

LANSING SCHOOL DISTRICT
REPORT ON FINANCIAL STATEMENTS
**(with required and additional
supplementary information)**
YEAR ENDED JUNE 30, 2024

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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, 2024, 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, 2024, 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.

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 11, 2024 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.

Maney Costeiran PC

October 11, 2024

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

District-wide Financial Statements

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

Fund Financial Statements

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

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

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, 2024**

Summary of Net Position

The following schedule summarizes the net position for fiscal years ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Assets		
Current and other assets	\$ 189,059,610	\$ 169,707,015
Net other postemployment benefit asset	3,900,693	-
Capital assets	214,169,083	194,028,816
Total assets	<u>407,129,386</u>	<u>363,735,831</u>
Deferred outflows of resources	<u>78,699,620</u>	<u>98,626,046</u>
Liabilities		
Long-term outstanding liabilities	166,445,568	172,573,113
Net other postemployment benefit liability	-	14,242,342
Net pension liability	219,343,527	267,260,278
Other liabilities	53,020,516	32,783,137
Total liabilities	<u>438,809,611</u>	<u>486,858,870</u>
Deferred inflows of resources	<u>86,078,172</u>	<u>65,268,406</u>
Net position		
Net investment in capital assets	106,764,904	93,697,040
Restricted	11,499,558	-
Unrestricted	<u>(157,323,239)</u>	<u>(183,861,289)</u>
Total net position	<u>\$ (39,058,777)</u>	<u>\$ (90,164,249)</u>

Analysis of Financial Position

During the fiscal year ended June 30, 2024, the District's net position increased by \$51,105,472. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation Expense

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

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the assets less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2024, \$7,921,258 was recorded for depreciation/amortization expense.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Analysis of Financial Position (continued)

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2024, \$28,993,130 of expenditures were recorded as assets of the District, including \$16,150,706 of assets added to construction in progress. The District also placed into service \$974,462 of prior years' construction in progress. These additions to the District's capital assets will be depreciated/amortized over time as explained above.

The net effect of the new capital assets (\$28,993,130), assets disposed of and reclassified during the fiscal year, and the current year's depreciation/amortization (\$7,921,258) is a net increase to capital assets in the amount of \$20,140,267 for the fiscal year ended June 30, 2024. The net increase in capital assets is due mainly to construction related to the 2022 bond issuance and the 2022 Energy Bond issuance.

Results of Operations

For the fiscal years ended June 30, 2024 and 2023, the results of operations, on a District-wide basis, were:

	Year Ended June 30, 2024		Year Ended June 30, 2023	
General revenues				
Property taxes	\$ 47,631,837	17.7%	\$ 46,955,841	19.8%
Investment earnings	8,149,607	3.0%	4,745,903	2.0%
State sources - unrestricted	104,872,009	39.1%	80,226,623	33.9%
IISD special education allocation	18,808,370	7.0%	17,718,314	7.5%
Other	636,752	0.3%	929,157	0.4%
Total general revenues	180,098,575	67.1%	150,575,838	63.6%
Program revenues				
Charges for services	1,195,454	0.4%	1,059,693	0.5%
Operating grants and contributions	87,232,808	32.5%	85,065,440	35.9%
Total revenues	268,526,837	100.0%	236,700,971	100.0%
Expenses				
Instruction	90,493,242	41.7%	88,916,260	44.5%
Support services	107,378,594	49.4%	94,402,971	47.2%
Community services	2,451,546	1.1%	1,384,513	0.7%
Food services	9,329,786	4.3%	7,643,167	3.8%
Interest on long-term debt	7,276,733	3.3%	7,048,591	3.5%
Unallocated depreciation/amortization	491,464	0.2%	588,657	0.3%
Total expenses	217,421,365	100.0%	199,984,159	100.0%
Change in net position	<u>\$ 51,105,472</u>		<u>\$ 36,716,812</u>	

**LANSING SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 2023-2024 fiscal year, the District levied \$26,515,190 in non-principal residence property taxes. This amount represented an increase of 3.5% 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
2023-2024	\$ 26,515,190	3.5%
2022-2023	25,622,324	2.6%
2021-2022	24,983,133	4.1%
2020-2021	23,990,317	3.1%
2019-2020	23,278,538	3.8%

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 2023-2024 fiscal year, the District received \$9,608, an increase of \$458 from the \$9,150 per pupil amount received for the 2022-2023 fiscal year.

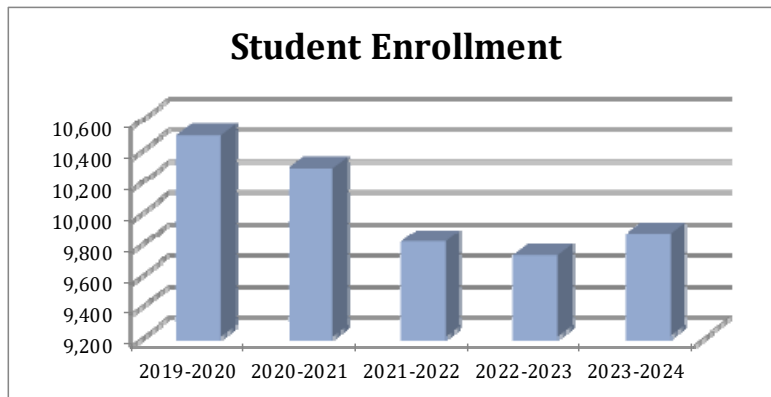
**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Analysis of Significant Revenue and Expenses (continued)

3. Student Enrollment

Student enrollment has declined by 6.1% since 2019-2020.

Fiscal Year	Actual Blended Student FTE
2023-2024	9,859
2022-2023	9,723
2021-2022	9,811
2020-2021	10,282
2019-2020	10,498



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, 2024, federal, state, and other grants accounted for \$87,232,808. This amount was an increase from the total grant sources of \$85,065,440 received for the fiscal year ended June 30, 2023.

5. County Special Education Allocation

For the fiscal year ended June 30, 2024, the District received a net allocation from the Ingham Intermediate School District in the amount of \$18,808,370 to assist with the education of students with special needs. This amount represents an increase of \$1,090,056 as compared to the allocation of \$17,718,314 received during the fiscal year ended June 30, 2023.

6. Interest Earnings

The District received interest on its investment of short-term available cash in the amount of \$8,149,607 for the fiscal year ended June 30, 2024. Interest earnings are greater than the prior fiscal year earnings by \$3,403,704.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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:

	2023 - 2024 Fiscal Year	2022 - 2023 Fiscal Year	Increase (Decrease)
Instruction	\$ 98,281,630	\$ 92,773,133	\$ 5,508,497
Supporting services	112,387,600	98,961,128	13,426,472
Food service activities	9,555,505	7,864,993	1,690,512
Community service activities	2,517,240	1,606,947	910,293
Capital outlay	28,115,069	23,303,908	4,811,161
Debt service	14,516,561	14,623,297	(106,736)
Total expenditures	\$ 265,373,605	\$ 239,133,406	\$ 26,240,199

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 2023-2024 fiscal year, the District amended the general fund budget twice, with the Board adopting the final changes in June 2024.

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	\$ 188,962,000	\$ 239,979,000	\$ 229,061,463	\$ (10,917,537)	-4.5%
Expenditures					
Instruction	\$ 103,343,000	\$ 99,846,000	\$ 98,281,630	\$ 1,564,370	1.6%
Supporting services	86,779,000	123,021,000	112,387,600	10,633,400	8.6%
Community services	1,543,000	2,696,000	2,517,240	178,760	6.6%
Debt service	-	-	523,015	(523,015)	-100.0%
Total expenditures	\$ 191,665,000	\$ 225,563,000	\$ 213,709,485	\$ 11,853,515	5.3%
Other Financing Sources (Uses)	\$ (1,812,000)	\$ (18,415,000)	\$ (11,917,877)	\$ 6,497,123	35.3%

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, 2024**

Capital Asset and Debt Administration

Capital Assets

By the end of the 2023-2024 fiscal year, the District had invested approximately \$339.0 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 \$26.1 million over the prior fiscal year. Depreciation and amortization expense for the year amounted to approximately \$7.9 million, bringing the accumulated depreciation/amortization to approximately \$124.8 million as of June 30, 2024.

	Cost	Accumulated Depreciation/ Amortization	2024 Net Book Value	2023 Net Book Value
Land	\$ 4,431,691	\$ -	\$ 4,431,691	\$ 4,431,691
Construction in progress	18,267,501	-	18,267,501	3,091,257
Land improvements	26,159,504	16,058,928	10,100,576	7,947,622
Buildings and additions	264,299,422	94,403,556	169,895,866	166,342,722
Machinery and equipment	21,615,820	11,970,117	9,645,703	10,295,247
Right to use - leased equipment	1,043,577	383,065	660,512	623,824
Right to use - subscription-based IT	1,093,218	803,106	290,112	691,665
Transportation equipment	2,059,084	1,181,962	877,122	604,788
	<u>\$ 338,969,817</u>	<u>\$ 124,800,734</u>	<u>\$ 214,169,083</u>	<u>\$ 194,028,816</u>

Long-term Debt

At June 30, 2024, the District had approximately \$160.9 million in bonded debt outstanding and approximately \$730,000 of direct borrowings related to lease and subscription-based IT arrangement liabilities. Total outstanding debt decreased as the District made principal payments of approximately \$7.2 million in the current year and issued \$569,000 in new equipment leases.

