LANSING SCHOOL DISTRICT

REPORT ON FINANCIAL STATEMENTS
(with required and additional supplementary information)

YEAR ENDED JUNE 30, 2023

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Lansing School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lansing School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lansing School District'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 governmental activities, each major fund, and the aggregate remaining fund information of Lansing School District, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lansing School District 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.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-based IT Arrangements*. Our opinions are not modified with respect to this matter.

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 School District'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 generally accepted auditing standards 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 generally accepted auditing standards 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 School District'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 School District'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 is the responsibility of management and, 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 School District's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 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 additional supplementary information, including the schedule of expenditures of federal awards are 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 October 13, 2023 on our consideration of Lansing School District'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 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 School District'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 School District's internal control over financial reporting and compliance.

Maner Costerisan PC

October 13, 2023

This section of the Lansing School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

District-wide Financial Statements

The first two statements are District-wide financial statements that provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB). The statements are prepared using the full accrual basis of accounting and more closely represent financial statements presented by business and industry. All of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation/amortization, as well as the bonded and other long-term debt of the District.

Fund Financial Statements

The fund financial statements are comparable to financial statements for the previous year. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The formats of the fund statements comply with the requirements of the Michigan Department of Education's "Accounting Manual". In the state of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds which include Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Fund.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as other financing sources. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

Summary of Net Position

The following schedule summarizes the net position for fiscal years ended June 30, 2023 and 2022:

	June 30, 2023	June 30, 2022*
Assets		
Current and other assets	$ 169,707,015	$ 148,644,941
Capital assets	194,028,816	177,415,981
Total assets	363,735,831	326,060,922
Deferred outflows of resources	98,626,046	53,958,193
Liabilities		
Long-term outstanding liabilities	172,573,113	167,785,149
Net other postemployment benefit liability	14,242,342	11,439,165
Net pension liability	267,260,278	174,093,564
Other liabilities	32,783,137	29,577,542
Total liabilities	486,858,870	382,895,420
Deferred inflows of resources	65,268,406	124,004,756
Net position		
Net investment in capital assets	93,697,040	74,151,726
Restricted for debt service	-	1,384,124
Restricted for sinking fund	-	4,477,655
Restricted nonexpendable endowment corpus	-	1,407,694
Restricted expendable endowment earnings	-	82,111
Unrestricted	(183,861,289)	(208,384,371)
Total net position	$ (90,164,249)	$ (126,881,061)

* The 2022 figures have not been updated for the adoption of GASB Statement No. 96.

Analysis of Financial Position

During the fiscal year ended June 30, 2023, the District's net position increased by $36,716,812. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation Expense

   GASB Statement No. 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

   Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the assets less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2023, $7,637,730 was recorded for depreciation/amortization expense.

Analysis of Financial Position (continued)

2. Capital Outlay Acquisitions

   For the fiscal year ended June 30, 2023, $23,390,443 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated/amortized over time as explained above.

   The net effect of the new capital assets ($23,390,443), assets disposed of and reclassified during the fiscal year, and the current year's depreciation/amortization ($7,637,730) is a net increase to capital assets in the amount of $15,713,905 for the fiscal year ended June 30, 2023. The net increase in capital assets is due mainly to construction related to the 2022 and 2019 bond issuances, and the 2022 Energy Bond issuance.

3. Heightened Fiscal Responsibility

   The District's fund balance is a priority of the Board of Education and the Administration. Due to the unanticipated closure and subsequent reopening of schools during the COVID-19 pandemic, the District was able to implement and recognize expenditure savings by reducing non-essential costs during the year as well as improving operating efficiencies.

Results of Operations

For the fiscal years ended June 30, 2023 **and 2022**, the results of operations, on a District-wide basis, were:

	Year Ended June 30, 2023		Year Ended June 30, 2022*	
General revenues				
Property taxes	$ 46,955,841	19.8%	$ 44,024,368	19.1%
Investment earnings	4,745,903	2.0%	83,328	0.0%
State sources - unrestricted	80,226,623	33.9%	79,375,596	34.4%
IISD special education allocation	17,718,314	7.5%	14,944,570	6.5%
Other	929,157	0.4%	849,271	0.4%
Total general revenues	150,575,838	63.6%	139,277,133	60.4%
Program revenues				
Charges for services	1,059,693	0.4%	1,052,404	0.5%
Operating grants and contributions	85,065,440	35.9%	90,270,247	39.1%
Total revenues	236,700,971	100.0%	230,599,784	100.0%
Expenses				
Instruction	88,916,260	44.5%	82,529,585	47.1%
Support services	94,364,163	47.2%	77,419,077	44.2%
Community services	1,384,513	0.7%	851,958	0.5%
Food services	7,643,167	3.8%	6,755,267	3.9%
Interest on long-term debt	7,048,591	3.5%	5,035,647	2.9%
Loss on sale of assets	38,808	0.0%	1,730,507	1.0%
Unallocated depreciation expense	588,657	0.3%	681,598	0.4%
Total expenses	199,984,159	100.0%	175,003,639	100.0%
Change in net position	$ 36,716,812		$ 55,596,145	

* The 2022 figures have not been updated for the adoption of GASB Statement No. 96.

Analysis of Significant Revenue and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

   The District levies 18 mills of property taxes for operations on non-principal resident exempt property and 6 mills on commercial personal property, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of increase in the prior year's Consumer Price Index or 5%, whichever is less. At the time the property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is one half of the property's market value.

   For the 2022-2023 fiscal year, the District levied $25,622,324 in non-principal residence property taxes. This amount represented an increase of 2.6% from the prior year.

   The following table summarizes the non-principal resident exempt property tax levies for operations for the past five years:

Fiscal Year	Non-PRE Tax Levy	% Increase (Decrease) from Prior Year
2022-2023	$ 25,622,324	2.6%
2021-2022	24,983,133	4.1%
2020-2021	23,990,317	3.1%
2019-2020	23,278,538	3.8%
2018-2019	22,425,621	0.7%

2. State Sources

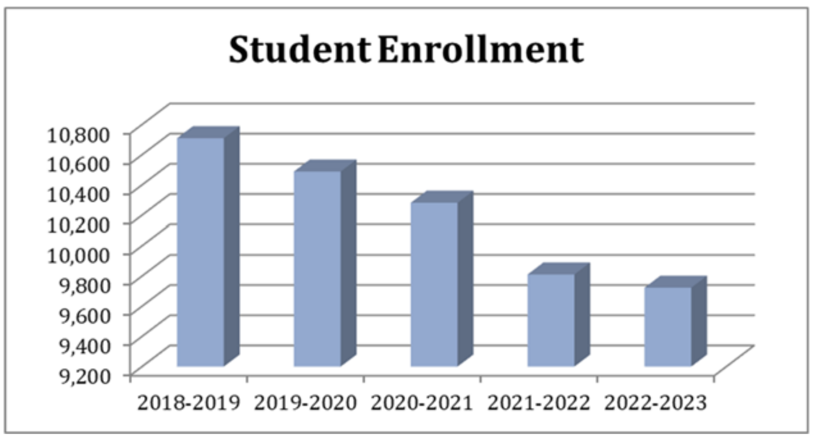
   The majority of the state sources of revenue is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's fall count and 10% of the prior fiscal year's spring count. For the 2022-2023 fiscal year, the District received $9,150, an increase of $450 from the $8,700 per pupil amount received for the 2021-2022 fiscal year.

Analysis of Significant Revenue and Expenses (continued)

3. Student Enrollment

   Student enrollment has declined by 9.2% since 2018-2019.

Fiscal Year	Actual Blended Student FTE
2022-2023	9,723
2021-2022	9,811
2020-2021	10,282
2019-2020	10,498
2018-2019	10,710



4. Operating Grants and Contributions

   The District receives a significant portion of its operating revenue from categorical grants and contributions. For the fiscal year ended June 30, 2023, federal, state, and other grants accounted for $85,065,440. This amount was a decrease from the total grant sources of $90,270,247 received for the fiscal year ended **June 30, 2022**.

5. County Special Education Allocation

   For the fiscal year ended June 30, 2023, the District received a net allocation from the Ingham Intermediate School District in the amount of $17,718,314 to assist with the education of students with special needs. This amount represents an increase of $2,773,744 as compared to the allocation of $14,944,570 received during the fiscal year ended **June 30, 2022**.

6. Interest Earnings

   The District received interest on its investment of short-term available cash in the amount of $4,745,903 for the fiscal year ended June 30, 2023. Interest revenues are more than the prior fiscal year by $4,662,575.

Analysis of Significant Revenue and Expenses (continued)

7. Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

	2022 - 2023 Fiscal Year	2021 - 2022 Fiscal Year	Increase (Decrease)
Instruction	$ 92,773,133	$ 91,204,041	$ 1,569,092
Supporting services	98,961,128	82,104,084	16,857,044
Food service activities	7,864,993	7,464,058	400,935
Community service activities	1,606,947	1,066,172	540,775
Capital outlay	23,303,908	20,679,340	2,624,568
Debt service	14,623,297	12,199,027	2,424,270
Total expenditures	$ 239,133,406	$ 214,716,722	$ 24,416,684

8. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the annual budget prior to the start of the fiscal year on July 1. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2022-2023 fiscal year, the District amended the general fund budget twice, with the Board adopting the final changes in June 2023.

The following schedule shows a comparison of the original general fund budget, the final amended budget, and actual totals from operations.

