

**LANSING SCHOOL DISTRICT**  
**REPORT ON FINANCIAL STATEMENTS**  
**(with required and additional  
supplementary information)**  
**YEAR ENDED JUNE 30, 2022**

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4-12
BASIC FINANCIAL STATEMENTS.....	13
Government-wide Financial Statements	
Statement of Net Position.....	14
Statement of Activities.....	15
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Fiduciary Funds	
Statement of Fiduciary Net Position.....	20
Statement of Changes in Fiduciary Net Position .....	21
Notes to Financial Statements .....	22-51
REQUIRED SUPPLEMENTARY INFORMATION .....	52
Budgetary Comparison Schedule - General Fund .....	53
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability.....	54
Schedule of the Reporting Unit's Pension Contributions.....	55
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability.....	56
Schedule of the Reporting Unit's OPEB Contributions.....	57
Notes to Required Supplementary Information .....	58
ADDITIONAL SUPPLEMENTARY INFORMATION .....	59
Nonmajor Governmental Fund Types	
Combining Balance Sheet.....	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	61
Nonmajor Debt Service Funds	
Combining Balance Sheet.....	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	63
Capital Projects Funds	
Combining Balance Sheet.....	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	65

**TABLE OF CONTENTS**

	<u>Page</u>
Long-term Debt	
Bonded Debt.....	66-69
Schedule of Expenditures of Federal Awards.....	70-74
Notes to Schedule of Expenditures of Federal Awards.....	75
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	76-77
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE .....	78-80
Schedule of Findings and Questioned Costs .....	81
Schedule of Prior Year Findings.....	82



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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, 2022, 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, 2022, 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 2022 the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. 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 5, 2022 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.

*Manes Costeiran PC*

October 5, 2022

**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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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, 2022. 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, 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.

**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Summary of Net Position**

The following schedule summarizes the net position for fiscal years ended June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021*
<b>Assets</b>		
Current and other assets	\$ 148,644,941	\$ 68,833,946
Capital assets	177,415,981	166,454,995
Total assets	<u>326,060,922</u>	<u>235,288,941</u>
Deferred outflows of resources	<u>53,958,193</u>	<u>78,266,442</u>
<b>Liabilities</b>		
Long-term outstanding liabilities	167,785,149	116,962,256
Net other postemployment benefit liability	11,439,165	40,459,348
Net pension liability	174,093,564	261,231,339
Other liabilities	<u>29,577,542</u>	<u>26,050,722</u>
Total liabilities	<u>382,895,420</u>	<u>444,703,665</u>
Deferred inflows of resources	<u>124,004,756</u>	<u>51,328,924</u>
<b>Net position</b>		
Net investment in capital assets	74,151,726	67,328,260
Restricted for debt service	1,384,124	1,605,689
Restricted for sinking fund	4,477,655	4,884,490
Restricted nonexpendable endowment corpus	1,407,694	1,407,694
Restricted expendable endowment earnings	82,111	84,135
Unrestricted	<u>(208,384,371)</u>	<u>(257,787,474)</u>
Total net position	<u>\$ (126,881,061)</u>	<u>\$ (182,477,206)</u>
*The 2021 figures have not been updated for the adoption of GASB 87.		

**Analysis of Financial Position**

During the fiscal year ended June 30, 2022, the District's net position increased by \$55,596,145. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation Expense

GASB Statement 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 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, 2022, \$6,373,178 was recorded for depreciation and amortization expense.



**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Analysis of Financial Position (continued)**

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2022, \$18,590,042 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets (\$18,590,042), assets disposed of and reclassified during the fiscal year, and the current year's depreciation and amortization (\$6,373,178) is a net increase to capital assets in the amount of \$10,486,357 for the fiscal year ended June 30, 2022. The net increase in capital assets is due mainly to construction related to the 2022 and 2019 bond issuances.

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, 2022 and 2021, the results of operations, on a District-wide basis, were:

	<u>Year Ended June 30, 2022</u>		<u>Year Ended June 30, 2021*</u>	
General revenues				
Property taxes	\$ 44,024,368	19.1%	\$ 43,512,721	22.6%
Investment earnings	83,328	0.0%	145,412	0.1%
State sources	79,375,596	34.4%	66,253,902	34.4%
IISD special education allocation	14,944,570	6.5%	15,314,188	8.0%
Other	849,271	0.4%	2,169,442	1.1%
Total general revenues	<u>139,277,133</u>	<u>60.4%</u>	<u>127,395,665</u>	<u>66.2%</u>
Program revenues				
Charges for services	1,052,404	0.5%	631,941	0.3%
Operating grants and contributions	90,270,247	39.1%	64,507,278	33.5%
Total revenues	<u>230,599,784</u>	<u>100.0%</u>	<u>192,534,884</u>	<u>100.0%</u>
Expenses				
Instruction	82,529,585	47.2%	87,309,657	47.6%
Support services	77,419,077	44.2%	83,026,507	45.2%
Community services	851,958	0.5%	2,344,182	1.3%
Food services	6,755,267	3.9%	4,998,816	2.7%
Interest on long-term debt	5,035,647	2.9%	5,048,175	2.7%
Loss on sale of assets	1,730,507	1.0%	158,021	0.1%
Unallocated depreciation expense	681,598	0.4%	719,930	0.4%
Total expenses	<u>175,003,639</u>	<u>100.1%</u>	<u>183,605,288</u>	<u>100.0%</u>
Change in net position	<u>\$ 55,596,145</u>		<u>\$ 8,929,596</u>	

\*The 2021 figures have not been updated for the adoption of GASB 87

**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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 2021-2022 fiscal year, the District levied \$24,983,133 in non-principal property taxes. This amount represented an increase of 4.1% 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
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%
2017-2018	22,266,108	5.1%

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 fiscal year, the District received \$8,700, an increase of \$473 from the \$8,227 per pupil amount received for the 2020-2021 fiscal year.

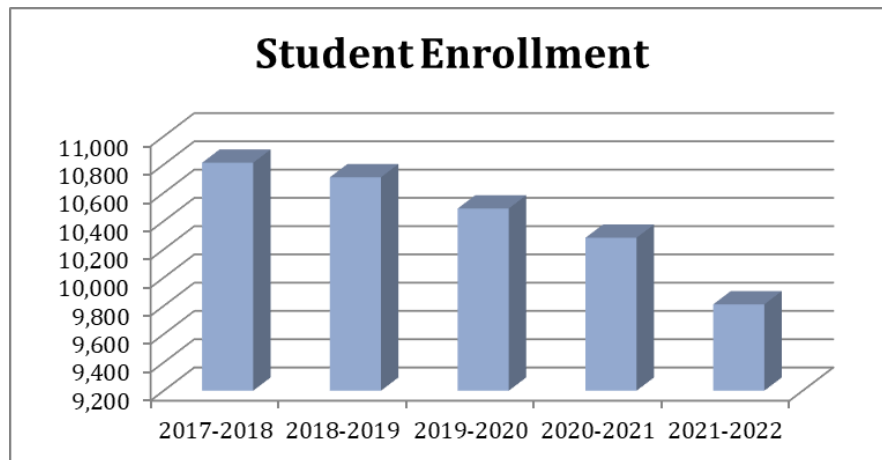
**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Analysis of Significant Revenue and Expenses (continued)**

3. Student Enrollment

Student enrollment has declined by 9.3% since 2017-2018.

Fiscal Year	Actual Blended Student FTE
2021-2022	9,811
2020-2021	10,282
2019-2020	10,498
2018-2019	10,710
2017-2018	10,813



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, 2022, federal, state, and other grants accounted for \$90,270,247. This amount was an increase from the total grant sources of \$25,762,969 received for the fiscal year ended June 30, 2021. An increase in Education Stabilization Fund spending was the primary cause for the increase.

5. County Special Education Allocation

For the fiscal year ended June 30, 2022, the District received a net allocation from the Ingham Intermediate School District in the amount of \$14,944,570 to assist with the education of students with special needs. This amount represents a decrease of \$369,618 as compared to the allocation of \$15,314,188 received during the fiscal year ended June 30, 2021.

6. Interest Earnings

The District received interest on its investment of short-term available cash in the amount of \$83,328 for the fiscal year ended June 30, 2022. Interest revenues are less than the prior fiscal year by \$62,084.

**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**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:

	2021 - 2022 Fiscal Year	2020 - 2021 Fiscal Year	Increase (Decrease)
Instruction	\$ 91,204,041	\$ 83,281,240	\$ 7,922,801
Supporting services	82,104,084	76,943,270	5,160,814
Food service activities	7,464,058	5,867,725	1,596,333
Community service activities	1,066,172	2,202,156	(1,135,984)
Capital outlay	20,679,340	28,662,689	(7,983,349)
Debt service	12,199,027	11,947,801	251,226
<b>Total expenditures</b>	<b>\$ 214,716,722</b>	<b>\$ 208,904,881</b>	<b>\$ 5,811,841</b>

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 2021-2022 fiscal year, the District amended the general fund budget three times, with the Board adopting the final changes in June 2022.

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	\$ 164,917,000	\$ 212,465,000	\$ 204,444,692	\$ (8,020,308)	-3.8%
Expenditures					
Instruction	\$ 84,001,000	\$ 95,403,000	\$ 91,204,041	\$ 4,198,959	4.4%
Supporting services	78,330,000	84,316,000	82,099,084	2,216,916	2.6%
Community services	2,845,000	1,126,000	1,066,172	59,828	5.3%
Debt service	-	-	148,785	(148,785)	-100.0%
Total expenditures	\$ 165,176,000	\$ 180,845,000	\$ 174,518,082	\$ 6,326,918	3.5%
Other Financing Sources (Uses)	\$ (1,708,000)	\$ (1,966,000)	\$ (938,065)	\$ 1,027,935	-52.3%

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.

**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of the 2021-2022 fiscal year, the District had invested approximately \$292.9 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 \$10.5 million over the prior fiscal year. Depreciation and amortization expense for the year amounted to approximately \$6.4 million, bringing the accumulated depreciation/amortization to approximately \$115.5 million as of June 30, 2022.

	Cost	Accumulated Depreciation/ Amortization	2022 Net Book Value	2021 Net Book Value*
Land	\$ 3,953,291	\$ -	\$ 3,953,291	\$ 3,960,791
Construction in progress	465,063	-	465,063	22,584,215
Land improvements	19,478,847	14,798,509	4,680,338	5,374,796
Buildings and additions	242,656,948	86,086,494	156,570,454	123,489,558
Machinery and equipment	24,076,489	13,519,315	10,557,174	10,597,006
Right to use asset - leased equipment	981,923	142,814	839,109	-
Transportation equipment	1,273,422	922,870	350,552	448,629
	<u>\$ 292,885,983</u>	<u>\$ 115,470,002</u>	<u>\$ 177,415,981</u>	<u>\$ 166,454,995</u>

\*The 2021 figures have not been updated for the adoption of GASB 87

**Long-term Debt**

At June 30, 2022, the District had approximately \$164.2 million in bonded debt outstanding and approximately \$844,000 of direct borrowings related to lease liabilities. Total outstanding debt increased as the District made principal payments of approximately \$8.2million in the current year and issued \$58.4 million in new bonds.

**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 to adjust and adapt to issues around the Covid-19 pandemic. Strategic use of ESSER funds, which in Fiscal Year 2022 we were able to effectively use to increase our fund balance to approximately 24%. The district budgeted approximately 23% of its estimated fund balance for the Fiscal Year Ended June 30, 2023, which still maintains the fund balance above the recommended levels. The district will continue to work at maintaining our fund balance during Fiscal Year 2023.

**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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 2022-23 and the future to ensure staff receive quality insurance but also protect the district's financial stability.
- For the 2022-23 school year the district began working towards a School Based Budgeting process which 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.
- In school year 2017-18, the district launched intra-district choice, which allowed students to attend any school within the district, regardless of the neighborhood in which they live. The district is encouraged by this initiative and it will continue in school year 2022-23. The district will continue to look towards stabilizing enrollment and promoting a more customer-driven alternative to neighborhood dynamics as the sole data source for determining a school's future.
- Two new initiatives for the 2022-23 school year were announced that both involve the three high schools. We began moving 7<sup>th</sup> and 8<sup>th</sup> grade students out of the high schools and into K-8 or 4-8 schools. This will be a phased in process as some 7<sup>th</sup> grade students will make this transition, or remain in their current school, in 2022-23, the remainder of 7<sup>th</sup> grade and a phase of 8<sup>th</sup> grade students in 2023-24, and the remainder of 8<sup>th</sup> grade in 2024-25. In addition, the District also announced that school buses provided by Dean Transportation will only transport PreK-8<sup>th</sup> grade students and all eligible 9<sup>th</sup>-12<sup>th</sup> grade students will be provided an unlimited CATA bus card. This will 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.
- In school year 2017-2018, the district, in conjunction with the Pathway Promise Bond Project, launched the Lansing Pathway Promise as the district's K - 12 educational program plan will also continue in school year 2022-2023. Each pathway represents a career and college preparation journey that promotes STEM/STEAM, Skilled Trades, Advanced Manufacturing; Visual and Performing Arts and New Tech High; International Baccalaureate and Biotechnologies. Students and families choose the pathway that most appeals to their learning interests and which provide options for exploration of careers in those related fields along with strong partnerships with the business community. The district believes that by giving families multiple choices for their child's school experience is another way to stabilize enrollment and increase engagement.
- 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 will be completed in the Fall 2022

**LANSING SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Factors Bearing on the District's Future (continued)**

- 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. These funds helped supplement and expand the major bond work at Everett, Sexton, North and Wexford along with new secure entrances at Gier Park Elementary and Sheridan Road Elementary, replacing the boiler at Sexton HS and Cavanaugh Elementary, and replacing roofs at Cavanaugh Elementary and the section of roof at Pattengill (formerly the original Fairview building). Some major improvements that are beginning Summer 2022 are renovating Woodcreek to be a swing school for new bond construction projects and adding two new cabins at Ebersole along with renovating one of the dorms to have individual living units.
  
- In May of 2022, the community supported and passed a new \$129.7 million bond proposal. This bond is focused on demolishing and building four new elementary schools - Mount Hope, Lewton, Willow, and Sheridan Road. The District will also be installing air conditioning in all schools that do not currently have it so all classrooms are covered and providing additional improvements and renovations to Sexton High School to match the investments into Everett and Eastern that were previously done with the 2016 bond.

**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, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 46,058,714
Receivables	
Accounts receivable	214,736
Intergovernmental	31,804,277
Inventories	112,764
Prepays	1,697,751
Restricted cash and cash equivalents - capital projects	10,626,534
Restricted investments - capital projects	58,130,165
Capital assets not being depreciated	4,418,354
Capital assets, net of accumulated depreciation/amortization	172,997,627
<b>TOTAL ASSETS</b>	<b>326,060,922</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding, net of amortization	39,301
Related to other postemployment benefits	16,440,122
Related to pensions	37,478,770
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>53,958,193</b>
<b>LIABILITIES</b>	
Accounts payable	7,839,890
Accrued salaries and related items	8,458,794
Accrued retirement	4,390,870
Due to other governmental units	2,686,260
IBNR reserves	2,408,526
Accrued interest	1,041,581
Unearned revenue	2,751,621
Noncurrent liabilities	
Due within one year	8,189,739
Due in more than one year	159,595,410
Net other postemployment benefits liability	11,439,165
Net pension liability	174,093,564
<b>TOTAL LIABILITIES</b>	<b>382,895,420</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	46,011,550
Related to pensions	66,109,262
Related to state aid funding for pension benefits	11,883,944
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>124,004,756</b>
<b>NET POSITION</b>	
Net investment in capital assets	74,151,726
Restricted for debt service	1,384,124
Restricted for capital projects - sinking fund	4,477,655
Restricted nonexpendable endowment corpus	1,407,694
Restricted expendable endowment earnings	82,111
Unrestricted	(208,384,371)
<b>TOTAL NET POSITION</b>	<b>\$ (126,881,061)</b>

See notes to financial statements.

