

**SCHOOL DISTRICT OF THE CITY
OF EAST LANSING**

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

YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-14
BASIC FINANCIAL STATEMENTS.....	15
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18-19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Fiduciary Funds	
Statement of Fiduciary Net Position.....	23
Statement of Changes in Fiduciary Net Position	24
Notes to Financial Statements.....	25-53
REQUIRED SUPPLEMENTARY INFORMATION.....	54
Budgetary Comparison Schedule - General Fund.....	55
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability	56
Schedule of the Reporting Unit's Pension Contributions	57
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability (Asset)	58
Schedule of the Reporting Unit's OPEB Contributions	59
Notes to the Required Supplementary Information	60-61
ADDITIONAL SUPPLEMENTARY INFORMATION.....	62
General Fund	
Schedule of Revenues and Other Financing Sources	63
Schedule of Expenditures and Other Financing Uses	64-68
Nonmajor Governmental Funds	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	70

TABLE OF CONTENTS

	<u>Page</u>
Nonmajor Special Revenue Funds	
Combining Balance Sheet.....	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	72
Nonmajor Debt Service Funds	
Combining Balance Sheet.....	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	74
Debt Service Requirements	
Schedules of Bonded Debt Service Requirements.....	75-79
Capital Projects Funds	
Sinking Fund Detail of Expenditures.....	80
2024 Capital Projects Fund Detail of Expenditures	81
2025 Capital Projects Fund Detail of Expenditures	82
Custodial Funds	
Statement of Cash Receipts, Disbursements, and Net Position by School.....	83
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	84-85



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
🖨 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
School District of the City of East Lansing

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise School District of the City of East Lansing'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 School District of the City of East Lansing, as of June 30, 2025, and the respective changes in financial position thereof 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 School District of the City of East Lansing 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 11 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 School District of the City of East Lansing'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 School District of the City of East Lansing'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 School District of the City of East Lansing'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 School District of the City of East Lansing'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 14, 2025 on our consideration of School District of the City of East Lansing'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 School District of the City of East Lansing'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 School District of the City of East Lansing's internal control over financial reporting and compliance.

Maney Costeiran PC

October 14, 2025

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



The School District of the City of East Lansing is a Pre K-12 public school district located in Ingham and Clinton Counties, Michigan. The Management's Discussion and Analysis (MD&A) is intended to be management of the School District of the City of East Lansing's review of financial performance for the year ended June 30, 2025. The MD&A is recommended to be read in conjunction with the District's financial statements. Prior year information is provided for comparative analysis.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The government-wide financial statements provide information about the *governmental activities* of the entire District, presenting both an aggregate view of the District's finances and a long-term view of those finances. The fund financial statements provide information about how *governmental funds* were financed in the short-term as well as what remains for future spending and looks at the District's operations by providing information about the District's most significant funds and with all other funds presented in one column as "nonmajor funds". The fiduciary funds statements present financial information about activities for which the District acts solely as an agent for the benefit of mostly student groups. The required supplemental information provide budget to actual comparisons of the general fund. The remaining statements are provided for additional analysis.

Government-wide Financial Statements - Reporting the School District as a Whole

In the business arena a commonly asked question is, "is the entity as a whole better or worse off financially as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report financial information about the District as a whole and its activities in a way that helps the reader answer this question. These statements are prepared using the full accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. They report all of the District's assets, deferred outflows, deferred inflows and liabilities, both short and long-term, and all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net position (the difference between assets, deferred outflows, deferred inflows and liabilities), as reported in the Statement of Net Position, as one way to measure the District's financial health, or financial position.

Over time, increases or decreases in the District's net position, as reported in the Statement of Activities, is one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide educational services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the District.

The governmental-wide financial statements report the governmental activities of the District, which encompass all of the District's services. Local property taxes, state per pupil foundation allowance, and state and federal grants finance the majority of these activities.

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



Fund Financial Statements - Reporting the School District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds of the District - not the District as a whole. Certain funds are required to be established by State law or by bond covenants. Other funds are created in order to help control and manage their activities. The fund level statements of the District use an accounting method called modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows in and out of funds and the balances remaining at year-end that are available for appropriation. Governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. The information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's educational programs. Differences between governmental activities, as reported in the government-wide statements, and governmental funds, as reported in the fund financial statements, are presented in a reconciliation statement.

Fiduciary Statements - Reporting the School District's Trustee Responsibility

The District is the trustee, or fiduciary, for its custodial funds. All of the District's fiduciary activities are aggregated and reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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



The School District as a Whole - Summary of Net position

The Statement of Net Position provides the perspective of the District as a whole. The following schedule summarizes the net position as of June 30, 2025 and June 30, 2024:

	2025	2024*
ASSETS		
Current and other assets	\$ 46,456,523	\$ 30,954,125
Net other postemployment benefits asset	10,365,026	1,333,059
Noncurrent assets	132,560,426	135,925,742
TOTAL ASSETS	189,381,975	168,212,926
DEFERRED OUTFLOWS		
Deferred charge on refunding	-	453,831
Related to other postemployment benefits	3,122,188	5,704,468
Related to pensions	22,020,908	24,731,304
TOTAL DEFERRED OUTFLOWS	25,143,096	30,889,603
LIABILITIES		
Current liabilities	7,769,369	8,503,004
Noncurrent liabilities	115,620,087	104,616,199
Net pension liability	58,247,901	73,829,250
TOTAL LIABILITIES	181,637,357	186,948,453
DEFERRED INFLOWS		
Related to other postemployment benefits	13,215,197	10,451,263
Related to pensions	16,285,469	7,699,498
Related to gain on refunding	1,812,702	-
Related to state aid funding for pension	3,254,226	4,658,651
TOTAL DEFERRED INFLOWS	34,567,594	22,809,412
NET POSITION		
Net investment in capital assets	40,044,985	37,181,460
Restricted for food service	546,960	504,391
Restricted for capital projects	1,143,335	596,418
Restricted for debt service	55,961	141,307
Restricted for net other postemployment benefits	10,365,026	1,333,059
Unrestricted	(53,836,147)	(50,411,971)
TOTAL NET POSITION	\$ (1,679,880)	\$ (10,655,336)

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

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



Analysis of Financial Position

The District's net position as of June 30, 2025 totaled (\$1,679,880) which was an increase of \$8,975,456 over the June 30, 2024 balance of \$(10,655,336). A few of the more significant factors affecting net position during the year are discussed below:

Depreciation/Amortization Expense

The District is required to maintain a record of annual depreciation/amortization expense and accumulated depreciation/amortization. The net increase in accumulated depreciation/amortization is a reduction in net position.

The District records depreciation/amortization expense 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 asset less an estimated salvage value, when applicable. For the fiscal year ended June 30, 2025 and 2024, the following was recorded as depreciation/amortization expense:

	2025	2024
Land improvements	\$ 1,224,654	\$ 1,238,150
Building and improvements	4,324,726	4,305,885
Furniture and equipment	588,376	704,744
Vehicles	19,616	40,227
Right to use - subscription-based IT	98,357	139,743
Total	<u>\$ 6,255,729</u>	<u>\$ 6,428,749</u>

One approach of interpreting depreciation/amortization expense is that in order to maintain net position at a constant level the District would have to capitalize assets equal to the annual depreciation/amortization expense. However, when taking into consideration factors such as, inflation and repairs and maintenance, the actual investment in capital outlay would have to exceed the depreciation/amortization expense in order to maintain assets at the same level of value and functionality.

Capital Outlay Acquisition

For the fiscal year ended June 30, 2025, \$2,914,734 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets are depreciated/amortized over time as explained above.

The net effect of capital asset additions, deletions, and the current year's depreciation/amortization expense is a decrease to capital assets in the amount of \$3,365,316 for the fiscal year ended June 30, 2025.

Long-Term Obligations

The District's total general long-term debt for the fiscal year ended June 30, 2025 increased by \$10,007,211.

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



Results of Operations

The results of this year's operations for the School District as a whole are reported in the Statement of Activities, which shows the changes in net position.