	Original Budget	Final Budget	Actual	Variance with Final Budget	% Variance
Total revenues	$ 268,690,000	$ 226,043,000	$ 210,076,697	$ (15,966,303)	-7.1%
Expenditures					
Instruction	$ 129,121,000	$ 96,609,000	$ 92,773,133	$ 3,835,867	4.0%
Supporting services	146,871,000	118,561,000	97,422,983	21,138,017	17.8%
Community services	2,008,000	1,782,000	1,606,947	175,053	9.8%
Debt service	-	-	427,851	(427,851)	-100.0%
Total expenditures	$ 278,000,000	$ 216,952,000	$ 192,230,914	$ 24,721,086	11.4%
Other Financing Sources (Uses)	$ (667,000)	$ (6,927,000)	$ (6,622,008)	$ 304,992	-4.4%

The District's budgeting process budgets for all grants at the awarded amounts. This budgeting process will always result in a variance between the grant amount awarded and the actual amount spent.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2022-2023 fiscal year, the District had invested approximately $312.9 million in a broad range of capital assets, right to use assets, including school buildings and facilities, vehicles, and various types of equipment. This represents a net increase of approximately $19.1 million over the prior fiscal year. Depreciation and amortization expense for the year amounted to approximately $7.6 million, bringing the accumulated depreciation/amortization to approximately $118.9 million as of June 30, 2023.

	Cost	Accumulated Depreciation/ Amortization	2023 Net Book Value	2022 Net Book Value*
Land	$ 4,431,691	$ -	$ 4,431,691	$ 3,953,291
Construction in progress	3,091,257	-	3,091,257	465,063
Land improvements	23,402,392	15,454,770	7,947,622	4,680,338
Buildings and additions	257,320,428	90,977,706	166,342,722	156,570,454
Machinery and equipment	20,933,572	10,638,325	10,295,247	10,557,174
Right to use - leased equipment	981,923	358,099	623,824	839,109
Right to use - subscription-based IT	1,093,218	401,553	691,665	-
Transportation equipment	1,648,687	1,043,899	604,788	350,552
	$ 312,903,168	$ 118,874,352	$ 194,028,816	$ 177,415,981

* The 2022 figures have not been updated for the adoption of GASB Statement No. 96.

Long-term Debt

At June 30, 2023, the District had approximately $168.8 million in bonded debt outstanding and approximately $981,000 of direct borrowings related to lease and subscription-based IT arrangement liabilities. Total outstanding debt increased as the District made principal payments of approximately $7.6 million in the current year and issued $12.9 million in new bonds and subscription-based IT arrangements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future.

- The growth/maintenance of the Fund Balance continues to be a priority of the Board of Education and the Administration. Districts are recommended to have a fund balance of 15% - 20% of operating expenditures. Per Michigan School Business Officials, this level of fund balance is necessary to avoid borrowing during the two-month period between the August and October State Aid payments. The District continues its strategic use of ESSER funds, in Fiscal Year 2023 we were able to effectively maintain our fund balance over 20%, which maintains the fund balance above the recommended levels. The District will continue to work at maintaining our fund balance during Fiscal Year 2024.

Factors Bearing on the District's Future (continued)

- Fiscal management is a priority for the district and the Board which has prompted the continuation of multiple budget amendments during the school year and future fiscal years.

- The District continues to address a comprehensive plan for ongoing budget needs. Budget development will continue to be driven by student enrollment and the instructional needs of our student population. Escalation of health care costs is a high priority to address in 2023-24 and the future to ensure staff receive quality insurance but also protect the District's financial stability.

- For the 2023-24 school year, the District instituted the School Based Budgeting process which decentralizes some cost centers and pushes out more funds to schools and departments to make more autonomous decisions on budgeting and staffing for their school or program instead of at the central administrative level.

- Two new initiatives for the 2022-23 school year were announced that both involve the three high schools. We began moving 7th and 8th grade students out of the high schools and into K-8 or 4-8 schools. This will be a phased in process as some 7th grade students will make this transition, or remain in their current school, in 2022-23, the remainder of 7th grade and a phase of 8th grade students in 2023-24, and the remainder of 8th grade in 2024-25.

- The District announced for 2022-23 that school buses provided by Dean Transportation will only transport PreK-8th grade students and all eligible 9th-12th grade students will be provided an unlimited CATA bus card. This will continue in 2023-24 and allow Dean to better serve the younger students while allowing the older students more options to have public transportation to/from school, after school activities, and travel in the evening and weekends.

- For 2023-24 we created a new high school for CTE and vocational programs called Lansing Technical High School and will be located at our Hill Center. Our prior CTE programs were half days of CTE instruction where the CTE program was located, and half day instruction at the student's home high school. The new Lansing Tech HS will be all day at the Hill Center with half day of CTE and half day of regular school courses, this will allow more instructional time and eliminate traveling needs for students between sessions. In 2023-24 the plan is to begin with 9th grade students only and add the next grade level each successive year.

- In May of 2016, the Lansing community passed a $120 million bond proposal, the Lansing Pathway Promise. Due to investment earnings that exceeded what was expected in the bond budgeting process the District was able to add a few extra projects to complete the full use of all bond proceeds. These projects were completed in Spring 2023 and all work from the 2016 Bond is done.

- In May of 2019, the community supported a 10-year 3.0 mil sinking fund millage proposal which will generate funds in order to address infrastructure and increased safety that are not covered in the 2016 Lansing Pathway Promise Bond projects. This past year these funds were used for renovations at Woodcreek to be a swing school for new bond construction projects, adding two new cabins and dorm renovations at Ebersole Environmental Center, HVAC controls at Sexton, roof replacement at Lyons, and parking lot and sidewalk improvements at multiple sites.

Factors Bearing on the District's Future (continued)

- In May of 2022, the community supported and passed a new $129.7 million bond proposal. This bond is focused on demolishing and building new elementary schools. Mount Hope will soon be demolished with construction expected to begin in Fall 2023. Willow is in the design phase with demolition expected late Fall 2023 and construction beginning Spring 2024. The District will also began installing air conditioning in Averill and Lyons with Cavanaugh and Cumberland beginning in Spring 2024.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Chief Financial Officer, Lansing School District, 519 W. Kalamazoo Street, Lansing, Michigan, 48933.

BASIC FINANCIAL STATEMENTS

LANSING SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 69,402,039
Receivables	
Accounts receivable	968,760
Intergovernmental	26,822,547
Inventories	129,559
Prepaids	1,273,509
Restricted cash and cash equivalents - capital projects	1,340,738
Restricted investments - capital projects	69,769,863
Capital assets not being depreciated/amortized	7,522,948
Capital assets, net of accumulated depreciation/amortization	186,505,868
TOTAL ASSETS	363,735,831
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	19,957,519
Related to pensions	78,668,527
TOTAL DEFERRED OUTFLOWS OF RESOURCES	98,626,046
LIABILITIES	
Accounts payable	6,665,159
Accrued salaries and related items	9,430,447
Accrued retirement	5,791,082
Due to other governmental units	337,103
IBNR reserves	457,661
Accrued interest	1,217,758
Unearned revenue	8,883,927
Noncurrent liabilities	
Due within one year	8,086,175
Due in more than one year	164,486,938
Arbitrage liability	398,850
Net other postemployment benefits liability	14,242,342
Net pension liability	267,260,278
TOTAL LIABILITIES	487,257,720
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	34,828,187
Related to pensions	12,208,359
Related to state aid funding for pension benefits	18,231,860
TOTAL DEFERRED INFLOWS OF RESOURCES	65,268,406
NET POSITION	
Net investment in capital assets	93,697,040
Unrestricted	(183,861,289)
TOTAL NET POSITION	$ (90,164,249)

See notes to financial statements.

LANSING SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 88,916,260	$ 235,701	$ 29,753,538	$ (58,927,021)
Support services	94,364,163	305,459	44,992,135	(49,066,569)
Community services	1,384,513	327,657	1,410,307	353,451
Food services	7,643,167	190,876	8,909,460	1,457,169
Interest on long-term debt	7,048,591	-	-	(7,048,591)
Loss on sale of assets	38,808	-	-	(38,808)
Unallocated depreciation/amortization	588,657	-	-	(588,657)
Total governmental activities	$ 199,984,159	$ 1,059,693	$ 85,065,440	(113,859,026)
General revenues				
Property taxes, levied for general purposes				27,136,062
Property taxes, levied for debt service				11,569,724
Property taxes, levied for sinking fund				8,250,055
Investment earnings				4,745,903
State sources - unrestricted				80,226,623
Intermediate sources				17,718,314
Other				929,157
Total general revenues				150,575,838
CHANGE IN NET POSITION				36,716,812
NET POSITION, beginning of year				(126,881,061)
NET POSITION, end of year				$ (90,164,249)

See notes to financial statements.

LANSING SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	2022 Capital Projects Fund	2019 Capital Projects Fund	2022 Energy Bond	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 68,216,892	$ -	$ -	$ -	$ 1,185,147	$ 69,402,039
Receivables						
Accounts receivable	420,886	429,535	-	89,236	29,103	968,760
Intergovernmental	26,500,193	-	-	-	322,354	26,822,547
Due from other funds	-	209,209	-	31,154	13,475,414	13,715,777
Inventories	46,811	-	-	-	82,748	129,559
Prepaids	1,188,166	-	-	-	85,343	1,273,509
Restricted cash and cash equivalents	-	-	386,285	-	954,453	1,340,738
Restricted investments	-	57,437,023	-	12,332,840	-	69,769,863
TOTAL ASSETS	$ 96,372,948	$ 58,075,767	$ 386,285	$ 12,453,230	$ 16,134,562	$ 183,422,792
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 3,307,126	$ 955,034	$ 1,100	$ 162,860	$ 2,239,039	$ 6,665,159
Accrued salaries and related items	9,429,540	-	-	-	907	9,430,447
Accrued retirement	5,790,886	-	-	-	196	5,791,082
Due to other governmental units	337,103		-	-	-	337,103
Due to other funds	13,327,530	-	385,185	-	3,062	13,715,777
Unearned revenue	8,883,927	-	-	-	-	8,883,927
TOTAL LIABILITIES	41,076,112	955,034	386,285	162,860	2,243,204	44,823,495
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,200,000	-	-	-	-	1,200,000

See notes to financial statements.