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 Board of Education and the Administration remain committed to the growth and preservation of the Fund Balance. It is recommended that districts maintain a fund balance of 15% to 20% of operating expenditures. According to Michigan School Business Officials, this level is essential to prevent borrowing during the two-month gap between the August and October State Aid payments. In Fiscal Year 2024, we successfully maintained our fund balance above 20%, exceeding the recommended levels. The district will continue to prioritize maintaining this fund balance throughout Fiscal Year 2025.
- Fiscal management continues to be a top priority for the Board and the district, prompting ongoing budget amendments during the current year and into future years.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Factors Bearing on the District's Future (continued)

- The District is actively implementing a comprehensive plan to address ongoing budgetary needs. Budget development will continue to be guided by student enrollment and the instructional requirements of our student population. Addressing the rising costs of healthcare is a critical focus for 2024-2025 and beyond, as we aim to provide quality insurance for staff while safeguarding the district's financial stability.
- For the 2024-2025 school year, the district has continued the School-Based Budgeting process, decentralizing many cost centers and allocating more funds directly to schools and departments. This approach empowers them to make more autonomous decisions regarding budgeting and staffing, rather than relying solely on central administration.
- The District announced that starting in the 2022-2023 school year, Dean Transportation would provide bus services exclusively for PreK-8th grade students, while all eligible 9th-12th grade students would receive an unlimited CATA bus card. This arrangement continued in the 2023-2024 school year and will carry forward into 2024-2025, allowing Dean to better serve younger students while giving older students more flexible public transportation options for traveling to and from school, after-school activities, and during evenings and weekends.
- In 2023-2024, we launched Lansing Technical High School at the Hill Center, dedicated to CTE and vocational programs. Previously, students split their day between CTE instruction and their home high school. Now, Lansing Tech HS offers a full-day program with half a day of CTE and half a day of regular courses, providing more instructional time and eliminating the need for travel between locations. We started with 9th graders in 2023-2024, added 10th grade in 2024-2025, and will add 11th grade in 2025-2026 and 12th grade in 2026-2027.
- In May 2019, the community approved a 10-year, 3.0 mill sinking fund millage to generate funds for infrastructure and safety improvements not included in the 2016 Lansing Pathway Promise Bond projects. Over the past year, these funds were used for cafeteria additions, renovations at Gardner to add two new Universal Preschool classrooms, interior and exterior upgrades at Riddle and North, and parking lot and sidewalk improvements at multiple locations.
- In May 2022, the community approved a new \$129.7 million bond proposal aimed at demolishing and rebuilding elementary schools. Mount Hope was demolished, and construction commenced in Fall 2023. Willow was demolished in Spring 2024, and construction is now underway. The District has also completed air conditioning installations at Averill and Lyons, with similar upgrades planned for Cavanaugh and Cumberland in Summer 2025.
- The Lansing Public School District has been awarded a \$500,000 Section 61r grant for the 2023-2024 school year to support the Hill Center track. With this funding, we're on track to complete the project by the end of September 2024. This is a fantastic boost not only for our district and students but also for the entire community, as many utilize the track. This project will enhance the community's access to quality recreational facilities, further strengthening the bond between the district and the families we serve.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Factors Bearing on the District's Future (continued)

- The Lansing School District received a \$2 million grant from the State of Michigan to upgrade the Hill Center/Lansing Technical High School. The grant will enhance community centers with programs and capital projects, including after-school education, career training, and hands-on learning in renewable energy. The upgraded gym will serve as a living laboratory for CTE students and community members, offering space for recreation, fitness classes, community meetings, and senior programming, benefiting over 3,400 people.
- The Lansing School District is embarking on an ambitious journey to revolutionize its transportation system with the Lansing Electric School Bus Project, a transformative \$6.89 million initiative aimed at replacing 15 diesel buses with zero-emission (ZE) vehicles. This project, supported by a \$5.925 million request from the EPA's Clean School Bus Program, will not only enhance air quality and reduce harmful emissions but also foster a healthier learning environment for over 11,000 students. Partnering with Dean Transportation, GreenLink Education, and the Lansing Board of Water & Light, the district will implement essential infrastructure upgrades, including the installation of electric vehicle charging stations and the training of staff. This project is a crucial step in Lansing's broader sustainability plan, which includes renewable energy generation and a full transition to electric transportation, aligning with national, state, and local climate goals. By spearheading this initiative, the Lansing School District is positioning itself as a leader in sustainability, setting an example for school districts nationwide while addressing long-standing environmental injustices in its community.
- The Lansing School District has been awarded \$1,725,000 through the EPA's 2023 Clean School Bus Rebates to replace five diesel buses with new electric ones and install the necessary charging infrastructure. This exciting advancement reinforces our commitment to sustainability and provides our students with clean, efficient transportation. As we move forward, we're eager to see the positive impact this will have on our community and the environment. This is a major win for Lansing and a proud step toward a greener future!
- In 2024-2025, we'll kick off our exciting Solar Project, furthering our commitment to going green. Planned installations will take place at Cavanaugh, North, Woodcreek, Attwood, Forest View, Lyons, Wexford, Hill, Pleasant View, and Willow. Additionally, new roofs will be installed at Attwood, Forest View, Gier Park, and Woodcreek. We've also successfully applied for and received approval under the Low-Income Communities Bonus Credit Program, securing a 10% bonus credit for Cavanaugh, North, Woodcreek, and Attwood. This initiative is a major step forward in our sustainability efforts!

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 Assistant Superintendent for Finance and Budget, Lansing School District, 519 W. Kalamazoo Street, Lansing, Michigan, 48933.

BASIC FINANCIAL STATEMENTS

**LANSING SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 13,662,846
Investments	76,416,962
Receivables	
Accounts receivable	1,654,974
Intergovernmental	32,601,152
Inventories	155,441
Prepays	1,573,374
Restricted cash and cash equivalents - capital projects	4,577,888
Restricted investments - capital projects	58,416,973
Net other postemployment benefits asset	3,900,693
Capital assets not being depreciated/amortized	22,699,192
Capital assets, net of accumulated depreciation/amortization	<u>191,469,891</u>
TOTAL ASSETS	<u>407,129,386</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	15,306,217
Related to pensions	<u>63,393,403</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>78,699,620</u>
LIABILITIES	
Accounts payable	15,316,908
Accrued salaries and related items	9,390,033
Accrued retirement	6,371,988
IBNR reserves	571,037
Accrued interest	1,162,983
Unearned revenue	20,207,567
Noncurrent liabilities	
Due within one year	8,880,038
Due in more than one year	155,664,795
Arbitrage liability	1,900,735
Net pension liability	<u>219,343,527</u>
TOTAL LIABILITIES	<u>438,809,611</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	34,840,955
Related to pensions	37,553,720
Related to state aid funding for pension benefits	<u>13,683,497</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>86,078,172</u>
NET POSITION	
Net investment in capital assets	106,764,904
Restricted for food service	3,675,350
Restricted for capital projects - sinking fund	3,923,515
Restricted for net other postemployment benefits	3,900,693
Unrestricted	<u>(157,323,239)</u>
TOTAL NET POSITION	<u><u>\$ (39,058,777)</u></u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

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	\$ 90,493,242	\$ 300,735	\$ 24,308,897	\$ (65,883,610)
Support services	107,378,594	382,629	50,966,723	(56,029,242)
Community services	2,451,546	241,045	2,447,700	237,199
Food services	9,329,786	271,045	9,509,488	450,747
Interest on long-term debt	7,276,733	-	-	(7,276,733)
Unallocated depreciation/amortization	491,464	-	-	(491,464)
Total governmental activities	<u>\$ 217,421,365</u>	<u>\$ 1,195,454</u>	<u>\$ 87,232,808</u>	<u>(128,993,103)</u>
General revenues				
Property taxes, levied for general purposes				26,189,113
Property taxes, levied for debt service				12,761,351
Property taxes, levied for sinking fund				8,681,373
Investment earnings				8,149,607
State sources - unrestricted				104,872,009
Intermediate sources				18,808,370
Other				<u>636,752</u>
Total general revenues				<u>180,098,575</u>
CHANGE IN NET POSITION				51,105,472
NET POSITION, beginning of year				<u>(90,164,249)</u>
NET POSITION, end of year				<u>\$ (39,058,777)</u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	2022 Capital Projects Fund	2022 Energy Bond	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,662,846	\$ -	\$ -	\$ -	\$ 13,662,846
Investments	74,817,482	-	-	1,599,480	76,416,962
Receivables					
Accounts receivable	785,640	685,410	171,352	12,572	1,654,974
Intergovernmental	32,489,702	-	-	111,450	32,601,152
Due from other funds	-	290,694	25,558	21,152,531	21,468,783
Inventories	64,997	-	-	90,444	155,441
Prepays	1,376,721	-	-	196,653	1,573,374
Restricted cash and cash equivalents	-	-	-	4,577,888	4,577,888
Restricted investments	-	47,664,674	10,752,299	-	58,416,973
	<u>\$ 123,197,388</u>	<u>\$ 48,640,778</u>	<u>\$ 10,949,209</u>	<u>\$ 27,741,018</u>	<u>\$ 210,528,393</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 7,782,209	\$ 4,758,327	\$ 573,606	\$ 2,202,766	\$ 15,316,908
Accrued salaries and related items	9,389,842	-	-	191	9,390,033
Accrued retirement	6,371,913	-	-	75	6,371,988
Due to other funds	21,468,783	-	-	-	21,468,783
Unearned revenue	20,207,567	-	-	-	20,207,567
	<u>65,220,314</u>	<u>4,758,327</u>	<u>573,606</u>	<u>2,203,032</u>	<u>72,755,279</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>446,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,137</u>

See notes to financial statements.