For the fiscal year ended June 30, 2025 and June 30, 2024, the District-wide results of operation were:

	2025	% of Total	2024	% of Total
REVENUES				
General revenues				
Property taxes, levied for general operations	\$ 12,390,336	16.9	\$ 11,644,447	16.4
Property taxes, levied for debt service	9,796,195	13.4	9,236,020	13.0
Property taxes, levied for sinking fund	1,490,510	2.0	1,381,538	1.9
Investment earnings	1,111,341	1.5	1,094,170	1.5
State sources	23,928,393	32.7	23,300,964	32.9
County special education allocation	5,866,994	8.0	5,534,028	7.8
Other	459,852	0.6	357,688	0.5
Total general revenues	55,043,621	75.1	52,548,855	74.0
Program revenues				
Charges for services	131,843	0.2	142,203	0.2
Operating grants and contributions	18,075,705	24.7	18,291,382	25.8
TOTAL REVENUES	\$ 73,251,169	100.0	\$ 70,982,440	100.0
FUNCTION/PROGRAM EXPENSES				
Instruction	\$ 27,647,896	43.7	\$ 28,398,828	45.4
Support services	22,425,903	35.4	20,833,787	33.2
Community services	33,360	-	31,295	-
Food services	2,125,341	3.4	2,030,882	3.2
Student/school activities	614,779	1.0	535,636	0.9
Interest on long-term debt	4,177,067	6.6	4,327,175	6.9
Loss (gain) on disposal of capital assets	(1,039)	-	74,681	0.1
Unallocated depreciation	6,255,729	9.9	6,428,749	10.3
TOTAL EXPENSES	\$ 63,279,036	100.0	\$ 62,661,033	100.0

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



Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies various millages on property taxes for general operations, debt service, and building and site repairs. Each millage, except those for debt service, is subject to mandatory reductions as required by the Headlee Amendment. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annual taxable valuation increases are capped at the rate of the prior year's Consumer Price Index or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is approximately 50% of the property's market value.

The District receives settlements from Ingham and Clinton counties on all outstanding *real* property taxes at the end of each fiscal year. The amount of unpaid *personal* property taxes at June 30, 2025 was approximately \$227,000, or 2% of the total general fund levy.

The following schedule summarizes the millages levied for the past five years.

<u>Fiscal year</u>	<u>Non-PRE (comm. personal) Operating Mills Levied</u>	<u>All Property Debt Service Mills Levied</u>	<u>All Property Sinking Fund Mills Levied</u>
2024 - 2025	18.0000	6.3000	0.9956
2023 - 2024	18.0000	6.3000	0.9972
2022 - 2023	18.0000	6.6300	0.9972
2021 - 2022	18.0000	6.8000	0.9990
2020 - 2021	18.0000	7.0000	1.0000

2. State Sources

Per the State School Aid Act the State of Michigan funds school districts on a per pupil allowance based on a blended student enrollment. The blended enrollment consists of 90% of the current fiscal year's fall count (the first Wednesday of October) and 10% of the previous fiscal year's supplemental count (the second Wednesday of February). The District's per pupil allowance for fiscal year 2025 was \$9,608.

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



The following schedule summarizes the District's per pupil allowance over the past five years:

<u>Fiscal Year</u>	<u>Per Pupil Allowance</u>	<u>\$ Increase (decrease) from Prior Year</u>
2024 - 2025	\$ 9,608	\$ -
2023 - 2024	9,608	458
2022 - 2023	9,150	450
2021 - 2022	8,700	171
2020 - 2021	8,529	-

Non-resident pupils that attend the District via School of Choice (SOC) program are funded at the per pupil allowance of their resident district.

3. Student Enrollment

The following schedule summarizes the blended enrollment for each of the past five fiscal years:

<u>Fiscal Year</u>	<u>Actual Blended Student FTE</u>	<u>FTE Change from Prior Year</u>
2024 - 2025	3,699	5
2023 - 2024	3,694	(71)
2022 - 2023	3,765	126
2021 - 2022	3,639	(53)
2020 - 2021	3,692	1

4. County Special Education Allocation

The District receives an allocation, based on a funding system, from Ingham Intermediate School District to assist with the education of students with special needs. For the fiscal year June 30, 2025 ended the District received \$3,697,625. This amount represents an increase of \$274,489 over the prior fiscal year.

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



5. Expenditure Comparison by Function

The following schedule provides a comparison of fund expenditures for fiscal years 2024 - 2025 and 2023 - 2024:

Function	2024 - 2025 Fiscal Year	%	2023 - 2024 Fiscal Year	%
Basic programs	\$ 24,401,077	41.8	\$ 24,024,671	42.9
Special education	5,938,532	10.2	5,819,087	10.4
Compensatory education	2,307,615	4.0	2,272,108	4.1
Total instruction	32,647,224	56.0	32,115,866	57.4
Pupil support services	4,970,185	8.5	4,947,638	8.8
Instructional staff support services	3,852,451	6.6	3,668,082	6.6
School administration	3,202,801	5.5	3,132,407	5.6
Total instructional support	12,025,437	20.6	11,748,127	21.0
General administration	658,490	1.1	537,788	1.0
Business office	1,620,514	2.8	827,687	1.5
Operations and maintenance	7,057,036	12.1	6,149,333	11.0
Pupil transportation	1,867,259	3.2	1,794,049	3.2
Central	1,316,796	2.3	1,538,558	2.8
Athletics	1,064,454	1.8	1,060,440	1.9
Community services	33,360	-	31,295	-
Debt service	66,762	0.1	106,425	0.2
Total general fund	58,357,332	100.0	55,909,568	100.0
Food service fund	2,159,294		2,107,526	
Student/school activities	614,779		535,636	
Debt service funds	9,923,483		9,415,675	
Sinking funds	943,593		1,219,948	
2020 Capital projects fund	-		137,221	
2024 Capital projects fund	2,216,881		147,909	
2025 Capital projects fund	298,464		-	
Total	\$ 74,513,826		\$ 69,473,483	

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



General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education adopt the original budget for the upcoming fiscal year prior to the start of the fiscal year on July 1. Amendments made to the original budgets must be adopted by the Board of Education prior to the close of the fiscal year on June 30.

The District budgets according to the Michigan School Accounting Manual Bulletin 1022. It is standard practice to amend its budget semi-annually, usually December and May.

The following schedule shows a five-year comparison of the general fund revenue and other financing sources final budget versus actual results:

Fiscal Year	Revenues and Other Financing Sources		
	Budget	Actual	Variance
2024 - 2025	\$ 57,635,994	\$ 57,345,120	-0.50%
2023 - 2024	56,172,513	56,368,484	0.35%
2022 - 2023	55,286,931	55,336,889	0.95%
2021 - 2022	48,346,194	48,807,447	0.66%
2020 - 2021	46,638,091	46,947,587	-1.54%
Five year average actual over (under) budget			-0.02%

The following schedule shows a five-year comparison of the general fund expenditures and other financing uses final budget versus actual results:

Fiscal Year	Expenditures and Other Financing Uses		
	Budget	Actual	Variance
2024 - 2025	\$ 58,778,500	\$ 58,357,332	-0.72%
2023 - 2024	56,708,602	55,909,568	-1.41%
2022 - 2023	55,860,678	54,517,926	-2.40%
2021 - 2022	47,560,469	46,446,051	-2.34%
2020 - 2021	42,355,966	41,534,344	-1.94%
Five year average actual over (under) budget			-1.76%

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



Capital and Intangible Assets and Debt Administration

1. Capital Assets

At June 30, 2025 the District had \$132,560,426 invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings, various furniture and equipment, right to use – subscription-based IT, and vehicles. This amount represents a net decrease of \$3,365,316 due to depreciation/amortization and disposals exceeding fiscal year capital asset additions.

The following schedule shows the net book value of the District's capital assets by class type:

	2025			2024
	Cost	Accumulated Depreciation/ amortization	Net Book Value	Net Book Value
Land	\$ 480,535	\$ -	\$ 480,535	\$ 480,535
Construction in progress	2,343,065	-	2,343,065	677,327
Land improvements	26,514,557	12,824,586	13,689,971	14,850,835
Building and additions	162,924,893	50,977,386	111,947,507	115,492,305
Furniture and equipment	10,223,610	6,323,857	3,899,753	4,107,172
Right to use - subscription-based IT	405,624	295,070	110,554	208,911
Transportation equipment	405,135	316,094	89,041	108,657
Total	<u>\$ 203,297,419</u>	<u>\$ 70,736,993</u>	<u>\$ 132,560,426</u>	<u>\$ 135,925,742</u>

2. Long-term Obligations

At June 30, 2025 the District had \$113,549,323 in general obligation debt outstanding versus \$103,545,854 at June 30, 2024.

The state limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within the School District's boundaries. The District's outstanding general obligation debt is significantly below this statutorily imposed limit.

Factors Bearing on the District's Future

Our elected officials and administration consider many factors when developing the District's fiscal year budget. The following items could significantly impact the District's financial health in the future:

- **Student Enrollment:** State Aid Foundation revenue received is driven by the District's blended student count. A total of 90% of the blended count is not known until the first Wednesday of October 2025. The District is projecting an enrollment increase of 25 students for fiscal year 2025-2026.
- **Foundation Allowance:** The State of Michigan has not passed a School Aid Fund for the fiscal year 2025-2026. The District's 2025-2026 Original Budget included a \$392 per pupil increase in the foundation allowance.

