

Lansing Board of Water and Light Retiree Benefit Plan and Trust

**Financial Report
with Required Supplemental Information
June 30, 2014**

Lansing Board of Water and Light Retiree Benefit Plan and Trust

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Independent Auditor's Report

To the Honorable Mayor, Members of
the City Council, and Commissioners
of the Board of Water and Light
Lansing Board of Water and Light Retiree Benefit
Plan and Trust
City of Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Lansing Board of Water and Light Retiree Benefit Plan and Trust (the "Plan") as of and for the years ended June 30, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Plan'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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 opinion.

To the Honorable Mayor, Members of
the City Council, and Commissioners
of the Board of Water and Light
Lansing Board of Water and Light Retiree Benefit
Plan and Trust

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the trust net position of the Lansing Board of Water and Light Retiree Benefit Plan and Trust as of June 30, 2014 and 2013 and the changes in its trust net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and schedule of employer contributions, as identified on 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, which 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 supplemental 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.

Plante & Morse, PLLC

September 2, 2014

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of two parts: (1) management's discussion and analysis (this section) and (2) the basic financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior two years:

	2014	2013	2012
Assets held in trust:			
Cash and money market trust funds	\$ 5,711,439	\$ 8,498,919	\$ 6,666,106
Corporate bonds and notes	20,713,869	19,321,385	18,602,251
Government bonds and notes	16,284,339	13,019,316	12,723,224
Equities	108,540,537	86,128,263	69,522,814
Mutual funds and other	2,259,641	1,950,935	1,961,220
Interest and dividend receivable	211,625	185,624	194,729
Total plan assets	<u>\$ 153,721,450</u>	<u>\$ 129,104,442</u>	<u>\$ 109,670,344</u>
Changes in net position:			
Net investment income (loss)	\$ 25,667,779	\$ 15,711,575	\$ (405,257)
Employer contributions	9,266,529	14,045,204	15,854,530
Retiree benefits paid	(9,266,529)	(9,524,120)	(9,416,763)
Administrative fees	(1,050,771)	(798,561)	(747,493)
Net change in net position	<u>\$ 24,617,008</u>	<u>\$ 19,434,098</u>	<u>\$ 5,285,017</u>

During fiscal year 2014, net investment gains were \$25.7 million. We believe this performance is in line with the overall level of returns experienced by similarly situated institutional investors.

The employer contributions were down by \$4.8 million due to the decrease in the Board of Water and Light - City of Lansing, Michigan's (the "BWL") annual required contribution (ARC) as determined by the BWL's actuary.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Management's Discussion and Analysis (Continued)

Investment Objectives and Asset Allocation

The Plan's assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the BWL has taken into account the time horizon available for investment, the nature of the Plan's cash flows and liabilities, and other factors that affect the Plan's risk tolerance. Consistent with this, the BWL has determined that the investment objective is income and growth. This investment objective is a balanced approach that emphasizes a stable and substantial source of current income and some capital appreciation over the long term.

Consistent with the advice of the investment advisor, the BWL has selected the following target asset allocation strategy:

Domestic large capitalization stocks	43.2%
Domestic small capitalization stocks	10.0%
International stocks	10.7%
U.S. core fixed income	31.1%
Private equity	5.0%

Investment Results

The fiscal year ended June 30, 2014 saw a net investment gain of \$24.6 million. We believe this performance is in line with the overall level of recovery experienced by the stock and bond markets.

Future Events

The BWL is funding its other postemployment benefits (OPEBs) and is intending to meet its annual required contributions (ARC) in part by making contributions into the VEBA Trust Fund.