**LANSING SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 82,529,585	\$ 432,515	\$ 43,884,621	\$ (38,212,449)
Support services	77,419,077	224,169	36,648,816	(40,546,092)
Community services	851,958	241,222	1,028,056	417,320
Food services	6,755,267	154,498	8,708,754	2,107,985
Interest on long-term debt	5,035,647	-	-	(5,035,647)
Loss on sale of assets	1,730,507	-	-	(1,730,507)
Unallocated depreciation/ amortization	681,598	-	-	(681,598)
Total governmental activities	<u>\$ 175,003,639</u>	<u>\$ 1,052,404</u>	<u>\$ 90,270,247</u>	<u>(83,680,988)</u>
General revenues				
Property taxes, levied for general purposes				24,381,945
Property taxes, levied for debt service				11,414,350
Property taxes, levied for sinking fund				8,228,073
Investment earnings				83,328
State sources - unrestricted				79,375,596
Intermediate sources				14,944,570
Other				849,271
Total general revenues				<u>139,277,133</u>
CHANGE IN NET POSITION				55,596,145
NET POSITION, beginning of year				<u>(182,477,206)</u>
NET POSITION, end of year				<u>\$ (126,881,061)</u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund	2022 Capital Projects fund	2019 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 41,532,451	\$ -	\$ -	\$ 4,526,263	\$ 46,058,714
Receivables					
Accounts receivable	209,366	-	-	5,370	214,736
Intergovernmental	30,530,231	-	-	1,274,046	31,804,277
Due from other funds	-	5,639	4,394	7,068,963	7,078,996
Inventories	37,964	-	-	74,800	112,764
Prepays	1,683,879	-	-	13,872	1,697,751
Restricted cash and cash equivalents	-	-	5,069,753	5,556,781	10,626,534
Restricted investments	-	58,130,165	-	-	58,130,165
	<u>\$ 73,993,891</u>	<u>\$ 58,135,804</u>	<u>\$ 5,074,147</u>	<u>\$ 18,520,095</u>	<u>\$ 155,723,937</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 4,586,510	\$ 275,686	\$ 1,227,823	\$ 1,749,871	\$ 7,839,890
Accrued salaries and related items	8,458,794	-	-	-	8,458,794
Accrued retirement	4,390,870	-	-	-	4,390,870
Due to other governmental units	2,686,260	-	-	-	2,686,260
Due to other funds	6,812,312	-	-	266,684	7,078,996
Unearned revenue	2,751,121	-	-	500	2,751,621
	<u>29,685,867</u>	<u>275,686</u>	<u>1,227,823</u>	<u>2,017,055</u>	<u>33,206,431</u>
<b>TOTAL LIABILITIES</b>					
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	892,247	-	-	-	892,247
<b>FUND BALANCES</b>					
<b>Nonspendable</b>					
Inventories	37,964	-	-	74,800	112,764
Prepays	1,683,879	-	-	13,872	1,697,751
Endowment corpus	-	-	-	1,407,694	1,407,694
<b>Restricted</b>					
Debt service	-	-	-	2,425,705	2,425,705
Capital projects	-	57,860,118	3,846,324	4,477,655	66,184,097
Food service	-	-	-	3,695,040	3,695,040
Endowment earnings	-	-	-	82,111	82,111
<b>Assigned</b>					
Subsequent year expenditures	9,977,000	-	-	-	9,977,000
Capital projects	-	-	-	4,326,163	4,326,163
Student/school activities	342,635	-	-	-	342,635
<b>Unassigned</b>					
General fund	31,374,299	-	-	-	31,374,299
	<u>43,415,777</u>	<u>57,860,118</u>	<u>3,846,324</u>	<u>16,503,040</u>	<u>121,625,259</u>
<b>TOTAL FUND BALANCES</b>					
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
	<u>\$ 73,993,891</u>	<u>\$ 58,135,804</u>	<u>\$ 5,074,147</u>	<u>\$ 18,520,095</u>	<u>\$ 155,723,937</u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

**Total governmental fund balances** \$ 121,625,259

Amounts reported for governmental activities in the statement of net position are different because:

Deferred charge on refunding, net of amortization	39,301
Deferred outflows of resources - related to pensions	37,478,770
Deferred outflows of resources - related to other postemployment benefits	16,440,122
Deferred inflows of resources - related to pensions	(66,109,262)
Deferred inflows of resources - related to other postemployment benefits	(46,011,550)
Deferred inflows of resources - related to state funding for pension benefits	(11,883,944)

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Capital assets	\$ 292,885,983	
Accumulated depreciation/amortization	<u>(115,470,002)</u>	
		177,415,981

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

General obligation bonds	(164,166,169)
Direct borrowing and direct placement	(843,829)
Compensated absences, termination benefits, and self-insured workers' compensation plan	(2,775,151)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(1,041,581)
Unavailable revenue - at June 30th expected to be collected after September 1st	892,247
IBNR reserves	(2,408,526)
Net other postemployment benefits liability	(11,439,165)
Net pension liability	<u>(174,093,564)</u>

**Net position of governmental activities** \$ (126,881,061)

**LANSING SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	General Fund	2022 Capital Projects fund	2019 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Local sources					
Property taxes	\$ 24,381,945	\$ -	\$ -	\$ 19,642,423	\$ 44,024,368
Investment earnings	34,975	5,639	21,612	21,102	83,328
Food sales	-	-	-	153,810	153,810
Other	1,930,622	-	-	688	1,931,310
<b>Total local sources</b>	<b>26,347,542</b>	<b>5,639</b>	<b>21,612</b>	<b>19,818,023</b>	<b>46,192,816</b>
State sources	93,172,369	-	-	318,769	93,491,138
Federal sources	69,530,538	-	-	8,539,065	78,069,603
Incoming transfers	15,394,243	-	-	-	15,394,243
<b>TOTAL REVENUES</b>	<b>204,444,692</b>	<b>5,639</b>	<b>21,612</b>	<b>28,675,857</b>	<b>233,147,800</b>
<b>EXPENDITURES</b>					
Current					
Instruction	91,204,041	-	-	-	91,204,041
Supporting services	82,099,084	-	-	5,000	82,104,084
Food service activities	-	-	-	7,464,058	7,464,058
Community service activities	1,066,172	-	-	-	1,066,172
Capital outlay	-	4,093	10,894,956	9,780,291	20,679,340
Debt service					
Principal payments	138,094	-	-	6,765,000	6,903,094
Interest	10,691	-	-	4,780,050	4,790,741
Bond issuance costs	-	502,268	-	-	502,268
Other	-	-	1,422	1,502	2,924
<b>TOTAL EXPENDITURES</b>	<b>174,518,082</b>	<b>506,361</b>	<b>10,896,378</b>	<b>28,795,901</b>	<b>214,716,722</b>
<b>EXCESS (DEFICIENCY) OF REVENUES     OVER (UNDER) EXPENDITURES</b>	<b>29,926,610</b>	<b>(500,722)</b>	<b>(10,874,766)</b>	<b>(120,044)</b>	<b>18,431,078</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease issuance	507,294	-	-	-	507,294
Proceeds from sale of capital assets	-	-	-	5,001	5,001
Bonds issuance	-	51,800,000	-	-	51,800,000
Premium on bonds	-	6,560,840	-	-	6,560,840
Transfers in	104,641	-	-	2,416,882	2,521,523
Transfers out	(1,550,000)	-	-	(971,523)	(2,521,523)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>(938,065)</b>	<b>58,360,840</b>	<b>-</b>	<b>1,450,360</b>	<b>58,873,135</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>28,988,545</b>	<b>57,860,118</b>	<b>(10,874,766)</b>	<b>1,330,316</b>	<b>77,304,213</b>
<b>FUND BALANCES</b>					
Beginning of year	14,427,232	-	14,721,090	15,172,724	44,321,046
End of year	<u>\$ 43,415,777</u>	<u>\$ 57,860,118</u>	<u>\$ 3,846,324</u>	<u>\$ 16,503,040</u>	<u>\$ 121,625,259</u>

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, 2022**

**Net change in fund balances total governmental funds** \$ 77,304,213

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	(6,373,178)
Capital outlay	18,590,042
Unrecovered cost on asset disposal	(1,730,507)

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	796,675
Accrued interest payable, end of the year	(1,041,581)

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:

Lease issuance	(507,294)
Bonds issuance	(51,800,000)
Payments on debt	6,903,094
Premium on bonds	(6,560,840)
Amortization of deferred charge on refunding	(107,495)
Amortization of bond premium	1,424,292

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	(1,011,693)
Unavailable revenue, end of the year	892,247

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	2,967,635
Accrued compensated absences, termination benefits and self-insured workers' compensation plan, end of the year	(2,775,151)

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	12,201,288
Pension related items	9,513,655
IBNR expenses	(655,686)

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	9,450,373
Pension related items, end of year	(11,883,944)

**Change in net position of governmental activities** \$ 55,596,145

**LANSING SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 412,771
Accounts receivable	<u>93,295</u>
TOTAL ASSETS	<u>506,066</u>
NET POSITION	
Restricted for student organizations	<u><u>\$ 506,066</u></u>

**LANSING SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2022**

	Custodial Funds
ADDITIONS	
Student activity income	\$ 13,150
DEDUCTIONS	
Payment made on behalf of student organizations	21,018
CHANGE IN NET POSITION	(7,868)
NET POSITION	
Beginning of year	513,934
End of year	\$ 506,066



**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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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, 2022. 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	\$ 58,366,479	\$ 56,541,884
Expenditures and other financing uses	\$ 506,361	\$ 52,695,560

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.

*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.

**LANSING SCHOOL DISTRICT  
NOTES TO 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).

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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, 2022. 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 3 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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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 Prepays*

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 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:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and additions	50
Machinery and equipment	5 - 20
Right to use - leased equipment	5
Land improvements	20
Transportation equipment	8

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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 three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*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, 2022, the District's general fund balance was more than 10% of the preceding year's expenditures.

*Leases*

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



**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*Leases (continued)*

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease 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 payments to present value, (2) lease term, and (3) lease 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.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease 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 and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease 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.

*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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenues and Expenditures/Expenses (continued)

*Property Taxes (continued)*

For the year ended June 30, 2022, 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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2022, 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, 2022, \$19,827,677 of the District's bank balance of \$20,077,677 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount of all deposits is \$18,504,860.

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)
MILAF External Investment pool - CMC	\$ 58,198,128	N/A
MILAF External Investment pool - Max	38,525,196	N/A
Total fair value	\$ 96,723,324	
Portfolio weighted average maturity		N/A

One day maturity equals approximately 0.0027 years.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment pool - CMC	\$ 58,198,128	AAAm	Standard & Poor's
MILAF External Investment pool - Max	<u>38,525,196</u>	AAAm	Standard & Poor's
Total fair value	<u><u>\$ 96,723,324</u></u>		

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.

The District does not carry any investments subject to the fair value measurement.

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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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. Two of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund Cash Management Class and Max Class (MILAF). These are external pooled investment funds of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2022, the fair value of the District’s investments is the same as the value of the pool shares.

MILAF Cash Management Class and Max Class 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.

	<u>Amortized Cost</u>
MILAF External Investment pool - CMC	\$ 58,198,128
MILAF External Investment pool - Max	38,525,196
	<u>\$ 96,723,324</u>

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, 2022:

	<u>Primary Government</u>	<u>Custodial Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 46,058,714	\$ 412,771	\$ 46,471,485
Restricted cash and cash equivalents	10,626,534	-	10,626,534
Restricted investments	58,130,165	-	58,130,165
	<u>\$ 114,815,413</u>	<u>\$ 412,771</u>	<u>\$ 115,228,184</u>

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - CAPITAL ASSETS**

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

	As Restated Balance July 1, 2021	Reclassifications/ Additions	Reclassifications/ Deletions	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 3,960,791	\$ -	\$ 7,500	\$ 3,953,291
Construction in progress	22,584,215	465,063	22,584,215	465,063
Subtotal	<u>26,545,006</u>	<u>465,063</u>	<u>22,591,715</u>	<u>4,418,354</u>
Capital assets, being depreciated/amortized				
Land improvements	19,981,162	-	502,315	19,478,847
Buildings and additions	209,615,521	38,996,179	5,954,752	242,656,948
Machinery and equipment	25,030,946	1,189,026	2,143,483	24,076,489
Right to use asset - leased equipment	474,629	507,294	-	981,923
Transportation equipment	1,256,727	16,695	-	1,273,422
Subtotal	<u>256,358,985</u>	<u>40,709,194</u>	<u>8,600,550</u>	<u>288,467,629</u>
Accumulated depreciation/amortization				
Land improvements	14,606,366	670,760	478,617	14,798,509
Buildings and additions	86,125,963	4,219,534	4,259,003	86,086,494
Machinery and equipment	14,433,940	1,225,298	2,139,923	13,519,315
Right to use assets - leased equipment	-	142,814	-	142,814
Transportation equipment	808,098	114,772	-	922,870
Subtotal	<u>115,974,367</u>	<u>6,373,178</u>	<u>6,877,543</u>	<u>115,470,002</u>
Total capital assets being depreciated/amortized, net	<u>140,384,618</u>	<u>34,336,016</u>	<u>1,723,007</u>	<u>172,997,627</u>
Governmental activities capital assets, net	<u>\$ 166,929,624</u>	<u>\$ 34,801,079</u>	<u>\$ 24,314,722</u>	<u>\$ 177,415,981</u>

Depreciation/amortization for the fiscal year ended June 30, 2022 amounted to \$6,373,178.

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

Instruction	\$ 2,768,665
Support service	2,853,389
Food service	69,526
Unallocated	<u>681,598</u>
	<u>\$ 6,373,178</u>

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2022 consist of the following:

	Governmental Funds
Other governmental units	
State aid	\$ 16,381,275
Federal	13,082,091
Other	2,340,911
	\$ 31,804,277

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, 2022:

	Self-insured Workers' Compensation Plan	Compensated Absences and Termination Benefits	General Obligation Bonds	Direct Borrowing and Direct Placement	Total
Balance, July 1, 2021, as restated	\$ 34,985	\$ 2,932,650	\$ 113,994,621	\$ 474,629	\$ 117,436,885
Additions	-	-	58,360,840	507,294	58,868,134
Deletions	7,405	185,079	8,189,292	138,094	8,519,870
Balance, June 30, 2022	27,580	2,747,571	164,166,169	843,829	167,785,149
Due within one year	-	819,258	7,160,000	210,481	8,189,739
Due in more than one year	\$ 27,580	\$ 1,928,313	\$ 157,006,169	\$ 633,348	\$ 159,595,410

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

Long-term obligations at June 30, 2022 are comprised of the following issues:

General Obligation Bonds

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%.	41,125,000
2016 general obligation refunding bonds due in an annual installment of \$4,585,000 on May 1, 2023, with interest at 4.00%.	4,585,000
2016 general obligation bond issuance due in annual installments of \$675,000 to \$3,525,000 through May 1 2041, with interest at 5.00%.	44,800,000
Plus issuance premium	<u>21,856,169</u>
Total general obligation bonds	<u>164,166,169</u>

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%.	359,504
Print shop copier lease due in monthly installments of \$8,475 through July 1, 2027, with imputed interest at 2.00%.	<u>484,325</u>
Total general obligation bonds	<u>843,829</u>
Compensated absences and termination benefits	2,747,571
Workers' compensation claims	<u>27,580</u>
Total general long-term obligations	<u><u>\$ 167,785,149</u></u>

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2022, \$12,585,000 of bonds outstanding are considered defeased.



**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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, 2022 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			
2023	\$ 7,160,000	\$ 6,659,567	\$ 210,481	\$ 14,579	\$ -	\$ -	\$ 14,044,627
2024	6,125,000	6,757,500	214,729	10,331	-	-	13,107,560
2025	6,725,000	6,451,250	219,062	5,998	-	-	13,401,310
2026	4,025,000	6,115,000	98,780	2,920	-	-	10,241,700
2027	4,625,000	5,913,750	100,777	924	-	-	10,640,451
2028 - 2032	26,475,000	25,893,750	-	-	-	-	52,368,750
2033 - 2037	33,700,000	18,576,250	-	-	-	-	52,276,250
2038 - 2042	35,725,000	9,391,250	-	-	-	-	45,116,250
2043 - 2047	17,750,000	2,726,250	-	-	-	-	20,476,250
	142,310,000	88,484,567	843,829	34,752	-	-	231,673,148
Issuance premium	21,856,169	-	-	-	-	-	21,856,169
Compensated absences and termination benefits	-	-	-	-	2,747,571	-	2,747,571
Workers' compensation claims	-	-	-	-	-	27,580	27,580
	<u>\$ 164,166,169</u>	<u>\$ 88,484,567</u>	<u>\$ 843,829</u>	<u>\$ 34,752</u>	<u>\$ 2,747,571</u>	<u>\$ 27,580</u>	<u>\$ 256,304,468</u>

Interest expense (all funds) for the year ended June 30, 2022 was approximately \$5,035,000.

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2022 are as follows:

Receivable Fund		Payable Fund	
2022 capital projects fund	\$ 5,639	General fund	\$ 6,812,312
2019 capital projects fund	4,394	Nonmajor funds	266,684
Nonmajor funds	<u>7,068,963</u>		
	<u>\$ 7,078,996</u>		<u>\$ 7,078,996</u>

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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (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. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at [www.michigan.gov/orsschools](http://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 MPERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
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%.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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 transition 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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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 60<sup>th</sup> 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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions (continued)

Pension and OPEB contributions made in the fiscal year ending September 30, 2020 were determined as of the September 30, 2018 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2018 are amortized over an 18-year period beginning October 1, 2020 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, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
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, 2022 were equal to the required contribution total. Total pension contributions were approximately \$24,751,000. Of the total pension contributions approximately \$23,963,000 was contributed to fund the Defined Benefit Plan and approximately \$788,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately \$5,840,000. Of the total OPEB contributions approximately \$5,373,000 was contributed to fund the Defined Benefit Plan and approximately \$467,000 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 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.

<i>MPSERS (Plan)</i> Non-university Employers	September 30, 2021	September 30, 2020
Total pension liability	\$ 86,392,473,395	\$ 85,290,583,799
Plan fiduciary net position	\$ 62,717,060,920	\$ 50,939,496,006
Net pension liability	\$ 23,675,412,475	\$ 34,351,087,793
Proportionate share	0.73533%	0.76047%
Net pension liability for the District	\$ 174,093,564	\$ 261,231,339

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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, 2022, the District recognized pension expense of \$14,449,384.

At June 30, 2022, 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	\$ 10,974,236	\$ -
Net difference between projected and actual earnings on pension plan investments	-	55,970,521
Differences between expected and actual experience	2,696,784	1,025,204
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,104,683	9,113,537
Reporting Unit's contributions subsequent to the measurement date	22,703,067	-
	\$ 37,478,770	\$ 66,109,262

\$22,703,067, 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
2022	\$ (7,718,092)
2023	(12,029,427)
2024	(15,710,712)
2025	(15,875,328)

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Total other postemployment benefits liability	\$ 12,046,393,511	\$ 13,206,903,534
Plan fiduciary net position	\$ 10,520,015,621	\$ 7,849,636,555
Net other postemployment benefits liability	\$ 1,526,377,890	\$ 5,357,266,979
Proportionate share	0.74943%	0.75522%
Net other postemployment benefits liability for the District	\$ 11,439,165	\$ 40,459,348

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

For the year ended June 30, 2022, the District recognized OPEB benefit of \$6,828,652.

At June 30, 2022, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 9,562,574	\$ 1,430,918
Net difference between projected and actual earnings on other postemployment benefits plan investments	-	8,621,905
Differences between expected and actual experience	-	32,652,282
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,025,629	3,306,445
Reporting Unit's contributions subsequent to the measurement date	<u>4,851,919</u>	<u>-</u>
	<u>\$ 16,440,122</u>	<u>\$ 46,011,550</u>



**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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)*

\$4,851,919, 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:

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ (9,321,272)
2023	(8,174,380)
2024	(7,100,038)
2025	(7,114,217)
2026	(2,398,723)
2027	(314,717)

Actuarial Assumptions

**Investment Rate of Return for Pension** - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

**Investment Rate of Return for OPEB** - 6.95% 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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**Experience Study** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2020. 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.

**The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments** - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, 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, 2021 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.4%
International Equity Pools	15.0%	7.5%
Private Equity Pools	16.0%	9.1%
Real Estate and Infrastructure Pools	10.0%	5.4%
Fixed Income Pools	10.5%	-0.7%
Absolute Return Pools	9.0%	2.6%
Real Return and Opportunistic Pools	12.5%	6.1%
Short Term Investment Pools	2.0%	-1.3%
	<u>100.0%</u>	

\* Long term rates of return are net of administrative expenses and 2.0% inflation.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**Rate of Return** - For fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14% 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 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). 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 6.95% 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 6.95%. 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	\$ 248,906,582	\$ 174,093,564	\$ 112,068,665

**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 6.95%, 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	\$ 21,256,033	\$ 11,439,165	\$ 3,108,150

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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 of 7.0% (decreasing to 3.5%), 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:

Reporting Unit's proportionate share of the net other postemployment benefits liability	Other Postemployment Benefits		
	1% Trend Decrease	Current Healthcare Cost Trend Rates	1% Trend Increase
	\$	2,784,202	\$ 11,439,165

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 2021 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 \$1,550,000 to the capital projects funds and the food service fund transferred \$104,641 to the general fund. The general fund transfer to the capital projects funds was for future capital acquisitions. The transfer from the food service fund to the general fund was to reimburse indirect cost. The 2012 debt service fund also transferred \$866,882 to the 2016 debt service funds. The transfer was allocated to the remaining balance of the fund after the final debt service payments on the 2012 bonds.

**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.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**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	\$ 490,413
Watertown Township	763
DeWitt Charter Township	1,830
	\$ 493,006

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 PRONOUNCEMENT**

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. 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 District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

**Summary:**

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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, 2021, as previously stated	\$ 166,454,995	\$ 116,962,256
Adoption of GASB Statement No. 87	474,629	474,629
Balances as of July 1, 2021, as restated	\$ 166,929,624	\$ 117,436,885

**REQUIRED SUPPLEMENTARY INFORMATION**

**LANSING SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Local sources	\$ 26,087,000	\$ 28,305,000	\$ 26,347,542	\$ (1,957,458)
State sources	79,267,000	92,175,000	93,172,369	997,369
Federal sources	43,872,000	76,957,000	69,530,538	(7,426,462)
Incoming transfers	15,691,000	15,028,000	15,394,243	366,243
<b>TOTAL REVENUES</b>	<b>164,917,000</b>	<b>212,465,000</b>	<b>204,444,692</b>	<b>(8,020,308)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>Instruction</b>				
Basic programs	56,093,000	72,639,000	66,547,604	6,091,396
Added needs	26,470,000	21,800,000	23,838,789	(2,038,789)
Adult and continuing education	1,438,000	964,000	817,648	146,352
<b>Total instruction</b>	<b>84,001,000</b>	<b>95,403,000</b>	<b>91,204,041</b>	<b>4,198,959</b>
<b>Supporting services</b>				
Pupil	14,737,000	16,818,000	15,914,046	903,954
Instructional staff	21,033,000	11,636,000	10,605,850	1,030,150
General administration	1,225,000	1,582,000	1,510,785	71,215
School administration	8,066,000	8,806,000	8,924,281	(118,281)
Business	3,611,000	3,792,000	3,618,339	173,661
Operation and maintenance	12,238,000	19,327,000	19,935,139	(608,139)
Pupil transportation	8,376,000	10,066,000	9,215,185	850,815
Central	6,926,000	10,497,000	10,449,634	47,366
Other	2,118,000	1,792,000	1,925,825	(133,825)
<b>Total supporting services</b>	<b>78,330,000</b>	<b>84,316,000</b>	<b>82,099,084</b>	<b>2,216,916</b>
<b>Community service activities</b>	<b>2,845,000</b>	<b>1,126,000</b>	<b>1,066,172</b>	<b>59,828</b>
<b>Debt service</b>				
Principal repayment	-	-	138,094	(138,094)
Interest	-	-	10,691	(10,691)
<b>Total debt service</b>	<b>-</b>	<b>-</b>	<b>148,785</b>	<b>(148,785)</b>
<b>TOTAL EXPENDITURES</b>	<b>165,176,000</b>	<b>180,845,000</b>	<b>174,518,082</b>	<b>6,326,918</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(259,000)</b>	<b>31,620,000</b>	<b>29,926,610</b>	<b>(1,693,390)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease issuance	-	-	507,294	507,294
Transfers in	92,000	103,000	104,641	1,641
Transfers out	(1,800,000)	(2,069,000)	(1,550,000)	519,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,708,000)</b>	<b>(1,966,000)</b>	<b>(938,065)</b>	<b>1,027,935</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,967,000)</b>	<b>\$ 29,654,000</b>	<b>28,988,545</b>	<b>\$ (665,455)</b>
<b>FUND BALANCE</b>				
Beginning of year			14,427,232	
End of year			<u>\$ 43,415,777</u>	



**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)**

	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	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	\$ 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	\$ 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	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)	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)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 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	<u>23,963,039</u>	<u>21,769,413</u>	<u>20,510,124</u>	<u>20,263,330</u>	<u>20,539,647</u>	<u>18,774,913</u>	<u>18,367,571</u>	<u>15,524,963</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 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	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)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.74943%	0.75522%	0.77555%	0.72836%	0.79167%
Reporting Unit's proportionate share of net OPEB liability	\$ 11,439,165	\$ 40,459,348	\$ 55,667,077	\$ 57,896,761	\$ 70,106,536
Reporting Unit's covered-employee payroll	\$ 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 (%)	16.83%	60.60%	82.34%	88.43%	105.80%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	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)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 5,372,636	\$ 5,850,062	\$ 5,649,373	\$ 5,599,211	\$ 5,750,215
Contributions in relation to statutorily required contributions	<u>5,372,636</u>	<u>5,850,062</u>	<u>5,649,373</u>	<u>5,599,211</u>	<u>5,750,215</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 65,949,125	\$ 67,609,692	\$ 68,129,766	\$ 66,125,706	\$ 65,494,078
Contributions as a percentage of covered-employee payroll	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.

**LANSING SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE 1 - PENSION INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - there were no changes of assumptions in 2021.

**NOTE 2 - OPEB INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - the assumption changes for 2021 were:

Healthcare cost trend rate was broken into two groups, Pre 65 and Post 65. The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as one group with a rate of 7.00% Year 1 graded to 3.50% Year 15.

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**LANSING SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2022**

	Special Revenue Fund	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 2,423,901	\$ 613,793	\$ 1,488,569	\$ 4,526,263
Restricted cash and cash equivalents	-	-	5,556,781	-	5,556,781
Accounts receivable	2,302	-	3,068	-	5,370
Intergovernmental	1,274,046	-	-	-	1,274,046
Due from other funds	2,761,716	268,488	4,037,523	1,236	7,068,963
Inventories	74,800	-	-	-	74,800
Prepays	13,372	500	-	-	13,872
<b>TOTAL ASSETS</b>	<b>\$ 4,126,236</b>	<b>\$ 2,692,889</b>	<b>\$ 10,211,165</b>	<b>\$ 1,489,805</b>	<b>\$ 18,520,095</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 342,524	\$ -	\$ 1,407,347	\$ -	\$ 1,749,871
Due to other funds	-	266,684	-	-	266,684
Unearned revenue	500	-	-	-	500
<b>TOTAL LIABILITIES</b>	<b>343,024</b>	<b>266,684</b>	<b>1,407,347</b>	<b>-</b>	<b>2,017,055</b>
<b>FUND BALANCES</b>					
Nonspendable					
Inventories	74,800	-	-	-	74,800
Prepays	13,372	500	-	-	13,872
Endowment corpus	-	-	-	1,407,694	1,407,694
Restricted					
Debt service	-	2,425,705	-	-	2,425,705
Capital projects	-	-	4,477,655	-	4,477,655
Food service	3,695,040	-	-	-	3,695,040
Endowment earnings	-	-	-	82,111	82,111
Assigned	-	-	4,326,163	-	4,326,163
<b>TOTAL FUND BALANCES</b>	<b>3,783,212</b>	<b>2,426,205</b>	<b>8,803,818</b>	<b>1,489,805</b>	<b>16,503,040</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,126,236</b>	<b>\$ 2,692,889</b>	<b>\$ 10,211,165</b>	<b>\$ 1,489,805</b>	<b>\$ 18,520,095</b>

**LANSING SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2022**

	Special Revenue Fund	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Funds
<b>REVENUES</b>					
Local sources					
Property taxes	\$ -	\$ 11,414,350	\$ 8,228,073	\$ -	\$ 19,642,423
Investment earnings	-	6,463	11,663	2,976	21,102
Food sales	153,810	-	-	-	153,810
Other	688	-	-	-	688
Total local sources	154,498	11,420,813	8,239,736	2,976	19,818,023
State sources	169,689	149,080	-	-	318,769
Federal sources	8,539,065	-	-	-	8,539,065
<b>TOTAL REVENUES</b>	<b>8,863,252</b>	<b>11,569,893</b>	<b>8,239,736</b>	<b>2,976</b>	<b>28,675,857</b>
<b>EXPENDITURES</b>					
Current					
Food service activities	7,464,058	-	-	-	7,464,058
Other support services	-	-	-	5,000	5,000
Capital outlay	-	-	9,780,291	-	9,780,291
Debt service					
Principal payments	-	6,765,000	-	-	6,765,000
Interest	-	4,780,050	-	-	4,780,050
Other	-	1,502	-	-	1,502
<b>TOTAL EXPENDITURES</b>	<b>7,464,058</b>	<b>11,546,552</b>	<b>9,780,291</b>	<b>5,000</b>	<b>28,795,901</b>
<b>EXCESS (DEFICIENCY) OF REVENUES     OVER (UNDER) EXPENDITURES</b>	<b>1,399,194</b>	<b>23,341</b>	<b>(1,540,555)</b>	<b>(2,024)</b>	<b>(120,044)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	5,001	-	5,001
Transfers in	-	866,882	1,550,000	-	2,416,882
Transfers out	(104,641)	(866,882)	-	-	(971,523)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>(104,641)</b>	<b>-</b>	<b>1,555,001</b>	<b>-</b>	<b>1,450,360</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,294,553</b>	<b>23,341</b>	<b>14,446</b>	<b>(2,024)</b>	<b>1,330,316</b>
<b>FUND BALANCES</b>					
Beginning of year	2,488,659	2,402,864	8,789,372	1,491,829	15,172,724
End of year	\$ 3,783,212	\$ 2,426,205	\$ 8,803,818	\$ 1,489,805	\$ 16,503,040



**LANSING SCHOOL DISTRICT  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	2019 Debt	2016 Debt	2016 Refunding	2012 Refunding	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 868,694	\$ 149,287	\$ 1,139,236	\$ 266,684	\$ 2,423,901
Due from other funds	647	266,993	848	-	268,488
Prepays	500	-	-	-	500
<b>TOTAL ASSETS</b>	<b>\$ 869,841</b>	<b>\$ 416,280</b>	<b>\$ 1,140,084</b>	<b>\$ 266,684</b>	<b>\$ 2,692,889</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ -	\$ -	\$ 266,684	\$ 266,684
<b>FUND BALANCES</b>					
Nonspendable					
Prepays	500	-	-	-	500
Restricted for debt service	869,341	416,280	1,140,084	-	2,425,705
<b>TOTAL FUND BALANCES</b>	<b>869,841</b>	<b>416,280</b>	<b>1,140,084</b>	<b>-</b>	<b>2,426,205</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 869,841</b>	<b>\$ 416,280</b>	<b>\$ 1,140,084</b>	<b>\$ 266,684</b>	<b>\$ 2,692,889</b>

**LANSING SCHOOL DISTRICT  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	2019 Debt	2016 Debt	2016 Refunding	2012 Refunding	Totals
<b>REVENUES</b>					
Local sources					
Property taxes	\$ 4,007,002	\$ 2,396,174	\$ 2,550,072	\$ 2,461,102	\$ 11,414,350
Investment earnings	2,150	668	1,987	1,658	6,463
State sources	-	-	-	149,080	149,080
<b>TOTAL REVENUES</b>	<u>4,009,152</u>	<u>2,396,842</u>	<u>2,552,059</u>	<u>2,611,840</u>	<u>11,569,893</u>
<b>EXPENDITURES</b>					
Principal payments	1,725,000	650,000	2,060,000	2,330,000	6,765,000
Interest	2,125,250	2,272,500	265,800	116,500	4,780,050
Other	500	502	500	-	1,502
<b>TOTAL EXPENDITURES</b>	<u>3,850,750</u>	<u>2,923,002</u>	<u>2,326,300</u>	<u>2,446,500</u>	<u>11,546,552</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>158,402</u>	<u>(526,160)</u>	<u>225,759</u>	<u>165,340</u>	<u>23,341</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	366,882	500,000	-	866,882
Transfers out	-	-	-	(866,882)	(866,882)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>366,882</u>	<u>500,000</u>	<u>(866,882)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	158,402	(159,278)	725,759	(701,542)	23,341
<b>FUND BALANCES</b>					
Beginning of year	<u>711,439</u>	<u>575,558</u>	<u>414,325</u>	<u>701,542</u>	<u>2,402,864</u>
End of year	<u>\$ 869,841</u>	<u>\$ 416,280</u>	<u>\$ 1,140,084</u>	<u>\$ -</u>	<u>\$ 2,426,205</u>

**LANSING SCHOOL DISTRICT  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 613,793	\$ -	\$ 613,793
Cash and cash equivalents - restricted	-	5,556,781	-	-	5,556,781
Accounts receivable	-	3,068	-	-	3,068
Due from other funds	663,087	4,138	321,289	3,049,009	4,037,523
<b>TOTAL ASSETS</b>	<b>\$ 663,087</b>	<b>\$ 5,563,987</b>	<b>\$ 935,082</b>	<b>\$ 3,049,009</b>	<b>\$ 10,211,165</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 16,514	\$ 1,086,332	\$ -	\$ 304,501	\$ 1,407,347
<b>FUND BALANCES</b>					
Restricted for capital projects	-	4,477,655	-	-	4,477,655
Assigned for capital projects	646,573	-	935,082	2,744,508	4,326,163
<b>TOTAL FUND BALANCES</b>	<b>646,573</b>	<b>4,477,655</b>	<b>935,082</b>	<b>2,744,508</b>	<b>8,803,818</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 663,087</b>	<b>\$ 5,563,987</b>	<b>\$ 935,082</b>	<b>\$ 3,049,009</b>	<b>\$ 10,211,165</b>

**LANSING SCHOOL DISTRICT  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
<b>REVENUES</b>					
Property taxes	\$ -	\$ 8,228,073	\$ -	\$ -	\$ 8,228,073
Investment earnings	-	11,663	-	-	11,663
<b>TOTAL REVENUES</b>	<b>-</b>	<b>8,239,736</b>	<b>-</b>	<b>-</b>	<b>8,239,736</b>
<b>EXPENDITURES</b>					
Capital outlay	363,741	8,646,571	257,873	512,106	9,780,291
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(363,741)</b>	<b>(406,835)</b>	<b>(257,873)</b>	<b>(512,106)</b>	<b>(1,540,555)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	-	-	-	5,001	5,001
Transfers in	850,000	-	700,000	-	1,550,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>850,000</b>	<b>-</b>	<b>700,000</b>	<b>5,001</b>	<b>1,555,001</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>486,259</b>	<b>(406,835)</b>	<b>442,127</b>	<b>(507,105)</b>	<b>14,446</b>
<b>FUND BALANCES</b>					
Beginning of year	160,314	4,884,490	492,955	3,251,613	8,789,372
End of year	\$ 646,573	\$ 4,477,655	\$ 935,082	\$ 2,744,508	\$ 8,803,818

**LANSING SCHOOL DISTRICT  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2022**

2022 Series I Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2023	5.000%	\$ -	\$ 1,295,000	\$ 884,917	\$ 2,179,917
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		<u>\$ 51,800,000</u>	<u>\$ 20,531,875</u>	<u>\$ 20,121,792</u>	<u>\$ 92,453,667</u>

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 refurbishing 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, 2022**

2019 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2023	5.000%	\$ 1,900,000	\$ 1,028,125	\$ 1,028,125	\$ 3,956,250
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		<u>\$ 41,125,000</u>	<u>\$ 10,805,625</u>	<u>\$ 10,805,625</u>	<u>\$ 62,736,250</u>

The above bonds dated May 30, 2019 were issued for the purpose of remodeling, furnishing and refurbishing, 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, 2022**

2016 Refunding Bonds

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total Due Annually</u>
			<u>May 1</u>	<u>November 1</u>	
2023	4.000%	<u>\$ 4,585,000</u>	<u>\$ 91,700</u>	<u>\$ 91,700</u>	<u>\$ 4,768,400</u>

The above bonds dated February 23, 2016 were issued for the purpose of refunding a portion of the District's 2006 Refunding Bonds.

**LANSING SCHOOL DISTRICT  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2022**

2016 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2023	5.000%	\$ 675,000	\$ 1,120,000	\$ 1,120,000	\$ 2,915,000
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		<u>\$ 44,800,000</u>	<u>\$ 13,018,125</u>	<u>\$ 13,018,125</u>	<u>\$ 70,836,250</u>

The above bonds dated June 29, 2016 were issued for the purpose of remodeling, furnishing and refurbishing, 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, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
<b>U.S. Department of Agriculture</b>								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (donated foods)								
National School Lunch Program	10.555	N/A	\$ 327,751	\$ -	\$ 175,163	\$ 327,751	\$ 327,751	\$ -
Cash Assistance								
COVID-19 National School Lunch Program	10.555	221961	3,825,483	-	413,256	3,825,483	3,116,648	708,835
COVID-19 National School Lunch Program		220910	187,183	-	-	187,183	187,183	-
COVID-19 National School Lunch Program		211965	262,833	-	-	262,833	262,833	-
COVID-19 National School Lunch Program		211961	494,630	-	-	494,630	494,630	-
Total ALN 10.555			<u>5,097,880</u>	<u>-</u>	<u>588,419</u>	<u>5,097,880</u>	<u>4,389,045</u>	<u>708,835</u>
COVID-19 School Breakfast Program	10.553	211971	243,930	-	-	243,930	243,930	-
COVID-19 School Breakfast Program		221971	2,015,960	-	-	2,015,960	1,612,766	403,194
Total ALN 10.553			<u>2,259,890</u>	<u>-</u>	<u>-</u>	<u>2,259,890</u>	<u>1,856,696</u>	<u>403,194</u>
COVID-19 Summer Food Service Program for Children	10.559	210904	3,599,806	739,531	3,599,806	608,580	1,348,111	-
COVID-19 Summer Food Service Program for Children		220904	50,800	-	-	50,800	-	50,800
Total ALN 10.559			<u>3,650,606</u>	<u>739,531</u>	<u>3,599,806</u>	<u>659,380</u>	<u>1,348,111</u>	<u>50,800</u>
Fresh Fruit & Vegetable Program	10.582	210950	187,551	41,660	187,551	-	41,660	-
Fresh Fruit & Vegetable Program		220950	323,703	-	-	294,042	238,995	55,047
Total ALN 10.582			<u>511,254</u>	<u>41,660</u>	<u>187,551</u>	<u>294,042</u>	<u>280,655</u>	<u>55,047</u>
Total cash assistance			<u>11,191,879</u>	<u>781,191</u>	<u>4,200,613</u>	<u>7,983,441</u>	<u>7,546,756</u>	<u>1,217,876</u>
Total Child Nutrition Cluster			<u>11,519,630</u>	<u>781,191</u>	<u>4,375,776</u>	<u>8,311,192</u>	<u>7,874,507</u>	<u>1,217,876</u>
COVID-19 Child and Adult Food Program	10.558	211920	668,754	125,066	656,379	12,375	137,441	-
COVID-19 Child and Adult Food Program		211925	53,319	-	-	53,319	53,319	-
COVID-19 Child and Adult Food Program		212010	36,921	6,914	36,257	664	7,578	-
COVID-19 Child and Adult Food Program		221920	148,023	-	-	148,023	127,316	20,707
COVID-19 Child and Adult Food Program		222010	7,678	-	-	7,678	6,644	1,034
Total ALN 10.558			<u>914,695</u>	<u>131,980</u>	<u>692,636</u>	<u>222,059</u>	<u>332,298</u>	<u>21,741</u>
Pandemic EBT Local Level Costs	10.649	210980	5,814	-	-	5,814	5,814	-
Total U.S. Department of Agriculture			<u>12,440,139</u>	<u>913,171</u>	<u>5,068,412</u>	<u>8,539,065</u>	<u>8,212,619</u>	<u>1,239,617</u>

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, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
<b>U.S. Department of Education</b>								
<b>Direct Programs</b>								
Indian Education - Grants to Local Education Agencies	84.060A	S060A140962	\$ 17,868	\$ 42	\$ 7,533	\$ 7,437	\$ 2,879	\$ 4,600
Indian Education - Grants to Local Education Agencies		S060A140962	16,864	-	-	17,454	17,412	42
Total ALN 84.060A			34,732	42	7,533	24,891	20,291	4,642
Magnet Schools Assistance	84.165A	U165A170011	1,183,412	-	106,129	612,860	436,250	176,610
Magnet Schools Assistance		U165A170011	582,219	68,290	483,014	99,204	167,494	-
Magnet Schools Assistance		U165A170011	2,200,223	307,714	1,835,389	364,834	672,548	-
Magnet Schools Assistance		U165A170011	2,999,819	-	408,083	1,624,014	1,313,600	310,414
Total ALN 84.165A			6,965,673	376,004	2,832,615	2,700,912	2,589,892	487,024
School Safety National Activities	84.184G	S184G190342	653,419	69,741	532,523	120,896	190,637	-
School Safety National Activities		S184G190342	202,535	20,644	171,074	31,462	52,106	-
School Safety National Activities		S184G190342	130,905	-	-	17,221	8,582	8,639
School Safety National Activities		S184G190342	746,682	-	-	341,537	237,108	104,429
Total ALN 84.184G			1,733,541	90,385	703,597	511,116	488,433	113,068
Innovative Approaches to Literacy	84.215G	S215G180072	488,558	23,629	458,118	30,439	54,068	-
Innovative Approaches to Literacy		S215G180072	238,822	22,466	205,505	33,318	55,784	-
Innovative Approaches to Literacy		S215G180072	377,440	-	-	197,387	178,999	18,388
Innovative Approaches to Literacy		S215G210041	747,389	-	-	337,579	311,195	26,384
Total ALN 84.215G			1,852,209	46,095	663,623	598,723	600,046	44,772
Teacher and School Leader Incentive Grants	84.374A	S374210007	8,496,920	-	-	1,152,122	902,363	249,759
Teacher and School Leader Incentive Grants		U374A170037-17A	4,262,335	552,788	4,016,137	239,020	791,808	-
Total ALN 84.374A			12,759,255	552,788	4,016,137	1,391,142	1,694,171	249,759
<b>Passed through Michigan Department of Education</b>								
Federal Adult Ed English Literacy Civics - EL CIVICS	84.002	211120/215005	145,000	2,108	19,288	-	2,108	-
Federal Adult Ed English Literacy Civics - EL CIVICS		221120/225005	146,523	-	-	24,817	10,517	14,300
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		211130/211250	150,000	15,333	112,905	-	15,333	-
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		221130/221250	152,318	-	-	127,603	109,790	17,813
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		211190/211250	30,000	4,195	12,435	-	4,195	-
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		221190/221250	30,465	-	-	13,751	-	13,751
Total ALN 84.002			654,306	21,636	144,628	166,171	141,943	45,864

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, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
<b>U.S. Department of Education (continued)</b>								
Passed through Michigan Department of Education (continued)								
Title I Grants to Local Education Agencies	84.010	211530/2021	\$ 9,893,249	\$ 1,219,507	\$ 7,600,624	\$ 540,949	\$ 1,760,456	\$ -
Title I Grants to Local Education Agencies		221530/2122	9,846,507	-	-	6,622,466	4,973,372	1,649,094
Total ALN 84.010			<u>19,739,756</u>	<u>1,219,507</u>	<u>7,600,624</u>	<u>7,163,415</u>	<u>6,733,828</u>	<u>1,649,094</u>
Title I State Agency Program for Neglected & Delinquent Children & Youth	84.013	211700/2021	210,641	14,159	139,945	3,086	17,245	-
Title I State Agency Program for Neglected & Delinquent Children & Youth		221700/2122	184,826	-	-	138,114	121,658	16,456
Total ALN 84.013			<u>395,467</u>	<u>14,159</u>	<u>139,945</u>	<u>141,200</u>	<u>138,903</u>	<u>16,456</u>
Education for Homeless Children and Youth	84.196A	212320/2021	94,551	2,497	28,841	9,270	11,767	-
Education for Homeless Children and Youth		222320/2122	112,066	-	-	49,953	43,096	6,857
Total ALN 84.196A			<u>206,617</u>	<u>2,497</u>	<u>28,841</u>	<u>59,223</u>	<u>54,863</u>	<u>6,857</u>
Supporting Effective Instruction State Grants	84.367	210520/2021	1,521,256	231,426	1,338,297	32,296	263,722	-
Supporting Effective Instruction State Grants		220520/2122	1,125,474	-	-	621,536	598,889	22,647
Supporting Effective Instruction State Grants		210534/2021-1	36,259	-	-	31,638	31,638	-
Supporting Effective Instruction State Grants		210534/2021-2	10,000	-	-	8,017	8,017	-
Supporting Effective Instruction State Grants		210534/2021-3	10,000	-	-	9,857	9,857	-
Total ALN 84.367			<u>2,702,989</u>	<u>231,426</u>	<u>1,338,297</u>	<u>703,344</u>	<u>912,123</u>	<u>22,647</u>
School Improvement Grant (SIG)	84.377A	171762/2021	743,240	131,105	492,019	172,705	263,703	40,107
Student Support & Academic Enrichment	84.424	210750/2021	644,158	104,427	566,411	-	104,427	-
Student Support & Academic Enrichment		222320/2122	687,297	-	-	476,029	419,010	57,019
Total ALN 84.424			<u>1,331,455</u>	<u>104,427</u>	<u>566,411</u>	<u>476,029</u>	<u>523,437</u>	<u>57,019</u>
Education Stabilization Fund								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I) - Formula	84.425D	203710/1920	6,462,933	140,347	6,138,508	108,160	243,511	4,996
COVID-19 Elementary and Secondary School ESSER Formula Funds (ESSER I) - Education Equity	84.425D	203720/1920	1,292,587	21,425	223,056	1,067,827	1,089,252	-
COVID-19 Elementary and Secondary School ESSER Formula Funds - Benchmark	84.425D	213762/2022	88,813	-	-	88,813	88,813	-
COVID-19 Governor's Emergency Education Relief Fund (GEER) - Formula	84.425C	201200/2021	1,039,152	3,041	1,027,552	11,577	13,370	1,248
COVID-19 Governor's Emergency Education Relief Fund (GEER II) - Teacher and Support Staff Payments	84.425C	211202/2122	97,000	-	-	97,000	97,000	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) - Formula	84.425D	213712/2021	29,884,797	121,447	121,447	22,268,218	21,869,341	520,324
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) - Summer Program K-8	84.425D	213722/2122	491,150	-	-	491,150	491,150	-

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, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
<b><u>U.S. Department of Education (continued)</u></b>								
Passed through Michigan Department of Education (continued)								
Education Stabilization Fund (continued)								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) -Credit Recovery 9-12	84.425D	213742/2122	\$ 408,100	\$ -	\$ -	\$ 408,100	\$ 408,100	\$ -
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III) -Formula	84.425U	213713/2122	44,744,673	-	-	24,849,205	17,104,260	7,744,945
Total ALN 84.425			<u>84,509,205</u>	<u>286,260</u>	<u>7,510,563</u>	<u>49,390,050</u>	<u>41,404,797</u>	<u>8,271,513</u>
English Language Acquisition State Grants	84.365A	210580/2021	273,967	21,525	177,801	32,070	53,595	-
English Language Acquisition State Grants		220580/2122	241,554	-	-	175,189	156,389	18,800
English Language Acquisition State Grants		210570/2021	137,983	5,921	76,295	15,976	21,897	-
English Language Acquisition State Grants		220570/2122	132,250	-	-	77,913	74,745	3,168
Total ALN 84.365A			<u>785,754</u>	<u>27,446</u>	<u>254,096</u>	<u>301,148</u>	<u>306,626</u>	<u>21,968</u>
Passed through Ingham Intermediate School District								
Special Education Cluster								
Special Education Preschool Grants	84.173A	210460/2021	142,553	45,368	142,145	-	45,368	-
Special Education Preschool Grants		220460/2022	117,964	-	-	117,964	91,721	26,243
Total ALN 84.173A			<u>260,517</u>	<u>45,368</u>	<u>142,145</u>	<u>117,964</u>	<u>137,089</u>	<u>26,243</u>
Special Education Grants to States	84.027	210450/2021	1,610,182	328,527	1,610,182	-	328,527	-
Special Education Grants to States		220450/2022	1,600,000	-	-	1,600,000	1,231,738	368,262
COVID-19 Special Education Grants to States - ARP	84.027X	221280/2022	1,400,000	-	-	1,400,000	1,400,000	-
Total ALN 84.027			<u>4,610,182</u>	<u>328,527</u>	<u>1,610,182</u>	<u>3,000,000</u>	<u>2,960,265</u>	<u>368,262</u>
Total Special Education Cluster			<u>4,870,699</u>	<u>373,895</u>	<u>1,752,327</u>	<u>3,117,964</u>	<u>3,097,354</u>	<u>394,505</u>
Regional Assistance Grant	84.010A	221570-2122	8,699	-	-	3,380	-	3,380
Passed through Clinton County Regional Educational Service Agency								
Career and Technical Education - Basic to States	84.048A	----	49,528	5,274	49,528	-	5,274	-
Career and Technical Education - Basic to States		----	52,752	-	-	52,752	43,874	8,878
Total ALN 84.048A			<u>102,280</u>	<u>5,274</u>	<u>49,528</u>	<u>52,752</u>	<u>49,148</u>	<u>8,878</u>
Total U.S. Department of Education			<u>139,395,877</u>	<u>3,482,946</u>	<u>28,100,784</u>	<u>66,974,165</u>	<u>59,019,558</u>	<u>11,437,553</u>
<b><u>U.S. Department of Treasury</u></b>								
Passed through Ingham Intermediate School District								
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	----	367,286	-	-	238,239	136,615	101,624

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, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2022
<b><u>U.S. Department of Health and Human Services</u></b>								
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
Passed through Ingham Intermediate School District Medicaid Cluster Medicaid Assistance Program	93.778	----	101,104	-	-	101,104	101,104	-
Passed through Eaton County Regional Educational Service Agency Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	----	42,785	10,122	38,836	3,949	14,071	-
Affordable Care Act (ACA) Personal Responsibility Education Program		----	43,500	-	6,658	38,757	28,888	9,869
Total ALN 84.048A			86,285	10,122	45,494	42,706	42,959	9,869
Total U.S. Department of Health and Human Services			298,730	10,122	45,494	255,151	144,063	121,210
<b><u>U.S. Department of Labor</u></b>								
WIOA Program Cluster Passed through Capital Area Michigan Works WIOA Youth Activities	17.259	----	670,162	9,528	9,528	660,635	512,553	157,610
WIOA Youth Activities		----	147,754	-	-	24,477	-	24,477
WIOA Youth Activities		----	884,944	90,186	647,328	-	90,186	-
Total U.S. Department of Labor			1,702,860	99,714	656,856	685,112	602,739	182,087
<b><u>Federal Communications Commission</u></b>								
Direct Program COVID-19 Emergency Connectivity	32.009	----	1,414,320	-	-	1,377,871	1,377,871	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 155,619,212	\$ 4,505,953	\$ 33,871,546	\$ 78,069,603	\$ 69,493,465	\$ 13,082,091

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, 2022**

**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, 2022. 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	\$ 69,530,538
Other nonmajor governmental funds	<u>8,539,065</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 78,069,603</u></u>

**NOTE 4 - FEDERAL ASSISTANCE LISTING NUMBER 84.010**

Passed through Michigan Department of Education	\$ 7,163,415
Passed through Ingham Intermediate School District	<u>3,380</u>
Total ALN 84.010	<u><u>\$ 7,166,795</u></u>



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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, 2022, 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 5, 2022.

**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.

*Maney Costeiran PC*

October 5, 2022





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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, 2022. 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, 2022.

***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.

*Maney Costeiran PC*

October 5, 2022

**LANSING SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**Section I - Summary of Auditor's Results**

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**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   None
- 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   None

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   None
- 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
10.553, 10.555, 10.559, and 10.582	Child Nutrition Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$2,342,088

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**Section II - Financial Statement Findings**

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None noted.

**Section III - Federal Award Findings and Question Costs**

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None noted.

**LANSING SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2022**

There were no audit findings in the prior year.