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



- **Section 31aa Funding:** The State of Michigan has not passed a School Aid Fund budget that funds section 31aa (Mental Health Grant). The District's 2025-2026 Section 31aa allocation is estimated to be reduced by \$366,000 from the 2024-2025 allocation.
- **Retirement Rate:** The State retirement rate that is most applicable to District employees is 29.91%, effective October 1, 2025, that is charged to districts to fund the retirement system. In addition, the State charges and funds a stabilization rate which is projected to be 15.21% for fiscal year 2025-2026. The ability of the state to continue to subsidize the stabilization rate remains a concern.
- **Ingham Intermediate School District Special Education Funding Distribution Plan:** Ingham ISD Board of Education approved changes to the distribution of special education funding to LEAs beginning with fiscal year 2025-2026. Changes to the distribution plan are estimated to reduce the District's funding by \$317,000 in 2025-26 and increase funding by \$483,000 in 2026-27, resulting in a net increase of \$166,000 upon full implementation.
- **Employee Contracts:** The District has three collectively bargained agreements (CBAs). The most significant, from a financial perspective, is the East Lansing Education Association (ELEA). The ELEA's CBA was approved by the board on September 8, 2025 and shall continue in effect until June 30, 2028.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances. If you have questions about this report, or need additional financial information, please contact the Business Office, School District of the City of East Lansing, 501 Burcham Drive, East Lansing, MI 48823.

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,135,195
Receivables	
Accounts receivable	48,782
Interest receivable	52,493
Taxes receivable	115,970
Intergovernmental	6,932,776
Inventories	135,818
Prepays	342,823
Restricted cash - capital projects	21,692,666
Net other postemployment benefits asset	10,365,026
Capital assets not being depreciated	2,823,600
Capital assets, net of accumulated depreciation/amortization	<u>129,736,826</u>
TOTAL ASSETS	<u>189,381,975</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	3,122,188
Related to pensions	<u>22,020,908</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>25,143,096</u>
LIABILITIES	
Accounts payable	1,039,200
Accrued salaries and related items	3,665,475
Accrued retirement	1,889,442
Accrued interest	575,292
Unearned revenue	599,960
Noncurrent obligations	
Due within one year	6,323,874
Due in more than a year	109,296,213
Net pension liability	<u>58,247,901</u>
TOTAL LIABILITIES	<u>181,637,357</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	13,215,197
Related to pensions	16,285,469
Related to state aid funding for pension	3,254,226
Related to gain on refunding	<u>1,812,702</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,567,594</u>
NET POSITION	
Net investment in capital assets	40,044,985
Restricted for food service	546,960
Restricted for capital projects (sinking fund)	1,143,335
Restricted for debt service	55,961
Restricted for net other postemployment benefits	10,365,026
Unrestricted	<u>(53,836,147)</u>
TOTAL NET POSITION	<u><u>\$ (1,679,880)</u></u>

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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	\$ 27,647,896	\$ -	\$ 14,892,216	\$ (12,755,680)
Support services	22,425,903	95,943	395,904	(21,934,056)
Community services	33,360	-	1,441	(31,919)
Food services	2,125,341	35,900	2,177,104	87,663
Student/school activities	614,779	-	609,040	(5,739)
Interest on long-term debt	4,177,067	-	-	(4,177,067)
Gain on disposal of capital assets	(1,039)	-	-	1,039
Unallocated depreciation	6,255,729	-	-	(6,255,729)
Total governmental activities	<u>\$ 63,279,036</u>	<u>\$ 131,843</u>	<u>\$ 18,075,705</u>	<u>(45,071,488)</u>
General revenues				
Property taxes, levied for general purposes				12,390,336
Property taxes, levied for debt service				9,796,195
Property taxes, levied for sinking fund				1,490,510
Investment earnings				1,111,341
State sources				23,928,393
Intermediate sources				5,866,994
Other				459,852
Total general revenues				<u>55,043,621</u>
CHANGE IN NET POSITION				<u>9,972,133</u>
NET POSITION, beginning of the year as previously reported				(10,655,336)
Adjustments to beginning net position				<u>(996,677)</u>
NET POSITION, beginning of year as restated				<u>(11,652,013)</u>
NET POSITION, end of year				<u>\$ (1,679,880)</u>

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	2025 Capital Projects Fund	2024 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 14,536,219	\$ -	\$ -	\$ 1,157,555	\$ 1,441,421	\$ 17,135,195
Receivables						
Accounts receivable	48,772	-	-	-	10	48,782
Interest receivable	52,493	-	-	-	-	52,493
Taxes receivable	114,496	-	-	190	1,284	115,970
Intergovernmental	6,645,730	-	-	-	287,046	6,932,776
Inventories	12,508	-	-	-	123,310	135,818
Prepays	241,162	-	-	-	101,661	342,823
Restricted cash	-	18,804,413	2,888,253	-	-	21,692,666
TOTAL ASSETS	\$ 21,651,380	\$ 18,804,413	\$ 2,888,253	\$ 1,157,745	\$ 1,954,732	\$ 46,456,523
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 368,476	\$ 129,284	\$ 439,967	\$ 14,410	\$ 87,063	\$ 1,039,200
Accrued salaries and related items	3,665,475	-	-	-	-	3,665,475
Accrued retirement	1,889,442	-	-	-	-	1,889,442
Unearned revenue	565,976	-	-	-	33,984	599,960
TOTAL LIABILITIES	6,489,369	129,284	439,967	14,410	121,047	7,194,077
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	213,355	-	-	-	-	213,355
FUND BALANCES						
Nonspendable						
Inventories	12,508	-	-	-	123,310	135,818
Prepays	241,162	-	-	-	101,661	342,823

See notes to financial statements.

	General Fund	2025 Capital Projects Fund	2024 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (continued)						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 631,253	\$ 631,253
Capital projects	-	18,675,129	2,448,286	1,143,335	-	22,266,750
Food service	-	-	-	-	485,930	485,930
Committed						
Student/school activities	-	-	-	-	491,531	491,531
Assigned for subsequent year expenditures	1,455,704	-	-	-	-	1,455,704
Unassigned general fund	13,239,282	-	-	-	-	13,239,282
TOTAL FUND BALANCES	14,948,656	18,675,129	2,448,286	1,143,335	1,833,685	39,049,091
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 21,651,380	\$ 18,804,413	\$ 2,888,253	\$ 1,157,745	\$ 1,954,732	\$ 46,456,523
Total governmental fund balances						\$ 39,049,091
Amounts reported for governmental activities in the statement of net position are different because:						
Deferred outflows of resources - related to pensions						22,020,908
Deferred outflows of resources - related to other postemployment benefits						3,122,188
Deferred inflows of resources - related to pensions						(16,285,469)
Deferred inflows of resources - related to other postemployment benefits						(13,215,197)
Deferred inflows of resources - related to state funding for pension						(3,254,226)
Deferred inflows of resources - related to gain on refunding						(1,812,702)
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						10,365,026
Capital assets used in governmental activities are not financial resources and are not reported in the funds:						
The cost of the capital assets is					\$ 203,297,418	
Accumulated depreciation/amortization is					(70,736,992)	
						132,560,426
Revenue not recorded in the funds due to not being collected until after September 1st:						
Deferred inflows - Special education payment due from IISD						100,000
Deferred inflows - Property taxes due from State						113,355
Long-term liabilities are not due and payable in the current period and are not reported in the funds:						
Bonds and notes payable						(113,638,856)
Compensated absences and termination benefits						(1,981,231)
Accrued interest is not included as a liability in government funds, it is recorded when paid						(575,292)
Net pension liability						(58,247,901)
Net position of governmental activities						\$ (1,679,880)

See notes to financial statements.

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

	General Fund	2025 Capital Projects Fund	2024 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources						
Property taxes	\$ 12,276,981	\$ -	\$ -	\$ 1,490,510	\$ 9,796,195	\$ 23,563,686
Investment earnings	806,461	25,082	167,142	-	112,656	1,111,341
Food sales and athletics	95,943	-	-	-	35,900	131,843
Student/school activities	-	-	-	-	609,040	609,040
Other	316,540	-	-	-	-	316,540
Total local sources	13,495,925	25,082	167,142	1,490,510	10,553,791	25,732,450
State sources	36,914,800	-	-	-	855,734	37,770,534
Federal sources	898,729	-	-	-	1,321,370	2,220,099
Incoming transfers and other	6,010,306	-	-	-	-	6,010,306
TOTAL REVENUES	57,319,760	25,082	167,142	1,490,510	12,730,895	71,733,389
EXPENDITURES						
Current						
Instruction	32,647,224	-	-	-	-	32,647,224
Supporting services	25,609,986	-	-	-	-	25,609,986
Food service activities	-	-	-	-	2,126,536	2,126,536
Student/school activities	-	-	-	-	614,779	614,779
Community service activities	33,360	-	-	-	-	33,360
Capital outlay	-	129,284	2,214,084	942,484	32,758	3,318,610

See notes to financial statements.

	General Fund	2025 Capital Projects Fund	2024 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)						
Debt service						
Principal repayment	\$ 60,751	\$ -	\$ -	\$ -	\$ 5,505,000	\$ 5,565,751
Interest	6,011	-	-	-	4,291,325	4,297,336
Issuance costs	-	169,180	-	-	117,986	287,166
Other costs	-	-	2,797	1,109	9,172	13,078
	<u>58,357,332</u>	<u>298,464</u>	<u>2,216,881</u>	<u>943,593</u>	<u>12,697,556</u>	<u>74,513,826</u>
TOTAL EXPENDITURES						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,037,572)</u>	<u>(273,382)</u>	<u>(2,049,739)</u>	<u>546,917</u>	<u>33,339</u>	<u>(2,780,437)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	18,240,000	-	-	12,060,000	30,300,000
Premium on refunding bonds issued	-	-	-	-	271,303	271,303
Payment to refunded bond escrow agent	-	-	-	-	(12,516,317)	(12,516,317)
Premium on bond issuance	-	708,511	-	-	-	708,511
Proceeds from sale of capital assets	25,360	-	-	-	-	25,360
	<u>25,360</u>	<u>18,948,511</u>	<u>-</u>	<u>-</u>	<u>(185,014)</u>	<u>18,788,857</u>
TOTAL OTHER FINANCING SOURCES (USES)						
NET CHANGE IN FUND BALANCES	(1,012,212)	18,675,129	(2,049,739)	546,917	(151,675)	16,008,420
FUND BALANCES						
Beginning of year	<u>15,960,868</u>	<u>-</u>	<u>4,498,025</u>	<u>596,418</u>	<u>1,985,360</u>	<u>23,040,671</u>
End of year	<u>\$ 14,948,656</u>	<u>\$ 18,675,129</u>	<u>\$ 2,448,286</u>	<u>\$ 1,143,335</u>	<u>\$ 1,833,685</u>	<u>\$ 39,049,091</u>

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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 **\$ 16,008,420**

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

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(6,255,729)
Capital outlay	2,914,734
Net book value of assets disposed	(24,321)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of the year	689,550
Accrued interest payable, end of the year	(575,292)

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 resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas 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:

Payment to bond escrow agent	12,516,317
Proceeds from bond issuance	(30,300,000)
Payments on debt	5,565,751
Premium on issuance of bonds	(708,511)
Premium on issuance of refunding bonds	(271,303)
Amortization of deferred charges on refunding	(75,641)
Amortization of bond premium	1,064,136

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:

Deferred inflows - unavailable revenue, beginning of the year	(100,000)
Deferred inflows - unavailable revenue, end of the year	213,355

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 and termination benefits, as restated, beginning of the year	1,916,738
Accrued compensated absences and termination benefits, end of the year	(1,981,231)

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	3,685,753
Pension related items	4,284,982

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:

State aid funding for pension, beginning of year	4,658,651
State aid funding for pension, end of year	(3,254,226)

Change in net position of governmental activities	\$ 9,972,133
--	---------------------

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

	<u>Custodial</u>
ASSETS	
Cash	<u>\$ 56,512</u>
NET POSITION	
Restricted for student organizations	<u>\$ 56,512</u>

See notes to financial statements.

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

	<u>Custodial</u>
ADDITIONS	
Student activity income	<u>\$ 9,359</u>
DEDUCTIONS	
Payments made on behalf of student organizations	<u> 500</u>
NET POSITION	
Beginning of year	<u> 47,653</u>
End of year	<u><u> \$ 56,512</u></u>

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The School District of the City of East Lansing (the "District") is governed by the School District of the City of East Lansing's 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.

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.

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 *2025 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

The *2024 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The *2019 Sinking Fund* 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(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

	2025 Capital Projects	2024 Capital Projects
Revenue, not including proceeds	\$ 25,082	\$ 170,146
Expenditures and transfers	\$ 298,464	\$ 2,364,790

The above revenue figures do not include total 2025 and 2024 bond proceeds and premiums of \$18,948,511 and \$4,642,930, respectively.

The District reports the following *Other Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in special revenue funds.

The *2015 Refunding Debt Service Fund, 2017 Debt Service Fund, 2020 Debt Service Fund* and *2024 Debt Service Fund* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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 direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

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

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

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 the 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 and subscription based IT arrangements are reported as other financing sources.

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

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. 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 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 are re-appropriated and become part of the subsequent year's budget.

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30, 2025. Although the district does consider these amendments to be significant, they were deemed necessary due to considerable uncertainty at the time the original budget was adopted.

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

Cash and Cash Equivalents

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

Investments

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

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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)

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 Prepaid Items

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 \$10,000 and an estimated useful life in excess of 2 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 if any 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 capital assets 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	20 - 50 years
Furniture and equipment	5 - 20 years
Land improvements	15 - 20 years
Right to use - subscription-based IT	3-6 years
Vehicles	8 years

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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 liability and net 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 the pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has five items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability (asset) and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, 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 fifth item is deferred gain on refunding which represents the difference between the net proceeds from the refunding bonds issued and the amounts refunded that were removed from the District's financial statements.

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.

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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 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 has committed and adopted a minimum fund balance policy. In the general fund, the District strives to maintain a fund balance to be 10% of the actual GAAP basis expenditures and other financing uses.

Subscription-based IT Arrangements (SBITA)

Subscriber: The District is a subscriber for a noncancelable subscription of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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)

Subscription-based IT Arrangements (SBITA) (continued)

Key estimates and judgements related to leases included how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) 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 SBITA.
- The SBITA term includes the noncancelable period of the subscription. SBITA payments included in the measurement of the 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 SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and 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 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 date is September 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2025 the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	6.3000
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9956

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences and Termination Benefits

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 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, \$39,471,024 of the District's bank balance of \$39,721,024 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$38,884,373.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

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.

Foreign Currency Risk

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

Fair Value Measurement

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

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

The 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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

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

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 17,135,195	\$ 56,512	\$ 17,191,707
Restricted cash - capital projects	21,692,666	-	21,692,666
	<u>\$ 38,827,861</u>	<u>\$ 56,512</u>	<u>\$ 38,884,373</u>

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2025 consist of the following:

Intergovernmental	
State aid	\$ 6,381,961
Federal revenue	409,108
Ingham Intermediate School District	<u>141,707</u>
	<u>\$ 6,932,776</u>

No allowance for doubtful accounts is considered necessary.

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets at June 30, 2025 is as follows:

	Balance July 1, 2024	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2025
Capital assets not being depreciated/amortized				
Land	\$ 480,535	\$ -	\$ -	\$ 480,535
Construction in progress	677,327	2,343,065	677,327	2,343,065
Total capital assets not being depreciated/amortized	1,157,862	2,343,065	677,327	2,823,600
Capital assets being depreciated/amortized				
Land improvements	26,470,576	63,790	19,809	26,514,557
Buildings and additions	162,242,460	798,074	115,641	162,924,893
Furniture and equipment	10,238,909	387,132	402,431	10,223,610
Right to use - subscription-based IT	405,624	-	-	405,624
Vehicles	405,135	-	-	405,135
Total capital assets being depreciated/amortized	199,762,704	1,248,996	537,881	200,473,819
Accumulated depreciation/amortization				
Land improvements	11,619,741	1,224,654	19,809	12,824,586
Building and improvements	46,750,155	4,324,726	97,495	50,977,386
Furniture and equipment	6,131,737	588,376	396,256	6,323,857
Right to use - subscription-based IT	196,713	98,357	-	295,070
Vehicles	296,478	19,616	-	316,094
Total accumulated depreciation/amortization	64,994,824	6,255,729	513,560	70,736,993
Net capital assets being depreciated/amortized	134,767,880	(5,006,733)	24,321	129,736,826
Net governmental capital assets	<u>\$ 135,925,742</u>	<u>\$ (2,663,668)</u>	<u>\$ 701,648</u>	<u>\$ 132,560,426</u>

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$6,255,729. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2025.

	General Obligation Bonds	Compensated Absences*	Direct Borrowings and Direct Placements	Total
Balance, July 1, 2024, as restated	\$ 103,545,854	\$ 1,916,738	\$ 150,284	\$ 105,612,876
Additions	31,279,814	64,493	-	31,344,307
Deletions	<u>(21,276,345)</u>	<u>-</u>	<u>(60,751)</u>	<u>(21,337,096)</u>
Balance, June 30, 2025	113,549,323	1,981,231	89,533	115,620,087
Due within one year	<u>(6,065,000)</u>	<u>(198,123)</u>	<u>(60,751)</u>	<u>(6,323,874)</u>
Due in more than one year	<u>\$ 107,484,323</u>	<u>\$ 1,783,108</u>	<u>\$ 28,782</u>	<u>\$ 109,296,213</u>

*The change in the compensated absences liability is presented as a net change.

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations at June 30, 2025 are comprised of the following issues:

General Obligation Bonds

2017 Building and site bonds due in annual installments of \$2,200,000 to \$2,920,000 through May 1, 2042, with interest rates from 4% to 5%.	\$ 47,675,000
2020 Building and site bonds due in annual installments of \$980,000 to \$1,045,000 through May 1, 2044, with interest rates from 4% to 5%.	19,250,000
2024 Building and site bonds due in annual installments of \$340,000 to \$820,000 through May 1, 2033, with an interest rate of 4%.	4,545,000
2025 Building and site bonds due in annual installments of \$2,415,000 to \$5,740,000 through May 1, 2033, with an interest rate of 4%.	30,300,000
Plus issuance premium	<u>11,779,323</u>
Total general obligation bonds	<u>113,549,323</u>

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Direct Borrowing and Direct Placement

SBITA - During the 2024 fiscal year, the District entered into a SBITA agreement. An initial liability was recorded in the amount of \$206,933 during the current fiscal year. Due in annual installments of \$42,971 to \$48,425 with an imputed interest rate of 4%.

\$ 89,533

Compensated Absences

1,981,231

Total general long-term obligations

\$ 115,620,087

On June 18, 2025, the School District of the City of East Lansing issued building and site and refunding bonds for a total of \$30,300,000, of which \$12,060,000 was used to repay 2015 refunding bonds. The serial bonds have an interest rate of 4.00% and mature at various times through May 1, 2033. The refunding bonds were issued with a premium of \$271,303, the net proceeds were \$12,516,317. The net proceeds from the issuance of the refunding bonds were used to pay down the 2015 refunding debt. As a result of the advanced refunding, the District reduced its total debt service requirements by \$541,258 which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$483,954.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$27,825,000 of bonds outstanding are considered defeased.

The annual requirements to amortize the long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2025 are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing and Direct Placements		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2026	\$ 6,065,000	\$ 4,505,517	\$ 42,971	\$ 3,581	\$ -	\$ 10,617,069
2027	6,205,000	4,421,150	46,562	1,862	-	10,674,574
2028	6,865,000	4,172,950	-	-	-	11,037,950
2029	7,565,000	3,873,700	-	-	-	11,438,700
2030	8,335,000	3,533,100	-	-	-	11,868,100
2031-2035	37,035,000	11,815,700	-	-	-	48,850,700
2036-2040	19,700,000	5,457,000	-	-	-	25,157,000
2041-2044	10,000,000	959,250	-	-	-	10,959,250
	101,770,000	38,738,367	89,533	5,443	-	140,603,343
Issuance premium	11,779,323	-	-	-	-	11,779,323
Compensated absences and termination benefits	-	-	-	-	1,981,231	1,981,231
	<u>\$ 113,549,323</u>	<u>\$ 38,738,367</u>	<u>\$ 89,533</u>	<u>\$ 5,443</u>	<u>\$ 1,981,231</u>	<u>\$ 154,363,897</u>

Interest expense (all funds) for the year ended June 30, 2025 was approximately \$4,297,000.

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - 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%.

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - 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 \$11,145,000. Of the total pension contributions approximately \$10,733,000 was contributed to fund the Defined Benefit Plan and approximately \$412,000 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 \$367,000. Of the total OPEB contributions approximately \$138,000 was contributed to fund the Defined Benefit Plan and approximately \$229,000 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).

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net pension liability was measured as of September 30, 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>MPERS (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	0.23792%	0.22811%
Net Pension Liability for the District	\$ 58,247,901	\$ 73,829,250

For the year ended June 30, 2025, the District recognized pension expense of \$6,447,706.

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	\$ 6,072,689	\$ 4,267,729
Net difference between projected and actual pension plan investments earnings	-	11,116,169
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,417,336	268,700
Differences between expected and actual experience	1,580,307	632,871
Reporting Unit's contributions subsequent to the measurement date	9,950,576	-
	<u>\$ 22,020,908</u>	<u>\$ 16,285,469</u>

\$9,950,576, 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, and 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:

<u>June 30,</u>	<u>Amount</u>
2026	\$ (342,368)
2027	1,811,838
2028	(3,095,908)
2029	<u>(2,588,699)</u>
	<u>\$ (4,215,137)</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 benefit liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net other postemployment benefit liability (asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.24080%	0.23565%
Net other postemployment benefit liability (asset) for the District	\$ (10,365,026)	\$ (1,333,059)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$3,547,468.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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
Differences between expected and actual experience	\$ -	\$ 10,983,762
Changes of assumptions	2,263,871	260,213
Net difference between projected and actual earnings on OPEB plan investments	-	1,962,218
Changes in proportion and differences between employer contributions and proportionate share of contributions	788,288	9,004
Employer contributions subsequent to the measurement date	70,029	-
	<u>\$ 3,122,188</u>	<u>\$ 13,215,197</u>

\$70,029, 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 Ending June 30,	Amount
2026	\$ (3,332,371)
2027	(1,966,792)
2028	(1,949,929)
2029	(1,769,029)
2030	(956,978)
2031	(187,939)
	<u>\$ (10,163,038)</u>

Actuarial Assumptions

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

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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	25.00%	5.3%
International Equity Pools	15.00%	6.5%
Private Equity Pools	16.00%	9.0%
Real Estate and Infrastructure Pools	10.00%	7.1%
Fixed Income Pools	13.00%	2.2%
Absolute Return Pools	9.00%	5.2%
Real Return/Opportunistic Pools	10.00%	6.9%
Short Term Investment Pools	2.00%	1.4%
	100.00%	

* 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.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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>\$ 85,392,048</u>	<u>\$ 58,247,901</u>	<u>\$ 35,645,175</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 benefit liability (asset)	<u>\$ (8,010,177)</u>	<u>\$ (10,365,026)</u>	<u>\$ (12,401,041)</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% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	<u>\$ (12,401,063)</u>	<u>\$ (10,365,026)</u>	<u>\$ (8,181,387)</u>

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position (continued)

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 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage.

In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2025 or any of the prior 3 years.

NOTE 8 - 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 East Lansing	\$ 1,234,159
City of Lansing	<u>30,414</u>
Total	<u><u>\$ 1,264,573</u></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.

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS

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 - 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;
- 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

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.

NOTE 11 - 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.

NOTE 12 - ADJUSTMENTS TO BEGINNING NET POSITION

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

	Governmental Activities
Net position, as previously reported	\$ (10,655,336)
Change in accounting principle (GASB 101)	<u>(996,677)</u>
Net position, as restated	<u><u>\$ (11,652,013)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 13,659,632	\$ 13,372,049	\$ 13,495,925	\$ 123,876
State sources	34,920,750	37,160,666	36,914,800	(245,866)
Federal sources	797,085	1,004,045	898,729	(105,316)
Incoming transfers and other	5,433,559	6,074,234	6,010,306	(63,928)
TOTAL REVENUES	54,811,026	57,610,994	57,319,760	(291,234)
EXPENDITURES				
Current				
Instruction				
Basic programs	23,649,226	24,532,506	24,401,077	131,429
Added needs	8,562,240	8,604,544	8,246,147	358,397
Total instruction	32,211,466	33,137,050	32,647,224	489,826
Supporting services				
Pupil	4,933,141	5,070,752	4,970,185	100,567
Instructional staff	3,977,048	3,968,802	3,852,451	116,351
General administration	524,562	638,663	658,490	(19,827)
School administration	3,122,791	3,155,866	3,202,801	(46,935)
Business	995,689	1,600,024	1,620,514	(20,490)
Operation/maintenance	6,671,939	6,766,785	7,057,036	(290,251)
Pupil transportation	1,818,796	1,849,222	1,867,259	(18,037)
Central	1,377,886	1,419,359	1,316,796	102,563
Athletics	1,061,284	1,100,282	1,064,454	35,828
Total supporting services	24,483,136	25,569,755	25,609,986	(40,231)
Community services	41,396	50,025	33,360	16,665
Debt service	21,670	21,670	66,762	(45,092)
TOTAL EXPENDITURES	56,757,668	58,778,500	58,357,332	421,168
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,946,642)	(1,167,506)	(1,037,572)	129,934
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	25,000	25,000	25,360	360
NET CHANGE IN FUND BALANCE	\$ (1,921,642)	\$ (1,142,506)	(1,012,212)	\$ 130,294
FUND BALANCE				
Beginning of year			15,960,868	
End of year			<u>\$ 14,948,656</u>	

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
REQUIRED SUPPLEMENTARY INFORMATION
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)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Reporting Unit's proportion of net pension liability (%)	0.23792%	0.22811%	0.21601%	0.21723%	0.21488%	0.21167%	0.21426%	0.21939%	0.21837%	0.21480%
Reporting Unit's proportionate share of net pension liability	<u>\$ 58,247,901</u>	<u>\$ 73,829,250</u>	<u>\$ 81,239,738</u>	<u>\$ 51,430,885</u>	<u>\$ 73,813,387</u>	<u>\$ 70,097,391</u>	<u>\$ 64,411,434</u>	<u>\$ 56,853,910</u>	<u>\$ 54,481,960</u>	<u>\$ 52,465,688</u>
Reporting Unit's covered-employee payroll	<u>\$ 25,440,824</u>	<u>\$ 23,568,798</u>	<u>\$ 21,472,220</u>	<u>\$ 19,768,312</u>	<u>\$ 19,238,765</u>	<u>\$ 18,626,250</u>	<u>\$ 17,883,246</u>	<u>\$ 18,372,230</u>	<u>\$ 18,594,479</u>	<u>\$ 17,927,386</u>
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	228.95%	313.25%	378.35%	260.17%	383.67%	376.34%	360.18%	309.46%	293.00%	292.66%
Plan fiduciary net position as a percentage of total pension liability (Non-university employee)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 10,732,688	\$ 9,757,786	\$ 10,227,898	\$ 7,224,865	\$ 6,300,939	\$ 5,834,186	\$ 5,549,581	\$ 5,700,705	\$ 5,129,913	\$ 4,676,809
Contributions in relation to statutorily required contributions	<u>10,732,688</u>	<u>9,757,786</u>	<u>10,227,898</u>	<u>7,224,865</u>	<u>6,300,939</u>	<u>5,834,186</u>	<u>5,549,581</u>	<u>5,700,705</u>	<u>5,129,913</u>	<u>4,676,809</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	<u>\$ 26,699,052</u>	<u>\$ 25,100,644</u>	<u>\$ 23,721,775</u>	<u>\$ 21,142,037</u>	<u>\$ 19,193,974</u>	<u>\$ 19,166,115</u>	<u>\$ 18,410,181</u>	<u>\$ 17,992,654</u>	<u>\$ 18,395,718</u>	<u>\$ 16,608,983</u>
Contributions as a percentage of covered-employee payroll	40.20%	38.87%	43.12%	34.17%	32.83%	30.44%	30.14%	31.68%	27.89%	28.16%

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
REQUIRED SUPPLEMENTARY INFORMATION
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)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability/asset (%)	0.24080%	0.23565%	0.22062%	0.21883%	0.21683%	0.21337%	0.21015%	0.21979%
Reporting Unit's proportionate share of net OPEB liability (asset)	<u>\$ (10,365,026)</u>	<u>\$ (1,333,059)</u>	<u>\$ 4,672,777</u>	<u>\$ 3,340,181</u>	<u>\$ 11,616,267</u>	<u>\$ 15,315,292</u>	<u>\$ 16,704,498</u>	<u>\$ 19,463,607</u>
Reporting Unit's covered-employee payroll	<u>\$ 25,440,824</u>	<u>\$ 23,568,798</u>	<u>\$ 21,472,220</u>	<u>\$ 19,768,312</u>	<u>\$ 19,238,765</u>	<u>\$ 18,626,250</u>	<u>\$ 17,883,246</u>	<u>\$ 18,372,230</u>
Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll	40.74%	5.66%	21.76%	16.90%	60.38%	82.22%	93.41%	105.94%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employee)	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.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 138,285	\$ 2,100,960	\$ 1,875,794	\$ 1,747,015	\$ 1,651,425	\$ 1,647,518	\$ 1,541,169	\$ 1,599,006
Contributions in relation to statutorily required contributions	<u>138,285</u>	<u>2,100,960</u>	<u>1,875,794</u>	<u>1,747,015</u>	<u>1,651,425</u>	<u>1,647,518</u>	<u>1,541,169</u>	<u>1,599,006</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	<u>\$ 26,699,052</u>	<u>\$ 25,100,644</u>	<u>\$ 23,721,775</u>	<u>\$ 21,142,037</u>	<u>\$ 19,193,974</u>	<u>\$ 19,166,115</u>	<u>\$ 18,410,181</u>	<u>\$ 17,992,654</u>
Contributions as a percentage of covered-employee	0.52%	8.37%	7.91%	8.26%	8.60%	8.60%	8.37%	8.89%

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
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 65. 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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
YEAR ENDED JUNE 30, 2025**

LOCAL SOURCES	
Property taxes	\$ 12,276,981
Investment earnings	806,461
Other local revenue	316,540
Athletics	<u>95,943</u>
TOTAL LOCAL SOURCES	<u>13,495,925</u>
STATE SOURCES	
Foundation grant	11,595,909
Special education	2,497,608
Other state revenue	<u>22,821,283</u>
TOTAL STATE SOURCES	<u>36,914,800</u>
FEDERAL SOURCES	
Title I	527,887
Title II	95,418
Title III	50,046
Other federal revenue	<u>225,378</u>
TOTAL FEDERAL SOURCES	<u>898,729</u>
INCOMING TRANSFERS AND OTHER TRANSACTIONS	
Special education	5,831,675
Other	<u>178,631</u>
TOTAL INCOMING TRANSFERS AND OTHER TRANSACTIONS	<u>6,010,306</u>
TOTAL REVENUES	<u>57,319,760</u>
OTHER FINANCING SOURCES	
Proceeds from sale of capital assets	<u>25,360</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 57,345,120</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2025**

INSTRUCTION

Basic programs

Elementary

Salaries	\$ 6,119,396
Benefits	4,393,256
Purchased services	17,679
Supplies and materials	143,929
Capital outlay	20,626
Other expenses	<u>466,707</u>

Total elementary	<u>11,161,593</u>
------------------	-------------------

Middle school

Salaries	2,710,931
Benefits	1,869,308
Purchased services	25,851
Supplies and materials	58,140
Capital outlay	35,600
Other expenses	<u>141,434</u>

Total middle school	<u>4,841,264</u>
---------------------	------------------

High school

Salaries	3,985,745
Benefits	2,734,548
Purchased services	433,413
Supplies and materials	117,951
Capital outlay	9,155
Other expenses	<u>390,985</u>

Total high school	<u>7,671,797</u>
-------------------	------------------

Pre-school

Salaries	231,139
Benefits	171,722
Supplies and materials	21,910
Capital outlay	1,260
Other expenses	<u>3,432</u>

Total pre-school	<u>429,463</u>
------------------	----------------

Summer school

Salaries	188,603
Benefits	104,305
Supplies and materials	<u>4,052</u>

Total summer school	<u>296,960</u>
---------------------	----------------

Total basic programs	<u>24,401,077</u>
----------------------	-------------------

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2025**

INSTRUCTION (continued)

Added needs

Special education

Salaries	\$ 2,872,943
Benefits	2,090,906
Purchased services	93,093
Supplies and materials	22,932
Capital outlay	3,013
Other expenses	<u>855,645</u>

Total special education	<u>5,938,532</u>
-------------------------	------------------

Compensatory education

Salaries	1,311,653
Benefits	962,108
Purchased services	19,296
Supplies and materials	2,135
Other expenses	<u>12,423</u>

Total compensatory education	<u>2,307,615</u>
------------------------------	------------------

Total added needs	<u>8,246,147</u>
-------------------	------------------

TOTAL INSTRUCTION	<u>32,647,224</u>
-------------------	-------------------

SUPPORTING SERVICES

Pupil services

Salaries	2,515,706
Benefits	1,681,218
Purchased services	87,772
Supplies and materials	33,237
Capital outlay	2,175
Other expenses	<u>650,077</u>

Total pupil services	<u>4,970,185</u>
----------------------	------------------

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2025**

SUPPORTING SERVICES (continued)

Instructional staff services	
Salaries	\$ 1,973,926
Benefits	1,360,453
Purchased services	143,427
Supplies and materials	232,870
Capital outlay	6,046
Other expenses	<u>135,729</u>
Total instructional staff services	<u>3,852,451</u>
General administration	
Salaries	313,077
Benefits	205,075
Purchased services	109,280
Supplies and materials	20,594
Capital outlay	748
Other expenses	<u>9,716</u>
Total general administration	<u>658,490</u>
School administration	
Salaries	1,827,034
Benefits	1,284,569
Purchased services	49,400
Supplies and materials	30,184
Capital outlay	1,398
Other expenses	<u>10,216</u>
Total school administration	<u>3,202,801</u>
Business services	
Salaries	555,238
Benefits	339,811
Purchased services	144,525
Supplies and materials	16,778
Capital outlay	200
Other expenses	<u>563,962</u>
Total business services	<u>1,620,514</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2025**

SUPPORTING SERVICES (continued)

Operations and maintenance	
Salaries	\$ 2,127,251
Benefits	1,463,861
Purchased services	1,155,741
Supplies and materials	2,103,827
Capital outlay	116,016
Other expenses	<u>90,340</u>
Total operations and maintenance	<u>7,057,036</u>
Transportation	
Salaries	36,314
Benefits	3,084
Purchased services	29,044
Supplies and materials	71,072
Other expenses	<u>1,727,745</u>
Total transportation	<u>1,867,259</u>
Central services	
Salaries	529,883
Benefits	353,337
Purchased services	368,010
Supplies and materials	5,911
Capital outlay	26,875
Other expenses	<u>32,780</u>
Total central services	<u>1,316,796</u>
Athletics	
Salaries	482,105
Benefits	285,580
Purchased services	116,656
Supplies and materials	67,859
Capital outlay	68,478
Other expenses	<u>43,776</u>
Total athletics	<u>1,064,454</u>
TOTAL SUPPORTING SERVICES	<u><u>\$ 25,609,986</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2025**

COMMUNITY SERVICES	
Purchased services	\$ 26,940
Supplies and materials	<u>6,420</u>
TOTAL COMMUNITY SERVICES	<u>33,360</u>
DEBT SERVICE	<u>66,762</u>
TOTAL EXPENDITURES	<u><u>\$ 58,357,332</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2025**

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 811,452	\$ 629,969	\$ 1,441,421
Accounts receivable	10	-	10
Taxes receivable	-	1,284	1,284
Intergovernmental	287,046	-	287,046
Prepays	100,495	1,166	101,661
Inventories	123,310	-	123,310
	<u>123,310</u>	<u>-</u>	<u>123,310</u>
TOTAL ASSETS	<u><u>\$ 1,322,313</u></u>	<u><u>\$ 632,419</u></u>	<u><u>\$ 1,954,732</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 87,063	\$ -	\$ 87,063
Unearned revenue	33,984	-	33,984
	<u>33,984</u>	<u>-</u>	<u>33,984</u>
TOTAL LIABILITIES	<u>121,047</u>	<u>-</u>	<u>121,047</u>
FUND BALANCES			
Nonspendable			
Prepays	100,495	1,166	101,661
Inventories	123,310	-	123,310
Restricted for:			
Debt service	-	631,253	631,253
Food service	485,930	-	485,930
Committed	491,531	-	491,531
	<u>491,531</u>	<u>-</u>	<u>491,531</u>
TOTAL FUND BALANCES	<u>1,201,266</u>	<u>632,419</u>	<u>1,833,685</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,322,313</u></u>	<u><u>\$ 632,419</u></u>	<u><u>\$ 1,954,732</u></u>

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

	Special Revenue	Debt Service	Total Nonmajor Funds
REVENUES			
Local sources			
Property taxes	\$ -	\$ 9,796,195	\$ 9,796,195
Investment earnings	-	112,656	112,656
Food sales	35,900	-	35,900
Student/school activities	609,040	-	609,040
	<u>644,940</u>	<u>9,908,851</u>	<u>10,553,791</u>
Total local sources	644,940	9,908,851	10,553,791
State sources	855,734	-	855,734
Federal sources	1,321,370	-	1,321,370
	<u>1,321,370</u>	<u>-</u>	<u>1,321,370</u>
TOTAL REVENUES	<u>2,822,044</u>	<u>9,908,851</u>	<u>12,730,895</u>
EXPENDITURES			
Current			
Food service activities	2,126,536	-	2,126,536
Student/school activities	614,779	-	614,779
Capital outlay	32,758	-	32,758
Debt service			
Principal repayment	-	5,505,000	5,505,000
Interest expense	-	4,291,325	4,291,325
Issuance costs	-	117,986	117,986
Other costs	-	9,172	9,172
	<u>-</u>	<u>9,923,483</u>	<u>9,923,483</u>
TOTAL EXPENDITURES	<u>2,774,073</u>	<u>9,923,483</u>	<u>12,697,556</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>47,971</u>	<u>(14,632)</u>	<u>33,339</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	12,060,000	12,060,000
Premium on refunding bonds issued	-	271,303	271,303
Payment to refunded bond escrow agent	-	(12,516,317)	(12,516,317)
	<u>-</u>	<u>(12,516,317)</u>	<u>(12,516,317)</u>
Total other financing sources (uses)	-	(185,014)	(185,014)
NET CHANGE IN FUND BALANCES	47,971	(199,646)	(151,675)
FUND BALANCES			
Beginning of year	1,153,295	832,065	1,985,360
	<u>1,153,295</u>	<u>832,065</u>	<u>1,985,360</u>
End of year	<u>\$ 1,201,266</u>	<u>\$ 632,419</u>	<u>\$ 1,833,685</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Food Service	Student/School Activities	Total Nonmajor Special Revenue
ASSETS			
Cash and cash equivalents	\$ 283,566	\$ 527,886	\$ 811,452
Accounts receivable	10	-	10
Intergovernmental	287,046	-	287,046
Prepays	100,495	-	100,495
Inventories	123,310	-	123,310
	<u>123,310</u>	<u>-</u>	<u>123,310</u>
TOTAL ASSETS	<u><u>\$ 794,427</u></u>	<u><u>\$ 527,886</u></u>	<u><u>\$ 1,322,313</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 50,708	\$ 36,355	\$ 87,063
Unearned revenue	33,984	-	33,984
	<u>33,984</u>	<u>-</u>	<u>33,984</u>
TOTAL LIABILITIES	<u>84,692</u>	<u>36,355</u>	<u>121,047</u>
FUND BALANCES			
Nonspendable			
Prepaid expenditures	100,495	-	100,495
Inventories	123,310	-	123,310
Restricted	485,930	-	485,930
Committed	-	491,531	491,531
	<u>-</u>	<u>491,531</u>	<u>491,531</u>
TOTAL FUND BALANCES	<u>709,735</u>	<u>491,531</u>	<u>1,201,266</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 794,427</u></u>	<u><u>\$ 527,886</u></u>	<u><u>\$ 1,322,313</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Total Nonmajor Special Revenue</u>
REVENUES			
Food sales	\$ 35,900	\$ -	\$ 35,900
State sources	855,734	-	855,734
Federal sources	1,321,370	-	1,321,370
Student/school activities	<u>-</u>	<u>609,040</u>	<u>609,040</u>
TOTAL REVENUES	<u>2,213,004</u>	<u>609,040</u>	<u>2,822,044</u>
EXPENDITURES			
Salaries	76,951	-	76,951
Benefits	36,847	-	36,847
Purchased services	273,799	-	273,799
Supplies and materials	1,044,015	-	1,044,015
Capital outlay	32,758	-	32,758
Other expenses	<u>694,924</u>	<u>614,779</u>	<u>1,309,703</u>
TOTAL EXPENDITURES	<u>2,159,294</u>	<u>614,779</u>	<u>2,774,073</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>53,710</u>	<u>(5,739)</u>	<u>47,971</u>
FUND BALANCES			
Beginning of year	<u>656,025</u>	<u>497,270</u>	<u>1,153,295</u>
End of year	<u><u>\$ 709,735</u></u>	<u><u>\$ 491,531</u></u>	<u><u>\$ 1,201,266</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	2015 Refunding	2017 Debt	2020 Debt	2024 Debt	Total Nonmajor Debt Service
ASSETS					
Cash and cash equivalents	\$ 9,475	\$ 443,632	\$ 176,010	\$ 852	\$ 629,969
Prepays	375	-	333	458	1,166
Taxes receivable	432	583	249	20	1,284
TOTAL ASSETS	<u>\$ 10,282</u>	<u>\$ 444,215</u>	<u>\$ 176,592</u>	<u>\$ 1,330</u>	<u>\$ 632,419</u>
FUND BALANCES					
Nonspendable					
Prepays	\$ 375	\$ -	\$ 333	\$ 458	\$ 1,166
Restricted for debt service	9,907	444,215	176,259	872	631,253
TOTAL FUND BALANCES	<u>\$ 10,282</u>	<u>\$ 444,215</u>	<u>\$ 176,592</u>	<u>\$ 1,330</u>	<u>\$ 632,419</u>

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

	2015 Refunding	2017 Debt	2020 Debt	2024 Debt	Total Nonmajor Debt Service
REVENUES					
Local sources					
Property taxes	\$ 3,294,354	\$ 4,448,677	\$ 1,897,643	\$ 155,521	\$ 9,796,195
Investment earnings	44,984	47,476	19,632	564	112,656
TOTAL REVENUES	3,339,338	4,496,153	1,917,275	156,085	9,908,851
EXPENDITURES					
Principal repayment	2,590,000	2,000,000	915,000	-	5,505,000
Interest expense	750,750	2,417,250	969,300	154,025	4,291,325
Issuance costs	117,986	-	-	-	117,986
Other costs	2,897	3,692	1,853	730	9,172
TOTAL EXPENDITURES	3,461,633	4,420,942	1,886,153	154,755	9,923,483
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(122,295)	75,211	31,122	1,330	(14,632)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	12,060,000	-	-	-	12,060,000
Premium on refunding bonds issued	271,303	-	-	-	271,303
Payment to refunded bond escrow agent	(12,516,317)	-	-	-	(12,516,317)
Total other financing sources (uses)	(185,014)	-	-	-	(185,014)
NET CHANGE IN FUND BALANCES	(307,309)	75,211	31,122	1,330	(199,646)
FUND BALANCES					
Beginning of year	317,591	369,004	145,470	-	832,065
End of year	\$ 10,282	\$ 444,215	\$ 176,592	\$ 1,330	\$ 632,419

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
COMBINED DEBT SERVICE REQUIREMENTS
JUNE 30, 2025**

Fiscal Year Ending June 30,	2017 Debt	2020 Debt	2024 Debt	2025 Debt	Combined
2026	\$ 4,537,250	\$ 1,912,700	\$ 521,800	\$ 3,598,767	\$ 10,570,517
2027	4,699,250	1,893,500	508,200	3,525,200	10,626,150
2028	4,616,250	1,853,500	544,600	4,023,600	11,037,950
2029	4,828,000	1,813,500	549,000	4,248,200	11,438,700
2030	4,688,000	1,763,500	827,600	4,589,000	11,868,100
2031	4,648,000	1,713,500	814,400	5,000,800	12,176,700
2032	4,503,000	1,663,500	885,600	5,440,000	12,492,100
2033	4,358,000	1,613,500	852,800	5,969,600	12,793,900
2034	4,213,000	1,563,500	-	-	5,776,500
2035	4,088,000	1,523,500	-	-	5,611,500
2036	3,942,000	1,473,000	-	-	5,415,000
2037	3,796,000	1,432,500	-	-	5,228,500
2038	3,650,000	1,381,500	-	-	5,031,500
2039	3,504,000	1,330,500	-	-	4,834,500
2040	3,358,000	1,289,500	-	-	4,647,500
2041	3,212,000	1,238,000	-	-	4,450,000
2042	3,066,000	1,196,500	-	-	4,262,500
2043	-	1,149,500	-	-	1,149,500
2044	-	1,097,250	-	-	1,097,250
	<u>\$ 69,706,750</u>	<u>\$ 28,902,450</u>	<u>\$ 5,504,000</u>	<u>\$ 36,395,167</u>	<u>\$ 140,508,367</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2017 DEBT SERIES
JUNE 30, 2025**

2017 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2026	\$ 2,200,000	\$ 1,168,625	\$ 1,168,625	\$ 4,537,250
2027	2,450,000	1,124,625	1,124,625	4,699,250
2028	2,465,000	1,075,625	1,075,625	4,616,250
2029	2,800,000	1,014,000	1,014,000	4,828,000
2030	2,800,000	944,000	944,000	4,688,000
2031	2,900,000	874,000	874,000	4,648,000
2032	2,900,000	801,500	801,500	4,503,000
2033	2,900,000	729,000	729,000	4,358,000
2034	2,900,000	656,500	656,500	4,213,000
2035	2,920,000	584,000	584,000	4,088,000
2036	2,920,000	511,000	511,000	3,942,000
2037	2,920,000	438,000	438,000	3,796,000
2038	2,920,000	365,000	365,000	3,650,000
2039	2,920,000	292,000	292,000	3,504,000
2040	2,920,000	219,000	219,000	3,358,000
2041	2,920,000	146,000	146,000	3,212,000
2042	2,920,000	73,000	73,000	3,066,000
Total 2017 bonded debt	<u>\$ 47,675,000</u>	<u>\$ 11,015,875</u>	<u>\$ 11,015,875</u>	<u>\$ 69,706,750</u>

The amount of the original bond issue was \$57,960,000.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2020 DEBT SERIES
JUNE 30, 2025**

2020 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2026	\$ 980,000	\$ 466,350	\$ 466,350	\$ 1,912,700
2027	1,000,000	446,750	446,750	1,893,500
2028	1,000,000	426,750	426,750	1,853,500
2029	1,000,000	406,750	406,750	1,813,500
2030	1,000,000	381,750	381,750	1,763,500
2031	1,000,000	356,750	356,750	1,713,500
2032	1,000,000	331,750	331,750	1,663,500
2033	1,000,000	306,750	306,750	1,613,500
2034	1,000,000	281,750	281,750	1,563,500
2035	1,010,000	256,750	256,750	1,523,500
2036	1,010,000	231,500	231,500	1,473,000
2037	1,020,000	206,250	206,250	1,432,500
2038	1,020,000	180,750	180,750	1,381,500
2039	1,020,000	155,250	155,250	1,330,500
2040	1,030,000	129,750	129,750	1,289,500
2041	1,030,000	104,000	104,000	1,238,000
2042	1,040,000	78,250	78,250	1,196,500
2043	1,045,000	52,250	52,250	1,149,500
2044	1,045,000	26,125	26,125	1,097,250
Total 2020 bonded debt	<u>\$ 19,250,000</u>	<u>\$ 4,826,225</u>	<u>\$ 4,826,225</u>	<u>\$ 28,902,450</u>

The amount of the original bond issue was \$21,160,000.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2024 DEBT SERIES
JUNE 30, 2025**

2024 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2026	\$ 340,000	\$ 90,900	\$ 90,900	\$ 521,800
2027	340,000	84,100	84,100	508,200
2028	390,000	77,300	77,300	544,600
2029	410,000	69,500	69,500	549,000
2030	705,000	61,300	61,300	827,600
2031	720,000	47,200	47,200	814,400
2032	820,000	32,800	32,800	885,600
2033	820,000	16,400	16,400	852,800
Total 2024 bonded debt	<u>\$ 4,545,000</u>	<u>\$ 479,500</u>	<u>\$ 479,500</u>	<u>\$ 5,504,000</u>

The amount of the original bond issue was \$4,545,000.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2025 DEBT SERIES
JUNE 30, 2025**

2025 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2026	\$ 2,545,000	\$ 447,767	\$ 606,000	\$ 3,598,767
2027	2,415,000	555,100	555,100	3,525,200
2028	3,010,000	506,800	506,800	4,023,600
2029	3,355,000	446,600	446,600	4,248,200
2030	3,830,000	379,500	379,500	4,589,000
2031	4,395,000	302,900	302,900	5,000,800
2032	5,010,000	215,000	215,000	5,440,000
2033	5,740,000	114,800	114,800	5,969,600
Total 2024 bonded debt	<u>\$ 30,300,000</u>	<u>\$ 2,968,467</u>	<u>\$ 3,126,700</u>	<u>\$ 36,395,167</u>

The amount of the original bond issue was \$30,300,000.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
CAPITAL PROJECTS FUND - SINKING FUNDS
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2025**

2019 SINKING FUND EXPENDITURES

Donley Elementary	\$ 14,425
Glencairn Elementary	18,869
Marble Elementary	12,371
Robert L. Green Elementary	35,385
Red Cedar Elementary	16,191
Whitehills Elementary	22,467
MacDonald Middle School	362,029
East Lansing High School	460,747
Other	<u>1,109</u>
 TOTAL EXPENDITURES	 <u><u>\$ 943,593</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
2024 CAPITAL PROJECTS FUND
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2025**

2024 CAPITAL PROJECTS FUND EXPENDITURES

MacDonald Middle School	\$ 4,331
East Lansing High School	761,844
Towar/Administration Building	<u>1,450,706</u>
 TOTAL EXPENDITURES	 <u><u>\$ 2,216,881</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
2025 CAPITAL PROJECTS FUND
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2025**

2025 CAPITAL PROJECTS FUND EXPENDITURES

MacDonald Middle School	\$ 84,590
East Lansing High School	84,590
Towar/Administration Building	<u>129,284</u>
 TOTAL EXPENDITURES	 <u><u>\$ 298,464</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND NET POSITION BY SCHOOL - CUSTODIAL FUND
YEAR ENDED JUNE 30, 2025**

	Net Position <u>7/1/24</u>	<u>Additions</u>	<u>Deductions</u>	Net Position <u>6/30/25</u>
East Lansing High School	<u>\$ 47,653</u>	<u>\$ 9,359</u>	<u>\$ 500</u>	<u>\$ 56,512</u>



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

🖨 517.323.6346

**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 of the
School District of the City of East Lansing

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 School District of the City of East Lansing, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise School District of the City of East Lansing's basic financial statements, and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District of the City of East Lansing'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 School District of the City of East Lansing's internal control. Accordingly, we do not express an opinion on the effectiveness of School District of the City of East Lansing'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 School District of the City of East Lansing'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 14, 2025



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
🖨 517.323.6346

October 14, 2025

To the Board of Education of the
School District of the City of East Lansing

In planning and performing our audit of the financial statements of the School District of the City of East Lansing 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 the School District of the City of East Lansing'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 certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 14, 2025 on the financial statements of the School District of the City of East Lansing. We will review the status of this comment during our next audit engagement. Our comment and recommendations, which has been discussed with appropriate members of management, is 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 recommendation. Our comment is summarized as follows:

CURRENT YEAR COMMENTS

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 East Lansing Public Schools develop a plan to spend down the excess by June 30, 2026.

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



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

October 14, 2025

To the Board of Education of the
School District of the City of East Lansing

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing 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 the School District of the City of East Lansing are described in Note 1 to the financial statements. As described in Note 11 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 the School District of the City of East Lansing during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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. No misstatements were detected as a result of audit procedures.

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 14, 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 School District of the City of East Lansing financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District of the City of East Lansing 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 School District of the City of East Lansing and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC