

# WHAT IS LANSING HIDING?

**\$612 Million  
in  
Hidden Debt**



94% of Lansing's retirement debt is not clearly disclosed on its balance sheet.

Once these hidden debts are counted, Lansing's balance sheet doesn't look so great. In fact, the city is sinking in debt. One of the reasons Lansing is in this precarious financial position is city officials use antiquated accounting rules to report Lansing's financial condition.

Truth in Accounting's detailed analysis discovered a total of \$650 million of retirement benefits are owed, but not funded. Because of the confusing way the city does its accounting, only \$38 million of these liabilities are reported on Lansing's balance sheet. If this debt is included, Lansing has a \$653 million shortfall, which effectively represents compensation and other costs that have been pushed into the future.

## LANSING'S BILLS EXCEED ITS ASSETS

**\$96 Million  
ASSETS**

**\$749 Million  
BILLS**

**\$653 Million  
NEEDED TO  
PAY BILLS**

# THE FINANCIAL STATE OF LANSING

## The City's Bills Exceed Its Assets

Assets	\$710,590,000
Less: <i>Capital Assets</i>	\$590,884,000
<i>Restricted Assets</i>	\$23,629,000
Assets Available to Pay Bills	\$96,077,000
Less: Bills	\$748,851,000
Money Needed to Pay Bills	\$652,774,000
<b>Each Taxpayer's Share of Debt</b>	<b>\$18,800</b>

Lansing has \$711 million in assets, but most of these assets are not available to pay city bills.

The \$591 million of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$24 million of the assets is restricted by law or contract.

That leaves \$96 million of city's assets available to pay \$749 million of bills as they come due.

The \$653 million shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Each Taxpayer's share of the city's debt is \$18,800.



**Truth in Accounting**

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable and transparent government financial information.

We call on governments to truthfully balance their budgets by including all real and certain expenses when incurred not when paid.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

[www.TruthInAccounting.org](http://www.TruthInAccounting.org)

[www.StateDataLab.org](http://www.StateDataLab.org)

## The Bills Lansing Has Accumulated

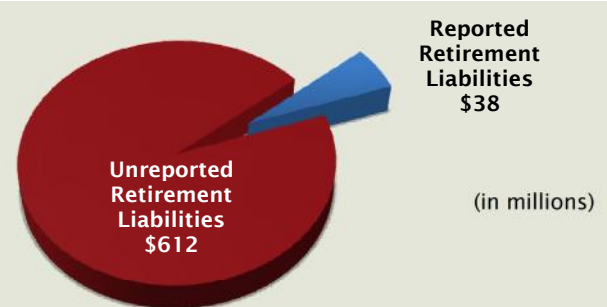
Bonds	\$244,482,000
Other Liabilities	\$78,133,000
Less: Debt Related to Capital Assets	\$223,801,000
Unfunded Pension Benefits	\$218,261,000
Unfunded Retirees' Health Care Benefits	\$431,776,000
<b>Bills</b>	<b>\$748,851,000</b>

Despite the balanced budget requirement, the city has accumulated bonds of \$244 million and other liabilities of \$78 million. The calculation of assets available to pay bills does not include capital assets, so \$224 million of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 87% of city bills. These unfunded liabilities have accumulated because city employees have been promised \$218 million of pension benefits and \$432 million of retirees' health care benefits, but the city has not adequately funded them.

Unless these pension and retirees' health care benefits are renegotiated, future taxpayers will be burdened with paying for these benefits without receiving any corresponding government services or benefits.

## Not All Retirement Liabilities Are Clearly Disclosed



A detailed study of Lansing's actuaries' schedules found retirement benefits totaling \$650 million have been promised, but not funded. A review of the city's balance sheet determined only \$38 million of these liabilities are reported. This means the city does not report \$612 million of retirement liabilities on its balance sheet.

Data is derived from the city of Lansing's June 30, 2013 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the city's population with a federal tax liability.