

LANSING SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2025

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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, 2025, 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, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lansing School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lansing School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lansing School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lansing School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lansing School District's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, 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 17, 2025 on our consideration of Lansing School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lansing School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lansing School District's internal control over financial reporting and compliance.

Maney Costeiran PC

October 17, 2025

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

This section of the Lansing School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

District-wide Financial Statements

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

Fund Financial Statements

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

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

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

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

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Summary of Net Position

The following schedule summarizes the net position for fiscal years ended June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024*
Assets		
Current and other assets	\$ 252,000,237	\$ 189,059,610
Net other postemployment benefit asset	31,426,631	3,900,693
Capital assets	261,436,600	214,169,083
Total assets	544,863,468	407,129,386
Deferred outflows of resources	65,926,952	78,699,620
Liabilities		
Long-term outstanding liabilities	233,834,225	166,445,568
Net pension liability	173,073,258	219,343,527
Other liabilities	92,595,222	53,020,516
Total liabilities	499,502,705	438,809,611
Deferred inflows of resources	110,643,979	86,078,172
Net position		
Net investment in capital assets	120,444,887	106,764,904
Restricted	41,004,497	11,499,558
Unrestricted	(160,805,648)	(157,323,239)
Total net position	\$ 643,736	\$ (39,058,777)

* The 2024 numbers have not been updated for the adoption of GASB 101.

Analysis of Financial Position

During the fiscal year ended June 30, 2025, the District's net position increased by \$43,003,964. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation/Amortization Expense

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

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization expense is calculated based on the original cost of the assets less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2025, \$7,339,236 was recorded for depreciation/amortization expense.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Analysis of Financial Position (continued)

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2025, \$56,538,711 of expenditures were recorded as assets of the District, including \$41,556,189 of assets added to construction in progress. The District also placed into service \$4,662,831 of prior years' construction in progress. These additions to the District's capital assets will be depreciated/amortized over time as explained above.

The net effect of the new capital assets, assets disposed of and reclassified during the fiscal year, and the current year's depreciation/amortization is a net increase to capital assets in the amount of \$47,267,517 for the fiscal year ended June 30, 2025. The net increase in capital assets is due mainly to construction related to the 2022 bond issuance and the 2022 Energy Bond issuance.

Results of Operations

For the fiscal years ended June 30, 2025 and 2024, the results of operations, on a District-wide basis, were:

	Year Ended June 30, 2025		Year Ended June 30, 2024*	
General revenues				
Property taxes	\$ 50,658,634	19.0%	\$ 47,631,837	17.7%
Investment earnings	7,806,145	2.9%	8,149,607	3.0%
State sources - unrestricted	101,257,734	38.0%	104,872,009	39.1%
IISD special education allocation	20,298,715	7.6%	18,808,370	7.0%
Other	2,357,526	0.9%	636,752	0.3%
Total general revenues	182,378,754	68.4%	180,098,575	67.1%
Program revenues				
Charges for services	968,770	0.4%	1,195,454	0.4%
Operating grants and contributions	83,317,767	31.2%	87,232,808	32.5%
Total revenues	266,665,291	100.0%	268,526,837	100.0%
Expenses				
Instruction	83,283,194	37.2%	90,493,242	41.7%
Support services	119,420,893	53.4%	107,378,594	49.4%
Community services	2,526,550	1.1%	2,451,546	1.1%
Food services	9,367,957	4.2%	9,329,786	4.3%
Interest on long-term debt	7,355,830	3.3%	7,276,733	3.3%
Unallocated depreciation/amortization	1,706,903	0.8%	491,464	0.2%
Total expenses	223,661,327	100.0%	217,421,365	100.0%
Change in net position	\$ 43,003,964		\$ 51,105,472	

* The 2024 numbers have not been updated for the adoption of GASB 101.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Analysis of Significant Revenue and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

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

For the 2024-2025 fiscal year, the District levied \$28,018,261 in non-principal residence property taxes. This amount represented an increase of 5.7% from the prior year.

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

Fiscal Year	Non-PRE Tax Levy	% Increase (Decrease) from Prior Year
2024-2025	\$ 28,018,261	5.7%
2023-2024	26,515,190	3.5%
2022-2023	25,622,324	2.6%
2021-2022	24,983,133	4.1%
2020-2021	23,990,317	3.1%

2. State Sources

The majority of the state sources of revenue is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's fall count and 10% of the prior fiscal year's spring count. For the 2024-2025 fiscal year, the District received \$9,608, which represents no change in the per pupil amount received for the 2023-2024 fiscal year.

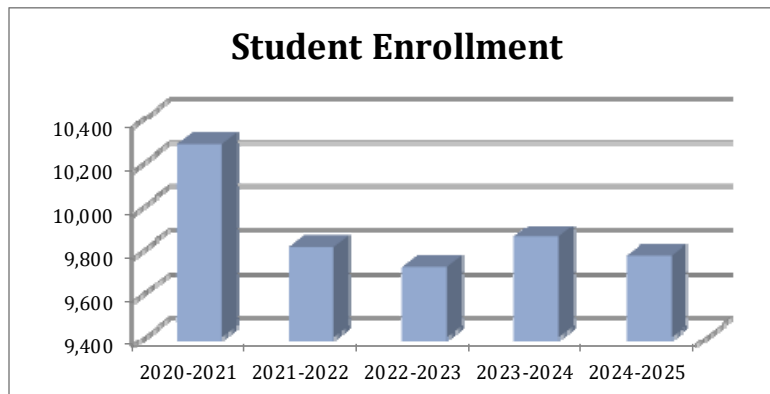
**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Analysis of Significant Revenue and Expenses (continued)

3. Student Enrollment

Student enrollment has declined by 5.0% since 2020-2021.

Fiscal Year	Actual Blended Student FTE
2024-2025	9,773
2023-2024	9,859
2022-2023	9,723
2021-2022	9,811
2020-2021	10,282



4. Operating Grants and Contributions

The District receives a significant portion of its operating revenue from categorical grants and contributions. For the fiscal year ended June 30, 2025, federal, state, and other grants accounted for \$83,317,767. This amount was a decrease from the total grant sources of \$87,232,808 received for the fiscal year ended June 30, 2024. The primary reason for this decrease is related to the Education Stabilization Fund grants ending on September 30, 2024.

5. County Special Education Allocation

For the fiscal year ended June 30, 2025, the District received a net allocation from the Ingham Intermediate School District in the amount of \$20,298,715 to assist with the education of students with special needs. This amount represents an increase of \$1,490,345 as compared to the allocation of \$18,808,370 received during the fiscal year ended June 30, 2024.

6. Interest Earnings

The District received interest on its investment of short-term available cash in the amount of \$7,806,145 for the fiscal year ended June 30, 2025. Interest earnings are less than the prior fiscal year earnings by \$343,462.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Analysis of Significant Revenue and Expenses (continued)

7. Comparative Expenditures

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

	2024 - 2025 Fiscal Year	2023 - 2024 Fiscal Year	Increase (Decrease)
Instruction	\$ 100,077,359	\$ 98,281,630	\$ 1,795,729
Supporting services	106,173,465	112,387,600	(6,214,135)
Food service activities	10,050,154	9,555,505	494,649
Community service activities	2,752,292	2,517,240	235,052
Capital outlay	77,225,176	28,115,069	49,110,107
Debt service	15,229,259	14,516,561	712,698
Total expenditures	<u>\$ 311,507,705</u>	<u>\$ 265,373,605</u>	<u>\$ 46,134,100</u>

8. General Fund Budgetary Highlights

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

For the 2024-2025 fiscal year, the District amended the general fund budget twice, with the Board adopting the final changes in June 2025.

