LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
FINANCE COMMITTEE MEETING
November 7, 2024 – 6:00 P.M.
Board of Water & Light Headquarters – REO Town Depot
1201 S. Washington Ave., Lansing, MI 48910

Finance Committee: Tony Mullen, Committee Chairperson; Semone James; Dale Schrader; and David Price; Alternates: Beth Graham, Sandra Zerkle; Non-Voting: J. R. Beauboeuf, Robert Worthy, Stuart Goodrich

BWL full meeting packets and public notices/agendas are located on the official web site at https://www.lbwl.com/about-bwl/governance.

AGENDA

Call to Order

Roll Call

Public Comments on Agenda Items

1. Approval of the Finance Committee Meeting Minutes of September 10, 2024 ....**TAB 1**

2. Baker Tilly External FY24 Audit Report..**TAB 2**
   a. Audit Overview **.. TAB 2a**
   b. Report to Governing Body **.. TAB 2b**
   c. Lansing BWL Audited Financial Statements **.. TAB 2c**
   d. Defined Benefit (DB) Plan Audited Financial Statements ....**TAB 2d**
   e. Defined Contribution (DC) Plan Audited Financial Statements **................................ TAB 2e**
   f. Post-Retirement Benefit Plan (VEBA) Audited Financial Statements ....**TAB 2f**
   g. FY2024 Audited Financial Statement of the Enterprise Fund & Pension Fiduciary Funds Resolution **.. TAB 2g**

3. September YTD Financial Summary ....**TAB 3**
   a. Capital Project Report**.. TAB 3a**

4. November 2024 Internal Audit Status Report...**TAB 4**

5. FY 2025 Payroll Audit Results ....**TAB 5**

Other

Adjourn

FINANCE COMMITTEE
Meeting Minutes
September 10, 2024

Finance Committee: Tony Mullen, Committee Chairperson; Semone James; David Price; and Dale Schrader; Alternates: Beth Graham, Sandra Zerkle; Non-Voting: Commissioners J. R. Beauboeuf, Stuart Goodrich, Robert Worthy.

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, September 10, 2024.

Acting Finance Committee Chairperson David Price called the meeting to order at 7:00 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Semone James, David Price, and Dale Schrader; Also Present: Commissioners Beth Graham (Alternate – sitting in for Commissioner Tony Mullen), Sandra Zerkle (Alternate), and Non-Voting Commissioners Bob Worthy (Delta Township)
Absent: Commissioners Tony Mullen and Stuart Goodrich (Delhi Township)

The Corporate Secretary declared a quorum.

Public Comments
Randy Dykhuis, Lansing, MI spoke about the Belle River Contracts and stated that since there were no end dates in the contracts would the contracts continue until Belle River no longer exists. Mr. Dykhuis inquired about the difference in the payments required in the Project Sales contract and in the Power Sales Contract whether there was service or not.

Approval of Minutes
Motion by Commissioner Dale Schrader, **Seconded** by Commissioner Beth Graham, to approve the Finance Committee Meeting minutes of July 16, 2024.
Action: Motion Carried.

June YTD Financial Summary
CFO Heather Shawa presented the June YTD Financial Summary. The fiscal year end audit with Baker Tilly is on track and will be presented in the November Finance Committee Meeting. Total revenue was 5% under budget at $417.4 million compared to budge of $440.9 million, due to wholesale being down. Operating expense were 4% under, which resulted in lower fuel costs. Net income was $9.8 million compared to a budget of $17.5 million due to the effects of the August 2023 storm, which was $7 million in cost, and the new energy bond issuance cost. The FY 2024 capital budget was on track. The July and August YTD will be presented in November.

Belle River Contracts Update

Chief Operating Officer, Dave Bolan, presented the Beller River Contracts update. A Power Sales Contract, a Project Support Contract, and MPPA Bond Issuance for Natural Gas Conversion are part of BLW's participation in the Belle River Project. BWL's share of the bond issuance is expected to be $22.5 million and has been included in the financial plan forecast. Approval of the resolution for modification of the contracts is being requested.

Commissioner Worthy asked what is the Board's position, as far as legacy costs and environmental remediation, with the ownership situation. Mr. Bolan responded that MPPA owns it and any cost that is part of the life of the plant is billed to the 11 participating cities.

GM Peffley commented that BWL is a partner until fossil fuels are no longer burned. The plant is a good asset for BWL as it provides 110 MW of transmission. MISO considers the plant necessary to run even when there is an abundance of solar and BWL is reimbursed the differential in service cost. Mr. Bolan added that Detroit Edison is the operating entity of the plant and MISO has it as a must run facility.

Acting Chairperson Price asked if at some time before 2039 that BWL wouldn't purchase power from the Belle River plant. Mr. Bolan responded that if the plant runs BWL has to purchase power or else find out if power would be taken by one of the other 11 cities, but none of the other cities can handle the portion of power.

Commissioner Schrader commented about the $22 million commitment and asked if the plant doesn't run or is on standby, and renewables are used by BWL, is there a differential payment for that. GM Peffley responded that BWL dispatches its energy on the least cost source but if the government through MISO states that the energy is from a different cost source, the differential is paid. Mr. Bolan added that BWL receives capacity payments for 156 MW and can import renewable resources with differences in peak and off hour times of $16 per MWH and $6 or $7 per MWH which can amount to a benefit of $12 to $13 million a year.

Motion by Commissioner Dale Schrader, **Seconded** by Commissioner Semone James to forward the Resolution for the Approval of Belle River Power Sales and Belle River Project Support Contract Modifications to the full Board for consideration.
Action: Motion Carried.

Internal Audit Status Update

Director of Internal Audit, Elisha Franco, presented the Internal Audit Status update. There were no questions or concerns following the presentation.

Other

Motion by Commissioner Dale Schrader, **Seconded** by Commissioner Semone James for an excused absence for Commissioner Tony Mullen.
Action: Motion Carried.

There was no other business.

Adjourn

Acting Chairperson David Price adjourned the meeting at 7:26 p.m.

Respectfully submitted,
David Price, Acting Chairperson
Finance Committee

LANSING BWL

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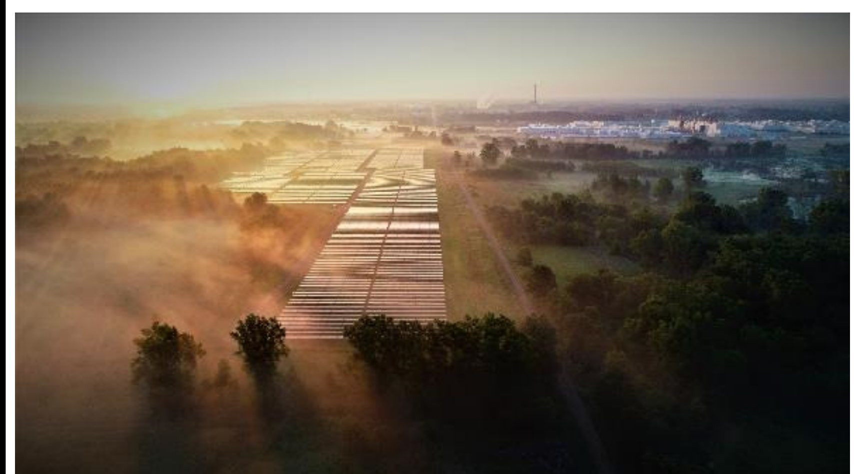
Board of Water & Light – City of Lansing, Michigan

Finance Committee Meeting - 2024 Audit Presentation

November 7, 2024



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Board of Water & Light – City of Lansing, Michigan

Agenda

Audit overview

Observations and Recommendations

Required Communication to Governing Body

Board of Water & Light – City of Lansing, Michigan

Audit Overview

Audit performed in accordance with Generally Accepted Auditing Standards

Audit objective – reasonable assurance that financial statements are free from material misstatement

Financial statements of BWL received an *Unmodified Opinion*

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Board of Water & Light – City of Lansing, Michigan
Audit Overview

Financial Statements Include	Auditors' report
	Management discussion and analysis
	Enterprise fund statements
	Pension and OPEB trust statements
	Notes
	Required supplemental information
	Supplemental information

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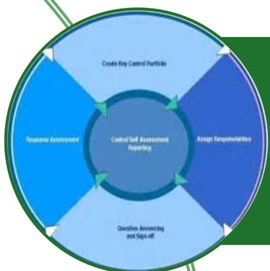
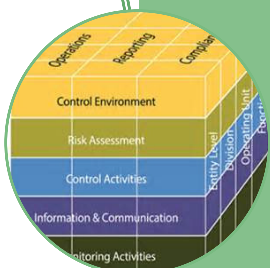
Board of Water & Light – City of Lansing, Michigan
Audit Overview



Audit assesses internal controls



"….a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources"

Controls must meet the goal and objectives of Operations, Reporting and Compliance

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Board of Water & Light – City of Lansing, Michigan
Audit Overview

Controls reviewed in key transaction areas	
	Disbursements
	Payroll
	Utility billings
	Cash and investments
	Capital assets
	Information technology
	Financial reporting

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Board of Water & Light – City of Lansing, Michigan
Observations and recommendations
Enterprise Fund

- Reported net income of $9,900,000
- Reported operating revenue of $417,000,000
- Reported total assets of $2,000,000,000
- Bond coverage was met in 2024
- There were no material weaknesses reported

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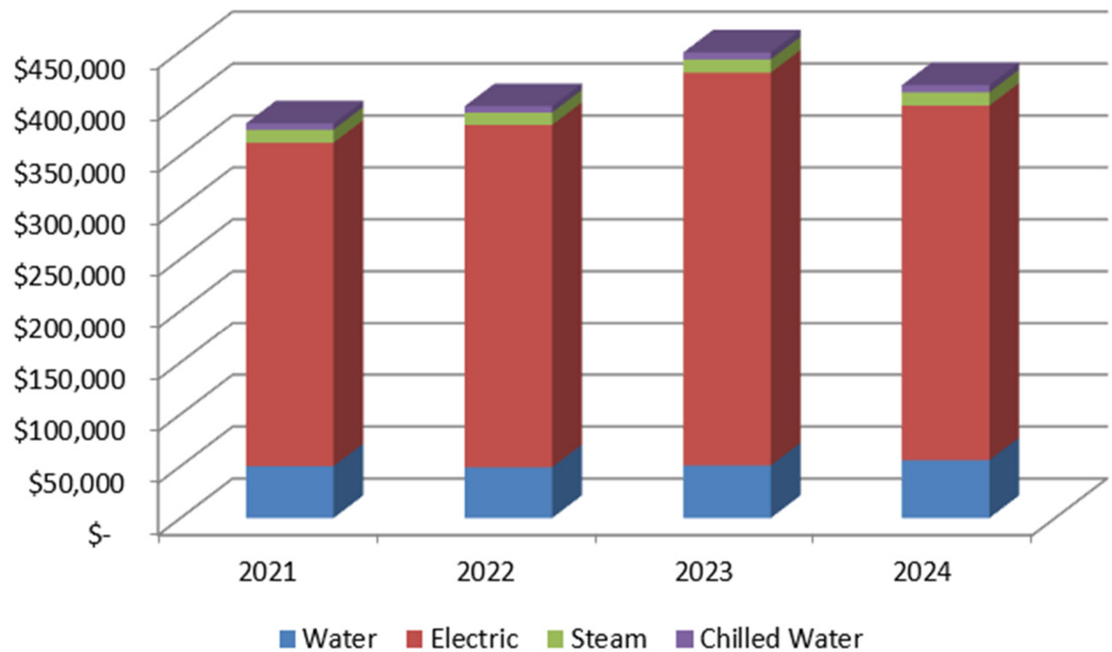
Board of Water & Light – City of Lansing, Michigan
Observations and recommendations
Enterprise Fund

Operating Revenues – Four-year Comparison (in thousands)



	2021	2022	2023	2024
Water	$ 50,030	$ 49,028	$ 50,684	$ 55,757
Electric	311,944	330,053	378,792	341,976
Steam	12,569	11,935	12,661	12,786
Chilled Water	6,036	6,133	6,740	6,915
Operating Revenue	$ 380,579	$ 397,149	$ 448,877	$ 417,434

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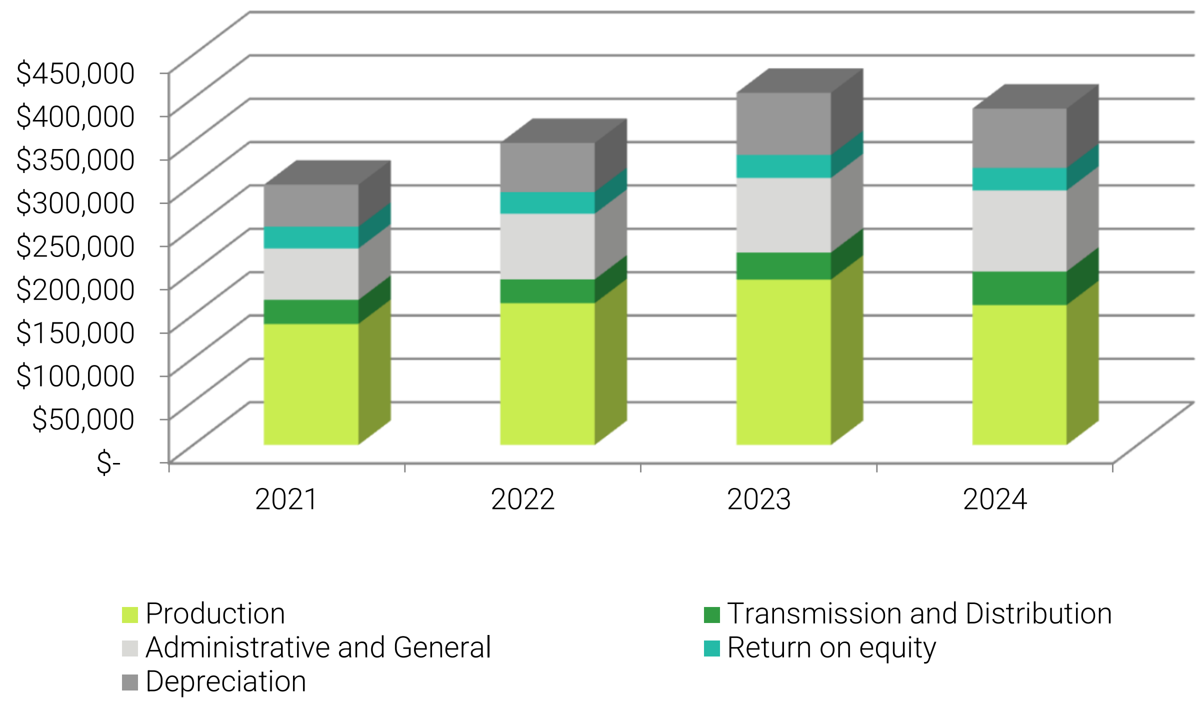
Board of Water & Light – City of Lansing, Michigan

Observations and recommendations

Enterprise Fund

Operating Expenses – Four-year Comparison (in thousands)



	2021	2022	2023	2024
Production	$ 139,682	$ 163,647	$ 190,745	$ 161,509
Transmission and Distribution	27,674	27,355	31,260	38,691
Administrative and General	59,408	75,850	86,060	93,398
Return on equity	25,000	25,000	26,429	26,029
Depreciation	48,429	56,503	71,760	68,303
Operating Expenses	$ 300,193	$ 348,355	$ 406,254	$ 387,930

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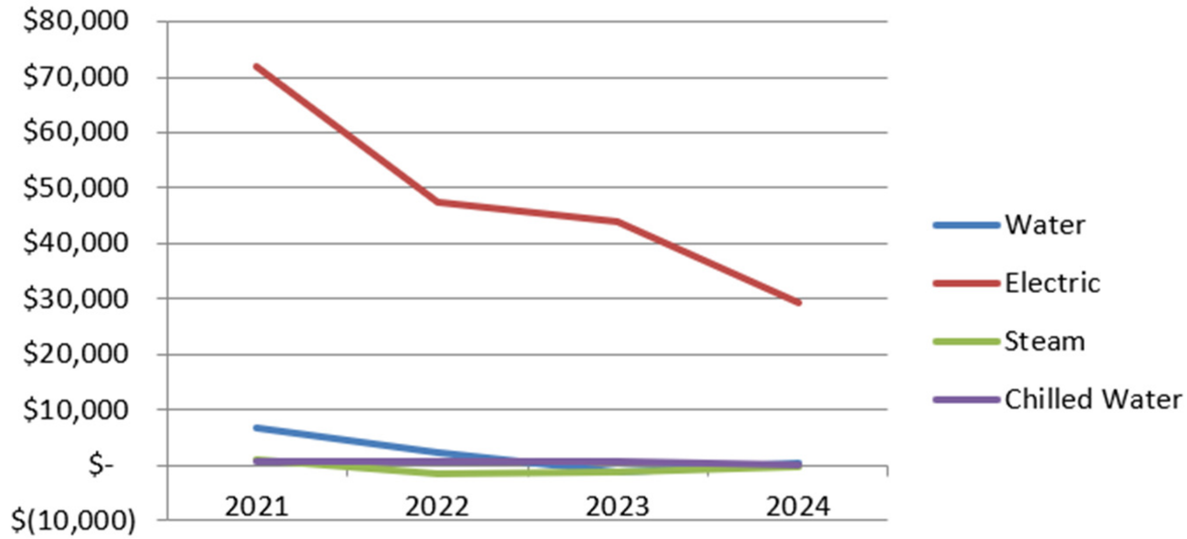
Board of Water & Light – City of Lansing, Michigan

Observations and recommendations

Enterprise Fund

Operating Income – Four-year Comparison (in thousands)



	2021		2022		2023		2024	
Water	$	6,874	$	2,298	$	(1,163)	$	331
Electric		71,783		47,292		44,083		29,172
Steam		1,105		(1,552)		(1,096)		(229)
Chilled Water		623		756		800		230
Operating Income	$	80,385	$	48,794	$	42,624	$	29,504

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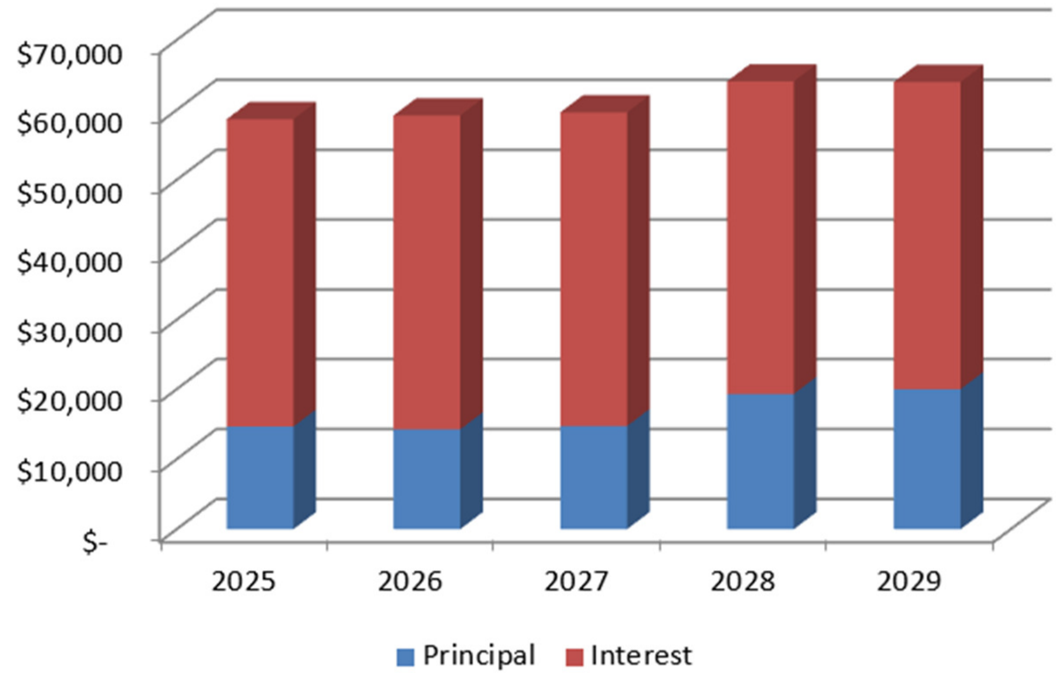
Board of Water & Light – City of Lansing, Michigan
Observations and recommendations
Enterprise Fund

Future Debt Service Requirements (in thousands)



	2025	2026	2027	2028	2029
Principal	$ 14,667	$ 14,261	$ 14,737	$ 19,323	$ 20,011
Interest	44,013	44,957	44,921	44,767	43,992

Debt service after 2029 includes remaining principal payments of approximately $945,502,000 and interest payments of $691,915,000 through 2055.

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Board of Water & Light – City of Lansing, Michigan
Observations and recommendations
EBP Plans

- Separate financial statements issued for each EBP plan
- All three plans received unmodified audit opinions
- Defined Benefit plan is fully funded
- VEBA plan is fully funded

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Board of Water & Light – City of Lansing, Michigan
Observations and recommendations

Future accounting standards

- GASB Statement No. 101, Compensated Absences– effective for fiscal year 2025
- GASB Statement No. 102, Certain Risk Disclosures– effective for fiscal year 2025
- GASB Statement No. 103, Financial Reporting Model Improvements– effective for fiscal year 2026

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Board of Water & Light – City of Lansing, Michigan
Auditor communication to those charged with governance

Area to be Communicated	Area to be Communicated
Our responsibility under Auditing Standards Generally Accepted in the United States	Other Information in Documents Containing Audited Financial Statements
Planned Scope and Timing of the Audit	Accounting Policies
Accounting Estimates	Financial Statement Disclosures
Difficulties Encountered in Performing the Audit	Corrected and Uncorrected Misstatements
Disagreements with Management	Consultations with Other Independent Accountants
Management Representations	Auditor Independence

Board of Water & Light – City of Lansing, Michigan

We appreciate the help of the Board of Water & Light Accounting, Finance & Planning Team in preparing for and assisting in the audit!

Board of Water & Light – City of Lansing, Michigan

Questions?

Audit summary

Aaron Worthman, Principal

Baker Tilly US, LLP

Madison, WI

D: 512 975 7281

Aaron.Worthman@bakertilly.com

Reporting and insights from the fiscal year 2024 audit:

Lansing Board of Water and Light Including Pension and OPEB Trust Funds

June 30, 2024

Executive summary

October 7, 2024

To the Honorable Mayor,
Members of the City Council, and
the Board of Commissioners
Lansing Board of Water and Light
City of Lansing, Michigan

We have completed our audit of the financial statements of the Lansing Board of Water and Light including the Pension and OPEB Trust Funds (collectively referred to as the BWL) for the year ended June 30, 2024, and have issued our report thereon dated October 7, 2024. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of the BWL's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas the BWL should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Aaron Worthman, Principal: aaron.worthman@bakertilly.com or +1 (512) 975 7281
- Ryan O'Donnell, Director: ryan.odonnell@bakertilly.com or +1 (608) 240 2606

Sincerely,

Baker Tilly US, LLP

Aaron Worthman

Aaron Worthman, CPA, Principal

Ryan O'Donnell

Ryan O'Donnell, CPA, Director

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the BWL's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing opinions based on our audit about whether the financial statements prepared by management, with the oversight of the Board of Commissioners:
  - Are free from material misstatement
  - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards.*
- Our audit does not relieve management or the Board of Commissioners of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Commissioners, including:

- Internal control matters
- Qualitative aspects of the BWL's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the BWL and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the BWL's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinions
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinions

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB net assets	Long-term debt
Capital assets	Net position calculations	Financial reporting and required disclosures
Self-insurance and worker's compensation liabilities	Employee benefit plan testing	Environmental liabilities
Regulatory debits and credits		

Internal control matters

We considered the BWL's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing opinions on the financial statements. We are not expressing an opinion on the effectiveness of the BWL's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the BWL are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during fiscal year 2024. We noted no transactions entered into by the BWL during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension asset and related deferrals	Key assumptions set by management with the assistance of a third-party actuary	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Net OPEB asset and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole
Unbilled revenues	Evaluation based on historical units of consumption by customers and billings	Reasonable in relation to the financial statements as a whole
Workers compensation liabilities	Historical claims analysis and estimated lag report provided by a third-party administrator	Reasonable in relation to the financial statements as a whole
Environmental liabilities	Cash flow projections of estimated costs to remediate the sites	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the BWL or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

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

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

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 BWL's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other information in documents containing audited basic financial statements

The BWL's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The BWL can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Management’s consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

We will issue a separate document which contains the results of our audit procedures to comply with the Uniform Guidance.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the BWL’s ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the BWL that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the BWL’s related parties.

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 the supplementary information which accompanies the basic financial statements but is not RSI. With respect to the 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 basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Grant pursuit support
- Support related to the pursuit of Federal Renewable Energy Tax Credits as part of the Inflation Reduction Act 2022

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

**

**Non-attest services are provided by Baker Tilly Advisory Group, LP.*

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at https://www.bakertilly.com/page/audit-committee-resource-center.

Management representation letter

October 7, 2024

Baker Tilly US, LLP
4807 Innovate Lane
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the basic financial statements of the Lansing Board of Water and Light ("BWL"); including the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions, the Lansing Board of Water and Light Defined Contribution Plan and Trust 1, and the Post-Retirement Benefit Plan and Trust for Eligible Employees of the Lansing Board of Water and Light (collectively, the "Employee Benefit Plans"), as of June 30, 2024 and 2023 and for the years then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the business type activities, the Employee Benefit Plans and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 6, 2021 and all subsequent addendums signed through the date of this letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the BWL required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, if any, are reasonable in accordance with U.S. GAAP.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.

7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

8) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

9) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

10) Guarantees, whether written or oral, under which the BWL is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of Board of Commissioners and the Pension Fund Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

    e) Plan documents, trust agreements, insurance contracts, or investment contracts and amendments to such documents entered into during the year, including amendments to comply with applicable laws.

12) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you all known related parties and all the related party relationships and transactions of which we are aware.

Other

17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

18) We have a process to track the status of audit findings and recommendations.

19) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.

20) The BWL has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or net position.

21) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

22) There are no:

   a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

   b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.

   c) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

   d) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

   e) Other matters (e.g., breach of fiduciary responsibilities, nonexempt transactions, loans or leases in default, or events that may jeopardize the tax status) that legal counsel has advised us must be disclosed.

23) In regards to the nonattest services performed by you listed below, we acknowledge our responsibility related to these nonattest services and have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

   a) Financial statement preparation assistance

b) Grant pursuit support

c) Support Related to the Pursuit of Federal Renewable Energy Tax Credits as part of the Inflation Reduction Act 2022

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

24) The BWL has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

25) The BWL has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

26) The financial statements properly classify all funds and activities. All cash and bank accounts and all other properties and assets of the entity of which we are aware are included in the financial statements. All borrowings and financial obligations of the entity of which we are aware are included in the financial statements as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

27) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

28) The BWL has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

29) Provisions for uncollectible receivables, if any, have been properly identified and recorded. Receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet dates and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts which are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable value.

30) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

31) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

32) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

33) We believe that the estimate made for the pollution remediation liability is in accordance with GASB Statement No. 49 and reflects all known available facts at the time it was recorded.

34) Tax-exempt bonds issued have retained their tax-exempt status.

35) The operations and rate setting process meet the condition for application of accounting for regulated operations as outlined in GASB No. 62. All regulatory items included in the financial statements have been approved and are being accounted for in accordance with specific action taken by the regulatory body and as such the expectation of future recovery or refund is reasonable.

