LANSING SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2026

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Lansing School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lansing School District, as of and for the year ended June 30, 2026, 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, 2026, 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 is presented for purposes of additional analysis and is 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 is 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 16, 2026 on our consideration of Lansing School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lansing School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lansing School District's internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 16, 2026

The purpose of management's discussion and analysis (MD&A) is to help the District's residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the District's finances.

If you have any questions about this report or need any additional information, please contact the Assistant Superintendent for Finance and Budget Lansing School District, 519 W. Kalamazoo Street, Lansing, Michigan 48933.

OVERVIEW OF THE FINANCIAL STATEMENTS

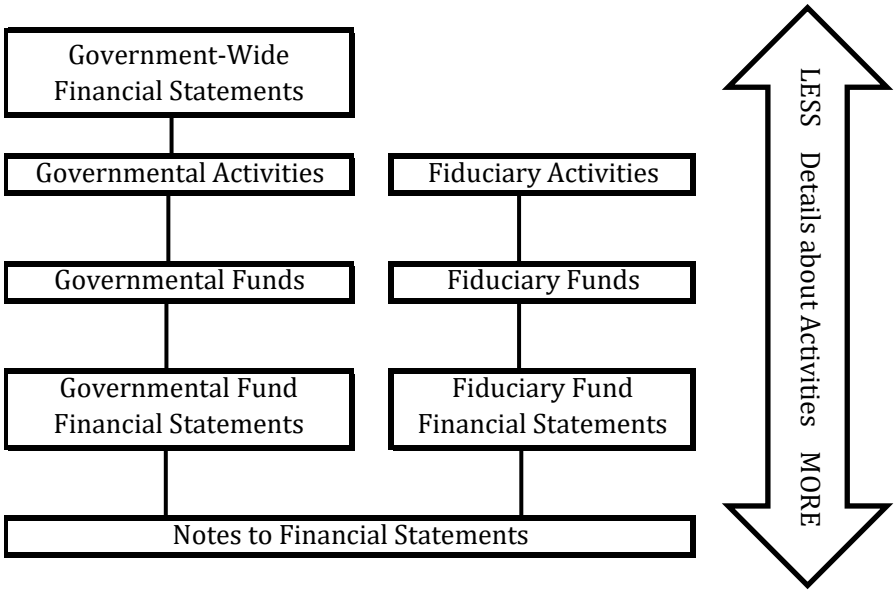
The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. The first two - the *government-wide financial statements* - cover the District's governmental activities. (See the diagram in Figure A-1.)

- *Governmental Activities* comprise the District's most basic functions, such as instruction, support services, and food services. Governmental activities primarily are financed by property taxes from non-principal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the District's finances in greater detail and present fiduciary activities. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports two groups of funds:

- *Governmental Fund Financial Statements* report all of the governmental activities except those that involve providing services to District departments. In addition to the District's main operating fund - the general fund - those financial statements report special revenue funds that track the use of restricted or committed funding sources, debt service funds to record the repayment of outstanding bonds, and capital projects funds to account for resources used to acquire or construct long-lived assets.

- *Fiduciary Fund Financial Statements* report resources for which the District acts as a trustee or custodian. The resources in this fund do not belong to the District and cannot be used to provide services, which is why they are not included in the government-wide financial statements.



The next section of this financial report contains *notes to financial statements*, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the District's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the District controls, from short-term assets like cash and cash equivalents to long-term assets like buildings and transportation equipment.

- *Liabilities* - amounts the District owes, from short-term liabilities such as salaries and related items to long-term liabilities such as outstanding debt and pension obligations.

- *Deferred Outflows of Resources and Deferred Inflows of Resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and Expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on construction.

	Financial Statements		
	Government-wide	Fiduciary Fund	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term		* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received		* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid		* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year		* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and basis of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE DISTRICT'S FINANCES

Table A-1
Lansing School District's Net Position

	2026	2025	Dollar Change	Total Percentage Change
Assets				
Current and other assets	$ 204,694,622	$ 252,000,237	$ (47,305,615)	-18.8%
Net other postemployment benefit asset	38,313,581	31,426,631	6,886,950	21.9%
Capital assets	307,119,984	261,436,600	45,683,384	17.5%
Total assets	550,128,187	544,863,468	5,264,719	1.0%
Deferred outflows of resources	54,483,814	65,926,952	(11,443,138)	-17.4%
Liabilities				
Long-term outstanding liabilities	220,381,835	233,834,225	(13,452,390)	-5.8%
Net pension liability	143,803,150	173,073,258	(29,270,108)	-16.9%
Other liabilities	66,114,011	92,595,222	(26,481,211)	-28.6%
Total liabilities	430,298,996	499,502,705	(69,203,709)	-13.9%
Deferred inflows of resources	99,927,925	110,643,979	(10,716,054)	-9.7%
Net position				
Net investment in capital assets	164,841,123	120,444,887	44,396,236	36.9%
Restricted	48,949,954	41,004,497	7,945,457	19.4%
Unrestricted	(139,405,997)	(160,805,648)	21,399,651	-13.3%
Total net position	$ 74,385,080	$ 643,736	$ 73,741,344	11455.2%

Table A-1 shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows - was $74,385,080, an increase of $73,741,344 compared with the net position of $643,736 in 2025. The composition of net position changed significantly during the year, including a $44,396,236 increase in net investment in capital assets, primarily as a result of continued investment in capital assets through the District's ongoing bond-funded construction projects. Restricted net position increased by $7,945,457, primarily due to an improved position in the District's net other postemployment benefits asset. Changes in the District's net pension liability and related deferred outflows and inflows of resources also affected the District's overall net position. The increase in total net position was the result of the financial performance of the District's governmental activities. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities was $74,385,080, an increase of $73,741,344 compared with the net position of $643,736 in 2025. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. Increase in intermediate sources revenue.
2. Increase in capital grants and contributions.
3. Decrease in support services expenses.
4. Increase in interest on long-term debt.

Table A-2
Changes in Lansing School District's Net Position

	2026	2025	Dollar Change	Total Percentage Change
Revenue				
General revenues				
Property taxes	$ 52,529,724	$ 50,658,634	$ 1,871,090	3.7%
Investment earnings	7,383,286	7,806,145	(422,859)	-5.4%
State sources - unrestricted	99,727,883	101,257,734	(1,529,851)	-1.5%
Intermediate sources	24,738,222	20,298,715	4,439,507	21.9%
Other	2,669,004	2,357,526	311,478	13.2%
Total general revenues	187,048,119	182,378,754	4,669,365	2.6%
Program revenues				
Charges for services	962,983	968,770	(5,787)	-0.6%
Operating grants and contributions	69,157,847	73,914,780	(4,756,933)	-6.4%
Capital grants and contributions	19,549,929	9,402,987	10,146,942	107.9%
Total revenue	276,718,878	266,665,291	10,053,587	3.8%
Expenses				
Instruction	83,724,510	83,283,194	441,316	0.5%
Support services	96,475,479	119,420,893	(22,945,414)	-19.2%
Community services	2,294,743	2,526,550	(231,807)	-9.2%
Food services	9,684,121	9,367,957	316,164	3.4%
Interest on long-term debt	9,191,781	7,355,830	1,835,951	25.0%
Unallocated depreciation/amortization	1,606,900	1,706,903	(100,003)	-5.9%
Total expenses	202,977,534	223,661,327	(20,683,793)	-9.2%
Change in net position	73,741,344	43,003,964	$ 30,737,380	71.5%
Net position - beginning of year	643,736	(42,360,228)		101.5%
Net position - end of year	$ 74,385,080	$ 643,736		11455.2%

Increase in Intermediate Sources

Intermediate sources increased by approximately $4.4 million, or 21.9%, compared to the prior year. The increase was primarily attributable to higher funding received through the Ingham Intermediate School District, including increased special education reimbursements, transportation funding, and Medicaid-related revenues. Intermediate revenues continue to provide significant support for programs and services provided to District students.