Contacting the Plan's Management

This financial report is intended to provide a general overview of the Plan's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the office of Susan Devon, Chief Administrative and Technology Officer, at P.O. Box 13007, Lansing, Michigan 48901-3007.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Statement of Trust Net Position

	June 30	
	2014	2013
Assets		
Investments - Fair value:		
Cash and money market trust funds	\$ 5,711,439	\$ 8,498,919
Corporate bonds and commercial paper	20,713,869	19,321,385
Government bonds and notes	16,284,339	13,019,316
Equities	108,540,537	86,128,263
Mutual funds	2,259,641	1,950,935
Total investments at fair value	153,509,825	128,918,818
Investment interest and dividend receivable	211,625	185,624
Trust Net Position	\$ 153,721,450	\$ 129,104,442

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Statement of Changes in Trust Net Position

	Year Ended June 30	
	2014	2013
Increase		
Investment income:		
Net appreciation in fair value of investments	\$ 22,774,150	\$ 12,938,049
Interest and dividend income	2,893,629	2,773,526
Total investment income	25,667,779	15,711,575
Employer contributions	9,266,529	14,045,204
Total increase	34,934,308	29,756,779
Decrease		
Retiree benefits paid	9,266,529	9,524,120
Administrative expenses	1,050,771	798,561
Total decrease	10,317,300	10,322,681
Net Increase in Trust Net Position	24,617,008	19,434,098
Net Position		
Beginning of year	129,104,442	109,670,344
End of year	<u>\$ 153,721,450</u>	<u>\$ 129,104,442</u>

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 1 - Description of the Plan

The following description of the Lansing Board of Water and Light Retiree Benefit Plan and Trust (the "Plan"), a trust fund of the Board of Water and Light - City of Lansing, Michigan (the "BWL"), provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General - The Plan was established on October 20, 1999, effective as of July 1, 1999, to constitute a voluntary employee beneficiary association (VEBA) under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended. The Plan was formed for the purpose of accumulating assets sufficient to fund retiree healthcare insurance costs in future years.

The Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits in accordance with Section 5-203 of the City Charter. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL. There were 698 participants eligible to receive benefits at June 30, 2014 and 692 participants eligible at June 30, 2013.

Contributions to the Plan are a combination of amounts contributed by the BWL to the Plan and the direct cost of benefits paid to participants from the BWL's general cash flow. During the years ended June 30, 2014 and 2013, the cost to BWL of maintaining the Retiree Benefit Plan was \$9,266,529 and \$14,045,204, respectively, of which \$0 and \$4,521,084 was contributed to the VEBA trust and \$9,266,529 and \$9,524,120, respectively, was incurred as direct costs of benefits.

Benefits - Benefits shall not be paid from this Plan to participants or their beneficiaries during a plan year in which there has been a "qualified transfer" pursuant to Internal Revenue Code Section 420(e)(1)(8) from the Lansing Board of Water and Light Defined Benefit Plan for the Employees' Pensions, except that once the "qualified transfer" has been exhausted for the purpose of paying qualified current retiree health liabilities, benefit payments may be made under this Plan consistent with Internal Revenue Code Section 420(e)(1)(B). After "qualified transfers" have been exhausted, benefits paid under this Plan shall be those benefits described in the relevant sections of the Postretirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light.

Trustees - Each member of the Lansing Board of Water and Light board of commissioners is a trustee during the term of office as a commissioner. The trustees have appointed Merrill Lynch, Pierce, Fenner & Smith Incorporated as custodian of the Plan's assets.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 1 - Description of the Plan (Continued)

Contributions - The Lansing Board of Water and Light makes contributions in such a manner and at such times as appropriate. All contributions received, together with the income thereon, are held, invested, reinvested, and administered by the trustees pursuant to the terms of the plan agreement. No employee contributions are allowed under this Plan. Contributions are recognized when due and when the amount to be contributed is committed by the BWL.

Participation - Participation in this Plan is determined in accordance with the terms of the Postretirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light. At June 30, 2014, there were 698 active participants (not eligible to receive benefits), 80 disabled participants, 476 retired participants, 473 active spouses (not eligible to receive benefits), and 152 surviving spouses participating in the Plan. At June 30, 2013, there were 681 active participants (not eligible to receive benefits), 82 disabled participants, 457 retired participants, 488 active spouses (not eligible to receive benefits), and 140 surviving spouses participating in the Plan.

Vesting - Benefits become payable in accordance with the terms of the Postretirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light. At no time will benefits of the Postretirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light be vested. The BWL may reduce or eliminate any or all plan benefits at any time, subject to the requirements of any collective bargaining agreement.

Termination - In the event of plan termination, all plan assets shall be used to purchase additional eligible benefits in accordance with the terms of the plan agreement. In the event of dissolution, merger, consolidation, or reorganization of the BWL, the Plan shall terminate and liquidate in a manner consistent with the plan agreement unless the Plan is continued by a successor to the BWL.

