bidders should be specifically made aware of? Not that I am aware of.

5. Does the City currently have written internal control assessment narratives that will be provided to the new auditors? **We do have a number of different IC assessment narratives, see attached. If others are required, we can prepare other narratives as reasonably requested.**

6. Does the City have any material decentralized receipting and disbursing departments that would require decentralized testing to be done (i.e., parks, cemetery, parking, etc. activities)? **Most cash receipting is controlled by Treasury (1st floor City Hall) but there is some decentralized receipting performed – however it all flows through the City bank accounts, so testing can be performed in the Finance Department at City hall for all receipting. As to disbursing activities, each department vouches their own invoices into OneSolutions, but Finance reviews and approves all these A/P batches and issues all A/P checks, with the exception of District Court which processes its own Bail Bond refund checks (they are located in City Hall, and Finance performs the bank reconciliation on their account).**

7. Does the City maintain the Building Authority, Brownfield Authority, TIFA, and the LEPFA accounting activities within the City's general ledger and all their records will be available at City Hall or are they maintained outside of your G/L system at other locations? **Brownfield and TIFA records are maintained by LEAP (Lansing Economic Area Partnership) at 1000 S. Washington. LEPFA records are maintained by them at 333 E. Michigan Ave. The City of Lansing/County of Ingham Joint Building Authority is a legally separate entity that is not a component unit of either the City or the County, with separate records maintained by them. The Building Authority is accounted for in a single Enterprise Fund on the City's books.**

City of Lansing's Parking Department
Internal Control Systems Documentation – Sample Questions
For the June 30, 2018 Audit

In order to help us better understand your major transaction cycles, and the corresponding internal controls, please answer the questions listed below in narrative form. Please also provide any additional information you feel would be relevant to our gaining an understanding of the specifics of your operations. We would appreciate receiving your responses electronically, to facilitate future updates/changes. Thank you in advance.

RESPONSES IN BLUE BELOW WERE REVIEWED AND UPDATED BY RANDY ENDSLEY, ACCOUNTING MANAGER, ON 12/18/18. ANY RR ADDED COMMENTS ARE IN GREEN TEXT.

ANY NEW COMMENTS NEED TO BE IN RED.

Budgets

1. Is it the policy of the government to formally adopt a budget for the general fund and all special revenue funds in accordance with state law before the start of the fiscal year?

   Refer to RR-402

2. Are detailed budget vs. actual reports prepared monthly and reviewed by department heads or others in management?

   Refer to RR-402

Cash Receipts (for each cash collection location)

1. Who initially handles receipts (i.e., opens the mail, receives over-the-counter payments, etc.)

   The entry clerk opens the mail and records receipts through the 'mail drawer'.

2. When customers pay bills in person (i.e., at the counter), are they either given a receipt or have their bills stamped as paid?

   Yes-receipts are given.

3. Are the revenue distributions (i.e., which general ledger account to use) for all receipts reviewed and approved by a knowledgeable individual?

   Yes. By Susan Wyatt, Interim Parking Coordinator. Parking Operations Supervisor

4. How often are receipts entered into the general ledger (i.e., daily, weekly, monthly), and by whom?

   Daily. Centralized @ the Treasurer's office

5. Are monthly or quarterly statements sent to all customers?

   Yes.

6. Are credit memos or other account adjustments reviewed by a responsible official other than the individual responsible for preparing bills?

   Refunds are reviewed by Traci Shell, Interim Parking Manager ~~Roxanne Estell, Office Manager~~.

City of Lansing's Parking Department
Internal Control Systems Documentation – Sample Questions
For the June 30, 2018 Audit

7. Are past due or credit balances reviewed by someone other than the individual responsible for billing before making any adjustments to write-off or refund accounts?

   Yes Traci Shell, Interim Parking Manager. Assistant Parking Coordinator

8. Who delivers checks and/or currency to the bank for deposit, and how often?

   Ann Noel (Customer Service Rep) ~~Roxanne Estell (Office Manager)~~ meets courier daily with locked cash bags for which she does not have access to the key to unlock them. Courier assists in making deposits daily.

9. What documents are filed internally for receipts?

   Payment Summary by Method report, Cash receipts log, daily reconciliations

10. Who is responsible for reconciling the monthly bank statements?

    Centralized in Finance.

***<u>Cash Disbursements</u>* – excluding payroll** **N/A to the parking department as all disbursements are handled by the Finance Department. Refer to RR-402.**

1. Is a formal purchase order system used? If so, please briefly describe how this system works. (Who prepares what documents and approves them, etc.)

   N/A

2. Are all purchases supported by either a purchase order or check request, signed by an authorized individual not responsible for preparing checks?

   N/A

3. Who initially receives invoices (i.e., opens the mail)?

   N/A

4. Are invoices approved before payment? If so, by whom?

   N/A

5. Are the expense distributions (i.e., which general ledger account to use) for all purchases reviewed and approved by the department requesting payment?

   N/A

6. How often are invoices entered into the general ledger (i.e., daily, weekly, monthly), and by whom?

   N/A

7. Are all checks either (a) hand signed by an authorized individual not responsible for preparing the checks, or (b) if mechanically or electronically signed, is a check register reviewed by an authorized individual not responsible for preparing the checks?

   N/A

8. Is unused check stock stored in a physically safe (locked) location?

   N/A

City of Lansing's Parking Department
Internal Control Systems Documentation – Sample Questions
For the June 30, 2018 Audit

9. When checks are voided or spoiled, are they stamped VOID and retained?

    N/A

10. At what stage are actual expenditures compared to budget to highlight any overages?

    N/A

11. Please briefly describe the process of check preparation and mailing, including the preparation of a check register and other reports.

    N/A

12. What is the process for creating a new vendor in the system, and who has authority and access to do this?

    N/A

13. Are any vendor paid through ACH transfer (electronic payment)? If so, please describe the approval process.

    N/A

Personnel and Payroll **N/A to the parking department as payroll is processed centrally – refer to RR-402.**

1. Are accounting personnel subject to a background check prior to hiring?

    Refer to RR-402.

2. Does the government have a fidelity bond covering all key employees with financial responsibilities?

    Refer to RR-402.

3. How often are employees paid?

    Refer to RR-402.

4. Are timesheets used for hourly employees, and approved by their supervisors?

    Refer to RR-402.

5. How are the hours aggregated for payroll processing?

    Refer to RR-402.

6. Are the pay rates of all employees approved annually by the governing body and appropriately documented?

    Refer to RR-402.

7. What policies exist for sick and/or vacation time, and how are these balances tracked?

    Refer to RR-402.

8. Who enters the payroll data for processing?

    Refer to RR-402.

9. Please briefly describe the process of check preparation and mailing, including the preparation of a check register and other reports.

    Refer to RR-402.

10. Before running payroll checks, is a payroll register reviewed and approved by an authorized individual not responsible for preparing the checks?

    Refer to RR-402.

11. Do employee pay stubs display a detail of hours worked, gross pay, and all withholdings and deductions?

    Refer to RR-402.

12. Are withholding accounts periodically reviewed and reconciled to ensure that all required payments are made on a time basis?

    Refer to RR-402.

13. What is the process for setting up a new employee in the system, and who has authority and access to do this?

    Refer to RR-402.

14. Are new employees approved by someone other than the individual responsible for processing payroll?

    Refer to RR-402.

Grant Administration **N/A to the parking department as it is not responsible for processing any grants.**

1. Does the organization have a formal grant administration policy?

    N/A

2. Are all new grant agreements properly approved by the governing body prior to requesting funds?

    N/A

3. Is grant administration handled centrally (e.g., by Finance), or by each separate department?

    N/A

4. Who is responsible for preparing grant reimbursement (draw) requests?

    N/A

5. Are all grant expenditures reviewed by a project manager knowledgeable of the grant requirements to ensure only eligible expenditures are incurred?

    N/A

6. Are all reimbursement requests reviewed by a responsible official to ensure that they are in agreement with the accounting records?

    N/A

7. At what stage are grant reimbursement requests recorded in the general ledger, and by whom?

   N/A

8. Who is responsible for monitoring the organization's compliance with grantor requirements and/or federal guidelines?

   N/A

9. Does the organization pass-through any grants to subrecipients?

   N/A

10. Briefly describe any monitoring or internal auditing procedures applied to the organization's administration of grant programs.

    N/A

Accounts Receivable **N/A to the parking department as A/R balances are monitored by Finance. Refer to RR-402.**

1. How often are customers billed, and for what services?

   Refer to RR-402

2. What is the current rate structure (flat fee vs. usage, etc.)?

   Refer to RR-402

3. How is customer usage measured, reported, and entered into the billing system?

   Refer to RR-402

4. Briefly describe the process of preparing and distributing invoices, including any reports generated by the system.

   Refer to RR-402

5. What steps are taken to ensure collection of past-due amounts?

   Refer to RR-402

6. How is the information in the billing system entered into and reconciled against the general ledger?

   Refer to RR-402

General Ledger and Journal Entries **N/A to the parking department as the GL and JE's are the responsibility of Finance. Refer to RR-402.**

1. Are all balance sheet accounts periodically reviewed and reconciled against supporting documentation and subsidiary ledgers, where appropriate?

   Refer to RR-402

2. How often are journal entries made?

   Refer to RR-402

3. Describe the process utilized to maintain controls over the preparation, posting and review of journal entries?

    Refer to RR-402

4. Briefly describe the process of preparing, posting and authorizing journal entries.

    Refer to RR-402

5. Are all journal entries reviewed and approved by an employee other than the preparer?

    Refer to RR-402

6. Is access to computerized accounting records restricted to authorized individuals (e.g., by using passwords)?

    Refer to RR-402

7. Do software controls prevent accounting transactions from being deleted or modified once posted?

    Refer to RR-402

Other Significant Transaction Classes (describe each separately)

(e.g., Prepaid and Other Assets, Capital Assets, Long-term Debt, Fund Balances/Net Position)

1. Describe the method used to account for the detail of the transaction class (e.g., module of the accounting software, electronic spreadsheets, manual logs).

    N/A to parking department

2. Describe how and when information is entered and updated in the detail records.

    N/A to parking department

3. Describe how and when the detail records are reconciled to the general ledger.

    N/A to parking department

4. Describe any other internal controls over financial reporting for this transaction class if not addressed above (e.g., authorization, review, approval)

    N/A to parking department

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

In order to help us better understand your major transaction cycles, and the corresponding internal controls, please answer the questions listed below in narrative form. Please also provide any additional information you feel would be relevant to our gaining an understanding of the specifics of your operations. We would appreciate receiving your responses electronically, to facilitate future updates/changes. Thank you in advance.

Responses below in blue were reviewed and updated by Randy Endsley, Accountant, on 12/18/18.

Budgets

1. Is it the policy of the government to formally adopt a budget for the general fund and all special revenue funds in accordance with state law before the start of the fiscal year?

   Yes

2. Are detailed budget vs. actual reports prepared monthly and reviewed by department heads or others in management?

   These reports are prepared quarterly and are reported to City Council.

Cash Receipts (for each cash collection location)

1. Who initially handles receipts (i.e., opens the mail, receives over-the-counter payments, etc.)

   General Cash Receipts: Over 90% of receipts are processed through the utilization of a lock box at the receiving bank. The receipts are totaled by the bank and added to the correct accounts automatically, daily. Receipts are also taken over the front counter in the city hall lobby.
   Garbage and Rubbish Receipts:
   ***Trash Carts* - Rent carts are billed and paid quarterly.**
   ***Trash Bags*- These are sold to individual retailers. Retailers are either invoiced or required to pay C.O.D.**
   Parking Receipts: These are initially received by the automated machines, which are periodically cleaned out and reconciled.
   District Court Receipts: Cashiers

2. When customers pay bills in person (i.e., at the counter), are they either given a receipt or have their bills stamped as paid?

   All customers paying in person are given a receipt.

3. Are the revenue distributions (i.e., which general ledger account to use) for all receipts reviewed and approved by a knowledgeable individual?

   Yes. Distributions are detailed on all cash receipts issued to the remitting departments at the cashier window of the Treasurer's Office.

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

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4. How often are receipts entered into the general ledger (i.e., daily, weekly, monthly), and by whom?

   General Cash Receipts: Daily.
   Garbage and Rubbish Receipts:
   Trash Carts **- As transactions occur - no less than weekly.**
   Trash Bags **- As transactions occur - no less than weekly.**
   Parking Receipts: Deposited daily. Revenue categories and totals are tracked via Parking Operations subsystem (aka DMS).
   District Court Receipts: Daily.

   These are all recorded in the GL by the Treasurer's office.

5. Are monthly or quarterly statements sent to all customers?

   No statements are sent to garbage and rubbish customers, but account aging is monitored. Other receipt systems do not require billings.

6. Are credit memos or other account adjustments reviewed by a responsible official other than the individual responsible for preparing bills?

   Yes.

7. Are past due or credit balances reviewed by someone other than the individual responsible for billing before making any adjustments to write-off or refund accounts?

   Yes.

8. Who delivers checks and/or currency to the bank for deposit, and how often?

   General Cash Receipts: Receipts from the lock box are picked up by and taken directly to the bank.
   Garbage and Rubbish Receipts: Rotating delegate drives deposits (check and credit card only) to City Hall for receipt at the Treasurer's office daily. Cash collections are only taken directly at the Treasurer's Office from residents.
   Parking Receipts: Receipts from are picked up by a courier and taken to the Treasurer's Office.
   District Court Receipts: Tina Smith Financial coordinator takes receipts to the Treasurer's Office for deposit daily.

9. What documents are filed internally for receipts?

   Credit card summaries, copies of cash receipts issued to customers, copies of deposit slips from the bank deposit, deposit slips used when taking funds to the Treasurer's Office for deposit, receipts issued to departments when funds are taken to the Treasurer's Office.

10. Who is responsible for reconciling the monthly bank statements?

    Accountant in the Finance Department

***Cash Disbursements* - excluding payroll**

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

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1. Is a formal purchase order system used? If so, please briefly describe how this system works. (Who prepares what documents and approves them, etc.)

   Purchase orders are required. Requisitions must be entered into the computer via the IFAS software by the requesting department. The requisition must be approved and funds pre-encumbered (where appropriate) by the requesting department prior to issuance of a purchase order. Amendments to purchase orders are necessary when an increase or decrease of$500.00 or more is made to the order, when final payment differs from the purchase order balance by more than 15%, or if there is a dollar amount variance.

2. Are all purchases supported by either a purchase order or check request, signed by an authorized individual not responsible for preparing checks?

   Yes

3. Who initially receives invoices (i.e., opens the mail)?

   The Accounts Payable Auditor in finance.

4. Are invoices approved before payment? If so, by whom?

   Yes – initially by the department head and then is forwarded to the Accounting Manager or designee.

5. Are the expense distributions (i.e., which general ledger account to use) for all purchases reviewed and approved by the department requesting payment?

   Yes – the Accounting Manager or Designee.

6. How often are invoices entered into the general ledger (i.e., daily, weekly, monthly), and by whom?

   Weekly by the Accounts Payable Auditor

7. Are all checks either (a) hand signed by an authorized individual not responsible for preparing the checks, or (b) if mechanically or electronically signed, is a check register reviewed by an authorized individual not responsible for preparing the checks?

   B. The check register is reviewed by the Accounting Manager prior to sending the corresponding Positive Pay file to Comerica Bank.

8. Is unused check stock stored in a physically safe (locked) location?

   Yes. Unused check stock is kept in a combination locked vault.

9. When checks are voided or spoiled, are they stamped VOID and retained?

   Yes. Void checks are marked and retained in a vault.

10. At what stage are actual expenditures compared to budget to highlight any overages?

    Quarterly report to Council.

11. Please briefly describe the process of check preparation and mailing, including the preparation of a check register and other reports.

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

The Finance Department processes payments to the vendors on a weekly basis. The Accounts Payable Auditor receives all invoices and agrees them to the IFAS system by invoice number, vendor, and amount. They are then given to the Accounting manager who reviews the account number, and reasonability of the transaction. Checks are then printed weekly and mailed to the vendor.

12. What is the process for creating a new vendor in the system, and who has authority and access to do this?

    The initiating department sends a formal vendor request form to Finance for creation. In addition, W-9 form must be obtained prior to vendor establishment. Three individuals have the authority to create vendors: Senior buyer, 1 individual who audits all payables, and the individual responsible for issuing checks.

13. Are any vendor paid through ACH transfer (electronic payment)? If so, please describe the approval process.

    The number of vendors paid via ACH are very limited. Paper payment requests are submitted to the Accounting Manager for payment. The Accounting Manager reviews and initiates the payment on the Comerica Online banking website. Either the Deputy Treasurer or the Treasurer approves all ACH activity on the Comerica site. Account and vendor coding is prepared on the subsequent day using Comerica daily activity report by the Accounting Manager. The vendor, account numbers, and amounts are entered into the general ledger system by a clerical staff member.

<u>Personnel and Payroll</u>

1. Are accounting personnel subject to a background check prior to hiring?

    Yes. All employees are subject to a background check prior to hiring.

2. Does the government have a fidelity bond covering all key employees with financial responsibilities?

    Yes.

3. How often are employees paid?

    Biweekly

4. Are timesheets used for hourly employees, and approved by their supervisors?

    Yes

5. How are the hours aggregated for payroll processing?

   An employee's time is entered by either the employee or a designated timekeeper. The employee/timekeeper logs into Timecard Online and enters the time used (overtime, vacation time, etc.). After the timecard is filled out, they click a submit button and it is electronically sent to a supervisor for approval. The supervisor approves and the timecard is sent off to the

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

HR department for processing. Timekeepers are able to run a report of all hours, entered and can "balance" their payroll that way.

6. Are the pay rates of all employees approved annually by the governing body and appropriately documented?

   Pay rates of union-represented employees are approved by Council at the point of contract approval. Elected officials pay rates are approved by a Compensation Committee.

7. What policies exist for sick and/or vacation time, and how are these balances tracked?

   Policies for sick and vacation time are addressed in individual union contracts. The City provides different percentages of unused balances upon termination.

8. Who enters the payroll data for processing?

   See question 5 for steps prior to central processing. The non-hour related data is triggered automatically based on established business rules (i.e. vacation/sick leave accruals). Other information entered by Human Resources (i.e. garnishments and Friend of the Court) are entered by 1 of 2 Human Resource employees who are not responsible for generating the checks and corresponding report outputs.

9. Please briefly describe the process of check preparation and mailing, including the preparation of a check register and other reports.

   After HR staff reviews/approves reports of what should be produced (referred to internally as a "Pre-List"), a separate individual initiates the printing/posting of checks and other general ledger postings. This process automatically prints the check register, gl postings, sick leave balances, and other detailed reports. The checks are then taken, by the same individual responsible for printing, to the mail inserting/sealing machine and performs the inserting. Checks are then picked up by a contracted mail service to have postage applied and taken to the post office.

10. Before running payroll checks, is a payroll register reviewed and approved by an authorized individual not responsible for preparing the checks?

    Yes. The "Pre-List" is reviewed by the one of two individuals not responsible for printing checks.

11. Do employee pay stubs display a detail of hours worked, gross pay, and all withholdings and deductions?

    Yes.

12. Are withholding accounts periodically reviewed and reconciled to ensure that all required payments are made on a time basis?

    Yes.

13. What is the process for setting up a new employee in the system, and who has authority and access to do this?

    Two individuals have the authority to set new individuals up in the system. Also, any new employees established in the system trigger an automated notification that is sent to the

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

Accounting Manager. The process for establishing a new employee is initiated by a member of the HR hiring staff (not involved in payroll at all) by providing a New-Hire notice to the individuals responsible for setting up new employees.

14. Are new employees approved by someone other than the individual responsible for processing payroll?

    Yes.

Grant Administration

1. Does the organization have a formal grant administration policy?

   Finance polices 8, 9 10, 11, 12 and 13 pertaining to grant administration. In addition, HRCS and Planning and Neighborhood development maintain additional policies.

   Retained at RR-402a

2. Are all new grant agreements properly approved by the governing body prior to requesting funds?

   Yes. Council approval is required to establish new appropriations for new grants.

3. Is grant administration handled centrally (e.g., by Finance), or by each separate department?

   Each by separate departments

4. Who is responsible for preparing grant reimbursement (draw) requests?

   The various departments

5. Are all grant expenditures reviewed by a project manager knowledgeable of the grant requirements to ensure only eligible expenditures are incurred?

   Yes.

6. Are all reimbursement requests reviewed by a responsible official to ensure that they are in agreement with the accounting records?

   Yes.

7. At what stage are grant reimbursement requests recorded in the general ledger, and by whom?

   Upon receipt. For incoming wire transfers, the Accounting Manager codes them while reviewing the prior days' banking activity. Account information must be provided by the requestor to the Accounting Manager. Reimbursements received via check, are coded and deposited by the administering department.

8. Who is responsible for monitoring the City's compliance with grantor requirements and/or federal guidelines?

   Decentralized grant administrators and their corresponding supervisors.

9. Does the City pass-through any grants to subrecipients?

   Yes

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

10. Briefly describe any monitoring or internal auditing procedures applied to the organization's administration of grant programs.

    Monitoring varies by department. All grant draws are reviewed and approved by an individual other that the individual responsible for preparing the draw request. All grant disbursements are audited and approved centrally in Finance by accounts payable personnel.

Accounts Receivable

1. How often are customers billed, and for what services?

   Depending on function, as needed, monthly, quarterly, semi-annually. Examples for services included are: Property Taxes, sewage fees (billed by the Board of Water and Light), Parking permits, Repairs for road cuts, curbside garbage service.