	General Fund	2022 Capital Projects Fund	2019 Capital Projects Fund	2022 Energy Bond	Total Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (continued)						
FUND BALANCES						
Nonspendable						
Inventories	$ 46,811	$ -	$ -	$ -	$ 82,748	$ 129,559
Prepaids	1,188,166	-	-	-	85,343	1,273,509
Restricted						
Debt service	-	-	-	-	587,793	587,793
Capital projects	-	57,120,733	-	12,290,370	-	69,411,103
Food service	-	-	-	-	4,828,942	4,828,942
Assigned						
Subsequent year expenditures	4,515,000	-	-	-	-	4,515,000
Capital projects	-	-	-	-	8,306,532	8,306,532
Student/school activities	369,657	-	-	-	-	369,657
Unassigned						
General fund	47,977,202	-	-	-	-	47,977,202
TOTAL FUND BALANCES	54,096,836	57,120,733	-	12,290,370	13,891,358	137,399,297
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 96,372,948	$ 58,075,767	$ 386,285	$ 12,453,230	$ 16,134,562	$ 183,422,792

See notes to financial statements.

LANSING SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total governmental fund balances		$ 137,399,297
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - related to pensions		78,668,527
Deferred outflows of resources - related to other postemployment benefits		19,957,519
Deferred inflows of resources - related to pensions		(12,208,359)
Deferred inflows of resources - related to other postemployment benefits		(34,828,187)
Deferred inflows of resources - related to state funding for pension benefits		(18,231,860)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Capital assets	$ 312,903,168	
Accumulated depreciation/amortization	(118,874,352)	
		194,028,816
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
General obligation bonds		(168,761,820)
Direct borrowing and direct placement		(981,059)
Compensated absences, termination benefits, and self-insured workers' compensation plan		(2,830,234)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(1,217,758)
Unavailable revenue - at June 30th expected to be collected after September 1st		1,200,000
IBNR reserves		(457,661)
Arbitrage liability		(398,850)
Net other postemployment benefits liability		(14,242,342)
Net pension liability		(267,260,278)
Net position of governmental activities		$ (90,164,249)

See notes to financial statements.

LANSING SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	2022 Capital Projects Fund	2019 Capital Projects Fund	2022 Energy Bond	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Local sources						
Property taxes	$ 27,136,062	$ -	$ -	$ -	$ 19,819,779	$ 46,955,841
Investment earnings	1,709,035	2,243,548	55,989	321,372	415,959	4,745,903
Food sales	-	-	-	-	184,302	184,302
Other	2,420,007	-	-	-	36,964	2,456,971
Total local sources	31,265,104	2,243,548	55,989	321,372	20,457,004	54,343,017
State sources	104,223,845	-	-	-	371,712	104,595,557
Federal sources	56,575,209	-	-	-	8,710,203	65,285,412
Incoming transfers	18,012,539	-	-	-	-	18,012,539
TOTAL REVENUES	210,076,697	2,243,548	55,989	321,372	29,538,919	242,236,525
EXPENDITURES						
Current						
Instruction	92,773,133	-	-	-	-	92,773,133
Supporting services	97,422,983	-	-	-	1,538,145	98,961,128
Food service activities	-	-	-	-	7,864,993	7,864,993
Community service activities	1,606,947	-	-	-	-	1,606,947
Capital outlay	-	2,979,402	3,560,881	852,560	15,911,065	23,303,908

See notes to financial statements.

	General Fund	2022 Capital Projects Fund	2019 Capital Projects Fund	2022 Energy Bond	Total Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES (continued)						
Debt service						
Principal payments	$ 413,272	$ -	$ -	$ -	$ 7,160,000	$ 7,573,272
Interest	14,579	-	-	-	6,857,835	6,872,414
Bond issuance costs	-	-	-	171,580	-	171,580
Other	-	3,531	-	-	2,500	6,031
TOTAL EXPENDITURES	192,230,914	2,982,933	3,560,881	1,024,140	39,334,538	239,133,406
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,845,783	(739,385)	(3,504,892)	(702,768)	(9,795,619)	3,103,119
OTHER FINANCING SOURCES (USES)						
Proceeds from subscription-based IT arrangements	194,288	-	-	-	-	194,288
Proceeds from sale of capital assets	-	-	-	-	26,209	26,209
Bonds issuance	-	-	-	11,735,000	-	11,735,000
Premium on bonds	-	-	-	1,258,138	-	1,258,138
Transfers in	102,472	-	-	-	7,775,851	7,878,323
Transfers out	(6,918,768)	-	(341,432)	-	(618,123)	(7,878,323)
TOTAL OTHER FINANCING SOURCES (USES)	(6,622,008)	-	(341,432)	12,993,138	7,183,937	13,213,635
NET CHANGE IN FUND BALANCES	11,223,775	(739,385)	(3,846,324)	12,290,370	(2,611,682)	16,316,754
FUND BALANCES						
Beginning of year, as restated	42,873,061	57,860,118	3,846,324	-	16,503,040	121,082,543
End of year	$ 54,096,836	$ 57,120,733	$ -	$ 12,290,370	$ 13,891,358	$ 137,399,297

See notes to financial statements.

LANSING SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances total governmental funds	$ 16,316,754
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, in the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(7,637,730)
Capital outlay	23,390,443
Unrecovered cost on asset disposal	(38,808)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is recorded in governmental funds when it is paid:	
Accrued interest payable, beginning of the year	1,041,581
Accrued interest payable, end of the year	(1,217,758)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial sources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums and discounts when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:	
Proceeds from subscription-based IT arrangements	(194,288)
Bonds issuance	(11,735,000)
Payments on debt	7,573,272
Premium on bonds	(1,258,138)
Amortization of deferred charge on refunding	(39,301)
Amortization of bond premium	1,237,487
Arbitrage liability	(398,850)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available.	
Unavailable revenue, beginning of the year	(892,247)
Unavailable revenue, end of the year	1,200,000
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds.	
Accrued compensated absences, termination benefits and self-insured workers' compensation plan, beginning of the year	2,775,151
Accrued compensated absences, termination benefits and self-insured workers' compensation plan, end of the year	(2,830,234)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Other postemployment benefits related items	11,897,583
Pension related items	1,923,946
IBNR expenses	1,950,865
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period:	
Pension related items, beginning of year	11,883,944
Pension related items, end of year	(18,231,860)
Change in net position of governmental activities	$ 36,716,812

See notes to financial statements.

LANSING SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 521,420
LIABILITIES	
Accounts payable	87,892
NET POSITION	
Restricted for student organizations	$ 433,528

See notes to financial statements.

LANSING SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023

	Custodial Funds
ADDITIONS	
Student activity income	$ 27,500
DEDUCTIONS	
Payment made on behalf of student organizations	100,038
CHANGE IN NET POSITION	(72,538)
NET POSITION	
Beginning of year	506,066
End of year	$ 433,528

See notes to financial statements.

LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide 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 nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

The Lansing School District (the "District") is governed by the Lansing School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

> The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
>
> The *2022 Capital Projects Fund* and *2019 Capital Projects Fund* include capital project activities funded with bonds issued after May 1994. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code.
>
> The *2022 Energy Bond* accounts for the receipt of energy bond proceeds for the acquisition of capital assets or construction of major capital projects specifically associated with the 2022 energy bond.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Beginning with the year of bond issuance, the District has reported annual construction activity in the 2022 and 2019 capital projects funds. The projects for which the 2022 and 2019 bonds were issued were in process as of June 30, 2023. The following is a summary of the revenue and expenditures for the capital projects bond activity since inception through the current fiscal year:

	2022 Bond	2019 Bond
Revenue and other financing sources	$ 60,610,027	$ 56,597,873
Expenditures and other financing uses	$ 3,489,294	$ 56,597,873

Revenue and other financing sources for the 2022 and 2019 capital projects funds include the net bond proceeds of $51,800,000 and $45,875,000, respectively.

The District reports the following *Other Nonmajor Funds:*

The *Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service activities in the special revenue fund.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Funds* account for the receipt of non-debt proceeds and transfers from the general fund for the acquisition of capital assets or construction of major capital projects. One of these funds is the *Capital Projects Sinking Fund* which accounts for revenue sources that are legally restricted to expenditures for restricted purposes. The District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95 related to sinking funds.

The *Permanent Fund* is accounted for using the accrual method of accounting. It is used to account for monies held in a perpetual trust, the earnings of which may be used for specified educational purposes. During the current year all of these funds were transferred to the Lansing Promise.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or a direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

The governmental fund financial statements 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 District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, state and federal aid, 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a state-wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. The capital projects funds are appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2023. The District does not consider these amendments to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments (continued)

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaids

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and additions	50
Machinery and equipment	5 - 20
Right to use - leased equipment	5
Right to use - subscription-based IT arrangement	3
Land improvements	20
Transportation equipment	8

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

Deferred Outflows

In addition to assets, the statement of net 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. The second item is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)</u>

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized an official or body to which the Board of Education delegates the authority. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District strives to maintain a secure financial position whereby the fund balance in the general fund does not fall below 10% of the preceding year's expenditures. At June 30, 2023, the District's general fund balance was more than 10% of the preceding year's expenditures.

Leases and Subscription-based IT Arrangements (SBITA)

Lessee/subscriber: The District is a lessee for a noncancelable lease/subscription of equipment and IT agreements. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District also recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Leases and Subscription-based IT Arrangements (SBITA) (continued)

At the commencement of a lease/subscription, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.