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

	Original Budget	Final Budget	Actual	Variance with Final Budget	% Variance
Total revenues	<u>\$ 226,897,000</u>	<u>\$ 269,423,000</u>	<u>\$ 226,681,353</u>	<u>\$ (42,741,647)</u>	-15.9%
Expenditures					
Instruction	\$ 110,568,000	\$ 102,044,000	\$ 100,077,359	\$ 1,966,641	1.9%
Supporting services	117,947,000	118,278,000	106,173,465	12,104,535	10.2%
Community services	2,749,000	3,083,000	2,752,292	330,708	10.7%
Capital outlay	3,386,000	47,014,000	17,738,387	29,275,613	62.3%
Debt service	-	-	458,452	(458,452)	-100.0%
Total expenditures	<u>\$ 234,650,000</u>	<u>\$ 270,419,000</u>	<u>\$ 227,199,955</u>	<u>\$ 43,219,045</u>	16.0%
Other Financing Sources (Uses)	<u>\$ (2,175,000)</u>	<u>\$ (5,395,000)</u>	<u>\$ (4,891,815)</u>	<u>\$ 503,185</u>	9.3%

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

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Capital Asset and Debt Administration

Capital Assets

By the end of the 2024-2025 fiscal year, the District had invested approximately \$382.3 million in a broad range of capital assets, right to use assets, including school buildings and facilities, vehicles, and various types of equipment. This represents an increase of approximately \$43.3 million over the prior fiscal year. Depreciation and amortization expense for the year amounted to approximately \$7.3 million, bringing the accumulated depreciation/amortization to approximately \$120.9 million as of June 30, 2025.

	Cost	Accumulated Depreciation/ Amortization	2025 Net Book Value	2024 Net Book Value
Land	\$ 4,431,691	\$ -	\$ 4,431,691	\$ 4,431,691
Construction in progress	55,160,859	-	55,160,859	18,267,501
Land improvements	25,969,100	12,288,716	13,680,384	10,100,576
Buildings and additions	269,849,933	95,177,368	174,672,565	169,895,866
Machinery and equipment	21,288,729	11,692,825	9,595,904	9,645,703
Right to use - leased equipment	1,074,564	273,359	801,205	660,512
Right to use - subscription-based IT	454,000	244,983	209,017	290,112
Transportation equipment	4,067,329	1,182,354	2,884,975	877,122
	<u>\$ 382,296,205</u>	<u>\$ 120,859,605</u>	<u>\$ 261,436,600</u>	<u>\$ 214,169,083</u>

Long-term Debt

At June 30, 2025, the District had approximately \$224.2 million in bonded debt outstanding and approximately \$821,000 of direct borrowings and direct placements related to lease liabilities. Total outstanding debt increased as the District made principal payments of approximately \$7.7 million in the current year and issued \$67.5 million in new bonds. The district also issued \$505,616 in new equipment leases.

Factors Bearing on the District's Future

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

- Management and the Board of Education remain committed to ensuring the long-term stability of the District's financial position through the preservation and prudent growth of the Fund Balance. Best practice guidelines recommend maintaining reserves equal to 15% to 20% of annual operating expenditures, a range identified by the Michigan School Business Officials as sufficient to support liquidity needs and avoid short-term borrowing during the two-month gap between August and October State Aid payments.

At the conclusion of fiscal year 2025, the District's ending fund balance totaled \$52.1 million, representing 23.0% of total expenditures. This level exceeds recommended benchmarks and reflects continued fiscal discipline. Maintaining this reserve not only mitigates the risk of short-term borrowing but also strengthens the District's capacity to address unforeseen financial pressures. Management will continue to prioritize the preservation of this level of financial flexibility as the District advances into fiscal year 2026.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Factors Bearing on the District's Future (continued)

- The District continues to implement a financial plan that aligns resources with enrollment trends and instructional priorities. Rising healthcare costs remain a significant budgetary pressure for 2025-2026 and beyond, and the District is committed to providing quality benefits for staff while maintaining fiscal responsibility.

State funding represents the District's primary source of operating revenue, and uncertainties in this area remain a key challenge. Variability in per-pupil allocations, the timing of State Aid payments, and potential legislative changes to the school funding formula can all impact revenue stability and long-term planning. Shifts in enrollment, combined with the reliance on State appropriations, increase the District's exposure to these external factors.

In addition, broader economic conditions at the State level - including inflationary pressures, revenue collections, and competing budget priorities within the legislature - may influence future funding levels for K-12 education. These uncertainties require careful monitoring and proactive financial management. Management will continue to assess revenue trends, adjust expenditure priorities, and refine long-term strategies to preserve fiscal stability while sustaining the District's educational mission.

- For the 2025-26 school year, the district has continued the School-Based Budgeting process, decentralizing many cost centers and allocating more funds directly to schools and departments. This approach empowers them to make more autonomous decisions regarding budgeting and staffing, rather than relying solely on central administration.
- The District announced that starting in the 2022-23 school year, Dean Transportation would provide bus services exclusively for PreK-8th grade students, while all eligible 9th-12th grade students would receive an unlimited CATA bus card. This arrangement continued in the 2023-24 and 2024-25 school years and will carry forward into 2025-26, allowing Dean to better serve younger students while giving older students more flexible public transportation options for traveling to and from school, after-school activities, and during evenings and weekends.
- In 2023-24, we launched Lansing Technical High School at the Hill Center, dedicated to CTE and vocational programs. Previously, students split their day between CTE instruction and their home high school. Now, Lansing Tech HS offers a full-day program with half a day of CTE and half a day of regular courses, providing more instructional time and eliminating the need for travel between locations. We started with 9th graders in 2023-24, added 10th grade in 2024-25, will add 11th grade in 2025-26, and 12th grade in 2026-27.
- In In fiscal year 2025, the District issued its Series II Bonds as part of the voter-approved bond program. The issuance was undertaken to provide continued funding for capital improvements, including facility upgrades, technology enhancements, and infrastructure investments that support the District's long-term educational and operational needs.

The proceeds of the Series II Bonds will be applied in accordance with the District's capital improvement plan, ensuring resources are directed toward projects that enhance the learning environment and maintain the quality of District facilities. Management remains committed to the responsible stewardship of bond proceeds, including oversight of project timelines, budget adherence, and compliance with all legal and financial reporting requirements.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Factors Bearing on the District's Future (continued)

The issuance of the 2025 Series II Bonds reflects the District's ongoing commitment to maintaining safe, modern, and effective learning spaces for students, while also preserving strong financial practices to support long-term debt management.

- The District continues to advance its strategic infrastructure plan, guided by the 2022 bond initiative's voter-endorsed funding for capital improvements. With the opening of the new Mt. Hope School in fall 2025, the District has delivered a significant upgrade, featuring enhanced safety measures, modern learning environments, and technology-rich spaces that support our STEAM-centered instructional model.

Willow School, currently under construction, is slated to open in 2026 and will incorporate sustainable design elements including solar installations and outdoor learning environments. Meanwhile, Lewton Spanish Immersion School is on track for groundbreaking in spring 2027, reinforcing our commitment to immersive educational programming supported by new facilities.

Across all projects, management remains vigilant in ensuring adherence to budget, timeline, and regulatory standards. The use of bond proceeds continues to be governed by rigorous oversight, enabling the District to modernize facilities while maintaining sound financial management and fostering long-term educational success.

- The District is steadfast in its commitment to sustainability and long-term operational cost efficiency through the deployment of solar energy across its schools. Already operational and delivering tangible financial and environmental benefits are installations at Cavanaugh, Lyons, Pattengill, North, and Wexford, as part of the District's distributed generation efforts.

Several additional solar projects are currently underway at Gier Park, Hill/Lansing Tech HS and Willow, with expected completion within the next year. Willow's new K-8 facility is being constructed with integrated solar capabilities along with a geothermal system to heat and cool the building.

These installations collectively contribute to the District's broader goals of reducing utility expenditures while showcasing its environmental stewardship. They also serve as live, educational examples of clean energy technology for students and the community.

- The Lansing School District continues to advance its transformative Electric School Bus Project, a \$6.89 million initiative designed to replace 15 diesel buses with zero-emission (ZE) vehicles. Supported by \$5.93 million in funding from the EPA's Clean School Bus Program, this project represents a major step forward in the District's sustainability plan, enhancing air quality, reducing harmful emissions, and fostering a healthier environment for more than 10,000 students. In partnership with Dean Transportation, GreenLink Education, and the Lansing Board of Water & Light, the District is implementing the necessary infrastructure upgrades, including the installation of electric vehicle charging stations and comprehensive staff training.

During fiscal year 2025, significant progress has been made. The first five electric buses are substantially complete and awaiting the installation of charging stations before entering service. In addition, the District was awarded \$1.725 million through the EPA's 2023 Clean School Bus Rebates, funding the replacement of five additional diesel buses with new electric vehicles and the related charging infrastructure.

**LANSING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Factors Bearing on the District's Future (continued)

These milestones reinforce the District's commitment to environmental stewardship, operational efficiency, and community health. By spearheading this initiative, Lansing School District is positioning itself as a leader in sustainable school transportation, aligning with national, state, and local climate goals, while addressing long-standing environmental challenges within the community.

- The District continues to invest in safe, engaging, and climate-resilient learning environments. Over the past year, we completed the installation of new playgrounds and perimeter fencing across several schools, ensuring secure outdoor spaces that support both recreation and student safety.

Simultaneously, we have made substantial strides in installing air conditioning systems funded through the 2022 voter-approved bond initiative and the MI Healthy Schools Grant. Classrooms at Cavanaugh, Forest View, Post Oak, Sheridan Rd, Lyons, and Averill Elementary Schools now have fully operational air conditioning systems, significantly enhancing indoor comfort and learning conditions during warmer months.

These investments - new playgrounds, enhanced fencing, and improved cooling infrastructure - are key components of our broader strategic goal to promote student well-being, focus in the classroom, and overall physical comfort. As these projects come online, the District is further advancing both educational quality and facility resilience for current and future students.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

**LANSING SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 36,860,199
Investments	80,514,083
Receivables	
Accounts receivable	735,880
Intergovernmental	26,091,171
Inventories	113,731
Prepays	481,856
Restricted investments - capital projects	107,203,317
Net other postemployment benefits asset	31,426,631
Capital assets not being depreciated/amortized	59,592,550
Capital assets, net of accumulated depreciation/amortization	201,844,050
TOTAL ASSETS	544,863,468
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	8,384,487
Related to pensions	57,542,465
TOTAL DEFERRED OUTFLOWS OF RESOURCES	65,926,952
LIABILITIES	
Accounts payable	22,569,473
Accrued salaries and related items	10,396,710
Accrued retirement	7,999,457
Due to other governmental units	951,778
IBNR reserves	497,546
Accrued interest	1,496,758
Unearned revenue	48,683,500
Noncurrent liabilities	
Due within one year	7,583,060
Due in more than one year	223,504,007
Arbitrage liability	2,747,158
Net pension liability	173,073,258
TOTAL LIABILITIES	499,502,705
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	43,211,645
Related to pensions	57,571,325
Related to state aid funding for pension benefits	9,861,009
TOTAL DEFERRED INFLOWS OF RESOURCES	110,643,979
NET POSITION	
Net investment in capital assets	120,444,887
Restricted for debt service	503,203
Restricted for food service	1,833,211
Restricted for capital projects - sinking fund	7,241,452
Restricted for net other postemployment benefits	31,426,631
Unrestricted	(160,805,648)
TOTAL NET POSITION	\$ 643,736

See notes to financial statements.

**LANSING SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 83,283,194	\$ 85,115	\$ 24,734,303	\$ (58,463,776)
Support services	119,420,893	375,458	46,604,989	(72,440,446)
Community services	2,526,550	218,607	2,571,395	263,452
Food services	9,367,957	289,590	9,407,080	328,713
Interest on long-term debt	7,355,830	-	-	(7,355,830)
Unallocated depreciation/amortization	1,706,903	-	-	(1,706,903)
Total governmental activities	<u>\$ 223,661,327</u>	<u>\$ 968,770</u>	<u>\$ 83,317,767</u>	<u>(139,374,790)</u>
General revenues				
Property taxes, levied for general purposes				27,587,537
Property taxes, levied for debt service				13,660,159
Property taxes, levied for sinking fund				9,410,938
Investment earnings				7,806,145
State sources - unrestricted				101,257,734
Intermediate sources				20,298,715
Other				<u>2,357,526</u>
Total general revenues				<u>182,378,754</u>
CHANGE IN NET POSITION				43,003,964
NET POSITION, beginning of year as previously reported				(39,058,777)
Adjustment to beginning net position				(3,301,451)
NET POSITION, beginning of year as restated				<u>(42,360,228)</u>
NET POSITION, end of year				<u>\$ 643,736</u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	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	\$ 36,860,199	\$ -	\$ -	\$ -	\$ -	\$ 36,860,199
Investments	78,304,852	-	-	-	2,209,231	80,514,083
Receivables						
Accounts receivable	564,466	132,389	-	-	39,025	735,880
Intergovernmental	25,950,171	-	-	-	141,000	26,091,171
Due from other funds	-	-	7,939	-	16,141,576	16,149,515
Inventories	52,615	-	-	-	61,116	113,731
Prepays	290,750	-	-	-	191,106	481,856
Restricted investments - capital projects	-	23,363,796	1,010,015	71,442,297	11,387,209	107,203,317
TOTAL ASSETS	\$ 142,023,053	\$ 23,496,185	\$ 1,017,954	\$ 71,442,297	\$ 30,170,263	\$ 268,149,752
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 6,215,351	\$ 11,566,494	\$ 20,285	\$ 93,374	\$ 4,673,969	\$ 22,569,473
Accrued salaries and related items	10,396,710	-	-	-	-	10,396,710
Accrued retirement	7,999,457	-	-	-	-	7,999,457
Due to other governmental units	951,778	-	-	-	-	951,778
Due to other funds	15,555,737	198,254	-	54,529	340,995	16,149,515
Unearned revenue	48,683,500	-	-	-	-	48,683,500
TOTAL LIABILITIES	89,802,533	11,764,748	20,285	147,903	5,014,964	106,750,433
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	100,000	-	-	-	-	100,000

See 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	\$ 52,615	\$ -	\$ -	\$ -	\$ 61,116	\$ 113,731
Prepays	290,750	-	-	-	191,106	481,856
Restricted						
Debt service	-	-	-	-	1,999,961	1,999,961
Capital projects	-	11,731,437	997,669	71,294,394	7,241,452	91,264,952
Food service	-	-	-	-	4,545,725	4,545,725
Assigned						
Subsequent year expenditures	11,521,000	-	-	-	-	11,521,000
Capital projects	-	-	-	-	11,115,939	11,115,939
Student/school activities	412,383	-	-	-	-	412,383
Unassigned						
General fund	39,843,772	-	-	-	-	39,843,772
TOTAL FUND BALANCES	52,120,520	11,731,437	997,669	71,294,394	25,155,299	161,299,319
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 142,023,053	\$ 23,496,185	\$ 1,017,954	\$ 71,442,297	\$ 30,170,263	\$ 268,149,752

See notes to financial statements.

**LANSING SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total governmental fund balances	\$ 161,299,319
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources - related to pensions	57,542,465
Deferred outflows of resources - related to other postemployment benefits	8,384,487
Deferred inflows of resources - related to pensions	(57,571,325)
Deferred inflows of resources - related to other postemployment benefits	(43,211,645)
Deferred inflows of resources - related to state funding for pension benefits	(9,861,009)
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	31,426,631
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Capital assets	\$ 382,296,205
Accumulated depreciation/amortization	<u>(120,859,605)</u>
	261,436,600
Long-term obligations are not due and payable in the current period and are not reported in the funds:	
General obligation bonds	(224,194,271)
Direct borrowing and direct placement	(820,942)
Compensated absences, termination benefits, and self-insured workers' compensation plan	(6,071,854)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(1,496,758)
Unavailable revenue - at June 30th expected to be collected after September 1st	100,000
IBNR reserves	(497,546)
Arbitrage liability	(2,747,158)
Net pension liability	<u>(173,073,258)</u>
Net position of governmental activities	<u>\$ 643,736</u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	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	\$ 27,587,537	\$ -	\$ -	\$ -	\$ 23,071,097	\$ 50,658,634
Investment earnings	4,355,251	2,218,292	383,620	49,429	799,553	7,806,145
Food sales	-	-	-	-	275,905	275,905
Other	3,814,772	-	64,619	-	148,953	4,028,344
Total local sources	35,757,560	2,218,292	448,239	49,429	24,295,508	62,769,028
State sources	138,390,707	-	-	-	513,075	138,903,782
Federal sources	32,234,371	-	-	-	9,047,663	41,282,034
Incoming transfers	20,298,715	-	-	-	-	20,298,715
TOTAL REVENUES	226,681,353	2,218,292	448,239	49,429	33,856,246	263,253,559
EXPENDITURES						
Current						
Instruction	100,077,359	-	-	-	-	100,077,359
Supporting services	106,173,465	-	-	-	-	106,173,465
Food service activities	-	-	-	-	10,050,154	10,050,154
Community service activities	2,752,292	-	-	-	-	2,752,292
Capital outlay	17,738,387	34,369,306	9,826,173	-	15,291,310	77,225,176

See 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	\$ 414,297	\$ -	\$ -	\$ -	\$ 7,315,000	\$ 7,729,297
Interest	44,155	-	-	-	6,977,900	7,022,055
Bond issuance costs	-	-	-	475,907	-	475,907
Other	-	-	-	-	2,000	2,000
TOTAL EXPENDITURES	227,199,955	34,369,306	9,826,173	475,907	39,636,364	311,507,705
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(518,602)	(32,151,014)	(9,377,934)	(426,478)	(5,780,118)	(48,254,146)
OTHER FINANCING SOURCES (USES)						
Proceeds from leased equipment	505,616	-	-	-	-	505,616
Proceeds from issuance of bonds	-	-	-	67,500,000	-	67,500,000
Premium on bonds	-	-	-	4,220,872	-	4,220,872
Transfers in	87,153	-	-	-	5,484,584	5,571,737
Transfers out	(5,484,584)	-	-	-	(87,153)	(5,571,737)
TOTAL OTHER FINANCING SOURCES (USES)	(4,891,815)	-	-	71,720,872	5,397,431	72,226,488
NET CHANGE IN FUND BALANCES	(5,410,417)	(32,151,014)	(9,377,934)	71,294,394	(382,687)	23,972,342
FUND BALANCES						
Beginning of year	57,530,937	43,882,451	10,375,603	-	25,537,986	137,326,977
End of year	\$ 52,120,520	\$ 11,731,437	\$ 997,669	\$ 71,294,394	\$ 25,155,299	\$161,299,319

See notes to financial statements.

**LANSING SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net change in fund balances total governmental funds **\$ 23,972,342**

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	(7,339,236)
Capital outlay	56,538,711
Unrecovered cost on asset disposal	(1,931,958)

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	1,162,983
Accrued interest payable, end of the year	(1,496,758)

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

Proceeds from leased equipment	(505,616)
Bonds issuance	(67,500,000)
Payments on debt	7,729,297
Premium on bonds	(4,220,872)
Amortization of bond premium	1,144,211
Arbitrage liability	(846,423)

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	(446,137)
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, as restated	6,184,051
Accrued compensated absences, termination benefits and self-insured workers' compensation plan, end of the year	(6,071,854)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Other postemployment benefits related items	12,233,518
Pension related items	20,401,726
IBNR expenses	73,491

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	13,683,497
Pension related items, end of year	(9,861,009)

Change in net position of governmental activities **\$ 43,003,964**

See notes to financial statements.

**LANSING SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 50,790</u>
LIABILITIES	
Accounts payable	<u>15,574</u>
NET POSITION	
Restricted for student organizations	<u><u>\$ 35,216</u></u>

See notes to financial statements.

**LANSING SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025**

	<u>Custodial Funds</u>
ADDITIONS	
Student activity income	\$ -
DEDUCTIONS	
Payments made on behalf of student organizations	<u>123,251</u>
CHANGE IN NET POSITION	(123,251)
NET POSITION	
Beginning of year	<u>158,467</u>
End of year	<u><u>\$ 35,216</u></u>

See notes to financial statements.

LANSING SCHOOL DISTRICT NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2022 Capital Projects Fund* includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The *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:

	<u>2022 Bond</u>	<u>2025 Bond</u>
Revenue and other financing sources	<u>\$ 65,788,975</u>	<u>\$ 71,770,301</u>
Expenditures and other financing uses	<u>\$ 54,057,538</u>	<u>\$ 475,907</u>

The above revenue and financing sources figure includes the net bond proceeds of \$51,800,000 and \$67,500,000, and bond premium 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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

Budgetary Information

Budgetary Basis of Accounting

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

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

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2025. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

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

Investments

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

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

- 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:

<u>Capital Asset Classes</u>	<u>Lives</u>
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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

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

Deferred Inflows

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

Net Position Flow Assumption

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

The District strives to maintain a secure financial position whereby the fund balance in the general fund does not fall below 10% of the preceding year's expenditures. At June 30, 2025, 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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes (continued)

For the year ended June 30, 2025, 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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2025, 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, 2025, \$36,841,364 of the District's bank balance of \$37,091,364 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount of all deposits is \$36,910,989.

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Commercial Paper	\$ 22,251,310	0.0526
Money Market Obligation Trust	5,988	N/A
MILAF External Investment Pool - CMC	45,068	N/A
MILAF External Investment Pool - Max	151,711,034	N/A
MILAF External Investment Pool - Term	13,700,000	0.1757
Total fair value	<u>\$ 187,713,400</u>	
Portfolio weighted average maturity		<u>0.0995</u>

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Commercial Paper	\$ 22,251,310	A-1 - A-2	Standard & Poor's
Money Market Obligation Trust	5,988	AAAm	Standard & Poor's
MILAF External Investment Pool - CMC	45,068	AAAm	Standard & Poor's
MILAF External Investment Pool - Max	151,711,034	AAAm	Standard & Poor's
MILAF External Investment Pool - Term	13,700,000	AAAkf	Fitch
Total fair value	<u>\$ 187,713,400</u>		

Foreign Currency Risk

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

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance at June 30, 2025</u>
Investments by fair value				
Commercial Paper	<u>\$ -</u>	<u>\$ 22,251,310</u>	<u>\$ -</u>	<u>\$ 22,251,310</u>

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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

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

	<u>Amortized Cost</u>
Money Market Obligation Trust	\$ 5,988
MILAF External Investment Pool - CMC	45,068
MILAF External Investment Pool - Max	<u>151,711,034</u>
	<u>\$ 151,756,102</u>

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.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
MILAF External Investment Pool - Term	<u>\$ 13,700,000</u>	<u>\$ -</u>	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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The following summarizes the categorization of these amounts as of June 30, 2025:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 36,860,199	\$ 50,790	\$ 36,910,989
Investments	80,514,083	-	80,514,083
Restricted investments	107,203,317	-	107,203,317
	<u>\$ 224,577,599</u>	<u>\$ 50,790</u>	<u>\$ 224,628,389</u>

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2024	Reclassifications/ Additions	Reclassifications/ Deletions	Balance June 30, 2025
Capital assets not being depreciated/amortized				
Land	\$ 4,431,691	\$ -	\$ -	\$ 4,431,691
Construction in progress	18,267,501	41,556,189	4,662,831	55,160,859
Subtotal	<u>22,699,192</u>	<u>41,556,189</u>	<u>4,662,831</u>	<u>59,592,550</u>
Capital assets, being depreciated/amortized				
Land improvements	26,159,504	4,540,419	4,730,823	25,969,100
Buildings and additions	264,299,422	10,826,750	5,276,239	269,849,933
Machinery and equipment	21,615,820	1,407,085	1,734,176	21,288,729
Right to use - leased equipment	1,043,577	505,616	474,629	1,074,564
Right to use - subscription-based IT	1,093,218	208,400	847,618	454,000
Transportation equipment	2,059,084	2,157,083	148,838	4,067,329
Subtotal	<u>316,270,625</u>	<u>19,645,353</u>	<u>13,212,323</u>	<u>322,703,655</u>
Accumulated depreciation/amortization				
Land improvements	16,058,928	789,037	4,559,249	12,288,716
Buildings and additions	94,403,556	4,386,976	3,613,164	95,177,368
Machinery and equipment	11,970,117	1,359,575	1,636,867	11,692,825
Right to use - leased equipment	383,065	364,923	474,629	273,359
Right to use - subscription-based IT	803,106	289,495	847,618	244,983
Transportation equipment	1,181,962	149,230	148,838	1,182,354
Subtotal	<u>124,800,734</u>	<u>7,339,236</u>	<u>11,280,365</u>	<u>120,859,605</u>
Total capital assets being depreciated/amortized, net	<u>191,469,891</u>	<u>12,306,117</u>	<u>1,931,958</u>	<u>201,844,050</u>
Governmental activities capital assets, net	<u>\$ 214,169,083</u>	<u>\$ 53,862,306</u>	<u>\$ 6,594,789</u>	<u>\$ 261,436,600</u>

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$7,339,236.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS (continued)

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

Instruction	\$ 2,166,253
Support service	3,373,246
Food service	92,834
Unallocated	1,706,903
	<u>\$ 7,339,236</u>

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2025 consist of the following:

	<u>Governmental Funds</u>
Other governmental units	
State aid	\$ 20,610,759
Federal	4,586,518
Other	893,894
	<u>\$ 26,091,171</u>

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, 2025:

	Self-insured Workers' Compensation Plan	Compensated Absences and Termination Benefits*	General Obligation Bonds	Direct Borrowing and Direct Placement	Total
Balance, July 1, 2024, as restated	\$ 40,181	\$ 6,143,870	\$ 160,932,610	\$ 729,623	\$ 167,846,284
Additions	-	-	71,720,872	505,616	72,226,488
Deletions	4,380	107,817	8,459,211	414,297	8,985,705
Balance, June 30, 2025	35,801	6,036,053	224,194,271	820,942	231,087,067
Due within one year	-	1,437,337	5,910,000	235,723	7,583,060
Due in more than one year	<u>\$ 35,801</u>	<u>\$ 4,598,716</u>	<u>\$ 218,284,271</u>	<u>\$ 585,219</u>	<u>\$ 223,504,007</u>

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2025 are comprised of the following issues:

General Obligation Bonds

2025 general obligation bond issuance due in annual installments of \$1,270,000 to \$3,685,000 through May 1, 2047, with interest at 5.00%.	\$ 67,500,000
2022 energy bond issuance due in annual installments of \$615,000 to \$1,065,000 through May 1, 2038, with interest at 4.00% to 5.00%.	10,585,000
2022 general obligation bond issuance due in annual installments of \$350,000 to \$3,825,000 through May 1, 2047, with interest at 5.00%.	46,000,000
2019 general obligation bond issuance due in annual installments of \$1,950,000 to \$2,525,000 through May 1, 2041, with interest at 5.00%.	35,400,000
2016 general obligation bond issuance due in annual installments of \$1,725,000 to \$3,525,000 through May 1, 2041, with interest at 5.00%.	40,900,000
Plus issuance premium	<u>23,809,271</u>
Total general obligation bonds	<u>224,194,271</u>

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%.	378,319
Print shop copier lease due in monthly installments of \$9,994 through July 1, 2029, with imputed interest at 4.00%.	<u>442,623</u>
Total direct borrowing and direct placement	<u>820,942</u>
Compensated absences and termination benefits	6,036,053
Workers' compensation claims	<u>35,801</u>
Total general long-term obligations	<u><u>\$ 231,087,067</u></u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$820,942 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make and assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations exclusive of compensated absences and termination benefits and workers' compensation claims as of June 30, 2025 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			
2026	\$ 5,910,000	\$ 9,486,800	\$ 235,723	\$ 31,737	\$ -	\$ -	\$ 15,664,260
2027	6,635,000	9,703,700	246,697	20,762	-	-	16,606,159
2028	7,160,000	9,378,350	221,153	9,423	-	-	16,768,926
2029	7,955,000	9,027,050	117,369	2,559	-	-	17,101,978
2030	8,625,000	8,636,250	-	-	-	-	17,261,250
2031 - 2035	49,600,000	36,286,750	-	-	-	-	85,886,750
2036 - 2040	59,195,000	22,740,500	-	-	-	-	81,935,500
2041 - 2045	40,460,000	9,281,750	-	-	-	-	49,741,750
2046 - 2047	14,845,000	1,117,750	-	-	-	-	15,962,750
	200,385,000	115,658,900	820,942	64,481	-	-	316,929,323
Issuance premium	23,809,271	-	-	-	-	-	23,809,271
Compensated absences and termination benefits	-	-	-	-	6,036,053	-	6,036,053
Workers' compensation claims	-	-	-	-	-	35,801	35,801
	<u>\$ 224,194,271</u>	<u>\$ 115,658,900</u>	<u>\$ 820,942</u>	<u>\$ 64,481</u>	<u>\$ 6,036,053</u>	<u>\$ 35,801</u>	<u>\$ 346,810,448</u>

Interest expense (all funds) for the year ended June 30, 2025 was approximately \$7,356,000.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2025 are as follows:

Receivable Fund		Payable Fund	
2022 energy bond	\$ 7,939	General fund	\$ 15,555,737
Nonmajor governmental funds	16,141,576	2022 capital projects fund	198,254
		2025 capital projects fund	54,529
		Nonmajor governmental funds	340,995
	<u>\$ 16,149,515</u>		<u>\$ 16,149,515</u>

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

Employees who first work on or after September 4, 2012, choose between two retirement plans: The Pension Plus Plan and a Defined Contribution 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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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, 2024, were determined as of the September 30, 2021, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021, are amortized over a 15-year period beginning October 1, 2023, 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, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$32,490,000. Of the total pension contributions approximately \$31,007,000 was contributed to fund the Defined Benefit Plan and approximately \$1,483,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$1,221,000. Of the total OPEB contributions approximately \$391,000 was contributed to fund the Defined Benefit Plan and approximately \$830,000 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).

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023, 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.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	\$ 71,283,482,728	\$ 62,581,762,238
Net pension liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate share	0.70694%	0.67770%
Net pension liability for the District	\$ 173,073,258	\$ 219,343,527

For the year ended June 30, 2025, the District recognized pension expense of \$10,605,704.

At June 30, 2025, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 18,043,913	\$ 12,680,796
Net difference between projected and actual earnings on pension plan investments	-	33,029,714
Differences between expected and actual experience	4,695,599	1,880,465
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,851,940	9,980,350
Reporting Unit's contributions subsequent to the measurement date	<u>27,951,013</u>	<u>-</u>
	<u>\$ 57,542,465</u>	<u>\$ 57,571,325</u>

\$27,951,013, 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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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
2026	\$ (8,514,400)
2027	(224,072)
2028	(11,482,444)
2029	(7,758,957)
	<u>\$ (27,979,873)</u>

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

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023, and rolled-forward using generally accepted actuarial procedures.

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

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total other postemployment benefits liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net other postemployment benefits liability (asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.73011%	0.68954%
Net other postemployment benefits liability (asset) for the District	\$ (31,426,631)	\$ (3,900,693)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$11,842,497.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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, 2025, 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	\$ 6,864,028	\$ 788,963
Net difference between projected and actual earnings on other postemployment benefits plan investments	-	5,949,422
Differences between expected and actual experience	-	33,302,632
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,418,568	3,170,628
Reporting Unit's contributions subsequent to the measurement date	101,891	-
	<u>\$ 8,384,487</u>	<u>\$ 43,211,645</u>

\$101,891, 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
2026	\$ (11,696,291)
2027	(7,094,614)
2028	(6,920,718)
2029	(5,711,755)
2030	(2,953,485)
2031	(552,186)
	<u>\$ (34,929,049)</u>

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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 MP-2021 adjusted for mortality improvements using projection scale from 2010.

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

Experience Study - 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, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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, 2024, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
International Equity Pools	15.0%	6.5%
Private Equity Pools	16.0%	9.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Fixed Income Pools	13.0%	2.2%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short Term Investment Pools	2.0%	1.4%
	<u>100.0%</u>	

*Long term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return - For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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 discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	<u>\$ 253,727,255</u>	<u>\$ 173,073,258</u>	<u>\$ 105,913,287</u>

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)	<u>\$ (24,286,760)</u>	<u>\$ (31,426,631)</u>	<u>\$ (37,599,805)</u>

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

	Other Postemployment Benefits		
	Current		
	1% Trend Decrease	Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability/(asset)	<u>\$ (37,599,872)</u>	<u>\$ (31,426,631)</u>	<u>\$ (24,805,865)</u>

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

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 \$5,484,584 to the nonmajor funds, and the nonmajor funds transferred \$87,153 to the general fund. The general fund transfer of \$1,117,000 to the nonmajor debt service funds was for future debt service payments. The general fund transfer of \$4,367,584 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.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - TAX ABATEMENTS

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

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

<u>Municipality</u>	<u>Taxes Abated</u>
City of Lansing	\$ 6,372,429
East Lansing	3,037
DeWitt Charter Township	644
	<u>\$ 6,376,110</u>

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 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary: This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - ADJUSTMENTS TO BEGINNING NET POSITION

During fiscal year 2025, changes to beginning net position is as follows:

	Reporting Unit Affected by Adjustment to and Restatement of Beginning Balance Governmental Activities Net Position
Balance as of July 1, 2024, as previously stated	\$ (39,058,777)
Adoption of GASB Statement 101	(3,301,451)
Balance as of July 1, 2024, as restated	<u>\$ (42,360,228)</u>

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

**LANSING SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

In September 2024, the GASB issued 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. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**LANSING SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 33,671,000	\$ 35,350,000	\$ 35,757,560	\$ 407,560
State sources	137,013,000	172,307,000	138,390,707	(33,916,293)
Federal sources	37,173,000	41,411,000	32,234,371	(9,176,629)
Incoming transfers	19,040,000	20,355,000	20,298,715	(56,285)
TOTAL REVENUES	226,897,000	269,423,000	226,681,353	(42,741,647)
EXPENDITURES				
Current				
Instruction				
Basic programs	70,513,000	63,255,000	63,094,546	160,454
Added needs	38,114,000	37,605,000	35,921,014	1,683,986
Adult and continuing education	1,941,000	1,184,000	1,061,799	122,201
Total instruction	110,568,000	102,044,000	100,077,359	1,966,641
Supporting services				
Pupil	23,083,000	22,204,000	20,076,474	2,127,526
Instructional staff	21,929,000	20,050,000	18,166,535	1,883,465
General administration	1,788,000	1,957,000	1,993,208	(36,208)
School administration	10,939,000	9,922,000	9,922,868	(868)
Business	6,465,000	5,441,000	4,362,550	1,078,450
Operation and maintenance	26,019,000	24,804,000	24,378,977	425,023
Pupil transportation	13,383,000	20,683,000	14,536,264	6,146,736
Central	11,208,000	10,526,000	10,206,155	319,845
Other	3,133,000	2,691,000	2,530,434	160,566
Total supporting services	117,947,000	118,278,000	106,173,465	12,104,535
Community service activities	2,749,000	3,083,000	2,752,292	330,708
Capital outlay	3,386,000	47,014,000	17,738,387	29,275,613
Debt service				
Principal payments	-	-	414,297	(414,297)
Interest	-	-	44,155	(44,155)
Total debt service	-	-	458,452	(458,452)
TOTAL EXPENDITURES	234,650,000	270,419,000	227,199,955	43,219,045
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,753,000)	(996,000)	(518,602)	477,398
OTHER FINANCING SOURCES (USES)				
Proceeds from leased equipment	-	-	505,616	505,616
Transfers in	95,000	90,000	87,153	(2,847)
Transfers out	(2,270,000)	(5,485,000)	(5,484,584)	416
TOTAL OTHER FINANCING SOURCES (USES)	(2,175,000)	(5,395,000)	(4,891,815)	503,185
NET CHANGE IN FUND BALANCE	\$ (9,928,000)	\$ (6,391,000)	(5,410,417)	\$ 980,583
FUND BALANCE				
Beginning of year			57,530,937	
End of year			<u>\$ 52,120,520</u>	

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's proportion of net pension liability (%)	0.70694%	0.67770%	0.71063%	0.73553%	0.76047%	0.77243%	0.75929%	0.79100%	0.82789%	0.84886%
Reporting Unit's proportionate share of net pension liability	\$ 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	\$ 207,334,790
Reporting Unit's covered-employee payroll	\$ 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	\$ 68,735,453
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	221.62%	312.23%	386.45%	256.12%	391.29%	378.39%	348.63%	309.34%	298.71%	301.64%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required pension contributions	\$ 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	\$ 18,367,571
Pension contributions in relation to statutorily required contributions	<u>31,007,430</u>	<u>28,884,252</u>	<u>31,060,969</u>	<u>23,963,039</u>	<u>21,769,413</u>	<u>20,510,124</u>	<u>20,263,330</u>	<u>20,539,647</u>	<u>18,774,913</u>	<u>18,367,571</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (pension)	\$ 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	\$ 66,526,238
Pension contributions as a percentage of covered-employee payroll	38.83%	38.03%	44.77%	36.34%	32.20%	30.10%	30.64%	31.36%	26.98%	27.61%

**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)**

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (asset) %	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)	\$ (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	\$ 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	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)	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)**

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	\$ 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	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)	\$ 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	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, 2025**

NOTE 1 - PENSION 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:

- 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 2 - 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:

- 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.