Increase in Capital Grants and Contributions

Capital grants and contributions increased by approximately $10.1 million, or 107.9%, compared to the prior year. The increase was primarily due to increased capital spending on state-funded facility and infrastructure improvement projects, most notably the 12C Consolidation project. Additional grant-supported expenditures related to technology infrastructure improvements also contributed to the increase. The increases were partially offset by reduced activity on certain projects that had more activity in the prior fiscal year, particularly the 99N CTE Facility project.

Decrease in Support Services Expenses

Support services expenses decreased by approximately $22.9 million, or 19.2%, compared to the prior year. The decrease was primarily attributable to approximately $19.0 million less in non-capitalized capital outlay expenditures during the current year, as significant facility, equipment, and technology purchases incurred in the prior year did not recur at the same level. In addition, noncash pension and OPEB adjustments required under GASB Statements No. 68 and No. 75 reduced current-year support services expense by approximately $16 million, compared with approximately $13.4 million in the prior year. Because the pension and OPEB plans are administered by the State of Michigan, these government-wide adjustments can fluctuate significantly from year to year and are outside the District's control.

Increase in Interest on Long-term Debt

Interest on long-term debt increased by approximately $1.8 million, or 25.0%, compared to the prior year. The increase was primarily attributable to the commencement of debt service payments on the 2025 Building and Site Bonds, which incurred approximately $2.9 million of interest expense during the current year. The increase was also attributable to a $532,000 arbitrage rebate payment related to the 2022 Energy Bond. These increases were partially offset by lower interest expense on the 2016 Building and Site Bonds, which were refunded during the current year.

GOVERNMENTAL FUNDS

The District reports four major funds individually in the governmental fund financial statements. These funds are the general fund, the 2022 Capital Projects Fund, the 2022 Energy Bond, and the 2025 Capital Projects Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of these governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Major Capital Projects Funds					
			2022 Capital Projects Fund		2022 Energy Bond		2025 Capital Projects Fund	
	2026	2025	2026	2025	2026	2025	2026	2025
REVENUES	$ 239,278,128	$ 226,681,353	$ 559,978	$ 2,218,292	$ 10,904	$ 448,239	$ 2,837,776	$ 49,429
EXPENDITURES	242,450,525	227,199,955	8,891,719	34,369,306	1,008,573	9,826,173	2,935,772	475,907
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,172,397)	(518,602)	(8,331,741)	(32,151,014)	(997,669)	(9,377,934)	(97,996)	(426,478)
OTHER FINANCING SOURCES (USES)								
Proceeds from leased equipment	-	505,616	-	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	-	-	-	67,500,000
Premium on bonds	-	-	-	-	-	-	-	4,220,872
Transfers in	580,677	87,153	-	-	-	-	-	-
Transfers out	(3,892,516)	(5,484,584)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,311,839)	(4,891,815)	-	-	-	-	-	71,720,872
NET CHANGE IN FUND BALANCE	(6,484,236)	(5,410,417)	(8,331,741)	(32,151,014)	(997,669)	(9,377,934)	(97,996)	71,294,394
Fund balance - beginning of year	52,120,520	57,530,937	11,731,437	43,882,451	997,669	10,375,603	71,294,394	-
Fund balance - end of year	$ 45,636,284	$ 52,120,520	$ 3,399,696	$ 11,731,437	$ -	$ 997,669	$ 71,196,398	$ 71,294,394

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Fund

The fund balance of the District's general fund decreased by 12.4%. The decline in fund balance is attributable to (1) expenditures exceeding revenues by approximately $3.2 million and (2) net transfers out of the general fund of approximately $3.3 million to other funds.

The overall fund balance at the end of June 30, 2026, represented approximately 18.8% of operating expenditures. The District aims to have a minimum fund balance of 10% of operating expenditures. Within fund balance, approximately 73% of the balance is considered unassigned. The remaining 27% is considered either restricted, committed, or assigned for other items and is not readily available for use.

Major Capital Projects Funds

The fund balance for the 2022 Capital Projects Fund, 2022 Energy Bond, and 2025 Capital Projects Fund are considered to be 100% restricted. This means that the fund balances can only be used for the restricted purpose of that fund and is not readily available for use. The fund balance of these funds decreased 71.0%, 100%, and 0.1%, respectively. The decrease in fund balance is attributable to capital outlay spending during the bond construction period.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation- increased 17.5% over 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Lansing School District's Capital Assets

	2026			2025	Total
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Percentage Change
Land	$ 4,431,691	$ -	$ 4,431,691	$ 4,431,691	0.0%
Construction in progress	64,046,294	-	64,046,294	55,160,859	16.1%
Land improvements	25,764,881	11,968,149	13,796,732	13,680,384	0.9%
Buildings and additions	308,196,902	97,787,041	210,409,861	174,672,565	20.5%
Machinery and equipment	22,405,094	12,230,851	10,174,243	9,595,904	6.0%
Right to use - leased equipment	1,074,564	519,625	554,939	801,205	-30.7%
Right to use - subscription-based IT	208,400	164,983	43,417	209,017	-79.2%
Transportation equipment	5,180,876	1,518,069	3,662,807	2,884,975	27.0%
	$ 431,308,702	$ 124,188,718	$ 307,119,984	$ 261,436,600	17.5%

Long-term Obligations

Overall, the carrying value of the District's long-term obligations decreased by 5.6% from the prior year. See Table A-5 for the carrying value of the District's long-term obligations.

Table A-5
Lansing School District's Outstanding Long-Term Obligations

	2026	2025	Total Percentage Change
General obligation bonds - net	$ 211,118,437	$ 224,194,271	-5.8%
Self-insured Workers' Compensation Plan	32,095	35,801	-10.4%
Compensated absences	6,428,851	6,036,053	6.5%
Notes from direct borrowings and direct placements	585,220	820,942	-28.7%
	$ 218,164,603	$ 231,087,067	-5.6%

During 2026, the District's scheduled debt payments on existing outstanding obligations and refunding of existing debt were the primary reasons for this decrease. The total amount of principal paid in the current year was approximately $6.1 million. The District also refinanced a portion of the 2016 bonds in the amount of $34.4 million. The effect of the refunding reduced the principal by approximately $3.7 million and lowered the amount of future interest payments on the outstanding debt obligations. The refinancing is anticipated to save the District approximately $2.1 million in future interest payments.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

There are several factors that could significantly affect the financial health of the District in the future.

- Foundation Allowance: The 2026–2027 State School Aid Act increased the foundation allowance from $10,050 to $10,300 per pupil, an increase of $250 per pupil, or approximately 2.5%. The increase is consistent with the assumptions incorporated into the District's original 2026-2027 budget and, therefore, is not expected to result in a significant change from the District's originally budgeted foundation allowance revenue.

- Weighted Funding: Beginning in 2026-2027, the State School Aid Act changes the manner in which funding previously received by the District under Section 31a is provided through a weighted funding model. The District has not yet determined the full financial impact of this change. Preliminary estimates provided by the Michigan Department of Education indicate that the new funding model may result in increased funding to the District; however, as of the date of the financial statements, the District has not received sufficient information regarding the specific restrictions and allowable uses associated with this funding.

- Student Enrollment: The District is projecting Fall 2026 enrollment of 9,900 students, a loss of 117 students compared to Fall 2025. The projected enrollment has been incorporated into the District's original 2026-2027 budget.

- Fund Balance: The District's original 2026-2027 budget projects expenditures in excess of revenues of approximately $8.3 million, resulting in a projected ending General Fund balance of approximately $33.8 million, or 13.3% of projected expenditures. The District will continue to evaluate opportunities to reduce expenditures and increase revenues with the goal of achieving a structurally balanced budget in future years.