36) We have appropriately disclosed the BWL's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.

37) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

38) With respect to the supplementary information, (SI):

   a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

   b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

39) We assume responsibility for, and agree with, the findings of specialists in evaluating the self-insurance reserves, net OPEB asset and related deferrals, and net pension asset and related deferrals and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

40) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.

41) We have assessed the impact of GASB Statement No. 100, *Accounting Changes and Error Corrections*, and believe that the standard has no impact to us.

42) There have been no changes to our assessment or applicability in regards to all previously effective GASB Statements that were deemed immaterial or did not impact the BWL at the time the statements went into effect.

43) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditor's report thereon. We do not prepare an annual report.

The following representations relate specifically to the Employee Benefit Plans:

44) We have properly recorded or disclosed in the financial statements any amendments to the plan documents, if any.

45) The Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions obtained its latest determination letter on November 4, 2011, in which the Internal Revenue Service stated that the plan, as then designed, was in compliance with the appropriate requirements of the Internal Revenue Code (IRC). We believe the plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

46) The Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light received a letter from the Internal Revenue Service dated February 8, 2000 confirming its status as exempt from tax under the IRC. We believe the exemption letter remains valid.

47) The Lansing Board of Water and Light Defined Contribution Plan and Trust 1 is entitled to rely on an opinion letter dated June 30, 2020 (the "IRS Letter"), which the Internal Revenue Service issued to Nationwide Financial Services, Inc. with regard to its Non-Standardized Pre-approved Money Purchase/Profit Sharing Plan (the "Prototype Plan"). The IRS Letter stated that the Prototype Plan, as then designed, was acceptable as to form under Section 401 of the IRC and that employers adopting the Prototype Plan may generally rely on the IRS Letter with respect to qualification of their plans under Code Section 401(a) (to the extent described in Revenue Procedure 2017-41). We believe the plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

48) We have no intentions to terminate any of the Employee Benefit Plans.

49) Related to the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions:

    a) There were no omissions from the participants' data provided to the plan's actuary for the purpose of determining the total pension liability and other actuarially determined amounts in the financial statements.

    b) The plan administrator agrees with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the plan's net pension asset and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the plan's actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the plan's actuary.

50) Related to the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light:

a) There were no omissions from the participants' data provided to the plan's actuary for the purpose of determining the total pension liability and other actuarially determined amounts in the financial statements.

b) The plan administrator agrees with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the plan's actuarial accrued liability and total OPEB liability (under GASB Statement No. 74) and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to the plan's actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the plan's actuary.

51) The following have been properly recorded or disclosed in the financial statements:

a) The actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements.

b) No other changes occurred in the actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements.

52) The Employee Benefit Plans (and the trusts established under the plans) are qualified under the appropriate section of the Internal Revenue Code and intend to continue as qualified plans (and trusts). The plan sponsor has operated the Employee Benefit Plans in a manner that did not jeopardize this tax status.

53) All required filings with the appropriate agencies have been made.

Sincerely,

Lansing Board of Water and Light

DocuSigned by:
Signed: Lisa Neumann Title: Supervisor, Reports Property & Accounting
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DocuSigned by:
Signed: Ying Yan Title: Manager, Accounting, Finance and Planning
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DocuSigned by:
Signed: Scott Taylor Title: Director, Accounting, Finance and Planning
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Signed by:
Signed: Heather Shawa Title: CFO and Chair of the Retirement Plan Committee
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Accounting changes relevant to Lansing Board of Water and Light

Future accounting standards update

GASB Statement Number	Description	Potentially impacts you	Effective date
101	Compensated Absences	✓	6/30/25
102	Certain Risk Disclosures	✓	6/30/25
103	Financial Reporting Model Improvements	✓	6/30/26

Further information on upcoming GASB pronouncements.

Updated accounting and reporting for compensated absences

The Governmental Accounting Standards Board (GASB) issued its Statement No. 101, *Compensated Absences*, in June 2022. The objective of GASB 101 is to update the recognition and measurement guidance for compensated absences for state & local government employers. It supersedes GASB No. 16, *Accounting for Compensated Absences*, issued in 1992, as well as earlier guidance, and addresses changes resulting from the types of leave now being offered. GASB 101 is effective for fiscal years beginning after December 15, 2023 (i.e., December 31, 2024, and June 30, 2025 year-end reporting entities).

GASB 101 more appropriately reflects a liability *when* a government incurs an obligation for compensated absences, and will improve comparability of reporting between governments that offer different types of leave. It requires that liabilities 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-up via non-cash means. Compensated absences is defined as leave for which employees may receive one or more of the following:

- Cash payments when the leave is used for time off;
- Other cash payments, such as payment for unused leave upon termination of employment, or;
- Noncash settlements, such as conversion to defined benefit postemployment benefits.

Examples of compensated absences provided in GASB 101 include vacation, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave, and certain types of sabbatical leave. Payment or settlement of compensated absences could occur during employment, or upon termination of employment. GASB 101 does not apply to benefits that are within the scope of GASB 47, *Accounting for Termination Benefits*.

GASB 101 requires that a liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered;
- The leave accumulates, and;
- The leave is "more likely than not" (i.e., likelihood of more than 50%) to be used for time off or otherwise paid in cash or settled through noncash means (101 provides factors to assess this criteria). (This differs from GASB 16, which required payment to be "probable" to be recognized).

Under GASB 101, governments will now need to accrue for time that has accumulated and is likely to be used, even if the employee is not eligible for a payout upon termination. This was not a requirement under GASB 16, and thus may result in a higher compensated absence liability.

GASB 101 requires liabilities for compensated absences to be recognized in financial statements prepared using the economic resources measurement focus equal to the amount of leave that has not yet been used and leave that has been used but not yet paid or settled. GASB 101 did not change the report for financial statements prepared using the current financial resources measurement focus (i.e., governmental funds).

Other changes in financial statement disclosures include the change in compensated absences liability can now be disclosed as a net change, rather than gross increases/decreases in the liability. Also, governments are no longer required to disclose which fund has typically liquidated the liability.

We recommend that governments begin to review the guidance contained in GASB 101 within the context of your existing compensated absences policies and accounting practices, in order to be better informed in terms of the information that you will need for this implementation.

New guidance on disclosure of certain risks

The requirements in GASB Statement No. 102, *Certain Risk Disclosures* is meant to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. It requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

(a) The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources—for example, a small number of companies that represent a majority of employment in a government's jurisdiction, or a government that relies on one revenue source for most of its revenue.

(b) The Statement defines a constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority—such as a voter-approved property tax cap or a state-imposed debt limit.

Concentrations and constraints may limit a government's ability to acquire resources or control spending.

The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met:

(a) The concentration or constraint is *known* to the government prior to issuing the financial statements.

(b) The concentration or constraint makes the government vulnerable to the risk of a substantial impact.

(c) An event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The disclosures should include a description of the following:

- The concentration or constraint,
- Each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, and
- Actions taken by the government to mitigate the risk prior to the issuance of the financial statements.

Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis - While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions, or conditions expected to have a significant financial effect in the subsequent period.

- Unusual or infrequent items (previously known as extraordinary and special items) - The new Statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent, or both.

- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position - The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.

- Major component unit information, and Budgetary comparison information - Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

    - Identify types of potential misstatements.
    - Consider factors that affect the risks of material misstatement.
    - Design tests of controls, when applicable, and substantive procedures.

c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.

b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.

c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.

d. We anticipate that the BWL will receive unmodified opinions on its financial statements.

e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

f. Have you had any significant communications with regulators or grantor agencies?

g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?

b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of April - June. Our final financial fieldwork is scheduled during the summer to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 4-8 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

Lansing Board of Water & Light - City of Lansing, Michigan

Financial Report

With Additional Information

June 30, 2024 and 2023

Independent Auditors' Report

To the Honorable Mayor, Members of the City Council, and Commissioners of
Lansing Board of Water and Light

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Lansing Board of Water and Light (BWL), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the BWL's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the BWL as of June 30, 2024 and 2023, and the changes in financial position and, where applicable, cash flows for the years 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards).* The June 30, 2023 audit was not conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BWL and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the fiduciary activities were not audited in accordance with *Government Auditing Standards.*

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 the BWL'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 the BWL'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 the BWL'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 required supplementary information, as listed 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 audits were conducted for the purpose of forming opinions on the basic financial statements as a whole. The supplementary information as listed 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 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 7, 2024 on our consideration of the BWL'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 the BWL'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 the BWL's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
October 7, 2024

This section explains the general financial condition and results of operations for the Lansing Board of Water & Light (BWL). The BWL includes the consolidated operations of the electric, water, steam and chilled water utilities. The notes to financial statements following this section are essential reading for a complete understanding of the financial and operational results for the years ended June 30, 2023 and 2024.

Overview of Business

The BWL owns and operates an electric system which generates, purchases and distributes electric energy to approximately 99,300 retail customers in the greater Lansing area, and wholesale customers through participation in the Midcontinent Independent System Operator, Inc. (MISO), which is BWL's regional electric grid. The BWL generated 53% of its retail and wholesale sales from existing generation assets. Additional electric generation was supplied through BWL's membership in the Michigan Public Power Agency, which includes BWL's partial ownership of Detroit Edison's Belle River Plant, through MISO, and renewable energy purchase power agreements. The BWL maintains a diversified generation portfolio which includes wind and solar. The combination of current and existing renewable energy generation puts BWL on a path to meet state legislative requirements of 50% renewable energy by 2030 as well as move towards its own internal goal of carbon neutrality by 2040.

The BWL owns and operates water wells, a raw water transmission system, water conditioning facilities and an extensive water distribution system serving potable water to approximately 57,800 residential, commercial and industrial customers in the greater Lansing area.

The BWL owns and operates steam generation boilers, a steam transmission and distribution system serving 146 customers. BWL's chilled water facility and distribution system serves 19 customers in the City of Lansing.

Capital Expenditures

Capital expenditures are driven by the need to replace, expand, or maintain the generation, transmission and distribution systems of the BWL to meet customer utility needs and to maintain a high level of service reliability. The BWL invests essentially all revenues not paid out for operations and maintenance expense, nonoperating expenses, or debt service back into capital improvements for its water, electric, steam and chilled water systems. Gross capital expenditures were $191.3 million in fiscal year 2024, $112.2 million in fiscal year 2023 and $121.7 million in fiscal year 2022.

The BWL generally pays the cost of its capital improvements from internally generated funds; however, revenue bonds are issued from time to time to support large projects or special needs such as construction of generation facilities.

Detailed financial information for the separate utilities of water, electric, steam and chilled water can be found in the Supplementary Information section of this financial report.

Condensed Financial Information (Dollars in Millions)

	As of June 30			% Change	% Change
	2024	2023	2022	2023 to 2024	2022 to 2023
Assets					
Utility plant	$ 1,273.9	$ 1,183.3	$ 1,165.7	% 7.7	% 1.5
Current assets	340.3	306.2	348.2	11.1	(12.1)
Other assets	426.7	167.0	132.2	155.5	26.3
Total assets	2,040.9	1,656.5	1,646.1	23.2	0.6
Deferred outflow of resources	11.8	26.8	36.2	(56.0)	(26.0)
Liabilities					
Long-term liabilities	1,167.3	824.4	843.2	41.6	(2.2)
Other liabilities	141.5	113.9	93.4	24.2	21.9
Total liabilities	1,308.9	938.3	936.6	39.5	0.2
Deferred inflow of resources	21.0	32.1	48.9	(34.6)	(34.4)
Net position					
Net investment in capital assets	389.6	381.4	347.0	2.1	9.9
Restricted for debt service	80.0	48.1	42.9	66.3	12.1
Restricted for pension	6.5	5.0	2.8	30.0	78.6
Restricted for OPEB	85.0	74.6	71.7	13.9	4.0
Unrestricted	161.7	203.7	232.5	(20.6)	(12.4)
Net position	**$ 722.8**	**$ 712.9**	**$ 696.9**	**% 1.4**	**% 2.3**

Capital expenditures in FY2024 exceeded depreciation, impairments and retirements thereby increasing Utility plant assets by $90.6 million. Current Assets increased by $34.1 million primarily due to funding of 2024A bonds capitalized interest and cash recovery associated with fuel and environmental remediation costs. Other Assets increased by $259.7 million primarily due to issuance of 2024A bonds. Deferred Outflows decreased by $15.0 million primarily due to higher investment returns on OPEB retirement plan. Total liabilities increased by $370 million driven by the 2024A series bond issuance. Deferred Inflows decreased by $11.1 million primarily due to amortization of prior changes within the OPEB retirement plan.

Capital expenditures in FY2023 exceeded depreciation, impairments and retirements thereby increasing Utility plant assets by $17.6 million. Current Assets decreased by $42 million primarily due to higher cash outflows associated with fuel and environmental remediation costs. Other Assets increased by $34.8 million primarily due to increases in recoverable energy and environmental remediation assets. Deferred Outflows decreased by $9.4 million primarily due to higher investment returns on OPEB retirement plan. Total liabilities increased by $1.7 million driven by higher current liabilities related to capital projects. Deferred Inflows decreased by $16.8 million primarily due to amortization of prior changes within the OPEB retirement plan.

	For the Year Ended June 30			% Change	% Change
	2024	2023	2022	2023 to 2024	2022 to 2023
Result of operations					
Operating revenue	$ 417.4	$ 448.9	$ 397.2	% (7.0)	% 13.0
Operating expense	387.9	406.2	348.4	(4.5)	16.6
Nonoperating expense - net	(19.6)	(26.6)	(37.2)	(26.3)	(28.5)
Changes in net position	**$ 9.9**	**$ 16.1**	**$ 11.6**	**% (38.5)**	**% 38.8**

The $31.5 million decrease in FY2024 operating revenue is primarily driven by decreases in electric wholesale as a result of decreased market prices and sales volume. The $18.3 million decrease in FY2024 operating expense is attributable primarily to the net result of decreased fuel costs of $33.9 million, increased administrative and general costs of $9.7 million and increased transmission and distribution costs of $5.9 million.

The $51.7 million increase in FY2023 operating revenue is primarily driven by increases in electric wholesale as a result of increased market prices and recovery of increased fuel costs. The $57.8 million increase in FY2023 operating expense is attributable primarily to increased fuel costs of $23.6 million, increased administrative and general costs of $11.6 million and increased depreciation costs of $13.9 million.

Budget

The BWL Commissioners approved a $314.7 million operating expense budget (excluding depreciation and Return on Equity) for FY2024. Actual expenses (excluding depreciation and Return on Equity) were $297.3 million. The capital improvement budget, net of customer contributions in aid of construction, was $84.1 million for FY2024, and actual net capital expenditures were $84.5 million.

Financing Activities

In January of 2024, $364,625,000 of Utility System Revenue and Revenue Refunding Bonds, Series 2024A, were issued for the purposes of paying costs for system improvements, capitalized interest, tendering a portion of 2019B bonds, and refunding a portion of 2013A bonds.

Contacting the Plan's Management

The financial report is intended to provide a general overview of the Plan's finances and to demonstrate accountability for the funds it administers. Questions about this report should be submitted to Lansing Board of Water and Light, P.O. Box 13007, Lansing, Michigan 48901-3007.

Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Restricted cash and investments (Notes 2 and 3)	$ 101,353,712	$ 62,772,401
Cash and investments (Notes 1 and 2)	50,954,526	67,108,994
Designated cash and investments (Notes 1 and 2)	89,256,997	85,227,457
Accounts receivable, net (Note 1)	50,807,763	43,111,657
Estimated unbilled accounts receivable (Note 1)	23,567,761	22,368,141
Inventories (Note 1)	18,423,558	19,725,090
Prepayments (Note 1)	5,963,382	5,929,758
Total current assets	340,327,699	306,243,498
Other Assets		
Restricted assets:		
Net pension asset (Note 8)	6,479,599	5,009,098
Net OPEB asset (Note 8)	84,992,538	74,641,660
Restricted cash and investments (Notes 2 and 3)	259,946,436	-
Recoverable environmental remediation (Note 6)	20,853,276	19,939,958
Recoverable energy asset (Note 6)	26,154,048	33,810,383
Special deposit (Note 1)	25,230,262	31,334,023
Other (Note 1)	3,080,515	2,261,914
Total other assets	426,736,674	166,997,036
Utility Plant (Notes 1 and 4)		
Water	380,759,488	367,082,687
Electric	1,278,077,851	1,246,833,576
Steam	100,366,159	96,662,683
Chilled water	34,105,305	34,105,305
Common facilities	131,931,308	123,933,055
Total	1,925,240,111	1,868,617,306
Less accumulated depreciation	793,981,863	731,121,625
Net	1,131,258,248	1,137,495,681
Construction in progress	142,601,832	45,813,286
Total utility plant	1,273,860,080	1,183,308,967
Total assets	2,040,924,453	1,656,549,501
Deferred Outflows of Resources		
Bond refunding loss being amortized (Note 1)	1,703,891	7,256,405
Pension deferred outflows (Note 8)	204,912	1,636,061
OPEB deferred outflows (Note 8)	9,881,923	17,913,026
Total deferred outflows of resources	11,790,726	26,805,492

See notes to financial statements

	2024	2023
Liabilities and Net Position		
Current Liabilities		
Accounts payable	$ 88,906,185	$ 69,132,076
Accrued payroll and related taxes	6,514,032	4,434,300
Customer deposits	3,521,026	5,623,094
Accrued compensated absences (Note 1)	6,581,232	5,786,414
Accrued interest	57,774	63,276
Current portion of long-term debt (Note 5)	777,438	819,635
Current liabilities payable from restricted assets:		
Current portion of long-term debt (Note 5)	13,890,000	13,410,000
Accrued interest	21,298,139	14,637,798
Total current liabilities	141,545,826	113,906,593
Compensated Absences, Net of Current Portion (Note 1)	7,730,937	7,644,878
Other Long-Term Liabilities		
Workers' compensation (Note 12)	2,200,000	2,200,000
Environmental remediation liability (Note 9)	16,098,612	15,192,215
Other	9,320,770	4,423,149
Total other long-term liabilities	27,619,382	21,815,364
Long-Term Debt, Net, Less Current Portion (Note 5)	1,131,994,669	794,911,441
Total liabilities	1,308,890,814	938,278,276
Deferred Inflows of Resources		
Revenue intended to cover future costs (Note 6)	6,343,647	8,014,598
OPEB deferred inflows (Note 8)	14,634,723	24,108,346
Total deferred inflows of resources	20,978,370	32,122,944
Net Position (Note 1)		
Net investment in capital assets	389,625,738	382,243,931
Restricted for debt service	80,055,573	48,134,603
Restricted for pension	6,479,599	5,009,098
Restricted for OPEB	84,992,538	74,641,660
Unrestricted	161,692,547	202,924,481
Total net position	$ 722,845,995	$ 712,953,773

See notes to financial statements

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues (Note 1)		
Water	$ 55,757,309	$ 50,683,766
Electric	341,976,263	378,791,716
Steam	12,785,927	12,661,267
Chilled water	6,915,341	6,740,010
Total operating revenues	417,434,840	448,876,759
Operating Expenses		
Production:		
Fuel, purchased power and other operating expenses	138,777,452	172,700,755
Maintenance	22,732,499	18,044,058
Transmission and distribution:		
Operating expenses	14,757,338	8,872,835
Maintenance	23,933,835	22,386,918
Administrative and general	93,398,015	86,060,107
Return on equity (Note 7)	26,028,591	26,428,992
Depreciation (Note 1)	68,302,725	71,759,716
Total operating expenses	387,930,455	406,253,381
Operating income	29,504,385	42,623,378
Nonoperating Income (Expenses)		
Investment income	14,264,806	3,682,036
Other expense	(1,480,080)	(3,840,612)
Bonded debt interest expense	(32,361,141)	(26,376,856)
Other interest expense	(35,748)	(39,109)
Total nonoperating income (expenses), net	(19,612,163)	(26,574,541)
Net income (changes in net position)	9,892,222	16,048,837
Net Position, Beginning	712,953,773	696,904,936
Net Position, Ending	$ 722,845,995	$ 712,953,773

See notes to financial statements

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Cash received from customers	$ 413,044,418	$ 406,233,630
Cash paid to suppliers	(206,579,720)	(232,958,122)
Cash paid to employees	(77,075,359)	(73,760,320)
Return on equity (Note 7)	(26,028,591)	(26,428,992)
Cash from customer deposits	(2,102,068)	1,208,412
Interest on customer deposits	(35,748)	(39,109)
Net cash flows from operating activities	101,222,932	74,255,499
Cash Flows From Capital and Related Financing Activities		
Planned, bonded, and annual construction	(142,913,213)	(84,370,376)
Principal payments on debt	(14,004,724)	(13,758,538)
Proceeds from new borrowings net of premium received	360,835,763	-
Principal payments on subscription-based IT arrangements	(3,538,950)	-
Interest on debt	(29,463,795)	(29,727,324)
Net cash flows from capital and related financing activities	170,915,081	(127,856,238)
Cash Flows From Investing Activities		
Proceeds from the sale and maturity of investments	99,919,225	56,702,619
Interest received	10,315,739	3,816,534
Purchase of investments	(270,547,587)	(51,589,605)
Net cash flows from investing activities	(160,312,623)	8,929,548
Net change in cash and cash equivalents	111,825,390	(44,671,191)
Cash and Cash Equivalents, Beginning	93,143,233	137,814,424
Cash and Cash Equivalents, Ending	$ 204,968,623	$ 93,143,233

See notes to financial statements

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of Cash and Cash Equivalents to Statement of Net Position		
Restricted cash and investments	$ 101,353,712	$ 62,772,401
Cash and investments	50,954,526	67,108,994
Designated cash and investments	89,256,997	85,227,457
Noncurrent restricted cash and investments	259,946,436	-
Total cash and investments	501,511,671	215,108,852
Less noncash investments	(296,543,048)	(121,965,619)
Cash and cash equivalents, ending	$ 204,968,623	$ 93,143,233
Reconciliation of Operating Income to Net Cash From Operating Activities		
Operating income	$ 29,504,385	$ 42,623,378
Adjustments to reconcile operating income to net cash from operating activities:		
Other nonoperating	(2,813,134)	(5,854,826)
Depreciation	68,302,725	71,759,716
Sewerage collection fees	1,333,054	1,182,244
Interest on customer deposits	(35,748)	(39,109)
Decrease (increase) in assets:		
Accounts receivable (Note 1)	(7,696,106)	(8,564,418)
Unbilled accounts receivable (Note 1)	(1,199,620)	(3,966,342)
Inventories	1,301,532	4,838,323
Other postemployment benefits asset and deferrals	(11,793,398)	(10,795,699)
Special deposit	6,103,761	3,987,142
Net pension asset	(1,470,501)	(2,237,018)
Other	(1,765,543)	(9,199,869)
(Decrease) increase in liabilities and deferred outflows/inflows of resources:		
Accounts payable and other accrued expenses	13,570,246	13,287,481
Customer deposits	(2,102,068)	1,208,412
Net pension asset deferrals	1,431,149	1,583,717
Other	8,552,198	(25,557,633)
Total adjustments	71,718,547	31,632,121
Net cash provided by operating activities	$ 101,222,932	$ 74,255,499
Noncash Capital and Financing Activities		
Increase (decrease) in noncash investment valuations	$ 3,949,067	$ (134,498)
Amortization of bond premium	$ 3,757,493	$ 3,115,745
Bond proceeds placed directly to escrow in refunding	$ 45,634,991	$ -

See notes to financial statements

Statements of Fiduciary Net Position -
Pension and OPEB Trust Funds
June 30, 2024 and 2023

	2024	2023
Assets		
Receivable, investment interest receivable	$ 14,641	$ 14,872
Participant notes receivable	3,532,182	3,439,525
Cash and cash equivalents	28,368,369	29,312,142
Investments at fair value:		
Mutual funds, bonds	96,482,199	89,794,532
Mutual funds, equity	333,580,797	301,565,237
Real estate trust investment	42,233,893	46,403,500
Self-directed brokerage account:		
Equity securities/stocks	12,507,716	9,997,083
Certificates of deposit (negotiable)	100,039	349,683
Mutual funds, equity	598,099	454,285
Total assets	517,417,935	481,330,859
Liabilities		
Trade payable, due to broker/other	2,765,666	2,380,543
Net position, held in trust for pension and other employee benefits	$ 514,652,269	$ 478,950,316

See notes to financial statements

Statements of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds

Years Ended June 30, 2024 and 2023

	2024	2023
Increases		
Investment income:		
Net appreciation in fair value of investments	$ 44,546,231	$ 32,812,234
Interest and dividend income	9,769,087	10,601,969
Net investment income	54,315,318	43,414,203
Employer contributions	9,500,292	11,716,780
Interest from participant notes receivable	189,210	131,862
Other	269,948	84,494
Total increases	64,274,768	55,347,339
Decreases		
Retiree benefits paid	27,701,902	37,670,444
Loan defaults	331,152	396,895
Participants' note and administrative fees	539,761	612,089
Total decreases	28,572,815	38,679,428
Change in net position held in trust	35,701,953	16,667,911
Net Position Held in Trust for Pension and Other Employee Benefits		
Beginning	478,950,316	462,282,405
Ending	$ 514,652,269	$ 478,950,316

See notes to financial statements

1. Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Lansing Board of Water & Light (BWL):

Reporting Entity

The BWL, a related organization of the City of Lansing, Michigan (City), is an administrative board established by the City Charter. The City Charter grants the BWL full and exclusive management of the electric, water, steam and chilled water services of the City. The commissioners of the governing board are appointed by the mayor with approval of the City Council. The BWL provides water, steam, chilled water and electric services to the City and surrounding townships. The governing board (Board of Commissioners) has the exclusive authority to set rates for the services provided. The financial statements include the financial activities of the electric, water, steam and chilled water operations of the BWL. The financial statements also include the financial activities of the BWL Pension and OPEB Trust Funds. The BWL is exempt from taxes on income because it is a municipal entity.

Fund Accounting

The BWL accounts for its activities in two different fund types. In order to demonstrate accountability for how it has spent certain resources, separate funds allow the BWL to show the particular expenditures that specific revenues were used for. The funds are aggregated into two fund types:

Enterprise funds provide goods or services to users in exchange for charges or fees.

Fiduciary funds:

1. The Lansing Board of Water and Light Defined Contribution Plan and Trust 1 and Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions, which accumulate resources for benefit payments to participants.

2. The Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light, a Voluntary Employees' Beneficiary Association (VEBA), which accumulates funds for future payment of retiree benefits.

Basis of Accounting

Enterprise funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In addition, the utilities meet the criteria and, accordingly, on July 1, 2012, the BWL adopted the accounting and reporting requirements of GASB 62, paragraphs 476-500.

The BWL continues to follow the accounting and reporting requirements of GASB 62, paragraphs 476-500, which require that the effects of the ratemaking process be recorded in the financial statements. Such effects primarily concern the time at which various items enter into the determination of net income in order to follow the principle of matching costs and revenues. Accordingly, the BWL records various regulatory assets and deferred inflows and outflows of resources to reflect the regulator's actions (see Note 6). Management believes that the BWL meets the criteria for continued application of GASB 62 paragraphs 476-500 but will continue to evaluate its applicability based on changes in the regulatory and competitive environment.

System of Accounts

The BWL's accounts are maintained substantially in accordance with the Uniform Systems of Accounts of the Federal Energy Regulatory Commission for its electric and steam systems and in accordance with the Uniform Systems of Accounts of the National Association of Regulatory Utility Commissioners for the water and chilled water systems. The chart of accounts dictates how the BWL classifies revenue and expense items in the statement of revenues, expenses and changes in net position as operating and nonoperating.

Rate Matters

Rates charged to customers are established solely by the governing board. The BWL has agreed to set rates sufficient to meet certain requirements of the bond resolutions for the outstanding revenue bonds.

Operating Classification

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, return on equity and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Report Presentation

This report includes the fund-based statements of the BWL. In accordance with government accounting principles, a government-wide presentation with program and general revenues is not applicable to special purpose governments engaged only in business-type activities.

Specific Balances and Transactions

Cash and Cash Equivalents

The BWL considers demand deposits and current restricted funds, which consist of cash and highly liquid investments with an original maturity of 90 days or less, as cash and cash equivalents for financial statement purposes.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between two willing parties. Fair values are based on methods and inputs as discussed in Note 2. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

Designated Cash and Investments

The BWL has established special purpose funds designated to meet anticipated operating requirements. In addition, BWL management has established a future construction fund designated to meet future construction requirements. These funds consist principally of securities issued or backed by the government of the United States or its agencies, including but not limited to treasury notes and bonds, and are segregated as follows:

	Carrying Value	
	2024	2023
Designated purpose:		
Litigation, environmental and uninsured losses	$ 20,876,509	$ 19,939,802
Future water facilities	4,211,679	4,019,823
Subtotal	25,088,188	23,959,625
Special purpose, future construction	64,168,809	61,267,832
Total	$ 89,256,997	$ 85,227,457

Accounts Receivable

Accounts receivable are stated at net invoice amounts. A general valuation allowance is established based on an analysis of the aged receivables and historical loss experience. All amounts deemed to be uncollectible are charged to expense in the period that determination is made. Accounts receivables are not deemed uncollectible until they are approximately 425 days past due and have remained completely unpaid throughout the BWL's collection policy. The components of accounts receivable for 2024 and 2023 are as follows:

	2024	2023
Customer receivables	$ 29,571,916	$ 26,598,190
Sewerage collections	2,728,219	2,879,959
Wholesale sales receivables	4,613,189	2,778,199
Grant receivables	6,197,388	7,171,247
Refundable deposit	6,103,762	-
Miscellaneous	4,593,289	6,684,062
Less allowance for doubtful accounts	(3,000,000)	(3,000,000)
Net	$ 50,807,763	$ 43,111,657

Unbilled Accounts Receivable and Revenue

Unbilled accounts receivable at June 30, 2024 and 2023 represent the estimated amount of accounts receivable for services that have not been billed as of the statement of net position date. The amounts are a result of a timing difference between the end of the financial statement cycle (month end) and the billing cycle (various dates within the month for each billing period). Accordingly, the current year revenue from customers whose billing period ends after June 30 for services rendered prior to July 1 will be recognized in the current period.

Special Deposit

In 2018, the BWL contracted with Consumer's Energy to install a new gas pipeline. Under the terms of the contract, the BWL was expected to make installment payments totaling up to $52,000,000 throughout the construction period. Based on usage of the new pipeline, the BWL is eligible to recover all but $10,000 of the installment payments. The BWL has made installment payments totaling $46,280,000. During 2024 and 2023, the BWL recovered $6,103,762 and $3,987,142, respectively, back due to pipeline usage. The BWL estimates it will recover the remaining installment payments based on expected usage. The long-term other asset for the Consumer's Energy deposit recorded was $25,189,097 in 2024 and $31,292,858 in 2023. The BWL has $41,165 of miscellaneous other deposits as of June 30, 2024 and 2023.

Inventories

Inventories are stated at weighted average cost and consist of the following at June 30:

	2024	2023
Gas	$ 1,225,790	$ 2,233,398
Materials and supplies	17,197,768	17,358,060
Emissions allowances	-	133,632
Total	$ 18,423,558	$ 19,725,090

Prepayments

Prepayments relate to advanced payments on goods or services that will be consumed in future periods.

Utility Plant

The utility plant is stated on the basis of cost, which includes expenditures for new facilities and those which extend the useful lives of existing facilities and equipment. Expenditures for normal repairs and maintenance are charged to maintenance expense as incurred. Capital assets are generally defined as assets with an initial, individual cost of more than $5,000 and an estimated life in excess of one year.

Depreciation

Depreciation of the utility plant is computed using the straight-line method based on estimated useful lives. The resulting provisions for depreciation in 2024 and 2023, expressed as a percentage of the average depreciable cost of the related assets, are as follows:

		Average Rate (Percent)	
	Life (Years)	2024	2023
Classification of utility plant:			
Water	4-100	2.0	1.9
Electric	4-50	3.6	4.1
Steam	5-50	2.8	3.5
Chilled water	5-50	3.4	3.4
Common facilities	2-50	6.9	8.0

When units of property are retired, their costs are removed from the utility plant and charged to accumulated depreciation.

Accrued Compensated Absences

The BWL records a liability for estimated compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the BWL and its employees. This liability is accrued as employees earn the rights to such benefits. The BWL estimates the total current and noncurrent portions of the liability to be $14,312,169 and $13,431,292 as of June 30, 2024 and 2023, respectively.

Capital Contributions

Capital contributions represent nonrefundable amounts received for the purpose of construction for the utility plant. These contributions are from third parties, including amounts from customers, grant programs and insurance proceeds from damage. Electric, water and steam contributions are credited against the related assets or recorded as a separate regulatory deferred inflow of resources and will offset the depreciation of the related assets over the estimated useful lives. This treatment is consistent with the BWL's ratemaking policy and is thus permitted under GASB 62 paragraphs 476-500.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The BWL has three items that qualify for reporting in this category. The deferred outflows of resources relate to deferred losses on refunding, pension related deferrals under GASB 68, OPEB related deferrals under GASB 75.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The BWL has the following items that qualify for reporting in this category: the deferred inflows of resources related to costs that have been recovered from customers and will be applied to customers in the future related to the renewable energy plan and energy optimization, chiller plant and Wise Road items described in Note 6, pension related deferrals under GASB 68 and OPEB related deferrals under GASB 75.

Net Position

Equity is classified as net position and displayed in four components:

- **Net Investment in Capital Assets** - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction or improvement of those assets.

- **Restricted for Debt Service** - Consists of net position with constraints placed on their use by revenue bond resolution.

- **Restricted for Pension and OPEB** - Consists of net position with constraints placed on their use as this balance must be used to fund employee benefits.

- **Unrestricted** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption

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

Net Pension Asset

A net pension asset is recorded in accordance with GASB Statement No. 68. The asset is the difference between the actuarial total pension liability and the Plan's fiduciary net position as of the measurement date. See Note 8 for additional information.

Other Assets

Other assets consists of a deposit held with the Michigan Public Power Agency (MPPA) related to the Belle River project.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow on the statements of net position.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (Plan), a fiduciary fund of the BWL, and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Inter-Utility Transactions

The water, electric, steam and chilled water operations of the BWL bill each other for services provided and these services are reported as revenue to the generating operation and expense to the consuming operation. Such internal billings aggregated $6,281,268 and $8,045,764 in 2024 and 2023, respectively, and are not eliminated in the statement of revenues, expenses and changes in net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Cash, Investments and Fair Value Disclosure

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations that have offices in Michigan. A local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; certificates of deposit, savings accounts, deposit accounts or depository receipts of an eligible financial institution; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The operating cash investment policy adopted by the BWL in accordance with Public Act 20, as amended, and the Lansing City Charter has authorized investment in bonds and securities of the United States government, certificates of deposit, time deposits and bankers' acceptances of qualified financial institutions, commercial paper rated A1 by Standard & Poor's and P1 by Moody's, repurchase agreements using bonds, securities and other obligations of the United States or an agency or instrumentality of the United States and liquid asset accounts managed by a qualified financial institution using any of these securities. The BWL's deposits and investment policies are in accordance with statutory authority.

Michigan Cooperative Liquid Assets Securities System (MI CLASS) reports the fair value of its underlying assets annually. Participants in the MI CLASS have the right to withdraw their funds in total on one day's notice. At June 30, 2024 and 2023, the fair value of the MI CLASS' assets were substantially equal to the BWL's share. MI CLASS is rated AAAm by Standard and Poor's. The BWL also has cash and investments with Governments of Michigan Investing Cooperatively (GovMIC). The GovMIC cash and investments are recorded at amortized cost which approximates fair value.

The BWL's cash and investments are subject to several types of risk, which are examined in more detail below:

The BWL's Cash and Investments (Exclusive of Fiduciary Funds)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the BWL's deposits may not be returned to it. The BWL requires that financial institutions must meet minimum criteria to offer adequate safety to the BWL. At June 30, 2024 and 2023, the BWL had $20,225,479 and $16,123,652, respectively, of bank deposits that were uninsured and uncollateralized. The BWL evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the BWL will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The BWL does not have a policy for custodial credit risk.

At June 30, 2024, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the BWL's name:

Type of Investment	Fair Value	How Held
U.S. agency bond or notes	$ 45,719,291	Counterparty
U.S. treasury bonds	277,330,789	Counterparty
State and local bonds	553,117	Counterparty

At June 30, 2023, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the BWL's name:

Type of Investment	Fair Value	How Held
U.S. agency bond or notes	$ 45,871,269	Counterparty
U.S. treasury bonds	68,762,729	Counterparty
State and local bonds	1,896,278	Counterparty

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The BWL's investment policy restricts investments to a maximum weighted average life of five years unless matched to a specific cash flow.

At June 30, 2024, the average maturities of investments are as follows:

Investment	Fair Value	Less Than 1 Year	1-5 Years	6+ Years
Pooled investment funds	$ 108,854,651	$ 108,854,651	$ -	$ -
U.S. treasury bonds	277,330,789	129,439,631	147,891,158	-
State and local bonds	553,117	553,117	-	-
U.S. agency bonds/notes	45,719,291	6,030,413	31,421,905	8,266,972
Supra national agency bonds	247,122	247,122	-	-
Mutual funds, bonds	51,134,416	-	51,134,416	-
Total	$ 483,839,386	$ 245,124,934	$ 230,447,480	$ 8,266,972

At June 30, 2023, the average maturities of investments are as follows:

Investment	Fair Value	Less Than 1 Year	1-5 Years	6+ Years
Pooled investment funds	$ 41,984,644	$ 41,984,644	$ -	$ -
U.S. treasury bonds	68,762,729	9,214,874	59,547,855	-
State and local bonds	1,896,278	1,364,428	531,850	-
U.S. agency bonds/notes	45,871,269	3,706,722	27,646,909	14,517,638
Supra national agency bonds	5,435,343	3,401,512	2,033,831	-
Commercial paper	3,872,539	3,872,539	-	-
Total	$ 167,822,802	$ 63,544,719	$ 89,760,445	$ 14,517,638

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

As of June 30, 2024, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Pooled investment funds	$ 108,854,651	AAAm	S&P
U.S. treasury bonds	277,330,789	AA+ (Aaa)	S&P (Moody's)
U.S. agency bonds/notes	45,719,291	AA+ (Aaa)	S&P (Moody's)
Supra national agency bonds	247,122	AAA+ (Aaa)	S&P (Moody's)
State and local bonds	553,117	AA/AA1	S&P (Moody's)
Mutual funds, bonds	51,134,416	AAAm	S&P

As of June 30, 2023, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Pooled investment funds	$ 41,984,644	AAAm	S&P
U.S. treasury bonds	68,762,729	AA+ (Aaa)	S&P (Moody's)
U.S. agency bonds/notes	45,871,269	AA+ (Aaa)	S&P (Moody's)
Supra national agency bonds	5,435,343	AA+ (Aaa)	S&P (Moody's)
State and local bonds	1,896,278	AA+ (Aaa)	S&P (Moody's)
Money markets	2,270,803	AAAm	S&P
Commercial paper	3,872,539	A-1/P-1	S&P

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. The Board's policy limits the amount of investments with an individual issuer, with the exception of the U.S. government. As of June 30, 2024 and 2023, the BWL's investment portfolio was concentrated as follows:

Investment	2024	2023
Fannie Mae	2 %	7 %
Freddie Mac	7	21
FHLB	1	7

Fair Value

The BWL categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following investments are recorded at fair value using the Matrix Pricing Technique.

	June 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. treasury bonds	$ -	$ 277,330,789	$ -	$ 277,330,789
Supra national agency bonds	-	247,122	-	247,122
Federal agency mortgage-backed security	-	30,142,641	-	30,142,641
Federal agency collateralized mortgage obligation	-	2,302,719	-	2,302,719
State and local bonds	-	553,117	-	553,117
Federal agency bond/note	-	13,273,931	-	13,273,931
Mutual funds, bonds	-	51,134,416	-	51,134,416
Total investments at fair value level	$ -	$ 374,984,735	$ -	$ 374,984,735

	June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. treasury bonds	$ -	$ 68,762,729	$ -	$ 68,762,729
Supra national agency bonds	-	5,435,343	-	5,435,343
Federal agency mortgage-backed security	-	23,679,729	-	23,679,729
Federal agency collateralized mortgage obligation	-	2,880,483	-	2,880,483
State and local bonds	-	1,896,278	-	1,896,278
Federal agency bond/note	-	19,311,057	-	19,311,057
Commercial paper	-	3,872,539	-	3,872,539
Total investments at fair value level	$ -	$ 125,838,158	$ -	$ 125,838,158

Fiduciary Fund Investments

Interest Rate Risk - Pension and OPEB Trust Funds

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plans investment policy does not restrict investment maturities.

At June 30, 2024, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity (in Years)
Mutual fund, bonds	$ 96,482,199	8.8
Certificates of deposit (negotiable)	100,039	0.6

At June 30, 2023, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity (in Years)
Mutual fund, bonds	$ 89,794,532	9.0
Certificates of deposit (negotiable)	349,683	0.6

Credit Risk - Pension and OPEB Trust Funds

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plans have no investment policy that would further limit its investment choices. As of June 30, 2024, the credit quality ratings of debt securities (other than the U.S. government) subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 96,482,199	Not rated	Not rated
Certificates of deposit (negotiable)	100,039	Not rated	Not rated

As of June 30, 2023, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 89,794,532	Not rated	Not rated
Certificates of deposit (negotiable)	349,683	Not rated	Not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Plans have no investments subject to concentration of credit risk as of June 30, 2024 and June 30, 2023.

Fair Value - Pension Trust Funds

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;

- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Common Stock, Corporate Bonds and Notes, U.S. Government Obligations and Fixed Income Securities - Valued at the most recent closing price reported on the market on which individual securities are traded.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Stable Value Fund - Seeks safety of principal, adequate liquidity and returns superior to shorter maturity alternatives by actively managing a diversified portfolio of assets issued by highly rated financial institutions and corporations as well as obligations of the U.S. government or its agencies.

Self-Directed Brokerage Account - Participants meeting minimum balance and transaction requirements may transfer funds to a self-directed brokerage account providing access to additional investment options including a large selection of mutual funds.

Real estate fund investment - Valued by a certified independent appraiser and an internal expert group. There is also another level of verification by an independent valuation advisor to audit and review both the external and internal valuations performed.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2024 and 2023:

	June 30, 2024			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds, bonds	$ 17,497,649	$ 78,984,550	$ -	$ 96,482,199
Mutual funds, equities	279,521,028	54,059,769	-	333,580,797
Self-directed brokerage account, equities	12,507,716	-	-	12,507,716
Self-directed brokerage account, bonds	598,099	-	-	598,099
Certificates of deposit	-	100,039	-	100,039
Real estate investment trust	42,233,893	-	-	42,233,893
Total investments by fair value level	$ 352,358,385	$ 133,144,358	$ -	$ 485,502,743

	June 30, 2023			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds, bonds	$ 17,745,597	$ 72,048,935	$ -	$ 89,794,532
Mutual funds, equities	218,475,290	83,089,947	-	301,565,237
Self-directed brokerage account, equities	9,997,083	-	-	9,997,083
Self-directed brokerage account, bonds	454,285	-	-	454,285
Certificates of deposit	-	349,683	-	349,683
Real estate investment trust	46,403,500	-	-	46,403,500
Total investments by fair value level	$ 293,075,755	$ 155,488,565	$ -	$ 448,564,320

3. Restricted Assets

Restricted assets are required under the 2013A, 2017A, 2019A, 2019B, 2021A, 2021B and 2024A Revenue Bond resolutions and the related Nonarbitrage and Tax Compliance Certificates. These assets are segregated into the following funds:

	Carrying Value 2024	Carrying Value 2023
Operations and maintenance fund	$ 39,896,170	$ 30,537,525
Bond and interest redemption fund	61,457,542	32,234,876
Construction Fund	259,946,436	-
Total	$ 361,300,148	$ 62,772,401

The carrying value in excess of the required value for the current portion is reported as cash and cash equivalents or investments for the years ended 2024 and 2023.

The restrictions of the various funds required per the bond resolutions are as follows:

Operations and Maintenance Fund - By the end of each month, this fund shall include sufficient funds to provide for payment of the succeeding month's expenses.

Bond and Interest Redemption Fund - Restricted for payment of the current portion of bond principal and interest on the 2013A, 2017A, 2019A, 2019B, 2021A, 2021B and 2024A Revenue Bonds.

Construction Fund – Restricted for utility system upgrades as required by the 2024A Revenue Bonds.

In addition, restricted assets have been reported in connection with the net pension and OPEB asset balances since this balance must be used to fund employee benefits.

4. Utility Plant

The tables below reflect the capital asset activity of the utility plant categories for the years ended June 30, 2024 and 2023:

Capital Asset Activity for Year Ended June 30, 2024

	Capital Assets FY Start	Transfers	Acquisition	Retirement	Capital Assets FY End
Water	$ 367,082,687	$ 15,216,703	$ -	$ (1,539,902)	$ 380,759,488
Electric	1,246,833,576	34,269,839	-	(3,025,564)	1,278,077,851
Steam	96,662,683	3,708,614	-	(5,138)	100,366,159
Chilled	34,105,305	-	-	-	34,105,305
Common	123,933,055	2,206,851	8,055,371	(2,263,969)	131,931,308
AUC	45,813,286	(55,402,008)	154,272,797	(2,082,243)	142,601,832
Total	$ 1,914,430,592	$ -	$ 162,328,168	$ (8,916,816)	$ 2,067,841,943

Accumulated Depreciation for Year Ended June 30, 2024

	Accumulated Depreciation FY Start	Depreciation Transfers	Depreciation / Amortization and Impairment for Year	Depreciation Retirement	Accumulated Depreciation FY End
Water	$ (135,995,162)	$ (9,230)	$ (8,301,141)	$ 845,842	$ (143,459,691)
Electric	(471,205,697)	-	(44,860,132)	1,830,016	(514,235,813)
Steam	(31,341,987)	-	(2,767,415)	5,138	(34,104,264)
Chilled	(18,451,534)	-	(1,165,051)	-	(19,616,585)
Common	(74,127,245)	9,230	(10,710,340)	2,262,845	(82,565,510)
Total	$ (731,121,625)	$ -	$ (67,804,079)	$ 4,943,841	$ (793,981,863)

Nondepreciable Assets - Included in the table above are nondepreciable assets of $2,204,045 for water, $17,449,965 for electric, $124,099 for steam, $412,339 for common facilities and $142,601,834 for AUC.

Capital Asset Activity for Year Ended June 30, 2023

	Capital Assets FY Start	Transfers	Acquisition	Retirement	Capital Assets FY End
Water	$ 352,112,157	$ 15,768,003	$ -	$ (797,473)	$ 367,082,687
Electric	1,221,755,100	42,209,597	-	(17,131,121)	1,246,833,576
Steam	95,083,252	5,022,080	-	(3,442,649)	96,662,683
Chilled	34,099,039	6,266	-	-	34,105,305
Common	123,793,139	4,277,454	1,672,935	(5,810,473)	123,933,055
AUC	23,067,588	(67,283,400)	90,029,098	-	45,813,286
Total	$ 1,849,910,275	$ -	$ 91,702,033	$ (27,181,716)	$ 1,914,430,592

Accumulated Depreciation for Year Ended June 30, 2023

	Accumulated Depreciation FY Start	Depreciation Transfers	Depreciation / Amortization and Impairment for Year	Depreciation Retirement	Accumulated Depreciation FY End
Water	$ (128,799,223)	$ 157,406	$ (7,845,441)	$ 492,096	$ (135,995,162)
Electric	(438,098,343)	(65,428)	(50,595,965)	17,554,039	(471,205,697)
Steam	(31,087,552)	-	(3,364,815)	3,110,380	(31,341,987)
Chilled	(17,287,736)	-	(1,163,798)	-	(18,451,534)
Common	(68,896,851)	(91,978)	(10,396,764)	5,258,348	(74,127,245)
Total	$ (684,169,705)	$ -	$ (73,366,783)	$ 26,414,863	$ (731,121,625)

Nondepreciable Assets - Included in the table above are nondepreciable assets of $1,194,869 for water, $17,571,123 for electric, $124,098 for steam, $412,339 for common facilities and $45,813,286 for AUC

Erickson Power Station Impairment

In 2017, the BWL agreed to close the Erickson Power Station by 2025 as a result of a settlement with the Sierra Club in support of BWL's strategic plan. As a result, BWL recorded an impairment of $9,337,129 in 2017 using the service units approach to measure the impairment. In 2021, the estimated date of closure was re-examined and determined to be May 2023. Asset cost and accelerated depreciation were adjusted from the initial impairment and an additional impairment loss of $4,304,965 was recognized in 2021. In 2022, the estimated date of closure was re-examined and determined to be November 2022. Accelerated depreciation was adjusted from the previous impairment adjustment and additional impairment loss of $1,456,410 was recognized in fiscal year 2022. The plant was retired in fiscal year 2023.

5. Long-Term Debt

Long-term debt as of June 30 consists of the following:

	2024	2023
Water Supply, Steam, Chilled Water and Electric Utility System Revenue and revenue refunding Bonds, Series 2024A, due in annual principal installments beginning July 1, 2025, and continuing through July 1, 2054, plus interest at a rate of 5.00%. Original amount of issue $364,625,000.	$ 364,625,000	$ -
Water Supply, Steam, Chilled Water and Electric Utility System Revenue Taxable Bonds, Series 2021A, due in annual principal installments beginning July 1, 2025 and continuing through July 1, 2051, plus interest at a rate of 5.00%. Original amount of issue $56,020,000.	56,020,000	56,020,000
Water Supply, Steam, Chilled Water and Electric Utility System Revenue Taxable Bonds, Series 2021B, due in annual principal installments beginning July 1, 2026 and continuing through July 1, 2051, initial term rate is 2%, with an assumed interest rate of 3.5% following the mandatory tender in 2026. Original amount of issue $70,875,000	70,875,000	70,875,000
Water Supply, Steam, Chilled Water and Electric Utility System Revenue Refunding Taxable Bonds, Series 2019B, due in annual principal installments beginning July 1, 2022 and continuing through July 1, 2041, plus interest at rates ranging from 1.95% to 3.53%. Original amount of issue $251,995,000. During fiscal year 2024 $45,625,000 of the 2019B original issuance was tendered as part of the 2024A issuance.	193,605,000	245,680,000
Water Supply, Steam, Chilled Water and Electric Utility System Revenue Refunding Bonds, Series 2019A, due in annual principal installments beginning July 1, 2022 and continuing through July 1, 2048, plus interest at rates ranging from 4.00% to 5.00%. Original amount of issue $319,875,000.	313,730,000	316,880,000
Water Supply, Steam, Chilled Water and Electric Utility System Revenue Refunding Bonds, Series 2017A, due in annual principal installments beginning July 1, 2019 and continuing through July 1, 2032, plus interest at a rate of 5.00%. Original amount of issue $30,365,000.	21,625,000	23,525,000

	2024	2023
Water Supply, Steam, Chilled Water and Electric Utility System Revenue Refunding Bonds, Series 2013A, due in annual principal installments beginning July 1, 2014 through July 1, 2026, plus interest at rates ranging from 2.00% to 5.00%. Original amount of issue $21,085,000. During fiscal year 2024, $4,330,000 of the 2013A original issuance was refunded as part of the 2024A issuance.	$ 2,000,000	$ 8,240,000
Promissory note, due to the City of Lansing in semi-annual installments through October 1, 2024, plus interest at a rate of 2.50%. Original amount of issue $13,225,385.	3,368,762*	4,062,093*
Charter Township of Lansing Special Assessment pertaining to the Groesbeck II Park Drain. Due in annual installments ranging from $132,000 to $291,000 with final payment in 2044.	2,652,412*	2,778,718*
Total	1,028,501,175	728,060,811
Less current portion	(14,667,438)	(14,229,635)
Plus unamortized premium	118,160,932	81,080,265
Total	$ 1,131,994,669	$ 794,911,441

The unamortized premium and deferral on refunded bonds is being amortized over the life of the bonds, using the straight-line method.

* The debt noted is directly placed with a third party.

Aggregate principal and interest payments applicable to revenue debt are as follows:

Years Ending June 30:	Principal	Interest	Total
2025	$ 13,890,000	$ 43,827,532	$ 57,717,532
2026	13,495,000	44,790,523	58,285,523
2027	14,025,000	44,772,718	58,797,718
2028	18,665,000	44,636,718	63,301,718
2029	19,435,000	43,877,996	63,312,996
2030-2034	109,420,000	206,767,638	316,187,638
2035-2039	134,265,000	181,283,008	315,548,008
2040-2044	165,550,000	149,166,897	314,716,897
2045-2049	209,280,000	103,923,063	313,203,063
2050-2055	324,455,000	49,990,113	374,445,113
Total	$ 1,022,480,000	$ 913,036,206	$ 1,935,516,206

Aggregate principal and interest payments applicable to direct placement debt are as follows:

Years Ending June 30:	Principal	Interest	Total
2025	$ 777,438	$ 184,669	$ 962,107
2026	766,153	165,789	931,942
2027	712,205	147,609	859,814
2028	658,250	130,396	788,646
2029	575,934	114,230	690,164
2030-2034	1,141,835	411,942	1,553,777
2035-2039	631,527	255,567	887,094
2040-2044	631,527	113,585	745,112
2045 and later	126,305	5,679	131,984
Total	$ 6,021,174	$ 1,529,466	$ 7,550,640

All Water Supply and Electric Utility System Revenue Bonds were issued by the authority of the BWL. All bonds were issued on a parity basis and are payable solely from the net revenue of the combined water, electric, chilled water and steam operations of the BWL.

The Series 2024A Bonds maturing in the years 2025 through 2034, inclusive, shall not be subject to optional redemption prior to maturity. The Series 2024A Bonds, or portions of the Series 2024A Bonds in multiples of $5,000 maturing or subject to mandatory redemption in the years 2035 and thereafter shall be subject to redemption at the option of the Board in such order of maturity as the Board shall determine, and within a single maturity by lot, on any date on or after July 1, 2034 at par plus accrued interest to the date fixed for redemption. The Term Bonds maturing on July 1, 2049, the 5.00% Term Bonds maturing on July 1, 2054, and the 5.25% Term Bonds July 1, 2054 are subject to mandatory redemption prior to maturity in part by lot on July 1 in the years and in the principal amounts set forth below at a redemption price equal to the principal amount to be redeemed plus accrued interest, if any, without premium.

The 2021A Bonds are payable in annual installments in the years 2025 through 2051, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2031 shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after July 1, 2031 at par plus accrued interest to the fixed date for redemption.

