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

Financial Report

With Required Supplementary Information

As of and for the Years Ended June 30, 2022 and 2021

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

Contents

Independent Auditors' Report

To the Honorable Mayor, Members of the City Council,
Commissioners of the Board of Water and Light
Post-Retirement Benefit Plan and Trust for Eligible
Employees of Lansing Board of Water and Light

Opinion

We have audited the accompanying 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, 2022 and 2021 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2022 and 2021 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 do not purport to and do not, present fairly the financial position of the Lansing Board of Water and Light, as of June 30, 2022 and 2021 and the changes in financial position 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
September 12, 2022

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:

	2022	2021	2020
Assets held in trust:			
Cash and money market trust funds	$ 957,009	$ 1,042,711	$ 578,216
Fixed income securities	-	286	283
Equities	29,852,049	49,879,749	85,193,786
Mutual funds	108,461,092	120,768,939	72,136,937
Common collective funds	88,879,109	76,041,081	40,856,781
Interest and dividend receivable	3,091	12,481	26,604
Trade Receivable - Due from Broker	-	135,656	13,252
Total plan assets	**$ 228,152,350**	**$ 247,880,903**	**$ 198,805,859**
Liabilities:			
Trade Payable - Due to Broker	$ 12,256	$ 137,676	$ 1,057
Net Position Restricted for Pensions	**$ 228,140,094**	**$ 247,743,227**	**$ 198,804,802**
Changes in net position:			
Net investment income (loss)	$ (19,249,317)	$ 49,388,725	$ 4,158,326
Employer contributions	13,492,757	8,343,977	9,156,565
Retiree benefits paid	(13,492,757)	(8,343,977)	(9,156,565)
Administrative fees	(353,816)	(450,300)	(512,101)
Net change in net position	**$ (19,603,133)**	**$ 48,938,425**	**$ 3,646,225**

Investment Results

The fiscal year ended June 30, 2022 saw 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 year 2022.

The discount rate was 7.0% in fiscal year 2020 & 2021 and 6.5% in fiscal year 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 Bonds	15%
Multi-Sector	5%
Liquid Absolute Return	5%
U.S. Large Cap Equity	30%
U.S. Small Cap Equity	10%
Non-U.S. Equity	20%
Core Real Estate	8%
Value Add Real Estate	7%
Total	100%

Future Events

The Plan is currently overfunded, with a funded status (fiduciary net position divided by total pension liability) of 146%. This funding level results in an actuarially determined contribution of $0 for fiscal year 2023. As a result, the BWL does not expect to make contributions to the trust in fiscal year 2023.

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

	As of June 30	
	2022	2021
Assets		
Investments - fair value:		
Cash and money market trust funds	$ 957,009	$ 1,042,711
Fixed income securities	-	286
Equities	29,852,049	49,879,749
Mutual funds	108,461,092	120,768,939
Common collective funds	88,879,109	76,041,081
Total investments at fair value	228,149,259	247,732,766
Investment interest and dividend receivable	3,091	12,481
Trade receivable - due from broker	-	135,656
Total assets	228,152,350	247,880,903
Liabilities		
Trade payable - due to broker	12,256	137,676
Net position restricted for retiree benefits	**$ 228,140,094**	**$ 247,743,227**

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

Statements of Changes in Fiduciary Net Position

	For the Year Ended June 30	
	2022	2021
Additions		
Investment income:		
Net appreciation in fair value of investments	$ -	$ 47,489,394
Interest and dividend income	7,872,032	1,899,331
Total investment income	7,872,032	49,388,725
Employer contributions	13,492,757	8,343,977
Total additions	21,364,789	57,732,702
Deductions		
Net depreciation in fair value of investments	27,121,349	-
Retiree benefits paid	13,492,757	8,343,977
Administrative expenses	353,816	450,300
Total deductions	40,967,922	8,794,277
Net Increase (Decrease) in Net Position	(19,603,133)	48,938,425
Net Position Restricted for Retiree Benefits		
Beginning of year	247,743,227	198,804,802
End of year	**$ 228,140,094**	**$ 247,743,227**

See Notes to Financial Statements.

Note 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 & 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

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.

Note 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 761 participants eligible to receive benefits at June 30, 2022 and 747 participants eligible at June 30, 2021.

Note 2 – Plan Description (Continued)

Trustees – Each voting member of the BWL Board of Commissioners is a Trustee during the term of office as a commissioner. The Trustees have appointed Fifth Third Bank as custodian of the Plan's assets.

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 & 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, 2022 and 2021, BWL incurred $13,492,757 and $8,343,977 in benefit payments, 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.

Note 2 – Plan Description (Continued)

Contributions are recognized when due and when the amount to be contributed is committed by the BWL. For the years ended June 30, 2022 and 2021, the contribution rates of the employer were 21.4% and 13.8% of covered-employee payroll, respectively.

Participation - Participation is determined in accordance with the terms of the Plan. At June 30, 2022, there were 696 active participants (not yet eligible to receive benefits), 71 disabled participants, 537 retired participants, and 153 surviving spouses participating in the Plan. At June 30, 2021, there were 698 active participants (not eligible to receive benefits), 72 disabled participants, 526 retired participants, and 149 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.

Note 3 - Cash, Investments, and Fair Disclosure

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.

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.

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

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. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories. The Plan does not have any deposits exposed to custodial credit risk.

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. At June 30, 2022, the Plan has no investments subject to interest rate risk.

At June 30, 2021 the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity (in years)
Fixed income securities	$ 286	24.3

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

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, 2022, At June 30, 2022, the Plan has no investments subject to credit risk.

As of June 30, 2021, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Fixed income securities	$ 286	AA	S&P

Note 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.

Note 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, 2022 and 2021:

Asset Class	2022 Target Allocation	2021 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	30.00%	30.00%
U.S. Small Cap Equity	10.00%	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, 2022 and 2021 the annual money-weighted rate of return on investments, net of investment expense, was (7.77%) and 24.87%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 6 - Net OPEB Liability (Asset) of BWL

Net OPEB Liability (Asset) of BWL –The components of the net OPEB liability (asset) for BWL at June 30, 2022 and 2021 were as follows:

	June 30, 2022	June 30, 2021
Total OPEB Liability	$ 156,408,876	$ 147,644,491
Plan fiduciary net position	228,140,094	(247,743,227)
BWL's net OPEB liability (asset)	$ (71,731,218)	$ (100,098,736)
Plan fiduciary net position as a percentage of the total OPEB Liability (asset)	145.86%	167.80%

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, 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 2022, decreasing 0.25% per year to an ultimate rate of 4.50% in 2033 and later years

Note 6 - Net OPEB Liability (Asset) of BWL (Continued)

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Payroll Growth	9.3% growth at age 25 and decreases to 6.4% for ages 60+. This percentage includes general wage inflation and merit / productivity increases
Long–term expected Rate of Return	7.0%
Healthcare cost trend rates	7.50% for 2021, decreasing 0.25% per year to an ultimate rate of 4.50% in 2033 and later years

For the June 30, 2022 and 2021 valuation, mortality rates were based on the PUBH-2010 General Mortality Table projected generationally using MP-2021 scale and MP-2020 scale, respectively.

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

Note 6 - Net OPEB Liability (Asset) of BWL (Continued)

For the June 30, 2022 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, 2022 are as follows:

Asset Class	Long-Term Expected Real Rate of Return
Core Bonds	2.58%
Multi-Sector	3.53%
Liquid Absolute Return	3.25%
U.S. Large Cap Equity	7.13%
U.S. Small Cap Equity	8.53%
Non-U.S. Equity	8.22%
Core Real Estate	6.60%
Value Add Real Estate	8.10%

For the June 30, 2021 valuation, the long-term expected rate of return was 7.0%. 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, 2021 are as follows:

Note 6 - Net OPEB Liability (Asset) of BWL (Continued)

Asset Class	Long-Term Expected Real Rate of Return
Core bonds	2.58%
Multi-sector	3.42%
Liquid absolute return	3.26%
U.S. large cap equity	7.15%
U.S. small cap equity	8.44%
Non-U.S. equity	8.15%
Core real estate	6.66%
Value add RE	8.16%

Discount Rate - The discount rate used to measure the total OPEB liability was 6.5% and 7.0% for June 30, 2022 and 2021, respectively. 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, 2022:

	June 30, 2022		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability (asset)	$(53,297,418)	$(71,731,218)	$(87,189,127)

Note 6 - Net OPEB Liability (Asset) of BWL (Continued)

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 (6.0%) or 1 percentage point higher (8.0%) than the current discount rate (7.0%) as of June 30, 2021:

	June 30, 2022		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability (asset)	$(83,406,607)	$(100,098,736)	$(114,179,696)

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 1percentage point lower or 1 percentage point higher than the current healthcare cost trend rates as of June 30, 2022 and 2021:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (asset)	$(88,432,330)	$(71,731,218)	$(51,458,308)

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (asset)	$(115,475,352)	$(100,098,736)	$(81,548,417)

Note 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, 2022 and 2021:

Money market fund: Valued at the quoted net asset value ("NAV") of shares held by the Plan at year-end.

Note 7 - Fair Value Measurements (Continued)

Common Stock, Fixed income securities, and U.S. government obligations: Valued at the most recent closing price reported on the market on which individual securities are traded.

Mutual and common collective funds: Valued at the daily closing price as reported by the fund. Mutual and common collective funds held by the Plan are open-end mutual and common collective 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 and common collective 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, 2022 and 2021:

	June 30, 2022			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ –	$ 957,009	$ –	$ 957,009
Common Stock	29,852,049	–	–	29,852,049
Mutual Funds	–	108,461,092	–	108,461,092
Common collective funds	46,922,667	41,956,442	–	88,879,109
Total	$ 76,774,716	$ 151,374,543	$ –	$ 228,149,259

	June 30, 2021			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ –	$ 1,042,711	$ –	$ 1,042,711
Fixed income securities	–	286	–	286
Common Stock	49,879,749	–	–	49,879,749
Mutual Funds	–	120,768,939	–	120,768,939
Common collective funds	34,030,243	42,010,838	–	76,041,081
Total	$ 83,909,992	$ 163,822,774	$ –	$ 247,732,766

Note 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.

Note 9 – Subsequent Events

The Plan has evaluated subsequent events occurring through September 12, 2022, 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 and Related Ratios
Last Ten Fiscal Years
(in thousands)

	2022	2021	2020	2019	2018	2017	2016*	2015*	2014*	2013*
Total OPEB Liability										
Service cost	$ 3,299	$ 3,396	$ 3,245	$ 4,403	$ 4,827	$ 3,130	$ -	$ -	$ -	$ -
Interest	9,871	10,535	10,804	14,920	15,039	14,226	-	-	-	-
Changes in benefit terms	-	-	-	(415)	-	-	-	-	-	-
Differences between expected and actual experience	(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	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)	-	-	-	-
Net Change in Total OPEB Liability	8,766	(6,959)	6,053	(54,937)	(2,137)	11,036	-	-	-	-
Total OPEB Liability - Beginning of year	147,644	154,603	148,550	203,487	205,624	194,588	-	-	-	-
Total OPEB Liability - End of year	156,410	147,644	154,603	148,550	203,487	205,624	-	-	-	-
Trust Net Position										
Contributions - Employer	13,493	8,344	9,157	9,278	10,395	9,574	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	(19,247)	49,387	4,158	11,688	11,039	18,040	-	-	-	-
Administrative expenses	(354)	(449)	(512)	(569)	(634)	(705)	-	-	-	-
Benefit payments, including refunds	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	(19,601)	48,938	3,646	11,119	10,405	17,335	-	-	-	-
Trust fiduciary net position - Beginning of year	247,743	198,805	195,159	184,040	173,635	156,300	-	-	-	-
Trust fiduciary net position - End of year	228,142	247,743	198,805	195,159	184,040	173,635	-	-	-	-
BWL Net OPEB Liability (Asset) - Ending	**$ (71,732)**	**$ (100,099)**	**$ (44,202)**	**$ (46,609)**	**$ 19,447**	**$ 31,989**	**$ -**	**$ -**	**$ -**	**$ -**
Trust Fiduciary Net Position as a % of Total OPEB Liability (Asset)	145.86%	167.80%	128.59%	131.38%	90.44%	84.44%	- %	- %	- %	- %
Covered Employee Payroll	$ 62,976	$ 60,269	$ 58,198	$ 56,785	$ 55,650	$ 54,383	$ -	$ -	$ -	$ -
BWL's Net OPEB Liability (Asset) as a % of Covered Employee Payroll	(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 2013 - 2016 is not available and this schedule will be presented on a prospective basis.

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
6/30/2013	13,994	14,045	51	47,468	30%
6/30/2014	9,200	9,268	68	46,971	20%
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%

See notes to financial statement

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

	2022	2021	2020	2019	2018	2017	2016	2015*	2014*	2013*
Annual money-weighted rate of return, net of investment expense	-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 2013 - 2015 is not available and this schedule will be presented on a prospective basis.

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2022, based on roll-forward of February 28, 2022 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 Mortality Table projected generationally using MP-2021 scale

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2021, based on roll-forward of February 29, 2021 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	27 years
Inflation	2.25%
Salary increases	9.3% growth at age 25 and decreases to 6.4% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Investment rate of return	7.0% per year compounded annually
Mortality	PUBH-2010 General Mortality Table projected generationally using MP-2020 scale

Significant Changes:

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.

Significant Changes (Continued):

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 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.

Significant Changes (Continued):

June 30, 2019 (Continued)

> 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.