2. What is the current rate structure (flat fee vs. usage, etc.)?

   Property Taxes (ad-valorem), Sewage fees (usage), Parking permits (fee), repairs for road cuts (fee)

3. How is customer usage measured, reported, and entered into the billing system?

   Sewage usage is measured by meter readings performed by the Board of Water and Light. Usage amounts are summarized monthly and sent to the City via USPS.

4. Briefly describe the process of preparing and distributing invoices, including any reports generated by the system.

   The Board of Water and Light is responsible for sewage invoicing. Property taxes reports are reconciled to taxable and assessed values prior to file creation. Subsequently, an electronic file is created, with corresponding report output, and sent to a third-party for printing and mailing. Garbage service reports are reviewed prior to printing and mailing on a quarterly basis.

5. What steps are taken to ensure collection of past-due amounts?

   The Board of Water and Light is responsible for sewage collections. Past due amounts ultimately result in discontinuance of service. Other subsystems are monitored via A/R aging reports and services are ceased upon being past due (parking permit access cards are suspended, garbage service is discontinued after the end of the quarter that is unpaid). The City also utilizes GC Services as a City-wide collection agent. Also, City Charter prohibits the City with doing business with any entity who owes past-due amounts.

6. How is the information in the billing system entered into and reconciled against the general ledger?

   All invoicing is performed by subsystems. Subsystem invoicing is recorded on the general ledger as a journal entry. Cash receipts are recorded in the subsystem and taken to the Treasurer's Office for deposit. The Treasurer's Office utilizes BS&A for cash receipts and has an interface to upload data to the general ledger. Subsystem information is reconciled to the general ledger through various subsystem reports and performed by either Finance staff or departmental staff.

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

General Ledger and Journal Entries

1. Are all balance sheet accounts periodically reviewed and reconciled against supporting documentation and subsidiary ledgers, where appropriate?

    Yes.

2. How often are journal entries made?

    As needed as often as daily.

3. Describe the process utilized to maintain controls over the preparation, posting and review of journal entries?

    The journal entry, along with the support, is then forwarded to a supervisor (typically to the Accounting Manager). The supervisor then signs off that the journal entry and supporting documentation is complete and reasonable. All documentation is attached to the journal entries, which are filed by month and J/E #.

4. Briefly describe the process of preparing, posting and authorizing journal entries.

    See above.

5. Are all journal entries reviewed and approved by an employee other than the preparer?

    Yes

6. Is access to computerized accounting records restricted to authorized individuals (e.g., by using passwords)?

    Yes

7. Do software controls prevent accounting transactions from being deleted or modified once posted?

    Yes. This is performed through system security administration.

Other Significant Transaction Classes (describe each separately)

(e.g., Prepaid and Other Assets, Capital Assets, Long-term Debt, Fund Balances/Net Position)

1. Describe the method used to account for the detail of the transaction class (e.g., module of the accounting software, electronic spreadsheets, manual logs).

    Mostly spreadsheet.

2. Describe how and when information is entered and updated in the detail records.

    Spreadsheets are manually updated annually. These are agreed to the general ledger balances.

3. Describe how and when the detail records are reconciled to the general ledger.

    Totals are included in the subsidiary spreadsheets. These totals are agreed to the general ledger annually.

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

4. Describe any other internal controls over financial reporting for this transaction class if not addressed above (e.g., authorization, review, approval)

    Detail of all asset categories are to be submitted annually to the Accounting Manager for inclusion in a three ring binder by fiscal year.

Defined Benefit Pension Plans - General Administration

1. Please indicate the Plan's administrator, record keeper, investment manager, and any other relevant general aspects of the Pan.

    The Administrator is the Finance Director as Secretary to the Retirement Boards of Trustees

    The Record Keeper is the Retirement Analyst (currently Karen Williams)

    The Investment Advisor is Asset Consulting Group

    The Custodian is the City Treasurer

There are two plans which each have an independent Board of Trustees. Some Trustees are elected and other serve as ex officio members: the City Treasurer, a representative from the City Council, and an appointed retiree representative)

Defined Benefit Pension Plans - Contributions / Participant Data

1. How does an employee qualify to participate in this Plan?

    Refer to Lansing Codified Ordinances Part II, Title 10, chapters 292 for ERS and 294 for P&F

    Retained in the Binder at 6102.00 and 6101.00.

2. How are contribution rates to the plan determined?

    By bargaining unit contract

3. How often are contributions remitted (i.e., daily, weekly, monthly)?

    The City's contribution is remitted annually; Employee contributions are offset by plan expenses and retiree pension deductions. The amounts are tracked through due to /due from accounts.

4. Please describe the process for remitting contributions, including who is responsible for initiating the contribution and reviewing the submission.

    The City's contribution is requested in writing by the City Finance Director and wire transfer is made by the Accounting Manager.

5. Are monthly or quarterly statements sent to all customers?

    Monthly "check stubs" are sent via US mail to all current pension recipients. These are also accessible online.

6. What documents are filed internally for contributions?

    Contributions are tracked within a retirement database, ARRIVOS, created by a company named TEGRIT. ARRIVOS has records of employee contributions from 3 payroll systems (which

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

includes 2 legacy systems which had data migrated into ARRIVOS). ARRIVOS utilizes an automated interface that runs nightly reports generated on ad hoc basis.

7. Who is responsible for reconciling the monthly bank statements?

   The Accounting Manager

8. How are contributions tracked within the accounting records?

   Employee withholdings are recorded automatically as a liability in the General Fund when payroll is processed.

   A JE to debit the liability and credit the pension funds is processed periodically.

Defined Benefit Pension Plans - Benefit Payments

1. Who maintains participant records?

   The Finance Department

2. Please describe the process for calculating benefit payments.

   ARRIVOS has a pension system calculator

3. Who is responsible for reviewing the benefit payment calculations?

   Karen Williams, Retirement Analyst, reviews the accuracy of the calculation

4. What documents are prepared and retained to support the benefit payment determinations?

   The calculation is maintained within the retiree's file.

   Support retained includes:

   Employee pay history

   Wage history

   Reviewed IFAS payroll check stub

   Info for service credits

   ARRIVOS printout, checked against pay history

   Accumulated contributions from IFAS

5. Who is responsible for processing benefit payment disbursements? Who is responsible for reviewing the accuracy of these disbursements?

   Karen Williams is the originator of the benefit payment: she conveys the information to the payroll department. She provides payroll with the new retiree amounts/adjustments. No one is reviewing the payroll data entry. **Refer to RR-101.**

6. How frequently are disbursements processed?

   Monthly

7. Please describe the processing of issuing refunds to Plan participants.

City of Lansing, Michigan
Internal Control Systems Documentation
For the **June 30, 2018** Audit

It would start with a request from the Participant (nothing is done proactively, it does require initiation by the participant). ARRIVOS does a calculation of the amount issued back to participant and Karen reviews this.

8. Please describe the Plan's considerations of deceased retirees. How does management become aware when a member passes?

   If not informed by family or caregivers, the City is subscribed to a death check via the Social Security Administration in addition to scanning the obituaries daily.

9. How are benefit payments tracked within the accounting records?

   The payroll system is integrated with the GL

CITY OF LANSING
PURCHASING OFFICE
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Andy Schor, Mayor

April 13, 2020

A D D E N D U M #3

RFP/20/024
FINANCIAL AUDITING SERVICES

This is Addendum #3 for RFP/20/024 this addendum informs you of the following:

1. **Answers to questions: attached**

2. This addendum notice shall be signed below and returned with your proposal. Please list the signed "Addendum #3 received" and date received with your submittal. Any proposal received without this addendum and notation may be declared non-responsive.

Stephanie Robinson CPPB
Senior Buyer

This undersigned hereby acknowledges receipt of Addendum #3
This ___day of _________, 2020

By ______________________________

For ______________________________

Page 14 of the RFP letter E request separately issued reports for 5 entities. Is the accounting for these entities centralized and included in the City's general ledger system or does each entity have it's own accounting system? If it is centralized are internal controls the same for processing transactions as they are for the City itself? **Brownfield and TIFA records are maintained by LEAP (Lansing Economic Area Partnership) at 1000 S. Washington. LEPFA records are maintained by them at 333 E. Michigan Ave. The City of Lansing/County of Ingham Joint Building Authority is a legally separate entity that is not a component unit of either the City or the County, with separate records maintained by them. The Building Authority is accounted for in a single Enterprise Fund on the City's books. The Tri-County Metro Narcotics Squad is accounted totally on the City's books & records.** If the accounting is in a separate system for these entities, does the amount of time auditors were onsite provided in the addendum (3 people for a month and a half) include the time for the separate entities or was additional onsite time spent? **For the separate entities that have their own books & records, the time estimate provided does NOT include time spent at those entities.**

On page 18 of the RFP item number 5 requests sample formats for required reports. Do you want hard copies of these or could we provide a list of other city reports that are available on the department of treasury's website that we have audited and prepared? **We are looking for examples of other Cities / Municipalities CAFR's that you have produced in the past – you can just refer us to them on the Treasury site.**
We were not able to locate the audit report for the Tri-County Metro Narcotics Squad. Can that be provided to us? **Yes, see attached.**

We were not able to locate the single audit report for the City of Lansing on the City's website or the Department of Treasury for 6/30/19. Additionally, a data collection form and report were not available for 6/30/19 on the Federal Audit Clearinghouse. Can this report be provided to us? **Due to a variety of circumstances, the Single Audit Report was not filed with the FAC until 3/31/20. See copy attach**

City of Lansing, Michigan

Year Ended
June 30, 2019

Single Audit Act
Compliance

CITY OF LANSING, MICHIGAN

Table of Contents

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

March 31, 2020

Honorable Mayor and
Members of the City Council
City of Lansing, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Lansing, Michigan*** (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing, Michigan's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Robson LLC

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Housing and Urban Development					
Community Development Block Grant/Entitlement Grant Cluster:					
2012 Entitlement	14.218	Direct	B-12-MC-26-0025	$ 750	$ 221,953
2013 Entitlement	14.218	Direct	B-13-MC-26-0025	-	235
2014 Entitlement	14.218	Direct	B-14-MC-26-0025	850	230,998
2015 Entitlement	14.218	Direct	B-15-MC-26-0025	750	61,024
2016 Entitlement	14.218	Direct	B-16-MC-26-0025	750	462,375
2017 Entitlement	14.218	Direct	B-17-MC-26-0025	11,916	393,664
2018 Entitlement	14.218	Direct	B-18-MC-26-0025	208,690	865,964
				223,706	2,236,213
Emergency Solutions Grant Program:					
2018 Grant	14.231	Direct	E-18-MC-26-0025	150,844	167,605
ESG through MSHDA	14.231	MSHDA	HML-2015-City of -384-ESF	-	2,395
ESG through MSHDA	14.231	MSHDA	HML-2017 City of -384-ESF	281,410	293,556
ESG through MSHDA	14.231	MSHDA	HML-2016-City of -384-ESF	-	20,986
ESG through MSHDA	14.231	MSHDA	HML-2018-City of -384-ESM	164,073	292,289
				596,327	776,831
HOME Investment Partnership Program:					
2014 Grant Year	14.239	Direct	M-14-MC-26-0208	-	158,830
2015 Grant Year	14.239	Direct	M-15-MC-26-0208	7,475	7,475
2016 Grant Year	14.239	Direct	M-16-MC-26-0208	12,951	20,975
2017 Grant Year	14.239	Direct	M-17-MC-26-0208	-	53,233
2018 Grant Year	14.239	Direct	M-18-MC-26-0208	39,741	39,741
				60,167	280,254
Continuum of Care Program:					
NOFA Planning	14.267	Direct	MI0532L5F081600	-	3,866
Advent House - Next Step Housing - 2017	14.267	Direct	MI0507L5F081601	23,091	26,885
CACS/EFHTRR 2017	14.267	Direct	MI0417L5F081603	40,872	48,368
GATEWAY/CROSSROAD 2017	14.267	Direct	MI0188L5F081609	11,689	11,689
HMIS I 2017	14.267	Direct	MI0194L5F081609	-	18,027
LHC/PHS2 2017	14.267	Direct	MI0196L5F081609	360,058	366,596
VOAM/PHS I	14.267	Direct	MI0409L5F081603	18,761	20,706
LHC/PHS 2	14.267	Direct	MI0506L5F081601	18,992	20,737
2018 NOFA ADVENT/FRESH START	14.267	Direct	MI0581L5F081700	37,222	43,336
2018 NOFA ADVENT/PSH FAMILIES	14.267	Direct	MI0199L5F081710	65,891	67,408
2018 NOFA ADVENT/HOUSING	14.267	Direct	MI0483L5F081702	135,290	139,708
2018 NOFA OCOF/EFHTRR	14.267	Direct	MI0417L5F081704	195,747	202,814
2018 NOFA CF GATEWAY/RRH YOUTH	14.267	Direct	MI0582L5F081700	112,938	117,382
2018 NOFA GLHC/WALNUT	14.267	Direct	MI0200L5F081710	92,406	97,097
2018 HMIS I	14.267	Direct	MI0194L5F081710	-	40,121
2018 NOFA MMRS/SOBER CENTER	14.267	Direct	MI0198L5F081710	140,161	144,944
2018 NOFA LHC/PHS 2	14.267	Direct	MI0196L5F081710	359,921	364,921
2018 NOFA LHC/SHELTER + CARE	14.267	Direct	MI0195L5F081710	242,249	251,841
2018 NOFA VOAMI/PSH 1	14.267	Direct	MI0409L5F081704	102,944	105,444
2018 NOFA VOAMI/PSH 2	14.267	Direct	MI0506L5F081702	73,384	101,739
2018 NOFA VOA/PHS BONUS	14.267	Direct	MI0376L5F081706	155,985	170,802
2019 NOFA ADVENT/PSH FAMILIES	14.267	Direct	MI0199L5F081811	-	8,044
2019 NOFA LHC/SHELTER + CARE	14.267	Direct	MI0195L5F081811	24,577	24,577
				2,212,178	2,397,052
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct	MILHD 0302-16	73,817	837,695
Total U.S. Department of Housing and Urban Development				3,166,195	6,528,045

continued...

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of the Interior					
Pave the Way	15.904	Direct	P18AP00163	$ -	$ 7,786
U.S. Department of Justice					
Crime Victim Assistance:					
Capital Area Response Effort - Year 22	16.575	MDHHS	20160038-00	-	32,524
Capital Area Response Effort - Year 23	16.575	MDHHS	E20180602-00	-	94,744
				-	127,268
Edward Byrne Memorial Justice Assistance Grant Program:					
Justice Assistance Grant - 2015	16.738	Direct	2015-H4103-MI-DJ	-	2,586
Justice Assistance Grant - 2017	16.738	Direct	2017-H4103-MI-DJ	-	108,181
Justice Assistance Grant - 2018	16.738	Direct	2018-H4103-MI-DJ	-	11,018
Byrne Justice Assistance Grant - 2018	16.738	MSP	JAG-70901-2018	24,685	25,111
Byrne Justice Assistance Grant - 2019	16.738	MSP	JAG-70901-2019	31,383	99,000
				56,068	245,896
Equitable Sharing Program	16.922	Direct	n/a	-	98,715
Total U.S. Department of Justice				56,068	471,879
U.S. Department of Transportation					
Highway Planning and Construction Cluster:					
Traffic Ops Center	20.205	MDOT	261733035M40E1	-	17,339
U.S. Environmental Protection Agency					
Clean Water State Revolving Fund Cluster	66.458	EGLE	5581-01	-	1,580,302
Clean Water State Revolving Fund Cluster	66.458	EGLE	5005-23	-	5,170,918
				-	6,751,220
Brownfield Assessment and Cleanup Cooperative Agreements:					
Brownfield Revolving Loan Fund	66.818	Direct	BF00E008930	-	376,088
Total U.S. Environmental Protection Agency				-	7,127,308
U.S. Department of Homeland Security					
Pre-Disaster Mitigation	97.047	Direct	n/a	-	32,653
Homeland Security Grant Program:					
2014 State Homeland Security Program	97.067	INGC	n/a	-	53,394
2016 State Homeland Security Program	97.067	INGC	n/a	-	84,988
2017 State Homeland Security Program	97.067	INGC	n/a	-	57,000
				-	195,382
Total U.S. Department of Homeland Security				-	228,035
Total Expenditures of Federal Awards				$ 3,222,263	$ 14,380,392

concluded

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the City of Lansing, Michigan (the “City”) under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the City has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The City receives certain federal grant as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MSHDA	Michigan State Housing Development Authority
MDHHS	Michigan Department of Health and Human Services
MSP	Michigan State Police
MDOT	Michigan Department of Transportation
EGLE	Michigan Department of Environment, Great Lakes & Energy
INGC	Ingham County

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 19, 2019

Honorable Mayor and
Members of City Council
City of Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Lansing, Michigan*** (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001, -002, -003, and -004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

City of Lansing, Michigan's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 31, 2020

Honorable Mayor and
Members of City Council
City of Lansing, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the ***City of Lansing, Michigan*** (the "City") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on Continuum of Care and Emergency Solutions Grant Programs

As described in item 2019-005 in the accompanying schedule of findings and questioned costs, the City did not comply with the activities allowable costs/cost principles, procurement and suspension and debarment and subrecipient monitoring requirements applicable to its Continuum of Care and Emergency Solutions Grant programs. Compliance with these requirements is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

Qualified Opinion on Continuum of Care and Emergency Solutions Grant Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Continuum of Care and Emergency Solutions Grant programs for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-006, -007 and -008. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-005 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-006 and -007 to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rehmann Robson LLC

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	X yes	___ none reported

Identification of major programs, and type of auditors' report issued on compliance:

CFDA Number	Name of Federal Program or Cluster	Type of Opinion
14.218	Community Development Block Grant - Entitlement Grants Cluster	Unmodified
14.231	Emergency Solutions Grants Program	Qualified
14.267	Continuum of Care Program	Qualified
14.905	Lead Hazard Reduction Demonstration Program	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X yes	___ no
Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	___ yes	X no

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001 - Material Audit Adjustments (Repeat Comment)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During our audit, we identified and proposed material adjustments (which were approved and posted by management) to adjust the City's accounting records. In addition, we received several revisions to the City's trial balance (the final version was received on December 9, 2019), each of which contained material corrections to previous versions. Also, management identified and posted many smaller adjustments to a wide variety of funds and accounts throughout the audit process that collectively had a material effect on the City's financial reporting process.

Cause. Over the past several years, the City's Finance Department has reduced in size due to staffing reductions and staffing turnover. These changes have placed a significant burden on the year-end financial close process, and have resulted in reconciliation of account balances and adjustment of related accounts, and preparation of the schedule of expenditures of federal awards (SEFA), not being completed timely (several account balances had not initially been adjusted or reconciled since the end of the previous fiscal year).

Effect. As a result of this condition, the City's financial information was initially misstated by amounts that were deemed to be quantitatively material to nearly every opinion unit, and numerous account balances were not adjusted timely throughout the year. Correcting entries were subsequently posted by management to the City's records and the appropriate balances are presented in the audited financial statements.

Recommendation. Management has already taken appropriate corrective action by posting correcting journal entries. However, we strongly recommend that the City critically assess the staffing levels in its Finance Department to ensure that there are an appropriate number of qualified/trained individuals available throughout the year to maintain the City's books and records in accordance with GAAP, and that balance sheet accounts for all funds be subject to periodic review and adjusted or reconciled to their underlying detail as soon as practical after fiscal year-end.

View of Responsible Officials. This past fiscal year, two key positions (Finance Director and Accounting Manager) were vacant for 1 to 3 months respectively. In addition there was turnover in another accounting position. Subsequent to year end, two of these positions were filled and one was combined with the Chief Strategy Officer position (Finance Director). In addition, a Budget Director was hired. However, the loss of these individuals represented a combined 30+ years of experience. The loss of this "institutional knowledge", combined with the vacancy periods, meant that we were behind before we started. We plan on making the following improvements in FY2020 that will address many of the issues noted in this finding: We are going to evaluate the functions that are being performed by each staff member, redistribute workload, cross train all staff, and put procedures in place to help us make sure we are recording all major transactions in a timely manner. We will also critically assess the staffing levels in the Finance Department and within the budget constraints of the City, will do what we can to augment the existing Finance staff.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-002 - Segregation of Duties over Distributions and Timely and Accurate Preparation and Submission of Pension and OPEB Data (Repeat Comment)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. The City obtains actuarial valuations and other reports for its various pension and other postemployment benefit (OPEB) plans each year. Ideally, these valuations should be obtained far enough in advance to be used to calculate amounts to be included in the audited financial statements. Management is responsible for accurate and timely compilation of data necessary for actuarial professionals to process and complete reporting necessary for the proper reporting of pension and OPEB information in the annual financial statements. The City should also have proper segregation of duties in place regarding the preparation and review of census information and underlying reports that are essential for accurate and complete reporting of pension and OPEB information in the annual financial statements.

Condition. Actuarial valuations for the pension and other postemployment benefit plans, the GASB 67/68 rollforward related to the defined benefit pension plans, and the GASB 74/75 rollforward related to the other postemployment benefit plans were not completed until December 2019, and the related account balances were not adjusted until late in audit fieldwork. In addition, the City has not verified that pension census data/reconciliations provided to the actuary were properly recorded by the actuary. Also, the census information for the retiree healthcare plans are currently contained in a manual spreadsheet that does not appear to be updated timely.