Note 2 - Summary of Significant Accounting Policies

Accounting and Reporting Principles

The Plan follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Basis of Accounting

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due pursuant to legal requirements.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Report Presentation

This report includes the fund-based statements of the Plan.

Investment Valuation and Income Recognition - Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Purchases and sales of investments are recorded on a trade-date basis.

Appreciation or depreciation of investments is calculated based on the beginning of the period's fair value of investments.

Expenses - Substantially all costs and expenses incurred in connection with the operation and administration of the Plan are paid by the BWL, the plan sponsor. The Plan pays all transaction expenses incurred in connection with the investment accounts, which are netted with investment income.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Funding Policy - The BWL adopted a process for funding the retiree benefits using both a VEBA trust and, to the extent permitted by law, excess pension assets in the Defined Benefit Pension Plan. Additional contributions to the VEBA trust from BWL operating funds to supplement Section 420 transfers will not exceed the recommended annual contribution amount required to cover current service of active participants and amortize the unfunded accrued liability over 30 years. The required contribution is based on a projected pay-as-you-go financing requirement with an additional amount to prefund benefits.

The BWL's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Contribution trend information is as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Contributed	Percentage of Annual OPEB Cost Contributed
6/30/2012	\$ 15,774	\$ 15,854	101%
6/30/2013	13,994	14,045	100%
6/30/2014	9,202	9,268	101%

Funded Status and Funding Progress - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Significant actuarial assumptions used in determining the annual OPEB cost at June 30, 2014 and 2013 include (a) rate of return on the investments of present and future assets of 7.5 percent, compounded annually, (b) projected healthcare trend rates ranging from 5.0 percent to 9.0 percent, and (c) amortization method level dollar over an open 30-year period.

Funding status and funding progress trend information is as follows (in thousands):

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	AAV as a Percentage of AAL
2/29/2012	\$ 110,029	\$ 245,418	\$ 135,389	44.83%
2/28/2013	123,195	207,864	84,669	59.27%
2/28/2014	148,307	194,365	46,058	76.30%

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Actuarial Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The Plan has calculated the accrued actuarial liability and required contribution using certain methods and assumptions. Benefit payments have been computed using the individual entry age normal method. The assets have been valued in the actuary report using the fair market value. The healthcare cost trend rates used range from 5.0 to 9.0 percent for the years ended June 30, 2014 and 2013.

Note 3 - Cash, Investments, and Fair Disclosure

The Lansing Board of Water and Light Retiree Benefit Plan and Trust has adopted GASB No. 40, *Deposit and Investment Risk Disclosures*. The modified disclosures required by GASB No. 40 are reflected below.

The Plan is authorized through Public Act 149 of 1999 to invest in accordance with Public Act 314. Public Act 314 of 1965, as amended, allows the Plan to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Plan's deposits and investment policies are in accordance with PA 196 of 1997 and have authorized the investments according to Michigan PA 314 of 1965, as amended.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

The Plan's cash and investments are subject to several types of risk, which are examined in more detail below:

Risks at June 30, 2014

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions must meet minimum criteria to offer adequate safety to the Plan. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year end, all investments of the Plan were held in the name of the Board of Water and Light and are therefore not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At year end, the average maturities of investments are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Government bonds and notes	\$ 16,284,339	11.46 years
Corporate bonds and notes	20,713,869	13.89 years
Money market trust funds	5,388,690	Less than 1 year

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Corporate bonds	\$ 2,592,281	AAA	S&P
Corporate bonds	7,599,714	AA+	S&P
Corporate bonds	409,881	AA	S&P
Corporate bonds	325,014	AA-	S&P
Corporate bonds	814,828	A+	S&P
Corporate bonds	1,459,545	A	S&P
Corporate bonds	2,435,470	A-	S&P
Corporate bonds	1,519,586	BBB+	S&P
Corporate bonds	1,243,225	BBB	S&P
Corporate bonds	847,165	BBB-	S&P
Corporate bonds	139,359	BB+	S&P
Corporate bonds	217,310	BB	S&P
Corporate bonds	171,619	BB-	S&P
Corporate bonds	48,487	B+	S&P
Corporate bonds	36,750	B	S&P
Corporate bonds	142,363	B-	S&P
Corporate bonds	645,767	CCC	S&P
Corporate bonds	65,505	D	S&P
Money market trust funds	5,388,690	Not rated	Not rated