The 2021B Bonds are payable in annual installments in the years 2026 through 2051, inclusive, and are subject to optional and mandatory redemption prior to maturity. The put bonds maturing on or after January 1, 2026 shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after January 1, 2026 at par plus accrued interest to the fixed date for redemption. The mandatory tender for purchase date of the Bonds is July 1, 2026—the first business day following the last day of the Initial Term Interest Rate Period. In the event not all the Bonds are purchased on or before the Purchase Date, a Delayed Remarketing Period shall commence during which the Bonds will bear interest at a Stepped Interest Rate. Additional information is available in the Official Statement for the Series 2021B Bonds.

The 2019B Bonds are payable in annual installments in the years 2022 through 2041, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2030 shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after July 1, 2029 at par plus accrued interest to the fixed date for redemption. During fiscal year 2024 $45,625,000 of the 2019B original issuance was tendered as part of the 2024A issuance.

The 2019A Bonds are payable in annual installments in the years 2022 through 2048, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2028 shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after July 1, 2028 at par plus accrued interest to the fixed date for redemption.

The 2017A Bonds are payable in annual installments in the years 2019 through 2027, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds, or portions of the bonds in multiples of $5,000 maturing or subject to mandatory redemption in the years 2028 and thereafter, shall be subject to redemption at the option of the BWL in such order of maturity as the BWL shall determine, and within a single maturity by lot, on any date on or after July 1, 2027 at par plus accrued interest to the fixed date for redemption.

The 2013A Bonds are payable in annual installments in the years 2014 to 2024, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2024 shall be subject to redemption at the option of the BWL on or after July 1, 2023 as a whole or in part at any time and by lot within a maturity at par plus accrued interest to the redemption date. During fiscal year 2024, $4,330,000 of the 2013A original issuance was refunded as part of the 2024A issuance.

The Series 2011A Bonds are payable in annual installments in the years 2015 to 2022, inclusive, and shall not be subject to optional redemption prior to maturity. The bonds maturing on or after July 1, 2022 shall be subject to redemption at the option of the BWL on or after July 1, 2021 as a whole or in part at any time and by lot within a maturity at par plus interest accrued to the redemption date. These bonds were part of an advanced refunding with the issuance of the 2019B Revenue bonds. The final maturity for these bonds was on July 1, 2022.

Current Refunding

On January 31, 2024, BWL issued $364,625,000 in bonds (new bonds), which included a premium of $41,845,754, at a rate of 5.00% to refund $4,364,100 (Principal & Interest) in outstanding 2013A Bonds and $41,597,960 (Principal & Interest) in outstanding 2019B Bonds with an average rate of 4.3% and 3.25%, respectively. Of the principal amount issued, $39,625,000 went to refund the aforementioned bonds and $325,000,000 was new money.

The cash flow requirements on the old bonds prior to the current refunding were $45,962,060 through July 1, 2037. The cash flow requirements for the new bonds are $58,314,774 through July 1, 2054. The current refunding resulted in an economic gain of $4,987,279.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2013A Bonds and a portion of the 2019B Bonds. As a result, the 2013A Bonds and a portion of the 2019B Bonds are considered defeased and the liability for these bonds has been removed from the Statement of Net Position.

The long-term debt activity for the year ended June 30, 2024 is as follows:

	Revenue Bonds (Net of Unamortized Premiums)	Other Notes	Total
Beginning balance	$ 802,300,266	$ 6,840,810	$ 809,141,076
Additions	406,470,754	-	406,470,754
Reductions	(68,130,088)	(819,635)	(68,949,723)
Ending balance	$ 1,140,640,932	$ 6,021,175	$ 1,146,662,107
Due with-in one year	$ 13,890,000	$ 777,438	$ 14,667,438

The BWL has pledged substantially all revenue, net of operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction of the utility plant. The bonds are payable solely from the net revenues of the BWL. In fiscal year 2024, the remaining principal and interest to be paid on the bonds total $1,935,516,206. During fiscal year 2024, net revenues of the BWL were $106,854,384 compared to the annual debt requirements of $41,859,344. In fiscal year 2023, the remaining principal and interest to be paid on the bonds total $1,284,584,899. During fiscal year 2023, net revenues of the BWL were $112,994,683 compared to the annual debt requirements of $42,589,615.

The long-term debt activity for the year ended June 30, 2023 is as follows:

	Revenue Bonds (Net of Unamortized Premiums)	Other Notes	Total
Beginning balance	$ 818,870,786	$ 7,649,348	$ 826,520,134
Additions	-	-	-
Reductions	(16,570,520)	(808,538)	(17,379,058)
Ending balance	$ 802,300,266	$ 6,840,810	$ 809,141,076
Due with-in one year	$ 13,410,000	$ 819,635	$ 14,229,635

6. Costs/Credits Recoverable in Future Years

Environmental Remediation

During the fiscal year ended June 30, 2006, the GASB 49 environmental remediation liability related to a second landfill was approved for regulated entity accounting under GASB 62. The balance of the regulatory asset at June 30, 2024 and 2023 was $0 and $4,069, respectively. The BWL reviews the adequacy of its rates to recover its cost of service on an annual basis. During the year ended June 30, 2009, regulatory accounting as per GASB 62 was authorized by the Board of Commissioners to collect rates for all environmental remediation sites. The balance as of June 30, 2024 and 2023 for additional sites was $20,853,276 and $19,935,889 respectively.

Recoverable Cost Adjustments

During the year ended June 30, 2005, the Board of Commissioners approved the use of regulatory accounting as per GASB 62 in accounting for the BWL's power supply cost recovery (PSCR) adjustment, power chemical adjustment (PCA), fuel cost adjustment (FCA) and chilled water fuel cost adjustment (CWFCA). These affect the amount to be billed to retail electric, water, steam and chilled water customers to reflect the difference between the BWL's actual material costs and the amounts incorporated into rates. This resulted in recoverable assets of $26,154,048 and $33,810,383 at June 30, 2024 and 2023, respectively. This amount represents costs to be billed (credited) to customers in future years because actual costs of providing utilities were higher (lower) than the costs incorporated into the BWL's rates.

Renewable Energy Plan (REP) and Energy Optimization (EO)

During the year ended June 30, 2010, the Board of Commissioners approved the implementation of regulatory accounting as per GASB 62 to account for Public Act 295 of 2008 (PA. 295). PA. 295 set forth requirements for all Michigan utilities to meet the new renewable energy standards and undertake energy optimization programs. As a municipally owned electric utility, the BWL was required to file a proposed energy plan with the Michigan Public Service Commission (MPSC) and this plan was approved on July 1, 2009. These changes will affect the amount to be billed to electric customers. This resulted in deferred inflow of resources of $1,292,134 and $1,760,188 as of June 30, 2024 and 2023, respectively.

Chiller Plant

During the year ended June 30, 2010, the BWL chose to use regulatory accounting as per GASB 62 to recognize the contribution in aid of construction (CIAC) for the development of a new chilled water plant. The remaining recoverable inflow of resources of $220,271 and $440,543 as of June 30, 2024 and 2023, respectively. The BWL will recognize this as revenue monthly over the life of the new chilled water plant to offset depreciation expense.

Wise Road

During the year ended June 30, 2012, the BWL chose to use regulatory accounting as per GASB 62 to recognize the insurance proceeds for the damaged equipment at the Wise Road Water Conditioning Plant (see Note 13). The remaining recoverable inflow of resources as of June 30, 2024 and 2023 was $4,831,242 and $5,813,867, respectively.

7. Transactions with the City of Lansing, Michigan

Operations

The BWL recognized revenue of $10,547,324 and $9,806,375 in 2024 and 2023, respectively, for water, electric and steam services provided to the City. The BWL incurred expenses for sewerage services purchased from the City of $2,213,195 and $764,394 in 2024 and 2023, respectively.

Additionally, the BWL bills and collects sewerage fees for the City. In connection with these services, the BWL received sewerage collection fees of $1,333,054 and $1,182,244 in 2024 and 2023, respectively, included in other income.

Return on Equity

Effective July 1, 1992, the BWL entered into an agreement with the City to provide payment of a return on equity in accordance with a formula based on net billed retail sales from its water, steam heat and electric utilities for the preceding 12-month period ending May 31 of each year. Effective March 1, 2002, the formula to calculate the amount owed to the City was modified to include wholesale revenue generated from the BWL's electric, water, steam and chilled water utilities for the preceding 12-month period ending May 31 of each year. Subject to the provisions of Act 94 Public Acts of 1933, as amended, and the BWL's various bond covenants, this amount is payable to the City in semi-annual installments. Effective July 1, 2020, the BWL and the City agreed to pay a flat amount for fiscal years 2021 through 2022. In fiscal year 2023, a flat percentage of 6% was applied to reported operating revenues, excluding inter-utility sales from providing retail water, electric, steam and chilled water services. In fiscal year 2024, a flat percentage of 6% was applied to budgeted operating revenues, excluding inter-utility sales from providing retail water, electric, steam and chilled water services. Under terms of these agreements, the BWL paid to the City $26,028,591 and $26,428,992 for 2024 and 2023, respectively, of operational cash flow in excess of debt service requirements.

8. Retirement Plans

The BWL has three retirement plans. The BWL administers a tax-qualified, single-employer, noncontributory, defined benefit public employee retirement pension plan (Defined Benefit Plan) and the BWL has a tax-qualified, single-employer, noncontributory, defined contribution public employee retirement plan (Defined Contribution Plan). The BWL also has a tax-qualified, single-employer, retiree benefit plan to administer and fund retiree benefits (Retiree Benefit Plan).

Defined Benefit Plan

Plan Description - The BWL administers the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions (Defined Benefit Plan), a noncontributory single-employer defined benefit pension plan for employees of the BWL. The benefit terms were established by the BWL and may be amended by future BWL actions.

The Defined Benefit Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

Effective July 1, 1999, the Defined Benefit Plan was amended to include a medical benefit component, in addition to the normal retirement benefits, to fund a portion of the postretirement obligations for certain retirees and their beneficiaries. The funding of the medical benefit component is limited to the amount of excess pension plan assets available for transfer, as determined by the actuary. No medical benefits were paid by the Defined Benefit Plan during the years ended June 30, 2024 and 2023.

Employees Covered by Benefit Terms - At February 29, 2024 and February 28, 2023 (the most recent actuarial valuation for funding purposes), Defined Benefit Plan membership consisted of the following:

	2024	2023
Inactive plan members or beneficiaries currently receiving benefits	255	265
Inactive plan members entitled to but not yet receiving benefits	1	1
Active plan members	3	3
Total	259	269

The Defined Benefit Plan, by resolution of the Board of Commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution retirement savings plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this plan were required to make an irrevocable choice to either remain in this plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this plan that were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan. As a result of this action, effective December 1, 1997, the Board of Commissioners transferred $75,116,470 to the newly established defined contribution plan, reflecting the plan participants' accumulated benefits as of said date.

Benefits Provided - The Defined Benefit Plan provides retirement, early retirement, disability, termination and death benefits. The Plan provides for an annual benefit upon normal retirement age equal to the product of the total number of years of credited service multiplied by a percentage equal to 1.80% of the highest annual pay during the last 10 years of service, paid in equal monthly installments.

Payments will either be nonincreasing or increase only as follows: (a) By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics; (b) To the extent of the reduction in the amount of the employee's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Subsection 8 dies or is no longer the employee's beneficiary pursuant to a qualified domestic relations order within the meaning of Internal Revenue Code Section 414(p); (c) To provide cash refunds of employee contributions upon the employee's death; or (d) To pay increased benefits that result from a plan amendment.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the BWL retains an independent, external actuary to determine the annual contribution. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. There was no contribution required for the years ended June 30, 2023 and 2024. Plan documents do not require participant contributions.

Net Pension Asset - The components of the net pension asset of the BWL at June 30, 2024 and June 30, 2023 were as follows (in thousands):

	2024	2023
Total pension liability	$ 42,054	$ 44,514
Plan fiduciary net pension	48,534	49,523
Total	$ (6,480)	$ (5,009)
Plan fiduciary net position, as a percentage of the total pension liability	115.41 %	111.25 %

The BWL has chosen to use June 30, 2024 as its measurement date for fiscal year 2024. The June 30, 2024 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2024. The June 30, 2024 total pension liability was determined by an actuarial valuation as of February 29, 2024, which used update procedures to roll forward the estimated liability to June 30, 2024.

The BWL has chosen to use June 30, 2023 as its measurement date for fiscal year 2023. The June 30, 2023 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2023. The June 30, 2023 total pension liability was determined by an actuarial valuation as of February 28, 2023, which used update procedures to roll forward the estimated liability to June 30, 2023.

Changes in the net pension asset during the measurement years were as follows:

	In Thousands		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balance, June 30, 2022	$ 47,887	$ 50,659	$ (2,772)
Changes for the year:			
Service cost	29	-	29
Interest	2,721	-	2,721
Differences between expected and actual experience	(981)	-	(981)
Changes in assumptions	-	-	-
Net investment income	-	4,134	(4,134)
Benefit payments, including refunds	(5,142)	(5,142)	-
Administrative expenses	-	(127)	127
Miscellaneous other charges	-	-	-
Net changes	(3,373)	(1,136)	(2,237)
Balances, June 30, 2023	44,514	49,523	(5,009)
Changes for the year:			
Service cost	31	-	31
Interest	2,523	-	2,523
Differences between expected and actual experience	(18)	-	(18)
Changes in assumptions	-	-	-
Net investment income	-	4,134	(4,134)
Benefit payments, including refunds	(4,996)	(4,996)	-
Administrative expenses	-	(127)	127
Miscellaneous other charges	-	-	-
Net changes	(2,460)	(989)	(1,471)
Balance, June 30, 2024	$ 42,054	$ 48,534	$ (6,480)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2024, the BWL recognized pension expense of ($39,352). At 2024, the BWL reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between projected and actual earnings on pension plan investments	$ 204,912	$ -

For the year ended June 30, 2023, the BWL recognized pension expense of ($653,301). At June 30, 2023, the BWL reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 1,636,061	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:	
2025	$ (352,237)
2026	1,332,666
2027	512,769
2028	262,749
Total	$ 204,912

Actuarial Assumptions - The total pension liability in the June 30, 2024 and June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Inflation	2.25 %	2.25 %
Salary increases	3.50	3.50
Investment rate of return	6.00	6.00

Mortality rates were based on the PUB-2010 General Mortality Table with MP-2021 Improvement Scale for the June 30, 2024 valuation. The June 30, 2023 valuation used the PUB-2010 General Employees Mortality Table and projected using the MP-2021 scale.

The most recent experience review was completed in 2014. Since the Defined Benefit Plan covered 3 active participants in fiscal year 2024 and fiscal year 2023, assumptions like termination, retirement and disability have an immaterial impact on the results and have not been changed.

Discount Rate - The discount rate used to measure the total pension liability was 6.0% in 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that BWL contributions will be made at rates equal to the actuarially determined contribution rates.

Projected Cash Flows

Based on those assumptions, the Defined Benefit Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the Defined Benefit Plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

The long-term expected rate of return on Defined Benefit Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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. Best estimates of arithmetic real rates of return as of June 30, 2024 and 2023 for each major asset class included in the Defined Benefit Plan's target asset allocation, as disclosed in the Defined Benefit Plan’s financial statements, are summarized in the following table:

Asset Class	2024 Long-Term Expected Real Rate of Return	2023 Long-Term Expected Real Rate of Return
Core bonds	2.56 %	2.58 %
Multi-sector	3.50	3.54
Liquid absolute return	3.25	3.25
U.S. large cap equity	7.15	7.17
U.S. small cap equity	8.58	8.61
Non-U.S. equity	8.26	8.29
Core real estate	6.49	6.54

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset of the BWL at June 30, 2024, calculated using the discount rate of 6.00%, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset) of the BWL	$ (2,557,349)	$ (6,479,599)	$ (8,368,884)

The following presents the net pension asset of the BWL at June 30, 2023, calculated using the discount rate of 6.00%, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset) of the BWL	$ (836,993)	$ (5,009,098)	$ (7,108,925)

Defined Benefit Plan Fiduciary Net Position - Detailed information about the Defined Benefit Plan’s fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension asset, deferred outflows of resources and deferred inflows or resources related to pension and pension expense, information about the Defined Benefit Plan’s fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the Defined Benefit Plan. The Defined Benefit Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Defined Contribution Plan

The Lansing Board of Water and Light Defined Contribution Plan and Trust 1 (Defined Contribution Plan) was established by the BWL in 1997 under Section 5-203.10 of the City Charter. The Defined Contribution Plan covers substantially all full-time employees hired after December 31, 1996. In addition, 602 employees hired before January 1, 1997 elected to convert their retirement benefits from the Defined Benefit Plan effective December 1, 1997.

The Defined Contribution Plan issues a publicly available financial report. That report may be obtained by writing to the Lansing Board of Water and Light Defined Contribution Plan and Trust 1, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

The Defined Contribution Plan operates as a money purchase pension plan and meets the requirements of Sections 401(a) and 501(a) of the IRC of 1986, as amended from time to time.

For employees hired before January 1, 1997, the BWL is required to contribute 15.0% of the employees' compensation. For employees hired after January 1, 1997, the BWL is required to contribute 9.5% of the employees' compensation. In addition, the BWL is required to contribute 3.0% of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5% of the employees' compensation for all nonbargaining employees. No participant contributions are required.

During the years ended June 30, 2024 and 2023, the BWL contributed $9,435,006 and $11,648,704, respectively. The BWL’s contributions are recognized in the period that the contributions are due.

Basis of Accounting - The Defined Contribution Plan’s financial statements are prepared using the accrual method of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*.

Valuation of Investments and Income Recognition - The Defined Contribution Plan investments are stated at fair market value based on closing sales prices reported on recognized securities exchanges on the last business day of the year, or, for listed securities having no sales reported and for unlisted securities, upon the last reported bid prices on that date. The mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Defined Contribution Plan at year end.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Regulatory Status - The Defined Contribution Plan is not subject to the reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as it has been established for the benefit of a governmental unit.

Retiree Benefit Plan (OPEB)

Plan Description - The Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (Retiree Benefit Plan) is a single-employer retiree benefit plan. The Plan provides medical, dental and life insurance benefits in accordance with Section 5-203 of the City Charter. Substantially all of the BWL’s employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while actively employed full-time by working for the BWL. There were 755 participants eligible to receive benefits at June 30, 2024 and 753 participants eligible at June 30, 2023.

In October 1999, the BWL formed a Voluntary Employee Benefit Administration (VEBA) trust for the purpose of accumulating assets sufficient to fund retiree healthcare insurance costs in future years. During the years ended June 30, 2024 and 2023, the cost to BWL of maintaining the Retiree Benefit Plan and Trust was $65,286 and $68,076, of which respectively, was incurred as direct costs of benefits.

The Retiree Benefit Plan issues a publicly available financial report. That report may be obtained by writing to the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

Benefits Provided - The Plan provides medical, dental and life insurance benefits in accordance with Section 5-203 of the City Charter. Benefits are provided through third-party insurers carriers. The plan coverage includes payment of deductibles and co-pays for health services to all employees hired before January 1, 2009. All employees hired after that date must pay a percentage of their health premium.

Employees covered by benefit terms. At June 30, 2024, the following employees were covered by the benefit terms:

Active plan members (not eligible to receive benefits)	778
Disabled participants	67
Retired participants	532
Surviving spouses	156
Total	1,533

At June 30, 2023, the following employees were covered by the benefit terms:

Active plan members (not eligible to receive benefits)	731
Disabled participants	69
Retired participants	534
Surviving spouses	150
Total	1,484

Contributions - Section 5-203 of the City Charter grants the authority to establish and amend the contribution requirement to the BWL. The BWL establishes its minimum contribution based on an actuarially determined rate. For the years ended June 30, 2024 and 2023, the actual contribution rates of the BWL were 0.08% and 0.1% of covered-employee payroll, respectively.

Net OPEB Liability (Asset) - The BWL has chosen to use June 30, 2024 as its measurement date for fiscal year 2024. The June 30, 2024 reported net OPEB liability (asset) was determined using a measure of the total OPEB liability and the OPEB net position as of June 30, 2024. The June 30, 2024 total OPEB liability was determined by an actuarial valuation as of February 29, 2024, which used update procedures to roll forward the estimated liability to June 30, 2024.

The BWL has chosen to use June 30, 2023 as its measurement date for fiscal year 2023. The June 30, 2023 reported net OPEB liability (asset) was determined using a measure of the total OPEB liability and the OPEB net position as of June 30, 2023. The June 30, 2023 total OPEB liability was determined by an actuarial valuation as of February 28, 2023, which used update procedures to roll forward the estimated liability to June 30, 2023.

Actuarial Assumptions - The total OPEB liability in the June 30, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements, unless otherwise specified:

Inflation:	2.25%
Payroll Growth:	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit/productivity increases.
Investment rate of return:	6.5%, net of OPEB plan investment expense, including inflation

Healthcare cost trend rates:

	Medical / RX			
FYE	**Pre-65**	**Post-65**	**Part B**	**Dental**
2024	7.25%	5.50%	3.75%	4.25%
2025	7.00	5.25	4.00	4.00
2026	6.75	5.00	4.25	4.00
2027	6.50	4.75	4.50	4.00
2028	6.25	4.50	4.75	4.00
2029	6.00	4.50	5.00	4.00
2030	5.75	4.50	5.00	4.00
2031	5.50	4.50	5.00	4.00
2032	5.25	4.50	5.00	4.00
2033	5.00	4.50	5.00	4.00
2034	4.75	4.50	5.00	4.00
2035+	4.50	4.50	5.00	4.00

2024 and 2023 Mortality rates were based on the PUBH-2010 General Employee Mortality Table fully generational using Scale MP-2021.

Best actuarial practices call for a periodic assumption review and BWL completed an experience study in 2022.

BWL's policy in regard to the allocation of invested assets is established and may be amended by the BWL by a majority vote of the Board of Commissioners. It is the policy of the BWL to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the adopted asset allocation policy as of June 30, 2024 and 2023:

Asset Class	2024 Target Allocation	2023 Target Allocation
Core bonds	15.00 %	15.00 %
Multi-sector	5.00	5.00
Liquid absolute return	5.00	5.00
U.S. large cap equity	25.00	30.00
U.S. small cap equity	15.00	10.00
Non-U.S. equity	20.00	20.00
Core real estate	8.00	8.00
Value add real estate	7.00	7.00

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 and June 30, 2023 are summarized in the following table:

Asset Class	2024 Long-Term Expected Real Rate of Return	2023 Long-Term Expected Real Rate of Return
Core bonds	2.56 %	2.58 %
Multi-sector	3.50	3.54
Liquid absolute return	3.25	3.25
U.S. large cap equity	7.15	7.17
U.S. small cap equity	8.58	8.61
Non-U.S. equity	8.26	8.29
Core real estate	6.49	6.54
Value add real estate	7.99	8.04

For the June 30, 2024 valuation, the long-term expected rate of return was 6.50%. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments was selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown. The final equivalent single discount rate used for the June 30, 2024 valuation was 6.50% with the expectation that BWL will continue contributing the actuarially determined contribution and/or paying for the pay-go cost.

Asset Class	Long-Term Expected Real Rate of Return
Fidelity 20-year GO Municipal Bond Index	3.97 %
Actual Discount Rate Used	6.50

Discount Rate - The discount rate used to measure the total OPEB liability was 6.50% for June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that BWL contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. 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.

	In Thousands		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance, June 30, 2023	$ 163,829	$ 238,471	$ (74,642)
Changes for the year:			
Service cost	4,201	-	4,201
Interest	10,355	-	10,355
Change in benefit terms	-	-	-
Differences between expected and actual experience	(801)	-	(801)
Changes in assumptions	-	-	-
Contributions, employer	-	65	(65)
Contributions, employee	-	-	-
Net investment income	-	24,300	(24,300)
Benefit payments	(9,181)	(9,181)	-
Administrative expenses	-	(259)	259
Net changes	4,575	14,925	(10,350)
Balance, June 30, 2024	$ 168,403	$ 253,396	$ (84,993)

	In Thousands		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance, June 30, 2022	$ 156,408	$ 228,141	$ (71,733)
Changes for the year:			
Service cost	3,452	-	3,452
Interest	9,827	-	9,827
Change in benefit terms	-	-	-
Differences between expected and actual experience	4,770	-	4,770
Changes in assumptions	-	-	-
Contributions, employer	-	68	(68)
Contributions, employee	-	-	-
Net investment income	-	21,226	(21,226)
Benefit payments	(10,628)	(10,628)	-
Administrative expenses	-	(336)	336
Net changes	7,421	10,330	(2,909)
Balance, June 30, 2023	$ 163,829	$ 238,471	$ (74,642)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1-percentage-point higher (7.5%) than the current discount rate (6.5%) as of June 30, 2024:

	June 30, 2024		
	1% Decrease	Current Discount Rate	1% Increase
NET OPEB liability (asset)	$ (65,718,636)	$ (84,992,538)	$ (101,207,086)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1-percentage-point higher (7.5%) than the current discount rate (6.5%) as of June 30, 2023:

	June 30, 2023		
	1% Decrease	Current Discount Rate	1% Increase
NET OPEB liability (asset)	$ (56,244,193)	$ (74,641,660)	$ (90,173,785)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2024:

	June 30, 2024		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	$ (102,871,148)	$ (84,992,538)	$ (63,323,723)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trent Rates - The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2023:

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	$ (91,718,544)	$ (74,641,660)	$ (53,961,790)

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light June 30, 2024 GASB 74/75 Report, issued August 2, 2024.

For the year ended June 30, 2024, the Plan recognized OPEB expense of ($11,728,112). At June 30, 2024, the Plan 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	$ 3,256,591	$ 6,079,101
Changes of assumptions	6,625,332	4,762,702
Net difference between projected and actual earnings on OPEB plan investments	-	3,792,920
Total	$ 9,881,923	$ 14,634,723

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2025	$ (6,222,418)
2026	4,370,313
2027	(1,906,255)
2028	(1,028,662)
2029	109,512
Thereafter	(75,290)

For the year ended June 30, 2023, the Plan recognized OPEB expense of $(10,727,623). At June 30, 2023, the Plan 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	$ 4,013,128	$ 9,327,630
Changes of assumptions	9,452,248	14,780,716
Net difference between projected and actual earnings on OPEB plan investments	4,447,650	-
Total	$ 17,913,026	$ 24,108,346

Other Post-Retirement Benefits

The BWL offers its employees a deferred compensation plan, created in accordance with IRC 457. The BWL makes contributions of $1,000 annually for the employees as of January 1 of each year, during the month of January. The BWL also will match employee contributions at one dollar for every one dollar up to $1,500 in a calendar year.

9. Commitments and Contingencies

At June 30, 2024 and 2023, the BWL has two letters of credit in the amounts of $817,000 issued to the Michigan Department of Natural Resources. The letters of credit were issued to satisfy requirements of the Michigan Department of Natural Resources to provide financial assurance to the State of Michigan for the cost of closure and post closure monitoring and maintenance of a landfill site operated by the BWL.

Through monitoring tests performed on the landfill sites operated by the BWL, it has been discovered that the sites are contaminating the groundwater. The contamination does not pose a significant health risk but does lower the quality of the groundwater. The BWL received landfill closure approval as well as interim remediation approval. The BWL has estimated the total cost for remediation, including closure and post closure cost of the landfills, and has recorded a liability of $5,389,412 and $5,578,615 for the years ended June 30, 2024 and 2023, respectively. Certain remediation activities have commenced and are in progress. The landfill sites are no longer receiving waste products. Landfill closure and post closure requirements are associated with the Michigan Department of Environmental Quality. Annual post closure costs of these landfill sites are not expected to exceed $380,000 annually and are included in the liability above. Estimates will be revised as approvals are received from the State. In accordance with the regulatory basis of accounting as per GASB 62 (see Note 1), the BWL recorded a corresponding regulatory asset (see Note 6).