We noted several inconsistencies in current year census data, including accumulated contributions of five new hires from the employees check stub not agreeing the census data, two new hires were excluded entirely from the census data, and other instances of individuals being incorrectly included or excluded from the census. While, to the best of our knowledge, these discrepancies did not materially impact the final valuations, these issues increase the risk that errors could occur that would materially effect the amounts reported in the financial statements.

During our testing of the census data, we noted that there is no independent review over pension and OPEB benefit calculations and terminated employee distributions of accumulated contributions. This includes date of birth, date of hire, separation date, retirement date, service credits, final average salary, benefit multiplier, pensionable wages, accumulated employee contributions, and benefits selected.

Cause. The City does not appear to have a system in place to enable timely reporting of pension and OPEB benefit information. The City does not have policies and procedures in place to provide reasonable assurance that the information submitted to the actuary is accurate and complete. The City also did not independently review pension and OPEB benefit calculations and terminated employee distributions of accumulated contributions.

Effect. As a result of this condition, the City experienced an increased risk that misstatements in the accounting records, whether caused by error or fraud, would not be detected and corrected on a timely basis.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-002 - Segregation of Duties over Distributions and Timely and Accurate Preparation and Submission of Pension and OPEB Data (Repeat Comment) (Concluded)

Recommendation. Accurate reporting of census information is important given its impact on the underlying valuations. Given this, we strongly recommend that the City critically assess the activities of the Finance Department to assure that required tasks are completed accurately and in a timely fashion. We further recommend that the City maintain the complete census, and implement a review process to determine that census data submitted to the actuary is accurate and complete. We also recommend that an independent review be done of all census information, including retirement calculations and terminated employee distributions of accumulated contributions.

View of Responsible Officials. We have plans to begin the data gathering process earlier in the year in FY2020, so that we have ample time to review the census report and improve the accuracy of the data we are submitting to the actuary. We will work with Human Resources to implement an independent review of the retirement calculations and terminated employee distributions of accumulated contributions.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-003 - Timely and Accurate Preparation and Review of Bank Reconciliations

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Timely bank account reconciliations represent an important control used to detect and prevent material misstatements. Such reconciliations should be completed and reviewed within six weeks of each month and year-end.

Condition. Throughout the year, the City failed to complete bank reconciliations on a timely basis for most of its cash accounts. Several individual bank account reconciliations were not completed for the entire fiscal year until approximately five months after fiscal year-end.

Cause. Over the past several years, the City's Finance Department has reduced in size due to staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year-end close processes, and have contributed to reconciliations not being completed or reviewed timely.

Effect. As a result of this condition, the City experienced an increased risk that misstatements in the accounting records, whether caused by error or fraud, would not be detected and corrected on a timely basis.

Recommendation. Management has already taken appropriate corrective action by completing all current year bank reconciliations. However, we strongly recommend that the City critically assess the staffing levels in its Finance Department to ensure that there are an appropriate number of qualified/trained individuals available throughout the year to complete bank reconciliations on a timely basis. We also recommend that the bank reconciliations be subject to an independent review and approval process, and that review be evidenced in writing.

View of Responsible Officials. Due to the significant turnover experienced in the City's Finance Department during FY2019 and corresponding significant loss of decades of institutional knowledge as noted in item 2019-001 above, the bank reconciliation process fell behind. In addition, significant time had to be expended just to get on-line access to these accounts set back up and/or obtain copies of the bank statements (the former Finance Director and Accounting Manager were in many cases the only two signers). Finally, there are too many accounts to deal with – over 75. First, we are going to begin working on combining as many of the bank accounts as we can as well as making sure that we have on-line access to all accounts so that we can obtain statements in a timely manner. Then we are going to evaluate who is performing the bank reconciliations and spread this workload among the entire Finance Department. We will implement independent review of the bank reconciliations and document this in writing.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-004 - Conflict of Interest - City Payments

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. City policies, as well as clauses in external contracts and grant agreements, require reporting of any potential conflicts of interest related to payments to outside organizations for services provided to or on behalf of services provided by the City.

Condition. Forensic procedures were conducted by a third-party forensic accounting team related to the Human Relations and Community Services Department (HRCS) during the latter part of 2019. The findings are summarized as follows:

- The Director, her husband and daughter have been directly or indirectly involved in the governing boards of several area non-profits that have received payments from HRCS during the last several years, which is in violation of the City's policy, as noted above. Funding to these entities varied from general fund dollars to federal awards (see finding 2019-005 for impact on the related grants). The third-party forensic team discovered no evidence that these relationships were disclosed to the City Council as is required by City policy.

- Despite submitting a letter of resignation to one payee, the third-party forensic team discovered that the entity's state filing still showed the Director as a member of the governing board.

- The third-party forensic team cited an instance where a grant reimbursement request from one payee was signed by the Director, as President of that Organization, and showed the Director as approving the disbursement of grant funds for the City.

- The third-party forensic team cited a couple of invoices for home rehabilitation work, funded with general fund dollars, that appears to be for the benefit of property that the third-party forensic team believes is owned by the HRCS Director.

Cause. The cause of this issue appears to be the lack of a process to test for relationships of this type when contracting with outside parties.

Effect. As a result of this condition, the City HRCS Department was in violation of the City's internal conflict of interest policy, as well as conflict of interest clauses in several contract and grant agreements entered into by the City on behalf of the HRCS Department.

Recommendation. Management has already taken appropriate corrective action by conducting the investigation related to these issues. The HRCS Director has retired from that position as of the issuance date of this report. We recommend that the City consider implementing a process to test for inappropriate relationships with vendors during the contracting process.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-004 - Conflict of Interest - City Payments (Concluded)

View of Responsible Officials. A new HRCS director has been hired and will be evaluating processes and procedures in the department. In addition, an investigation is ongoing by the office of the State Attorney General, with which we are fully cooperating. We are working with the Office of the City Attorney (OCA) on this investigation, and once their final report is issued, we will take whatever steps are necessary to improve processes and procedures in the department.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-005 - Conflict of Interest - City Payments to Subrecipients

Finding Type. Material noncompliance / Material Weakness in Internal Control over Compliance (Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, and Subrecipient Monitoring).

Programs. Continuum of Care Program (COC); U.S. Department of Housing and Urban Development (HUD); CFDA Number 14.267; Award Number MI0417L5F081704.

Emergency Solutions Grant Program; U.S. Department of Housing and Urban Development; CFDA Number 14.231; All Award Numbers.

Criteria. City policies, as well as clauses in external contracts and grant agreements, require reporting of any potential conflicts of interest related to payments to outside organizations for services provided to or on behalf of services provided by the City.

Condition. The following issues were noted during grant compliance testing:

Continuum of Care Program

- The Human Resources and Community Services (HRCS) Director was identified on a monitoring checklist as the Director of a subrecipient entity.
- The HCRS Director was also noted as Executive Director in the subrecipient Organization Chart (her daughter is also listed as a Director).
- The HRCS Director signed checks, on behalf of the subrecipient, submitted in support of subrecipient reimbursement requests.
- The HCRS Director signed off on the subrecipient agreement and subrecipient reporting, as evidence of independent review and approval, as the HCRS Director.
- The subrecipient's form 990-EZ, included in the grant file was also signed, on behalf of the subrecipient, by the HRCS Director.
- We noted that conflict of interest questions included in a subrecipient monitoring compliance checklist were marked "N/A", and contained the comment "No incident reported to recipient".

Emergency Solutions Grant Program

- The spouse of the HRCS Director is identified in the State of Michigan annual filing as being a member of the governing board of one of this program's subrecipient entities.

Cause. The cause of this issue appears to be the lack of a process to test for relationships of this type when contracting with outside parties.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-005 - Conflict of Interest - City Payments to Subrecipients (Concluded)

Effect. As a result of this condition, the City HRCS Department was in violation of the City's internal conflict of interest policy, as well as conflict of interest clauses in the grant agreement related to the Continuum of Care and Emergency Solutions Grant programs. The fact that payments to these entities do not constitute an "arms-length-transaction" causes the costs reported by these subrecipients to be in noncompliance with federal cost principles. Additionally, because these relationships were not properly disclosed, along with the fact that there does not appear to be a process in place for testing for these types of relationships, the procurement process fails to comply with the requirements set forth in the Uniform Guidance.

Questioned Costs. The total amount of payments made to these subrecipients over the year ended June 30, 2019 was $233,710. $195,747 was paid from the Continuum of Care program and $37,963 from the Emergency Solutions Grants.

Recommendation. Management has already taken appropriate corrective action by conducting the investigation related to these issues. The HRCS Director has retired from that position as of the issuance date of this report. We recommend that the City consider implementing a process to test for inappropriate relationships with vendors during the contracting process. We further recommend that the grant payments process, including review of subrecipient draw requests be performed by the City's Finance Department.

View of Responsible Officials. A new HRCS director has been hired and will be evaluating processes and procedures in the department. In addition, an investigation is ongoing by the office of the State Attorney General, with which we are fully cooperating. We are working with the Office of the City Attorney (OCA) on this investigation, and once their final report is issued, we will take whatever steps are necessary to improve processes and procedures in the department.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-006 - Interdepartmental Rental of Facilities

Finding Type. Immaterial noncompliance / Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

Program. Community Development Block Grant - Entitlement Grants Cluster (CDBG) U.S. Department of Housing and Urban Development; CFDA Number 14.218; Award Number B-18-MC-26-0025.

Criteria. Per 2 CFR 200.465(c), rental costs under "less-than-arm's-length" leases are allowable only up the amount that would be allowed if the non-federal entity owned the property, including expenses such as depreciation (subject to related limits), maintenance, taxes and insurances.

Condition. The City charged to the CDBG grant a monthly rental charge for facilities owned by the City without having documentation of the actual costs related to the facility to support the amount of the charge.

Cause. The cause of this issue appears to be the lack of understanding related to the principles around the charging of interdepartmental rental of facilities to federal awards.

Effect. As a result of this condition, the City charged amounts to the CDBG grant that were not supported by documentation of actual costs incurred.

Questioned Costs. The total amount of rent charged to the CDBG grant for the year ended June 30, 2019 was $29,612.

Recommendation. We recommend that the City track and report to CDBG grant staff the cost of operating and maintaining City-owned property rented for administration of the program, and that any rent charged to the program be limited to the total of these costs.

View of Responsible Officials. The City Finance Department will work with the Development Office to track and calculate the cost of operating and maintaining City-owned property rented for administration of the program, so that any rental charged to the program will be limited to the total of these costs and properly documented.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-007 - Lack of Support for Matching Funds - Subrecipients

Finding Type. Immaterial noncompliance / Significant Deficiency in Internal Control over Compliance (Matching, Level of Effort and Earmarking).

Program. Continuum of Care Program (COC); U.S. Department of Housing and Urban Development (HUD); CFDA Number 14.267; Award Numbers MI0582L5F081700 and MI0507L5F081601.

Criteria. During-the-award monitoring of subrecipients should provide reasonable assurance that the subrecipient has adhered to all compliance areas that are direct and material to the grant being passed-through.

Condition. For two of the fourteen grant files tested, we were not able to verify the matching funds provided by the associated subrecipients. The files contained summaries of matching amounts provided, but appropriate documentation to support the amounts claimed was not attached.

Cause. The cause of this issue appears to be the lack of appropriate communication with these subrecipients as to the reporting requirements associated with the matching funds to be provided by the subrecipient.

Effect. As a result of this condition, the City did not have reasonable assurance that the matching funds for these programs were from allowable sources.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs or excess cash draws.

Recommendation. We recommend that the City reach out to the subrecipients associated with these grants and communicate the importance of providing appropriate detailed support for matching funds. In addition, we recommend that payments to subrecipients be withheld when incomplete documentation is not provided related to matching funds claimed.

View of Responsible Officials. A new HRCS director has been hired and will be evaluating processes and procedures in the department including obtaining appropriate documentation from subrecipients for matching funds. The Finance department will review these procedures to insure they are in compliance.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-008 – Written Policies Required by the Uniform Grant Guidance (Repeat Comment)

Finding Type. Immaterial Noncompliance (Allowable Costs/Cost Principles, Cash Management and Procurement and Suspension and Debarment).

Programs. Community Development Block Grant - Entitlement Grants Cluster; U.S. Department of Housing and Urban Development; CFDA Number 14.218; All Award Numbers.

Lead Hazard Reduction Demonstration Program; U.S. Department of Housing and Urban Development; CFDA Number 14.905; Award Number MILHD 0302-16.

Continuum of Care Program; U.S. Department of Housing and Urban Development; CFDA Number 14.267; All Award Numbers.

Emergency Solutions Grant Program; U.S. Department of Housing and Urban Development; CFDA Number 14.231; All Award Numbers.

Criteria. The Uniform Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to various areas, including: 1) Payments (draws of federal funds and how to minimize the time elapsing between the receipt of federal funds and the disbursement to contractors/employees/subrecipients) (§200.302 (6)); 2) Procurement (including bidding and a conflict of interest policy) (§200.318); and 3) Allowability of costs charged to federal programs (§200.302 (7)).

Condition. Although the City has processes in place to cover these areas, there are no formal written policies covering payments, procurement and allowability of costs that address all of the areas required by the Uniform Guidance. The City does have a written conflict of interest policy in place related to the procurement process.

Cause. This condition appears to be the result of a time lag in identifying the requirement and developing a plan for compliance.

Effect. As a result of this condition, the City did not fully comply with the Uniform Guidance applicable to the above noted grants.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs or excess cash draws.

Recommendation. We recommend that the City draft the required policies as soon as practical, but no later than the end of fiscal year 2020.

View of Responsible Officials. The Finance Department will work with all of the departments named in this finding including Economic Development and Planning and HRCS director to draft the required written policies as noted in this audit finding. We will review these policies with the OCA to make sure that we are in compliance going forward.

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

Finding 2018-001 – Material Audit Adjustments (Repeated from Prior Year)

The audit identified the need for substantial adjustments to the City's accounting records, which impacted a variety of funds and financial statement areas that collectively had a material effect on the City's financial statements. This matter was repeated as finding 2019-001.

Finding 2018-002 - Timely and Accurate Preparation and Submission of Pension and OPEB Data (Repeated from Prior Year)

Actuarial valuations for the pension and other postemployment benefit plans, and the GASB 67/74 rollforward related to the defined benefit pension and other postemployment benefit plans, were not completed until December 2018, and the related account balances were not adjusted until late in audit fieldwork. This matter is repeated as finding 2019-002.

2018-003 – Timely Obligation of Grant Funds

The City did not finalize subrecipient agreements to obligate Emergency Solution Grant funds within the required 180 days of the beginning of the period of program performance stated in the grant award. This finding was resolved during the year ended June 30, 2019.

2018-004 – Written Policies Required by the Uniform Grant Guidance

Although the City has processes in place to cover these areas, there are no formal written policies covering payments, procurement and allowability of costs that address all of the areas required by the Uniform Guidance. This matter was repeated as finding 2019-008.

■ ■ ■ ■ ■

Andy Schor, Mayor

CITY OF LANSING
FINANCE DEPARTMENT
124 W Michigan Ave., 8th Floor
Lansing, Michigan 48933
517.483.4500

BE COUNTED LANSING
CENSUS 2020

CORRECTIVE ACTION PLAN

Certain matters were brought to our attention as a result of the audit process. These are described more fully in the Schedule of Findings and Questioned Costs. We evaluated the matters as noted below, and have described our planned actions as a result.

2019-001 – Material Audit Adjustments

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. This past fiscal year, two key positions (Finance Director and Controller) were vacant for 1 to 3 months respectively. In addition, there was turnover in another accounting position. Subsequent to year end, two of these positions were filled and one was combined with the Chief Strategy Officer position (Finance Director). In addition, a Budget Director was hired. However, the loss of these individuals represented a combined 30+ years of experience. The loss of this "institutional knowledge", combined with the vacancy periods, meant that we were behind before we started. We plan on making the following improvements in FY2020 that will address many of the issues noted in this finding: We are going to evaluate the functions that are being performed by each staff member, redistribute workload, begin cross training staff, and put procedures in place to help us make sure we are recording all major transactions in a timely manner. We will also critically assess the staffing levels in the Finance Department and within the budget constraints of the City, will do what we can to augment the existing Finance staff.

Responsible Party. Controller

Date of Planned Corrective Action. June 30, 2020

2019-002 - Segregation of Duties over Distributions and Timely and Accurate Preparation and Submission of Pension and OPEB Data

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. We have plans to begin the data gathering process earlier in the year in FY2020, so that we have ample time to review the census report and improve the accuracy of the data we are submitting to the actuary. We will work with Human Resources to implement an independent review of the retirement calculations and terminated employee distributions of accumulated contributions.

Responsible Party. Controller & HR Director

Date of Planned Corrective Action. June 30, 2020

2019-003 - Timely and Accurate Preparation and Review of Bank Reconciliations

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. Due to the significant turnover experienced in the City's Finance Department during FY2019 and corresponding significant loss of decades of institutional knowledge as noted in item 2019-001 above, the bank reconciliation process fell behind. In addition, significant time had to be expended just to get on-line access to these accounts set back up and/or obtain copies of the bank statements (the former Finance Director and Accounting Manager were in many cases the only two signers). Finally, there are too many accounts to deal with – over 75. First, we are going to begin working on combining as many of the bank accounts as we can as well as making sure that we have on-line access to all accounts so that we can obtain statements in a timely manner. Then we are going to evaluate who is performing the bank reconciliations and spread this workload among the entire Finance Department. We will implement independent review of the bank reconciliations and document this in writing.

Responsible Party. Controller

Date of Planned Corrective Action. June 30, 2020

2019-004 - Conflict of Interest - City Payments

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. A new HRCS director has been hired and will be evaluating processes and procedures in the department. In addition, an investigation is ongoing by the office of the State Attorney General, with which we are fully cooperating. We are working with the Office of the City Attorney (OCA) on this investigation, and once their final report is issued, we will take whatever steps are necessary to improve processes and procedures in the department.

Responsible Party. HRCS Director & OCA

Date of Planned Corrective Action. Ongoing

2019-005 - Conflict of Interest - City Payments to Subrecipients

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. A new HRCS director has been hired and will be evaluating processes and procedures in the department. In addition, an investigation is ongoing by the office of the State Attorney General, with which we are fully cooperating. We are working with the Office of the City Attorney (OCA) on this investigation, and once their final report is issued, we will take whatever steps are necessary to improve processes and procedures in the department.

Responsible Party. HRCS Director

Date of Planned Corrective Action. Ongoing

2019-006 - Interdepartmental Rental of Facilities

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. The City Finance Department will work with the Development Office to track and calculate the cost of operating and maintaining City-owned property rented for administration of the program, so that any rental charged to the program will be limited to the total of these costs and properly documented.

Responsible Party. Grant Accountant

Date of Planned Corrective Action. June 30, 2020

2019-007 – Lack of Support for Matching Funds - Subrecipients

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. A new HRCS director has been hired and will be evaluating processes and procedures in the department including obtaining appropriate documentation from subrecipients for matching funds. The Finance department will review these procedures to insure they are in compliance.

Responsible Party. HRCS Director & Grant Accountant

Date of Planned Corrective Action. June 30, 2020

2019-008 – Written Policies Required by the Uniform Grant Guidance

Management Assessment. We concur with the audit assessment regarding this matter.

Planned Corrective Action. The Finance Department will work with all of the departments named in this finding including Economic Development and Planning and HRCS director to draft the required written policies as noted in this audit finding. We will review these policies with the OCA to make sure that we are in compliance going forward.

Responsible Party. The Grant Accountant will work with all departments named in this finding with assistance from the OCA.

Date of Planned Corrective Action. June 30, 2020

Tri-County Metro Narcotics Squad

Year Ended
June 30, 2019

Financial Statements

Rehmann
Business wisdom delivered.

TRI-COUNTY METRO NARCOTICS SQUAD

Table of Contents

Rehmann

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INDEPENDENT AUDITORS' REPORT

December 19, 2019

Board Members
Tri-County Metro Narcotics Squad
Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the ***Tri-County Metro Narcotics Squad*** ("Tri-County Metro"), a special revenue fund of the City of Lansing, Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tri-County Metro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Tri-County Metro Narcotics Squad as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Reporting Entity

As discussed in Note 1, the financial statements referred to above present only the Tri-County Metro Narcotics Squad and do not purport to, and do not, present fairly the financial position of the City of Lansing, Michigan, as of June 30, 2019, and the changes in its financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 19, 2019 on our consideration of the Tri-County Metro Narcotics Squad's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with G*overnment Auditing Standards* in considering Tri-County Metro's internal control over financial reporting and compliance.

Rehmann Robson LLC

BASIC FINANCIAL STATEMENTS

TRI-COUNTY METRO NARCOTICS SQUAD

Statement of Net Position

June 30, 2019

Assets	
Cash and pooled investments	$ 939,396
Receivables	41,415
Total assets	980,811
Liabilities	
Payables	624,583
Net position	
Restricted for public safety	$ 356,228

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Statement of Activities
For the Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues Operating Grants and Revenues	Net (Expense) Revenues
Governmental activities			
Public safety	$ 922,125	$ 800,214	$ (121,911)
General revenues			
Interest revenues			17,098
Change in net position			(104,813)
Net position, beginning of year			461,041
Net position, end of year			$ 356,228

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Balance Sheet

Governmental Fund
June 30, 2019

		General Fund
Assets		
Cash on hand	$	49,029
Equity in pooled cash and investments of the City of Lansing, Michigan		890,367
Due from other governments		41,415
Total assets	$	980,811
Liabilities		
Accounts payable	$	91,350
Accrued payroll		1,383
Due to other governments		496,830
Undistributed forfeitures		35,020
Total liabilities		624,583
Fund balance		
Restricted for public safety		356,228
Total liabilities and fund balance	$	980,811

The accompanying notes are an integral part of these financial statements.