	General Fund	2022 Capital Projects Fund	2022 Energy Bond	Total Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (continued)					
FUND BALANCES					
Nonspendable					
Inventories	\$ 64,997	\$ -	\$ -	\$ 90,444	\$ 155,441
Prepays	1,376,721	-	-	196,653	1,573,374
Restricted					
Debt service	-	-	-	1,103,722	1,103,722
Capital projects	-	43,882,451	10,375,603	3,923,515	58,181,569
Food service	-	-	-	4,957,549	4,957,549
Assigned					
Subsequent year expenditures	9,928,000	-	-	-	9,928,000
Capital projects	-	-	-	15,266,103	15,266,103
Student/school activities	301,600	-	-	-	301,600
Unassigned					
General fund	45,859,619	-	-	-	45,859,619
TOTAL FUND BALANCES	<u>57,530,937</u>	<u>43,882,451</u>	<u>10,375,603</u>	<u>25,537,986</u>	<u>137,326,977</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 123,197,388</u>	<u>\$ 48,640,778</u>	<u>\$ 10,949,209</u>	<u>\$ 27,741,018</u>	<u>\$ 210,528,393</u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total governmental fund balances		\$ 137,326,977
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - related to pensions		63,393,403
Deferred outflows of resources - related to other postemployment benefits		15,306,217
Deferred inflows of resources - related to pensions		(37,553,720)
Deferred inflows of resources - related to other postemployment benefits		(34,840,955)
Deferred inflows of resources - related to state funding for pension benefits		(13,683,497)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		3,900,693
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Capital assets	\$ 338,969,817	
Accumulated depreciation/amortization	<u>(124,800,734)</u>	
		214,169,083
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
General obligation bonds		(160,932,610)
Direct borrowing and direct placement		(729,623)
Compensated absences, termination benefits, and self-insured workers' compensation plan		(2,882,600)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(1,162,983)
Unavailable revenue - at June 30th expected to be collected after September 1st		446,137
IBNR reserves		(571,037)
Arbitrage liability		(1,900,735)
Net pension liability		<u>(219,343,527)</u>
Net position of governmental activities		<u><u>\$ (39,058,777)</u></u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General Fund	2022 Capital Projects Fund	2022 Energy Bond	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	\$ 26,189,113	\$ -	\$ -	\$ 21,442,724	\$ 47,631,837
Investment earnings	3,945,445	2,960,656	650,430	593,076	8,149,607
Food sales	-	-	-	252,933	252,933
Other	3,276,138	-	-	21,099	3,297,237
Total local sources	33,410,696	2,960,656	650,430	22,309,832	59,331,614
State sources	126,968,459	-	-	570,033	127,538,492
Federal sources	49,642,172	-	-	9,179,923	58,822,095
Incoming transfers	19,040,136	-	-	-	19,040,136
TOTAL REVENUES	229,061,463	2,960,656	650,430	32,059,788	264,732,337
EXPENDITURES					
Current					
Instruction	98,281,630	-	-	-	98,281,630
Supporting services	112,387,600	-	-	-	112,387,600
Food service activities	-	-	-	9,555,505	9,555,505
Community service activities	2,517,240	-	-	-	2,517,240
Capital outlay	-	16,198,938	2,565,197	9,350,934	28,115,069

See notes to financial statements.

	General Fund	2022 Capital Projects Fund	2022 Energy Bond	Total Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES (continued)					
Debt service					
Principal payments	\$ 498,057	\$ -	\$ -	\$ 6,685,000	\$ 7,183,057
Interest	24,958	-	-	7,306,550	7,331,508
Other	-	-	-	1,996	1,996
	<u>213,709,485</u>	<u>16,198,938</u>	<u>2,565,197</u>	<u>32,899,985</u>	<u>265,373,605</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>15,351,978</u>	<u>(13,238,282)</u>	<u>(1,914,767)</u>	<u>(840,197)</u>	<u>(641,268)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from leased equipment	568,948	-	-	-	568,948
Transfers in	89,204	-	-	12,576,029	12,665,233
Transfers out	<u>(12,576,029)</u>	<u>-</u>	<u>-</u>	<u>(89,204)</u>	<u>(12,665,233)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(11,917,877)</u>	<u>-</u>	<u>-</u>	<u>12,486,825</u>	<u>568,948</u>
NET CHANGE IN FUND BALANCES	3,434,101	(13,238,282)	(1,914,767)	11,646,628	(72,320)
FUND BALANCES					
Beginning of year	<u>54,096,836</u>	<u>57,120,733</u>	<u>12,290,370</u>	<u>13,891,358</u>	<u>137,399,297</u>
End of year	<u>\$ 57,530,937</u>	<u>\$ 43,882,451</u>	<u>\$ 10,375,603</u>	<u>\$ 25,537,986</u>	<u>\$ 137,326,977</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, 2024**

Net change in fund balances total governmental funds \$ (72,320)

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

Governmental funds report capital outlays as expenditures, in the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:

Depreciation/amortization expense	(7,921,258)
Capital outlay	28,993,130
Unrecovered cost on asset disposal	(931,605)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is recorded in governmental funds when it is paid:

Accrued interest payable, beginning of the year	1,217,758
Accrued interest payable, end of the year	(1,162,983)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial sources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums and discounts when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:

Proceeds from leased equipment	(568,948)
Payments on debt	7,505,384
Amortization of bond premium	1,144,210
Arbitrage liability	(1,501,885)

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	(1,200,000)
Unavailable revenue, end of the year	446,137

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	2,830,234
Accrued compensated absences, termination benefits and self-insured workers' compensation plan, end of the year	(2,882,600)

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	13,478,965
Pension related items	7,296,266
IBNR expenses	(113,376)

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	18,231,860
Pension related items, end of year	<u>(13,683,497)</u>

Change in net position of governmental activities \$ 51,105,472

**LANSING SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 197,880</u>
LIABILITIES	
Accounts payable	<u>39,413</u>
NET POSITION	
Restricted for student organizations	<u><u>\$ 158,467</u></u>

**LANSING SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Custodial Funds
ADDITIONS	
Student activity income	\$ 9,659
DEDUCTIONS	
Payments made on behalf of student organizations	284,720
CHANGE IN NET POSITION	(275,061)
NET POSITION	
Beginning of year	433,528
End of year	\$ 158,467

**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* includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

The *2022 Energy Bond* accounts for the receipt of energy bond proceeds for the acquisition of capital assets or construction of major capital projects specifically associated with the 2022 energy bond.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2022 *Capital Projects Fund* activity:

	2022 Bond
Revenue and other financing sources	\$ 63,570,683
Expenditures and other financing uses	\$ 19,688,232

The above revenue and financing sources figure include the net bond proceeds of \$51,800,000, and bond premium of \$6,560,840.

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 the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

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.

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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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.
- 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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

- 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, 2024. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

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

Investments

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- 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.

**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)

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/subsription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

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

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit asset, 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

**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)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets 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/asset 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.

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.

**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 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, 2024, the District's general fund balance was more than 10% of the preceding year's expenditures.

Leases and Subscription-based IT Arrangements (SBITA)

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

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

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

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

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

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

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

For the year ended June 30, 2024, 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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences and Termination Benefits

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

Long-term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2024, 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, 2024, \$15,145,641 of the District's bank balance of \$15,399,641 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount of all deposits is \$13,860,726.

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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Commercial Paper	\$ 21,184,192	0.2139
Money Market Obligation Trust	579	N/A
MILAF External Investment Pool - CMC	12,035	N/A
MILAF External Investment Pool - Max	79,674,222	N/A
MILAF External Investment Pool - Term	38,540,795	0.1512
Total fair value	<u>\$ 139,411,823</u>	
Portfolio weighted average maturity		<u>0.1734</u>

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>
Commercial Paper	\$ 21,184,192	BBB - A-1	Standard & Poor's
Money Market Obligation Trust	579	AAAm	Standard & Poor's
MILAF External Investment Pool - CMC	12,035	AAAm	Standard & Poor's
MILAF External Investment Pool - Max	79,674,222	AAAm	Standard & Poor's
MILAF External Investment Pool - Term	38,540,795	AAAkf	Kroll
Total fair value	<u>\$ 139,411,823</u>		

Foreign Currency Risk

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

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

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

	Level 1	Level 2	Level 3	Balance at June 30, 2024
Investments by fair value				
Commercial Paper	\$ -	\$ 21,184,192	\$ -	\$ 21,184,192
	-	21,184,192	-	21,184,192

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.