The BWL is subject to various laws and regulations with respect to environmental matters such as air and water quality, soil contamination, solid waste disposal, handling of hazardous materials and other similar matters. Compliance with these various laws and regulations could result in substantial expenditures. The BWL has established a Designated Purpose Fund (see Note 1), of which one of the purposes of the fund is to meet extraordinary expenditures resulting from responsibilities under environmental laws and regulations. Management believes that all known or expected responsibilities to these various laws and regulations by the BWL will be sufficiently covered by the Designated Purpose Fund and the environmental remediation liability.

The BWL is involved in various other legal actions which have arisen in the normal course of business. Such actions are usually brought for claims in excess of possible settlement or awards, if any, that may result. After taking into consideration legal counsel's evaluation of pending actions, management has recorded an adequate reserve as of June 30, 2024 and 2023 in regard to specific pending legal cases.

Construction in progress consists of projects for expansion or additions to the utility plant. The estimated additional cost to complete various projects is approximately $382,841,704 and $213,216,141 at June 30, 2024 and 2023, respectively. These projects will be funded through operational cash flow, revenue bonds and grant funding, including the project funds reported as other assets.

10. Power Supply Purchase

In 1983, the BWL entered into power supply and project support contracts with MPPA, of which the BWL is a member. Under the agreement, the BWL has the ability to purchase power from MPPA, will sell power to MPPA at an agreed-upon rate, and will purchase 64.29% of the energy generated by MPPA's 37.22% ownership in Detroit Edison's Belle River Plant (Belle River), which became operational in August 1984.

Under the terms of its contract, the BWL must make minimum annual payments equal to its share of capital and its share of the fixed operating costs of Belle River. The estimated required payments presented below assume no early calls or refinancing of existing revenue bonds and a 3.0% annual inflation of fixed operating costs, which include expected major maintenance projects.

Years	Capital	Estimated Fixed Operating Costs	Total Required
2025	$ 20,849,247	$ 19,142,455	$ 39,991,702
2026	6,017,544	15,981,377	21,998,921
2027	3,420,228	13,045,844	16,466,072
2028	2,725,896	14,235,195	16,961,091
2029	642,900	14,991,454	15,634,354

In addition to the above required payments, the BWL must pay for fuel, other operating costs and transmission costs related to any kilowatt hours (KWHs) purchased under these contracts.

The BWL recognized expenses for 2024 and 2023 of $41,402,193 and $53,183,185, respectively, to purchase power under the terms of this contract. The price of this power was calculated on a basis, as specified in the contracts, to enable MPPA to recover its production, transmission and capital costs.

11. Estimated Liability for Excess Earnings on Water Supply and Electric Utility System Revenue Bonds

In accordance with Section 148(f)(2) of the IRC of 1986, as amended, the BWL is required on each anniversary date (July 1) of the Water Supply, Electric Utility and Steam Utility System Revenue Bonds, Series 2013A, 2017A, 2019A, 2021A, 2021B and 2024A to compute amounts representing the cumulative excess earnings on such bonds. That amount essentially represents a defined portion of any excess of interest earned on funds borrowed over the interest cost of the tax-exempt borrowings. Expense is charged (credited) annually in an amount equal to the estimated increase (decrease) in the cumulative excess earnings for the year. On every fifth anniversary date and upon final maturity of the bonds, the BWL is required to remit to the Internal Revenue Service the amount of any cumulative excess earnings computed on the date of such maturity plus an amount equal to estimated interest earned on previous years' segregated funds. The estimated liability for excess earnings was $0 at 2024 and 2023. In accordance with the requirements of the bond indenture, the BWL is required to set aside any current year additions to this estimated liability in a rebate fund within 60 days of the anniversary date of the bonds.

12. Risk Management and Insurance

The BWL is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The BWL has purchased commercial insurance for certain general liability, business auto, excess liability, property and boiler and machinery, public officials and employee liability claims, specific excess health insurance claims and specific excess workers' compensation claims, subject to policy terms, limits, limitations and deductibles. The BWL is self-insured for most workers' compensation and health insurance claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The BWL estimates the liability for self-insured workers' compensation and health insurance claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past three fiscal years were as follows:

	Workers' Compensation			Health Insurance		
	2024	2023	2022	2024	2023	2022
Unpaid claims, beginning	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 1,686,723	$ 1,773,595	$ 1,334,297
Incurred claims, including claims incurred but not reported	49,474	24,127	75,737	23,176,317	20,178,663	16,793,719
Claim payments	(49,474)	(24,127)	(75,737)	(22,969,689)	(20,265,535)	(16,354,421)
Unpaid claims, ending	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 1,893,351	$ 1,686,723	$ 1,773,595

The liability for health insurance is included with accounts payable on the statement of net position.

13. Upcoming Pronouncements

GASB has approved Statement No. 101, *Compensated Absences*, Statement No. 102, *Certain Risk Disclosures* and Statement No. 103, *Financial Reporting Model Improvements*. When they become effective, application of these standards may restate portions of these financial statements.

14. Subsequent Events

The Board evaluated subsequent events through October 7, 2024, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Lansing Board of Water and Light

Defined Benefit Plan and Trust for Employees' Pensions

Required Supplementary Information (Unaudited)
Schedule of Changes in the BWL's
Net Pension Asset and Related Ratios
Last Ten Fiscal Years
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 31	$ 29	$ 26	$ 26	$ 42	$ 60	$ 50	$ 113	$ 223	$ 274
Interest	2,523	2,721	2,974	3,212	3,566	3,691	4,031	4,317	4,625	4,919
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(18)	(981)	179	(968)	(919)	(743)	(230)	(383)	299	(1,093)
Changes in assumptions	-	-	1,730	(366)	1,555	1,210	1,419	(857)	(1,468)	-
Benefit payments, including refunds	(4,996)	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,046)
Net Change in Total Pension Liability	(2,460)	(3,373)	(557)	(3,754)	(1,628)	(1,925)	(1,144)	(4,283)	(4,217)	(3,946)
Total Pension Liability, Beginning	44,514	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395	69,341
Total Pension Liability, Ending	42,054	44,514	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395
Plan Net Position										
Contributions, employer	-	-	-	-	-	-	-	-	-	-
Contributions, member	-	-	-	-	-	-	-	-	-	-
Net investment income	4,134	4,134	(5,399)	11,853	1,658	4,381	3,112	8,272	47	1,771
Administrative expenses	(128)	(127)	(134)	(123)	(145)	(183)	(255)	(317)	(388)	(576)
Benefit payments, including refunds	(4,996)	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,045)
Other	-	-	-	-	(477)	-	-	-	-	-
Net change in Net Position Held in Trust	(989)	(1,136)	(10,999)	6,072	(4,836)	(1,945)	(3,557)	482	(8,237)	(6,850)
Net Position Restricted for Pensions, Beginning	49,523	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679	80,529
Net Position Restricted for Pensions, Ending	48,534	49,523	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679
BWL Net Pension Asset, Ending	$ (6,480)	$ (5,009)	$ (2,772)	$ (13,214)	$ (3,388)	$ (6,596)	$ (6,616)	$ (9,029)	$ (4,264)	$ (8,284)
Plan Net Position as a % of Total Pension Liability	115%	111%	106%	127%	106%	112%	112%	116%	107%	113%
Covered Employee Payroll	$ 262	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018
BWL's Net Pension Asset as a % of Covered Employee Payroll	(2,473%)	(2,020%)	(1,165%)	(5,576%)	(1,412%)	(1,625%)	(1,097%)	(1,541%)	(552%)	(814%)

See notes to required supplementary information

Lansing Board of Water and Light

Defined Benefit Plan and Trust for Employees' Pensions

Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	$ 262	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018
Contributions as a Percentage of Covered Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

See notes to required supplementary information

Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light

Required Supplemental Information (Unaudited)
Schedule of Changes in BWL's
Net OPEB Liability (Asset) and Related Ratios
Last Ten Fiscal Years*
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	$ 4,201	$ 3,452	$ 3,299	$ 3,396	$ 3,245	$ 4,403	$ 4,827	$ 3,130
Interest	10,355	9,827	9,871	10,535	10,804	14,920	15,039	14,226
Changes in benefit terms	-	-	-	-	-	(415)	-	-
Differences between expected and actual experience	(801)	4,770	(1,084)	(8,794)	(6,093)	(5,231)	(9,880)	5,281
Changes in assumptions	-	-	10,173	(3,752)	7,254	(59,336)	(1,728)	(2,027)
Benefit payments, including refunds	(9,181)	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)
Net Change in Total OPEB Liability	4,574	7,421	8,766	(6,959)	6,053	(54,937)	(2,137)	11,036
Total OPEB Liability, Beginning	163,829	156,410	147,644	154,603	148,550	203,487	205,624	194,588
Total OPEB Liability, Ending	168,403	163,831	156,410	147,644	154,603	148,550	203,487	205,624
Trust Net Position								
Contributions, employer	65	68	13,493	8,344	9,157	9,278	10,395	9,574
Contributions, member	-	-	-	-	-	-	-	-
Net investment income	24,300	21,226	(19,247)	49,387	4,158	11,688	11,039	18,040
Administrative expenses	(259)	(336)	(354)	(449)	(512)	(569)	(634)	(705)
Benefit payments, including refunds	(9,181)	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)
Other	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	14,925	10,330	(19,601)	48,938	3,646	11,119	10,405	17,335
Trust Fiduciary Net Position, Beginning	238,471	228,142	247,743	198,805	195,159	184,040	173,635	156,300
Trust Fiduciary Net Position, Ending	253,396	238,472	228,142	247,743	198,805	195,159	184,040	173,635
BWL Net OPEB Liability (Asset), Ending	$ (84,993)	$ (74,641)	$ (71,732)	$ (100,099)	$ (44,202)	$ (46,609)	$ 19,447	$ 31,989
Trust Fiduciary Net Position as a % of Total OPEB Liability (Asset)	150.47%	145.56%	145.86%	167.80%	128.59%	131.38%	90.44%	84.44%
Covered Employee Payroll	$ 77,109	$ 69,744	$ 62,976	$ 60,269	$ 58,198	$ 56,785	$ 55,650	$ 54,383
BWL's Net OPEB Liability (Asset) as a % of Covered Employee Payroll	(110.22%)	(107.02%)	(113.90%)	(166.09%)	(75.95%)	(82.08%)	34.95%	58.82%

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2015 - 2016 is not available and this schedule will be presented on a prospective basis.

See notes to required supplementary information

Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light

Required Supplemental Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended	Employer Contributions Required	Employer Contributions Actual	Difference of Required to Actual Contributions	Covered Employee Payroll	Percentage of Actual Contributions to Covered Payroll
6/30/2015	$ 5,762	$ 9,671	$ 3,909	$ 50,885	19%
6/30/2016	5,788	9,423	3,635	53,893	17%
6/30/2017	7,508	9,574	2,066	54,383	18%
6/30/2018	7,535	10,395	2,860	55,650	19%
6/30/2019	7,031	9,278	2,247	56,785	16%
6/30/2020	-	9,157	9,157	58,198	16%
6/30/2021	220	8,344	8,124	60,269	14%
6/30/2022	-	13,493	13,493	62,976	21%
6/30/2023	-	68	68	69,744	0%
6/30/2024	-	65	65	77,109	0%

See notes to required supplementary information

1. Defined Benefit Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2024, based on roll-forward of February 29, 2024 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level dollar over a 15-year period
Remaining amortization period	15 years
Asset valuation method	Market value of the assets
Inflation	2.25%
Salary increases	3.5% per year
Investment rate of return	6.0% per year compounded annually
Mortality	PUB-2010 General Mortality Table with MP-2021 Improvement Scale
Changes to assumptions:	No changes in assumptions.

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2023, based on roll-forward of February 28, 2023 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level dollar over a 15-year period
Remaining amortization period	15 years
Asset valuation method	Market value of the assets
Inflation	2.25%
Salary increases	3.5% per year
Investment rate of return	6.0% per year compounded annually
Mortality	PUB-2010 General Mortality Table with MP-2021 Improvement Scale
Changes to assumptions:	No changes in assumptions.

Significant Changes

June 30, 2024

- Difference between actual and expected experience - The $18.1K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2024 is primarily attributable to favorable demographic experience.

- Assumption change – None.

June 30, 2023

- Difference between actual and expected experience - The $981K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2023 is primarily attributable to participant deaths.

- Assumption change – None.

June 30, 2022

- Difference between actual and expected experience - The $179K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2022 is primarily attributable to the difference between actual experience and demographic assumptions.

- Assumption change - The plan experienced a $1.73MM actuarial loss due to the change in the mortality improvement scale and the decrease in the discount rate from 6.50% to 6.00%. Updating the mortality improvement scale to the MP-2021 scale resulted in a $120K actuarial loss and decreasing the discount rate resulted in a $1.61MM actuarial loss. The combination of these two changes resulted in an overall actuarial loss of $1.73MM.

June 30, 2021

- Difference between actual and expected experience - The $968K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2021 is primarily attributable to participant deaths.

- Assumption change - The plan experienced a $366K actuarial gain due to the change in the mortality improvement scale.

June 30, 2020

- Difference between actual and expected experience - The $.92MM actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2020 is primarily attributable to participant deaths.

- Assumption change - The plan experienced a $1.55MM actuarial loss due to the change in the mortality improvement scale and the decrease the discount rate from 7.00% to 6.50%. Updating the mortality improvement scale to the MP-2019 scale resulted in a $.22MM actuarial gain and decreasing the discount rate resulted in a $1.77MM actuarial loss. The combination of these two changes resulted in an overall actuarial loss of $1.55MM.

June 30, 2019

- Difference between actual and expected experience - The $.74MM gain on the Total Pension Liability for the fiscal year ending June 30, 2019 is primarily attributable to participant deaths.

- Assumption change - The plan experienced a $1.21MM loss due to the change of the mortality assumption from the RP-2014 Total Dataset Mortality adjusted to 2006 and projected generationally using the MP-2017 improvement scale to the PUB-2010 General Employees Mortality, projected generationally using the MP-2018 improvement scale.

June 30, 2018

- Difference between actual and expected experience - The $230,000 gain on the Total Pension Liability for the fiscal year ending June 30, 2018 is primarily attributable to participant deaths.

- Assumption change - Assumptions for the discount rate and expected return on assets were decreased from 7.50% to 7.00% to reflect the expected long term rate of return on the trust.

June 30, 2017

- Difference between actual and expected experience - The $383,000 gain on the Total Pension Liability for the fiscal year ending June 30, 2017 is primarily attributable to participant deaths.

- Assumption change - The plan experienced a $.86MM gain due to the change of the mortality assumption from the RP-2014 table projected generationally with Scale MP-2014 with MP-2016 Improvement Scale.

June 30, 2016

- Difference between actual and expected experience - The $299,000 loss on the Total Pension Liability for the fiscal year ending June 30, 2016 is primarily attributable to participant deaths.

- Assumption change - The plan experienced a $1.47MM gain due to the change of the mortality assumption from the RP-2014 table projected generationally with Scale MP-2014 with MP-2015 Improvement Scale.

June 30, 2015

- Difference between actual and expected experience - The $1.01MM gain on the Total Pension Liability for the fiscal year ending June 30, 2015 is primarily attributable to participant deaths.

- Assumption change - There were no impacts associated with assumption changes.

2. Post-Retirement Benefit Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2024, based on roll-forward of February 29, 2024 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary method
Amortization method	Level dollar over a 30-year closed period
Remaining amortization period	25 years
Inflation	2.25%
Salary increases	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Investment rate of return	6.5% per year compounded annually
Mortality	PUBH-2010 General Employees Mortality Table projected generationally using MP-2021 scale

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2023, based on roll-forward of February 28, 2023 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary method
Amortization method	Level dollar over a 30-year closed period
Remaining amortization period	26 years
Inflation	2.25%
Salary increases	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Investment rate of return	6.5% per year compounded annually
Mortality	PUBH-2010 General Employees Mortality Table projected generationally using MP-2021 scale

Significant Changes:

June 30, 2024

- Difference between actual and expected experience - The $800.9K actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2024 is attributable to the combination of favorable demographic experience and lower than expected per capita claims cost.

- Assumption change – None.

June 30, 2023

- Difference between actual and expected experience - The $4.77M actuarial loss on the Total OPEB Liability for the fiscal year ending June 30, 2023 is attributable to the combination of unfavorable demographic experience and unfavorable claims experience for the pre-Medicare retirees. $1.86M of the actuarial loss is associated with demographic experience. The remaining $2.91M of the actuarial loss is due to higher than expected 2023 per capita claims cost.

- Assumption change – None.

- Investment gain - The $6.75M investment gain during the fiscal year ending June 30, 2023 is attributable an actual return on assets of 9.52% vs. an expected return of 6.50%.

June 30, 2022

- Difference between actual and expected experience - The $1.08MM actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2022 is attributable to favorable demographic experience. The favorable demographic experience is mainly attributable to deaths (25 participants), termination of active participants and changes in coverage elections.

- Assumption change - The $10.17MM actuarial loss on the Total OPEB liability for the fiscal year ending June 30, 2022 is attributable to updating the mortality improvement scale to the MP-2021 scale, updating the demographic assumptions to reflect the results of the 2022 experience analysis and decreasing the discount rate from 7.0% to 6.5%. Updating the mortality improvement scale resulted in a $.38MM actuarial loss. Updating the demographic assumptions resulted in a $1.73MM actuarial loss. The remaining $8.06MM of actuarial loss is attributable to decreasing the discount rate from 7.0% to 6.5%.

June 30, 2021

- Difference between actual and expected experience - The $8.79MM actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2021 is attributable to the combination of favorable demographic experience and lower than expected 2021 per capita claims cost. $3.94MM of the actuarial gain is associated with demographic experience and is mainly attributable to deaths (37 participants), termination of active participants and changes in coverage elections. The remaining $4.85MM of the actuarial gain is due to less than expected 2021 per capita claims cost. The 2021 Humana premiums are slightly lower than what was expected for 2021 ($321.92 per month vs. $347.80 per month)

- Assumption change - The $3.75MM actuarial gain on the Total OPEB liability for the fiscal year ending June 30, 2021 is attributable to updating the mortality improvement scale to the MP-2020 scale and reflecting the updated healthcare trend assumptions set forth in the Michigan Uniform Assumptions memo for the 2021 fiscal year. Updating the mortality improvement scale resulted in a $1.18MM actuarial gain. The remaining $2.57MM of the actuarial gain is attributable to reflecting the updated trend assumptions.

June 30, 2020

- Difference between actual and expected experience - The $6.09MM gain on the Total OPEB Liability for the fiscal year ending June 30, 2020 is attributable to the combination of unfavorable demographic experience and a reduction in the per capita claims cost used in the June 30, 2020 valuation. The $1.13MM loss associated with demographic experience is mainly attributable to active participant retirements. The $7.22MM gain due to a reduction in per capita claims cost is attributable a decrease in the Pre-65 medical and prescription drug premiums for 2021. The 2020 Pre-65 medical and Rx monthly premium for a retiree was $1,073.13. For 2020, the Pre-65 medical and Rx monthly premium for a retiree is $957.99. An 11% reduction in monthly premium. The combination of the demographic loss and the reduction in monthly premiums resulted in the overall $6.09MM actuarial gain.

- Assumption change - The $7.25MM loss on the Total OPEB liability for the fiscal year ending June30, 2020 is attributable to updating the mortality improvement scale to the MP-2019 scale and decreasing the discount rate from 7.50% to 7.00%. Updating the mortality improvement scale resulted in a $.53MM actuarial gain. Whereas, decreasing the discount rate resulted in a $7.78MM actuarial loss. The combination of these changes resulted in the overall $7.25MM actuarial loss.

June 30, 2019

- Difference between actual and expected experience - The $5.2 million gain on the Total OPEB Liability for the fiscal year ending June 30, 2019 is primarily due to favorable demographic experience. The favorable experience is mainly attributable to terminations of active participants and deaths of participants with and without beneficiaries.

- Assumption changes - (1) The plan experienced a $54.4 million gain on the Total OPEB Liability due to a change of the assumed per capita claims cost. The Board changed the Plan's insurance provider for Medicare eligible participants from The Hartford and Envision Insurance to Humana. Doing so resulted in a dramatic decrease in both the medical and prescription drug monthly premiums from the prior fiscal year ($98.99 per month vs. $219.54 per month for medical coverage and $213.47 per month vs. $305.00 per month for prescription drug coverage); (2) The Plan experienced a $3.8 million loss on the mortality assumption change. The mortality assumption was updated from the RPH-2014 Total Dataset mortality, adjusted to2006 and projected generationally using the MP-2017 improvement scale to the PUBH-2010 General Employees mortality, projected generationally using the MP-2018 improvement scale; and (3) The Plan experienced a $8.7 million gain on a change to the medical and prescription drug trend assumptions. The trend assumptions were changed to those prescribed under the Michigan Uniform Assumptions for the 2019 fiscal year.

- Change in benefit terms - The Plan experienced a $.4 million gain due to an expected increase in the retiree contribution percentage for employees hired on or after January 1, 2009. The expected contribution percentage was increased from 14% to 20% of the premium charged to active employees.

June 30, 2018

- Difference between actual and expected experience - The $9.9 million gain on the Total OPEB Liability for the fiscal year ending June 30, 2018, is attributable to a reduction in the per capita claims cost used in the June 30, 2018 valuation. Better than expected claims experience during the fiscal year resulted in a decrease in the projected claims when compared to those used in the June 30, 2017, valuation.

- Assumption change - The mortality improvement scale was updated to the MP-2017 scale.

SUPPLEMENTARY INFORMATION

Income Available for Revenue Bond Debt Retirement

Years Ended June 30, 2024 and 2023

	2024	2023
Income, Before Capital Contributions Per Statement of Revenues, Expenses and Changes in Net Position	$ 9,892,222	$ 16,048,837
Adjustments to Income		
Depreciation	68,302,725	71,759,716
Interest on long-term debt:		
Notes	35,748	39,109
Revenue bonds	32,361,141	26,376,856
Total additional income	100,699,614	98,175,681
Income Available for Revenue Bonds and Interest Redemption	110,591,836	114,224,518
Debt Retirement Pertaining to Revenue Bonds		
Principal	14,040,000	13,410,000
Interest	31,791,164	29,113,395
Total	$ 45,831,164	$ 42,523,395
Percent Coverage of Revenue Bonds and Interest Requirements	241%	269%

Board of Water & Light - City of Lansing, Michigan

Detail of Statements of Revenues and Expenses

Years Ended June 30, 2024 and 2023

	Combined		Water		Electric		Steam		Chilled Water	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Operating Revenues										
Water	$ 55,757,309	$ 50,683,766	$ 55,757,309	$ 50,683,766	$ -	$ -	$ -	$ -	$ -	$ -
Electric:										
Retail	320,953,423	315,840,115	-	-	320,953,423	315,840,115	-	-	-	-
Sales for resale	21,022,840	62,951,601	-	-	21,022,840	62,951,601	-	-	-	-
Steam	12,785,927	12,661,267	-	-	-	-	12,785,927	12,661,267	-	-
Chilled water	6,915,341	6,740,010	-	-	-	-	-	-	6,915,341	6,740,010
Total operating revenues	417,434,840	448,876,759	55,757,309	50,683,766	341,976,263	378,791,716	12,785,927	12,661,267	6,915,341	6,740,010
Operating Expenses										
Production:										
Fuel, purchased power and other operating expenses	138,777,452	172,700,755	11,937,645	11,198,644	120,777,854	154,698,656	3,748,279	4,644,100	2,313,674	2,159,355
Maintenance	22,732,499	18,044,058	4,829,509	4,198,230	16,417,358	12,565,644	847,694	688,443	637,938	591,741
Transmission and distribution:										
Operating expenses	14,757,338	8,872,835	1,723,667	1,658,536	12,824,290	7,042,845	209,381	171,454	-	-
Maintenance	23,933,835	22,386,918	4,318,783	3,551,034	18,930,788	18,364,613	684,264	471,271	-	-
Administrative and general	93,398,015	86,060,107	20,268,440	19,254,288	67,809,873	62,383,567	3,331,409	3,048,315	1,988,293	1,373,937
Return on equity	26,028,591	26,428,992	3,052,498	2,858,495	21,813,339	22,419,987	793,022	746,109	369,732	404,401
Depreciation	68,302,725	71,759,716	9,296,051	9,127,075	54,230,343	57,233,821	3,400,940	3,988,030	1,375,391	1,410,790
Total operating expenses	387,930,455	406,253,381	55,426,593	51,846,302	312,803,845	334,709,133	13,014,989	13,757,722	6,685,028	5,940,224
Operating income	29,504,385	42,623,378	330,716	(1,162,536)	29,172,418	44,082,583	(229,062)	(1,096,455)	230,313	799,786
Nonoperating Income (Expenses)										
Investment income (loss)	14,264,806	3,682,036	1,155,936	547,979	12,267,458	2,480,644	619,445	496,610	221,967	156,803
Other (expense) income	(1,480,080)	(3,840,612)	736,040	862,904	(2,470,239)	(4,820,837)	28,970	(330,534)	225,149	447,855
Bonded debt interest expense	(32,361,141)	(26,376,856)	(1,383,139)	(1,512,107)	(28,982,836)	(22,648,357)	(1,818,781)	(1,941,266)	(176,385)	(275,126)
Other interest expense	(35,748)	(39,109)	(3,682)	(4,015)	(32,026)	(35,051)	(40)	(43)	-	-
Total nonoperating expense	(19,612,163)	(26,574,541)	505,155	(105,239)	(19,217,643)	(25,023,601)	(1,170,406)	(1,775,233)	270,731	329,532
Net income (loss)	$ 9,892,222	$ 16,048,837	$ 835,871	$ (1,267,775)	$ 9,954,775	$ 19,058,982	$ (1,399,468)	$ (2,871,688)	$ 501,044	$ 1,129,318

Board of Water & Light - City of Lansing, Michigan

Detail of Statements of Changes in Net Position

Years Ended June 30, 2024 and 2023

	Combined	Water	Electric	Steam	Chilled Water
Net Position, June 30, 2022	$ 696,904,936	$ 104,452,546	$ 593,493,329	$ (11,622,978)	$ 10,582,039
Income (loss) before contributions	16,048,837	(1,267,775)	19,058,982	(2,871,688)	1,129,318
Net Position, June 30, 2023	712,953,773	103,184,771	612,552,311	(14,494,666)	11,711,357
Income (loss) before contributions	9,892,222	835,871	9,954,775	(1,399,468)	501,044
Net Position, June 30, 2024	$ 722,845,995	$ 104,020,642	$ 622,507,086	$ (15,894,134)	$ 12,212,401

Detail of Fiduciary Statements of Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2024 and 2023

	2024			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Assets				
Receivable, investment interest receivable	$ -	$ -	$ 14,641	$ 14,641
Trade receivable, due from broker	-	-	-	-
Cash and cash equivalents	26,073,272	437,821	1,857,276	28,368,369
Investments at fair value:				
Mutual funds, bonds	17,497,649	23,149,441	55,835,109	96,482,199
Mutual funds, equity	152,413,555	21,335,946	159,831,296	333,580,797
Real estate fund investment	-	3,668,689	38,565,204	42,233,893
Self-directed brokerage account				
Equity securities/stocks	12,507,716	-	-	12,507,716
Certificates of deposit (negotiable)	100,039	-	-	100,039
Mutual funds, equity	598,099	-	-	598,099
Participants note receivable	3,532,182	-	-	3,532,182
Total assets	212,722,512	48,591,897	256,103,526	517,417,935
Liabilities				
Trade payable, due to broker/other	-	58,122	2,707,544	2,765,666
Net Position, Held in Trust for Pension and Other Employee Benefits	$ 212,722,512	$ 48,533,775	$ 253,395,982	$ 514,652,269

	2023			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Assets				
Receivable, investment interest receivable	$ -	$ 1,100	$ 13,772	$ 14,872
Trade receivable, due from broker	-	-	-	-
Cash and cash equivalents	28,195,849	778,163	338,130	29,312,142
Investments at fair value:				
Mutual funds, bonds	17,745,597	18,695,086	53,353,849	89,794,532
Mutual funds, equity	130,774,490	26,132,357	144,658,390	301,565,237
Real estate fund investment	-	3,932,003	42,471,497	46,403,500
Self-directed brokerage account				
Equity securities/stocks	9,997,083	-	-	9,997,083
Certificates of deposit (negotiable)	349,683	-	-	349,683
Mutual funds, equity	454,285	-	-	454,285
Participants note receivable	3,439,525	-	-	3,439,525
	-	-	-	-
Total assets	190,956,512	49,538,709	240,835,638	481,330,859
Liabilities				
Trade payable, due to broker/other	-	15,476	2,365,067	2,380,543
Net Position, Held in Trust for Pension and Other Employee Benefits	$ 190,956,512	$ 49,523,233	$ 238,470,571	$ 478,950,316

Board of Water & Light - City of Lansing, Michigan

Detail of Statement of Changes in Fiduciary Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2024 and 2023

	2024			
	Defined Contribution Plan	**Defined Benefit Plan**	**VEBA**	**Total**
Increases				
Investment income:				
Net appreciation in fair value of investments	$ 22,518,517	$ 2,980,011	$ 19,047,703	$ 44,546,231
Interest and dividend income	3,363,114	1,153,670	5,252,303	9,769,087
Net investment income	25,881,631	4,133,681	24,300,006	54,315,318
Employer contributions	9,435,006	-	65,286	9,500,292
Interest from participant notes receivable	189,210	-	-	189,210
Other	269,948	-	-	269,948
Total increases	35,775,795	4,133,681	24,365,292	64,274,768
Decreases				
Retiree benefits paid	13,525,681	4,995,541	9,180,680	27,701,902
Loan defaults	331,152	-	-	331,152
Participants' note and administrative fees	152,962	127,599	259,201	539,762
Total decreases	14,009,795	5,123,140	9,439,881	28,572,816
Change in net position held in trust	21,766,000	(989,459)	14,925,411	35,701,952
Net Position Held in Trust for Pension and Other Employee Benefits				
Beginning	190,956,512	49,523,233	238,470,571	478,950,316
Ending	$ 212,722,512	$ 48,533,774	$ 253,395,982	$ 514,652,268

Detail of Statement of Changes in Fiduciary Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2024 and 2023

	2023			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Increases				
Investment income:				
Net appreciation in fair value of investments	$ 14,923,330	$ 2,662,472	$ 15,226,432	$ 32,812,234
Interest and dividend income	3,131,258	1,471,375	5,999,336	10,601,969
Net investment income	18,054,588	4,133,847	21,225,768	43,414,203
Employer contributions	11,648,704	-	68,076	11,716,780
Interest from participant notes receivable	131,862	-	-	131,862
Other	84,494	-	-	84,494
Total increases	29,919,648	4,133,847	21,293,844	55,347,339
Decreases				
Retiree benefits paid	21,900,248	5,142,408	10,627,788	37,670,444
Loan defaults	396,895	-	-	396,895
Participants' note and administrative fees	149,530	126,980	335,579	612,089
Total decreases	22,446,673	5,269,388	10,963,367	38,679,428
Change in net position held in trust	7,472,975	(1,135,541)	10,330,477	16,667,911
Net Position Held in Trust for Pension and Other Employee Benefits				
Beginning of year	183,483,537	50,658,774	228,140,094	462,282,405
End of year	$ 190,956,512	$ 49,523,233	$ 238,470,571	$ 478,950,316

Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions

Financial Statements and
Required Supplementary Information

June 30, 2024 and 2023

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June 30, 2024 and 2023

Independent Auditors' Report

To the Honorable Mayor, Members of the City Council and Commissioners of the
Lansing Board of Water and Light

Opinion

We have audited the financial statements of the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pension (the Plan), a fiduciary fund of the Lansing Board of Water and Light, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2024 and 2023, and the respective changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Plan is presenting only the financial statements of the Plan and does not purport to, and does not, present fairly the financial position of the Lansing Board of Water and Light, as of June 30, 2024 and 2023, and the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is 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.

Auditors' 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 auditors' report that includes our opinion. 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 GAAS 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 GAAS, 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 the Plan'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.

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 required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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.

Baker Tilly US, LLP

Madison, Wisconsin
October 7, 2024

Using this Annual Report

The annual report consists of two parts: (1) Management's Discussion and Analysis (this section) and (2) the financial statements. The financial statements include notes that explain information in the statements and provide more detail.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior two years:

	2024	2023	2022
Assets:			
Cash and cash equivalents	$ 437,821	$ 778,163	$ 1,308,877
Mutual funds, bonds	23,149,441	18,695,086	19,182,825
Mutual funds, equities	21,335,946	26,132,357	25,574,206
Real estate fund investment	3,668,689	3,932,003	4,093,767
Trade receivable due from broker	-	-	500,000
Interest and dividend receivables	-	1,100	1,171
Total assets held in trust	$ 48,591,897	$ 49,538,709	$ 50,660,846
Liabilities, accrued liabilities	$ 58,122	$ 15,476	$ 2,072
Net position restricted for pension	48,533,775	49,523,233	50,658,774
Total liabilities and net position	$ 48,591,897	$ 49,538,709	$ 50,660,846
Changes in net position:			
Net investment income (loss)	$ 4,133,681	$ 4,133,847	$ (5,398,557)
Benefits payments	(4,995,541)	(5,142,408)	(5,466,158)
Administrative fees	(127,599)	(126,978)	(134,610)
Net change in net position	$ (989,459)	$ (1,135,539)	$ (10,999,325)

Investment Results

The fiscal year ended June 30, 2024 saw a net investment gain of $4.1 million. The fiscal year 2023 had a net investment gain of $4.1 million, fiscal year 2022 had a net investment loss of $(5.4) million. We believe this performance is consistent with the experience of similarly situated employee benefit funds.

The Lansing Board of Water & Light's ("BWL") actuarially determined contribution (ADC) as determined by the BWL's actuary was $0 in fiscal years 2024, 2023, and 2022.

The discount rate was 6.0% in fiscal years 2024, 2023 and 2022.

Investment Objectives and Asset Allocation

The Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions (Plan) assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the BWL has considered the time horizon available for investment, the nature of the Plan's cash flows and liabilities and other factors that affect the Plan's risk tolerance.

The investment of Plan assets is intended to result in moderate, long-term capital appreciation through moderate risk-taking. The Plan's overall investment objective is to earn an average, annual return of 6.0% over five-year rolling periods. Achievement of this objective is likely to result in stable contribution rates and ensure its ability to pay retirement benefits for all plan participants.

Consistent with the advice of the investment advisor, the BWL has selected the following target asset allocation strategy:

Asset Class	Target Asset Allocation
Core bonds	25 %
Multi-sector	15
Liquid absolute return fixed income	10
U.S. large cap equity	20
U.S. small/mid cap equity	10
Non-U.S. Equity	15
Core real estate	5
Total	100 %

Future Events

The Plan is currently overfunded, with a funded ratio (fiduciary net position divided by total pension liability) of 115.41%. This funding level results in an actuarially determined contribution of $0 for fiscal year 2025. As a result, the BWL does not expect to make contributions to the trust in fiscal year 2025.

The Plan expects to make an annual withdrawal of approximately $4,900,000 to cover participant benefits in fiscal year 2025.

Contacting the Plan's Management

The financial report is intended to provide a general overview of the Plan's finances and to demonstrate accountability for the funds it administers. Questions about this report should be submitted to Lansing Board of Water & Light Defined Benefit Plan and Trust for Employees' Pensions, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

Lansing Board of Water and Light
Defined Benefit Plan and Trust for Employees' Pensions

Statements of Plan Fiduciary Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 437,821	$ 778,163
Investments at fair value:		
Mutual funds, bonds	23,149,441	18,695,086
Mutual funds, equities	21,335,946	26,132,357
Real estate fund investment	3,668,689	3,932,003
Total investments at fair value	48,154,076	48,759,446
Receivable, investment interest receivable	-	1,100
Total assets	48,591,897	49,538,709
Liabilities		
Trade payable, due to broker/other	58,122	15,476
Net position restricted for pensions	$ 48,533,775	$ 49,523,233

See notes to financial statements

Statements of Changes in Plan Fiduciary Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 2,980,011	$ 2,662,472
Interest and dividend income	1,153,670	1,471,375
Total investment income	4,133,681	4,133,847
Deductions		
Retiree benefits paid	4,995,541	5,142,408
Administrative expenses	127,598	126,980
Total deductions	5,123,139	5,269,388
Net decrease in net position	(989,458)	(1,135,541)
Net Position Restricted for Pensions, Beginning	49,523,233	50,658,774
Net Position Restricted for Pensions, Ending	$ 48,533,775	$ 49,523,233

See notes to financial statements

1. Summary of Significant Accounting Policies

Reporting Entity

The Lansing Board of Water & Light (BWL) sponsors the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions (Plan), which is a noncontributory single employer defined benefit, public employee retirement system established and administered by the BWL under Section 5-203.10 of the City Charter. A participant's interest shall be fully vested when the participant has been credited with seven years of vesting service. The Plan was established in 1939 and has been amended and restated several times, with the latest amendment and restatement effective July 1, 2010. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

Accounting and Reporting Principles

The Plan follows accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Basis of Accounting

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Employer contributions to the Plan are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Report Presentation

This report includes the fund-based statements of the Plan.

Investment Valuation and Income Recognition - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales prices. Investments that do not have an established market are reported at estimated fair value.

Purchases and sales of securities are recorded on a trade-date basis.

Appreciation or depreciation of investments is calculated based on the beginning of year fair value of investments.

Expenses

Substantially all Plan expenses are paid by the Plan.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Regulatory Status

The Plan is not subject to the reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as it has been established for the benefit of a governmental unit.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Plan Description

Plan Administration

The BWL administers the Plan - a noncontributory single-employer defined benefit pension plan for employees of the BWL. The benefit terms were established by the BWL and may be amended by future BWL actions.

Management of the Plan is vested in the BWL Board of Commissioners, which consists of eight members appointed by the mayor of the City of Lansing, Michigan. Board members have by resolution delegated administrative and investment duties to the BWL's Retirement Plan Committee (RPC).

Plan Membership

At February 29, 2024 and February 28, 2023 (the most recent actuarial valuation for funding purposes), Plan membership consisted of the following:

	2024	2023
Inactive Plan members or beneficiaries currently receiving benefits	255	265
Inactive Plan members entitled to but not yet receiving benefits	1	1
Active Plan members	3	3
Total	259	269

The Plan, by resolution of the Board of Commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution retirement savings plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this Plan were required to make an irrevocable choice to either remain in this Plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this Plan that were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan. As a result of this action, effective December 1, 1997, the Board of Commissioners transferred $75,116,470 to the newly established defined contribution plan, reflecting the Plan participants' accumulated benefits as of said date.

Benefits Provided

The Plan provides retirement, early retirement, disability, termination and death benefits. The Plan provides for an annual benefit upon normal retirement age equal to the product of the employee's pension service credit (service credited on an elapsed time basis) multiplied by a percentage equal to 1.80% of the employee's annual pay (base pay plus bonus received during the year in which the base pay was the highest within the last ten years of employment), paid in equal monthly installments.

Payments will either be nonincreasing or increase only as follows: (a) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics; (b) to the extent of the reduction in the amount of the employee's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Section 9 of the Plan document dies or is no longer the employee's beneficiary pursuant to a qualified domestic relations order within the meaning of Internal Revenue Code Section 414(p); (c) to provide cash refunds of employee contributions upon the employee's death; or (d) to pay increased benefits that result from a Plan amendment.

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the BWL retains an independent, external actuary to determine the annual contribution. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. There was no contribution required for the years ended June 30, 2024 and 2023. Plan documents do not require participant contributions.

Plan Termination

Although the BWL has not expressed any intent to terminate the Plan, the BWL has the right to do so at any time. If the Plan is terminated, each employee who has a pension benefit under the Plan will be fully vested in that benefit. Those benefits shall be calculated on Plan termination as though each person had elected to receive his or her accrued benefit as a lump sum amount, although no employee would be required to accept his or her Plan termination distribution in the form of a lump sum. The lump sum amount to be paid to each individual in any of the forms permitted by the Plan would be calculated in accordance with the Plan document. On termination of the Plan, each employee would have recourse toward satisfaction of his or her nonforfeitable benefit from the Plan assets and from the general assets of the BWL and its successor, if any.

The Plan is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, bonds, mutual funds, collective investment funds, diversified investment companies, annuity investment contracts, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

3. Cash and Cash Equivalents, Investments

The Plan's deposits and investment policies are in accordance with PA 196 of 1997; the Plan has authorized the investments according to Michigan PA 314 of 1965, as amended. Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts) and $250,000 for demand deposit accounts (interest bearing and noninterest bearing).

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions must meet minimum criteria to offer adequate safety to the Plan. At June 30, 2024 and 2023, the BWL had $324,269 and $254,761, respectively, of bank deposits that were uninsured and uncollateralized. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year end, all investments of the Plan were held in the name of the Plan and are therefore not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The Plan's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with maturities 270 days or less.

At June 30, 2024, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds, bonds	$ 23,149,441	9.8 years

At June 30, 2023, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds, bonds	$ 18,695,086	10.0 years

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of June 30, 2024, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 23,149,441	Not rated	Not rated

As of June 30, 2023, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 18,695,086	Not rated	Not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan has no investments subject to concentration of credit risk as of June 30, 2024 and June 30, 2023. The Plan's investment policy does not address concentration of credit risk.

4. 401(h) Account

Effective July 1, 1999, the Plan was amended to include a medical-benefit component, in addition to the normal retirement benefits, to fund a portion of the postretirement obligations for certain retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code (IRC). A separate account has been established and maintained in the Plan for the net assets related to the medical-benefit component 401(h) account. In accordance with IRC Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the Plan sponsor. At June 30, 2024 and 2023, there were no excess Plan assets available for transfer.

5. Tax Status

The Plan obtained, from the Internal Revenue Service, a determination letter dated November 4, 2011. The letter affirmed that the Plan complied with the requirements of Internal Revenue Code section 401(a). The Plan continues to operate as a qualified plan.

6. Plan Investments - Policy and Rate of Return

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the BWL by a majority vote of its members. It is the policy of the board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the BWL's adopted asset allocation policy as of June 30, 2024 and 2023:

Asset Class	2024 Target Allocation	2023 Target Allocation
Core bonds	25 %	20 %
Multi-sector	15	10
Liquid absolute return	10	10
U.S. large cap equity	20	25
U.S. small cap equity	10	10
Non-U.S. equity	15	20
Core real estate	5	5

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 8.79%. For the year ended June 30, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 8.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net Pension Asset of the BWL

The components of the net pension asset of the BWL at June 30, 2024 and 2023 were as follows (in thousands):

	2024	2023
Total pension liability	$ 42,054	$ 44,514
Plan fiduciary net position	48,534	49,523
Plan's net pension asset	$ (6,480)	$ (5,009)
Plan fiduciary net position as a percentage of the total pension liability	115.41 %	111.25 %

Actuarial Assumptions

The June 30, 2024 total pension liability was determined by an actuarial valuation as of February 29, 2024, which used updated procedures to roll forward the estimated liability to June 30, 2024. The June 30, 2023 total pension liability was determined by an actuarial valuation as of February 28, 2023, which used updated procedures to roll forward the estimated liability to June 30, 2023. The total pension liability is determined by the Plan's independent actuary and is that amount that results from applying actuarial assumptions to adjust the total pension liability to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. Benassist Retirement Consulting, LLC was the actuary for the February 29, 2024 and February 28, 2023 valuations, respectively. The inflation rate used was 2.25% for the February 29, 2024 and February 28, 2023 valuations. Salary increase used was 3.5% for both the February 29, 2024 and February 28, 2023 valuations, respectively. The most recent experience review was completed in 2014. Since the Plan only covered 17 active participants in fiscal year 2014, assumptions like termination, retirement and disability have an immaterial impact on the results and have not been changed.

The mortality table was based on the PUB-2010 General Mortality Table, Male and Female, projected generationally using the MP-2021 projection scale for the June 30, 2023 valuation. The June 30, 2023 valuation used the PUB-2010 General Mortality Table, Male and Female, projected generationally using the MP-2019 projection scale.

Discount Rate

The discount rate used to measure the total pension liability was 6.0% for June 30, 2024 and June 30, 2023. The projection of cash flows used to determine the discount rate in both years assumed that BWL contributions will be made at rates equal to the actuarially determined contribution rates.

Projected Cash Flows Section

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return as of June 30, 2024 and 2023 for each major asset class included in the Plan's target asset allocation, as disclosed in Note 6, are summarized in the following table:

Asset Class	2024 Long-Term Expected Real Rate of Return	2023 Long-Term Expected Real Rate of Return
Core bonds	2.56 %	2.58 %
Multi-sector	3.50	3.54
Liquid absolute return	3.25	3.25
U.S. large cap equity	7.15	7.17
U.S. small/mid cap equity	8.58	8.61
Non-U.S. equity	8.26	8.29
Core real estate	6.49	6.54

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the BWL at June 30, 2024, calculated using the discount rate of 6.00%, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset) of the BWL	$ (2,557,349)	$ (6,479,599)	$ (8,368,884)

The following presents the net pension asset of the BWL at June 30, 2023, calculated using the discount rate of 6.00%, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net pension liability (asset) of the BWL	$ (836,993)	$ (5,009,098)	$ (7,108,925)

8. Fair Value Measurements

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three Levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Real estate fund investment: Valued by a certified independent appraiser and an internal expert group. There is also another level of verification by an independent valuation advisor to audit and review both the external and internal valuations performed.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily fair value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2024 and 2023:

	2024			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds, bonds	$ -	$ 23,149,441	$ -	$ 23,149,441
Real estate fund investment	3,668,689	-	-	3,668,689
Mutual funds, equity	14,259,485	7,076,461	-	21,335,946
Total	$ 17,928,174	$ 30,225,902	$ -	$ 48,154,076

	2023			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds, bonds	$ -	$ 18,695,086	$ -	$ 18,695,086
Real estate fund investment	3,932,003	-	-	3,932,003
Mutual funds, equity	12,587,855	13,544,502	-	26,132,357
Total	$ 16,519,858	$ 32,239,588	$ -	$ 48,759,446

9. Risks and Uncertainties

The total pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

In addition, the Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Plan Fiduciary Net Position.

10. Subsequent Events

The Plan has evaluated subsequent events occurring through October 7, 2024, the date that the Plan's financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements. There are no subsequent events warranting disclosures.

REQUIRED SUPPLEMENTARY INFORMATION

Lansing Board of Water and Light
Defined Benefit Plan and Trust for Employees' Pensions

Required Supplementary Information (Unaudited)

Schedule of Changes in the BWL's

Net Pension Asset and Related Ratios

Last Ten Fiscal Years

(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 31	$ 29	$ 26	$ 26	$ 42	$ 60	$ 50	$ 113	$ 223	$ 274
Interest	2,523	2,721	2,974	3,212	3,566	3,691	4,031	4,317	4,625	4,919
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(18)	(981)	179	(968)	(919)	(743)	(230)	(383)	299	(1,093)
Changes in assumptions	-	-	1,730	(366)	1,555	1,210	1,419	(857)	(1,468)	-
Benefit payments, including refunds	(4,996)	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,046)
Net Change in Total Pension Liability	(2,460)	(3,373)	(557)	(3,754)	(1,628)	(1,925)	(1,144)	(4,283)	(4,217)	(3,946)
Total Pension Liability, Beginning	44,514	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395	69,341
Total Pension Liability, Ending	42,054	44,514	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395
Plan Net Position										
Contributions, employer	-	-	-	-	-	-	-	-	-	-
Contributions, member	-	-	-	-	-	-	-	-	-	-
Net investment income	4,134	4,134	(5,399)	11,853	1,658	4,381	3,112	8,272	47	1,771
Administrative expenses	(128)	(127)	(134)	(123)	(145)	(183)	(255)	(317)	(388)	(576)
Benefit payments, including refunds	(4,996)	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,045)
Other	-	-	-	-	(477)	-	-	-	-	-
Net change in Net Position Held in Trust	(989)	(1,136)	(10,999)	6,072	(4,836)	(1,945)	(3,557)	482	(8,237)	(6,850)
Net Position Restricted for Pensions, Beginning	49,523	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679	80,529
Net Position Restricted for Pensions, Ending	48,534	49,523	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679
BWL Net Pension Asset, Ending	$ (6,480)	$ (5,009)	$ (2,772)	$ (13,214)	$ (3,388)	$ (6,596)	$ (6,616)	$ (9,029)	$ (4,264)	$ (8,284)
Plan Net Position as a % of Total Pension Liability	115%	111%	106%	127%	106%	112%	112%	116%	107%	113%
Covered Employee Payroll	$ 262	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018
BWL's Net Pension Asset as a % of Covered Employee Payroll	(2,473%)	(2,020%)	(1,165%)	(5,576%)	(1,412%)	(1,625%)	(1,097%)	(1,541%)	(552%)	(814%)

See notes to required supplementary information

Lansing Board of Water and Light
Defined Benefit Plan and Trust for Employees' Pensions

Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 262	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018
Contributions as a Percentage of Covered Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

See notes to required supplementary information

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2024, based on roll-forward of February 29, 2024 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level dollar over a 15-year period
Remaining amortization period	14 years
Asset valuation method	Market value of the assets
Inflation	2.25%
Salary increases	3.5% per year
Investment rate of return	6.0% per year compounded annually
Mortality	PUB-2010 General Mortality Table with MP-2021 Improvement Scale

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2023, based on roll-forward of February 28, 2023 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level dollar over a 15-year period
Remaining amortization period	15 years
Asset valuation method	Market value of the assets
Inflation	2.25%
Salary increases	3.5% per year
Investment rate of return	6.0% per year compounded annually
Mortality	PUB-2010 General Mortality Table with MP-2021 Improvement Scale

Significant Changes

June 30, 2024

- *Difference Between Actual and Expected Experience* - The $18.1K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2024 is attributable to favorable demographic experience.

- *Assumption Change* - None.

June 30, 2023

- *Difference Between Actual and Expected Experience* - The $981K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2023 is primarily attributable to participant deaths.

- *Assumption Change* - None.

June 30, 2022

- *Difference Between Actual and Expected Experience* - The $179K actuarial loss on the Total Pension Liability for the fiscal year ending June 30, 2022 is primarily attributable to the difference between actual experience and demographic assumptions.

- *Assumption Change* - The plan experienced a $1.73MM actuarial loss due to the change in the mortality improvement scale and the decrease in the discount rate from 6.50% to 6.00%. Updating the mortality improvement scale to the MP-2021 scale resulted in a $120K actuarial loss and decreasing the discount rate resulted in a $1.61MM actuarial loss. The combination of these two changes resulted in an overall actuarial loss of $1.73MM.

June 30, 2021

- *Difference Between Actual and Expected Experience* - The $968K actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2021 is primarily attributable to participant deaths.

- *Assumption Change* - The plan experienced a $366K actuarial gain due to the change in the mortality improvement scale.

June 30, 2020

- *Difference Between Actual and Expected Experience* - The $.92MM actuarial gain on the Total Pension Liability for the fiscal year ending June 30, 2020 is primarily attributable to participant deaths.

- *Assumption Change* - The plan experienced a $1.55MM actuarial loss due to the change in the mortality improvement scale and decrease in the discount rate from 7.00% to 6.50%. Updating the mortality improvement scale to the MP-2019 scale resulted in a $.22MM actuarial gain and decreasing the discount rate resulted in a $1.77MM actuarial loss. The combination of these two changes resulted in an overall actuarial loss of $1.55MM.

June 30, 2019

- *Difference Between Actual and Expected Experience* - The $.74MM gain on the Total Pension Liability for the fiscal year ending June 30, 2019 is primarily attributable to participant deaths.

- *Assumption Change* - The plan experienced a $1.21MM loss due to the change of the mortality assumption from the RP-2014 Total Dataset Mortality adjusted to 2006 and projected generationally using the MP-2017 improvement scale to the PUB-2010 General Employees Mortality, projected generationally using the MP-2018 improvement scale.

June 30, 2018

- *Difference Between Actual and Expected Experience* - The $230,000 gain on the Total Pension Liability for the fiscal year ending June 30, 2018 is primarily attributable to participant deaths.

- *Assumption Change* - Assumptions for the discount rate and expected return on assets were decreased from 7.50% to 7.00% to reflect the expected long-term rate of return on the trust.

June 30, 2017

- *Difference Between Actual and Expected Experience* - The $383,000 gain on the Total Pension Liability for the fiscal year ending June 30, 2017 is primarily attributable to participant deaths.

- *Assumption Change* - The plan experienced a $.86MM gain due to the change of the mortality assumption from the RP-2014 table projected generationally with Scale MP-2014 with MP-2016 Improvement Scale.

June 30, 2016

- *Difference Between Actual and Expected Experience* - The $299,000 loss on the Total Pension Liability for the fiscal year ending June 30, 2016 is primarily attributable to participant deaths.

- *Assumption Change* - The plan experienced a $1.47MM gain due to the change of the mortality assumption from the RP-2014 table projected generationally with Scale MP-2014 with MP-2015 Improvement Scale.

June 30, 2015

- *Difference Between Actual and Expected Experience* - The $1.01MM gain on the Total Pension Liability for the fiscal year ending June 30, 2015 is primarily attributable to participant deaths.

- *Assumption Change* - There were no impacts associated with assumption changes.

Lansing Board of Water and Light
Defined Benefit Plan and Trust for Employees' Pensions

Required Supplementary Information (Unaudited)
Schedule of Investment Returns
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return net of investment expense	8.79%	8.59%	(9.18%)	22.42%	2.90%	7.39%	4.97%	12.10%	(0.49%)	1.55%

See notes to required supplementary information

Lansing Board of Water and Light
Defined Contribution Plan and Trust 1

Financial Statements

June 30, 2024 and 2023

Table of Contents
June 30, 2024 and 2023

Independent Auditors' Report

To the Honorable Mayor, Members of the City Council and Commissioners of
Lansing Board of Water and Light

Opinion

We have audited the financial statements of the Lansing Board of Water and Light Defined Contribution Plan and Trust 1 (the Plan), a fiduciary fund of the Lansing Board of Water and Light, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2024 and 2023, and the respective changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Plan is presenting only the financial statements of the Plan and does not purport to, and does not, present fairly the financial position of the Lansing Board of Water and Light, as of June 30, 2024 and 2023, and the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is 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.

Auditors' 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 auditors' report that includes our opinion. 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 GAAS 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 GAAS, 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 the Plan'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.

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 required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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.

Baker Tilly US, LLP

Madison, Wisconsin
October 7, 2024

Using this Annual Report

The annual report consists of two parts: (1) Management's Discussion and Analysis (this section) and (2) the financial statements. The financial statements include notes that explain information in the statements and provide more detail.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior three fiscal years:

	2024	2023	2022
Assets held in trust:			
Cash & cash equivalents	$ 26,073,272	$ 28,195,849	$ 31,382,550
Participant-directed investments (Note 1):			
Mutual funds, bonds	17,497,649	17,745,597	16,900,960
Mutual funds, equity	152,413,555	130,774,490	122,401,760
Self-directed brokerage account:			
Equity securities/stocks	12,507,716	9,997,083	8,979,962
Mutual funds, equity	598,099	454,285	515,714
Certificates of deposit (negotiable)	100,039	349,683	-
Participant notes receivable and other	3,532,182	3,439,525	3,302,591
Net position	$ 212,722,512	$ 190,956,512	$ 183,483,537
Changes in plan assets:			
Net investment income (loss)	$ 25,881,631	$ 18,054,588	$ (17,658,093)
Employer and participant contributions	9,894,164	11,864,060	11,864,174
Benefits paid to participants	(13,525,681)	(21,900,248)	(20,560,553)
Loan defaults and other changes	(484,114)	(546,425)	(728,171)
Changes in net position	$ 21,766,000	$ 7,472,975	$ (27,082,643)

Investment Objectives

The principal purpose of the Lansing Board of Water & Light Defined Contribution Plan and Trust 1 (Plan) is to provide eligible Plan participants with a retirement income benefit at a normal retirement age. The Plan's investment funds are selected to optimize return on a risk-adjusted basis within each asset class, to provide an opportunity to create a well-diversified portfolio, to control administrative and management cost, and to comply with applicable Michigan and federal law.

Pursuant to the Plan's Investment Policy Statement, each participant may direct the investment of funds in their Plan account across various investment options. The plan is sponsored by the Lansing Board of Water & Light (BWL). The Retirement Plan Committee on behalf of the Trustee periodically reviews the performance of investment options available to participants to ensure that each option is meeting its investment objectives.

Investment Results

The fiscal year ended June 30, 2024 saw a net investment gain of $25.9 million. Fiscal year 2023 had a net investment gain of $18.1 million, fiscal year 2022 had a net investment loss of $(17.7) million. Total assets held in trust were $213 million at the end of fiscal year 2024, $191 million at the end of fiscal year 2023, $183 million at the end of fiscal year 2022.

Future Events

The BWL has no plan to materially revise the terms of its Plan.

Contacting the Plan's Management

The financial report is intended to provide a general overview of the Plan's finances and to demonstrate accountability for the funds it administers. Questions about this report should be submitted to Lansing Board of Water and Light Defined Contribution Plan and Trust 1, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

Lansing Board of Water and Light
Defined Contribution Plan and Trust 1

Statements of Fiduciary Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 26,073,272	$ 28,195,849
Participant-directed investments (Note 1):		
Mutual funds, bonds	17,497,649	17,745,597
Mutual funds, equity	152,413,555	130,774,490
Self-directed brokerage account:		
Equity securities/stocks	12,507,716	9,997,083
Mutual funds, equity	598,099	454,285
Certificates of deposit (negotiable)	100,039	349,683
Total participant-directed investments	183,117,058	159,321,138
Participant notes receivable	3,532,182	3,439,525
Net position restricted for pensions	$ 212,722,512	$ 190,956,512

See notes to financial statements

Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 22,518,517	$ 14,923,330
Interest and dividend income	3,363,114	3,131,258
Total investment income	25,881,631	18,054,588
Employer contributions (Note 1)	9,435,006	11,648,704
Interest from participant notes receivable	189,210	131,862
Other	269,948	84,494
Total additions	35,775,795	29,919,648
Deductions		
Benefits paid to participants	13,525,681	21,900,248
Loan defaults	331,152	396,895
Participants' note and administrative fees	152,962	149,530
Total deductions	14,009,795	22,446,673
Net increase in net position	21,766,000	7,472,975
Net Position Restricted for Pensions, Beginning	190,956,512	183,483,537
Net Position Restricted for Pensions, Ending	$ 212,722,512	$ 190,956,512

See notes to financial statements

1. Plan Description

The following description of Lansing Board of Water and Light Defined Contribution Plan and Trust 1 (Plan) provides only general information. Participants should refer to the Plan Documents, in conjunction with the Plan Adoption Agreement, for a more complete description of the Plan's provisions.

General

The Plan was established by the Lansing Board of Water & Light (BWL) in 1997 under Section 5-203.10 of the City Charter. Prior to its establishment, the BWL sponsored a defined benefit plan (Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions) in which substantially all employees of the BWL were participants. Effective December 1, 1997, all active participants of the defined benefit plan were required to make an irrevocable choice to either remain in the defined benefit plan or move to the newly established Plan. Those participants who elected to move to the Plan received lump-sum distributions from the defined benefit plan, which were rolled into their accounts in the Plan. Of the 760 active participants who were required to make this election, 602 elected to convert their retirement benefits to the Plan. As a result of this action, effective December 1, 1997, the Board of Commissioners transferred $75,116,470 to the Plan, reflecting the plan participants' accumulated benefits as of said date.

Nationwide Retirement Solutions (Nationwide) serves as the Plan recordkeeper, administrator and processor of participant investments.

Contributions

For eligible employees hired before January 1, 1997, the BWL is required to contribute 15% of the employees' eligible compensation. For employees hired on or after January 1, 1997, the BWL is required to contribute 9.5% of the employees' compensation. In addition, the BWL is required to contribute an additional 3.0% of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5% of the employees' compensation for all nonbargaining employees. As part of the transition to Nationwide, effective April 25, 2021, the BWL adopted Nationwide's prototype plan documents.

Participant Accounts

Each participant's account is credited with the participant's rollover contributions and withdrawals, as applicable, and allocations of the BWL's contributions and Plan earnings. Allocations are based on participants' earnings or account balances, as defined in the Plan document. Forfeited balances of terminated participants' nonvested accounts are used to reduce future BWL contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

As of June 30, 2024, there were 921 participants in the Plan, of which 821 were active employees. As of June 30, 2023, there were 858 participants in the Plan, of which 733 were active employees.

Vesting

The portion of employer contribution which is subject to vesting is vested on the following schedule: 25% vested after three years and an additional 25% after each subsequent completed year of service.

Investment Options

Participants may direct contributions to any of the following investment options, some of which are administered by subsidiaries (or related parties) of Nationwide. Since Nationwide is a service provider to the Plan, transactions in the Nationwide Stable Value Account qualify as party-in-interest transactions.

Stable Value

Seeks safety of principal, adequate liquidity and returns superior to shorter maturity alternatives by actively managing a diversified portfolio of assets issued by highly rated financial institutions and corporations as well as obligations of the U.S. government or its agencies.

Balanced

Seeks both current income and capital appreciation by investing in a combination of stocks, bonds and money market instruments.

Growth

Seeks long-term capital appreciation by investing primarily in equity securities of companies with above-average growth prospects. Current income is a secondary concern.

International

Seeks long-term capital appreciation by investing primarily in equity securities of issuers located outside of the U.S.

Stock Funds

Seeks long-term growth through capital gains, although historically dividends have been an important source of total return. These funds primarily invest in the common stocks of companies based in the United States. There are many options for diversification within this category.

Bond and Equity Funds

Seeks to maximize current income with capital appreciation as a secondary consideration by investing primarily in debt securities issued by the U.S. government or its agencies and domestic and foreign corporations. They are not fixed-income investments. Even when a mutual fund's portfolio is composed entirely of bonds, the fund itself has neither a fixed yield nor a contractual obligation to give investors back their principal at some later maturity date - the two key fixed characteristics of individual bonds.

Self-Directed Brokerage Account

Participants meeting minimum balance and transaction requirements may transfer funds to a self-directed brokerage account providing access to additional investment options including a large selection of mutual funds.

Participant Notes Receivable

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum of the lesser of $50,000 or 50% of their vested account balances. Notes receivables are treated as transfers between the investment fund and the notes receivable fund. Note terms range from one to five years or up to 20 years for the purchase of a primary residence. The notes receivable is secured by the balance in the participant's account and bear interest at a rate commensurate with prevailing rates as determined periodically by the Plan administrator. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

Upon termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account or choose from a variety of periodic payment options. Upon reaching normal retirement age, a participant may elect to receive in service distributions.

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Summary of Significant Accounting Policies

Basis of Accounting

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Plan participant contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

The investments are stated at fair value based on closing sales prices reported on recognized securities exchanges on the last business day of the year, or for listed securities having no sales reported and for unlisted securities, upon the last reported bid prices on that date. The mutual funds are valued at quoted market prices, which represent the fair market values of shares held by the Plan at year-end.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Participant Notes Receivable

Participant notes receivable are recorded at their unpaid principal balances plus any accrued interest. Participant notes receivable are written off when deemed uncollectible.

Expenses

Substantially all Plan expenses are paid by Plan participants.

Regulatory Status

The Plan is not subject to the reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as it has been established for the benefit of a governmental unit.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

3. Cash and Cash Equivalents, Investments and Fair Value Disclosure

The Plan is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, bonds, mutual funds, collective investment funds, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles. Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts) and $250,000 for demand deposit accounts (interest bearing and noninterest bearing).

The Plan's deposits and investment policies are in accordance with PA 196 of 1997 and have authorized the investments according to Michigan PA 314 of 1965, as amended.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions must meet minimum criteria to offer adequate safety to the Plan. As of June 30, 2024 and 2023, the Plan has $314,227 and $612,865, respectively, of bank deposits that were uninsured and uncollateralized. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year end, all investments of the Plan were held in the name of the Plan and are therefore not subject to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2024, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bond funds	$ 17,497,649	Not rated	Not rated
Certificates of deposit (negotiable)	100,039	Not rated	Not rated

As of June 30, 2023, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bond funds	$ 17,745,597	Not rated	Not rated
Certificates of deposit (negotiable)	349,683	Not rated	Not rated

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The Plan's investment policy does not address this risk. At June 30, 2024, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds, bond funds	$ 17,497,649	6.7 years
Certificates of deposit (negotiable)	100,039	0.6 years

At June 30, 2023, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds, bond funds	$ 17,745,597	6.9 years
Certificates of deposit (negotiable)	349,683	0.6 years

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan has no investments subject to concentration of credit risk as of June 30, 2024 and June 30, 2023. The Plan's investment policy does not address concentration of credit risk.

4. Plan Termination

Although it has not expressed any intention to terminate the Plan, the BWL has the right to do so at any time. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

5. Tax Status

The Plan utilizes Nationwide's prototype plan document. The prototype plan has received a favorable opinion letter from the Internal Revenue Service (IRS) that the prototype plan, as designed, is qualified for federal income tax-exempt status. The Plan has not individually sought its own determination letter.

6. Fair Value Measurements

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily fair value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Deposits (Stable Value Fund) - The Vantagepoint PLUS Fund is a collective fund that seeks to maintain a stable net asset value (NAV). It invests primarily in a diversified portfolio of stable-value investments, including traditional guaranteed investment contracts (traditional GICs), separate account GICs, synthetic GICs backed by fixed income securities or investments and short-term investment funds, including money market mutual funds. The Nationwide Stable Value Account (Account) is a Separate Account Product that seeks to provide a low-risk, stable investment option offering consistently competitive returns for retirement plan investors. The Account invests in a diversified portfolio of fixed income securities. Nationwide Life Insurance Company provides a crediting rate guarantee each quarter, which is backed by the assets in the Account and the claims paying ability of Nationwide Life Insurance Company.

Self-Directed Brokerage Account - The self-directed brokerage account allows participants of the Plan the option of selecting a more personalized and broad range of investment choices. The investments within the account consist of corporate stocks, which are valued at the most recent closing price reported on the market on which individual securities are traded, certificates of deposits (negotiable), valued at cost and mutual funds (see above).

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2024 and 2023:

	2024			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Bond funds	$ 17,497,649	$ -	$ -	$ 17,497,649
Equity funds	152,413,555	-	-	152,413,555
Self-directed brokerage account:				
Equity securities/stocks	12,507,716	-	-	12,507,716
Mutual funds, equity	598,099	-	-	598,099
Certificates of deposit (negotiable)	-	100,039	-	100,039
Total investments by fair value level	$ 183,017,019	$ 100,039	$ -	$ 183,117,058

	2023			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Bond funds	$ 17,745,597	$ -	$ -	$ 17,745,597
Equity funds	130,774,490	-	-	130,774,490
Self-directed brokerage account:				
Equities	9,997,083	-	-	9,997,083
Mutual funds	454,285	-	-	454,285
Certificates of deposit (negotiable)	-	349,683	-	349,683
Total investments by fair value level	$ 158,971,455	$ 349,683	$ -	$ 159,321,138

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

8. Subsequent Events

The Plan has evaluated subsequent events occurring through October 7, 2024, the date that the Plan's financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements. There are no subsequent events warranting disclosures.

Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light

Financial Statements and
Required Supplementary Information

June 30, 2024 and 2023

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June 30, 2024 and 2023

Independent Auditors' Report

To the Honorable Mayor, Members of the City Council, and Commissioners of
Lansing Board of Water and Light

Opinion

We have audited the financial statements of the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (the Plan), a fiduciary fund of the Lansing Board of Water and Light, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2024 and 2023, and the respective changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements to the Plan is presenting only the financial statements of the Plan and does not purport to, and does not, present fairly the financial position of the Lansing Board of Water and Light, as of June 30, 2024 and 2023, and the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is 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.

Auditors' 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 auditors' report that includes our opinion. 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 GAAS 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 GAAS, 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 the Plan'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.

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 required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Baker Tilly US, LLP

Madison, Wisconsin
October 7, 2024

Using This Annual Report

The annual report consists of two parts: (1) Management's Discussion and Analysis (this section) and (2) the financial statements. The financial statements include notes that explain information in the statements and provide more detail.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior two years:

	2024	2023	2022
Assets:			
Cash and cash equivalents	$ 1,857,276	$ 338,130	$ 957,009
Mutual funds, bonds	55,835,109	53,353,849	54,547,228
Mutual funds, equity	159,831,296	144,658,390	125,722,355
Real estate fund investment	38,565,204	42,471,497	46,922,667
Interest and dividend receivable	14,641	13,772	3,091
Total plan assets	256,103,526	240,835,638	228,152,350
Liabilities:			
Trade payable, due to broker	259,187	-	12,256
Reimbursement for benefits paid by employer	2,448,357	2,365,067	-
Net position restricted for pensions	$ 253,395,982	$ 238,470,571	$ 228,140,094
Changes in net position:			
Net investment income	$ 24,300,066	$ 21,225,768	$ (19,249,317)
Employer contributions	65,286	68,076	13,492,757
Retiree benefits paid	(9,180,680)	(10,627,788)	(13,492,757)
Administrative fees	(259,200)	(335,579)	(353,816)
Net change in net position	$ 14,925,412	$ 10,330,477	$ (19,603,133)

Investment Results

The fiscal year ended June 30, 2024 saw a net investment gain of $24.3 million. The fiscal year 2023 had a net investment gain of $21.2 million, fiscal year 2022 had a net investment loss of $(19.2) million. We believe this performance is consistent with the experience of similarly situated employee benefit funds.

The Lansing Board of Water & Light (BWL) actuarially determined contribution (ADC) as determined by the BWL's actuary was $0 in fiscal years 2024, 2023, and 2022.

The discount rate was 6.5% in fiscal year 2024, 2023 and 2022.

Investment Objectives and Asset Allocation

The Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (Plan) assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the BWL has considered the time horizon available for investment, the nature of the Plan's cash flows and liabilities, and other factors that affect the Plan's risk tolerance.

The investment of Plan assets is intended to result in moderate, long-term capital appreciation through moderate risk-taking. The Plan's overall investment objective is to earn an average, annual return of 6.5% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure the ability to pay retirement benefits for all plan participants.

Consistent with the advice of its investment advisor, the BWL has selected the following target asset allocation strategy:

Asset Class	Target Asset Allocation
Core fixed income	15 %
Multi-sector	5
Liquid absolute return	5
U.S. large cap equity	25
U.S. small/mid cap equity	15
Non-U.S. equity	20
Real estate	15
Total	100 %

Future Events

The Plan is currently overfunded, with a funded status (fiduciary net position divided by total pension liability) of 150%. This funding level results in an actuarially determined contribution of $0 for fiscal year 2025. As a result, the BWL does not expect to make contributions to the trust in fiscal year 2025.

Contacting the Plan's Management

The financial report is intended to provide a general overview of the Plan's finances and to demonstrate accountability for the funds it administers. Questions about this report should be submitted to Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light, Attn: Retirement Plan Committee, P.O. Box 13007, Lansing, Michigan 48901-3007.

Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light

Statements of Fiduciary Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 1,857,276	$ 338,130
Investments, fair value:		
Mutual funds, bonds	55,835,109	53,353,849
Mutual funds, equities	159,831,296	144,658,390
Real estate fund investment	38,565,204	42,471,497
Total investments at fair value	254,231,609	240,483,736
Investment interest and dividend receivable	14,641	13,772
Total assets	256,103,526	240,835,638
Liabilities		
Trade payable, due to broker/other	259,187	-
Reimbursement for benefits paid by employer	2,448,357	2,365,067
Total liabilities	2,707,544	2,365,067
Net position restricted for retiree benefits	$ 253,395,982	$ 238,470,571

See notes to financial statements

Statements of Changes in Fiduciary Net Position

Years Ended June 30, 2024 and 2023

	2024	2023
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 19,047,703	$ 15,226,432
Interest and dividend income	5,252,303	5,999,336
Total investment income	24,300,006	21,225,768
Employer contributions	65,286	68,076
Total additions	24,365,292	21,293,844
Deductions		
Retiree benefits paid	9,180,680	10,627,788
Administrative expenses	259,200	335,579
Total deductions	9,439,880	10,963,367
Net increase in net position	14,925,412	10,330,477
Net Position Restricted for Retiree Benefits, Beginning	238,470,571	228,140,094
Net Position Restricted for Retiree Benefits, Ending	$ 253,395,982	$ 238,470,571

See notes to financial statements

1. Summary of Significant Accounting Policies

Reporting Entity

The Lansing Board of Water & Light (BWL) sponsors the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (Plan), which is a single-employer retiree benefit plan. The Plan was established on October 20, 1999, effective as of July 1, 1999, for the purpose of accumulating assets to fund retiree healthcare insurance costs in future years.

Accounting and Reporting Principles

The Plan follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Basis of Accounting

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Employer contributions to the Plan are recognized when due pursuant to legal requirements.

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Report Presentation

This report includes the fund-based statements of the Plan.

Investment Valuation and Income Recognition

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Purchases and sales of investments are recorded on a trade-date basis.

Appreciation or depreciation of investments is calculated based on the beginning of the period's fair value of investments.

Expenses

Substantially all Plan expenses are paid by the Plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Reimbursement for Benefits Paid by Employer

This balance represents amounts due from the Plan to the Lansing Board of Water & Light (BWL) to reimburse the BWL for benefits paid on behalf of the Plan.

2. Plan Description

The following description of the Plan provides only general information. Participants should refer to the Plan and Trust Documents for a more complete description of the Plan's provisions.

General

The Plan was established by the Lansing Board of Water & Light on October 20, 1999 under Section 5-203 of the City Charter. The Plan became effective July 1, 1999. Eligible Participants of the Plan may include BWL employees, former BWL employees and their spouses, dependents or beneficiaries.

The Plan provides medical, dental and life insurance benefits to eligible Participants. Substantially all BWL employees may become eligible Participants of the Plan if they reach normal retirement age while actively employed full-time by the BWL. There were 755 participants eligible to receive benefits at June 30, 2024 and 753 participants eligible at June 30, 2023.

Trustees

Each voting member of the BWL Board of Commissioners is a Trustee during the term of office as a commissioner. The Trustees had appointed Fifth Third Bank as custodian of the Plan's assets for FY 2023 and a portion of FY 2024. Effective March 1, 2024, this role was transitioned to the Northern Trust Company.

Agreement

The Lansing Board of Water & Light (the Employer) entered into an Administrative Services Agreement (the Agreement) with the Trust for Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light (the VEBA or Trust) effective January 1, 2022. The Agreement obligates the Employer to provide the administrative services necessary to pay Plan benefits. The Agreement also governs the conditions related to Trust contributions and disbursements.

Benefits

Plan benefits shall not be paid to participants or their beneficiaries during a plan year in which there has been a "qualified transfer" pursuant to Internal Revenue Code Section 420(e)(1)(8) from the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions, except that once the "qualified transfer" has been exhausted for the purpose of paying qualified current retiree health liabilities, benefit payments may be made under this Plan consistent with Internal Revenue Code Section 420(e)(1)(B). After "qualified transfers" have been exhausted, benefits paid under the Plan shall be those benefits described in the Plan Document.

Contributions

Section 5-203 of the City Charter grants the authority to establish and amend the contribution requirement of the City and Plan members to BWL. The retiree benefits are paid by BWL's general cash flow to the third-party administrators who process participant claims. These payments represent contributions to the Plan. Employer contribution amounts are quantified in the statement of changes in net position. During the years ended June 30, 2024 and 2023, BWL incurred $65,286 and $68,076 in contributions to the Plan, respectively.

The BWL may make additional contributions in such a manner and at such times as appropriate per the Plan and Trust documents. All contributions received, together with the income thereon, are held, invested, reinvested and administered by the Trustees pursuant to the terms of the Plan. No employee contributions are allowed under this Plan.

Contributions are recognized when due and when the amount to be contributed is committed by the BWL. For the years ended June 30, 2024 and 2023, the contribution rates of the employer were .08% and 0.10% of covered-employee payroll, respectively.

Participation

Participation is determined in accordance with the terms of the Plan. At June 30, 2024, there were 778 active participants (not yet eligible to receive benefits), 67 disabled participants, 532 retired participants and 156 surviving spouses participating in the Plan. At June 30, 2023, there were 731 active participants (not yet eligible to receive benefits), 69 disabled participants, 534 retired participants and 150 surviving spouses participating in the Plan.

Vesting

Benefits become payable in accordance with the terms of the Plan. At no time will benefits of the Plan be vested. The BWL may reduce or eliminate any or all Plan benefits at any time, subject to the requirements of any collective bargaining agreement.

Termination

In the event of Plan termination, all Plan assets shall be used to purchase additional eligible benefits in accordance with the terms of the Plan. In the event of dissolution, merger, consolidation or reorganization of the BWL, the Plan shall terminate and liquidate in a manner consistent with the Plan agreement unless the Plan is continued by a successor to the BWL.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

3. Cash, Cash Equivalents and Investments

The Plan is authorized through Public Act 149 of 1999 to invest in accordance with Public Act 314. Public Act 314 of 1965, as amended, allows the Plan to invest in certain reverse repurchase agreements, stocks, bonds, mutual funds, collective investment funds, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations and certain other specified investment vehicles. Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts) and $250,000 for demand deposit accounts (interest bearing and noninterest bearing).

The Plan's deposits and investment policies are in accordance with PA 196 of 1997 and have authorized the investments according to Michigan PA 314 of 1965, as amended.

The Plan's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions must meet minimum criteria to offer adequate safety to the Plan. At June 30, 2024 and 2023, the Plan had $1,607,276 and $88,130, respectively, of bank deposits that were uninsured and uncollateralized. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year-end, all investments of the Plan were held in the name of the Plan and are therefore not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. The Plan's investment policy does not address interest rate risk.

At June 30, 2024, the average maturities of investments are as follows:

Investment	Fair Value	Average Weighted Maturity
Mutual funds, bonds	$ 55,835,109	9.1 years

At June 30, 2023, the average maturities of investments are as follows:

Investment	Fair Value	Average Weighted Maturity
Mutual funds, bonds	$ 53,353,849	9.3 years

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of June 30, 2024, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 55,835,109	Not rated	Not rated

As of June 30, 2023, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 53,353,849	Not rated	Not rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan has no investments subject to concentration of credit risk as of June 30, 2024 and June 30, 2023.

4. Tax Status

The Plan is exempt under Internal Revenue Code Section 501(c)(9) and received an exemption letter as of February 9, 2000. The Plan has since been amended. Management believes the Plan continues to operate as a qualified plan.

5. Plan Investments - Policy and Rate of Return

BWL's policy regarding the allocation of invested assets is established and may be amended by the BWL Board by a majority vote of its members. It is the policy of the BWL Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2024 and 2023:

Asset Class	2024 Target Allocation	2023 Target Allocation
Core bonds	15.00 %	15.00 %
Multi-sector	5.00	5.00
Liquid absolute return	5.00	5.00
U.S. large cap equity	25.00	30.00
U.S. small/mid cap equity	15.00	10.00
Non-U.S. equity	20.00	20.00
Core real estate	8.00	8.00
Value add real estate	7.00	7.00

Rate of Return

For the years ended June 30, 2024 and 2023 the annual money-weighted rate of return on investments, net of investment expense, was 10.39% and 9.52%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

6. Net OPEB Liability (Asset) of BWL

The components of the net OPEB liability (asset) for BWL at June 30, 2024 and 2023 were as follows:

	2024	2023
Total OPEB liability	$ 168,403,443	$ 163,828,911
Plan fiduciary net position	253,395,981	238,470,571
BWL's net OPEB liability (asset)	$ (84,992,538)	$ (74,641,660)
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	150.47 %	145.56 %

Actuarial Assumptions

The June 30, 2024 total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Payroll growth	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit / productivity increases
Long-term expected rate of return	6.5%
Healthcare cost trend rates	7.25% for 2023, decreasing 0.25% per year to an ultimate rate of 4.50% in 2034 and later years

Actuarial Assumptions

The June 30, 2023 total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Payroll growth	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit / productivity increases
Long-term expected rate of return	6.5%
Healthcare cost trend rates	7.25% for 2023, decreasing 0.25% per year to an ultimate rate of 4.50% in 2034 and later years

For the June 30, 2024 and 2023 valuation, mortality rates were based on the PUBH-2010 General Mortality Table projected generationally using MP-2021 scale.

Best actuarial practices call for a periodic assumption review and BWL had completed a performance study in 2022.

For the June 30, 2024 valuation, the long-term expected rate of return was 6.5%. The rate was determined using a building-block method where expected future real rates of return are developed for each major asset class. These expected future real rates of return 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are as follows:

Asset Class	Long-Term Expected Real Rate of Return
Core bonds	2.56 %
Multi-sector	3.50
Liquid absolute return	3.25
U.S. large cap equity	7.15
U.S. small/mid cap equity	8.58
Non-U.S. equity	8.26
Core real estate	6.49
Value add real estate	7.99

For the June 30, 2023 valuation, the long-term expected rate of return was 6.5%. The rate was determined using a building-block method where expected future real rates of return are developed for each major asset class. These expected future real rates of return 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are as follows:

Asset Class	Long-Term Expected Real Rate of Return
Core bonds	2.58 %
Multi-sector	3.54
Liquid absolute return	3.25
U.S. large cap equity	7.17
U.S. small/mid cap equity	8.61
Non-U.S. equity	8.29
Core real estate	6.54
Value add real estate	8.04

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5% for June 30, 2024 and 2023. The discount rate is based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current discount rate (6.5%) as of June 30, 2024:

	2024		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)	$ (65,718,636)	$ (84,992,538)	$ (101,207,086)

The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current discount rate (6.5%) as of June 30, 2023:

	2023		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)	$ (56,224,193)	$ (74,641,660)	$ (90,173,785)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of BWL, as well as what BWL's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of June 30, 2024 and 2023:

	2024		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	$ (102,871,148)	$ (84,992,538)	$ (63,323,723)

	2023		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability (asset)	$ (91,718,544)	$ (74,641,660)	$ (53,961,790)

7. Fair Value Measurements

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Real estate fund investment: Valued by a certified independent appraiser and an internal expert group. There is also another level of verification by an independent valuation advisor to audit and review both the external and internal valuations performed.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily fair value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2024 and 2023:

	2024			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 1,857,276	$ -	$ -	$ 1,857,276
Mutual funds, bonds	55,835,109	-	-	55,835,109
Mutual funds, equities	112,847,988	46,983,308	-	159,831,296
Real estate trust investment	38,565,204	-	-	38,565,204
Total	$ 209,105,577	$ 56,983,308	$ -	$ 256,088,885

	2023			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 338,130	$ -	$ -	$ 338,130
Mutual funds, bonds	53,353,849	-	-	53,353,849
Mutual funds, equities	75,112,945	69,545,445	-	144,658,390
Real estate trust investment	42,471,497	-	-	42,471,497
Total	$ 171,276,421	$ 69,545,445	$ -	$ 240,821,866

8. Risks and Uncertainties

Plan contributions are made and the accrued actuarial liability is reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would-be material to the financial statements.

In addition, the Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

9. Subsequent Events

The Plan has evaluated subsequent events occurring through October 7, 2024, the date that the Plan's financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements. There are no subsequent events warranting disclosures.

REQUIRED SUPPLEMENTARY INFORMATION

Post-Retirement Benefit Plan and Trust for
Eligible Employees of Lansing Board of Water and Light

Required Supplemental Information (Unaudited)
Schedule of Changes in BWL's -
Net OPEB Liability (Asset) and Related Ratios
Last Ten Fiscal Years*
(In Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	$ 4,201	$ 3,452	$ 3,299	$ 3,396	$ 3,245	$ 4,403	$ 4,827	$ 3,130
Interest	10,355	9,827	9,871	10,535	10,804	14,920	15,039	14,226
Changes in benefit terms	-	-	-	-	-	(415)	-	-
Differences between expected and actual experience	(801)	4,770	(1,084)	(8,794)	(6,093)	(5,231)	(9,880)	5,281
Changes in assumptions	-	-	10,173	(3,752)	7,254	(59,336)	(1,728)	(2,027)
Benefit payments, including refunds	(9,181)	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)
Net Change in Total OPEB Liability	4,574	7,421	8,766	(6,959)	6,053	(54,937)	(2,137)	11,036
Total OPEB Liability, Beginning	163,829	156,410	147,644	154,603	148,550	203,487	205,624	194,588
Total OPEB Liability, Ending	168,403	163,831	156,410	147,644	154,603	148,550	203,487	205,624
Trust Net Position								
Contributions, employer	65	68	13,493	8,344	9,157	9,278	10,395	9,574
Contributions, member	-	-	-	-	-	-	-	-
Net investment income	24,300	21,226	(19,247)	49,387	4,158	11,688	11,039	18,040
Administrative expenses	(259)	(336)	(354)	(449)	(512)	(569)	(634)	(705)
Benefit payments, including refunds	(9,181)	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)
Other	-	-	-	-	-	-	-	-
Net Change in Net Position Held in Trust	14,925	10,330	(19,601)	48,938	3,646	11,119	10,405	17,335
Trust Fiduciary Net Position, Beginning	238,471	228,142	247,743	198,805	195,159	184,040	173,635	156,300
Trust Fiduciary Net Position, Ending	253,396	238,472	228,142	247,743	198,805	195,159	184,040	173,635
BWL Net OPEB Liability (Asset), Ending	$ (84,993)	$ (74,641)	$ (71,732)	$ (100,099)	$ (44,202)	$ (46,609)	$ 19,447	$ 31,989
Trust Fiduciary Net Position as a % of Total OPEB Liability (Asset)	150.47%	145.56%	145.86%	167.80%	128.59%	131.38%	90.44%	84.44%
Covered Employee Payroll	$ 77,109	$ 69,744	$ 62,976	$ 60,269	$ 58,198	$ 56,785	$ 55,650	$ 54,383
BWL's Net OPEB Liability (Asset) as a % of Covered Employee Payroll	(110.22%)	(107.02%)	(113.90%)	(166.09%)	(75.95%)	(82.08%)	34.95%	58.82%

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2015 - 2016 is not available and this schedule will be presented on a prospective basis.

See notes to required supplementary information

Post-Retirement Benefit Plan and Trust for
Eligible Employees of Lansing Board of Water and Light

Required Supplemental Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(In Thousands)

	Employer Contributions		Difference of		Percentage of
Fiscal Year Ended	Required	Actual	Required to Actual Contributions	Covered Employee Payroll	Actual Contributions to Covered
6/30/2015	$ 5,762	$ 9,671	$ 3,909	$ 50,885	19.01%
6/30/2016	5,788	9,423	3,635	53,893	17.48%
6/30/2017	7,508	9,574	2,066	54,383	17.60%
6/30/2018	7,535	10,395	2,860	55,650	18.68%
6/30/2019	7,031	9,278	2,247	56,785	16.34%
6/30/2020	-	9,157	9,157	58,198	15.73%
6/30/2021	220	8,344	8,124	60,269	13.84%
6/30/2022	-	13,493	13,493	62,976	21.43%
6/30/2023	-	68	68	69,744	0.10%
6/30/2024	-	65	65	77,109	0.08%

See notes to required supplementary information

Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light

Required Supplemental Information (Unaudited)
Schedule of Investment Returns
Last Ten Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	10.39%	9.52%	(7.77%)	24.87%	2.13%	6.36%	6.37%	10.01%	0.32%

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2015 is not available and this schedule will be presented on a prospective basis.

See notes to required supplementary information

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2024, based on roll-forward of February 29, 2024 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary method
Amortization method	Level dollar over a 30-year closed period
Remaining amortization period	24 years
Inflation	2.25%
Salary increases	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Investment rate of return	6.5% per year compounded annually
Mortality	PUBH-2010 General Mortality Table projected generationally using MP-2021 scale

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2023, based on roll-forward of February 28, 2023 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary method
Amortization method	Level dollar over a 30-year closed period
Remaining amortization period	25 years
Inflation	2.25%
Salary increases	9.0% growth at age 25 and decreases to 5.3% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Investment rate of return	6.5% per year compounded annually
Mortality	PUBH-2010 General Mortality Table projected generationally using MP-2021 scale

Significant Changes

June 30, 2024

- *Difference between actual and expected experience* - The $800.9K actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2024 is attributable to the combination of favorable demographic experience and lower than expected 2024 per capita claims cost.

- *Assumption Change* - None.

- *Investment gain* - The $9.1M investment gain during the fiscal year ending June 30, 2024 is attributable an actual return on assets of 10.39% vs. an expected return of 6.50%.

June 30, 2023

- *Difference Between Actual and Expected Experience* - The $4.77M actuarial loss on the Total OPEB Liability for the fiscal year ending June 30, 2023 is attributable to the combination of unfavorable demographic experience and unfavorable claims experience for the pre-Medicare retirees. $1.86M of the actuarial loss is associated with demographic experience. The remaining $2.91M of the actuarial loss is due to higher than expected 2023 per capita claims cost.

- *Assumption Change* - None.

- *Investment Gain* - The $6.75M investment gain during the fiscal year ending June 30, 2023 is attributable an actual return on assets of 9.52% vs. an expected return of 6.50%.

June 30, 2022

- *Difference Between Actual and Expected Experience* - The $1.08MM actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2022 is attributable to favorable demographic experience. The favorable demographic experience is mainly attributable to deaths (25 participants), termination of active participants and changes in coverage elections.

- *Assumption Change* - The $10.17MM actuarial loss on the Total OPEB liability for the fiscal year ending June 30, 2022 is attributable to updating the mortality improvement scale to the MP-2022 scale, updating the demographic assumptions to reflect the results of the 2022 experience analysis and decreasing the discount rate from 7.0% to 6.5%. Updating the mortality improvement scale resulted in a $.38MM actuarial loss. Updating the demographic assumptions resulted in a $1.73MM actuarial loss. The remaining $8.06MM of actuarial loss is attributable to decreasing the discount rate from 7.0% to 6.5%.

June 30, 2021

- *Difference Between Actual and Expected Experience* - The $8.79MM actuarial gain on the Total OPEB Liability for the fiscal year ending June 30, 2021 is attributable to the combination of favorable demographic experience and lower than expected 2021 per capita claims cost. $3.94MM of the actuarial gain is associated with demographic experience and is mainly attributable to deaths (37 participants), termination of active participants and changes in coverage elections. The remaining $4.85MM of the actuarial gain is due to less than expected 2021 per capita claims cost. The 2021 Humana premiums are slightly lower than what was expected for 2021 ($321.92 per month vs. $347.80 per month)

- *Assumption Change* - The $3.75MM actuarial gain on the Total OPEB liability for the fiscal year ending June 30, 2021 is attributable to updating the mortality improvement scale to the MP-2021 scale and reflecting the updated healthcare trend assumptions set forth in the Michigan Uniform Assumptions memo for the 2021 fiscal year. Updating the mortality improvement scale resulted in a $1.18MM actuarial gain. The remaining $2.57MM of the actuarial gain is attributable to reflecting the updated trend assumptions.

June 30, 2020

- D*ifference Between Actual and Expected Experience* - The $6.09MM gain on the Total OPEB Liability for the fiscal year ending June 30, 2020 is attributable to the combination of unfavorable demographic experience and a reduction in the per capita claims cost used in the June 30, 2020 valuation. The $1.13MM loss associated with demographic experience is mainly attributable to active participant retirements. The $7.22MM gain due to a reduction in per capita claims cost is attributable a decrease in the Pre-65 medical and prescription drug premiums for 2020. The 2019 Pre-65 medical and Rx monthly premium for a retiree was $1,073.13. For 2020, the Pre-65 medical and Rx monthly premium for a retiree is $957.99, an 11% reduction in monthly premium. The combination of the demographic loss and the reduction in monthly premiums resulted in the overall $6.09MM actuarial gain.

- *Assumption Change* - The $7.25MM loss on the Total OPEB liability for the fiscal year ending June 30, 2020 is attributable to updating the mortality improvement scale to the MP-2019 scale and decreasing the discount rate from 7.50% to 7.00%. Updating the mortality improvement scale resulted in a $.53MM actuarial gain. Whereas, decreasing the discount rate resulted in a $7.78MM actuarial loss. The combination of these changes resulted in the overall $7.25MM actuarial loss.

June 30, 2019

- *Difference Between Actual and Expected Experience* - The $5.2 million gain on the Total OPEB Liability for the fiscal year ending June 30, 2019 is primarily due to favorable demographic experience. The favorable experience is mainly attributable to terminations of active participants and deaths of participants with and without beneficiaries.

- *Assumption Changes* - (1) The plan experienced a $54.4 million gain on the Total OPEB Liability due to a change of the assumed per capita claims cost. The Board changed the Plan's insurance provider for Medicare eligible participants from The Hartford and Envision Insurance to Humana. Doing so resulted in a dramatic decrease in both the medical and prescription drug monthly premiums from the prior fiscal year ($98.99 per month vs. $219.54 per month for medical coverage and $213.47 per month vs. $305.00 per month for prescription drug coverage); (2) The Plan experienced a $3.8 million loss on the mortality assumption change. The mortality assumption was updated from the RPH-2014 Total Dataset mortality, adjusted to 2006 and projected generationally using the MP-2017 improvement scale to the PUBH-2010 General Employees Mortality, projected generationally using the MP-2018 improvement scale; and (3) The Plan experienced a $8.7 million gain on a change to the medical and prescription drug trend assumptions. The trend assumptions were changed to those prescribed under the Michigan Uniform Assumptions for the 2019 fiscal year.

- *Change in Benefit Terms* - The Plan experienced a $.4 million gain due to an expected increase in the retiree contribution percentage for employees hired on or after January 1, 2009. The expected contribution percentage was increased from 14% to 20% of the premium charged to active employees.

June 30, 2018

- *Difference Between Actual and Expected Experience* - The $9.9 million gain on the Total OPEB Liability for the fiscal year ending June 30, 2018 is attributable to a reduction in the per capita claims cost used in the 6/30/2018 valuation. Better than expected claims experience during the fiscal year resulted in a decrease in the projected claims when compared to those used in the 6/30/2017 valuation.

- *Assumption Change* - The mortality improvement scale was updated to the MP-2017 scale.

RESOLUTION 2024-XX-XX
Fiscal Year 2024 Audited Financial Statements
of the Enterprise Fund and Pension Fiduciary Funds

RESOLVED, that the fiscal year 2024 Audited Financial Statements of the Board of Water and Light have been reviewed and are hereby accepted as presented.

FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2024 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than November 2024.

Motion by Commissioner _________, **Seconded** by Commissioner _______, to approve the Resolution for the acceptance of the Fiscal Year 2024 Audited Financial Statements of the Enterprise Fund and Pension Fiduciary Funds at a Board meeting held on November 19, 2024.
Action: Motion

Financial Summary - September 2024 - FY25

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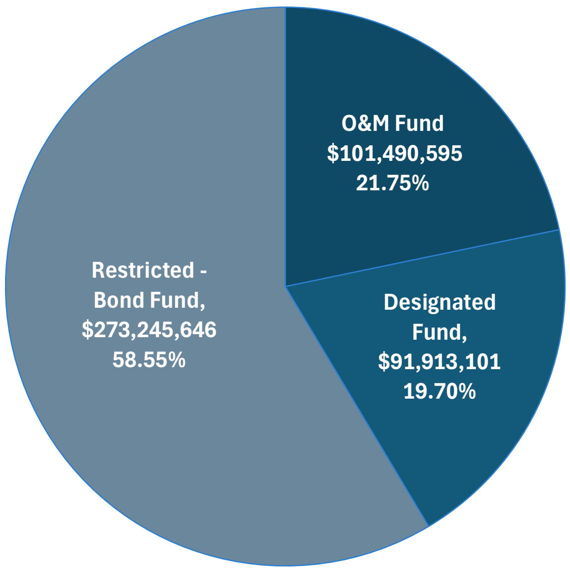
Cash



Total Cash: $466,649,342

	Month End	Target
Days Cash on Hand	158	149
Credit Rating (S&P/Moody's)	AA-/Aa3	AA-/Aa3
Debt Service Coverage	2.16	2.00

Days Cash on Hand:

O&M Fund - Portion Restricted By Bond Covenants + Designated Funds
(Budgeted Operating Expenses - Depreciation + RoE to City) / 365

Debt Service Coverage:

Projected Net Income + Depreciation Expense + Interest Expense
Debt Principal + Debt Interest

Income Statement YTD

	Actual YTD	Budget YTD	Difference	%
Retail	$ 107,142,980	$ 106,332,829	$ 810,151	1%
Wholesale	$ 10,276,579	$ 15,344,219	$ (5,067,640)	-33%
Total Revenue	$ 117,419,559	$ 121,677,048	$ (4,257,489)	-3%
Operating Expenses	$ 94,284,287	$ 97,374,893	$ (3,090,606)	-3%
Non Operating Income/(Exp)	$ (7,489,990)	$ (13,733,226)	$ 6,243,236	-45%
Net Income	$ 15,645,281	$ 10,568,928	$ 5,076,353	48%

FY 2025 Budgeted Net Income	$ 12,559,678

Budget Status YTD

O&M Budget YTD (excluding fuel)

FY 2025 Approved Budget	Actual YTD	Budget YTD	Difference	%
$ 194,854,057	$ 46,604,728	$ 44,322,595	$ 2,282,133	5%
% of Approved Budget	*24%*	*23%*		

Capital Budget YTD

FY25 Approved CIP Budget	Actual YTD	Budget YTD	Difference	%
$ 87,791,518	$ 10,527,801	$ 16,250,628	$ (5,722,827)	-35%
% of Approved Budget	*12%*	*19%*		

FY25 New Energy Budget	Actual YTD	Budget YTD	Difference	%
$ 99,764,537	$ 3,060,901	$ 26,244,494	$ (23,183,593)	-88%
% of Approved Budget	*3%*	*26%*		

Return on Assets

Actual YTD	Budget YTD	Target
1.29%	1.32%	3.97%

Return on Assets = YTD Net Income + YTD Interest Expense - YTD Interest Income
Net Fixed Assets + Inventory

Financial Summary - September 2024 - FY25

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Ratios

Operating Ratio

					APPA Median
O&M Expense	$	78,814,870	=	0.67	0.76
Revenue	$	117,419,559			

Measures the proportion of revenues to cover the operations and maintenance costs

Current Ratio

					APPA Median
Current Assets	$	265,349,400	=	2.94	1.73
Current Liabilities	$	90,356,771			

Measures whether current assets are sufficient to pay current liabilities within one year

Debt to Total Assets

					APPA Median
LT Debt + Accrued Liabilities	$	1,274,040,548	=	0.63	0.56
Total Assets	$	2,012,531,828			

Measures the ability to meet current and long-term liabilities based on the availability of assets

Days Sales Outstanding

						Prior Year
Average Accounts Receivable	x Days	$	30,693,992	x 30 =	26	26
Retail Revenue		$	35,211,875			

Measures the average number of days it takes to collect payment after a sale is made

Bad Debt

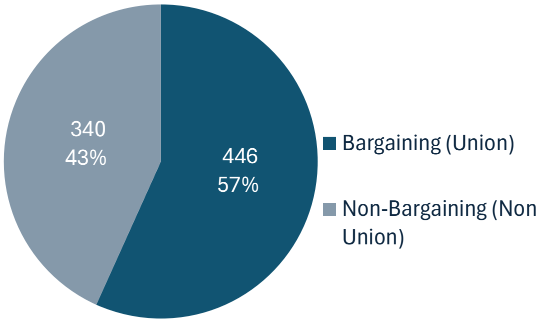
					Prior Year
					0.59%
12 Month Bad Debt Exp	$	2,520,733	=	0.63%	
12 Month Retail Revenue	$	399,441,845			

Measures the portion of each retail revenue dollar that will not be collected

Employee Data

Employee Count

Employee Count YTD	786
Budget YTD	820
Over/(Under) #	(34)
Full Time Equivalent Temporary Employees	34



Payroll Data

	Actual YTD	Budget YTD	Difference	%	Prior Year
Regular	$ 19,132,327	$ 19,285,142	$ (152,814)	-0.8%	$ 60.40
Overtime	$ 1,785,519	$ 1,978,758	$ (193,240)	-9.8%	
Total	$ 20,917,846	$ 21,263,900	$ (346,054)	-1.6%	
Total Hours Worked	337,470				
Labor $/Hours Worked	$ 61.98				

Benefits Cost

(Including Retirees)	Actual YTD	Budget YTD	Difference
Health	$ 4,012,678	$ 4,571,602	$ (558,924)
Rx	$ 1,339,581	$ 1,241,731	$ 97,850
Dental	$ 329,941	$ 343,749	$ (13,808)
Life	$ 135,960	$ 162,750	$ (26,790)
FICA	$ 1,530,596	$ 1,603,393	$ (72,797)
Other	$ 243,081	$ 324,730	$ (81,649)
Total	$ 7,591,836	$ 8,247,955	$ (656,119)

* All APPA Median Numbers Are For Utilities With Greater Than 100,000 Customers As Obtained From The Most Recent "APPA Financial And Operating Ratios Of Public Power Utilities Report" Published In 2024.

Report as of September 30, 2024											
Projects Sorted by the FY25 Projection (Highest to lowest costs)		**FY 25**		**Total Project**						**Project Period**	
Project Name	**Current Phase[1]**	**Budget**	**Projection**	**Designed Budget Amount**	**Current Projection**	**$ Variance[2]**	**% Variance[2]**	**Total Cost Incurred To-Date**	**% Total Cost Incurred To-Date**	**Start Date**	**Projected Completion Date[1]**
Top Ten Planned Projects											
South Reinforcement - Transmission Line	Phase 3 - Design	$ 18,000,000	$ 17,970,645	NA	$ 43,899,446	$ -	0.00%	$ 8,304,161	18.92%	9/20/2017	6/17/2026
Wise Substation - Rebuild	Phase 4 - Construction	$ 2,713,893	$ 3,225,907	$ 31,520,194	$ 31,578,830	$ 58,636	0.19%	$ 29,012,681	91.87%	11/22/2022	6/17/2025
Elevated Storage[3]	Phase 4 - Construction	$ 4,942,194	$ 3,109,775	$ 16,063,520	$ 16,086,928	$ 23,408	0.15%	$ 11,156,361	69.35%	5/8/2023	4/5/2026
Chilled Water Control System Upgrade	Phase 3 - Design	$ 2,225,609	$ 2,755,616	NA	$ 3,698,704	$ -	0.00%	$ 907,715	24.54%	10/2/2023	8/29/2025
Rundle Substation	Phase 3 - Design	$ 5,524,057	$ 2,586,823	NA	$ 29,528,655	$ -	0.00%	$ 3,999,606	13.54%	2/27/2024	6/16/2028
HRIS	Phase 4 - Construction	$ 1,767,693	$ 2,386,374	$ 3,902,097	$ 3,902,097	$ -	0.00%	$ 1,934,391	49.57%	7/15/2023	7/16/2025
Dye Chemical Handling[3]	Phase 4 - Construction	$ 1,386,204	$ 1,744,691	$ 13,707,307	$ 5,006,057	$ (8,701,250)	-63.48%	$ 3,256,708	65.06%	9/15/2023	8/27/2025
Magnolia Ave Cutover	Phase 3 - Design	$ 1,448,800	$ 1,604,364	NA	$ 4,604,625	$ -	0.00%	$ 2,724,648	59.17%	8/17/2020	6/30/2026
LGR Substation	Phase 3 - Design	$ 3,100,000	$ 1,569,284	NA	$ 22,031,690	$ -	0.00%	$ 3,807,331	17.28%	2/27/2024	11/4/2027
Walter French	Phase 4 - Construction	$ 599,160	$ 1,341,663	$ 1,390,988	$ 1,390,988	$ -	0.00%	$ 49,325	3.55%	10/3/2023	3/13/2025
	Total Top Ten Planned Projects	$ 41,707,610	$ 38,295,142		$ 161,728,022			$ 65,152,929			
Project Watch List - Projects $150k and 10% over the Designed Budget Amount (Outside of Top Ten Planned Projects)											
Dye Filter Controls Upgrade[4]	Phase 4 - Construction	$ 21,818	$ 934,807	$ 2,165,755	$ 3,065,675	$ 899,920	41.55%	$ 2,299,117	75.00%	2/1/2021	5/15/2025
	Total Project Watch List	$ 21,818	$ 934,807		$ 3,065,675			$ 2,299,117			
Remaining Planned											
Electric		$ 3,268,590	$ 3,783,568								
Water[3]		$ 44,421	$ (89)								
Steam		$ -	$ (16)								
Chilled Water		$ -	$ -								
Common		$ -	$ 74,544								
	Total Remaining Planned	$ 3,313,011	$ 3,858,007								
Annual						**Annual Variance**					
Electric		$ 14,638,000	$ 20,848,021			$ 6,210,021	42.42%				
Water[3]		$ 14,661,519	$ 16,135,007			$ 1,473,488	10.05%				
Steam		$ 4,123,722	$ 3,812,072			$ (311,650)	-7.56%				
Chilled Water		$ -	$ 128			$ 128	0.00%				
Common		$ 6,632,830	$ 6,275,811			$ (357,019)	-5.38%				
	Total Annual	$ 40,056,071	$ 47,071,039			$ 7,014,968	17.51%				
Management Reserve											
Management Reserve		$ 2,693,007	$ 2,243,007								
	Grand Total	$ 87,791,518	$ 92,402,001								

Notes:

[1] For projects that are in Stage Gates 1-3, the Expected Total Project Cost are high level estimates that can have a significant margin of error.

[1] For projects that are in Stage Gates 1-3, the Expected Completion Date is subject to change as organizational priorities or project plans are reassessed.

[2] Variances highlighted in red are over the $200k and 15% thresholds.

[3] FY25 budget and projections are shown net of anticipated grant funding.

[4] Resolution 2024-03-01 approved Dye Filter Controls Upgrade for a final total project cost of $3,065,675

Internal Audit Status Report

Finance Committee Meeting
November 2024

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Overview

- Audit Progress Report
- Remaining FY 2025 Audit Plan
- Other Items

Audit Updates

- The FY 2025 Payroll Audit is complete, and the final report has been issued.
- The remittance/cash receipts audit will begin in November.

FY 2025 Audit Plan

- Payroll Management- Complete
- Remittance/Cash Receipts- November 2024-March 2025
- Follow-up PA 95- April-June 2025
- P-Card (Tentative)- March 2025-May 2025

Other Items

<u>Departmental Items</u>

AuditBoard Update:

- The implementation of AuditBoard is approaching completion, and we will begin the testing phase.
- Internal Audit's risk criteria have been established for the overall risk assessment, which will be calculated and completed using AuditBoard.

Other Items

Departmental Items

Plante Moran has been engaged to assist with the following:

- **Internal Audit Assessment:** Evaluating our current internal audit practices and procedures.
- **Gap Analysis:** Identifying areas for improvement to align with industry best practices and Global Internal Audit Standards.
- **AuditBoard Support:** Assisting with the implementation and testing of the system.
- **Support for Internal Audit Activities:** Providing assistance with key internal audit functions.

Other Items

<u>Departmental Items</u>

Professional Development:

- AuditBoard training to equip users for the system.
- On track to meet the professional education requirements for CIA certification, with completion expected by December 2025.

FY 2025 Payroll Audit Results

Presented by:

Elisha Franco, Director of Internal Audit

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Audit Scope & Methodology

- The ***audit scope*** was an examination of the payroll processes, procedures, BWL FMLA policy, and documentation with a focus on payroll transactions during fiscal year 2024.
- Audit procedures, documents, and data were reviewed for the period from July 1, 2023, through June 30, 2024.
- The audit was carried out in compliance with the ***International Standards for the Professional Practice of Internal Auditing***.

Audit Objectives

Determine whether:

- The payroll master file for new hires, terminations, and other actions are accurate and properly authorized.
- Salaries, wages, and associated payroll taxes are calculated, accrued, and paid according to the authorized salary and wage rates, employees' withholding selections on their tax forms, and applicable laws and regulations. Benefits and other deductions are calculated properly and deducted as appropriate.
- Merit and other pay increases are not entered until the proper approval has been given.
- BWL FMLA policy complies with the Federal Medical Leave Act and best practices.
- Employee pay codes align with corresponding work types.

Audit Findings

There were two medium-risk observations or findings noted during the audit:

- **Procedure & Process Documentation:** The current payroll procedures and process documentation are not regularly updated, which may lead to inconsistencies in payroll practices and increased risk of errors.
- **Insufficient Oversight:** Multiple employees modify the active payroll master data file. Changes to benefits and compensation in the payroll master file are not subject to review or approval by a human resources supervisor or manager. This lack of oversight increases the risk of unauthorized changes and potential inaccuracies in payroll processing.

Audit Recommendations

- **Procedure & Process Documentation Recommendation:** Management establishes a review cycle for all payroll and procedure documents, ensuring that the date of the latest update is included within each document.
- **Insufficient Oversight Recommendation:** The payroll administrator completes all modifications to the active payroll master file with a human resource supervisor or manager review and sign off on changes.

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General Opinion

Overall opinion rating of **Sufficient**:

- No critical or high-level risk areas were identified. The impact of identified control weaknesses exposes the payroll process in scope to limited risk. Some management effort is required to correct the findings and recommendations.