Reconciliation

Fund Balance of Governmental Fund
to Net Position of Governmental Activities
June 30, 2019

Fund balance - governmental fund	$	356,228
Amounts reported for *governmental activities* in the statement of net position may differ because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets being depreciated, net		-
Net position of governmental activities	$	356,228

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ 428,220	$ 560,220	$ 658,773	$ 98,553
Forfeitures and other revenues	428,220	428,220	141,441	(286,779)
Interest revenues	-	-	17,098	17,098
Total revenues	856,440	988,440	817,312	(171,128)
Expenditures				
Current expenditures:				
Public safety	856,440	988,440	921,249	(67,191)
Net change in fund balance	-	-	(103,937)	(103,937)
Fund balance, beginning of year	460,165	460,165	460,165	-
Fund balance, end of year	$ 460,165	$ 460,165	$ 356,228	$ (103,937)

The accompanying notes are an integral part of these financial statements.

TRI-COUNTY METRO NARCOTICS SQUAD

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2019

Net change in fund balance - governmental fund	$	(103,937)
Amounts reported for *governmental activities* in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation expense		(876)
Change in net position of governmental activities	$	(104,813)

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

TRI-COUNTY METRO NARCOTICS SQUAD

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The ***Tri-County Metro Narcotics Squad*** ("Tri-County Metro") is a special revenue fund of the City of Lansing, Michigan. The financial statements of Tri-County Metro have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of Tri-County Metro's accounting policies are described below.

Reporting Entity

Tri-County Metro involves an interlocal agreement with participation from the City of Lansing, City of East Lansing, Ingham, Eaton, and Clinton Counties and the Michigan Department of State Police. This task force was formed pursuant to the Urban Cooperation Act of 1967 and is governed by a command board made up of member-designated representatives. The operations of Tri-County Metro are accounted for by the City of Lansing as part of its nonmajor governmental funds.

The purpose of Tri-County Metro is to establish a cooperative law enforcement force assembled for the purpose of enforcing narcotics and other controlled substances laws.

The accompanying financial statements present the financial position and results of operations of Tri-County Metro. They do not purport to, and do not present fairly, the net position of the City of Lansing, Michigan and changes in its net position or cash flows in conformity with accounting principles generally accepted in the United States of America. Tri-County Metro has no blended or discretely presented component units, and is not itself a component unit of any other government.

Operations

Tri-County Metro's primary revenue sources are forfeitures, grants and local contributions. These sources provide funding for goods and services which include supply and equipment purchases, equipment, office, and vehicle rents and contractual services including payment for contract labor. Tri-County Metro has no direct employees.

Basis of Presentation

Separate financial statements are provided for governmental funds and proprietary funds. The major individual governmental fund is reported as a separate column in the fund financial statements. Tri-County Metro does not have any proprietary funds.

Governmental Fund

General fund. This fund is used to account for all financial transactions including all financial resources and general operating expenditures.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities are mainly supported by forfeitures and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, forfeit to, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (the statement of net position and statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within three months of the end of the current fiscal period, or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Charges for services, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Cash and Pooled Investments

Cash and pooled investments consist of cash on hand, and amounts held by the City of Lansing, Michigan for the benefit of Tri-County Metro.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide statements (statement of net position). Capital assets are defined by Tri-County Metro as assets with an initial, individual cost of more than $5,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is recorded over the estimated useful lives (six years for equipment) of the assets, using the straight-line method for all capital assets.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. A formal resolution of the Board of Directors is required to establish, modify, or rescind a fund balance commitment. The government reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Tri-County Metro currently has no assigned fund balance, as the Board of Directors has not yet given the authority for the making of such assignments.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Budgetary Process

Tri-County Metro is under formal budgetary control. Formal budget integration is employed as a management control device during the year. Tri-County Metro's budget is adopted by the Tri-County Metro Narcotics Squad Board in accordance with Public Act 621, the Michigan Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriation act to implement the budget. The budget, as presented in the accompanying statement of revenues, expenditures, and changes in fund balance, was prepared on the modified accrual basis of accounting.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2019, Tri-County Metro had no expenditures in excess of budgeted amounts.

2. EQUITY IN CASH AND POOLED INVESTMENTS OF THE CITY OF LANSING, MICHIGAN

Tri-County Metro's cash and pooled investments included on the statement of net position and general fund balance sheet are classified as follows:

Cash on hand	$	49,029
Equity in pooled cash and investments of the City of Lansing, Michigan		890,367
Total	$	939,396

Notes to Financial Statements

Deposits and Investments

State of Michigan statutes authorize Tri-County Metro to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposit, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper, bankers' acceptance of U.S. banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

The above cash and pooled investments are held by the City of Lansing, Michigan (the fiscal agent of Tri-County Metro). Specific deposit and investment accounts are not held in the name of Tri-County Metro. The amount of federal depositary insurance and custodial credit risk of investments is determined for the City of Lansing, Michigan as a whole, and cannot be separately identified for Tri-County Metro.

3. CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended June 30, 2019:

	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	$ 53,970	$ -	$ -	$ 53,970
Less accumulated depreciation	(53,094)	(876)	-	(53,970)
Total capital assets, net	$ 876	$ (876)	$ -	$ -

4. RISK MANAGEMENT

Tri-County Metro is exposed to various risks of loss related to property loss, torts, and errors and omissions. Tri-County Metro is covered by the City of Lansing, Michigan's commercial liability insurance for the above risks of loss. Settled claims have not exceeded insurance coverage for the last three years.

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INTERNAL CONTROL AND COMPLIANCE

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Rehmann

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

December 19, 2019

Board Members
Tri-County Metro Narcotics Squad
Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the ***Tri-County Metro Narcotics Squad*** ("Tri-County Metro"), a special revenue fund of the City of Lansing, Michigan, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Tri-County Metro's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-County Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri-County Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-County Metro's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-County Metro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tri-County Metro's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Robson LLC

Lansing Housing
COMMISSION

Financial Statements & Independent Auditors' Report

For the Year Ended June 30, 2025

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• franklin, tn 37064

smithmarion
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Board of Commissioners
Lansing Housing Commission
Lansing, MI

Independent Auditors' Report

Report on the Financial Statements

Opinions
We have audited the accompanying financial statements of business-type activities and the aggregated discretely presented component units of Lansing Housing Commission as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Lansing Housing Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, discretely presented component units and combining schedule of business-type activities of the Lansing Housing Commission, as of June 30, 2025, and the respective change in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

We did not audit the financial statements of LaRoy Froh Limited Dividend Housing Association, L.P., Mount Vernon Park Limited Dividend Housing Association, L.P., South Washington Limited Dividend Housing Association, L.P., and Hildebrandt Park Limited Dividend Housing Association, L.P., which represent 100 percent of the assets, net position, and revenue of the aggregate discretely presented component units as of December 31, 2024, and the respective changes in financial position for the year then ended. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LaRoy Froh Limited Dividend Housing Association, L.P., Mount Vernon Park Limited Dividend Housing Association, L.P., South Washington Limited Dividend Housing Association, L.P., and Hildebrandt Park Limited Dividend Housing Association, L.P., is based solely on the report of the other auditors.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the aggregate discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the Lansing Housing Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lansing Housing Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lansing Housing Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lansing Housing Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lansing Housing Commission's basic financial statements. The supplemental information, as described in the table of contents, and the schedule of expenditures of federal awards, which is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, on our consideration of Lansing Housing Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lansing Housing Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lansing Housing Commission's internal control over financial reporting and compliance.

Smith Marion & Co

December 8, 2025

LANSING HOUSING COMMISSION
MANAGEMENT DISCUSSION & ANALYSIS
FISCAL YEAR ENDED June 30, 2025

This section of the Commission's annual financial report presents management's analysis of the Commission's financial performance during the Fiscal Year Ended June 30, 2025.

FINANCIAL HIGHLIGHTS AND CONCLUSIONS:

The Lansing Housing Commission has made the transition to the Governmental Accounting Standards Board Statement No. 34 (GASB 34) in prior periods which require this executive narrative. The financial statements for 2025 have been reviewed by key management staff to assess the financial health of the Commission. The reader of this report should also understand that the interfund accounts, which balance between all funds, have been eliminated from the consolidated report and from this analysis. Financial highlights of this past year are as follows:

- During FY 2025, the Commission's grant funding increased by $3,948,443 or 16.86% from FY 2024.

- The assets of the Commission exceeded its' liabilities at the close of the most recent fiscal year by $57,181,061 (net position) as opposed to $52,495,588 for the prior fiscal year, an increase of $4,685,473 or 8.93%.

- The Commission's cash and investments balance decreased by $1,889,970. This decrease was the result of new investments into affordable public housing projects.

- The Commission continues to invest in local affordable public housing as evidenced by the increase in notes receivable by $9,840,000 or 43.67% compared to 2024 balances.

- Operating revenues increased by $2,428,366 or 9.02%, while total operating expenses increased by $987,956 or 3.98%.

REQUIRED FINANCIAL STATEMENTS:

The Financial Statements of the Commission report information using accounting methods similar to those used by private sector companies (Enterprise Fund).

The Statement of Net Position (Balance Sheet) includes all of the Commission's assets and liabilities and provides information about the amounts and investments in assets and the obligations to Commission creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Commission. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Commission is improving or deteriorating.

The current year's revenues, expenses, and changes in net position are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Commission's operations over the past fiscal year.

The Statement of Cash Flows is to provide information about the Commission's cash receipts and disbursements during the reporting period. The statement reports net changes in cash resulting from operations, investing, and financing activities.

FINANCIAL ANALYSIS OF THE COMMISSION:

One question frequently asked about a Commission's finances is "Did the Commission's operations and financial position improve or deteriorate over the previous fiscal year?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Commission's activities and are summarized in the following sections.

To begin our analysis, a summary of the Commission's Statement of Net Position is presented in Table I.

			Change	
	2025	2024	Dollar	Percentage
ASSETS				
Current assets	$ 25,455,714	$ 28,680,026	$ (3,224,312)	-11.24%
Capital & non-current assets	37,368,377	26,975,086	10,393,291	38.53%
Total assets	62,824,091	55,655,112	7,168,979	12.88%
DEFERRED OUTFLOWS OF RESOURCES	482,823	603,224	(120,401)	-19.96%
LIABILITIES				
Current liabilities	3,546,256	954,739	2,591,517	271.44%
Non-current liabilities	2,544,594	2,764,706	(220,112)	-7.96%
Total liabilties	6,090,850	3,719,445	2,371,405	63.76%
DEFERRED INFLOWS OF RESOURCES	35,003	43,303	(8,300)	-19.17%
NET POSITION				
Investment in capital assets	2,827,073	2,256,481	570,592	25.29%
Restricted net position	889,340	315,026	574,314	0.00%
Unrestricted net position	53,464,648	49,924,081	3,540,567	7.09%
Total net position	$ 57,181,061	$ 52,495,588	$ 4,685,473	8.93%

Total assets increased by $7,168,979 or 12.88%, total liabilities increased by $2,371,405 or 63.76%, and the overall net position increased by $4,685,473 or 8.93%.

Current Assets decreased by $3,224,312. The decrease relates to investments into notes receivable on affordable public housing projects. These investments caused the capital and noncurrent assets to increased by $10,393,291 or 38.53%.

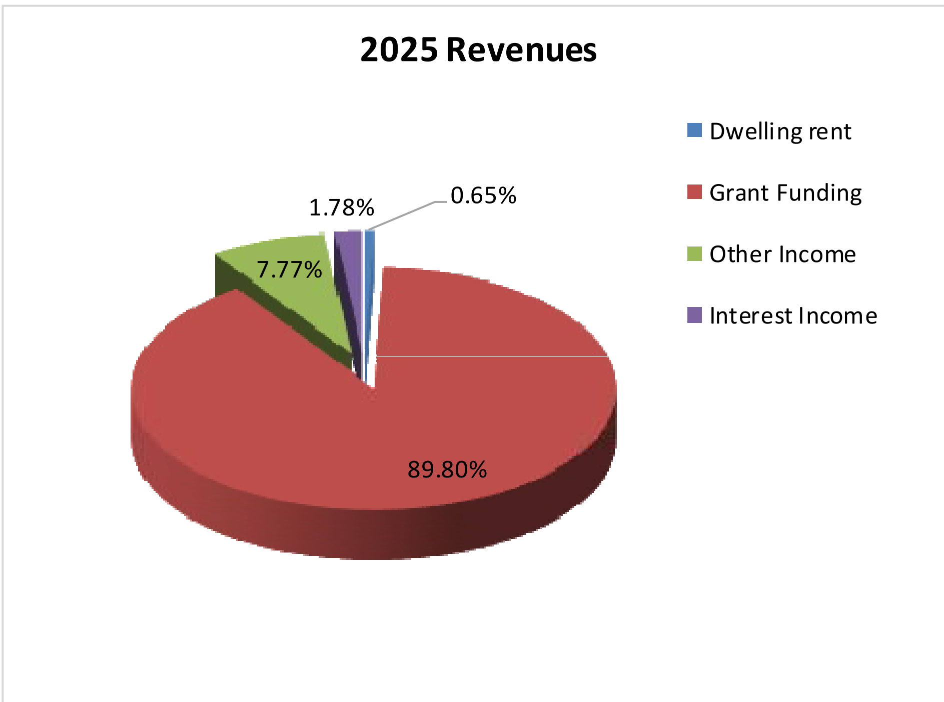
Current Liabilities increased by $2,591,517. All of this increase is due to cash being held at year end and that is committed to the investment projects in affordable public housing. Noncurrent liabilities decreased by $220,112 or 7.96%.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position breaks down our revenues and expenses further. Table II, which follows, provides a comparative statement of these changes:

			Change	
	2025	2024	Dollar	Percentage
Dwelling rent	$ 199,483	$ 294,444	$ (94,961)	-32.25%
Government grants	27,448,288	24,332,353	3,115,935	12.81%
Other income	1,773,113	3,198,229	(1,425,116)	-44.56%
Gain on disposal of assets	601,145	1,724,953	(1,123,808)	-65.15%
Interest income	544,307	809,207	(264,900)	-32.74%
TOTAL REVENUES	30,566,336	30,359,186	207,150	0.68%
Administration	3,355,050	3,177,707	177,343	5.58%
Tenant services	69,810	28,722	41,088	143.05%
Utilities	219,537	192,921	26,616	13.80%
Maintenance and operations	1,620,269	1,955,672	(335,403)	-17.15%
Protective services	1,190	1,700	(510)	0.00%
Insurance	140,501	130,879	9,622	7.35%
Other expenses	22,239	33,331	(11,092)	-33.28%
Housing Assistance Payments	20,164,827	19,106,641	1,058,186	5.54%
Depreciation	209,235	187,129	22,106	11.81%
Interest Expense	78,205	80,434	(2,229)	-2.77%
TOTAL EXPENSES	25,880,863	24,895,136	985,727	3.96%
CHANGE IN NET POSITION	4,685,473	5,464,050	(778,577)	-14.25%
BEGINNING NET POSITION	52,495,588	48,028,671		
Prior Period Correction	-	(997,133)		
ENDING NET POSITION	$ 57,181,061	$ 52,495,588		

REVENUES:

In reviewing the Statement of Revenues, Expenses, and Changes in Net Position, you will find that 89.77% of the Commission's revenues are derived from grants from the Department of Housing and Urban Development (HUD) and other government sources. The Commission received revenue from tenants for dwelling rental charges and miscellaneous charges comprising less than 1% of total revenue. Other Revenue including, developer fees, and third party servicing income comprise 7.60%. The sale of capital assets as part of HUD's Section 18 Demolition and Disposition program represents the final 2% of revenue. The proceeds from these sales will be reinvested into local affordable public housing units.

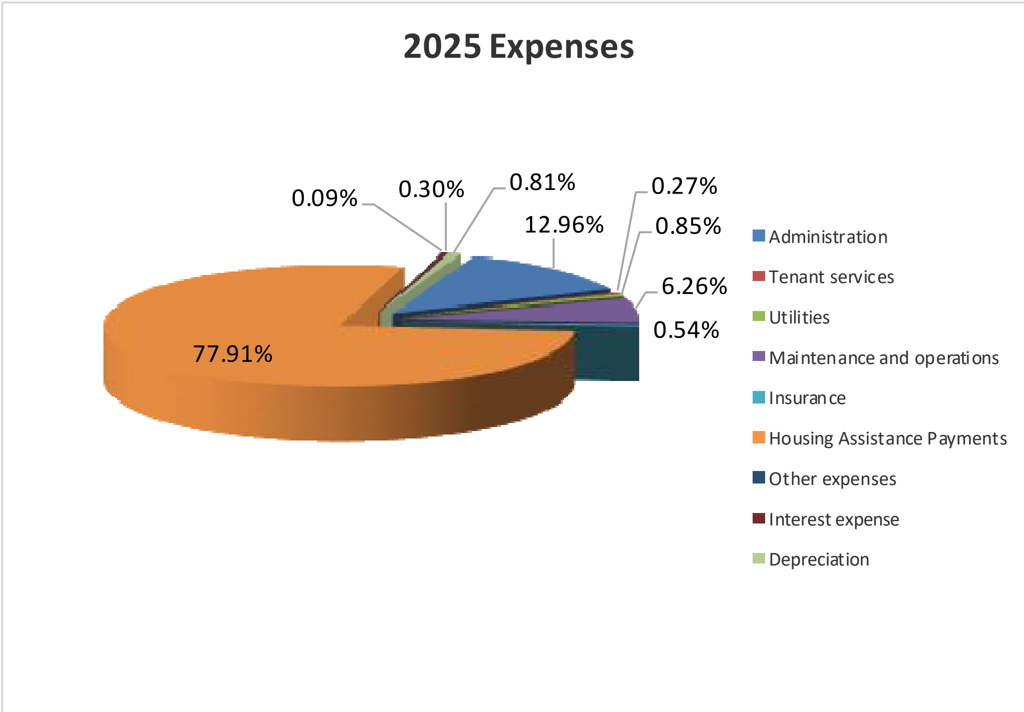


Tenant Revenue – Total tenant revenues, rents and other charges, less bad debt expense, decreased by $94,961 or 32.25%. Much of this decrease is representative of the continued challenges our residents face and the additional supportive funding needed to keep them in quality residential units.

Program Grants/Subsidies – The Commission had an increase of $3,948,443 or 16.86% in government grants, primarily due to an increase in Housing Choice Voucher funding.

Interest Income – Interest income decreased $264,900 mainly due to the interest rate environment currently supported by the Federal Reserve and the increased need for liquidity as the Commission uses available funds to invest in local affordable public housing.

EXPENSES:



The Commission experienced an increase in housing assistance program payments of $1,058,186 for the current year. All other expenses combined decreased by $70,230. The highlights of the expenses for the current year were as follows:

Administrative – Administrative costs include all non-maintenance and non-resident service personnel costs (including benefits and accrued leave), legal costs, auditing costs, travel and training costs, and other administrative costs such as supplies, telephone expense, etc. Compared to 2024, administrative costs increased by $177,343 or 5.58%. The increase is consistent with the Commission's focus to invest more in our employees and to equip them with the tools necessary to house as many people as possible.

Tenant Services – Tenant services costs include all costs incurred by the Commission to provide social services to the residents. Tenant services costs increased by $41,088 or 143.05%. The Commission has stated goals of increasing tenant services and this increase in expenses is consistent with the Commission's plans to offer more than just a place to live.

Utilities – The total utilities expense for the Commission increased by $26,616 or 13.80%.

Maintenance – Maintenance costs are all costs incurred by the Commission to maintain the Public Housing units available for occupancy, which are owned by the Commission, in a safe and sanitary manner. Costs include personnel costs, materials used to maintain the units, contracts for waste management, casualty losses, extraordinary maintenance, etc. Maintenance expenses decreased by $335,403 or 17.15%.

Insurance Expenses –Insurance expenses increased by $9,622 or 7.35%. This increase was below market average for our geographic area.

Interest and Amortization Expenses – Financial expenses include interest expense on notes payable and mortgages payable and bond amortization. During FY 2025, financial expenses decreased by $2,229 or 2.77%. This decrease is consistent with the Commission's overall effort to reduce long-term liabilities and total interest expense.

Housing Assistance Program Payments – HAP payments consist of rental payments to owners of private property for which the housing Commission has a HAP agreement with the tenant and the owner for the difference between the tenants rent and the applicable payment standard. During the year, the HAP expense increased by $1,058,186 or 5.54% due to increased per unit costs.

Depreciation – Because the costs of all capitalized additions are spread over the estimated useful life of an asset, the estimated current year costs of capitalized items are recorded as depreciation. Depreciation expense for the current year increased by $22,106 or 11.81%.

CAPITAL ASSETS:

A statement of capital asset activity is shown below for 2025 and 2024.