Concentration of Credit Risk

The Board of Commissioners places no limit on the amount the Plan may invest in any one issuer.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

**Notes to Financial Statements
June 30, 2014 and 2013**

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Risks at June 30, 2013

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions must meet minimum criteria to offer adequate safety to the Plan. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year end, all investments of the Plan were held in the name of the Board of Water and Light and, therefore, are not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At year end, the average maturities of investments are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Government bonds and notes	\$ 13,019,316	12.14 years
Corporate bonds and notes	19,321,385	14.67 years
Money market trust funds	5,679,922	Less than 1 year

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Corporate bonds	\$ 2,665,293	AAA	S&P
Corporate bonds	7,164,975	AA+	S&P
Corporate bonds	313,858	AA	S&P
Corporate bonds	358,219	AA-	S&P
Corporate bonds	998,377	A+	S&P
Corporate bonds	1,250,910	A	S&P
Corporate bonds	2,074,030	A-	S&P
Corporate bonds	736,143	BBB+	S&P
Corporate bonds	1,671,545	BBB	S&P
Corporate bonds	549,653	BBB-	S&P
Corporate bonds	181,288	BB+	S&P
Corporate bonds	225,628	BB	S&P
Corporate bonds	224,763	BB-	S&P
Corporate bonds	19,350	B+	S&P
Corporate bonds	121,588	B	S&P
Corporate bonds	229,346	B-	S&P
Corporate bonds	488,732	CCC	S&P
Corporate bonds	47,687	D	S&P
Money market trust funds	5,679,922	Not rated	Not rated

Concentration of Credit Risk

The Board of Commissioners places no limit on the amount the Plan may invest in any one issuer.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Notes to Financial Statements June 30, 2014 and 2013

Note 4 - Net Appreciation of Investments

The net appreciation (depreciation) of the Plan's investments is as follows:

	<u>2014</u>	<u>2013</u>
Investments at fair value as determined by quoted market price:		
Corporate bonds and notes	\$ 451,415	\$ 284,652
Government bonds and notes	188,304	(576,489)
Equities	21,775,370	12,211,563
Alternative investments	40,441	15,276
Mutual funds	<u>318,620</u>	<u>1,003,047</u>
Total	<u>\$ 22,774,150</u>	<u>\$ 12,938,049</u>

Note 5 - Tax Status

The Plan is exempt under Internal Revenue Code Section 501(c)(9) and received an exemption letter as of February 9, 2000. The Plan has since been amended. Management believes the Plan continues to operate as a qualified plan.

Required Supplemental Information

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Schedule of Funding Progress (in thousands)

Valuation Date	Actuarial Asset Value	AAL	UAAL	Funded Ratio
2/28/2007	\$ 52,335	\$ 198,005	\$ 145,670	26.43%
2/29/2008	57,246	236,102	178,856	24.25%
2/28/2009	45,320	256,888	211,568	17.64%
2/28/2010	76,117	252,142	176,025	30.19%
2/28/2011	100,604	260,097	159,493	38.68%
2/28/2012	110,029	245,418	135,389	44.83%
2/28/2013	123,195	207,864	84,669	59.27%
2/28/2014	148,307	194,365	46,058	76.30%

AAL - Actuarial accrued liability (projected unit credit accrued liability)

UAAL - Unfunded actuarial accrued liability and negative UAAL indicate a funding excess.

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Schedule of Employer Contributions

(in thousands)

Fiscal Year Ended	Employer Contributions		Percentage of ARC Contributed
	Required	Actual	
6/30/2007	\$ 17,867	\$ 18,090	101%
6/30/2008	14,797	14,962	101%
6/30/2009	18,132	17,866	99%
6/30/2010	21,291	21,318	100%
6/30/2011	17,300	17,236	100%
6/30/2012	15,744	15,854	101%
6/30/2013	13,994	14,045	100%
6/30/2014	9,200	9,268	101%

ARC - Annual required contribution