- The lease term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, 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 requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2023, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	17.4478
Commercial Personal Property	5.4478
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	4.1000
Capital projects (sinking fund)	
PRE, Non-PRE, Commercial Personal Property	2.9575

Compensated Absences and Termination Benefits

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, the District had deposits and investments subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, $17,585,423 of the District's bank balance of $17,835,423 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount of all deposits is $15,758,860.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). The District does not allow direct investment in commercial paper or corporate bonds.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (Years)
Commercial Paper	$ 20,026,967	0.144
MILAF External Investment pool - CMC	348	N/A
MILAF External Investment pool - Max	70,247,885	N/A
MILAF External Investment pool - Term	35,000,000	0.3036
Total fair value	$ 125,275,200	
Portfolio weighted average maturity		0.2455

One day maturity equals approximately 0.0027 years.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
Commercial Paper	$ 20,026,967	BBB - A-1	Standard & Poor's
MILAF External Investment pool - CMC	348	AAAm	Standard & Poor's
MILAF External Investment pool - Max	70,247,885	AAAm	Standard & Poor's
MILAF External Investment pool - Term	35,000,000	AAAkf	Kroll
Total fair value	$ 125,275,200		

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance at June 30, 2023
Investments by fair value				
Commercial Paper	$ -	$ 20,026,967	$ -	$ 20,026,967

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment pool - CMC	$ 348
MILAF External Investment pool - Max	70,247,885
	$ 70,248,233

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan Liquid Asset Fund (MILAF) Term Series, where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The MILAF Term Series includes investments that the District does not control. The investment pool invests primarily in high-quality money market instruments, including certificates of deposit, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MILAF External Investment pool - Term	$ 35,000,000	$ -	No restrictions	None

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	$ 69,402,039	$ 521,420	$ 69,923,459
Restricted cash and cash equivalents	1,340,738	-	1,340,738
Restricted investments	69,769,863	-	69,769,863
	$ 140,512,640	$ 521,420	$ 141,034,060

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	As Restated Balance July 1, 2022	Reclassifications/ Additions	Reclassifications/ Deletions	Balance June 30, 2023
Capital assets not being depreciated/ amortized				
Land	$ 3,953,291	$ 478,400	$ -	$ 4,431,691
Construction in progress	465,063	3,091,257	465,063	3,091,257
Subtotal	4,418,354	3,569,657	465,063	7,522,948
Capital assets, being depreciated/ amortized				
Land improvements	19,478,847	3,923,545	-	23,402,392
Buildings and additions	242,656,948	14,663,480	-	257,320,428
Machinery and equipment	24,076,489	1,129,271	4,272,188	20,933,572
Right to use - leased equipment	981,923	-	-	981,923
Right to use - subscription-based IT	898,930	194,288	-	1,093,218
Transportation equipment	1,273,422	375,265	-	1,648,687
Subtotal	289,366,559	20,285,849	4,272,188	305,380,220
Accumulated depreciation/ amortization				
Land improvements	14,798,509	656,261	-	15,454,770
Buildings and additions	86,086,494	4,891,212	-	90,977,706
Machinery and equipment	13,519,315	1,352,390	4,233,380	10,638,325
Right to use - leased equipment	142,814	215,285	-	358,099
Right to use - subscription-based IT	-	401,553	-	401,553
Transportation equipment	922,870	121,029	-	1,043,899
Subtotal	115,470,002	7,637,730	4,233,380	118,874,352
Total capital assets being depreciated/amortized, net	173,896,557	12,648,119	38,808	186,505,868
Governmental activities capital assets, net	$ 178,314,911	$ 16,217,776	$ 503,871	$ 194,028,816

Depreciation/amortization for the fiscal year ended June 30, 2023 amounted to $7,637,730.

Depreciation/amortization expense was charged to programs of the District as follows:

Instruction	$ 3,006,790
Support service	3,925,015
Food service	117,268
Unallocated	588,657
	$ 7,637,730

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2023 consist of the following:

	Governmental Funds
Other governmental units	
State aid	$ 18,612,370
Federal	6,528,458
Other	1,681,719
	$ 26,822,547

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2023:

	Self-insured Workers' Compensation Plan	Compensated Absences and Termination Benefits	General Obligation Bonds	Direct Borrowing and Direct Placement	Total
Balance, July 1, 2022, as restated	$ 27,580	$ 2,747,571	$ 164,166,169	$ 1,200,043	$ 168,141,363
Additions	19,020	36,063	12,993,138	194,288	13,242,509
Deletions	-	-	8,397,487	413,272	8,810,759
Balance, June 30, 2023	46,600	2,783,634	168,761,820	981,059	172,573,113
Due within one year	-	993,776	6,685,000	407,399	8,086,175
Due in more than one year	$ 46,600	$ 1,789,858	$ 162,076,820	$ 573,660	$ 164,486,938

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2023 are comprised of the following issues:

General Obligation Bonds	
2022 energy bond issuance due in annual installments of $560,000 to $1,065,000 through May 1, 2038, with interest at 4.00% to 5.00%.	$ 11,735,000
2022 general obligation bond issuance due in annual installments of $350,000 to $3,825,000 through May 1, 2047, with interest at 5.00%.	51,800,000
2019 general obligation bond issuance due in annual installments of $1,900,000 to $2,525,000 through May 1, 2041, with interest at 5.00%.	39,225,000
2016 general obligation bond issuance due in annual installments of $1,575,000 to $3,525,000 through May 1 2041, with interest at 5.00%.	44,125,000
Plus issuance premium	21,876,820
Total general obligation bonds	168,761,820
Direct Borrowing and Direct Placement	
District-wide copier lease due in monthly installments of $10,280 through July 1, 2025, with imputed interest at 2.00%.	242,056
Print shop copier lease due in monthly installments of $8,475 through July 1, 2027, with imputed interest at 2.00%.	391,292
Various subscription-based IT arrangements in annual installments of $43,031 to $92,127 through February 1, 2025, with imputed interest at 2.00% to 4.50%.	347,711
Total general obligation bonds	981,059
Compensated absences and termination benefits	2,783,634
Workers' compensation claims	46,600
Total general long-term obligations	$ 172,573,113

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations exclusive of compensated absences and termination benefits and workers' compensation claims as of June 30, 2023 are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing and Direct Placement		Compensated Absences and Termination Benefits	Workers' Compensation Claims	Total
	Principal	Interest	Principal	Interest			
2024	$ 6,685,000	$ 7,306,550	$ 407,399	$ 20,451	$ -	$ -	$ 14,419,400
2025	7,315,000	6,977,900	374,103	10,716	-	-	14,677,719
2026	4,640,000	6,618,050	98,780	2,920	-	-	11,359,750
2027	5,265,000	6,392,200	100,777	924	-	-	11,758,901
2028	5,470,000	6,135,350	-	-	-	-	11,605,350
2029 - 2033	31,610,000	26,364,550	-	-	-	-	57,974,550
2034 - 2038	40,050,000	17,642,000	-	-	-	-	57,692,000
2039 - 2043	31,400,000	7,605,000	-	-	-	-	39,005,000
2044 - 2047	14,450,000	1,838,750	-	-	-	-	16,288,750
	146,885,000	86,880,350	981,059	35,011	-	-	234,781,420
Issuance premium	21,876,820	-	-	-	-	-	21,876,820
Compensated absences and termination benefits	-	-	-	-	2,783,634	-	2,783,634
Workers' compensation claims	-	-	-	-	-	46,600	46,600
	$ 168,761,820	$ 86,880,350	$ 981,059	$ 35,011	$ 2,783,634	$ 46,600	$ 259,488,474

Interest expense (all funds) for the year ended June 30, 2023 was approximately $7,049,000.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2023 are as follows:

Receivable Fund		Payable Fund	
2022 capital projects fund	$ 209,209	General fund	$ 13,327,530
2022 energy bond	31,154	2019 capital projects fund	385,185
Nonmajor governmental funds	13,475,414	Nonmajor governmental funds	3,062
	$ 13,715,777		$ 13,715,777

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be repaid within the year.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transient date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees' Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately $32,112,000. Of the total pension contributions approximately $31,061,000 was contributed to fund the Defined Benefit Plan and approximately $1,051,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately $6,270,000. Of the total OPEB contributions approximately $5,684,000 was contributed to fund the Defined Benefit Plan and approximately $586,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total pension liability	$ 95,876,795,620	$ 86,392,473,395
Plan fiduciary net position	$ 58,268,076,344	$ 62,717,060,920
Net pension liability	$ 37,608,719,276	$ 23,675,412,475
Proportionate share	0.71063%	0.73533%
Net pension liability for the District	$ 267,260,278	$ 174,093,564

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the District recognized pension expense of $29,137,023.

At June 30, 2023, the Reporting Unit 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
Changes of assumptions	$ 45,924,893	$ -
Net difference between projected and actual earnings on pension plan investments	626,726	-
Differences between expected and actual experience	2,673,535	597,565
Changes in proportion and differences between employer contributions and proportionate share of contributions	367,098	11,610,794
Reporting Unit's contributions subsequent to the measurement date	29,076,275	-
	$ 78,668,527	$ 12,208,359

$29,076,275, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2023	$ 9,986,825
2024	6,432,395
2025	6,320,338
2026	14,644,335

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total other postemployment benefits liability	$ 12,522,713,324	$ 12,046,393,511
Plan fiduciary net position	$ 10,404,650,683	$ 10,520,015,621
Net other postemployment benefits liability	$ 2,118,062,641	$ 1,526,377,890
Proportionate share	0.67242%	0.74943%
Net other postemployment benefits liability for the District	$ 14,242,342	$ 11,439,165

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB benefit of $6,213,156.