			Change	
	2025	2024	Dollar	Percentage
Land	$ 1,503,046	$ 968,800	$ 534,246	55.15%
Buildings and improvements	7,672,322	7,597,816	74,506	0.98%
Equipment	857,897	863,015	(5,118)	-0.59%
Construction in progress	24,400	-	24,400	0.00%
	10,057,665	9,429,631	628,034	6.66%
Accumulated depreciation	(5,251,479)	(5,153,052)	(98,427)	1.91%
Net capital assets	$ 4,806,186	$ 4,276,579	$ 529,607	12.38%

DEBT ADMINISTRATION:

As of June 30, 2025, the Commission had $1,979,113 of debt outstanding, a decrease of $64,991 or 3.18%. The following is a summary in the changes of total debt obligations for the year ended June 30, 2025:

Balance at the beginning of the period	$ 2,044,104
Principal payments	(64,991)
Balance at June 30, 2025	$ 1,979,113

ECONOMIC FACTORS AND EVENTS AFFECTING OPERATIONS:

Housing costs continue to rise in the Lansing market. Absent further adjustments from HUD, continual increases in rental rates may lead to reductions in the total volume of residents this Commission is able to assist. The Commission is actively working with government grant representatives to ensure our funding keeps pace with changing market conditions.

CONCLUSIONS:

The Commission continues to invest heavily in affordable public housing. In the coming fiscal year, Its' development program has current construction projects that will add in excess of 100 units to our market area and we support other developments that promise to make available units that meet the needs of vulnerable low income individuals. The Commission's management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Commission continues to operate at the highest standards established by the Real Estate Assessment Center and the Department of Housing and Urban Development.

This financial report is designed to provide our residents, the citizens of Lansing, MI, all federal and state regulatory bodies, and any creditors with a general overview of the Commission's finances. If you have any questions regarding these financial statements or supplemental information, you may write to the Lansing Housing Commission, Douglas Fleming, Executive Director, 419 Cherry St, Lansing MI 48933.

	Primary Government	Discretely Presented Component Units
ASSETS		
Current Assets		
Cash and cash equivalents		
Unrestricted	$ 21,892,634	$ 856,894
Restricted	814,390	7,129,801
Subtotal	**22,707,024**	**7,986,695**
Certificates of Deposit	2,284,185	-
Accounts receivable, net	440,518	271,681
Prepaid expenses	23,987	173,364
Total Current Assets	**25,455,714**	**8,431,740**
Non-Current Assets		
Notes receivable	32,373,200	-
OPEB plan assets	188,991	-
Other assets	-	439,823
Capital assets not being depreciated	1,527,446	2,505,000
Capital assets, net	3,278,740	79,058,826
Total Non-Current Assets	**37,368,377**	**82,003,649**
TOTAL ASSETS	**62,824,091**	**90,435,389**
DEFERRED OUTFLOWS OF RESOURCES	**482,823**	**-**
LIABILITIES		
Current Liabilities		
Accounts payable	182,606	162,113
Accrued liabilities	134,454	1,630,645
Deposits held in trust	14,940	99,577
Compensated absences current	11,603	-
Unearned revenue	32,947	111,688
Other liabilities current	3,125,260	196,263
Financial agreements payable current	44,446	24,630,439
Total Current Liabilities	**3,546,256**	**26,830,725**
Non-Current Liabilities		
Compensated absences	65,751	-
Funds held in trust	69,670	303,314
Net pension liability	474,506	-
Financial agreements payable	1,934,667	32,165,262
Total Non-Current Liabilities	**2,544,594**	**32,468,576**
TOTAL LIABILITIES	**6,090,850**	**59,299,301**
DEFERRED INFLOWS OF RESOURCES	**35,003**	**-**
NET POSITION		
Net investment in capital assets	2,827,073	42,264,085
Restricted	889,340	7,030,224
Unrestricted	53,464,648	(18,158,221)
TOTAL NET POSITION	**$ 57,181,061**	**$ 31,136,088**

See notes to financial statements

	Primary Government	Discretely Presented Component Units
Operating Revenues		
Rental revenues, net	$ 199,483	$ 1,360,090
Government grants	27,367,557	4,332,269
Other income	1,773,113	3,721
Total Operating Revenues	**29,340,153**	**5,696,080**
Operating Expenses		
Administration	3,355,050	1,564,362
Tenant services	69,810	-
Utilities	219,537	1,019,537
Maintenance and operations	1,620,269	1,082,047
Protective services	1,190	216,484
Insurance expense	140,501	298,873
General expense	22,239	22,156
Housing Assistance Payments	20,164,827	-
Depreciation and amortization	209,235	3,183,854
Total Operating Expenses	**25,802,658**	**7,387,313**
NET OPERATING INCOME (LOSS)	**3,537,495**	**(1,691,233)**
Non-Operating Revenues (Expenses)		
Interest income	544,307	262,717
Gain on disposal of assets	601,145	(16,854)
Interest expense	(78,205)	(3,298,319)
Total Non-Operating Revenues (Expenses)	**1,067,247**	**(3,052,456)**
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	**4,604,742**	**(4,743,689)**
Capital Contributions and Transfers		
Capital contributions	80,731	1,664,409
Transfers	-	-
Total Capital Contributions and Transfers	**80,731**	**1,664,409**
CHANGE IN NET POSITION	**4,685,473**	**(3,079,280)**
BEGINNING NET POSITION	**52,495,588**	**34,215,368**
ENDING NET POSITION	**$ 57,181,061**	**$ 31,136,088**

See notes to financial statements

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants and users	$ 4,364,759
Receipts from operating grants	27,575,543
Payments for goods and services	(4,546,173)
Payments for Housing Assistance Payments	(20,164,827)
Payments to employees for services	(2,599,648)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	**4,629,654**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset (purchases)/gain on sale	(137,697)
Payments on leases and loans	(119,190)
Capital contributions	80,731
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(176,156)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from investment activities	544,306
(Purchase) or sale of notes receivable	(6,887,774)
(Purchase) or redemption of CD	17,064,599
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	**10,721,131**
NET INCREASE (DECREASE) IN CASH	**15,174,629**
BEGINNING CASH	**7,532,395**
ENDING CASH	**$ 22,707,024**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ 3,537,495
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	209,235
Pension/OPEB	(96,428)
Change in Assets and Liabilities	
(Increase) decrease in accounts receivable	1,169,158
(Increase) decrease in inventory and prepaid	(4,816)
Increase (decrease) in accounts payable	(255,839)
Increase (decrease) in accrued liabilities	71,200
Increase (decrease) in unearned revenue	(1,411)
Increase (decrease) in deposits held in trust	1,060
Total Adjustments	**1,092,159**
Net Cash Provided (Used) by Operating Activities	**$ 4,629,654**
Interest Paid	**$ -**

See notes to financial statements

NOTE 01 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of Lansing Housing Commission (the Commission) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Commission has previously implemented GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments.* Certain significant changes in the statements are as follows: The financial statements will include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Commission's overall financial position and results of operations.

The Commission is a special-purpose government engaged only in business-type activities and, therefore, presents only the financial statements required for enterprise funds, in accordance with GASB. For these governments, basic financial statements and required supplemental information consist of:

Management's Discussion and Analysis (MD&A)
Enterprise fund financial statements consisting of:
- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

Notes to Financial Statements
Required supplemental information other than MD&A and supplemental information

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with the Commission to administer certain HUD funds.

Reporting Entity

The Commission is a Michigan public body corporation operating as a public housing authority under the Michigan Housing Facilities Act, MCL 125.65, to provide decent, safe, and adequate housing for low-income program participants. The Commission owns and provides subsidy and operation support for housing units located throughout the Lansing area. The Commission's assets, deferred outflows, liabilities, deferred inflows, net position, and changes in net position are included in its primary government fund and include all AMPs, COCC, business activities, and programs of the Commission. The Commission receives and administers funds from the U.S. Department of Housing and Urban Development (HUD) and has signed an annual contributions contract (ACC) under the provisions of the ACC and all applicable provisions of the United States Housing Act of 1937 (42 U.S.C. 1437 Section 1.1). The ACC allows the Commission to obtain financial support from HUD and provide low-income housing throughout Lansing. All of the operations of the Commission are included in the audited financial statements and there are no operations or activities which have been excluded. The Commission is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the Commission is considered a primary government, since it is a special-purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB 14, fiscally independent means that the Commission may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

The Commission's primary operations comprise several housing and grant programs as follows:

Low-Rent Public Housing
Capital Fund Program
Housing Choice Voucher Program
Continuum of Care Program
Non-HUD Program
Shelter Plus Care and Permanent Supportive Housing

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* and Statement No. 14 and No. 61 of the *Government Accounting Standards Board, the Financial Reporting Entity.*

The organization is legally separate (can sue and be sued in their own name).
The Commission holds the corporate powers of the organization.
The Commission appoints a voting majority.
The Commission is able to impose its will on the organization.
The organization has the potential to impose a financial benefit/burden on the Commission.
There is fiscal dependency by the organization on the Commission.

Based on the aforementioned criteria, and the control and relationship between the Commission and the component units, the Commission has determined that the following entities are considered component units of the Commission and are required to be blended within the Commission's financial statements:

Blended Component Units
Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Commission's Board of Commissioners or the component units provide services entirely to the Commission. These component units' funds are blended into those of the Commission's by appropriate activity type to compose the primary government presentation.

Currently, the Commission has three component units that meet the criteria for blending.

Lansing Housing Commission Non-Profit Development Corporation (LHCNPDC), a nonprofit organization. The Commission has financial accountability for the nonprofit and controls its board of directors and management. LHCNPDC operates on the same fiscal year as the Commission, June 30, 2025, there was no activity and no separate report has been issued.

Oliver Gardens, L.L.C. (Oliver Gardens), a limited liability company under the laws of the State of Michigan, was formed in June 2006, for the purpose of leasing and operating 30 units of multifamily rental housing. The Commission is the sole member of the board of Oliver Gardens and is responsible for the operations of Oliver Gardens. As such, the Commission has the ability to impose its will on Oliver Gardens. Oliver Gardens operates on a different fiscal year than the Commission. A separate audit report has been issued for the year ended December 31, 2024.

Capital City Property Management, L.L.C. (Capital City Property Management), a limited liability company under the laws of the State of Michigan, was formed in January 2023, for the purpose of providing property management services. The Commission is the sole member of the board of Capital City Project Management and is responsible for the operations of Capital City Property Management. As such, the Commission has the ability to impose its will on Capital City Property Management. Capital City Property Management operates on the same fiscal year as the Commission, June 30, 2025, no separate audit report has been issued.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

As of the year ended June 30, 2025, the Commission, along with its blended component unit, is the manager and operator of four low-income residential real estate developments organized as real estate limited partnerships. Under a Management Agreement and a Guarantee Agreement with each of the limited partnerships, the Commission is financially accountable for the limited partnerships as the Commission is legally obligated to fund operating deficits in accordance with the terms of the partnership, management, and guarantee agreements. The Commission also holds the right to purchase the properties from the limited partnerships under a Purchase Option/Right of First Refusal at the end of the 15-year tax compliance period. Balances presented for discretely presented component units on the accompanying statement of net position and statement of revenues, expenses and other changes in net position are as of December 31, 2024. These entities follow all applicable Financial Accounting Standards Board (FASB) standards, and financial statements are prepared on the accrual basis of accounting in accordance with GAAP. Since they do not follow GASB for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued financial statements in order for them to conform to the primary government presentation.

The Commission has four discretely presented component units as follows:

Mount Vernon Park Limited Dividend Housing Association Limited Partnership (Mount Vernon Park) was formed under the laws of the State of Michigan to acquire, rehabilitate, own, and operate Waverly Place Apartments under the U.S. Department of Housing and Urban Development's rental assistance demonstration (RAD) program and consists of 140 rental units rented to low-income individuals in Lansing, Michigan. The major activities of Mount Vernon Park, including rental rates, are governed by the partnership agreement and Michigan State Housing Development Authority. The property is developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code.

South Washington Limited Dividend Housing Association Limited Partnership (South Washington Park) was formed under the laws of the State of Michigan to acquire, rehabilitate, own, and operate Capital City Apartments under the U.S. Department of Housing and Urban Development's RAD program and consists of 187 rental units rented to low-income individuals in Lansing, Michigan. The major activities of South Washington Park, including rental rates, are governed by the partnership agreement and Michigan State Housing Development Authority. The property is developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code.

Hildebrandt Park Limited Dividend Housing Association Limited Partnership (Hildebrandt Park) was formed under the laws of the State of Michigan to acquire, rehabilitate, own, and operate Hildebrandt Park Apartments under the U.S. Department of Housing and Urban Development's RAD program and consists of 100 rental units rented to low-income individuals in Lansing, Michigan. The major activities of Hildebrandt Park, including rental rates, are governed by the partnership agreement and Michigan State Housing Development Authority. The property is developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code.

LaRoy Froh Limited Dividend Housing Association Limited Partnership (LaRoy Froh) was formed under the laws of the State of Michigan to acquire, rehabilitate, own, and operate LaRoy Froh Apartments under the U.S. Department of Housing and Urban Development's RAD program and consists of 100 rental units rented to low-income individuals in Lansing, Michigan. The major activities of LaRoy Froh, including rental rates, are governed by the partnership agreement and Michigan State Housing Development Authority. The property is developed and operated under the low-income housing tax credit program, as provided for in Section 42 of the Internal Revenue Code.

Complete financial statements for each of the individual discretely presented components may be obtained at the Commission's administrative office. Lansing Housing Commission, 419 Cherry Street, Lansing, MI 48933.

Budgetary Data
The Commission is required by its HUD annual contributions contracts to adopt annual budgets for the Low Rent Public Housing Program and the Housing Choice Vouchers Program. Annual budgets are not required for the Capital Fund Program, as those budgets are approved for the length of any given project. Annual, project, and grant-length budgets require grantor approval.

Appropriations are authorized at the function level. Management may transfer budget authorization between functions. All appropriations that are not used lapse at year end. Budgeted amounts are as originally adopted or as amended by the board.

Basis of Presentation, Basis of Accounting and Measurement Focus
Basis of Accounting - The Commission uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Commission are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Commission functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the statement of net position. In the statement of net position, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets.

Restricted Net Position - Consists of assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other assets that do not meet the definition of "restricted" or "net investment in capital assets".

Board of Commissioners

Name	Term Expires	Position
Emma Henry	6/30/2027	At-Large
Ashlee Barker	6/30/2029	At-Large
Loria Hall	6/30/2030	At-Large
Heather Taylor	6/30/2026	At-Large

In addition to the above Commissioners, is Doug Fleming, who serves as the Executive Director.

Revenues and Expenses
Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Commission are operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for operating expenses.

In accordance with GASB standards dwelling income has been netted with bad debt expense of $54,777. Collection losses on accounts receivable are expended, in the appropriate Fund, on the specific write-off method.

Operating Revenue
Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the non-operating revenue and expense.

Cash and Investments
Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less when purchased.

All Certificates of Deposit with original maturity of greater than three months are presented as investments. All investments are Certificates of Deposit.

Accounts Receivable
Accounts receivable consists of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

Accounts for which no possibility of collection is anticipated are charged to bad debts expense which is netted against dwelling rent revenues on the statement of revenues, expenses, and changes in net position.

Capital Assets and Depreciation
Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures, and equipment. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position. If the initial cost of a piece of equipment and/or other personal property is five thousand dollars ($5,000) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the purchased property/equipment will be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings	40 years
Site improvements, modernization, and rehabilitation	7-40 years
Furniture, equipment, and vehicles	3-10 years

Unearned Revenues
Unearned revenues (included in other current liabilities) consist of $32,947 in rental payments made by tenants in advance of their due date and emergency housing voucher administrative fees not yet earned.

Deferred Inflows/Outflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

Also, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

Compensated Absences

The Commission allows employees to accumulate earned but unused paid time off. The Commission accrues a liability for benefits attributable to services already rendered by the Commission's employees. Employees are entitled to a specific amount of leave per month capped at 280 hours total. Upon separation from employment, employees are entitled to receive pay for 100 percent of their accrued unused paid time off.

Pension

The Commission offers a defined benefit pension plan to its employees. The Commission records a net pension asset or liability for the difference between the total pension asset or liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The Commission provides retiree health care benefits to eligible employees and their spouses. The Commission records a net other postemployment benefit cost (OPEB) asset or liability for the difference between the total OPEB asset or liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 02 - CASH AND CASH EQUIVALENTS

Cash and investments are stated at fair value and consist of the following:

Unrestricted	
Checking & Money Market accounts	$ 21,892,634
Subtotal	21,892,634
Restricted	
Security deposits - tenants	14,940
Replacement reserves and escrows	269,707
Other restricted funds	529,743
Subtotal	814,390
Total Cash & Equivalents	**$ 22,707,024**

Unrestricted	
Certificates of Deposit initial maturity over 90 days	$ 2,284,185
Total Investments	**$ 2,284,185**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States, repurchase agreements, bankers' acceptances of United States banks, commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase, obligations of the State of Michigan or its political subdivisions that are rated as investment grade, and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Commission has designated banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997, has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The Commission's deposits and investments are in accordance with statutory authority.

The Commission's cash and investments are subject to several types of risk, which are examined in more detail below:

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease because of a rise in interest rates. The Commission's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Custodial Credit Risk - The custodial risk is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission has no policy on custodial credit risk.

Fair Value Measurements - The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Commission's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

NOTE 03 - ACCOUNTS RECEIVABLE

Accounts receivable at the year ended June 30, 2025, consisted of the following:

Tenant receivables	$ 12,028
Tenant fraud recovery receivables	224
Allowance for receivables	(588)
Net receivable	11,664
Accrued interest income	216,258
Due from other governments	109,896
Miscellaneous receivables	102,700
Accounts Receivable, Net	**$ 440,518**

NOTE 04 - CAPITAL ASSETS

A summary of changes in capital assets were as follows:

	Balance at 07/01/24	Additions	Deletions	Balance at 06/30/25
Capital assets not being depreciated:				
Land	$ 968,800	$ 534,246	$ -	$ 1,503,046
Construction in process	-	105,131	(80,731)	24,400
Total capital assets not being depreciated	968,800	639,377	(80,731)	1,527,446
Capital assets being depreciated:				
Buildings and improvements	7,597,816	180,196	(105,690)	7,672,322
Furniture and equipment	863,015	-	(5,118)	857,897
Total capital assets being depreciated	8,460,831	180,196	(110,808)	8,530,219
Accumulated depreciation	(5,153,052)	(209,235)	110,808	(5,251,479)
Net capital assets being depreciated	3,307,779	(29,039)	-	3,278,740
Capital Assets, Net	**$ 4,276,579**	**$ 610,338**	**$ (80,731)**	**$ 4,806,186**

For the year ended June 30, 2025, the Commission reported depreciation expense of $209,235. During the fiscal year ended June 30, 2025, the Commission experienced no losses or material impairments.

NOTE 05 - NOTES RECEIVABLE

Notes receivable at June 30, 2025, consisted of the following:

Mount Vernon Park	
The loan bears interest at 4.5% compounded annually. No principal or interest is due until the loan matures on December 22, 2070. The note is secured by the land and substantially all the real property owned by Mount Vernon Park. The total amount of accrued interest has been set up with an allowance for the same amount.	$ 7,145,775
South Washington Park	
The loan bears interest at 9.5% compounded annually. No principal or interest is due until the loan matures on March 31, 2071. The note is secured by the land and substantially all the real property owned by South Washington Park. The total amount of accrued interest has been set up with an allowance for the same amount.	5,100,000
Hildebrandt Park	
The loan bears interest at 4.96% compounded annually. No principal or interest is due until the loan matures on November 18, 2071. The note is secured by the land and substantially all the real property owned by Hildebrandt Park. The total amount of accrued interest has been set up with an allowance for the same amount.	5,037,425
LaRoy Froh	
The loan bears interest at 4.59% compounded annually. No principal or interest is due until the loan matures on March 17, 2072. The note is secured by the land and substantially all the real property owned by LaRoy Froh. The total amount of accrued interest has been set up with an allowance for the same amount.	5,250,000
Grand Vista	
The loan bears interest at 7% compounded annually. No principal or interest is due until the loan matures on February 10, 2075. The note is secured by the land and substantially all the real property owned by Grand Vista. The total amount of accrued interest has been set up with an allowance for the same amount.	3,000,000
Riverview	
The construction loan bears interest at 4.25% compounded annually. No principal or interest is due until the loan matures on January 30, 2055. The note is secured by the land and substantially all the real property owned by Riverview. The total amount of accrued interest has been set up with an allowance for the same amount.	6,840,000
Total Notes Receivable	**$ 32,373,200**

NOTE 06 - NON-CURRENT LIABILITIES CHANGES

The following is a summary of the activity for non-current liabilities for the year ended June 30, 2025:

	Balance at 07/01/24	Additions	Deletions	Balance at 06/30/25	Due within One Year
Compensated absences	$ 88,800	$ 6,748	$ (18,194)	$ 77,354	$ 11,603
Funds held in trust	52,060	-	17,610	69,670	-
Net pension liability	659,351	-	(184,845)	474,506	-
Financial agreements payable	2,020,098	-	(40,985)	1,979,113	44,446
Total	$ 2,820,309	$ 6,748	$ (226,414)	$ 2,600,643	$ 56,049

NOTE 07 - LONG-TERM DEBT

The loan balances as of June 30, 2025, are as follows:

Michigan State Housing Development Authority	
Mortgage dated October 7, 2006, held by Michigan State Housing Development Authority in the amount of $1,775,482. The mortgage bears interest at a rate of 5.5%. However, an amount equal to 0.5 percent of interest is deferred until the mortgage principal balance is paid in full. Monthly payments of principal and interest are required in the amount of $8,961 through maturity on February 1, 2043. The note is secured by land and substantially all property owned by Oliver Gardens, L.L.C.	$ 1,281,821
HOME loan	
HOME loan dated June 1, 2006, in the amount of $170,000. The loan is held by the City of Lansing, Michigan, under the HOME Investments Partnership Program and bears interest at a rate of 0.5 percent, compounded annually. Principal and interest are due on the loan when it matures on December 31, 2041. The loan is secured by land and substantially all property owned by Oliver Gardens, L.L.C.	170,000
Community Development Block Grant	
Community Development Block Grant (CDBG) loan dated May 31, 2006, in the amount of $550,000. The loan is held by the City of Lansing, Michigan under the CDBG program and bears interest at a rate of 0.5 percent, compounded annually, on $150,000 of the loan. Principal and interest are due on the loan when it matures on May 31, 2046. The loan is secured by land and substantially all property owned by Oliver Gardens, L.L.C.	550,000
Unamortized loan costs related to Oliver Gardens, L.L.C.	(22,708)
Total Financial Agreements Payable	**$ 1,979,113**

As of the year ended June 30, 2025, the annual requirements for debt retirement are:

Year Ended June 30,		**Principal**	**Interest**	**Total**
	2026	$ 44,446	$ 62,828	$ 107,274
	2027	46,720	60,555	107,275
	2028	49,110	58,167	107,277
	2029	51,623	55,817	107,440
	2030	54,264	53,028	107,292
2031	2035	316,874	220,787	537,661
2036	2040	406,081	131,579	537,660
2041	2045	482,703	26,076	508,779
2046	2050	550,000	-	550,000
Amortization costs		(22,708)	-	(22,708)
		$ 1,979,113	$ 668,837	$ 2,647,950

The majority of the long-term debt on the discretely presented component units is related to the Notes Receivable. For further details about discretely presented component units' debt, see those separately issued financial statements.

NOTE 08 - AGENT DEFINED PENSION PLAN

Plan Description

Lansing Housing Commission participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS) that covers some employees of the Commission. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at http://www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers employees in the general open division; employees hired after May 1, 2012; and exempt employees hired before May 1, 2012. Effective May 1, 2021, the plan was closed to all new hires.

Retirement benefits for employees in the open general division are calculated as 2.25 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 55 with 15 years of service. Early retirement age with reduced benefits is 50 with 25 years of service. The vesting period is 8 years. Employees are eligible for nonduty disability benefits after 8 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits for a surviving spouse equal 85 percent of the deceased member's accrued retirement allowance, computed in the same manner as a service retirement allowance, based on service and final average compensation at the time of death. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for employees hired after May 1, 2012, are calculated as 1.70 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60. Early retirement age with reduced benefits is at 50 with 25 years of service or 55 with 15 years of service. The vesting period is 8 years. Employees are eligible for nonduty disability benefits after 8 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits for a surviving spouse equal 85 percent of the deceased member's accrued retirement allowance, computed in the same manner as a service retirement allowance, based on service and final average compensation at the time of death. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Retirement benefits for exempt employees hired before May 1, 2012, are calculated as 2.25 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 55 with 15 years of service. Early retirement age with reduced benefits is 50 with 25 years of service. The vesting period is 8 years. Employees are eligible for nonduty disability benefits after 8 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits for a surviving spouse equal 85 percent of the deceased member's accrued retirement allowance, computed in the same manner as a service retirement allowance, based on service and final average compensation at the time of death. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 3 percent, non-compounding. Benefit terms, within the parameters established by MERS, generally are established and amended by authority of the board of commissioners, generally after negotiations of these terms with the affected unions. Benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms
At the December 31, 2024 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	47
Inactive employees entitled to but not yet receiving benefits (including refunds)	27
Active plan members	10
Total plan members	84

Contributions
Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the plan year ended December 31, 2024, the average employee contribution rate was 5.0 percent of annual pay for all divisions, and the Commission’s average contribution rate was 6 percent under the new hires division of annual payroll.

Net Pension Liability
The Commission has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2025, fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2024 measurement date. The December 31, 2024, measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension (asset) liability during the measurement year were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
Beg. Balance December 31, 2023	$ 10,508,003	$ 9,848,652	$ 659,351
Change for the year:			
Service cost	65,057	-	65,057
Interest	-	-	-
Changes to benefit terms	727,308	-	727,308
Experience differences	221,250	-	221,250
Changes in actuarial assumptions	(21,054)	-	(21,054)
Contributions - employer	-	436,766	(436,766)
Contributions - employee	-	38,563	(38,563)
Net investment income (loss)	-	723,423	(723,423)
Benefit payments, including refunds	(821,797)	(821,797)	-
Administrative expense	-	(21,346)	21,346
Net changes	170,764	355,609	(184,845)
Ending Balance	$ 10,678,767	$ 10,204,261	$ 474,506

The plan's fiduciary net position represents 95.5 percent of the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended June 30, 2025, the Commission recognized pension expense of $383,079. At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on retirement plan investments	$ 420,340	$ -
Contributions subsequent to the measurement date	52,986	-
Totals	$ 473,326	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, which will impact the net pension liability in fiscal year 2026, rather than pension expense.

Actuarial Assumptions
The total pension liability in the December 31, 2024 actuarial valuation, was determined using an inflation assumption of 2.5 percent, assumed salary increases of 3 percent (in the long term, plus a merit and longevity increase ranging from 0 to 6.7 percent), and an investment rate of return (net of pension plan investment expenses) of 6.18 percent.

The valuation incorporates fully generational mortality. The base mortality tables used are constructed as described below and are weighted based on sex-distinct rates:

Preretirement mortality:
- 100 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
- 100 percent of PubG-2010 Employee Mortality Tables for Ages 18-80
- 100 percent of PubG-2010 Healthy Retiree Tables for Ages 81-120

Nondisabled retired plan members and beneficiaries:
- 106 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
- 106 percent of PubG-2010 Employee Mortality Tables for Ages 18-49
- 106 percent of PubG-2010 Healthy Retiree Tables for Ages 50-120

Disabled retired plan members:
- 100 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
- 100 percent of PubNS-2010 Disabled Retiree Tables for Ages 18-120

Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010. The actuarial assumptions used in the December 31, 2024 valuation, were based on the results of an actuarial experience study dated February 14, 2020.

Discount Rate
The discount rate used to measure the total pension liability was 7.18 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Investment Rate of Return

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

The long-term expected rate of return on pension plan investments of 7.18 percent was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2024, the measurement date, for each major asset class, are summarized in the following tables:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	60.0%	4.50%
Global fixed income	20.0%	2.00%
Private investment	20.0%	7.00%
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Commission, calculated using the discount rate of 7.18 percent, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.18 percent) or 1 percentage point higher (8.18 percent) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net pension (asset) liability	$ 1,076,650	$ -	$ (918,971)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

NOTE 09 - OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

Plan Description

The Commission provides retiree health care benefits to eligible employees and their spouses. This is a single-employer defined benefit plan administered by the Commission and is provided under a separate collective bargaining agreement on health care. The plan does not issue a publicly available financial report.

Benefits Provided

The plan provides comprehensive medical and life insurance for retirees. For those retirees over the age of 65 as of January 1, 2019, both the retiree and spouse may be covered in retirement. Health, dental, and vision benefits will be administered through a third-party insurer, with each retiree given $100 per month ($200 per month if the spouse is eligible for coverage) to purchase an individual Medicare Supplement, Medicare Part D Prescription Drug, and Medicare Advantage plan, along with dental and vision plans. For those retirees under the age of 65 as of January 1, 2019, each retiree will be given $750 per month ($1,200 per month if the spouse is eligible for coverage) to purchase a plan of their choosing along with dental and vision. For active employees hired prior to January 1, 2019, the Commission will contribute $50 per month per employee, while a payroll deduction will be required of each employee of $10 per month. Both amounts will be deposited into the MERS Health Care Savings Program. Employees will be vested into the heath retirement account after eight years of service. Prior to vesting, employees leaving employment will immediately be allowed to keep and use their personal contributions plus investment gains on their health account. The Commission's portion will be returned for use in satisfying other OPEB liabilities. After vesting, the entire health account is available for the employee's use for medical expenses upon retirement or termination of employment. Employees hired after January 1, 2019, will not be provided OPEB benefits.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	July 01, 2024
Inactive plan members	15
Active plan members	9
Total plan members	24

Contributions

The authority to establish and amend the contribution requirements of the Commission and plan members is held by the board of commissioners. The board of commissioners establishes contribution rates based on an actuarially determined rate per a funding valuation. The actuarially determined contribution for the year ended June 30, 2025, was $3,868. Retiree health care costs are paid by the Commission on a pay-as-you-go basis.

Net OPEB Asset

The Commission has chosen to use the June 30 measurement date as its measurement date for the net OPEB asset. The June 30, 2025 fiscal year end, reported net OPEB asset was determined using an actuarial valuation performed as of July 01, 2024, which used update procedures to roll forward the estimated asset to the June 30, 2025, measurement date.

Changes in the net OPEB asset during the measurement year were as follows:

		Increase (Decrease)		
		Total OPEB Liability	Plan Net Position	Net OPEB (Asset)
Beg. Balance	June 30, 2024	$ 258,858	$ 424,166	$ (165,308)
Change for the year:				
Service cost		3,869	-	3,869
Interest on total OPEB		15,841	-	15,841
Change in assumptions		(1,822)	-	(1,822)
Difference between actual and expected experience		-	-	-
Contributions - employer		-	38,303	(38,303)
Net investment income		-	3,268	(3,268)
Benefit payments, including refunds		(40,918)	(40,918)	-
Net changes		(23,030)	653	(23,683)
Ending Balance		$ 235,828	$ 424,819	$ (188,991)

The plan's fiduciary net position represents 180 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Commission recognized OPEB recovery of $4,677. At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ -	$ (25,025)
Net difference between projected and actual	-	(6,532)
Change of assumptions	9,497	(3,446)
Totals	$ 9,497	$ (35,003)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	**Amount**
2026	$ (6,534)
2027	(8,224)
2028	(8,019)
2029	(2,729)
2030	-
Total	$ (25,506)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 01, 2024. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5 percent as of June 30, 2025, and for future periods.
Cost of living:	Not Applicable
Salary increases:	3.00 percent annually as of June 30, 2025, and for future periods.
Mortality:	PubG-2010 Mortality Table for General Healthy Annuitants projected generationally with scale MP-2020 for males and females.

The actuarial assumptions used to calculate the actuarial accrued asset, and the service cost primarily reflect the latest experience studies published by the Society of Actuaries. As such, mortality assumptions reflected observed current mortality and expected mortality improvements.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.68 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Investment Rate of Return

The investment rate of return was assumed to be 6.68 percent, net of OPEB plan investment expense, including inflation. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date, for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap	15.50%	4.52%
Domestic equity - small/mid cap	7.75%	5.06%
Domestic fixed income	22.00%	2.44%
International equity - developed market	15.50%	5.08%
International equity - emerging market	8.00%	5.80%
International fixed income	4.25%	2.13%
Alternatives	24.00%	6.09%
Real estate	0.00%	3.73%
Cash or cash equivalents	3.00%	0.00%
Total	100.00%	

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate
The following presents the net OPEB asset of the Commission, calculated using the discount rate of 6.38 percent, depending on the plan option. The following also reflects what the Commission's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (5.68 percent) or 1 percentage point higher (7.68 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB (asset) liability	$ (201,883)	$ (188,991)	$ (174,451)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate
The following presents the net OPEB asset of the Commission, calculated using the health care cost trend rate of 3.5 percent, as well as what the Commission's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Health Care Cost Trend	1% Increase
Net OPEB (asset) liability	$ (175,302)	$ (188,991)	$ (200,997)

Assumption Changes
The discount rate has been changed from 6.53 percent in 2024, to 6.68 percent.

NOTE 10 - CONCENTRATIONS, COMMITMENTS AND CONTINGENCIES
The Commission operates in a heavily regulated environment. The operations of the Commission are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an Act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes. For the year ended June 30, 2025, approximately 90 percent of the operating revenue reflected in the primary government basic financial statements is from HUD.

The Commission receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Commission. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Commission at the June 30, 2025 year-end.

The collective bargaining three-year agreement between the Commission's employees and Chapter of Local 1390.11 and Michigan Council #25, AFSCME, AFL-CIO, covering approximately 31 percent of the Commission's labor force, will be in place from January 1, 2022, through December 31, 2025.

NOTE 11 - RISK MANAGEMENT
The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Commission has purchased commercial insurance for all risk of loss, including workers' compensation, employee health, and accident insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 12 - CONDENSED FINANCIAL STATEMENTS

As required by GASB the condensed financial statements with elimination, for additional information see the detail supplementary information schedules.

	Housing Authority	Total Blended Component Units	Eliminations	Primary Government Totals
Condensed Statement of Net Position				
Current assets	$ 25,577,596	$ 300,679	$ (422,561)	$ 25,455,714
Capital assets	3,024,468	1,781,718	-	4,806,186
Other assets	33,273,942	-	(711,751)	32,562,191
Total Assets	**61,876,006**	**2,082,397**	**(1,134,312)**	**62,824,091**
Deferred outflow of resources	482,823	-	-	482,823
Current liabilities	3,349,740	1,030,695	(834,179)	3,546,256
Noncurrent liabilities	595,676	2,249,051	(300,133)	2,544,594
Total Liabilities	**3,945,416**	**3,279,746**	**(1,134,312)**	**6,090,850**
Deferred inflow of resources	35,003	-	-	35,003
Net investment in capital assets	3,024,468	(197,395)	-	2,827,073
Restricted net position	619,633	269,707	-	889,340
Unrestricted net position	54,734,309	(1,269,661)	-	53,464,648
Net Position	**$ 58,378,410**	**$ (1,197,349)**	**$ -**	**$ 57,181,061**
Condensed Statement of Revenues, Expenses and Changes in Net Position				
Operating revenues	$ 29,777,307	$ 994,188	$ (1,431,342)	$ 29,340,153
Depreciation expense	(144,269)	(64,966)	-	(209,235)
Other operating expenses	(26,250,246)	(774,519)	1,431,342	(25,593,423)
Operating Income (Loss)	**3,382,792**	**154,703**	**-**	**3,537,495**
Non-operating revenues	1,135,411	10,041	-	1,145,452
Non-operating expenses	-	(78,205)	-	(78,205)
Non-Operating Revenue (Expense)	**1,135,411**	**(68,164)**	**-**	**1,067,247**
Income (Loss) Before Transfers and Capital Contributions	**4,518,203**	**86,539**	**-**	**4,604,742**
Transfers	-	-	-	-
Capital contributions	80,731	-	-	80,731
Change in Net Position	**4,598,934**	**86,539**	**-**	**4,685,473**
Net position, beginning of year	53,779,476	(1,283,888)	-	52,495,588
Net position, end of year	$ 58,378,410	$ (1,197,349)	$ -	$ 57,181,061
Condensed Statement of Cash Flows				
Net cash flows provided/(used) by operating activities	$ 4,370,651	$ 259,003	$ -	$ 4,629,654
Net cash flows provided/(used) by capital and related financing activities	138,382	(314,538)	-	(176,156)
Net cash flows provided/(used) by investing activities	10,711,091	10,040	-	10,721,131
Net increase/(decrease) in cash and cash equivalents	15,220,124	(45,495)	-	15,174,629
Cash, beginning of year	7,211,074	321,321	-	7,532,395
Cash, end of year	$ 22,431,198	$ 275,826	$ -	$ 22,707,024

NOTE 13 - NET POSITION

The net position on the statement of net position has been calculated as follows:

Capital assets	$ 4,806,186
Related debt	(1,979,113)
Net Investment in Capital Assets	**$ 2,827,073**
Restricted cash	$ 814,390
OPEB assets	188,991
FSS escrow liability	(69,670)
Unearned emergency housing voucher fees	(29,431)
Security deposit liability	(14,940)
Restricted Net Position	**$ 889,340**

NOTE 14 - SUBSEQUENT EVENTS

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Management evaluated the activity of the Commission through December 8, 2025, (the date the financial statements were available to be issued) and concluded that nothing should be disclosed to the reader of the financial statements.

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Fiscal Year Ending	2024	2023	2022	2021	2020
Total Pension Liability					
Service costs	$ 65,057	$ 57,807	$ 66,697	$ 67,211	$ 88,143
Interest	727,308	725,958	721,263	724,852	692,942
Difference between expected and actual experience	221,250	71,949	92,195	86,049	143,224
Change in assumptions	(21,054)	68,639	-	339,299	291,056
Benefit payments, including refunds	(821,797)	(801,290)	(820,649)	(791,808)	(778,229)
Other	-	-	-	-	-
Net Change in Total Pension Liability	**170,764**	**123,063**	**59,506**	**425,603**	**437,136**
Total Pension Liability - Beginning	**10,508,003**	**10,384,940**	**10,325,434**	**9,899,831**	**9,462,695**
Total Pension Liability - Ending (a)	**$ 10,678,767**	**$ 10,508,003**	**$ 10,384,940**	**$ 10,325,434**	**$ 9,899,831**
Plan Fiduciary Net Position					
Contribution - employer	$ 436,766	$ 935,657	$ 207,840	$ 1,377,653	$ 122,635
Contribution - member	38,563	41,797	44,561	57,081	64,814
Net investment income (loss)	723,423	976,872	(1,146,251)	1,205,976	1,074,111
Administrative expenses	(821,797)	(801,290)	(820,649)	(14,305)	(15,919)
Benefit payments, including refunds	(21,346)	(20,143)	(18,712)	(791,808)	(778,229)
Other	-	-	-	-	-
Net Change in Plan Fiduciary Position	**355,609**	**1,132,893**	**(1,733,211)**	**1,834,597**	**467,412**
Plan Fiduciary Net Position - Beginning	**9,848,652**	**8,715,759**	**10,448,970**	**8,614,373**	**8,146,961**
Plan Fiduciary Net Position - Ending (b)	**$ 10,204,261**	**$ 9,848,652**	**$ 8,715,759**	**$ 10,448,970**	**$ 8,614,373**
Net Pension (Asset) Liability - Ending (a) - (b)	**$ 474,506**	**$ 659,351**	**$ 1,669,181**	**$ (123,536)**	**$ 1,285,458**
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	**95.56%**	**93.73%**	**83.93%**	**101.20%**	**87.02%**
Covered-Employee Payroll	**$ 822,760**	**$ 726,372**	**$ 845,947**	**$ 929,286**	**$ 1,280,845**
Net Pension (Asset) Liability as a % of Covered-Employee Payroll	**57.67%**	**90.77%**	**197.32%**	**-13.29%**	**100.36%**

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years.

Fiscal Year Ending	2019	2018	2017	2016	2015
Total Pension Liability					
Service costs	$ 74,380	$ 72,132	$ 91,117	$ 126,678	$ 114,272
Interest	708,880	700,146	687,782	714,076	698,614
Difference between expected and actual experience	(67,609)	77,954	88,563	(140,946)	(123,435)
Change in assumptions	315,446	-	-	(349,397)	405,966
Benefit payments, including refunds	(784,425)	(701,709)	(661,395)	(651,805)	(635,102)
Other	-	(21,160)	(4,268)	(521)	-
Net Change in Total Pension Liability	**246,672**	**127,363**	**201,799**	**(301,915)**	**460,315**
Total Pension Liability - Beginning	**9,216,023**	**9,088,660**	**8,886,861**	**9,188,776**	**8,728,461**
Total Pension Liability - Ending (a)	**$ 9,462,695**	**$ 9,216,023**	**$ 9,088,660**	**$ 8,886,861**	**$ 9,188,776**
Plan Fiduciary Net Position					
Contribution - employer	$ 87,890	$ 145,613	$ 685,378	$ 693,689	$ 158,735
Contribution - member	58,282	62,196	70,951	67,424	55,586
Net investment income (loss)	1,025,515	(323,275)	1,035,066	743,039	(104,348)
Administrative expenses	(17,645)	(16,423)	(16,381)	(14,686)	(15,480)
Benefit payments, including refunds	(755,797)	(701,709)	(661,395)	(651,805)	(635,102)
Other	(28,628)	(22,040)	(4,445)	(521)	-
Net Change in Plan Fiduciary Position	**369,617**	**(855,638)**	**1,109,174**	**837,140**	**(540,609)**
Plan Fiduciary Net Position - Beginning	**7,777,344**	**8,632,982**	**7,523,808**	**6,686,668**	**7,227,277**
Plan Fiduciary Net Position - Ending (b)	**$ 8,146,961**	**$ 7,777,344**	**$ 8,632,982**	**$ 7,523,808**	**$ 6,686,668**
Net Pension (Asset) Liability - Ending (a) - (b)	**$ 1,315,734**	**$ 1,438,679**	**$ 455,678**	**$ 1,363,053**	**$ 2,502,108**
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	**86.10%**	**84.39%**	**94.99%**	**84.66%**	**72.77%**
Covered-Employee Payroll	**$ 1,104,246**	**$ 1,072,020**	**$ 1,304,971**	**$ 1,333,333**	**$ 1,235,367**
Plan Fiduciary Net Position	**119.15%**	**134.20%**	**34.92%**	**102.23%**	**202.54%**

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years.

Fiscal Year Ending	2025	2024	2023	2022	2021
Actuarially determined contribution	$ -	$ 112,512	$ 188,184	$ 135,216	$ 222,240
Contributions in relation to the actuarially determined contribution	-	(867,965)	(213,027)	(198,853)	(1,357,471)
Contribution (excess) deficiency	$ -	$ (755,453)	$ (24,843)	$ (63,637)	$ (1,135,231)
Covered-Employee Payroll	**$ -**	**$ 822,760**	**$ 726,372**	**$ 845,947**	**$ 929,286**
Contribution as a Percentage of Covered Payroll	**0.00%**	**105.49%**	**29.33%**	**23.51%**	**146.08%**

Fiscal Year Ending	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 80,707	$ 97,665	$ 133,299	$ 122,057	$ 103,079
Contributions in relation to the actuarially determined contribution	(80,707)	(145,613)	(685,378)	(693,689)	(158,735)
Contribution (excess) deficiency	$ -	$ (47,948)	$ (552,079)	$ (571,632)	$ (55,656)
Covered-Employee Payroll	**$ 1,280,845**	**$ 1,104,246**	**$ 1,072,020**	**$ 1,304,971**	**$ 1,333,333**
Contribution as a Percentage of Covered Payroll	**6.30%**	**13.19%**	**63.93%**	**53.16%**	**11.91%**

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years.

Notes to Schedules

None.

Lansing Housing Commission

RSI 10-Year History of Changes in Net OPEB (Asset) Liability and Related Ratios
For the Year Ended June 30, 2025

Fiscal Year Ending	**2026**	**2025**	**2024**	**2023**	**2022**
Total OPEB Liability					
Service costs	$ -	$ 3,868	$ 4,702	$ 5,070	$ 8,268
Interest	-	15,841	17,505	19,381	25,416
Changes of benefit terms	-	-	-	-	(105,031)
Difference between expected and actual experience	-	-	(26,801)	-	(44,716)
Change in assumptions	-	(1,822)	14,383	2,158	(9,941)
Benefit payments, including refunds	-	(40,918)	(40,577)	(56,502)	(59,885)
Net Change in Total OPEB Liability	**-**	**(23,031)**	**(30,788)**	**(29,893)**	**(185,889)**
Total OPEB Liability - Beginning	**-**	**258,858**	**289,646**	**319,539**	**505,428**
Total OPEB Liability - Ending (a)	**$ -**	**$ 235,827**	**$ 258,858**	**$ 289,646**	**$ 319,539**
Plan Fiduciary Net Position					
Contribution - employer	$ -	$ 3,268	$ (39,823)	$ 61,179	$ 71,301
Net investment income (loss)	-	38,303	41,113	31,225	(39,197)
Benefit payments, including refunds	-	(40,918)	(40,577)	(56,502)	(59,885)
Net Change in Plan Fiduciary Position	**-**	**653**	**(39,287)**	**35,902**	**(27,781)**
Plan Fiduciary Net Position - Beginning	**-**	**424,166**	**463,453**	**427,551**	**455,332**
Plan Fiduciary Net Position - Ending (b)	**$ -**	**$ 424,819**	**$ 424,166**	**$ 463,453**	**$ 427,551**
Net OPEB Liability - Ending (a) - (b)	**$ -**	**$ (188,992)**	**$ (165,308)**	**$ (173,807)**	**$ (108,012)**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	**0.00%**	**180.14%**	**163.86%**	**160.01%**	**133.80%**
Covered-Employee Payroll	**$ -**	**$ 629,808**	**$ 610,808**	**$ 672,266**	**$ 652,685**
Net OPEB Liability as a % of Covered-Employee Payroll	**0.00%**	**-30.01%**	**-27.06%**	**-25.85%**	**-16.55%**

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years.

Fiscal Year Ending	**2021**	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability					
Service costs	$ 8,907	$ 9,427	$ 11,298	$ 53,470	$ 50,924
Interest	28,075	23,121	49,023	59,951	58,429
Changes of benefit terms	-	-	(882,057)	-	-
Difference between expected and actual experience	-	(157,076)	141,256	-	-
Change in assumptions	8,667	(124,117)	(118,162)	-	-
Benefit payments, including refunds	(82,435)	(80,400)	(201,577)	(65,682)	(64,552)
Net Change in Total OPEB Liability	**(36,786)**	**(329,045)**	**(1,000,219)**	**47,739**	**44,801**
Total OPEB Liability - Beginning	**542,214**	**871,259**	**1,871,478**	**1,823,739**	**1,778,938**
Total OPEB Liability - Ending (a)	**$ 505,428**	**$ 542,214**	**$ 871,259**	**$ 1,871,478**	**$ 1,823,739**
Plan Fiduciary Net Position					
Contribution - employer	$ 82,435	$ 470,742	$ -	$ -	$ -
Net investment income (loss)	63,752	1,238	-	-	-
Benefit payments, including refunds	(82,435)	(80,400)	-	-	-
Net Change in Plan Fiduciary Position	**63,752**	**391,580**	**-**	**-**	**-**
Plan Fiduciary Net Position - Beginning	**391,580**	**-**	**-**	**-**	**-**
Plan Fiduciary Net Position - Ending (b)	**$ 455,332**	**$ 391,580**	**$ -**	**$ -**	**$ -**
Net OPEB Liability - Ending (a) - (b)	**$ 50,096**	**$ 150,634**	**$ 871,259**	**$ 1,871,478**	**$ 1,823,739**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	**90.09%**	**72.22%**	**0.00%**	**0.00%**	**0.00%**
Covered-Employee Payroll	**$ 918,208**	**$ 891,464**	**$ 2,452,554**	**$ 2,381,121**	**$ 2,311,768**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	**5.46%**	**16.90%**	**35.52%**	**78.60%**	**78.89%**

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years.

Fiscal Year Ending	**2026**	**2025**	**2024**	**2023**	**2022**
Actuarially determined contribution	$ -	$ 3,868	$ 4,702	$ 5,070	$ 8,268
Contributions in relation to the actuarially determined contribution	-	(3,268)	39,823	(61,179)	(71,301)
Contribution (excess) deficiency	$ -	$ 600	$ 44,525	$ (56,109)	$ (63,033)
Covered-Employee Payroll	**$ -**	**$ 629,808**	**$ 610,808**	**$ 672,266**	**$ 652,685**
Contribution as a Percentage of Covered Payroll	**0.00%**	**0.52%**	**-6.52%**	**9.10%**	**10.92%**

Fiscal Year Ending	**2021**	**2020**	**2019**	**2018**	**2017**
Actuarially determined contribution	$ 11,151	$ 19,251	$ 53,173	$ 148,959	$ 143,977
Contributions in relation to the actuarially determined contribution	(82,435)	(470,742)	(201,577)	(65,682)	(64,552)
Contribution (excess) deficiency	$ (71,284)	$ (451,491)	$ (148,404)	$ 83,277	$ 79,425
Covered-Employee Payroll	**$ 918,208**	**$ 891,464**	**$ 2,452,554**	**$ 2,381,121**	**$ 2,311,768**
Contribution as a Percentage of Covered Payroll	**8.98%**	**52.81%**	**8.22%**	**2.76%**	**2.79%**

*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years.

Notes to Schedules

None.

		Blended Component Units			
ASSETS	**Housing Authority**	**Oliver Gardens**	**Capital City Property Management**	**Eliminations**	**Primary Government Total**
Current Assets					
Cash and cash equivalents					
Unrestricted	$ 21,891,650	$ 984	$ -	$ -	$ 21,892,634
Restricted	539,548	274,842	-	-	814,390
Subtotal	**22,431,198**	**275,826**	**-**	**-**	**22,707,024**
Certificates of Deposit	2,284,185	-	-	-	2,284,185
Accounts receivable, net	604,375	6,143	-	(170,000)	440,518
Prepaid expenses	18,356	4,995	636	-	23,987
Interfund due from	239,482	-	13,079	(252,561)	-
Total Current Assets	**25,577,596**	**286,964**	**13,715**	**(422,561)**	**25,455,714**
Non-Current Assets					
Notes receivable	33,084,951	-	-	(711,751)	32,373,200
OPEB plan assets	188,991	-	-	-	188,991
Other assets	-	-	-	-	-
Capital assets not being depreciated	842,284	685,162	-	-	1,527,446
Capital assets, net	2,182,184	1,096,556	-	-	3,278,740
Total Non-Current Assets	**36,298,410**	**1,781,718**	**-**	**(711,751)**	**37,368,377**
TOTAL ASSETS	**61,876,006**	**2,068,682**	**13,715**	**(1,134,312)**	**62,824,091**
DEFERRED OUTFLOWS OF RESOURCES	**482,823**	**-**	**-**	**-**	**482,823**

See notes to financial statements

		Blended Component Units			
LIABILITIES	**Housing Authority**	**Oliver Gardens**	**Capital City Property Management**	**Eliminations**	**Primary Government Total**
Current Liabilities					
Accounts payable	26,824	154,309	1,473	-	182,606
Accrued liabilities	30,040	96,441	7,973	-	134,454
Deposits held in trust	9,805	5,135	-	-	14,940
Compensated absences current	9,088	-	2,515	-	11,603
Unearned revenue	31,445	1,502	-	-	32,947
Other liabilities current	2,989,977	716,901	-	(581,618)	3,125,260
Financial agreements payable current	-	44,446	-	-	44,446
Interfund due to	252,561	-	-	(252,561)	-
Total Current Liabilities	**3,349,740**	**1,018,734**	**11,961**	**(834,179)**	**3,546,256**
Non-Current Liabilities					
Compensated absences	51,500	-	14,251	-	65,751
Funds held in trust	69,670	-	-	-	69,670
Net pension liability	474,506	-	-	-	474,506
Financial agreements payable	-	2,234,800	-	(300,133)	1,934,667
Total Non-Current Liabilities	**595,676**	**2,234,800**	**14,251**	**(300,133)**	**2,544,594**
TOTAL LIABILITIES	**3,945,416**	**3,253,534**	**26,212**	**(1,134,312)**	**6,090,850**
DEFERRED INFLOWS OF RESOURCES	**35,003**	**-**	**-**	**-**	**35,003**
NET POSITION					
Net investment in capital assets	3,024,468	(197,395)	-	-	2,827,073
Restricted	619,633	269,707	-	-	889,340
Unrestricted	54,734,309	(1,257,164)	(12,497)	-	53,464,648
TOTAL NET POSITION	**$ 58,378,410**	**$ (1,184,852)**	**$ (12,497)**	**$ -**	**$ 57,181,061**

See notes to financial statements

	Housing Authority	Blended Component Units: Oliver Gardens	Blended Component Units: Capital City Property Management	Eliminations	Primary Government Total
Operating Revenues					
Rental revenues, net	$ 116,115	$ 83,368	$ -	$ -	$ 199,483
Government grants	27,167,212	200,345	-	-	27,367,557
Other income	2,493,980	1,656	708,819	(1,431,342)	1,773,113
Total Operating Revenues	**29,777,307**	**285,369**	**708,819**	**(1,431,342)**	**29,340,153**
Operating Expenses					
Administration	4,436,779	58,401	291,212	(1,431,342)	3,355,050
Tenant services	69,810	-	-	-	69,810
Utilities	132,430	87,107	-	-	219,537
Maintenance and operations	1,329,607	55,812	234,850	-	1,620,269
Protective services	1,190	-	-	-	1,190
Insurance expense	112,949	19,413	8,139	-	140,501
General expense	2,654	19,585	-	-	22,239
Housing Assistance Payments	20,164,827	-	-	-	20,164,827
Depreciation and amortization	144,269	64,966	-	-	209,235
Total Operating Expenses	**26,394,515**	**305,284**	**534,201**	**(1,431,342)**	**25,802,658**
OPERATING INCOME (LOSS)	**3,382,792**	**(19,915)**	**174,618**	**-**	**3,537,495**
Non-Operating Revenues (Expenses)					
Interest income	534,266	10,041	-	-	544,307
Gain on disposal of assets	601,145	-	-	-	601,145
Interest expense	-	(78,205)	-	-	(78,205)
Total Non-Operating Revenues (Expenses)	**1,135,411**	**(68,164)**	**-**	**-**	**1,067,247**
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	**4,518,203**	**(88,079)**	**174,618**	**-**	**4,604,742**
Capital Contributions and Transfers					
Capital contributions	80,731	-	-	-	80,731
Transfers	-	-	-	-	-
Total Capital Contributions and Transfers	**80,731**	**-**	**-**	**-**	**80,731**
CHANGE IN NET POSITION	**4,598,934**	**(88,079)**	**174,618**	**-**	**4,685,473**
BEGINNING NET POSITION	**53,779,476**	**(1,096,773)**	**(187,115)**	**-**	**52,495,588**
ENDING NET POSITION	**$ 58,378,410**	**$ (1,184,852)**	**$ (12,497)**	**$ -**	**$ 57,181,061**

See notes to financial statements

	Housing Authority	Blended Component Units: Oliver Gardens	Blended Component Units: Capital City Property Management	Eliminations	Primary Government Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from tenants and users	$ 3,552,619	$ 81,443	$ 730,697	$ -	$ 4,364,759
Receipts from operating grants	27,375,198	200,345	-	-	27,575,543
Payments for goods and services	(4,153,797)	(271,370)	(121,006)	-	(4,546,173)
Payments for Housing Assistance Payments	(20,164,827)	-	-	-	(20,164,827)
Payments to employees for services	(2,238,542)	53,237	(414,343)	-	(2,599,648)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	**4,370,651**	**63,655**	**195,348**	**-**	**4,629,654**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset (purchases)/gain on sale	(137,697)	-	-	-	(137,697)
Payments on leases and loans	-	(119,190)	-	-	(119,190)
Capital contributions	80,731	-	-	-	80,731
Interfund and transfers	195,348	-	(195,348)	-	-
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**138,382**	**(119,190)**	**(195,348)**	**-**	**(176,156)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from investment activities	534,266	10,040	-	-	544,306
Transfers	-	-	-	-	-
(Purchase) or sale of notes receivable	(6,887,774)	-	-		(6,887,774)
(Purchase) or redemption of CD	17,064,599	-	-	-	17,064,599
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	**10,711,091**	**10,040**	**-**	**-**	**10,721,131**
NET INCREASE (DECREASE) IN CASH	**15,220,124**	**(45,495)**	**-**	**-**	**15,174,629**
BEGINNING CASH	**7,211,074**	**321,321**	**-**	**-**	**7,532,395**
ENDING CASH	**$ 22,431,198**	**$ 275,826**	**$ -**	**$ -**	**$ 22,707,024**

See notes to financial statements

	Housing Authority	Blended Component Units: Oliver Gardens	Blended Component Units: Capital City Property Management	Eliminations	Primary Government Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ 3,382,792	$ (19,915)	$ 174,618	$ -	$ 3,537,495
Non-Cash Adjustments					
Depreciation	144,269	64,966	-	-	209,235
Pension/OPEB	(96,428)	-	-	-	(96,428)
Change in Asset and Liabilities					
(Increase) decrease in accounts receivable	1,149,270	(1,990)	21,878	-	1,169,158
(Increase) decrease in inventory and prepaid	(3,972)	(536)	(308)	-	(4,816)
Increase (decrease) in accounts payable	(225,106)	(27,053)	(3,680)	-	(255,839)
Increase (decrease) in accrued liabilities	18,586	49,774	2,840	-	71,200
Increase (decrease) in unearned revenue	446	(1,857)	-	-	(1,411)
Increase (decrease) in deposits held in trust	794	266	-	-	1,060
Net interfunds	-	-	-	-	-
Total Adjustments	**987,859**	**83,570**	**20,730**	**-**	**1,092,159**
Net Cash Provided (Used) by Operating Activities	**$ 4,370,651**	**$ 63,655**	**$ 195,348**	**$ -**	**$ 4,629,654**

See notes to financial statements

ASSETS	Mount Vernon Park	Hildebrandt Park	South Washington Park	LaRoy Froh	DPCU Total
Current Assets					
Cash and cash equivalents					
Unrestricted	$ 337,283	$ 181,704	$ 81,487	$ 256,420	$ 856,894
Restricted	2,083,819	1,466,752	1,749,428	1,829,802	7,129,801
Subtotal	**2,421,102**	**1,648,456**	**1,830,915**	**2,086,222**	**7,986,695**
Certificates of Deposit	-	-	-	-	-
Accounts receivable, net	39,732	71,883	47,919	112,147	271,681
Prepaid expenses	43,127	86,951	24,281	19,005	173,364
Interfund due from	-	-	-	-	-
Total Current Assets	**2,503,961**	**1,807,290**	**1,903,115**	**2,217,374**	**8,431,740**
Non-Current Assets					
Notes receivable	-	-	-	-	-
OPEB plan assets	-	-	-	-	-
Other assets	103,055	93,247	150,591	92,930	439,823
Capital assets not being depreciated	520,000	510,000	900,000	575,000	2,505,000
Capital assets, net	22,912,789	18,402,919	18,744,612	18,998,506	79,058,826
Total Non-Current Assets	**23,535,844**	**19,006,166**	**19,795,203**	**19,666,436**	**82,003,649**
TOTAL ASSETS	**26,039,805**	**20,813,456**	**21,698,318**	**21,883,810**	**90,435,389**
DEFERRED OUTFLOWS OF RESOURCES	**-**	**-**	**-**	**-**	**-**

See notes to financial statements

LIABILITIES	Mount Vernon Park	Hildebrandt Park	South Washington Park	LaRoy Froh	DPCU Total
Current Liabilities					
Accounts payable	52,914	33,449	30,658	45,092	162,113
Accrued liabilities	35,913	846,956	19,307	728,469	1,630,645
Deposits held in trust	27,616	20,239	28,261	23,461	99,577
Compensated absences current	-	-	-	-	-
Unearned revenue	37,192	12,258	37,271	24,967	111,688
Other liabilities current	28,252	91,307	16,347	60,357	196,263
Financial agreements payable current	-	7,293,559	9,649,643	7,687,237	24,630,439
Interfund due to	-	-	-	-	-
Total Current Liabilities	**181,887**	**8,297,768**	**9,781,487**	**8,569,583**	**26,830,725**
Non-Current Liabilities					
Compensated absences	-	-	-	-	-
Funds held in trust	207,969	-	95,345	-	303,314
Net pension liability	-	-	-	-	-
Financial agreements payable	19,582,854	4,905,577	1,899,304	5,777,527	32,165,262
Total Non-Current Liabilities	**19,790,823**	**4,905,577**	**1,994,649**	**5,777,527**	**32,468,576**
TOTAL LIABILITIES	**19,972,710**	**13,203,345**	**11,776,136**	**14,347,110**	**59,299,301**
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
NET POSITION					
Net investment in capital assets	11,696,252	6,713,783	17,745,308	6,108,742	42,264,085
Restricted	2,056,203	1,446,513	1,721,167	1,806,341	7,030,224
Unrestricted	(7,685,360)	(550,185)	(9,544,293)	(378,383)	(18,158,221)
TOTAL NET POSITION	**$ 6,067,095**	**$ 7,610,111**	**$ 9,922,182**	**$ 7,536,700**	**$ 31,136,088**

See notes to financial statements

	Mount Vernon Park	Hildebrandt Park	South Washington Park	LaRoy Froh	DPCU Total
Operating Revenues					
Rental revenues, net	$ 361,945	$ 317,881	$ 356,653	$ 323,611	$ 1,360,090
Government grants	1,177,246	894,859	1,276,253	983,911	4,332,269
Other income	547	970	412	1,792	3,721
Total Operating Revenues	**1,539,738**	**1,213,710**	**1,633,318**	**1,309,314**	**5,696,080**
Operating Expenses					
Administration	470,316	296,541	501,978	295,527	1,564,362
Tenant services	-	-	-	-	-
Utilities	263,026	199,013	284,331	273,167	1,019,537
Maintenance and operations	268,467	274,628	322,380	216,572	1,082,047
Protective services	4,399	3,142	205,801	3,142	216,484
Insurance expense	23,147	96,237	105,772	73,717	298,873
General expense	11,220	9,483	1,380	73	22,156
Housing Assistance Payments	-	-	-	-	-
Depreciation and amortization	822,639	604,222	861,493	895,500	3,183,854
Total Operating Expenses	**1,863,214**	**1,483,266**	**2,283,135**	**1,757,698**	**7,387,313**
OPERATING INCOME (LOSS)	**(323,476)**	**(269,556)**	**(649,817)**	**(448,384)**	**(1,691,233)**
Non-Operating Revenues (Expenses)					
Interest income	84,230	78,547	35,662	64,278	262,717
Gain on disposal of assets	-	-	(16,854)	-	(16,854)
Interest expense	(1,273,845)	(614,255)	(877,433)	(532,786)	(3,298,319)
Total Non-Operating Revenues (Expenses)	**(1,189,615)**	**(535,708)**	**(858,625)**	**(468,508)**	**(3,052,456)**
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	**(1,513,091)**	**(805,264)**	**(1,508,442)**	**(916,892)**	**(4,743,689)**
Capital Contributions and Transfers					
Capital contributions	209,131	721,935	(416)	733,759	1,664,409
Transfers	-	-	-	-	-
Total Capital Contributions and Transfers	**209,131**	**721,935**	**(416)**	**733,759**	**1,664,409**
CHANGE IN NET POSITION	**(1,303,960)**	**(83,329)**	**(1,508,858)**	**(183,133)**	**(3,079,280)**
BEGINNING NET POSITION	**7,371,055**	**7,693,440**	**11,431,040**	**7,719,833**	**34,215,368**
ENDING NET POSITION	**$ 6,067,095**	**$ 7,610,111**	**$ 9,922,182**	**$ 7,536,700**	**$ 31,136,088**

See notes to financial statements

1. The Actual Costs of the Commission was as follows:

Grant	Funds Approved	Funds Disbursed	Funds Expended	Balance Unspent
MI28P058501-19	$ 2,268,510	$ 2,268,510	$ 2,268,510	$ -
MI28P058501-20	$ 2,428,948	$ 2,428,948	$ 2,428,948	$ -
MI28P058501-21	$ 2,353,880	$ 2,353,880	$ 2,353,880	$ -
MI28P058501-22	$ 1,774,356	$ 1,774,356	$ 1,774,356	$ -
MI28P058501-23	$ 1,523,975	$ 1,523,975	$ 1,523,975	$ -
MI28P058501-24	$ 1,592,215	$ 915,215	$ 915,215	$ 677,000

2. The distribution of costs as shown on the Financial Statement of Costs accompanying the Actual Cost Certificate submitted to HUD for approval, is in agreement with the Commission's records.