BASIC FINANCIAL STATEMENTS

LANSING SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 22,940,695
Investments	60,765,314
Receivables	
Accounts receivable	270,859
Intergovernmental	26,832,030
Inventories	139,350
Prepaids	3,414,996
Restricted investments - capital projects	90,331,378
Net other postemployment benefits asset	38,313,581
Capital assets not being depreciated/amortized	68,477,985
Capital assets, net of accumulated depreciation/amortization	238,641,999
TOTAL ASSETS	550,128,187
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	7,481,682
Related to pensions	47,002,132
TOTAL DEFERRED OUTFLOWS OF RESOURCES	54,483,814
LIABILITIES	
Accounts payable	18,817,101
Accrued salaries and related items	10,134,089
Accrued retirement	5,813,154
IBNR reserves	541,505
Accrued interest	1,617,283
Unearned revenue	29,190,879
Noncurrent liabilities	
Due within one year	8,884,967
Due in more than one year	209,279,636
Arbitrage liability	2,217,232
Net pension liability	143,803,150
TOTAL LIABILITIES	430,298,996
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on refunding	5,171,298
Related to other postemployment benefits	34,286,619
Related to pensions	48,664,606
Related to state aid funding for pension benefits	11,805,402
TOTAL DEFERRED INFLOWS OF RESOURCES	99,927,925
NET POSITION	
Net investment in capital assets	164,841,123
Restricted for debt service	698,205
Restricted for food service	1,757,616
Restricted for capital projects - sinking fund	8,180,552
Restricted for net other postemployment benefits	38,313,581
Unrestricted	(139,405,997)
TOTAL NET POSITION	$ 74,385,080

See accompanying notes to financial statements.

LANSING SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities					
Instruction	$ 83,724,510	$ 75,685	$ 22,675,898	$ -	$ (60,972,927)
Support services	96,475,479	464,708	34,480,414	19,549,929	(41,980,428)
Community services	2,294,743	232,620	2,314,037	-	251,914
Food services	9,684,121	189,970	9,687,498	-	193,347
Interest on long-term debt	9,191,781	-	-	-	(9,191,781)
Unallocated depreciation/amortization	1,606,900	-	-	-	(1,606,900)
Total governmental activities	$202,977,534	$ 962,983	$ 69,157,847	$ 19,549,929	(113,306,775)
General revenues					
Property taxes, levied for general purposes					28,623,552
Property taxes, levied for debt service					14,249,727
Property taxes, levied for sinking fund					9,656,445
Investment earnings					7,383,286
State sources - unrestricted					99,727,883
Intermediate sources					24,738,222
Other					2,669,004
Total general revenues					187,048,119
CHANGE IN NET POSITION					73,741,344
NET POSITION, beginning of year					643,736
NET POSITION, end of year					$ 74,385,080

See accompanying notes to financial statements.

LANSING SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	2022 Capital Projects Fund	2022 Energy Bond	2025 Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 22,940,695	$ -	$ -	$ -	$ -	$ 22,940,695
Investments	58,051,550	-	-	-	2,713,764	60,765,314
Receivables						
Accounts receivable	268,197	-	-	-	2,662	270,859
Intergovernmental	26,329,349	-	-	-	502,681	26,832,030
Due from other funds	-	-	-	314,610	11,853,279	12,167,889
Inventories	57,880	-	-	-	81,470	139,350
Prepaids	3,322,430	-	-	-	92,566	3,414,996
Restricted investments - capital projects	-	6,581,091	-	73,911,177	9,839,110	90,331,378
TOTAL ASSETS	$ 110,970,101	$ 6,581,091	$ -	$ 74,225,787	$ 25,085,532	$ 216,862,511
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 8,425,937	$ 3,181,395	$ -	$ 3,029,389	$ 4,180,380	$ 18,817,101
Accrued salaries and related items	10,134,089	-	-	-	-	10,134,089
Accrued retirement	5,813,154	-	-	-	-	5,813,154
Due to other funds	11,669,758	-	-	-	498,131	12,167,889
Unearned revenue	29,190,879	-	-	-	-	29,190,879
TOTAL LIABILITIES	65,233,817	3,181,395	-	3,029,389	4,678,511	76,123,112
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	100,000	-	-	-	-	100,000

See accompanying notes to financial statements.

	General Fund	2022 Capital Projects Fund	2022 Energy Bond	2025 Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (continued)						
FUND BALANCES						
Nonspendable						
Inventories	$ 57,880	$ -	$ -	$ -	$ 81,470	$ 139,350
Prepaids	3,322,430	-	-	-	92,566	3,414,996
Restricted						
Debt service	-	-	-	-	2,315,488	2,315,488
Capital projects	-	3,399,696	-	71,196,398	8,180,552	82,776,646
Food service	-	-	-	-	3,179,331	3,179,331
Assigned						
Subsequent year expenditures	8,312,000	-	-	-	-	8,312,000
Capital projects	-	-	-	-	6,557,614	6,557,614
Student/school activities	596,034	-	-	-	-	596,034
Unassigned						
General fund	33,347,940	-	-	-	-	33,347,940
TOTAL FUND BALANCES	45,636,284	3,399,696	-	71,196,398	20,407,021	140,639,399
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 110,970,101	$ 6,581,091	$ -	$ 74,225,787	$ 25,085,532	$ 216,862,511

See accompanying notes to financial statements.

LANSING SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total governmental fund balances		$ 140,639,399
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred inflows of resources - charge on refunding		(5,171,298)
Deferred outflows of resources - related to pensions		47,002,132
Deferred outflows of resources - related to other postemployment benefits		7,481,682
Deferred inflows of resources - related to pensions		(48,664,606)
Deferred inflows of resources - related to other postemployment benefits		(34,286,619)
Deferred inflows of resources - related to state funding for pension benefits		(11,805,402)
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		38,313,581
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Capital assets	$ 431,308,702	
Accumulated depreciation/amortization	(124,188,718)	
		307,119,984
Long-term obligations are not due and payable in the current period and are not reported in the funds:		
General obligation bonds		(211,118,437)
Direct borrowing and direct placement		(585,220)
Compensated absences, termination benefits, and self-insured workers' compensation plan		(6,460,946)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(1,617,283)
Unavailable revenue - at June 30th expected to be collected after September 1st		100,000
IBNR reserves		(541,505)
Arbitrage liability		(2,217,232)
Net pension liability		(143,803,150)
Net position of governmental activities		$ 74,385,080

See accompanying notes to financial statements.

LANSING SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	2022 Capital Projects Fund	2022 Energy Bond	2025 Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Local sources						
Property taxes	$ 28,623,552	$ -	$ -	$ -	$ 23,906,172	$ 52,529,724
Investment earnings	3,291,067	559,978	10,904	2,837,776	683,561	7,383,286
Food sales	-	-	-	-	189,511	189,511
Other	3,078,949	-	-	-	1,205,897	4,284,846
Total local sources	34,993,568	559,978	10,904	2,837,776	25,985,141	64,387,367
State sources	156,731,816	-	-	-	702,279	157,434,095
Federal sources	22,814,522	-	-	-	9,289,065	32,103,587
Incoming transfers	24,738,222	-	-	-	-	24,738,222
TOTAL REVENUES	239,278,128	559,978	10,904	2,837,776	35,976,485	278,663,271
EXPENDITURES						
Current						
Instruction	107,440,257	-	-	-	-	107,440,257
Supporting services	105,351,353	-	-	-	-	105,351,353
Food service activities	-	-	-	-	10,980,329	10,980,329
Community service activities	2,562,065	-	-	-	-	2,562,065
Capital outlay	26,829,391	8,891,719	476,479	2,935,772	17,556,348	56,689,709

See accompanying notes to financial statements.