At June 30, 2023, the Reporting Unit 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
Changes of assumptions	$ 12,694,656	$ 1,033,671
Net difference between projected and actual earnings on other postemployment benefits plan investments	1,113,151	-
Differences between expected and actual experience	-	27,895,291
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,284,093	5,899,225
Reporting Unit's contributions subsequent to the measurement date	4,865,619	-
	$ 19,957,519	$ 34,828,187

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

$4,865,619, reported as deferred outflows of resources related to OPEB resulting from district employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2023	$ (6,417,452)
2024	(5,410,050)
2025	(5,475,056)
2026	(1,213,070)
2027	(1,048,479)
2028	(172,180)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 Annual Comprehensive Financial Report.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan) and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
International Equity Pools	15.0%	6.7%
Private Equity Pools	16.0%	8.7%
Real Estate and Infrastructure Pools	10.0%	5.3%
Fixed Income Pools	13.0%	-0.2%
Absolute Return Pools	9.0%	2.7%
Real Return and Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	-0.5%
	100.0%	

* Long term rates of return are net of administrative expenses and 2.2% inflation.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. 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 liability.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 352,684,279	$ 267,260,278	$ 196,867,054

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 23,890,158	$ 14,242,342	$ 6,117,683

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Other Postemployment Benefits		
	1% Trend Decrease	Current Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 5,964,012	$ 14,242,342	$ 23,534,931

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2022 Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - TRANSFERS

The general fund transferred $6,720,000 and $198,768 to the capital projects funds and the 2022 Energy Bond debt service fund, respectively, and the food service fund transferred $102,472 to the general fund. The general fund transfer to the capital projects funds was for future capital acquisitions, and the transfer to the 2022 Energy Bond debt service fund was for the current year debt service requirements. The transfer from the food service fund to the general fund was to reimburse indirect costs.

The 2016 refunding debt service fund transferred $515,651 to the 2016 debt service fund to allocate to the remaining balance of the fund after the final debt service payments on the 2016 refunding bond. The 2019 capital projects fund transferred $341,432 to the general capital projects fund to refund for a settlement received and close the fund.

NOTE 9 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 10 - RISK MANAGEMENT

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

A self-funded health insurance program was approved by the Board of Education and implemented for all personnel. All plans have limits on amounts for expenditures that will be reimbursed. This program is recorded in the general fund. The District has estimated, and recorded, a liability for any incurred but not yet reported (IBNR) claims on the statement of net position.

NOTE 11 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages, and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
City of Lansing	$ 830,389
Delhi Township	26,766
DeWitt Charter Township	1,890
	$ 859,045

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 Funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement N*o. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements.*

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended.

The restatement of the beginning year had no impact on net position. The change in capital assets and long-term obligations is as follows:

	Governmental Activities Capital Assets, Net	Long-term Obligations
Balances as of July 1, 2022, as previously stated	$ 177,415,981	$ 167,785,149
Adoption of GASB Statement No. 96	898,930	356,214
Balances as of July 1, 2022, as restated	$ 178,314,911	$ 168,141,363

The following restatement of beginning fund balance was made during the period, which was the result of the change in accounting principle. These adjustments were reported as changes to the beginning fund balances. The change for prepaid expenses under the consumption method is as follows:

	General Fund
Fund balance as of July 1, 2022, as previously stated	$ 43,415,777
Adoption of GASB Statement No. 96	(542,716)
Fund balance as of July 1, 2022, as restated	$ 42,873,061

REQUIRED SUPPLEMENTARY INFORMATION

LANSING SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 28,710,000	$ 30,805,000	$ 31,265,104	$ 460,104
State sources	94,474,000	105,494,000	104,223,845	(1,270,155)
Federal sources	129,078,000	71,733,000	56,575,209	(15,157,791)
Incoming transfers	16,428,000	18,011,000	18,012,539	1,539
TOTAL REVENUES	268,690,000	226,043,000	210,076,697	(15,966,303)
EXPENDITURES				
Current				
Instruction				
Basic programs	99,485,000	68,076,000	63,825,311	4,250,689
Added needs	28,316,000	27,327,000	28,012,292	(685,292)
Adult and continuing education	1,320,000	1,206,000	935,530	270,470
Total instruction	129,121,000	96,609,000	92,773,133	3,835,867
Supporting services				
Pupil	21,102,000	17,682,000	15,864,242	1,817,758
Instructional staff	21,182,000	21,551,000	18,152,647	3,398,353
General administration	1,465,000	3,211,000	1,473,519	1,737,481
School administration	10,350,000	10,610,000	9,899,994	710,006
Business	3,498,000	7,536,000	5,622,863	1,913,137
Operation and maintenance	49,910,000	26,218,000	19,874,939	6,343,061
Pupil transportation	13,888,000	12,339,000	10,388,330	1,950,670
Central	23,187,000	17,324,000	14,188,736	3,135,264
Other	2,289,000	2,090,000	1,957,713	132,287
Total supporting services	146,871,000	118,561,000	97,422,983	21,138,017
Community service activities	2,008,000	1,782,000	1,606,947	175,053
Debt service				
Principal repayment	-	-	413,272	(413,272)
Interest	-	-	14,579	(14,579)
Total debt service	-	-	427,851	(427,851)
TOTAL EXPENDITURES	278,000,000	216,952,000	192,230,914	24,721,086
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(9,310,000)	9,091,000	17,845,783	8,754,783
OTHER FINANCING SOURCES (USES)				
Proceeds from subscription-based IT arrangements	-	-	194,288	194,288
Transfers in	119,000	114,000	102,472	(11,528)
Transfers out	(786,000)	(7,041,000)	(6,918,768)	122,232
TOTAL OTHER FINANCING SOURCES (USES)	(667,000)	(6,927,000)	(6,622,008)	304,992
NET CHANGE IN FUND BALANCE	$ (9,977,000)	$ 2,164,000	11,223,775	$ 9,059,775
FUND BALANCE				
Beginning of year, as restated			42,873,061	
End of year			$ 54,096,836	

LANSING SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.71063%	0.73553%	0.76047%	0.77243%	0.75929%	0.79100%	0.82789%	0.84886%	0.89770%
Reporting Unit's proportionate share of net pension liability	$ 267,260,278	$ 174,093,564	$ 261,231,339	$ 255,804,289	$ 228,255,569	$ 204,982,644	$ 206,552,440	$ 207,334,790	$ 197,731,925
Reporting Unit's covered-employee payroll	$ 69,158,364	$ 67,972,258	$ 66,762,148	$ 67,602,581	$ 65,473,081	$ 66,264,359	$ 69,148,387	$ 68,735,453	$ 76,163,477
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	386.45%	256.12%	391.29%	378.39%	348.63%	309.34%	298.71%	301.64%	259.62%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

LANSING SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 31,060,969	$ 23,963,039	$ 21,769,413	$ 20,510,124	$ 20,263,330	$ 20,539,647	$ 18,774,913	$ 18,367,571	$ 15,524,963
Contributions in relation to statutorily required contributions	31,060,969	23,963,039	21,769,413	20,510,124	20,263,330	20,539,647	18,774,913	18,367,571	15,524,963
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 69,386,648	$ 65,949,125	$ 67,609,692	$ 68,129,766	$ 66,125,706	$ 65,494,078	$ 69,583,666	$ 66,526,238	$ 71,678,853
Contributions as a percentage of covered-employee payroll	44.77%	36.34%	32.20%	30.10%	30.64%	31.36%	26.98%	27.61%	21.66%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

LANSING SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.67242%	0.74943%	0.75522%	0.77555%	0.72836%	0.79167%
Reporting Unit's proportionate share of net OPEB liability	$ 14,242,342	$ 11,439,165	$ 40,459,348	$ 55,667,077	$ 57,896,761	$ 70,106,536
Reporting Unit's covered-employee payroll	$ 69,158,364	$ 67,972,258	$ 66,762,148	$ 67,602,581	$ 65,473,081	$ 66,264,359
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	20.59%	16.83%	60.60%	82.34%	88.43%	105.80%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

LANSING SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 5,684,427	$ 5,372,636	$ 5,850,062	$ 5,649,373	$ 5,599,211	$ 5,750,215
Contributions in relation to statutorily required contributions	5,684,427	5,372,636	5,850,062	5,649,373	5,599,211	5,750,215
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 69,386,648	$ 65,949,125	$ 67,609,692	$ 68,129,766	$ 66,125,706	$ 65,494,078
Contributions as a percentage of covered-employee payroll	8.19%	8.15%	8.65%	8.29%	8.47%	8.78%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

LANSING SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2023

	Special Revenue Fund	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ -	$ 571,354	$ 613,793	$ -	$ 1,185,147
Accounts receivable	4,067	14,545	10,491	-	29,103
Intergovernmental	322,354	-	-	-	322,354
Due from other funds	4,771,596	4,956	8,698,862	-	13,475,414
Inventories	82,748	-	-	-	82,748
Prepaids	12,587	1,500	71,256	-	85,343
Restricted cash and cash equivalents	-	-	954,453	-	954,453
TOTAL ASSETS	$ 5,193,352	$ 592,355	$ 10,348,855	$ -	$ 16,134,562
LIABILITIES					
Accounts payable	$ 267,972	$ -	$ 1,971,067	$ -	$ 2,239,039
Accrued salaries and related	907	-	-	-	907
Accrued retirement	196	-	-	-	196
Due to other funds	-	3,062	-	-	3,062
TOTAL LIABILITIES	269,075	3,062	1,971,067	-	2,243,204
FUND BALANCES					
Nonspendable					
Inventories	82,748	-	-	-	82,748
Prepaids	12,587	1,500	71,256	-	85,343
Restricted					
Debt service	-	587,793	-	-	587,793
Food service	4,828,942	-	-	-	4,828,942
Assigned	-	-	8,306,532	-	8,306,532
TOTAL FUND BALANCES	4,924,277	589,293	8,377,788	-	13,891,358
TOTAL LIABILITIES AND FUND BALANCES	$ 5,193,352	$ 592,355	$ 10,348,855	$ -	$ 16,134,562

LANSING SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023

	Special Revenue Fund	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES					
Local sources					
Property taxes	$ -	$ 11,569,724	$ 8,250,055	$ -	$ 19,819,779
Investment earnings	-	250,170	117,449	48,340	415,959
Food sales	184,302	-	-	-	184,302
Other	7,074	-	29,890	-	36,964
Total local sources	191,376	11,819,894	8,397,394	48,340	20,457,004
State sources	206,951	164,761	-	-	371,712
Federal sources	8,710,203	-	-	-	8,710,203
TOTAL REVENUES	9,108,530	11,984,655	8,397,394	48,340	29,538,919
EXPENDITURES					
Current					
Supporting services	-	-	-	1,538,145	1,538,145
Food service activities	7,864,993	-	-	-	7,864,993
Capital outlay	-	-	15,911,065	-	15,911,065
Debt service					
Principal payments	-	7,160,000	-	-	7,160,000
Interest	-	6,857,835	-	-	6,857,835
Other	-	2,500	-	-	2,500
TOTAL EXPENDITURES	7,864,993	14,020,335	15,911,065	1,538,145	39,334,538
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,243,537	(2,035,680)	(7,513,671)	(1,489,805)	(9,795,619)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	26,209	-	26,209
Transfers in	-	714,419	7,061,432	-	7,775,851
Transfers out	(102,472)	(515,651)	-	-	(618,123)
TOTAL OTHER FINANCING SOURCES (USES)	(102,472)	198,768	7,087,641	-	7,183,937
NET CHANGE IN FUND BALANCES	1,141,065	(1,836,912)	(426,030)	(1,489,805)	(2,611,682)
FUND BALANCES					
Beginning of year	3,783,212	2,426,205	8,803,818	1,489,805	16,503,040
End of year	$ 4,924,277	$ 589,293	$ 8,377,788	$ -	$ 13,891,358

LANSING SCHOOL DISTRICT
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	2022 Energy Bond	2022 Debt	2019 Debt	2016 Debt	2016 Refunding	Totals
ASSETS						
Cash and cash equivalents	$ -	$ 175,322	$ 29,340	$ 366,692	$ -	$ 571,354
Taxes receivable	-	2,695	6,948	4,742	-	14,385
Accounts receivable	-	30	42	88	-	160
Due from other funds	-	581	-	4,375	-	4,956
Prepaids	-	500	500	500	-	1,500
TOTAL ASSETS	$ -	$ 179,128	$ 36,830	$ 376,397	$ -	$ 592,355
LIABILITIES						
Due to other funds	$ -	$ -	$ 3,062	$ -	$ -	$ 3,062
FUND BALANCES						
Nonspendable						
Prepaids	-	500	500	500	-	1,500
Restricted for debt service	-	178,628	33,268	375,897	-	587,793
TOTAL FUND BALANCES	-	179,128	33,768	376,397	-	589,293
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 179,128	$ 36,830	$ 376,397	$ -	$ 592,355

LANSING SCHOOL DISTRICT
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	2022 Energy Bond	2022 Debt	2019 Debt	2016 Debt	2016 Refunding	Totals
REVENUES						
Local sources						
Property taxes	$ -	$ 2,164,296	$ 3,055,334	$ 2,329,881	$ 4,020,213	$ 11,569,724
Investment earnings	-	30,488	65,343	30,085	124,254	250,170
State sources	-	164,761	-	-	-	164,761
TOTAL REVENUES	-	2,359,545	3,120,677	2,359,966	4,144,467	11,984,655
EXPENDITURES						
Principal payments	-	-	1,900,000	675,000	4,585,000	7,160,000
Interest	198,268	2,179,917	2,056,250	2,240,000	183,400	6,857,835
Other	500	500	500	500	500	2,500
TOTAL EXPENDITURES	198,768	2,180,417	3,956,750	2,915,500	4,768,900	14,020,335
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(198,768)	179,128	(836,073)	(555,534)	(624,433)	(2,035,680)
OTHER FINANCING SOURCES (USES)						
Transfers in	198,768	-	-	515,651	-	714,419
Transfers out	-	-	-	-	(515,651)	(515,651)
TOTAL OTHER FINANCING SOURCES (USES)	198,768	-	-	515,651	(515,651)	198,768
NET CHANGE IN FUND BALANCES	-	179,128	(836,073)	(39,883)	(1,140,084)	(1,836,912)
FUND BALANCES						
Beginning of year	-	-	869,841	416,280	1,140,084	2,426,205
End of year	$ -	$ 179,128	$ 33,768	$ 376,397	$ -	$ 589,293

LANSING SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
ASSETS					
Cash and cash equivalents	$ -	$ -	$ 613,793	$ -	$ 613,793
Accounts receivable	-	115	-	-	115
Taxes receivable	-	10,376	-	-	10,376
Due from other funds	4,875,364	997,399	690,471	2,135,628	8,698,862
Prepaids	-	-	71,256	-	71,256
Cash and cash equivalents - restricted	-	954,453	-	-	954,453
TOTAL ASSETS	$ 4,875,364	$ 1,962,343	$ 1,375,520	$ 2,135,628	$ 10,348,855
LIABILITIES					
Accounts payable	$ 8,724	$ 1,962,343	$ -	$ -	$ 1,971,067
FUND BALANCES					
Nonspendable					
Prepaids	-	-	71,256	-	71,256
Assigned for capital projects	4,866,640	-	1,304,264	2,135,628	8,306,532
TOTAL FUND BALANCES	4,866,640	-	1,375,520	2,135,628	8,377,788
TOTAL LIABILITIES AND FUND BALANCES	$ 4,875,364	$ 1,962,343	$ 1,375,520	$ 2,135,628	$ 10,348,855

LANSING SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
REVENUES					
Property taxes	$ -	$ 8,250,055	$ -	$ -	$ 8,250,055
Investment earnings	-	117,449	-	-	117,449
Other	27,525	-	2,365	-	29,890
TOTAL REVENUES	27,525	8,367,504	2,365	-	8,397,394
EXPENDITURES					
Capital outlay	1,748,890	12,845,159	681,927	635,089	15,911,065
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,721,365)	(4,477,655)	(679,562)	(635,089)	(7,513,671)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	26,209	26,209
Transfers in	5,941,432	-	1,120,000	-	7,061,432
TOTAL OTHER FINANCING SOURCES (USES)	5,941,432	-	1,120,000	26,209	7,087,641
NET CHANGE IN FUND BALANCES	4,220,067	(4,477,655)	440,438	(608,880)	(426,030)
FUND BALANCES					
Beginning of year	646,573	4,477,655	935,082	2,744,508	8,803,818
End of year	$ 4,866,640	$ -	$ 1,375,520	$ 2,135,628	$ 8,377,788

LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2023

2022 Energy Bond

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
2024	4.000%	$ 560,000	$ 274,525	$ 274,525	$ 1,109,050
2025	4.000%	590,000	263,325	263,325	1,116,650
2026	4.000%	615,000	251,525	251,525	1,118,050
2027	4.000%	640,000	239,225	239,225	1,118,450
2028	4.000%	670,000	226,425	226,425	1,122,850
2029	4.000%	695,000	213,025	213,025	1,121,050
2030	5.000%	725,000	199,125	199,125	1,123,250
2031	5.000%	760,000	181,000	181,000	1,122,000
2032	5.000%	795,000	162,000	162,000	1,119,000
2033	5.000%	835,000	142,125	142,125	1,119,250
2034	5.000%	880,000	121,250	121,250	1,122,500
2035	5.000%	920,000	99,250	99,250	1,118,500
2036	5.000%	970,000	76,250	76,250	1,122,500
2037	5.000%	1,015,000	52,000	52,000	1,119,000
2038	5.000%	1,065,000	26,625	26,625	1,118,250
Total 2022 bonded debt		$ 11,735,000	$ 2,527,675	$ 2,527,675	$ 16,790,350

The above bond dated December 21, 2022 was issued with the purpose to help with energy conservation improvements, including but not limited to building envelope improvements; heating, ventilating and cooling upgrades; lighting retrofits and improvements; installation and upgrades of energy management systems; motor, pump and fan replacements; domestic water use reductions; information technology improvements associated with school energy conservation improvements; asbestos abatement; and upgrades of other energy consuming equipment and appliances.

LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2023

2022 Series I Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
2024	5.000%	$ 2,650,000	$ 1,295,000	$ 1,295,000	$ 5,240,000
2025	5.000%	3,150,000	1,228,750	1,228,750	5,607,500
2026	5.000%	350,000	1,150,000	1,150,000	2,650,000
2027	5.000%	825,000	1,141,250	1,141,250	3,107,500
2028	5.000%	875,000	1,120,625	1,120,625	3,116,250
2029	5.000%	1,000,000	1,098,750	1,098,750	3,197,500
2030	5.000%	1,125,000	1,073,750	1,073,750	3,272,500
2031	5.000%	1,275,000	1,045,625	1,045,625	3,366,250
2032	5.000%	1,375,000	1,013,750	1,013,750	3,402,500
2033	5.000%	1,525,000	979,375	979,375	3,483,750
2034	5.000%	1,650,000	941,250	941,250	3,532,500
2035	5.000%	1,800,000	900,000	900,000	3,600,000
2036	5.000%	1,925,000	855,000	855,000	3,635,000
2037	5.000%	2,000,000	806,875	806,875	3,613,750
2038	5.000%	2,100,000	756,875	756,875	3,613,750
2039	5.000%	2,200,000	704,375	704,375	3,608,750
2040	5.000%	2,400,000	649,375	649,375	3,698,750
2041	5.000%	2,625,000	589,375	589,375	3,803,750
2042	5.000%	3,200,000	523,750	523,750	4,247,500
2043	5.000%	3,300,000	443,750	443,750	4,187,500
2044	5.000%	3,425,000	361,250	361,250	4,147,500
2045	5.000%	3,550,000	275,625	275,625	4,101,250
2046	5.000%	3,650,000	186,875	186,875	4,023,750
2047	5.000%	3,825,000	95,625	95,625	4,016,250
Total 2022 bonded debt		$ 51,800,000	$ 19,236,875	$ 19,236,875	$ 90,273,750

The above bonds dated June 28, 2022 were issued for the purpose of erecting, furnishing, and equipping new school buildings; remodeling existing school buildings; acquiring and installing instructional technology and instructional technology equipment for new and existing school buildings; furnishing and refurnishing and equipping and re-equipping existing school buildings; and developing, equipping, and improving playgrounds, play fields, athletic fields and facilities, parking areas, driveways and sites; and paying the cost of issuing the Bonds.

LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2023

2019 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
2024	5.000%	$ 1,900,000	$ 980,625	$ 980,625	$ 3,861,250
2025	5.000%	1,925,000	933,125	933,125	3,791,250
2026	5.000%	1,950,000	885,000	885,000	3,720,000
2027	5.000%	1,975,000	836,250	836,250	3,647,500
2028	5.000%	2,000,000	786,875	786,875	3,573,750
2029	5.000%	2,025,000	736,875	736,875	3,498,750
2030	5.000%	2,050,000	686,250	686,250	3,422,500
2031	5.000%	2,075,000	635,000	635,000	3,345,000
2032	5.000%	2,125,000	583,125	583,125	3,291,250
2033	5.000%	2,175,000	530,000	530,000	3,235,000
2034	5.000%	2,225,000	475,625	475,625	3,176,250
2035	5.000%	2,275,000	420,000	420,000	3,115,000
2036	5.000%	2,325,000	363,125	363,125	3,051,250
2037	5.000%	2,350,000	305,000	305,000	2,960,000
2038	5.000%	2,400,000	246,250	246,250	2,892,500
2039	5.000%	2,450,000	186,250	186,250	2,822,500
2040	5.000%	2,475,000	125,000	125,000	2,725,000
2041	5.000%	2,525,000	63,125	63,125	2,651,250
Total 2019 bonded debt		$ 39,225,000	$ 9,777,500	$ 9,777,500	$ 58,780,000

The above bonds dated May 30, 2019 were issued for the purpose of remodeling, furnishing and refurnishing, and re-equipping school buildings, including security improvements and equipment; erecting, furnishing and equipping additions to school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; erecting, developing, improving, furnishing and equipping athletic facilities and fields; and developing and improving playgrounds, play fields, driveways, parking areas and sites; and paying the costs of issuing the Bonds.

LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2023

2016 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
2024	5.000%	$ 1,575,000	$ 1,103,125	$ 1,103,125	$ 3,781,250
2025	5.000%	1,650,000	1,063,750	1,063,750	3,777,500
2026	5.000%	1,725,000	1,022,500	1,022,500	3,770,000
2027	5.000%	1,825,000	979,375	979,375	3,783,750
2028	5.000%	1,925,000	933,750	933,750	3,792,500
2029	5.000%	2,000,000	885,625	885,625	3,771,250
2030	5.000%	2,100,000	835,625	835,625	3,771,250
2031	5.000%	2,200,000	783,125	783,125	3,766,250
2032	5.000%	2,325,000	728,125	728,125	3,781,250
2033	5.000%	2,425,000	670,000	670,000	3,765,000
2034	5.000%	2,550,000	609,375	609,375	3,768,750
2035	5.000%	2,675,000	545,625	545,625	3,766,250
2036	5.000%	2,825,000	478,750	478,750	3,782,500
2037	5.000%	2,975,000	408,125	408,125	3,791,250
2038	5.000%	3,125,000	333,750	333,750	3,792,500
2039	5.000%	3,275,000	255,625	255,625	3,786,250
2040	5.000%	3,425,000	173,750	173,750	3,772,500
2041	5.000%	3,525,000	88,125	88,125	3,701,250
Total 2016 bonded debt		$ 44,125,000	$ 11,898,125	$ 11,898,125	$ 67,921,250

The above bonds dated June 29, 2016 were issued for the purpose of remodeling, furnishing and refurnishing, and re-equipping school buildings, including security improvements and equipment; erecting, furnishing and equipping additions to school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; erecting, developing, improving, furnishing and equipping athletic facilities and fields; and developing and improving playgrounds, play fields, driveways, parking areas and sites; and paying the costs of issuing the Bonds.

LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash Assistance (donated foods)								
National School Lunch Program	10.555	N/A	$ 460,154	$ -	$ -	$ 460,154	$ 460,154	$ -
National School Lunch Program - Bonus		N/A	34,023	-	-	34,023	34,023	-
Total ALN 10.555 Non-cash Assistance			494,177	-	-	494,177	494,177	-
Cash Assistance								
COVID-19 National School Lunch Program	10.555	221961	3,825,483	708,835	3,825,483	-	708,835	-
National School Lunch Program		220910	190,662	-	-	190,662	190,662	-
National School Lunch Program		230910	97,414	-	-	97,414	97,414	-
National School Lunch Program		221960	562,956	-	-	562,956	562,956	-
National School Lunch Program		231960	3,956,096	-	-	3,956,096	3,814,159	141,937
Total ALN 10.555 Cash Assistance			8,632,611	708,835	3,825,483	4,807,128	5,374,026	141,937
Total ALN 10.555			9,126,788	708,835	3,825,483	5,301,305	5,868,203	141,937
COVID-19 School Breakfast Program	10.553	211971	2,015,960	403,194	2,015,960	-	403,194	-
School Breakfast Program		221970	313,818	-	-	313,818	313,818	-
School Breakfast Program		231970	2,085,754	-	-	2,085,754	1,993,425	92,329
Total ALN 10.553			4,415,532	403,194	2,015,960	2,399,572	2,710,437	92,329
Summer Food Service Program for Children	10.559	220900	434,979	50,800	50,800	384,179	434,979	-
Summer Food Service Program for Children		230900	55,114	-	-	55,114	-	55,114
Total ALN 10.559			490,093	50,800	50,800	439,293	434,979	55,114
Fresh Fruit & Vegetable Program	10.582	222010	323,703	55,047	294,042	-	55,047	-
Fresh Fruit & Vegetable Program		230950	323,115	-	-	323,115	322,938	177
Total ALN 10.582			646,818	55,047	294,042	323,115	377,985	177
Total cash assistance			14,185,054	1,217,876	6,186,285	7,969,108	8,897,427	289,557
Total Child Nutrition Cluster			14,679,231	1,217,876	6,186,285	8,463,285	9,391,604	289,557
Child and Adult Food Program	10.558	221920	165,821	20,707	148,023	17,798	38,505	-
Child and Adult Food Program		222010	8,639	1,034	7,678	961	1,995	-
Child and Adult Food Program		231920	165,233	-	-	165,233	165,233	-
Child and Adult Food Program		232010	12,096	-	-	12,096	8,344	3,752
Total ALN 10.558			351,789	21,741	155,701	196,088	214,077	3,752
Local Food for Schools	10.185	230985	44,880	-	-	44,880	44,880	-
COVID-19 Pandemic EBT Local Level Costs	10.649	220980	5,950	-	-	5,950	5,950	-
Total U.S. Department of Agriculture			15,081,850	1,239,617	6,341,986	8,710,203	9,656,511	293,309

The accompanying notes are an integral part of this schedule.

LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Education								
Direct Programs								
Indian Education - Grants to Local Education Agencies	84.060A	S060A200962	$ 17,868	$ 4,600	$ 7,437	$ -	$ 4,600	$ -
Indian Education - Grants to Local Education Agencies		S060A210962	16,864	42	17,454	-	42	-
Indian Education - Grants to Local Education Agencies		S060A220962	22,105	-	-	22,102	21,296	806
Total ALN 84.060A			56,837	4,642	24,891	22,102	25,938	806
Magnet Schools Assistance	84.165A	U165A170011	825,696	176,610	612,860	212,836	389,446	-
Magnet Schools Assistance		U165A170011	1,892,053	310,414	1,624,014	268,039	578,453	-
Magnet Schools Assistance		U165A170011	1,465,483	-	-	981,485	872,230	109,255
Magnet Schools Assistance		S165A220015	2,916,026	-	-	1,380,987	1,122,950	258,037
Total ALN 84.165A			7,099,258	487,024	2,236,874	2,843,347	2,963,079	367,292
School Safety National Activities	84.184G	S184G190342	45,728	8,639	17,221	28,508	37,147	-
School Safety National Activities		S184G190342	545,708	104,429	341,537	204,171	308,600	-
School Safety National Activities		S184G190342	747,210	-	-	457,763	410,771	46,992
School Safety National Activities		S184G190342	286,151	-	-	175,923	172,222	3,701
Total ALN 84.184G			1,624,797	113,068	358,758	866,365	928,740	50,693
School Safety National Activities	84.184H	S184H220173	2,504,911	-	-	535,185	316,135	219,050
Total ALN 84.184			4,129,708	113,068	358,758	1,401,550	1,244,875	269,743
Innovative Approaches to Literacy	84.215G	S215G180072	377,440	18,388	197,387	114,138	132,526	-
Innovative Approaches to Literacy		S215G210041	480,736	26,384	337,579	143,157	169,541	-
Innovative Approaches to Literacy		S215G210041	748,633	-	-	531,386	497,228	34,158
Innovative Approaches to Literacy		S215G210041	266,653	-	-	167,567	130,099	37,468
Total ALN 84.215G			1,873,462	44,772	534,966	956,248	929,394	71,626
Teacher and School Leader Incentive Grants	84.374A	S374A210007	3,902,634	249,759	1,152,122	2,750,512	3,000,271	-
Teacher and School Leader Incentive Grants		S374A210007	7,757,748	-	-	3,976,114	2,812,181	1,163,933
Teacher and School Leader Incentive Grants		S374A210007	4,594,286	-	-	1,906,146	1,838,039	68,107
Total ALN 84.374A			16,254,668	249,759	1,152,122	8,632,772	7,650,491	1,232,040
Passed through Michigan Department of Education								
Federal Adult Ed English Literacy Civics - EL CIVICS	84.002	221120/225005	146,523	14,300	24,817	-	14,300	-
Federal Adult Ed English Literacy Civics - EL CIVICS		231120/235005	151,871	-	-	18,135	17,989	146
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		221130/221250	152,318	17,813	127,603	-	17,813	-
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		231130/231250	155,578	-	-	128,714	111,558	17,156
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		221190/221250	30,465	13,751	13,751	-	13,751	-
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		231190/231250	31,126	-	-	11,569	8,439	3,130
Total ALN 84.002			667,881	45,864	166,171	158,418	183,850	20,432

The accompanying notes are an integral part of this schedule.

LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Education (continued)								
Passed through Michigan Department of Education (continued)								
Title I Grants to Local Education Agencies	84.010	221530/2122	$ 9,846,507	$ 1,649,094	$ 6,622,466	$ 408,126	$ 2,057,220	$ -
Title I Grants to Local Education Agencies		231530/2223	11,370,509	-	-	7,114,617	6,228,422	886,195
Passed through Ingham Intermediate School District								
Title I Grants to Local Education Agencies		221570-2122	9,600	3,380	3,380	-	3,380	-
Passed through Calhoun County Intermediate School District								
Title I Grants to Local Education Agencies		N/A	300,000	-	-	163,671	-	163,671
Total ALN 84.010			21,526,616	1,652,474	6,625,846	7,686,414	8,289,022	1,049,866
Passed through Michigan Department of Education								
Title I State Agency Program for Neglected & Delinquent Children & Youth	84.013	221700/2122	184,826	16,456	138,114	-	16,456	-
Title I State Agency Program for Neglected & Delinquent Children & Youth		231700/2223	297,020	-	-	104,196	86,696	17,500
Total ALN 84.013			481,846	16,456	138,114	104,196	103,152	17,500
Education for Homeless Children and Youth	84.196A	222320/2122	112,066	6,857	49,953	22,738	29,595	-
Education for Homeless Children and Youth		232320/2223	107,084	-	-	68,213	65,061	3,152
Total ALN 84.196A			219,150	6,857	49,953	90,951	94,656	3,152
Supporting Effective Instruction State Grants	84.367	220520/2122	1,125,474	22,647	621,536	107,827	130,474	-
Supporting Effective Instruction State Grants		230520/2223	1,277,736	-	-	805,137	756,119	49,018
Total ALN 84.367			2,403,210	22,647	621,536	912,964	886,593	49,018
School Improvement Grant (SIG)	84.377A	171762/2021	743,240	40,107	172,705	-	40,107	-
Student Support & Academic Enrichment	84.424	220750/2122	687,297	57,019	476,029	530	57,549	-
Student Support & Academic Enrichment		230750/2223	856,897	-	-	794,312	786,072	8,240
Total ALN 84.424			1,544,194	57,019	476,029	794,842	843,621	8,240
Education Stabilization Fund								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I) - Formula	84.425D	203710/1920	6,462,933	4,996	6,246,668	1,702	6,698	-
COVID-19 Governor's Emergency Education Relief Fund (GEER) - Formula	84.425C	201200/2021	1,039,152	1,248	1,039,129	-	1,248	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) - Formula	84.425D	213712/2021	29,884,797	520,324	22,389,665	7,495,131	7,598,966	416,489
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) - 98c	84.425D	213782/2223	507,343	-	-	359,046	-	359,046
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III) - Formula	84.425U	213713/2122	67,164,737	7,744,945	24,849,205	21,435,880	27,640,412	1,540,413
COVID-19 Homeless Children and Youth (ARP)	84.425W	211012/2122	261,088	-	-	62,979	61,782	1,197
COVID-19 Homeless Children and Youth (ARP)	84.425W	211010/2122	82,138	-	-	36,214	6,780	29,434
Total ALN 84.425			105,402,188	8,271,513	54,524,667	29,390,952	35,315,886	2,346,579

The accompanying notes are an integral part of this schedule.

LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Education (continued)								
Passed through Michigan Department of Education (continued)								
English Language Acquisition State Grants	84.365A	220580/2122	$ 241,554	$ 18,800	$ 175,189	$ 15,469	$ 34,269	$ -
English Language Acquisition State Grants		230580/2223	227,497	-	-	148,845	135,401	13,444
English Language Acquisition State Grants		220570/2122	132,250	3,168	77,913	23,105	26,273	-
English Language Acquisition State Grants		230570/2223	122,715	-	-	75,332	72,506	2,826
Total ALN 84.365A			724,016	21,968	253,102	262,751	268,449	16,270
Passed through Ingham Intermediate School District								
Special Education Cluster								
Special Education Preschool Grants	84.173A	220460/2022	117,964	26,243	117,964	-	26,243	-
Special Education Preschool Grants		230460/2023	119,467	-	-	118,375	92,329	26,046
COVID-19 Special Education Preschool Grants - ARP	84.173X	221285/2122	38,730	-	-	11,998	4,674	7,324
Total ALN 84.173A			276,161	26,243	117,964	130,373	123,246	33,370
Special Education Grants to States	84.027	220450/2022	1,600,000	368,262	1,600,000	-	368,262	-
Special Education Grants to States		230450/2023	1,600,000	-	-	1,600,000	1,269,989	330,011
Total ALN 84.027			3,200,000	368,262	1,600,000	1,600,000	1,638,251	330,011
Total Special Education Cluster			3,476,161	394,505	1,717,964	1,730,373	1,761,497	363,381
Passed through Clinton County Regional Educational Service Agency								
Career and Technical Education - Basic to States	84.048A	-----	52,752	8,878	52,752	-	8,878	-
Career and Technical Education - Basic to States		-----	41,975	-	-	41,244	31,072	10,172
Total ALN 84.048A			94,727	8,878	52,752	41,244	39,950	10,172
Total U.S. Department of Education			166,697,162	11,437,553	69,106,450	55,029,124	60,640,560	5,826,117
U.S. Department of Treasury								
Passed through Ingham Intermediate School District								
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARP)	21.027	-----	367,286	101,624	238,239	24,421	126,045	-
Passed through the City of Lansing								
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARP)	21.027	-----	400,000	-	-	101,952	-	101,952
Total ALN 21.027			767,286	101,624	238,239	126,373	126,045	101,952

The accompanying notes are an integral part of this schedule.

LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2023
U.S. Department of Health and Human Services								
Passed through Ingham County Health Department								
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	222810-HRA2022	$ 111,341	$ 111,341	$ 111,341	$ -	$ 111,341	$ -
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases		232810-HRA2023	336,000	-	-	284,082	108,655	175,427
Total ALN 93.323			447,341	111,341	111,341	284,082	219,996	175,427
Passed through Ingham Intermediate School District								
Medicaid Cluster								
Medicaid Assistance Program	93.778	-----	90,612	-	-	90,612	90,612	-
Passed through Eaton County Regional Educational Service Agency								
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	-----	43,500	9,869	38,757	-	9,869	-
Total U.S. Department of Health and Human Services			581,453	121,210	150,098	374,694	320,477	175,427
U.S. Department of Justice								
Direct Program								
STOP School Violence	16.839	15PBJA-22-GG-04658-STOP	232,543	-	-	127,371	111,586	15,785
U.S. Department of Labor								
Passed through Capital Area Michigan Works								
WIOA Program Cluster								
WIOA Youth Activities	17.259	-----	670,162	157,610	660,635	-	157,610	-
WIOA Youth Activities		-----	1,228,827	24,477	24,477	779,530	693,557	110,450
WIOA Youth Activities		-----	29,016	-	-	5,418	-	5,418
Total U.S. Department of Labor			1,928,005	182,087	685,112	784,948	851,167	115,868
Federal Communications Commission								
Direct Program								
COVID-19 Emergency Connectivity	32.009	-----	132,699	-	-	132,699	132,699	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 185,420,998	$ 13,082,091	$ 76,521,885	$ 65,285,412	$ 71,839,045	$ 6,528,458

The accompanying notes are an integral part of this schedule.

LANSING SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Lansing School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Lansing School District, it is not intended to and does not present the financial position or changes in net position of Lansing School District.

The District qualifies for low-risk auditee status. Management has utilized the NexSys Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. 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. Lansing School District has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	$ 56,575,209
Other nonmajor governmental funds	8,710,203
Expenditures per schedule of expenditures of federal awards	$ 65,285,412

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INDEPENDENT AUDITOR'S 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*

To the Board of Education
Lansing School District

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, each major fund, and the aggregate remaining fund information of Lansing School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lansing School District's basic financial statements, and have issued our report thereon dated October 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lansing School District's internal control over financial reporting (internal control) as a basis for designing 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 Lansing School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lansing School District'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lansing School District'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 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 the entity'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.

Maner Costerisan PC

October 13, 2023

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

To the Board of Education
Lansing School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lansing School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lansing School District's major federal programs for the year ended June 30, 2023. Lansing School District'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 School District 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, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 School District 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 School District'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 School District'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 School District'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 generally accepted auditing standards, *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 School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 School District'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 School District'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 School District'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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maner Costerisan PC

October 13, 2023

LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:	*Unmodified*	
Internal control over financial reporting:		
➢ Material weakness(es) identified?	____ Yes	X No
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
➢ Material weakness(es) identified?	____ Yes	X No
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*	
Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	____ Yes	X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.165A	Magnet Schools Assistance
84.010	Title I Grants to Local Educational Associations
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$1,958,562	
Auditee qualified as low-risk auditee?	X Yes	____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Question Costs

None noted.

LANSING SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2023

There were no audit findings in the prior year.