3. For the above completed grants, all costs have been paid and all related liabilities have been discharged through payment.

	Assistance Listing Number(s)	Award Type		Expenditures
U.S. Department of HUD				
Housing Choice Vouchers	14.871	Direct	$	20,893,429
Housing Choice Vouchers - Emergency Housing Vouchers	14.871	Direct		215,864
Total Housing Voucher Center Cluster				**21,109,293**
Low Rent Public Housing	14.850	Direct		1,244,131
Public Housing Capital Fund Program	14.872	Direct		3,581,674
Continuum of Care Program	14.267	Direct		1,241,248
PIH Family Self-Sufficiency Program	14.896	Direct		71,597
Total U.S. Department of HUD				**27,247,943**
Total Expenditures of Federal Awards			**$**	**27,247,943**

Award Type		
Direct	$	27,247,943
Indirect	$	-

NOTE 01 - SCOPE OF PRESENTATION

The accompanying schedule presents the expenditures incurred (and related awards received) by Lansing Housing Commission (the Commission) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal or state reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

NOTE 02 - BASIS OF ACCOUNTING

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 03 - INDIRECT COST RATE

The Commission elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

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Board of Commissioners
Lansing Housing Commission
Lansing, MI

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregated discretely presented component units of Lansing Housing Commission as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Lansing Housing Commission's basic financial statements, and have issued our report thereon dated December 8, 2025. Our report includes a reference to other auditors who audited the financial statements of LaRoy Froh Limited Dividend Housing Association, L.P., Mount Vernon Park Limited Dividend Housing Association, L.P., South Washington Limited Dividend Housing Association, L.P., and Hildebrandt Park Limited Dividend Housing Association, L.P, as described in our report on Lansing Housing Commission's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting
In planning and performing our audit, we considered Lansing Housing Commission's internal control over financial reporting (internal control) a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Lansing Housing Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Lansing Housing Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Lansing Housing Commission's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lansing Housing Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lansing Housing Commission's control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lansing Housing Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Marion & Co

December 8, 2025

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Lansing, MI

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Lansing Housing Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lansing Housing Commission's major federal programs for the year ended June 30, 2025. Lansing Housing Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lansing Housing Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal* Regulations *Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lansing Housing Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lansing Housing Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lansing Housing Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lansing Housing Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lansing Housing Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lansing Housing Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lansing Housing Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lansing Housing Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Smith Marion & Co

December 8, 2025

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal controls over financial reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None Reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None Reported
Type of auditors' report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No

Identification of major federal programs:

ALN(s)	Name of Federal Program or Cluster
14.871	**Housing Choice Vouchers**
14.872	**Public Housing Capital Fund Program**

Dollar threshold used to distinguish between type A and type B programs:	$ 817,438
Auditee qualified as a low-risk auditee	No

Section II Financial Statement Findings

No findings.

Section III Federal Awards Findings

No findings to reported under 2CFR200 Section 516(a) of the Uniform Guidance.

Financial Statement Findings

Prior Year Findings Number	Findings Title	Status/ Current Year Findings Number
N/A	There were no prior findings reported.	N/A

Federal Award Findings and Questioned Costs

Prior Year Findings Number	Findings Title	Status/ Current Year Findings Number
N/A	There were no prior findings reported.	N/A

2025

Annual Report

Lansing Housing
COMMISSION

INTRODUCTION

Welcome to the Annual Report of the Lansing Housing Commission (LHC). The past year featured significant milestones further establishing LHC as one of the premier housing agencies in the nation. Through award-winning programs, strengthened community partnerships and the development of new affordable housing, LHC remains focused on meeting the needs of our residents and the broader Lansing community. Over the past seven years, the LHC Board of Directors has worked in close partnership with Executive Director Doug Fleming to achieve this remarkable transformation in regulatory compliance, physical assets and financial stability.

In partnership with the Michigan State Housing Development Authority (MSHDA), HUD and other key investors, LHC's total development investment in Lansing has now surpassed $125 million over the past five years. This includes the construction of more than 100 new affordable housing units and the renovation of over 550 existing units, impacting neighborhoods throughout the city.

Our primary investment focus has been modernizing aging public housing to meet current accessibility standards, enhance security systems, update amenities and ensure full compliance with city codes.

Presently, LHC is undertaking its first new construction in more than 20 years, signaling a renewed commitment to growth and expansion. In early 2025, the Commission celebrated the groundbreaking of Riverview 220 and Grand Vista Place — two downtown, four-story developments that will collectively deliver more than 110 affordable units, seven market-rate apartments and ground-floor retail space.

Located near the CATA Transportation Center, these projects are scheduled to open in mid-2026 and will serve households earning 40-80% of the area median income.

In 2026, the Lansing Housing Commission is entering an exciting phase of revitalization and opportunity. This includes expanding our partnerships with local community organizations highlighted in this report, acquiring 134 units at Summer Place Apartments for comprehensive rehabilitation, and beginning two additional housing developments that were awarded Low-Income Housing Tax Credits in December 2025. These projects will break ground in 2026 and represent an additional $40 million investment in the Lansing community.

I am deeply proud of the accomplishments of the Board of Directors and the dedicated LHC staff in 2025, and look forward to an even stronger and more impactful year ahead.

Emma Henry

Emma Henry
Chair
Lansing Housing Commission

WHO WE ARE

Mission Statement

The Lansing Housing Commission (LHC) is dedicated to creating and managing high-quality, affordable housing that is fair, compassionate, and safe. We strive to deliver impactful resident services while upholding the highest standards of performance and outcomes

Vision Statement

LHC aspires to be the premier leader in affordable housing across central Michigan—recognized for excellence in property management, innovative development, and comprehensive resident and community services.

Our vision is built on five pillars that empower independence:

- Health
- Food Security
- Financial Education / Management / Mentorship
- Educational Development Literacy
- Employment Skills/ Employment Support

Our Motto

Housing Hope. Inspiring Change.

HOW WE WORK

Committed We are unwavering in our mission to provide safe, affordable housing that meets the highest standards of quality and care.

People We serve our residents with dignity, respect, and compassion—supporting their growth, wellbeing, and independence every step of the way.

Partnerships We build strong, collaborative relationships that empower residents and strengthen the communities we serve.

Leadership We lead with integrity and responsibility, inspiring trust, fostering collaboration, and driving positive change.

WHAT WE DO

We are a public housing authority that develops, manages and administers affordable housing and rental assistance programs for low income families, elderly residents and disabled individuals in Lansing and in surrounding communities.

CONSTRUCTION & RENOVATIONS

Lansing Housing Commission's dedication to serving our community reached monumental proportions in 2025 with a pair of projects that have literally altered the downtown Lansing skyline. In February 2025, LHC broke ground on a two developments that, when completed later this year, will bring over 100 affordable apartments to the city.

The first new construction undertaken by the commission in over 20 years, the projects represent a $41.2 million investment in the city's future and bring LHC's total housing investments in the area to $125 million over the past five years.

Riverview 220 is being constructed directly across the street from the CATA Transportation Center at 420 S. Grand Ave. It will feature seven market-rate apartments and 56 apartments reserved for low-income residents, along with retail space. Grand Vista Place, located just south of Lenawee Street, will include an additional 55 affordable apartments.

Construction on the developments was ongoing throughout 2025. A productive partnership with Wolverine Building Group has kept the work on schedule. LHC can't wait to welcome community members to these incredible residences in the near future.

In addition, in December of 2025 LHC was awarded two new 9% Low-income housing tax credits (LIHTC) to invest in our Oliver Gardens property and to purchase and complete a historical renovation of 927 S. Washington located in REO town. The existing 30 units at Oliver Gardens will be renovated and additional 16 units will be added to this senior property. The currently closed 927 building will be completed restored with 50 new units of senior housing while maintaining the historical significance of this building. LHC also entered into a purchase agreement for the current Summer Place Apartments in south Lansing. LHC will use 4% MSHDA LIHTC monies to completely renovate this property and add an additional 134 units to our portfolio. Total investment of these deals will exceed $50 million.

COMMUNITY PROGRAMMING

100 Families – United Against Poverty

Lansing Housing Commission proudly partners with the 100 Families – United Against Poverty initiative to ensure that families in crisis have access to the resources and support needed to achieve long-term stability and success.

United Against POVERTY

The 100 Families Initiative is a collaborative, community-driven effort dedicated to helping families transition from crisis to stability. Through coordinated care, advocacy, and strategic partnerships, the program connects families to essential services and opportunities that foster resilience and growth.

Since its launch in July 2024, the initiative has supported **85 local families, with 22 successfully achieving stability** through comprehensive support systems. On November 20, 2025, United Against Poverty hosted its Annual Alliance Appreciation, a community event bringing together leaders, advocates, and partners committed to expanding resources and creating lasting change for families across our region.

Boys & Girls Club Northside Unveiling and Community Celebration

In 2025, LHC found a fresh way to serve residents through an innovative partnership between the commission and the Boys & Girls Clubs of Lansing (BGCL). The two organizations collaborated on a new dedicated youth center in LHC's Hildebrandt Park community at 3122 Turner Road in north Lansing.

Known officially as the Boys & Girls Clubs of Lansing Northside Extension, the center is housed in a freestanding building on LHC's Hildebrandt Park property. It features space for crafts, games and other enrichment activities, as well as a small computer lab.

The building underwent a whirlwind renovation in the spring ahead of a BGCL summer pilot program in the space that began in June 2025. The success of this pilot paved the way for the permanent after-school program that was inaugurated at the conclusion of summer break. A grand opening was celebrated in November.

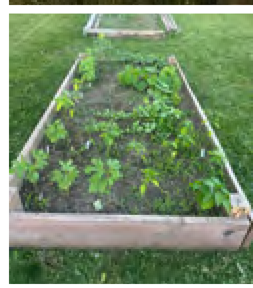
Currently, the extension serves close to 40 community children ages 7-12 each school day, with four full-time staffers at the site from 3 to 8 p.m.

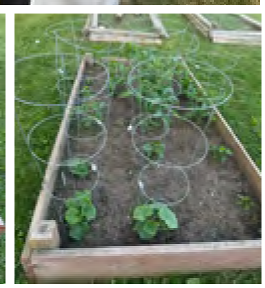
Divine Center for Success: Empowering Youth Through Faith and Education

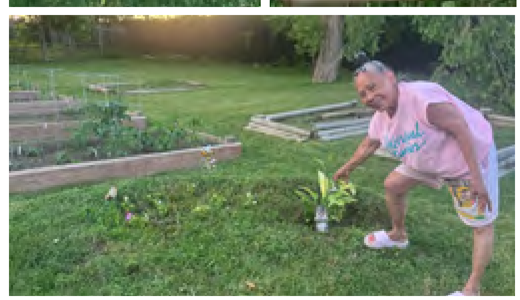
The Divine Center for Success provides a faith-based, after-school program at Waverly Place, serving youth ages 7 to 17. This initiative offers a comprehensive range of services, including academic tutoring, personal development, mentorship, engaging learning activities and educational field trips.

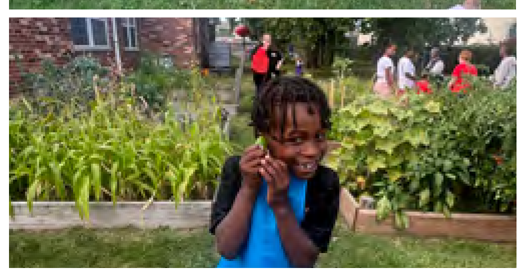
More than 20 students regularly participate in the program, benefiting from a supportive environment that fosters growth and confidence. A highlight of the year was the Parent Meet & Greet Event on November 7, 2025, which strengthened family engagement and reinforced the program's commitment to holistic youth development.

Waverly Place Garden Project: Cultivating Growth and Wellness









The Lansing Housing Commission continues to strengthen its support for community gardening initiatives through our partnership with the Greater Lansing Food Bank. Active garden programs have been successfully developed at Waverly Place, Hildebrandt Park, Capital City Apartments and LaRoy Froh.

At Waverly Place, volunteer-led programming has created meaningful engagement opportunities for youth, generating participation from more than 30 resident children. This hands-on experience fosters community pride, education and a deeper connection to healthy foods.

At Hildebrandt Park, we have established a cooperative partnership with a neighboring community garden. The Lansing Housing Commission provides access to water for their operations, and in turn, our residents are welcomed to participate and benefit from their established gardening spaces.

At Capital City Apartments, one of our residents — who is a certified Master Gardener — has played an instrumental role in cultivating a thriving garden environment. Thanks to his expertise and commitment, this location has previously been featured on the Greater Lansing Food Bank's Annual City Garden Tour, highlighting the impact of resident leadership and collaboration.

Together, these programs continue to enrich our communities, promote food access and foster resident involvement across our housing sites

GAPS FREE Store at LaRoy Froh

In partnership with GAPS Outreach, the Lansing Housing Commission operates the GAPS FREE Store, a vital resource designed to ensure equitable access to essential household items. Located at LaRoy Froh Apartments, the store provides residents with free laundry supplies, hygiene products, school materials and emergency resources.

This initiative reflects LHC's commitment to supporting families and individuals by removing barriers to basic needs and fostering stability within the community. Through collaboration and compassion, the GAPS store continues to make a meaningful impact on the lives of Lansing residents.

GAPS outreach
GAPS Family Outreach

Learn to Earn Program: Creating Pathways to Opportunity

The Learn to Earn program is designed for adults age 18 and older who are current residents of Lansing Housing Commission properties or participants in LHC's Housing Choice Voucher (Section 8) program. This initiative serves individuals with low to moderate incomes who may face barriers to employment, such as unemployment or housing instability, and are motivated to pursue personal and workforce development.

The program is intentionally low-barrier, requiring no prior work experience, and welcomes participants ready to engage in skills training, goal-setting, and supportive services. By providing accessible growth opportunities, Learn to Earn empowers residents to build sustainable careers and achieve long-term stability.

LHC-CATA Transportation Partnership

The Lansing Housing Commission, in partnership with CATA, has launched a collaborative transportation initiative to remove barriers to medical care and other essential services of senior and disabled residents of LHC Capital City Apartments. CATA utilizing federal grant monies has purchased a handicap accessible van for use by LHC to provide this essential service. This program offers free, reliable transport via the van for eligible residents, ensuring they have safe and consistent transportation to key life appointments.

Reading People / Capital Area Literacy Coalition: Advancing Literacy for All Ages

The Capital Area Literacy Coalition (CALC) is a Lansing-based nonprofit dedicated to providing free literacy services for children, teens, and adults. Current offerings include individual tutoring, English as a Second Language (ESL) instruction, and GED preparation courses, all designed to empower learners and strengthen educational outcomes.

Looking ahead, CALC is exploring the development of an onsite children's reading program and a GED partnership initiative, further expanding opportunities for residents to build foundational skills and achieve academic success.

Food Security Programs

The Lansing Housing Commission, in partnership with the Greater Lansing Food Bank, has established monthly food distribution programs that provide both perishable and non-perishable items to CapCity residents, helping to alleviate food insecurity and support household stability. In addition, LHC's Resident Services team launched an Express Food Pantry at CapCity, offering convenient access to essential groceries for families in need.

LHC's commitment to food security extends beyond its properties. Waverly Place recently served as a designated Summer Food Program site for the Lansing School District, ensuring children and families had access to nutritious meals during the summer months. These efforts reflect LHC's ongoing dedication to promoting health, wellness, and equity throughout the community.

DAP – Dignified Aging Process: Advancing Senior Stability

The Dignified Aging Process (DAP) is committed to developing meaningful, community-driven strategies that promote dignity, safety and long-term stability for vulnerable populations. DAP and LHC have partnered to provide transitional housing to address the urgent need for sustainable temporary shelter solutions for seniors and individuals managing chronic illnesses. LHC currently maintains and provides housing that serves DAP clients as they work to stabilize these individuals in their life journey. LHC and DAP will be expanding this program in 2026 to serve even more clients in the coming months.

SEMAP High Performer Designation

During the reporting year, the Lansing Housing Commission was designated a High Performer under the Department of Housing and Urban Development's (HUD) Section Eight Management Assessment Program (SEMAP). This designation reflects the agency's strong performance across critical program indicators, including housing quality standards enforcement, timely and accurate reexaminations, financial integrity and effective program administration. Achieving High Performer status demonstrates our commitment to regulatory compliance, fiscal stewardship and high-quality service delivery for program participants and property owners. This recognition underscores the dedication and professionalism of our staff and reinforces the agency's ongoing focus on accountability, continuous improvement and program excellence.

Family Self-Sufficiency (FSS) Program

The Family Self-Sufficiency (FSS) Program supports Housing Choice Voucher participants as they work toward economic independence through employment growth, education and financial stability. During the reporting year, 76 households actively participated in the FSS Program, with more than $55,000 credited to participant escrow accounts as families increased their earned income. Additionally, two households successfully completed the program, resulting in the disbursement of nearly $30,000 in escrow funds earned over the life of their FSS contracts. These outcomes reflect the program's role in helping families build assets, strengthen financial security and move toward long-term self-sufficiency.

Honored for Excellence: NAHRO Award-Winning Fall Festivals

In September 2025, Lansing Housing Commission hosted two Fall Festival events designed to foster community engagement and connect residents with available services. More than 200 families were invited to enjoy an afternoon of entertainment, family-friendly activities, and onsite promotion of resident programs and resources.

As part of its commitment to supporting local and minority-owned businesses, LHC contracted a minority-owned food truck to provide complimentary meals to attendees. Each guest received a BBQ chicken or hot dog entrée, along with cornbread or rolls, baked beans, coleslaw, and potato salad at no cost.

Throughout the events, LHC community partners staffed informational tables, offering residents guidance and year-round access to a wide range of programs and supportive services. The festivals were staffed by LHC property management teams and supported by more than 20 volunteers from the administrative office, reflecting a strong, organization-wide commitment to resident engagement and community building.

These efforts align with the mission of the National Association of Housing and Redevelopment Officials (NAHRO), a national organization that represents housing and community development agencies across the country. NAHRO provides advocacy, professional development, and best-practice resources to help agencies like LHC expand affordable housing opportunities, strengthen neighborhoods, and improve residents' quality of life. LHC's Fall Festivals exemplify the type of resident-centered programming and community partnerships that NAHRO champions nationwide resulting in LHC being recognized nationally for their impact, earning a NAHRO Award of Merit in the category of Resident and Client Services at the Fall National Meeting.

NAHRO

BY THE NUMBERS

Number review - Total families served

During the reporting year, Lansing Housing Commission provided critical housing assistance to thousands of families and individuals across a range of federal and state-funded programs. These efforts supported housing stability, prevented homelessness and addressed the diverse needs of our community.

Our largest program, the Housing Choice Voucher (HCV) Program, served 1,320 households, enabling families to access safe, affordable housing in the private rental market. In addition, 395 households were supported through our Project-Based Voucher (PBV) Program, which ties rental assistance to specific housing developments and promotes long-term housing stability.

We remained strongly committed to serving veterans experiencing housing instability. Through the Veterans Affairs Supported Housing (VASH) Program, we assisted 160 veteran households, combining rental assistance with supportive services to help veterans maintain permanent housing.

As an agent for the State of Michigan, we also managed 575 Michigan State Housing Development Authority (MSHDA) vouchers, expanding affordable housing opportunities for low- and moderate-income families throughout our service area.

In addition to voucher-based assistance, our organization served 112 households through HUD Continuum of Care (CoC) grants, including Permanent Supportive Housing and Shelter Plus Care programs. These initiatives focus on individuals and families experiencing chronic homelessness, providing both housing and supportive services designed to promote long-term housing stability and self-sufficiency.

In total, our housing programs supported thousands of households during the year, reinforcing our mission to strengthen families, stabilize communities and expand access to safe, affordable housing.

HCV Program
1,320
HOUSEHOLDS SERVED

PBV Program
395
HOUSEHOLDS SERVED

MSHDA
575
VOUCHERS MANAGED

HUD CoC Grants
112
HOUSEHOLDS SERVED

SUMMARY

As the executive Director of the Lansing Housing Commission, I am very proud of the accomplishments and achievements we have experienced during 2025. From our extensive investments in our properties and residents, our key partnerships and collaborations with community organizations and our future investments in new housing in Lansing we are focused on serving our mission every day at LHC. I am most proud of our people, the dedicated individuals who work every day to serve the residents of Lansing and most importantly our low-income clients. In addition to their daily dedication, they also regularly volunteer in the community in support of our mission.

I am also thankful for our volunteer LHC board of directors and Mayor Andy Shor and his administration who consistently supports LHC in its mission. Without these key partnerships we would not have experienced the success that have marked the past 7 years and throughout 2025 within the housing commission.

Doug Fleming
Executive Director
Lansing Housing Commission