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

	Amortized Cost
Money Market Obligation Trust	\$ 579
MILAF External Investment Pool - CMC	12,035
MILAF External Investment Pool - Max	79,674,222
	\$ 79,686,257

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value per Share

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MILAF External Investment Pool - Term	\$ 38,540,795	\$ -	No restrictions	None

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2024:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 13,662,846	\$ 197,880	\$ 13,860,726
Investments	76,416,962	-	76,416,962
Restricted cash and cash equivalents	4,577,888	-	4,577,888
Restricted investments	58,416,973	-	58,416,973
	<u>\$ 153,074,669</u>	<u>\$ 197,880</u>	<u>\$ 153,272,549</u>

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2023	Reclassifications/ Additions	Reclassifications/ Deletions	Balance June 30, 2024
Capital assets not being depreciated/amortized				
Land	\$ 4,431,691	\$ -	\$ -	\$ 4,431,691
Construction in progress	3,091,257	16,150,706	974,462	18,267,501
Subtotal	<u>7,522,948</u>	<u>16,150,706</u>	<u>974,462</u>	<u>22,699,192</u>
Capital assets, being depreciated/amortized				
Land improvements	23,402,392	2,897,567	140,455	26,159,504
Buildings and additions	257,320,428	9,152,313	2,173,319	264,299,422
Machinery and equipment	20,933,572	787,661	105,413	21,615,820
Right to use - leased equipment	981,923	568,948	507,294	1,043,577
Right to use - subscription-based IT	1,093,218	-	-	1,093,218
Transportation equipment	1,648,687	410,397	-	2,059,084
Subtotal	<u>305,380,220</u>	<u>13,816,886</u>	<u>2,926,481</u>	<u>316,270,625</u>
Accumulated depreciation/amortization				
Land improvements	15,454,770	728,041	123,883	16,058,928
Buildings and additions	90,977,706	5,084,535	1,658,685	94,403,556
Machinery and equipment	10,638,325	1,423,316	91,524	11,970,117
Right to use - leased equipment	358,099	145,750	120,784	383,065
Right to use - subscription-based IT	401,553	401,553	-	803,106
Transportation equipment	1,043,899	138,063	-	1,181,962
Subtotal	<u>118,874,352</u>	<u>7,921,258</u>	<u>1,994,876</u>	<u>124,800,734</u>
Total capital assets being depreciated/amortized, net	<u>186,505,868</u>	<u>5,895,628</u>	<u>931,605</u>	<u>191,469,891</u>
Governmental activities capital assets, net	<u>\$ 194,028,816</u>	<u>\$ 22,046,334</u>	<u>\$ 1,906,067</u>	<u>\$ 214,169,083</u>

Depreciation/amortization for the fiscal year ended June 30, 2024 amounted to \$7,921,258.

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

Instruction	\$ 3,161,878
Support service	4,140,940
Food service	126,976
Unallocated	<u>491,464</u>
	<u>\$ 7,921,258</u>

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2024 consist of the following:

	Governmental Funds
Other governmental units	
State aid	\$ 24,915,328
Federal	6,843,902
Other	841,922
	\$ 32,601,152

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, 2024:

	Self-insured Workers' Compensation Plan	Compensated Absences and Termination Benefits	General Obligation Bonds	Direct Borrowing and Direct Placement	Total
Balance, July 1, 2023	\$ 46,600	\$ 2,783,634	\$ 168,761,820	\$ 981,059	\$ 172,573,113
Additions	-	58,785	-	568,948	627,733
Deletions	6,419	-	7,829,210	820,384	8,656,013
Balance, June 30, 2024	40,181	2,842,419	160,932,610	729,623	164,544,833
Due within one year	-	1,278,038	7,315,000	287,000	8,880,038
Due in more than one year	\$ 40,181	\$ 1,564,381	\$ 153,617,610	\$ 442,623	\$ 155,664,795

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2024 are comprised of the following issues:

General Obligation Bonds

2022 energy bond issuance due in annual installments of \$590,000 to \$1,065,000 through May 1, 2038, with interest at 4.00% to 5.00%.	\$ 11,175,000
2022 general obligation bond issuance due in annual installments of \$350,000 to \$3,825,000 through May 1, 2047, with interest at 5.00%.	49,150,000
2019 general obligation bond issuance due in annual installments of \$1,925,000 to \$2,525,000 through May 1, 2041, with interest at 5.00%.	37,325,000
2016 general obligation bond issuance due in annual installments of \$1,650,000 to \$3,525,000 through May 1 2041, with interest at 5.00%.	42,550,000
Plus issuance premium	<u>20,732,610</u>
Total general obligation bonds	<u>160,932,610</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%.	122,237
Print shop copier lease due in monthly installments of \$9,994 through July 1, 2029, with imputed interest at 4.00%.	542,665
Various subscription-based IT arrangements in annual installments of \$67,633 to \$92,127 through February 1, 2025, with imputed interest at 2.00% to 4.50%.	<u>64,721</u>
Total direct borrowing and direct placement	<u>729,623</u>
Compensated absences and termination benefits	2,842,419
Workers' compensation claims	<u>40,181</u>
Total general long-term obligations	<u><u>\$ 164,544,833</u></u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$729,623 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make and assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**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, 2024 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			
2025	\$ 7,315,000	\$ 6,977,900	\$ 287,000	\$ 23,921	\$ -	\$ -	\$ 14,603,821
2026	4,640,000	6,618,050	104,119	15,810	-	-	11,377,979
2027	5,265,000	6,392,200	108,360	11,568	-	-	11,777,128
2028	5,470,000	6,135,350	112,775	7,153	-	-	11,725,278
2029	5,720,000	5,868,550	117,369	2,559	-	-	11,708,478
2030 - 2034	33,195,000	24,791,000	-	-	-	-	57,986,000
2035 - 2039	40,670,000	15,639,500	-	-	-	-	56,309,500
2040 - 2044	26,900,000	6,035,000	-	-	-	-	32,935,000
2045 - 2047	11,025,000	1,116,250	-	-	-	-	12,141,250
	<u>140,200,000</u>	<u>79,573,800</u>	<u>729,623</u>	<u>61,011</u>	-	-	<u>220,564,434</u>
Issuance premium	20,732,610	-	-	-	-	-	20,732,610
Compensated absences and termination benefits	-	-	-	-	2,842,419	-	2,842,419
Workers' compensation claims	-	-	-	-	-	40,181	40,181
	<u>\$ 160,932,610</u>	<u>\$ 79,573,800</u>	<u>\$ 729,623</u>	<u>\$ 61,011</u>	<u>\$ 2,842,419</u>	<u>\$ 40,181</u>	<u>\$ 244,179,644</u>

Interest expense (all funds) for the year ended June 30, 2024 was approximately \$7,331,000.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2024 are as follows:

Receivable Fund		Payable Fund	
2022 capital projects fund	\$ 290,694	General fund	\$ 21,468,783
2022 energy bond	25,558		
Nonmajor governmental funds	<u>21,152,531</u>		
	<u>\$ 21,468,783</u>		<u>\$ 21,468,783</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 (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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

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

Benefits Provided - Overall

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

<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 (MPERS) who became a member of MPERS 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 their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

Employer Contributions

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

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

Pension and OPEB contributions made in the fiscal year ending September 30, 2023, were determined as of the September 30, 2020 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020, are amortized over an 16-year period beginning October 1, 2022 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, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$30,194,000. Of the total pension contributions approximately \$28,886,000 was contributed to fund the Defined Benefit Plan and approximately \$1,308,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. Total OPEB contributions were approximately \$6,968,000. Of the total OPEB contributions approximately \$6,263,000 was contributed to fund the Defined Benefit Plan and approximately \$705,000 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

The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2022 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, 2023	September 30, 2022
Total pension liability	\$ 94,947,828,557	\$ 95,876,795,620
Plan fiduciary net position	\$ 62,581,762,238	\$ 58,268,076,344
Net pension liability	\$ 32,366,066,319	\$ 37,608,719,276
Proportionate share	0.67770%	0.71063%
Net pension liability for the District	\$ 219,343,527	\$ 267,260,278

**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)

For the year ended June 30, 2024, the District recognized pension expense of \$21,590,216.