**LANSING SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 - 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, 2025**

	Special Revenue Fund Food Service Fund	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Investments	\$ -	\$ 1,595,438	\$ 613,793	\$ 2,209,231
Accounts receivable	3,429	19,423	16,173	39,025
Intergovernmental	141,000	-	-	141,000
Due from other funds	4,775,017	385,100	10,981,459	16,141,576
Inventories	61,116	-	-	61,116
Prepays	12,623	1,500	176,983	191,106
Restricted investments - capital projects	-	-	11,387,209	11,387,209
	<u>-</u>	<u>-</u>	<u>11,387,209</u>	<u>11,387,209</u>
TOTAL ASSETS	<u><u>\$ 4,993,185</u></u>	<u><u>\$ 2,001,461</u></u>	<u><u>\$ 23,175,617</u></u>	<u><u>\$ 30,170,263</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 373,721	\$ -	\$ 4,300,248	\$ 4,673,969
Due to other funds	-	-	340,995	340,995
	<u>-</u>	<u>-</u>	<u>340,995</u>	<u>340,995</u>
TOTAL LIABILITIES	<u>373,721</u>	<u>-</u>	<u>4,641,243</u>	<u>5,014,964</u>
FUND BALANCES				
Nonspendable				
Inventories	61,116	-	-	61,116
Prepays	12,623	1,500	176,983	191,106
Restricted				
Debt service	-	1,999,961	-	1,999,961
Capital projects	-	-	7,241,452	7,241,452
Food service	4,545,725	-	-	4,545,725
Assigned	-	-	11,115,939	11,115,939
	<u>-</u>	<u>-</u>	<u>11,115,939</u>	<u>11,115,939</u>
TOTAL FUND BALANCES	<u>4,619,464</u>	<u>2,001,461</u>	<u>18,534,374</u>	<u>25,155,299</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,993,185</u></u>	<u><u>\$ 2,001,461</u></u>	<u><u>\$ 23,175,617</u></u>	<u><u>\$ 30,170,263</u></u>

**LANSING SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2025**

	Special Revenue Fund Food Service Fund	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ 13,660,159	\$ 9,410,938	\$ 23,071,097
Investment earnings	-	318,233	481,320	799,553
Food sales	275,905	-	-	275,905
Other	13,685	-	135,268	148,953
Total local sources	289,590	13,978,392	10,027,526	24,295,508
State sources	359,417	95,747	57,911	513,075
Federal sources	9,047,663	-	-	9,047,663
TOTAL REVENUES	9,696,670	14,074,139	10,085,437	33,856,246
EXPENDITURES				
Current				
Food service activities	10,050,154	-	-	10,050,154
Capital outlay	-	-	15,291,310	15,291,310
Debt service				
Principal payments	-	7,315,000	-	7,315,000
Interest	-	6,977,900	-	6,977,900
Other	-	2,000	-	2,000
TOTAL EXPENDITURES	10,050,154	14,294,900	15,291,310	39,636,364
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(353,484)	(220,761)	(5,205,873)	(5,780,118)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,117,000	4,367,584	5,484,584
Transfers out	(87,153)	-	-	(87,153)
TOTAL OTHER FINANCING SOURCES (USES)	(87,153)	1,117,000	4,367,584	5,397,431
NET CHANGE IN FUND BALANCES	(440,637)	896,239	(838,289)	(382,687)
FUND BALANCES				
Beginning of year	5,060,101	1,105,222	19,372,663	25,537,986
End of year	\$ 4,619,464	\$ 2,001,461	\$ 18,534,374	\$ 25,155,299

**LANSING SCHOOL DISTRICT
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	2022 Energy Bond	2022 Debt	2019 Debt	2016 Debt	Totals
ASSETS					
Investments	\$ 62,286	\$ 857,360	\$ 151,348	\$ 524,444	\$ 1,595,438
Accounts receivable	-	8,243	5,685	5,495	19,423
Due from other funds	300	130,829	216,576	37,395	385,100
Prepays	-	500	500	500	1,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 62,586</u>	<u>\$ 996,932</u>	<u>\$ 374,109</u>	<u>\$ 567,834</u>	<u>\$ 2,001,461</u>
FUND BALANCES					
Nonspendable					
Prepays	\$ -	\$ 500	\$ 500	\$ 500	\$ 1,500
Restricted for debt service	<u>62,586</u>	<u>996,432</u>	<u>373,609</u>	<u>567,334</u>	<u>1,999,961</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>\$ 62,586</u>	<u>\$ 996,932</u>	<u>\$ 374,109</u>	<u>\$ 567,834</u>	<u>\$ 2,001,461</u>

**LANSING SCHOOL DISTRICT
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	2022 Energy Bond	2022 Debt	2019 Debt	2016 Debt	Totals
REVENUES					
Local sources					
Property taxes	\$ -	\$ 5,790,602	\$ 3,993,486	\$ 3,876,071	\$ 13,660,159
Investment earnings	29,646	134,052	70,644	83,891	318,233
State sources	-	95,747	-	-	95,747
TOTAL REVENUES	29,646	6,020,401	4,064,130	3,959,962	14,074,139
EXPENDITURES					
Principal payments	590,000	3,150,000	1,925,000	1,650,000	7,315,000
Interest	526,650	2,457,500	1,866,250	2,127,500	6,977,900
Other	500	500	500	500	2,000
TOTAL EXPENDITURES	1,117,150	5,608,000	3,791,750	3,778,000	14,294,900
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,087,504)	412,401	272,380	181,962	(220,761)
OTHER FINANCING SOURCES					
Transfers in	1,117,000	-	-	-	1,117,000
NET CHANGE IN FUND BALANCES	29,496	412,401	272,380	181,962	896,239
FUND BALANCES					
Beginning of year	33,090	584,531	101,729	385,872	1,105,222
End of year	\$ 62,586	\$ 996,932	\$ 374,109	\$ 567,834	\$ 2,001,461

**LANSING SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
ASSETS					
Investments	\$ -	\$ -	\$ 613,793	\$ -	\$ 613,793
Accounts receivable	-	16,173	-	-	16,173
Due from other funds	9,637,599	-	208,232	1,135,628	10,981,459
Prepays	-	-	176,983	-	176,983
Restricted investments - capital projects	-	11,387,209	-	-	11,387,209
TOTAL ASSETS	\$ 9,637,599	\$ 11,403,382	\$ 999,008	\$ 1,135,628	\$ 23,175,617
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 460,202	\$ 3,820,935	\$ 19,111	\$ -	\$ 4,300,248
Due to other funds	-	340,995	-	-	340,995
TOTAL LIABILITIES	460,202	4,161,930	19,111	-	4,641,243
FUND BALANCES					
Nonspendable					
Prepays	-	-	176,983	-	176,983
Restricted for capital projects	-	7,241,452	-	-	7,241,452
Assigned for capital projects	9,177,397	-	802,914	1,135,628	11,115,939
TOTAL FUND BALANCES	9,177,397	7,241,452	979,897	1,135,628	18,534,374
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,637,599	\$ 11,403,382	\$ 999,008	\$ 1,135,628	\$ 23,175,617

**LANSING SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	Capital Projects	Sinking Fund	Replacement Fund	Sale of Assets Fund	Totals
REVENUES					
Local revenue					
Property taxes	\$ -	\$ 9,410,938	\$ -	\$ -	\$ 9,410,938
Investment earnings	-	481,320	-	-	481,320
Other	135,268	-	-	-	135,268
Total local revenue	135,268	9,892,258	-	-	10,027,526
State revenue	-	57,911	-	-	57,911
TOTAL REVENUES	135,268	9,950,169	-	-	10,085,437
EXPENDITURES					
Capital outlay	6,362,798	6,632,232	1,296,280	1,000,000	15,291,310
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,227,530)	3,317,937	(1,296,280)	(1,000,000)	(5,205,873)
OTHER FINANCING SOURCES					
Transfers in	3,486,030	-	881,554	-	4,367,584
NET CHANGE IN FUND BALANCES	(2,741,500)	3,317,937	(414,726)	(1,000,000)	(838,289)
FUND BALANCES					
Beginning of year	11,918,897	3,923,515	1,394,623	2,135,628	19,372,663
End of year	\$ 9,177,397	\$ 7,241,452	\$ 979,897	\$ 1,135,628	\$ 18,534,374

**LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2025**

2025 (2022 Series II) Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2026	5.000%	\$ 1,270,000	\$ 1,687,500	\$ 1,181,250	\$ 4,138,750
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		<u>\$ 67,500,000</u>	<u>\$ 21,784,625</u>	<u>\$ 21,278,375</u>	<u>\$ 110,563,000</u>

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 refurbishing and equipping and re-equipping existing school buildings; and developing, equipping, and improving playgrounds, play fields, athletic fields and facilities, parking areas, driveways and sites; and paying the cost of issuing the Bonds.

**LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2025**

2022 Energy Bond

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2026	4.000%	\$ 615,000	\$ 251,525	\$ 251,525	\$ 1,118,050
2027	4.000%	640,000	239,225	239,225	1,118,450
2028	4.000%	670,000	226,425	226,425	1,122,850
2029	4.000%	695,000	213,025	213,025	1,121,050
2030	5.000%	725,000	199,125	199,125	1,123,250
2031	5.000%	760,000	181,000	181,000	1,122,000
2032	5.000%	795,000	162,000	162,000	1,119,000
2033	5.000%	835,000	142,125	142,125	1,119,250
2034	5.000%	880,000	121,250	121,250	1,122,500
2035	5.000%	920,000	99,250	99,250	1,118,500
2036	5.000%	970,000	76,250	76,250	1,122,500
2037	5.000%	1,015,000	52,000	52,000	1,119,000
2038	5.000%	1,065,000	26,625	26,625	1,118,250
Total 2022 bonded debt		<u>\$ 10,585,000</u>	<u>\$ 1,989,825</u>	<u>\$ 1,989,825</u>	<u>\$ 14,564,650</u>

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

**LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2025**

2022 Series I Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2026	5.000%	\$ 350,000	\$ 1,150,000	\$ 1,150,000	\$ 2,650,000
2027	5.000%	825,000	1,141,250	1,141,250	3,107,500
2028	5.000%	875,000	1,120,625	1,120,625	3,116,250
2029	5.000%	1,000,000	1,098,750	1,098,750	3,197,500
2030	5.000%	1,125,000	1,073,750	1,073,750	3,272,500
2031	5.000%	1,275,000	1,045,625	1,045,625	3,366,250
2032	5.000%	1,375,000	1,013,750	1,013,750	3,402,500
2033	5.000%	1,525,000	979,375	979,375	3,483,750
2034	5.000%	1,650,000	941,250	941,250	3,532,500
2035	5.000%	1,800,000	900,000	900,000	3,600,000
2036	5.000%	1,925,000	855,000	855,000	3,635,000
2037	5.000%	2,000,000	806,875	806,875	3,613,750
2038	5.000%	2,100,000	756,875	756,875	3,613,750
2039	5.000%	2,200,000	704,375	704,375	3,608,750
2040	5.000%	2,400,000	649,375	649,375	3,698,750
2041	5.000%	2,625,000	589,375	589,375	3,803,750
2042	5.000%	3,200,000	523,750	523,750	4,247,500
2043	5.000%	3,300,000	443,750	443,750	4,187,500
2044	5.000%	3,425,000	361,250	361,250	4,147,500
2045	5.000%	3,550,000	275,625	275,625	4,101,250
2046	5.000%	3,650,000	186,875	186,875	4,023,750
2047	5.000%	3,825,000	95,625	95,625	4,016,250
Total 2022 bonded debt		<u>\$ 46,000,000</u>	<u>\$ 16,713,125</u>	<u>\$ 16,713,125</u>	<u>\$ 79,426,250</u>

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

**LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2025**

2019 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2026	5.000%	\$ 1,950,000	\$ 885,000	\$ 885,000	\$ 3,720,000
2027	5.000%	1,975,000	836,250	836,250	3,647,500
2028	5.000%	2,000,000	786,875	786,875	3,573,750
2029	5.000%	2,025,000	736,875	736,875	3,498,750
2030	5.000%	2,050,000	686,250	686,250	3,422,500
2031	5.000%	2,075,000	635,000	635,000	3,345,000
2032	5.000%	2,125,000	583,125	583,125	3,291,250
2033	5.000%	2,175,000	530,000	530,000	3,235,000
2034	5.000%	2,225,000	475,625	475,625	3,176,250
2035	5.000%	2,275,000	420,000	420,000	3,115,000
2036	5.000%	2,325,000	363,125	363,125	3,051,250
2037	5.000%	2,350,000	305,000	305,000	2,960,000
2038	5.000%	2,400,000	246,250	246,250	2,892,500
2039	5.000%	2,450,000	186,250	186,250	2,822,500
2040	5.000%	2,475,000	125,000	125,000	2,725,000
2041	5.000%	2,525,000	63,125	63,125	2,651,250
Total 2019 bonded debt		<u>\$ 35,400,000</u>	<u>\$ 7,863,750</u>	<u>\$ 7,863,750</u>	<u>\$ 51,127,500</u>

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

**LANSING SCHOOL DISTRICT
BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2025**

2016 Building and Site Bonds

Fiscal Year	Interest Rate	Principal Due May 1	Interest Due		Total Due Annually
			May 1	November 1	
2026	5.000%	\$ 1,725,000	\$ 1,022,500	\$ 1,022,500	\$ 3,770,000
2027	5.000%	1,825,000	979,375	979,375	3,783,750
2028	5.000%	1,925,000	933,750	933,750	3,792,500
2029	5.000%	2,000,000	885,625	885,625	3,771,250
2030	5.000%	2,100,000	835,625	835,625	3,771,250
2031	5.000%	2,200,000	783,125	783,125	3,766,250
2032	5.000%	2,325,000	728,125	728,125	3,781,250
2033	5.000%	2,425,000	670,000	670,000	3,765,000
2034	5.000%	2,550,000	609,375	609,375	3,768,750
2035	5.000%	2,675,000	545,625	545,625	3,766,250
2036	5.000%	2,825,000	478,750	478,750	3,782,500
2037	5.000%	2,975,000	408,125	408,125	3,791,250
2038	5.000%	3,125,000	333,750	333,750	3,792,500
2039	5.000%	3,275,000	255,625	255,625	3,786,250
2040	5.000%	3,425,000	173,750	173,750	3,772,500
2041	5.000%	3,525,000	88,125	88,125	3,701,250
Total 2016 bonded debt		<u>\$ 40,900,000</u>	<u>\$ 9,731,250</u>	<u>\$ 9,731,250</u>	<u>\$ 60,362,500</u>

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



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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, 2025, 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 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maney Costeiran PC

October 17, 2025



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October 17, 2025

To the Board of Education
Lansing School District

In planning and performing our audit of the financial statements of Lansing School District as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Lansing School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 17, 2025 on the financial statements of Lansing School District. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which have been discussed with appropriate members of management, are intended to improve the internal control, or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendations. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Lansing School District develop a plan to spend down the excess by June 30, 2026 and submit the plan to MDE.

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

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

Very truly yours,

Maner Costerisan PC



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October 17, 2025

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, 2025. 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. 101 *Compensated Absences*, during the year ended June 30, 2025. 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 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 17, 2025.

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,

Maney Costeiran PC