	General Fund	2022 Capital Projects Fund	2022 Energy Bond	2025 Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES (continued)						
Debt service						
Principal payments	$ 235,722	$ -	$ -	$ -	$ 5,910,000	$ 6,145,722
Interest	31,737	-	532,094	-	8,507,425	9,071,256
Bond issuance costs	-	-	-	-	295,379	295,379
Other	-	-	-	-	2,500	2,500
TOTAL EXPENDITURES	242,450,525	8,891,719	1,008,573	2,935,772	43,251,981	298,538,570
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,172,397)	(8,331,741)	(997,669)	(97,996)	(7,275,496)	(19,875,299)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	-	-	-	-	34,415,000	34,415,000
Premium on bonds	-	-	-	-	4,749,403	4,749,403
Payment to escrow agent	-	-	-	-	(39,949,024)	(39,949,024)
Transfers in	580,677	-	-	-	4,030,558	4,611,235
Transfers out	(3,892,516)	-	-	-	(718,719)	(4,611,235)
TOTAL OTHER FINANCING SOURCES (USES)	(3,311,839)	-	-	-	2,527,218	(784,621)
NET CHANGE IN FUND BALANCES	(6,484,236)	(8,331,741)	(997,669)	(97,996)	(4,748,278)	(20,659,920)
FUND BALANCES						
Beginning of year	52,120,520	11,731,437	997,669	71,294,394	25,155,299	161,299,319
End of year	$ 45,636,284	$ 3,399,696	$ -	$ 71,196,398	$ 20,407,021	$ 140,639,399

See accompanying 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, 2026

Net change in fund balances total governmental funds	$ (20,659,920)
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	(7,198,083)
Capital outlay	53,437,276
Unrecovered cost on asset disposal	(555,809)
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	1,496,758
Accrued interest payable, end of the year	(1,617,283)
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 bond issuance	(34,415,000)
Premium on bond issuance	(4,749,403)
Payments on debt	45,320,722
Deferred charge on refunding	(5,171,298)
Amortization of bond premium	7,155,237
Arbitrage liability	529,926
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	(100,000)
Unavailable revenue, end of the year	100,000
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds.	
Accrued compensated absences, termination benefits and self-insured workers' compensation plan, beginning of the year	6,071,854
Accrued compensated absences, termination benefits and self-insured workers' compensation plan, end of the year	(6,460,946)
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	14,909,171
Pension related items	27,636,494
IBNR expenses	(43,959)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period:	
Pension related items, beginning of year	9,861,009
Pension related items, end of year	(11,805,402)
Change in net position of governmental activities	$ 73,741,344

See accompanying notes to financial statements.

LANSING SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2026

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 63,349
LIABILITIES	
Accounts payable	42,320
NET POSITION	
Restricted for student organizations	$ 21,029

See accompanying notes to financial statements.

LANSING SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2026

	Custodial Funds
ADDITIONS	
Student activity income	$ -
DEDUCTIONS	
Payments made on behalf of student organizations	14,187
CHANGE IN NET POSITION	(14,187)
NET POSITION	
Beginning of year	35,216
End of year	$ 21,029

See accompanying 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The *2025 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 following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the *2022 Capital Projects Fund* and *2025 Capital Projects Fund* activity:

	2022 Bond	2025 Bond
Revenue and other financing sources	$ 66,348,953	$ 74,608,077
Expenditures and other financing uses	$ 62,949,257	$ 3,411,679

The above revenue and financing sources figure includes the net bond proceeds of $51,800,000 and $67,500,000, and bond premiums of $6,560,840 and $4,220,872, for the *2022 Capital Projects Fund* and *2025 Capital Projects Fund*, respectively.

The District reports the following *Other Nonmajor Funds*:

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

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

The *Capital Projects Funds* account for the receipt of non-debt proceeds and transfers from the general fund for the acquisition of capital assets or construction of major capital projects. One of these funds is the *Capital Projects Sinking Fund* which accounts for 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

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

Measurement Focus and Basis of Accounting

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

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.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

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

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

Inventories and Prepaids

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

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

Capital Assets

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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 five 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. The fifth is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

Net Position Flow Assumption

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

The District strives to maintain a secure financial position whereby the fund balance in the general fund does not fall below 10% of the preceding year's expenditures. At June 30, 2026, the District's general fund balance was more than 10% of the preceding year's expenditures.

Leases and Subscription-based IT Arrangements (SBITA)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes (continued)

For the year ended June 30, 2026, the District levied the following amounts per $1,000 of assessed valuation:

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

Compensated Absences and Termination Benefits

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. 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, 2026, 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, 2026, $22,906,212 of the District's bank balance of $23,156,212 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount of all deposits is $23,004,044.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

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

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

Credit Risk

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

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Commercial Paper	$ 17,595,311	0.2701
MILAF External Investment Pool - Max	100,501,380	N/A
MILAF External Investment Pool - Term	33,000,000	0.4939
Total fair value	$ 151,096,691	
Portfolio weighted average maturity		0.4161

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk (continued)

Investment Type	Fair Value	Rating	Rating Agency
Commercial Paper	$ 17,595,311	A-1 - A-2	Standard & Poor's
MILAF External Investment Pool - Max	100,501,380	AAAm	Standard & Poor's
MILAF External Investment Pool - Term	33,000,000	AAAf	Fitch
Total fair value	$ 151,096,691		

Foreign Currency Risk

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

Fair Value Measurement

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

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

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

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

	Level 1	Level 2	Level 3	Balance at June 30, 2026
Investments by fair value				
Commercial Paper	$ -	$ 17,595,311	$ -	$ 17,595,311

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. 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
MILAF External Investment Pool - Max	$ 100,501,380

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	$ 33,000,000	$ -	No restrictions	None

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

The following summarizes the categorization of these amounts as of June 30, 2026:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	$ 22,940,695	$ 63,349	$ 23,004,044
Investments	60,765,314	-	60,765,314
Restricted investments	90,331,378	-	90,331,378
	$ 174,037,387	$ 63,349	$ 174,100,736

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2025	Reclassifications/ Additions	Reclassifications/ Deletions	Balance June 30, 2026
Capital assets not being depreciated/amortized				
Land	$ 4,431,691	$ -	$ -	$ 4,431,691
Construction in progress	55,160,859	34,621,088	25,735,653	64,046,294
Subtotal	59,592,550	34,621,088	25,735,653	68,477,985
Capital assets, being depreciated/amortized				
Land improvements	25,969,100	1,134,347	1,338,566	25,764,881
Buildings and additions	269,849,933	40,263,820	1,916,851	308,196,902
Machinery and equipment	21,288,729	2,040,127	923,762	22,405,094
Right to use - leased equipment	1,074,564	-	-	1,074,564
Right to use - subscription-based IT	454,000	-	245,600	208,400
Transportation equipment	4,067,329	1,113,547	-	5,180,876
Subtotal	322,703,655	44,551,841	4,424,779	362,830,717
Accumulated depreciation/amortization				
Land improvements	12,288,716	874,006	1,194,573	11,968,149
Buildings and additions	95,177,368	4,168,304	1,558,631	97,787,041
Machinery and equipment	11,692,825	1,408,192	870,166	12,230,851
Right to use - leased equipment	273,359	246,266	-	519,625
Right to use - subscription-based IT	244,983	165,600	245,600	164,983
Transportation equipment	1,182,354	335,715	-	1,518,069
Subtotal	120,859,605	7,198,083	3,868,970	124,188,718
Total capital assets being depreciated/amortized, net	201,844,050	37,353,758	555,809	238,641,999
Governmental activities capital assets, net	$ 261,436,600	$ 71,974,846	$ 26,291,462	$ 307,119,984

Depreciation/amortization for the fiscal year ended June 30, 2026 amounted to $7,198,083.

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

Instruction	$ 1,903,561
Support service	3,593,712
Food service	93,910
Unallocated	1,606,900
	$ 7,198,083

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2026 consist of the following:

	Governmental Funds
Other governmental units	
State aid	$ 22,317,368
Federal	3,428,954
Other	1,085,708
	$ 26,832,030

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, 2026:

	Self-insured Workers' Compensation Plan	Compensated Absences and Termination Benefits*	General Obligation Bonds	Direct Borrowing and Direct Placement	Total
Balance, July 1, 2025,	$ 35,801	$ 6,036,053	$ 224,194,271	$ 820,942	$ 231,087,067
Additions	-	392,798	39,164,403	-	39,557,201
Deletions	3,706	-	52,240,237	235,722	52,479,665
Balance, June 30, 2026	32,095	6,428,851	211,118,437	585,220	218,164,603
Due within one year	-	1,558,270	7,080,000	246,697	8,884,967
Due in more than one year	$ 32,095	$ 4,870,581	$ 204,038,437	$ 338,523	$ 209,279,636

*The change in compensated absences and termination benefits liability is presented as a net change.

On March 11, 2026, the District issued a general obligation bond of $34,415,000 with interest of 5.0% to advance refund the 2027 through 2041 bond payments of the 2016 Building and Site Bond. The general obligation bond was issued at par value plus a premium of $4,749,403. After paying issuance costs of $295,379 the net proceeds were $38,869,024. The net proceeds from the issuance of the general obligation bonds, and a District payment of $1,080,000, were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to pay the principal and interest of on the prior bonds as they were called for early redemption on May 1, 2026. As a result of the advance refunding, the District reduced its total debt service requirements by $5,803,575, which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of $4,896,573.

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2026 are comprised of the following issues:

General Obligation Bonds	
2026 refunding bond issuance due in annual installments of $580,000 to $3,510,000 through May 1, 2041, with interest at 5.00%.	$ 34,415,000
2025 general obligation bond issuance due in annual installments of $1,370,000 to $3,685,000 through May 1, 2047, with interest at 5.00%.	66,230,000
2022 energy bond issuance due in annual installments of $640,000 to $1,065,000 through May 1, 2038, with interest at 4.00% to 5.00%.	9,970,000
2022 general obligation bond issuance due in annual installments of $825,000 to $3,825,000 through May 1, 2047, with interest at 5.00%.	45,650,000
2019 general obligation bond issuance due in annual installments of $1,975,000 to $2,525,000 through May 1, 2041, with interest at 5.00%.	33,450,000
Plus issuance premium	21,403,437
Total general obligation bonds	211,118,437
Direct Borrowing and Direct Placement	
District-wide copier lease due in monthly installments of $12,294 through March 30, 2028, with imputed interest at 5.00%.	246,715
Print shop copier lease due in monthly installments of $9,994 through July 1, 2029, with imputed interest at 4.00%.	338,505
Total direct borrowing and direct placement	585,220
Compensated absences and termination benefits	6,428,851
Workers' compensation claims	32,095
Total general long-term obligations	$ 218,164,603

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $585,220 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.

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, 2026 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			
2027	$ 7,080,000	$ 9,704,693	$ 246,697	$ 20,762	$ -	$ -	$ 17,052,152
2028	7,535,000	9,118,100	221,154	9,423	-	-	16,883,677
2029	6,535,000	8,748,050	117,369	2,559	-	-	15,402,978
2030	7,335,000	8,428,250	-	-	-	-	15,763,250
2031	8,155,000	8,061,500	-	-	-	-	16,216,500
2032 - 2036	50,200,000	33,571,500	-	-	-	-	83,771,500
2037 - 2041	59,900,000	19,762,000	-	-	-	-	79,662,000
2042 - 2046	35,465,000	7,258,750	-	-	-	-	42,723,750
2047	7,510,000	375,500	-	-	-	-	7,885,500
	189,715,000	105,028,343	585,220	32,744	-	-	295,361,307
Issuance premium	21,403,437	-	-	-	-	-	21,403,437
Compensated absences and termination benefits	-	-	-	-	6,428,851	-	6,428,851
Workers' compensation claims	-	-	-	-	-	32,095	32,095
	$211,118,437	$105,028,343	$ 585,220	$ 32,744	$ 6,428,851	$ 32,095	$323,225,690

Interest expenditures (all funds) for the year ended June 30, 2026 was approximately $9,100,000.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2026 are as follows:

Receivable Fund		Payable Fund	
2025 Capital Projects Fund	$ 314,610	General Fund	$ 11,669,758
Nonmajor governmental funds	11,853,279	Nonmajor governmental funds	498,131
	$ 12,167,889		$ 12,167,889

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their 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.

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, and before February 1, 2018, choose between two retirement plans: The Pension Plus Plan and a Defined Contribution Plan 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.

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant to the DC Plan; if no election is made they will default to the DC Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant in the DC Plan; if no election is made they will remain in the Pension Plus 2 Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

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 school fiscal years immediately preceding the retirement effective date. 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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

Pension and OPEB contributions made in the fiscal year ending September 30, 2025 were determined as of the September 30, 2022 actuarial valuations. The pension and OPEB unfunded (overfunded) actuarial accrued liabilities (UAAL) as of September 30, 2022 are amortized over a 14-year period beginning October 1, 2024 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, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

The District's pension contributions for the year ended June 30, 2026 were equal to the required contribution total. Total pension contributions were approximately $33,807,000. Of the total pension contributions approximately $32,085,000 was contributed to fund the Defined Benefit Plan and approximately $1,722,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2026 were equal to the required contribution total. Total OPEB contributions were approximately $2,491,000. Of the total OPEB contributions approximately $1,439,000 was contributed to fund the Defined Benefit Plan and approximately $1,052,000 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).

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2025	September 30, 2024
Total pension liability	$ 97,436,103,863	$ 95,765,499,515
Plan fiduciary net position	$ 77,403,114,236	$ 71,283,482,728
Net pension liability	$ 20,032,989,627	$ 24,482,016,787
Proportionate share	0.71783%	0.70694%
Net pension liability for the District	$ 143,803,150	$ 173,073,258

For the year ended June 30, 2026, the District recognized pension expense of $4,448,084.

At June 30, 2026, 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	$ 5,161,507	$ (7,600,343)
Net difference between projected and actual earnings on pension plan investments	-	(34,365,874)
Differences between expected and actual experience	5,569,909	(1,280,843)
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,236,722	(5,417,546)
Reporting Unit's contributions subsequent to the measurement date	29,033,994	-
	$ 47,002,132	$ (48,664,606)

$29,033,994, 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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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 June 30,	Amount
2027	$ (2,755,225)
2028	(14,218,890)
2029	(10,440,024)
2030	(3,282,329)
	$ (30,696,468)

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

The net OPEB liability (asset) was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2024 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.

MPSERS (Plan) Non-university Employers	September 30, 2025	September 30, 2024
Total other postemployment benefits liability	$ 9,360,649,860	$ 9,991,545,923
Plan fiduciary net position	$ 15,439,767,833	$ 14,295,943,589
Net other postemployment benefits liability (asset)	$ (6,079,117,973)	$ (4,304,397,666)
Proportionate share	0.63025%	0.73011%
Net other postemployment benefits liability (asset) for the District	$ (38,313,581)	$ (31,426,631)

For the year ended June 30, 2026, the District recognized OPEB benefit of $13,469,785.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

At June 30, 2026, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 5,113,358	$ (406,349)
Net difference between projected and actual earnings on other postemployment benefits plan investments	-	(5,383,894)
Differences between expected and actual experience	-	(26,231,294)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,129,325	(2,265,082)
Reporting Unit's contributions subsequent to the measurement date	1,238,999	-
	$ 7,481,682	$ (34,286,619)

$1,238,999, 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.

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

Year Ended June 30,	Amount
2027	$ (7,798,542)
2028	(7,640,755)
2029	(6,514,090)
2030	(4,114,367)
2031	(1,497,992)
2032	(478,190)
	$ (28,043,936)

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 adjusted for mortality improvements using projection scale MP-2021 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 - 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.

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, 7.75% for year one and graded to 3.50% in year fifteen. Post 65, 6.50% for year one and graded to 3.50% in year fifteen.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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, 2025, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	TargetAllocation		
Investment Category	Pension	OPEB	Long-term Expected Real Rate of Return*
Domestic Equity Pools	21.0%	16.0%	5.8%
International Equity Pools	14.0%	11.0%	5.6%
Private Equity Pools	16.0%	16.0%	9.3%
Real Estate and Infrastructure Pools	8.0%	5.0%	7.0%
Fixed Income Pools	15.0%	26.0%	2.5%
Absolute Return Pools	13.0%	15.0%	4.4%
Real Return/Opportunistic Pools	9.0%	7.0%	7.0%
Short Term Investment Pools	4.0%	4.0%	1.3%
	100.0%	100.0%	

*Long term rates of return are net of administrative expenses and 2.4% inflation.

Rate of Return - For fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24%, 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 was based on the assumption that in the future, 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.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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 single discount rate was based on the assumption that in the future, 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	$ 226,929,302	$ 143,803,150	$ 74,569,706

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)	$ (33,009,574)	$ (38,313,581)	$ (42,955,737)

Sensitivity of 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)	$ (42,913,377)	$ (38,313,581)	$ (33,483,947)

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 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 $3,892,516 to the nonmajor funds, and the nonmajor funds transferred $580,677 to the general fund. The general fund transfer of $1,403,671 to the nonmajor debt service funds was for future debt service payments. The general fund transfer of $2,488,845 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.

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*.

NOTE 11 - TAX ABATEMENTS (continued)

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	$ 7,389,116
East Lansing	10,844
DeWitt Charter Township	433
	$ 7,400,393

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 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2026, the District implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements.* The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
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 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.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENT

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

LANSING SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
REVENUES					
Local sources	$ 35,470,000	$ 36,804,000	$ 1,334,000	$ 34,993,568	$ (1,810,432)
State sources	157,785,000	174,074,000	16,289,000	156,731,816	(17,342,184)
Federal sources	35,586,000	29,305,000	(6,281,000)	22,814,522	(6,490,478)
Incoming transfers	22,978,000	24,704,000	1,726,000	24,738,222	34,222
TOTAL REVENUES	251,819,000	264,887,000	13,068,000	239,278,128	(25,608,872)
EXPENDITURES					
Current					
Instruction					
Basic programs	70,988,000	67,980,000	3,008,000	66,263,241	1,716,759
Added needs	37,408,000	40,650,000	(3,242,000)	40,028,409	621,591
Adult and continuing education	1,304,000	1,247,000	57,000	1,148,607	98,393
Total instruction	109,700,000	109,877,000	(177,000)	107,440,257	2,436,743
Supporting services					
Pupil	22,498,000	20,938,000	1,560,000	19,827,286	1,110,714
Instructional staff	18,713,000	18,530,000	183,000	17,561,863	968,137
General administration	1,794,000	2,036,000	(242,000)	1,981,278	54,722
School administration	10,702,000	10,818,000	(116,000)	10,537,567	280,433
Business	5,650,000	6,950,000	(1,300,000)	4,073,180	2,876,820
Operation and maintenance	25,007,000	25,817,000	(810,000)	24,809,572	1,007,428
Pupil transportation	24,027,000	22,926,000	1,101,000	15,295,925	7,630,075
Central	8,078,000	9,348,000	(1,270,000)	8,643,471	704,529
Other	2,974,000	2,597,000	377,000	2,621,211	(24,211)
Total supporting services	119,443,000	119,960,000	(517,000)	105,351,353	14,608,647
Community service activities	2,826,000	2,694,000	132,000	2,562,065	131,935
Capital outlay	30,129,541	38,764,541	(8,635,000)	26,829,391	11,935,150
Debt service					
Principal payments	235,722	235,722	-	235,722	-
Interest	31,737	31,737	-	31,737	-
Total debt service	267,459	267,459	-	267,459	-
TOTAL EXPENDITURES	262,366,000	271,563,000	(9,197,000)	242,450,525	29,112,475
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,547,000)	(6,676,000)	3,871,000	(3,172,397)	3,503,603
OTHER FINANCING SOURCES (USES)					
Transfers in	92,000	238,000	146,000	580,677	342,677
Transfers out	(1,066,000)	(3,504,000)	(2,438,000)	(3,892,516)	(388,516)
TOTAL OTHER FINANCING SOURCES (USES)	(974,000)	(3,266,000)	(2,292,000)	(3,311,839)	(45,839)
NET CHANGE IN FUND BALANCE	(11,521,000)	(9,942,000)	1,579,000	(6,484,236)	3,457,764
FUND BALANCE					
Beginning of year	52,120,520	52,120,520	-	52,120,520	-
End of year	$ 40,599,520	$ 42,178,520	$ 1,579,000	$ 45,636,284	$ 3,457,764

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's proportion of net pension liability (%)	0.71783%	0.70694%	0.67770%	0.71063%	0.73553%	0.76047%	0.77243%	0.75929%	0.79100%	0.82789%
Reporting Unit's proportionate share of net pension liability	$ 143,803,150	$ 173,073,258	$ 219,343,527	$ 267,260,278	$ 174,093,564	$ 261,231,339	$ 255,804,289	$ 228,255,569	$ 204,982,644	$ 206,552,440
Reporting Unit's covered-employee payroll	$ 80,647,754	$ 78,096,173	$ 70,249,897	$ 69,158,364	$ 67,972,258	$ 66,762,148	$ 67,602,581	$ 65,473,081	$ 66,264,359	$ 69,148,387
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	178.31%	221.62%	312.23%	386.45%	256.12%	391.29%	378.39%	348.63%	309.34%	298.71%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required pension contributions	$ 32,084,578	$ 31,007,430	$ 28,884,252	$ 31,060,969	$ 23,963,039	$ 21,769,413	$ 20,510,124	$ 20,263,330	$ 20,539,647	$ 18,774,913
Pension contributions in relation to statutorily required contributions	32,084,578	31,007,430	28,884,252	31,060,969	23,963,039	21,769,413	20,510,124	20,263,330	20,539,647	18,774,913
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (pension)	$ 86,765,451	$ 79,853,071	$ 75,958,234	$ 69,386,648	$ 65,949,125	$ 67,609,692	$ 68,129,766	$ 66,125,706	$ 65,494,078	$ 69,583,666
Pension contributions as a percentage of covered-employee payroll	36.98%	38.83%	38.03%	44.77%	36.34%	32.20%	30.10%	30.64%	31.36%	26.98%

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (asset) %	0.63025%	0.73011%	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)	$ (38,313,581)	$ (31,426,631)	$ (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	$ 80,647,754	$ 78,096,173	$ 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	47.51%	40.24%	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)	164.94%	143.08%	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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	$ 1,439,386	$ 391,021	$ 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	1,439,386	391,021	6,264,860	5,684,427	5,372,636	5,850,062	5,649,373	5,599,211	5,750,215
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 86,765,451	$ 79,853,071	$ 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	1.66%	0.49%	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, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. 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). The District does not utilize encumbrance accounting.

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 budgetary comparison schedule.

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 final budget was approved prior to June 30, 2026, year-end.

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
Local sources	$ 1,334,000	Property tax revenue budgets increased by $1.3 million due to higher anticipated taxable property values, new construction, and property transfers within the district.
State sources	16,289,000	State revenue increased by $16.3 million due to higher foundation allowance funding, increased enrollment, additional MPSERS funding, carryover grant funding and new grants.

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Original and Final Budget (continued)

	Variance	Explanation
REVENUES (continued)		
Federal sources	$ (6,281,000)	Federal revenue decreased by $6.3 million as multi-year grant budgets were aligned with expected expenditures, with remaining funds carried forward to future years.
Incoming transfers	1,726,000	IISD revenue increased by $1.8 million due to higher special education funding, transportation reimbursements, and Medicaid revenue.
EXPENDITURES		
Instruction - Basic programs	3,008,000	The $3.0 million decrease in Basic Programs is primarily the result of school funds being deferred to support planned expenditures in the 2026–2027 school year.
Instruction - Added needs	(3,242,000)	The $3.2 million increase in Added Needs Programs is primarily attributable to increased grant funding (such as 31a/41a) and the implementation of new grant programs (such as 61v) during the year.
Supporting services - Pupil	1,560,000	The $1,560,000 decrease in Support Services is primarily due to salary and benefit savings from unfilled positions during the year, with the majority of the savings occurring in Special Education specialized assistant positions.
Supporting services - Business	(1,300,000)	The $1.3 million increase in Business Services is primarily due to additional multi-year grant awards. In accordance with District practice, funds designated for future years are maintained in holding accounts until they are assigned and expended.
Supporting services - Pupil transportation	1,101,000	The $1.1 million decrease in Transportation reflects expenditures that were lower than anticipated. The Transportation budget was reduced during the year to align with projected costs, and actual expenditures remained below revised budget estimates.

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Original and Final Budget (continued)

	Variance	Explanation
EXPENDITURES (continued)		
Supporting services - Central	$ (1,270,000)	The $1.3 million increase in Central Services is primarily due to the continuation of TEAMS and Magnet grant-funded activities, additional grant funding received during the year, and increased expenditures resulting from contract negotiation settlements finalized during the fiscal year.
Capital outlay	(8,635,000)	The $8.6 million increase in Capital Outlay is primarily due to increased expenditures associated with Sections 12a, 12c, and 74b grant-funded projects, along with other capital improvement grants supporting facility upgrades and infrastructure investments throughout the District.
OTHER FINANCING SOURCES (USES)		
Transfers out	(2,438,000)	Transfers out increased by $2.4 million, primarily reflecting a $200,000 transfer to the Technology Replacement Fund for device replacements, a $2.0 million transfer to Capital Projects to address district-wide repair and maintenance needs, and a $200,000 transfer of school deferral funds for planned capital improvement projects.

Significant Variances Between Final Budget and Actual

	Variance	Explanation
REVENUES		
Local sources	$ (1,810,432)	Anticipated Solar Rebate of $1.0 million not received by June 30th. Property taxes received $161k less than anticipated. Remainder is for multi year and local grants rolled forward to the 2026-2027 school year.
State sources	(17,342,184)	Multi Year Grants rolled forward to the 2026-2027 school year: 12a, 31a, 74b, 12C, 31aa, 99(24), EPA Replace School Bus Grant.
Federal sources	(6,490,478)	Multi Year Grants rolled forward to 2026-2027 school year: Title I, Title II, Title III, Magnet, STOP, EPA, GYO, TEAMS

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Final Budget and Actual (continued)

	Variance	Explanation
EXPENDITURES		
Instruction - Basic programs	$ 1,716,759	District health and discretionary spending less than anticipated (total for all non-grant function codes is $2.6 million). Multi Year Grant balances rolled forward to 2026-2027 school year.
Supporting services - Pupil	1,110,714	District health and discretionary spending less than anticipated (total for all non-grant function codes is $2.6 million). Multi Year Grant balances rolled forward to 2026-2027 school year.
Supporting services - Business	2,876,820	District health and discretionary spending less than anticipated (total for all non-grant function codes is $2.6 million). Multi Year Grant balances rolled forward to 2026-2027 school year.
Supporting services - Operation and maintenance	1,007,428	Utilities came in less than budgeted by $880,000. Multi Year Grants rolled forward to 2026-2027 school year: 31aa.
Supporting services - Pupil transportation	7,630,075	Multi Year Grants rolled forward to 2026-2027 school year: Title I Summer School Transportation, 74b, EPA Replace School Bus Grants.
Capital outlay	11,935,150	The $11.9 million favorable variance in Capital Outlay resulted primarily from capital projects and grant-funded expenditures occurring at a lower level than anticipated in the final budget. Timing differences related to project implementation, construction schedules, procurement activities, and grant-funded facility improvement initiatives contributed to actual expenditures being less than budgeted.

NOTE 3 - PENSION INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

NOTE 3 - PENSION INFORMATION (continued)

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018, actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016, actuarial valuation decreased by 0.50 percentage points.

NOTE 4 - OPEB INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2025 - The health care cost trend rate used in the September 30, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by $267 million in 2025.
- 2024 - The health care cost trend rate used in the September 30, 2023, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

NOTE 4 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020, actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 6. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019, actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018, actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

LANSING SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2026

	Special Revenue Fund Food Service Fund	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Investments	$ -	$ 2,099,971	$ 613,793	$ 2,713,764
Accounts receivable	2,662	-	-	2,662
Intergovernmental	502,681	-	-	502,681
Due from other funds	3,349,918	891,134	7,612,227	11,853,279
Inventories	81,470	-	-	81,470
Prepaids	12,796	1,500	78,270	92,566
Restricted investments - capital projects	-	-	9,839,110	9,839,110
TOTAL ASSETS	$ 3,949,527	$ 2,992,605	$ 18,143,400	$ 25,085,532
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 675,930	$ 338,387	$ 3,166,063	$ 4,180,380
Due to other funds	-	337,230	160,901	498,131
TOTAL LIABILITIES	675,930	675,617	3,326,964	4,678,511
FUND BALANCES				
Nonspendable				
Inventories	81,470	-	-	81,470
Prepaids	12,796	1,500	78,270	92,566
Restricted				
Debt service	-	2,315,488	-	2,315,488
Capital projects	-	-	8,180,552	8,180,552
Food service	3,179,331	-	-	3,179,331
Assigned	-	-	6,557,614	6,557,614
TOTAL FUND BALANCES	3,273,597	2,316,988	14,816,436	20,407,021
TOTAL LIABILITIES AND FUND BALANCES	$ 3,949,527	$ 2,992,605	$ 18,143,400	$ 25,085,532

LANSING SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2026

	Special Revenue Fund Food Service Fund	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Local sources				
Property taxes	$ -	$ 14,249,727	$ 9,656,445	$ 23,906,172
Investment earnings	-	316,123	367,438	683,561
Food sales	189,511	-	-	189,511
Other	459	-	1,205,438	1,205,897
Total local sources	189,970	14,565,850	11,229,321	25,985,141
State sources	398,433	183,602	120,244	702,279
Federal sources	9,289,065	-	-	9,289,065
TOTAL REVENUES	9,877,468	14,749,452	11,349,565	35,976,485
EXPENDITURES				
Current				
Food service activities	10,980,329	-	-	10,980,329
Capital outlay	-	-	17,556,348	17,556,348
Debt service				
Principal payments	-	5,910,000	-	5,910,000
Interest	-	8,507,425	-	8,507,425
Bond issuance costs	-	295,379	-	295,379
Other	-	2,500	-	2,500
TOTAL EXPENDITURES	10,980,329	14,715,304	17,556,348	43,251,981
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,102,861)	34,148	(6,206,783)	(7,275,496)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	34,415,000	-	34,415,000
Bond premium	-	4,749,403	-	4,749,403
Payment to escrow agent	-	(39,949,024)	-	(39,949,024)
Transfers in	-	1,541,713	2,488,845	4,030,558
Transfers out	(243,006)	(475,713)	-	(718,719)
TOTAL OTHER FINANCING SOURCES (USES)	(243,006)	281,379	2,488,845	2,527,218
NET CHANGE IN FUND BALANCES	(1,345,867)	315,527	(3,717,938)	(4,748,278)
FUND BALANCES				
Beginning of year	4,619,464	2,001,461	18,534,374	25,155,299
End of year	$ 3,273,597	$ 2,316,988	$ 14,816,436	$ 20,407,021

LANSING SCHOOL DISTRICT
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2026

	2026 Refunding	2025 Debt	2022 Energy Bond	2022 Debt	2019 Debt	2016 Debt	Totals
ASSETS							
Investments	$ -	$ 380,173	$ 38,582	$ 644,832	$ 613,319	$ 423,065	$ 2,099,971
Due from other funds	-	172,947	40	87,827	630,320	-	891,134
Prepaids	-	500	-	500	500	-	1,500
TOTAL ASSETS	$ -	$ 553,620	$ 38,622	$ 733,159	$ 1,244,139	$ 423,065	$ 2,992,605
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 107,293	$ -	$ 49,520	$ 95,739	$ 85,835	$ 338,387
Due to other funds	-	-	-	-	-	337,230	337,230
TOTAL LIABILITIES	-	107,293	-	49,520	95,739	423,065	675,617
FUND BALANCES							
Nonspendable							
Prepaids	$ -	$ 500	$ -	$ 500	$ 500	$ -	$ 1,500
Restricted for debt service	-	445,827	38,622	683,139	1,147,900	-	2,315,488
TOTAL FUND BALANCES	-	446,327	38,622	683,639	1,148,400	-	2,316,988
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 553,620	$ 38,622	$ 733,159	$ 1,244,139	$ 423,065	$ 2,992,605

LANSING SCHOOL DISTRICT
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2026

	2026 Refunding	2025 Debt	2022 Energy Bond	2022 Debt	2019 Debt	2016 Debt	Totals
REVENUES							
Local sources							
Property taxes	$ -	$ 4,513,462	$ -	$ 2,093,408	$ 4,027,785	$ 3,615,072	$ 14,249,727
Investment earnings	-	72,115	28,586	60,197	79,571	75,654	316,123
State sources	-	-	-	183,602	-	-	183,602
TOTAL REVENUES	-	4,585,577	28,586	2,337,207	4,107,356	3,690,726	14,749,452
EXPENDITURES							
Principal payments	-	1,270,000	615,000	350,000	1,950,000	1,725,000	5,910,000
Interest	-	2,868,750	503,050	2,300,000	1,770,000	1,065,625	8,507,425
Bond issuance costs	295,379	-	-	-	-	-	295,379
Other	-	500	500	500	500	500	2,500
TOTAL EXPENDITURES	295,379	4,139,250	1,118,550	2,650,500	3,720,500	2,791,125	14,715,304
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(295,379)	446,327	(1,089,964)	(313,293)	386,856	899,601	34,148
OTHER FINANCING SOURCES							
Proceeds from sale of bonds	34,415,000	-	-	-	-	-	34,415,000
Bond premium	4,749,403	-	-	-	-	-	4,749,403
Payment to escrow agent	(38,869,024)	-	-	-	-	(1,080,000)	(39,949,024)
Transfers in	-	-	1,066,000	-	387,435	88,278	1,541,713
Transfers out	-	-	-	-	-	(475,713)	(475,713)
TOTAL OTHER FINANCING SOURCES (USES)	295,379	-	1,066,000	-	387,435	(1,467,435)	281,379
NET CHANGE IN FUND BALANCES	-	446,327	(23,964)	(313,293)	774,291	(567,834)	315,527
FUND BALANCES							
Beginning of year	-	-	62,586	996,932	374,109	567,834	2,001,461
End of year	$ -	$ 446,327	$ 38,622	$ 683,639	$ 1,148,400	$ -	$ 2,316,988

LANSING SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2026

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
ASSETS					
Investments	$ -	$ -	$ 613,793	$ -	$ 613,793
Due from other funds	6,476,599	-	-	1,135,628	7,612,227
Prepaids	-	-	78,270	-	78,270
Restricted investments - capital projects	-	9,839,110	-	-	9,839,110
TOTAL ASSETS	$ 6,476,599	$ 9,839,110	$ 692,063	$ 1,135,628	$ 18,143,400
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,555,994	$ 1,589,485	$ 20,584	$ -	$ 3,166,063
Due to other funds	-	69,073	91,828	-	160,901
TOTAL LIABILITIES	1,555,994	1,658,558	112,412	-	3,326,964
FUND BALANCES					
Nonspendable					
Prepaids	-	-	78,270	-	78,270
Restricted for capital projects	-	8,180,552	-	-	8,180,552
Assigned for capital projects	4,920,605	-	501,381	1,135,628	6,557,614
TOTAL FUND BALANCES	4,920,605	8,180,552	579,651	1,135,628	14,816,436
TOTAL LIABILITIES AND FUND BALANCES	$ 6,476,599	$ 9,839,110	$ 692,063	$ 1,135,628	$ 18,143,400

LANSING SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2026

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
REVENUES					
Local revenue					
Property taxes	$ -	$ 9,656,445	$ -	$ -	$ 9,656,445
Investment earnings	-	367,438	-	-	367,438
Other	1,145,438	60,000	-	-	1,205,438
Total local revenue	1,145,438	10,083,883	-	-	11,229,321
State revenue	-	120,244	-	-	120,244
TOTAL REVENUES	1,145,438	10,204,127	-	-	11,349,565
EXPENDITURES					
Capital outlay	7,691,075	9,265,027	600,246	-	17,556,348
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,545,637)	939,100	(600,246)	-	(6,206,783)
OTHER FINANCING SOURCES					
Transfers in	2,288,845	-	200,000	-	2,488,845
NET CHANGE IN FUND BALANCES	(4,256,792)	939,100	(400,246)	-	(3,717,938)
FUND BALANCES					
Beginning of year	9,177,397	7,241,452	979,897	1,135,628	18,534,374
End of year	$ 4,920,605	$ 8,180,552	$ 579,651	$ 1,135,628	$ 14,816,436

LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2026

2026 Refunding Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
2027	5.000%	$ 2,270,000	$ 1,099,368	$ 860,375	$ 4,229,743
2028	5.000%	2,300,000	803,625	803,625	3,907,250
2029	5.000%	580,000	746,125	746,125	2,072,250
2030	5.000%	810,000	731,625	731,625	2,273,250
2031	5.000%	1,300,000	711,375	711,375	2,722,750
2032	5.000%	1,480,000	678,875	678,875	2,837,750
2033	5.000%	1,985,000	641,875	641,875	3,268,750
2034	5.000%	2,405,000	592,250	592,250	3,589,500
2035	5.000%	2,520,000	532,125	532,125	3,584,250
2036	5.000%	2,665,000	469,125	469,125	3,603,250
2037	5.000%	2,810,000	402,500	402,500	3,615,000
2038	5.000%	3,110,000	332,250	332,250	3,774,500
2039	5.000%	3,260,000	254,500	254,500	3,769,000
2040	5.000%	3,410,000	173,000	173,000	3,756,000
2041	5.000%	3,510,000	87,750	87,750	3,685,500
Total 2026 refunding debt		$ 34,415,000	$ 8,256,368	$ 8,017,375	$ 50,688,743

The above bonds dated March 11, 2026, were issued for the purpose of currently refunding a portion of the District's outstanding 2016 School Building and Site Bonds, Series I, dated June 29, 2016.

LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2026

2025 (2022 Series II) Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
2027	5.000%	$ 1,370,000	$ 1,655,750	$ 1,655,750	$ 4,681,500
2028	5.000%	1,690,000	1,621,500	1,621,500	4,933,000
2029	5.000%	2,235,000	1,579,250	1,579,250	5,393,500
2030	5.000%	2,625,000	1,523,375	1,523,375	5,671,750
2031	5.000%	2,745,000	1,457,750	1,457,750	5,660,500
2032	5.000%	2,885,000	1,389,125	1,389,125	5,663,250
2033	5.000%	2,885,000	1,317,000	1,317,000	5,519,000
2034	5.000%	3,035,000	1,244,875	1,244,875	5,524,750
2035	5.000%	3,185,000	1,169,000	1,169,000	5,523,000
2036	5.000%	3,355,000	1,089,375	1,089,375	5,533,750
2037	5.000%	3,625,000	1,005,500	1,005,500	5,636,000
2038	5.000%	3,625,000	914,875	914,875	5,454,750
2039	5.000%	3,640,000	824,250	824,250	5,288,500
2040	5.000%	3,650,000	733,250	733,250	5,116,500
2041	5.000%	3,655,000	642,000	642,000	4,939,000
2042	5.000%	3,655,000	550,625	550,625	4,756,250
2043	5.000%	3,660,000	459,250	459,250	4,578,500
2044	5.000%	3,660,000	367,750	367,750	4,395,500
2045	5.000%	3,680,000	276,250	276,250	4,232,500
2046	5.000%	3,685,000	184,250	184,250	4,053,500
2047	5.000%	3,685,000	92,125	92,125	3,869,250
Total 2025 bonded debt		$ 66,230,000	$ 20,097,125	$ 20,097,125	$ 106,424,250

The above bonds dated June 25, 2025, were issued for the purpose of erecting, furnishing, and equipping new school buildings; remodeling existing school buildings; acquiring and installing instructional technology and instructional technology equipment for new and existing school buildings; furnishing and refurnishing and equipping and re-equipping existing school buildings; and developing, equipping, and improving playgrounds, play fields, athletic fields and facilities, parking areas, driveways and sites; and paying the cost of issuing the Bonds.

LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2026

2022 Energy Bond

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
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		$ 9,970,000	$ 1,738,300	$ 1,738,300	$ 13,446,600

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, 2026

2022 Series I Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
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		$ 45,650,000	$ 15,563,125	$ 15,563,125	$ 76,776,250

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

LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2026

2019 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due May 1	Interest Due November 1	Total Due Annually
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		$ 33,450,000	$ 6,978,750	$ 6,978,750	$ 47,407,500

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

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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, 2026, 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 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lansing School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lansing School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lansing School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lansing School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maner Costerisan PC

Lansing, Michigan
October 16, 2026

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October 16, 2026

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, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, 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 Lansing School District are described in Note 1 to the financial statements. As described in Note 12 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by 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:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences is based on current hourly rates, historical usage, and policies regarding payment of sick and vacation banks.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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 each opinion unit's 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 16, 2026.

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 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,

Maner Costerisan PC

Lansing, Michigan