At June 30, 2024, 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	\$ 29,722,046	\$ 17,137,056
Net difference between projected and actual earnings on pension plan investments	-	4,488,479
Differences between expected and actual experience	6,924,006	335,999
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	15,592,186
Reporting Unit's contributions subsequent to the measurement date	26,747,351	-
	\$ 63,393,403	\$ 37,553,720

\$26,747,351, 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
2024	\$ (1,530,531)
2025	(1,572,502)
2026	6,451,251
2027	(4,255,886)
	\$ (907,668)

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) 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, 2023</u>	<u>September 30, 2022</u>
Total other postemployment benefits liability	\$ 11,223,648,949	\$ 12,522,713,324
Plan fiduciary net position	\$ 11,789,347,341	\$ 10,404,650,683
Net other postemployment benefits liability (asset)	\$ (565,698,392)	\$ 2,118,062,641
Proportionate share	0.68954%	0.67242%
Net other postemployment benefits liability (asset) for the District	\$ (3,900,693)	\$ 14,242,342

For the year ended June 30, 2024, the District recognized OPEB benefit of \$7,215,793.

At June 30, 2024, 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	\$ 8,683,623	\$ 1,045,673
Net difference between projected and actual earnings on other postemployment benefits plan investments	11,893	-
Differences between expected and actual experience	-	29,475,641
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,175,048	4,319,641
Reporting Unit's contributions subsequent to the measurement date	5,435,653	-
	<u>\$ 15,306,217</u>	<u>\$ 34,840,955</u>

\$5,435,653, 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/asset in the subsequent fiscal year.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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>
2024	\$ (7,681,402)
2025	(7,735,113)
2026	(3,372,350)
2027	(3,204,998)
2028	(2,029,472)
2029	<u>(947,056)</u>
	<u><u>\$ (24,970,391)</u></u>

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-202 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2022. Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023, valuation.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses 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, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and 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 electing two-person coverage are assumed to have coverage continuing after the retiree's death.

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

The target asset allocation at September 30, 2023 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%	5.8%
International Equity Pools	15.0%	6.8%
Private Equity Pools	16.0%	9.6%
Real Estate and Infrastructure Pools	10.0%	6.4%
Fixed Income Pools	13.0%	1.3%
Absolute Return Pools	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	7.3%
Short Term Investment Pools	2.0%	0.3%
	<u>100.0%</u>	

* Long term rates of return are net of administrative expenses and 2.7% 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, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, 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	\$ 296,332,462	\$ 219,343,527	\$ 155,247,454

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (asset) 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/(asset)	\$ 4,043,848	\$ (3,900,693)	\$ (10,728,246)

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	Other Postemployment Benefits		
	1% Trend Decrease	Current Healthcare Cost Trend Rates	1% Trend Increase
	Reporting Unit's proportionate share of the net other postemployment benefits liability/(asset)	\$ (10,745,270)	\$ (3,900,693)

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 2023 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 \$12,576,029 to the nonmajor funds, and the nonmajor funds transferred \$89,204 to the general fund. The general fund transfer of \$1,110,050 to the nonmajor debt service funds was for future debt service payments. The general fund transfer of \$11,465,979 to the nonmajor capital projects funds was for future capital acquisitions. The transfer from the nonmajor food service fund to the general fund was to reimburse indirect costs.

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	\$ 912,710
East Lansing	3,114
DeWitt Charter Township	624
	\$ 916,448

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

There are no abatements made by the District.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**LANSING SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 30,240,000	\$ 33,137,000	\$ 33,410,696	\$ 273,696
State sources	101,274,000	131,572,000	126,968,459	(4,603,541)
Federal sources	39,437,000	56,230,000	49,642,172	(6,587,828)
Incoming transfers	18,011,000	19,040,000	19,040,136	136
TOTAL REVENUES	188,962,000	239,979,000	229,061,463	(10,917,537)
EXPENDITURES				
Current				
Instruction				
Basic programs	74,194,000	64,677,000	64,924,177	(247,177)
Added needs	28,119,000	33,719,000	32,246,188	1,472,812
Adult and continuing education	1,030,000	1,450,000	1,111,265	338,735
Total instruction	103,343,000	99,846,000	98,281,630	1,564,370
Supporting services				
Pupil	16,470,000	20,536,000	18,744,508	1,791,492
Instructional staff	12,773,000	22,346,000	18,251,778	4,094,222
General administration	1,585,000	1,722,000	1,549,428	172,572
School administration	10,318,000	10,804,000	10,528,249	275,751
Business	5,265,000	5,433,000	4,355,305	1,077,695
Operation and maintenance	19,751,000	25,060,000	26,160,160	(1,100,160)
Pupil transportation	9,552,000	13,681,000	12,174,773	1,506,227
Central	9,121,000	20,630,000	17,907,806	2,722,194
Other	1,944,000	2,809,000	2,715,593	93,407
Total supporting services	86,779,000	123,021,000	112,387,600	10,633,400
Community service activities	1,543,000	2,696,000	2,517,240	178,760
Debt service				
Principal	-	-	498,057	(498,057)
Interest	-	-	24,958	(24,958)
Total debt service	-	-	523,015	(523,015)
TOTAL EXPENDITURES	191,665,000	225,563,000	213,709,485	11,853,515
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,703,000)	14,416,000	15,351,978	935,978
OTHER FINANCING SOURCES (USES)				
Proceeds from leased equipment	-	-	568,948	568,948
Transfers in	114,000	95,000	89,204	(5,796)
Transfers out	(1,926,000)	(18,510,000)	(12,576,029)	5,933,971
TOTAL OTHER FINANCING SOURCES (USES)	(1,812,000)	(18,415,000)	(11,917,877)	6,497,123
NET CHANGE IN FUND BALANCE	\$ (4,515,000)	\$ (3,999,000)	3,434,101	\$ 7,433,101
FUND BALANCE				
Beginning of year			54,096,836	
End of year			<u>57,530,937</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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.67770%	0.71063%	0.73553%	0.76047%	0.77243%	0.75929%	0.79100%	0.82789%	0.84886%	0.89770%
Reporting Unit's proportionate share of net pension liability	\$ 219,343,527	\$ 267,260,278	\$ 174,093,564	\$ 261,231,339	\$ 255,804,289	\$ 228,255,569	\$ 204,982,644	\$ 206,552,440	\$ 207,334,790	\$ 197,731,925
Reporting Unit's covered-employee payroll	\$ 70,249,897	\$ 69,158,364	\$ 67,972,258	\$ 66,762,148	\$ 67,602,581	\$ 65,473,081	\$ 66,264,359	\$ 69,148,387	\$ 68,735,453	\$ 76,163,477
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	312.23%	386.45%	256.12%	391.29%	378.39%	348.63%	309.34%	298.71%	301.64%	259.62%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**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)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required pension contributions	\$ 28,884,252	\$ 31,060,969	\$ 23,963,039	\$ 21,769,413	\$ 20,510,124	\$ 20,263,330	\$ 20,539,647	\$ 18,774,913	\$ 18,367,571	\$ 15,524,963
Pension contributions in relation to statutorily required contributions	28,884,252	31,060,969	23,963,039	21,769,413	20,510,124	20,263,330	20,539,647	18,774,913	18,367,571	15,524,963
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll payroll (pension)	\$ 75,958,234	\$ 69,386,648	\$ 65,949,125	\$ 67,609,692	\$ 68,129,766	\$ 66,125,706	\$ 65,494,078	\$ 69,583,666	\$ 66,526,238	\$ 71,678,853
Pension contributions as a percentage of covered-employee payroll	38.03%	44.77%	36.34%	32.20%	30.10%	30.64%	31.36%	26.98%	27.61%	21.66%

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

	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (asset) %	0.68954%	0.67242%	0.74943%	0.75522%	0.77555%	0.72836%	0.79167%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	\$ (3,900,693)	\$ 14,242,342	\$ 11,439,165	\$ 40,459,348	\$ 55,667,077	\$ 57,896,761	\$ 70,106,536
Reporting Unit's covered-employee payroll	\$ 70,249,897	\$ 69,158,364	\$ 67,972,258	\$ 66,762,148	\$ 67,602,581	\$ 65,473,081	\$ 66,264,359
Reporting Unit's proportionate share of net other postemployment benefits liability (asset) as a percentage of its covered-employee payroll	5.55%	20.59%	16.83%	60.60%	82.34%	88.43%	105.80%
Plan fiduciary net position as a percentage of total postemployment benefits liability (Non-university employers)	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required other postemployment benefits contributions	\$ 6,264,860	\$ 5,684,427	\$ 5,372,636	\$ 5,850,062	\$ 5,649,373	\$ 5,599,211	\$ 5,750,215
Other postemployment benefits contributions in relation to statutorily required contributions	<u>6,264,860</u>	<u>5,684,427</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (OPEB)	\$ 75,958,234	\$ 69,386,648	\$ 65,949,125	\$ 67,609,692	\$ 68,129,766	\$ 66,125,706	\$ 65,494,078
Other postemployment benefit contributions as a percentage of covered-employee payroll	8.25%	8.19%	8.15%	8.65%	8.29%	8.47%	8.78%

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

**LANSING SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Healthcare Cost Trend Rate
 - Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
 - Post 65 increased to 6.25% for year one and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% for year fifteen.
- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

ADDITIONAL SUPPLEMENTARY INFORMATION

**LANSING SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2024**

	<u>Special Revenue Fund</u>	Debt	Capital	Total
	Food	Service	Projects	Nonmajor
	Service Fund	Funds	Funds	Governmental Funds
ASSETS				
Investments	\$ -	\$ 985,687	\$ 613,793	\$ 1,599,480
Accounts receivable	5,221	4,271	3,080	12,572
Intergovernmental	111,450	-	-	111,450
Due from other funds	5,053,115	113,764	15,985,652	21,152,531
Inventories	90,444	-	-	90,444
Prepays	12,108	1,500	183,045	196,653
Restricted cash and cash equivalents	-	-	4,577,888	4,577,888
	<u>\$ 5,272,338</u>	<u>\$ 1,105,222</u>	<u>\$ 21,363,458</u>	<u>\$ 27,741,018</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 211,971	\$ -	\$ 1,990,795	\$ 2,202,766
Accrued salaries and related	191	-	-	191
Accrued retirement	75	-	-	75
	<u>212,237</u>	<u>-</u>	<u>1,990,795</u>	<u>2,203,032</u>
TOTAL LIABILITIES				
FUND BALANCES				
Nonspendable				
Inventories	90,444	-	-	90,444
Prepays	12,108	1,500	183,045	196,653
Restricted				
Debt service	-	1,103,722	-	1,103,722
Capital projects	-	-	3,923,515	3,923,515
Food service	4,957,549	-	-	4,957,549
Assigned	-	-	15,266,103	15,266,103
	<u>5,060,101</u>	<u>1,105,222</u>	<u>19,372,663</u>	<u>25,537,986</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,272,338</u>	<u>\$ 1,105,222</u>	<u>\$ 21,363,458</u>	<u>\$ 27,741,018</u>

**LANSING SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2024**

	Special <u>Revenue Fund</u> Food Service Fund	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ 12,761,351	\$ 8,681,373	\$ 21,442,724
Investment earnings	-	397,606	195,470	593,076
Food sales	252,933	-	-	252,933
Other	18,112	-	2,987	21,099
Total local sources	271,045	13,158,957	8,879,830	22,309,832
State sources	329,565	240,468	-	570,033
Federal sources	9,179,923	-	-	9,179,923
TOTAL REVENUES	9,780,533	13,399,425	8,879,830	32,059,788
EXPENDITURES				
Current				
Food service activities	9,555,505	-	-	9,555,505
Capital outlay	-	-	9,350,934	9,350,934
Debt service				
Principal payments	-	6,685,000	-	6,685,000
Interest	-	7,306,550	-	7,306,550
Other	-	1,996	-	1,996
TOTAL EXPENDITURES	9,555,505	13,993,546	9,350,934	32,899,985
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	225,028	(594,121)	(471,104)	(840,197)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,110,050	11,465,979	12,576,029
Transfers out	(89,204)	-	-	(89,204)
TOTAL OTHER FINANCING SOURCES (USES)	(89,204)	1,110,050	11,465,979	12,486,825
NET CHANGE IN FUND BALANCES	135,824	515,929	10,994,875	11,646,628
FUND BALANCES				
Beginning of year	4,924,277	589,293	8,377,788	13,891,358
End of year	<u>\$ 5,060,101</u>	<u>\$ 1,105,222</u>	<u>\$ 19,372,663</u>	<u>\$ 25,537,986</u>

**LANSING SCHOOL DISTRICT
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	<u>2022 Energy Bond</u>	<u>2022 Debt</u>	<u>2019 Debt</u>	<u>2016 Debt</u>	<u>Totals</u>
ASSETS					
Investments	\$ 32,673	\$ 574,920	\$ -	\$ 378,094	\$ 985,687
Accounts receivable	-	1,771	1,229	1,271	4,271
Due from other funds	417	7,340	100,000	6,007	113,764
Prepays	-	500	500	500	1,500
TOTAL ASSETS	<u>\$ 33,090</u>	<u>\$ 584,531</u>	<u>\$ 101,729</u>	<u>\$ 385,872</u>	<u>\$ 1,105,222</u>
FUND BALANCES					
Nonspendable					
Prepays	\$ -	\$ 500	\$ 500	\$ 500	\$ 1,500
Restricted for debt service	33,090	584,031	101,229	385,372	1,103,722
TOTAL FUND BALANCES	<u>\$ 33,090</u>	<u>\$ 584,531</u>	<u>\$ 101,729</u>	<u>\$ 385,872</u>	<u>\$ 1,105,222</u>

**LANSING SCHOOL DISTRICT
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	2022 Energy Bond	2022 Debt	2019 Debt	2016 Debt	Totals
REVENUES					
Local sources					
Property taxes	\$ -	\$ 5,289,722	\$ 3,765,945	\$ 3,705,684	\$ 12,761,351
Investment earnings	32,589	115,712	163,765	85,540	397,606
State sources	-	240,468	-	-	240,468
TOTAL REVENUES	32,589	5,645,902	3,929,710	3,791,224	13,399,425
EXPENDITURES					
Principal payments	560,000	2,650,000	1,900,000	1,575,000	6,685,000
Interest	549,050	2,590,000	1,961,250	2,206,250	7,306,550
Other	499	499	499	499	1,996
TOTAL EXPENDITURES	1,109,549	5,240,499	3,861,749	3,781,749	13,993,546
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,076,960)	405,403	67,961	9,475	(594,121)
OTHER FINANCING SOURCES					
Transfers in	1,110,050	-	-	-	1,110,050
NET CHANGE IN FUND BALANCES	33,090	405,403	67,961	9,475	515,929
FUND BALANCES					
Beginning of year	-	179,128	33,768	376,397	589,293
End of year	\$ 33,090	\$ 584,531	\$ 101,729	\$ 385,872	\$ 1,105,222

**LANSING SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
ASSETS					
Investments	\$ -	\$ -	\$ 613,793	\$ -	\$ 613,793
Accounts receivable	-	3,080	-	-	3,080
Due from other funds	13,183,738	58,449	607,837	2,135,628	15,985,652
Prepays	-	-	183,045	-	183,045
Cash and cash equivalents - restricted	-	4,577,888	-	-	4,577,888
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 13,183,738</u>	<u>\$ 4,639,417</u>	<u>\$ 1,404,675</u>	<u>\$ 2,135,628</u>	<u>\$ 21,363,458</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	<u>\$ 1,264,841</u>	<u>\$ 715,902</u>	<u>\$ 10,052</u>	<u>\$ -</u>	<u>\$ 1,990,795</u>
FUND BALANCES					
Nonspendable					
Prepays	-	-	183,045	-	183,045
Restricted for capital projects	-	3,923,515	-	-	3,923,515
Assigned for capital projects	<u>11,918,897</u>	<u>-</u>	<u>1,211,578</u>	<u>2,135,628</u>	<u>15,266,103</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>11,918,897</u>	<u>3,923,515</u>	<u>1,394,623</u>	<u>2,135,628</u>	<u>19,372,663</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,183,738</u>	<u>\$ 4,639,417</u>	<u>\$ 1,404,675</u>	<u>\$ 2,135,628</u>	<u>\$ 21,363,458</u>

**LANSING SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
REVENUES					
Property taxes	\$ -	\$ 8,681,373	\$ -	\$ -	\$ 8,681,373
Investment earnings	-	195,470	-	-	195,470
Other	1,292	1,695	-	-	2,987
TOTAL REVENUES	<u>1,292</u>	<u>8,878,538</u>	<u>-</u>	<u>-</u>	<u>8,879,830</u>
EXPENDITURES					
Capital outlay	<u>3,295,014</u>	<u>4,955,023</u>	<u>1,100,897</u>	<u>-</u>	<u>9,350,934</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,293,722)</u>	<u>3,923,515</u>	<u>(1,100,897)</u>	<u>-</u>	<u>(471,104)</u>
OTHER FINANCING SOURCES					
Transfers in	<u>10,345,979</u>	<u>-</u>	<u>1,120,000</u>	<u>-</u>	<u>11,465,979</u>
NET CHANGE IN FUND BALANCES	7,052,257	3,923,515	19,103	-	10,994,875
FUND BALANCES					
Beginning of year	<u>4,866,640</u>	<u>-</u>	<u>1,375,520</u>	<u>2,135,628</u>	<u>8,377,788</u>
End of year	<u>\$ 11,918,897</u>	<u>\$ 3,923,515</u>	<u>\$ 1,394,623</u>	<u>\$ 2,135,628</u>	<u>\$ 19,372,663</u>

**LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2024**

2022 Energy Bond

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2025	4.000%	\$ 590,000	\$ 263,325	\$ 263,325	\$ 1,116,650
2026	4.000%	615,000	251,525	251,525	1,118,050
2027	4.000%	640,000	239,225	239,225	1,118,450
2028	4.000%	670,000	226,425	226,425	1,122,850
2029	4.000%	695,000	213,025	213,025	1,121,050
2030	5.000%	725,000	199,125	199,125	1,123,250
2031	5.000%	760,000	181,000	181,000	1,122,000
2032	5.000%	795,000	162,000	162,000	1,119,000
2033	5.000%	835,000	142,125	142,125	1,119,250
2034	5.000%	880,000	121,250	121,250	1,122,500
2035	5.000%	920,000	99,250	99,250	1,118,500
2036	5.000%	970,000	76,250	76,250	1,122,500
2037	5.000%	1,015,000	52,000	52,000	1,119,000
2038	5.000%	1,065,000	26,625	26,625	1,118,250
Total 2022 bonded debt		<u>\$ 11,175,000</u>	<u>\$ 2,253,150</u>	<u>\$ 2,253,150</u>	<u>\$ 15,681,300</u>

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

**LANSING SCHOOL DISTRICT
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
 JUNE 30, 2024**

2022 Series I Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 49,150,000</u>	<u>\$ 17,941,875</u>	<u>\$ 17,941,875</u>	<u>\$ 85,033,750</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, 2024**

2019 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 37,325,000</u>	<u>\$ 8,796,875</u>	<u>\$ 8,796,875</u>	<u>\$ 54,918,750</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, 2024**

2016 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
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>\$ 42,550,000</u>	<u>\$ 10,795,000</u>	<u>\$ 10,795,000</u>	<u>\$ 64,140,000</u>

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

**LANSING SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
U.S. Department of Agriculture								
Passed through Michigan Department of Education Child Nutrition Cluster								
Non-cash Assistance (donated foods)								
National School Lunch Program	10.555	N/A	\$ 542,421	\$ -	\$ -	\$ 542,421	\$ 542,421	\$ -
National School Lunch Program - Bonus		N/A	45	-	-	45	45	-
Total ALN 10.555 Non-cash Assistance			<u>542,466</u>	<u>-</u>	<u>-</u>	<u>542,466</u>	<u>542,466</u>	<u>-</u>
Cash Assistance								
National School Lunch Program	10.555	231960	4,568,163	141,937	3,956,096	612,067	754,004	-
National School Lunch Program		241960	4,180,889	-	-	4,180,889	4,180,889	-
National School Lunch Program		240910	256,668	-	-	256,668	256,668	-
Total ALN 10.555 Cash Assistance			<u>9,005,720</u>	<u>141,937</u>	<u>3,956,096</u>	<u>5,049,624</u>	<u>5,191,561</u>	<u>-</u>
Total ALN 10.555			<u>9,548,186</u>	<u>141,937</u>	<u>3,956,096</u>	<u>5,592,090</u>	<u>5,734,027</u>	<u>-</u>
School Breakfast Program	10.553	231970	2,414,416	92,329	2,085,754	328,662	420,991	-
School Breakfast Program		241970	2,400,432	-	-	2,400,432	2,400,432	-
Total ALN 10.553			<u>4,814,848</u>	<u>92,329</u>	<u>2,085,754</u>	<u>2,729,094</u>	<u>2,821,423</u>	<u>-</u>
Summer Food Service Program for Children	10.559	230900	203,703	55,114	55,114	148,589	203,703	-
Summer Food Service Program for Children		240900	65,213	-	-	65,213	-	65,213
Total ALN 10.559			<u>268,916</u>	<u>55,114</u>	<u>55,114</u>	<u>213,802</u>	<u>203,703</u>	<u>65,213</u>
Fresh Fruit & Vegetable Program	10.582	230950	323,115	177	323,115	-	177	-
Fresh Fruit & Vegetable Program		240950	299,436	-	-	299,436	296,784	2,652
Total ALN 10.582			<u>622,551</u>	<u>177</u>	<u>323,115</u>	<u>299,436</u>	<u>296,961</u>	<u>2,652</u>
Total cash assistance			<u>14,712,035</u>	<u>289,557</u>	<u>6,420,079</u>	<u>8,291,956</u>	<u>8,513,648</u>	<u>67,865</u>
Total Child Nutrition Cluster			<u>15,254,501</u>	<u>289,557</u>	<u>6,420,079</u>	<u>8,834,422</u>	<u>9,056,114</u>	<u>67,865</u>
Child and Adult Food Program	10.558	231920	184,980	3,752	165,233	19,747	23,499	-
Child and Adult Food Program		241920	262,777	-	-	262,777	257,065	5,712
Child and Adult Food Program		232010	13,165	-	12,096	1,069	1,069	-
Child and Adult Food Program		242010	13,089	-	-	13,089	12,756	333
Total ALN 10.558			<u>474,011</u>	<u>3,752</u>	<u>177,329</u>	<u>296,682</u>	<u>294,389</u>	<u>6,045</u>
Local Food for Schools	10.185	230985-2024	48,819	-	-	48,819	48,819	-
Total U.S. Department of Agriculture			<u>15,777,331</u>	<u>293,309</u>	<u>6,597,408</u>	<u>9,179,923</u>	<u>9,399,322</u>	<u>73,910</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, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
U.S. Department of Education								
Direct Programs								
Indian Education - Grants to Local Education Agencies	84.060A	S060A220962	\$ 22,105	\$ 806	\$ 22,102	\$ -	\$ 806	\$ -
Indian Education - Grants to Local Education Agencies		S060A230962	24,539	-	-	24,539	24,386	153
Total ALN 84.060A			46,644	806	22,102	24,539	25,192	153
Magnet Schools Assistance	84.165A	S165A220015	2,916,026	258,037	1,380,987	764,883	1,022,920	-
Magnet Schools Assistance		U165A170011	1,465,483	109,255	981,485	450,060	559,315	-
Magnet Schools Assistance		U165A170011	770,156	-	-	466,518	408,030	58,488
Magnet Schools Assistance		U165A170011	3,187,201	-	-	2,209,777	1,877,648	332,129
Total ALN 84.165A			8,338,866	367,292	2,362,472	3,891,238	3,867,913	390,617
School Safety National Activities	84.184G	S184G190342	626,899	46,992	457,763	169,136	216,128	-
School Safety National Activities		S184G190342	266,557	3,701	175,923	90,635	94,336	-
School Safety National Activities		S184G190342	139,904	-	-	137,023	119,008	18,015
School Safety National Activities		S184G190342	749,574	-	-	533,844	440,222	93,622
Total ALN 84.184G			1,782,934	50,693	633,686	930,638	869,694	111,637
School Safety National Activities	84.184H	S184H220173	1,181,445	219,050	535,185	646,260	865,310	-
School Safety National Activities		S184H220173	1,323,466	-	-	211,581	101,630	109,951
School Safety National Activities		S184H220173	2,900,198	-	-	679,447	421,660	257,787
Total ALN 84.184H			5,405,109	219,050	535,185	1,537,288	1,388,600	367,738
Total ALN 84.184			7,188,043	269,743	1,168,871	2,467,926	2,258,294	479,375
Innovative Approaches to Literacy	84.215G	S215G210041	602,650	34,158	531,386	71,263	105,421	-
Innovative Approaches to Literacy		S215G210041	249,637	37,468	167,567	82,071	119,539	-
Innovative Approaches to Literacy		S215G210041	162,999	-	-	124,188	105,686	18,502
Innovative Approaches to Literacy		S215G180072	749,900	-	-	640,951	463,687	177,264
Total ALN 84.215G			1,765,186	71,626	698,953	918,473	794,333	195,766
Teacher and School Leader Incentive Grants	84.374A	S374A210007	5,084,925	1,163,933	3,976,114	1,108,811	2,272,744	-
Teacher and School Leader Incentive Grants		S374A210007	4,215,471	68,107	1,906,146	200,394	268,501	-
Teacher and School Leader Incentive Grants		S374A210007	8,716,933	-	-	5,683,901	4,087,184	1,596,717
Teacher and School Leader Incentive Grants		S374A210007	3,051,638	-	-	931,897	729,218	202,679
Total ALN 84.374A			21,068,967	1,232,040	5,882,260	7,925,003	7,357,647	1,799,396
Passed through Michigan Department of Education								
Federal Adult Ed English Literacy Civics - EL CIVICS	84.002	231120/235005	151,871	146	18,135	-	146	-
Federal Adult Ed English Literacy Civics - EL CIVICS		241120/235005	157,638	-	-	87,981	79,078	8,903
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		231130/231250	155,578	17,156	128,714	-	17,156	-
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		241130/231250	159,323	-	-	124,768	110,297	14,471
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		231190/231250	31,126	3,130	11,569	-	3,130	-
Federal Adult Ed English Literacy Civics - INSTRUCTIONAL		241190/231250	31,885	-	-	8,219	8,199	20
Total ALN 84.002			687,421	20,432	158,418	220,968	218,006	23,394

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, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
<u>U.S. Department of Education (continued)</u>								
Passed through Michigan Department of Education (continued)								
Title I Grants to Local Education Agencies	84.010	231530/2223	\$ 11,370,509	\$ 886,195	\$ 7,114,617	\$ 740,406	\$ 1,626,601	\$ -
Title I Grants to Local Education Agencies		241530/2324	9,318,552	-	-	7,904,972	7,266,228	638,744
Passed through Ingham Intermediate School District								
Title I Grants to Local Education Agencies		231570/2223	140,400	-	-	31,147	31,147	-
Title I Grants to Local Education Agencies		241570/2324	1,306,607	-	-	852,304	349,119	503,185
Passed through Calhoun County Intermediate School District								
Title I Grants to Local Education Agencies		N/A	300,000	163,671	163,671	3,360	167,031	-
Total ALN 84.010			<u>22,436,068</u>	<u>1,049,866</u>	<u>7,278,288</u>	<u>9,532,189</u>	<u>9,440,126</u>	<u>1,141,929</u>
Passed through Michigan Department of Education								
Title I State Agency Program for Neglected & Delinquent Children & Youth	84.013	231700/2223	297,020	17,500	104,196	20,013	37,513	-
Title I State Agency Program for Neglected & Delinquent Children & Youth		241700-2324	351,199	-	-	175,239	146,173	29,066
Total ALN 84.013			<u>648,219</u>	<u>17,500</u>	<u>104,196</u>	<u>195,252</u>	<u>183,686</u>	<u>29,066</u>
Education for Homeless Children and Youth								
Education for Homeless Children and Youth	84.196A	232320/2223	107,084	3,152	68,213	13,749	16,901	-
Education for Homeless Children and Youth		242320/2324	115,409	-	-	79,423	73,835	5,588
Total ALN 84.196A			<u>222,493</u>	<u>3,152</u>	<u>68,213</u>	<u>93,172</u>	<u>90,736</u>	<u>5,588</u>
Supporting Effective Instruction State Grants								
Supporting Effective Instruction State Grants	84.367	230520/2223	1,277,736	49,018	805,137	119,935	168,953	-
Supporting Effective Instruction State Grants		240520/2324	1,154,833	-	-	534,354	470,346	64,008
Total ALN 84.367			<u>2,432,569</u>	<u>49,018</u>	<u>805,137</u>	<u>654,289</u>	<u>639,299</u>	<u>64,008</u>
Student Support & Academic Enrichment								
Student Support & Academic Enrichment	84.424	230750/2223	856,897	8,240	794,312	3,913	12,153	-
Student Support & Academic Enrichment		240750/2324	687,273	-	-	646,738	605,907	40,831
Total ALN 84.424			<u>1,544,170</u>	<u>8,240</u>	<u>794,312</u>	<u>650,651</u>	<u>618,060</u>	<u>40,831</u>
Education Stabilization Fund								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) - Formula	84.425D	213712/2021	29,884,797	416,489	29,884,797	-	416,489	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II) - 98c	84.425D	213782/2223	507,343	359,046	359,046	148,297	507,343	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III) - Formula	84.425U	213713/2122	67,164,737	1,540,413	46,285,085	17,757,780	18,418,238	879,955
COVID-19 Homeless Children and Youth (ARP)	84.425W	211012/2122	375,592	1,197	62,979	254,145	253,264	2,078
COVID-19 Homeless Children and Youth (ARP)	84.425W	211013/2223	136,891	29,434	36,214	82,714	108,315	3,833
Total ALN 84.425			<u>98,069,360</u>	<u>2,346,579</u>	<u>76,628,121</u>	<u>18,242,936</u>	<u>19,703,649</u>	<u>885,866</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, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
<u>U.S. Department of Education (continued)</u>								
Passed through Michigan Department of Education (continued)								
English Language Acquisition State Grants	84.365A	230580/2223	\$ 227,497	\$ 13,444	\$ 148,845	\$ 8,610	\$ 22,054	\$ -
English Language Acquisition State Grants		240580/2324	250,682	-	-	179,932	174,441	5,491
English Language Acquisition State Grants		230570/2223	122,715	2,826	75,332	23,391	26,217	-
English Language Acquisition State Grants		240570/2324	89,349	-	-	58,570	57,734	836
Total ALN 84.365A			<u>690,243</u>	<u>16,270</u>	<u>224,177</u>	<u>270,503</u>	<u>280,446</u>	<u>6,327</u>
Passed through Ingham Intermediate School District								
Special Education Cluster								
Special Education Preschool Grants	84.173A	230460/2023	119,467	26,046	118,375	-	26,046	-
Special Education Preschool Grants		240460/2024	150,763	-	-	150,763	112,864	37,899
COVID-19 Special Education Preschool Grants - ARP	84.173X	221285/2122	<u>38,730</u>	<u>7,324</u>	<u>11,998</u>	<u>16,543</u>	<u>23,867</u>	<u>-</u>
Total ALN 84.173A			<u>308,960</u>	<u>33,370</u>	<u>130,373</u>	<u>167,306</u>	<u>162,777</u>	<u>37,899</u>
Special Education Grants to States	84.027	230450/2023	1,600,000	330,011	1,600,000	-	330,011	-
Special Education Grants to States		240450/2024	1,600,000	-	-	1,600,000	1,274,273	325,727
Total ALN 84.027			<u>3,200,000</u>	<u>330,011</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,604,284</u>	<u>325,727</u>
Total Special Education Cluster			<u>3,508,960</u>	<u>363,381</u>	<u>1,730,373</u>	<u>1,767,306</u>	<u>1,767,061</u>	<u>363,626</u>
Career and Technical Education - Basic to States	84.048A	----	41,975	10,172	41,244	-	10,172	-
Career and Technical Education - Basic to States		----	51,840	-	-	51,840	45,864	5,976
Total ALN 84.048A			<u>93,815</u>	<u>10,172</u>	<u>41,244</u>	<u>51,840</u>	<u>56,036</u>	<u>5,976</u>
Total U.S. Department of Education			<u>168,741,024</u>	<u>5,826,117</u>	<u>97,967,137</u>	<u>46,906,285</u>	<u>47,300,484</u>	<u>5,431,918</u>
<u>U.S. Department of Treasury</u>								
Passed through the City of Lansing								
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ARP)	21.027	----	400,000	101,952	101,952	264,693	400,000	(33,355)
<u>U.S. Department of Health and Human Services</u>								
Passed through Ingham County Health Department								
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	232810-HRA2023	336,000	175,427	284,082	19,540	194,967	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases		242810-HRA2024	1,344,000	-	-	1,154,302	-	1,154,302
Total ALN 93.323			<u>1,680,000</u>	<u>175,427</u>	<u>284,082</u>	<u>1,173,842</u>	<u>194,967</u>	<u>1,154,302</u>
Passed through Ingham Intermediate School District								
Medicaid Cluster								
Medicaid Assistance Program	93.778	----	148,129	-	-	148,129	148,129	-
Total U.S. Department of Health and Human Services			<u>1,828,129</u>	<u>175,427</u>	<u>284,082</u>	<u>1,321,971</u>	<u>343,096</u>	<u>1,154,302</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, 2024**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2024
<u>U.S. Department of Justice</u>								
Direct Program								
STOP School Violence	16.839	15PBJA-22-GG-04658-STOP	\$ 232,543	\$ 15,785	\$ 127,371	\$ 81,089	\$ 91,442	\$ 5,432
STOP School Violence		15PBJA-22-GG-04658-STOP	405,860	-	-	148,562	147,789	773
Total ALN 16.839			638,403	15,785	127,371	229,651	239,231	6,205
<u>U.S. Department of Labor</u>								
Passed through Capital Area Michigan Works								
WIOA Program Cluster								
WIOA Youth Activities	17.259	----	1,228,827	110,450	779,530	31,297	141,747	-
WIOA Youth Activities		----	1,089,695	5,418	5,418	871,174	703,666	172,926
WIOA Youth Activities		----	785,676	-	-	4,641	-	4,641
Total U.S. Department of Labor			3,104,198	115,868	784,948	907,112	845,413	177,567
<u>Federal Communications Commission</u>								
Direct Program								
COVID-19 Emergency Connectivity	32.009	----	145,159	-	132,699	12,460	12,460	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 190,634,244	\$ 6,528,458	\$ 105,995,597	\$ 58,822,095	\$ 58,540,006	6,810,547
							Unearned	(33,355)
							Receivable	\$ 6,843,902

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, 2024**

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, 2024. 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	\$ 49,642,172
Other nonmajor governmental funds	<u>9,179,923</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 58,822,095</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, 2024, 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 11, 2024.

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 11, 2024



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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, 2024. 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, 2024.

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 11, 2024

**LANSING SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
84.184	School Safety National Activities
84.374	Teacher and School Leader Incentive Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,764,663

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Question Costs

None noted.

**LANSING SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2024**

There were no audit findings in the prior year.



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October 11, 2024

To the Board of Education
Lansing School District

In planning and performing our audit of the financial statements of Lansing School District as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Lansing School District' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 11, 2024 on the financial statements of Lansing School District. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which have been discussed with appropriate members of management, are intended to improve the internal control, or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendations. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Lansing School District develop a plan to spend down the excess by June 30, 2025 and submit the plan to MDE.

This report is intended solely for the information and use of management and others within the District and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC



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October 11, 2024

To the Board of Education
Lansing School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lansing School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Lansing School District are described in Note 1 to the financial statements. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 100 *Accounting Changes and Error Corrections*, during the year ended June 30, 2024. This adoption had no significant impact on the financial statements of Lansing School District. We noted no transactions entered into by the Lansing School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities were:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 11, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Lansing School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Lansing School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Lansing School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC