LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS
FINANCE COMMITTEE MEETING
Tuesday, November 7, 2023 – 6:00 P.M.
Board of Water & Light Headquarters – REO Town Depot
1201 S. Washington Ave., Lansing, MI 48910

Finance Committee: Sandra Zerkle, Committee Chairperson; Beth Graham; David Price; and Dale Schrader; Alternates: Semone James, Tracy Thomas; Non-Voting: J. R. Beauboeuf, Robert Worthy, Brian Pillar

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. Finance Committee Meeting Minutes of September 12, 2023 .... **TAB 1**
2. Baker Tilly External FY23 Audit Report .... **TAB 2**
    a. Audit Overview
    b. Report to Governing Body
    c. Lansing BWL Audited Financial Statements
    d. Defined Benefit (DB) Plan Audited Financial Statements
    e. Defined Contribution (DC) Plan Audited Financial Statements
    f. Post-Retirement Benefit Plan (VEBA) Audited Financial Statements
    g. FY2023 Audited Financial Statements of the Enterprise Fund and Pension Fiduciary Funds Resolution
3. September YTD Financial Summary .... **TAB 3**
    a. Capital Project Report .... **TAB 3a**
4. Third Supplemental Utility System Revenue Bond Resolution Executive Summary .... **TAB 4**
    a. Third Supplemental Utility System Revenue Bond Resolution .... **TAB 4a**
5. Retirement Plan Committee (RPC) Update .... **TAB 5**

Other

Adjourn

FINANCE COMMITTEE
Meeting Minutes
September 12, 2023

Finance Committee: Sandra Zerkle, Committee Chairperson; Beth Graham; David Price; and Dale Schrader; Alternates: Semone James, Tracy Thomas; Non-Voting: Commissioners J.R. Beauboeuf, Brian Pillar, Robert Worthy.

The Finance Committee of the Board of Water and Light (BWL) met at BWL Headquarters, REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Tuesday, September 12, 2023.

Finance Committee Chairperson Sandra Zerkle called the meeting to order at 6:58 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Sandra Zerkle, David Price, and Dale Schrader, Alternate: Commissioners Semone James (attending via phone) and Tracy Thomas; also present: Non-Voting Commissioner Brian Pillar (Meridian Township)
Absent: Commissioner Beth Graham.

The Corporate Secretary declared a quorum.

Public Comments
There were no public comments.

Approval of Minutes
Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to approve the Finance Committee Meeting minutes of July 11, 2023.
Action: Motion Carried.

July YTD Financial Summary
Chief Financial Officer (CFO) Heather Shawa presented the July YTD Financial Summary. Revenues were slightly under budget by $1.5 million with the budget at $37.6 million; operating expenses were slightly over at $1.5 million which brought net income to $2 million over budget compared to net income budget of $4 million. Three O& M expenses contributed to the variance. The August 2023 storm cost will be discussed at the November Board meeting.

Commissioner Thomas commended the Finance Department on the financial response during the August storm.

Commissioner Zerkle asked if the state would provide a storm rebate. CFO Shawa responded that an application was submitted to the City of Lansing for federal funding through FEMA. If no federal funding is received, filing will be made in districts with emergency declarations. GM Peffley added that nothing has been received in the past but a request has always been made.

Clean Energy Projects Bond Resolution
CFO Shawa presented the Clean Energy Projects Bond Resolution and requested the resolution of the notice of intent to issue revenue bonds be forwarded to the full Board for approval. The clean energy projects will take place over the next 7 to 10 years and the estimated cost will be

$750 million of capital outlay. The bond issuance request is for up to $325 million par value for the clean energy projects consisting of the RICE engine units, battery storage, and the solar projects primarily at the Delta Energy Plant through June 2026. Clean energy project related expenses will be reimbursed from the bond proceeds. If approved at the September 26th Board Meeting, the Notice of Intent will be published in the Lansing State Journal. At the November meeting, a resolution authorizing the CFO to issue the bonds will be presented.

Commissioner Zerkle commented that the bond issuance request presented is part of the approved $750 million bond issuance. GM Peffley added that $750 million bond issuance is being divided into parts.

Motion by Commissioner David Price, **Seconded** by Commissioner Sandra Zerkle, to forward the Resolution for the Notice of Intent to Issue Revenue Bonds for Clean Energy Projects to the full Board for consideration.
Action: Motion Carried.

<u>Retirement Plan Committee (RPC) Update</u>
CFO Shawa presented the RPC update. Investment activity for the DB and VEBA plans are within the target range for real assets and the RPC will continue with rebalancing until the target value of 15% is reached. The policy index for both Plans will be updated and the asset allocation will be revised for the VEBA Plan. There was no significant investment activity for the 401(a) & 457(b) Plans. Under administrative activity for the DB and VEBA Plans, investment returns and funded status were sufficient to provide reimbursement of $2,365,067 for the quarter and to reimburse the full amount in benefits paid by the employer through the 4th quarter of the fiscal year. A transfer of funds from DB to BWL was approved by the RPC for the reimbursement of state payroll taxes paid by the BWL on behalf of the DB Plan. Northern Trust was selected as the provider for the DB & VEBA Plans custodial services. The service agreement is under review and transition is expected to occur during the 3rd quarter. The RPC will be working with the service providers for the 401(a) & 457(b) Plans to evaluate and prepare for the new provisions in the Secure Act 2.0 passed on December 29, 2022.

<u>DB Plan Investment Policy Statement Revision and Resolution</u>
Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to approve and forward the Resolution for the DB Plan Investment Policy Statement Revision to the full Board for consideration.
Action: Motion Carried.

<u>VEBA Plan Investment Policy Statement Revision and Resolution</u>
Motion by Commissioner David Price, **Seconded** by Commissioner Dale Schrader, to approve and forward the Resolution for the VEBA Plan Investment Policy Statement Revision to the full Board for consideration.
Action: Motion Carried.

<u>Rate Update</u>
CFO Shawa and GM Peffley provided the rate update. Rates are being affected by a fixed cost increase for business owners regarding the three phase and single phase rates; variable costs in

Power Supply Cost Recovery (PSCR) which include recouping for emissions, natural gas cost fluctuations, and the decommissioning of coal plants; the November rate increase; and the PA95 opt in.

Chairperson Zerkle commented that GM Peffley started a community resource fair program at which area service providers offer assistance to customers. The next event is being held at Geir Community Center on September 26, from 2:00 p.m. to 7:00 p.m.

Revised Purchasing Card (P-Card) Procedure

CFO Shawa spoke on the revised purchasing card procedure. A resolution was passed at the July, 2023 Board meeting specific to the appointed employees purchasing cards and the purchasing card procedure was updated accordingly.

Other

Commissioner Pillar asked if there was any damage to BWL's current clean energy infrastructure during the August Storm. GM Peffley responded that no damage was incurred and that power was only lost to the corporate building and the water plant on Cedar Street.

Excused Absence

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

Adjourn

Chairperson Sandra Zerkle adjourned the meeting at 7:45 p.m.

Respectfully submitted,
Sandra Zerkle, Chairperson
Finance Committee

Board of Water & Light – City of Lansing, Michigan

Finance Committee Meeting - 2023 Audit Presentation

November 7, 2023

bakertilly
now, for tomorrow.

Hometown People. Hometown Power.

bakertilly
now, for tomorrow.

Board of Water & Light – City of Lansing, Michigan

Agenda

- Audit overview
- Observations and Recommendations
- Required Communication to Governing Body

LANSING BWL
Hometown People. Hometown Power.

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*

Board of Water & Light – City of Lansing, Michigan

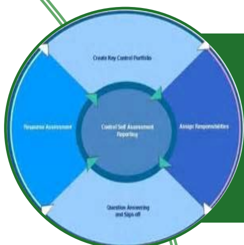
Audit Overview

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

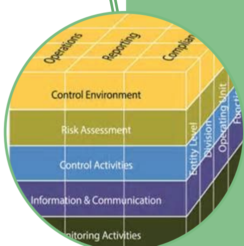
bakertilly
now, for tomorrow.

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

LANSING BWL
Hometown People. Hometown Power.

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

Hometown People. Hometown Power.

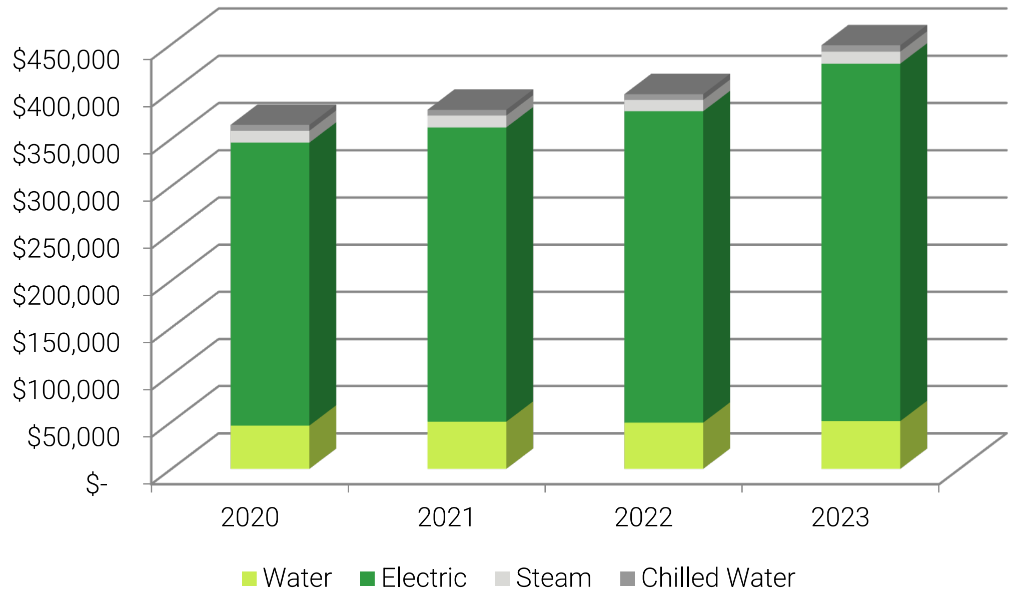
Board of Water & Light – City of Lansing, Michigan
Observations and recommendations
Enterprise Fund

- Reported net income of $16,000,000
- Bond coverage was met in 2023
- There were no material weaknesses reported

Hometown People. Hometown Power.

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

Operating Revenues – Four-year Comparison (in thousands)

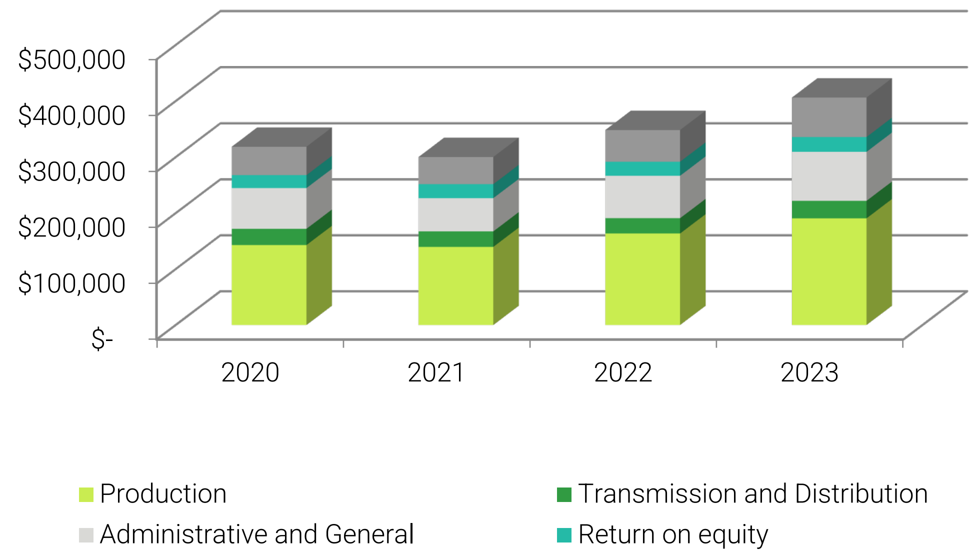


	2020	2021	2022	2023
Water	$ 45,924	$ 50,030	$ 49,028	$ 50,684
Electric	299,952	311,944	330,053	378,792
Steam	12,526	12,569	11,935	12,661
Chilled Water	6,211	6,036	6,133	6,740
Operating Revenue	$ 364,613	$ 380,579	$ 397,149	$ 448,877

12

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

Operating Expenses – Four-year Comparison (in thousands)



		2020		2021		2022		2023
Production	$	142,923	$	139,682	$	163,647	$	190,745
Transmission and Distribution		29,072		27,674		27,355		31,260
Administrative and General		72,827		59,408		75,850		87,449
Return on equity		23,100		25,000		25,000		26,429
Depreciation		50,619		48,429		56,503		70,371
Operating Expenses	$	318,541	$	300,193	$	348,355	$	406,254

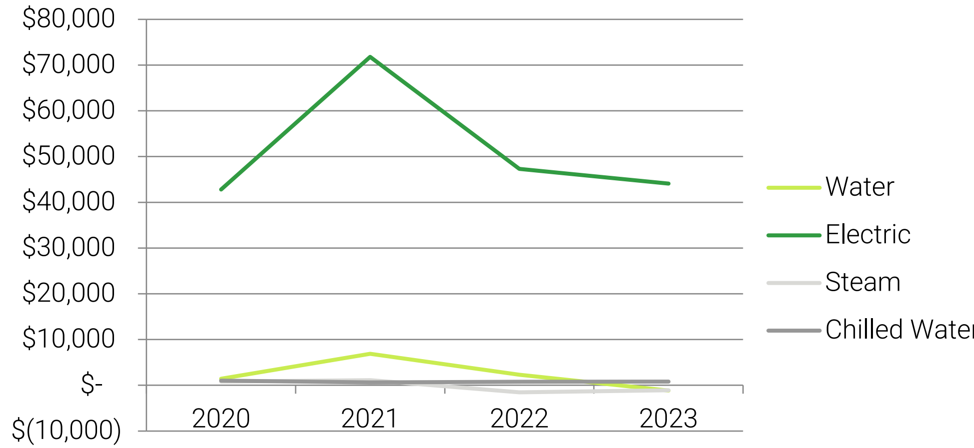
Hometown People. Hometown Power.

Board of Water & Light – City of Lansing, Michigan

Observations and recommendations

Enterprise Fund

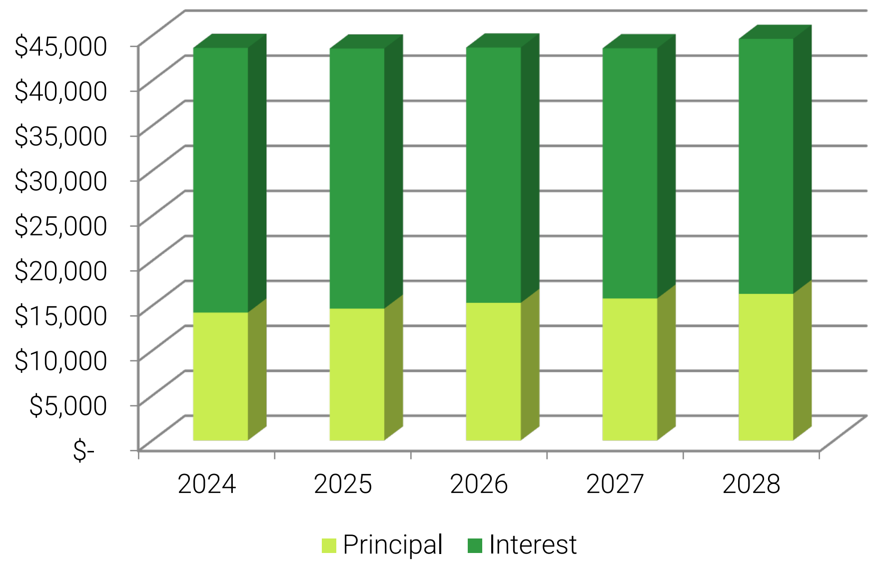
Operating Income – Four-year Comparison (in thousands)



	2020	2021	2022	2023
Water	$ 1,445	$ 6,874	$ 2,298	$ (1,163)
Electric	42,812	71,783	47,292	44,083
Steam	812	1,105	(1,552)	(1,096)
Chilled Water	1,003	623	756	800
Operating Income	$ 46,072	$ 80,385	$ 48,794	$ 42,624

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

Future Debt Service Requirements (in thousands)



	2024	2025	2026	2027	2028
Principal	$ 14,230	$ 14,667	$ 15,311	$ 15,797	$ 16,313
Interest	29,385	28,879	28,350	27,782	28,304

Hometown People. Hometown Power.

Debt service after 2027 includes remaining principal payments of $668,055,376 and interest payments of $450,703,018 through 2052.

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

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

Future accounting standards

- GASB Statement No. 100, Accounting Changes and Error Corrections – effective for fiscal year 2024
- GASB Statement No. 101, Compensated Absences– effective for fiscal year 2025

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

Hometown People. Hometown Power.

Board of Water & Light – City of Lansing, Michigan

We appreciate the help of the Board of Water & Light General Accounting & Finance Teams in preparing for and assisting in the audit!

Board of Water & Light – City of Lansing, Michigan

Discussion

Audit summary

Aaron Worthman, Partner

D: 512 975 7281

Aaron.Worthman@bakertilly.com

Reporting and insights from the fiscal year 2023 audit:

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

June 30, 2023

Executive summary

September 22, 2023

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 and Pension and OPEB Trust Funds (collectively referred to as the BWL) for the year ended June 30, 2023, and have issued our report thereon dated September 22, 2023. 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, Partner: aaron.worthman@bakertilly.com or +1 (512) 975 7281
- Ryan O'Donnell, Senior Manager: ryan.odonnell@bakertilly.com or +1 (608) 240 2606

Sincerely,

Baker Tilly US, LLP

Aaron Worthman

Aaron Worthman, CPA, Partner

Ryan O'Donnell

Ryan O'Donnell, CPA, Senior Manager

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
- 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 including infrastructure	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 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 2023. 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
Worker's 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 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

Official 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 prepared 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.

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.

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*.

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/insights/audit-committee-resource-page.

Management representation letter

September 22, 2023

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 audits 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 Lansing Board of Water and Light (collectively, the "Employee Benefit Plans"), as of June 30, 2023 and 2022 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 Benefits 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. 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 audits.

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.

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 as 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.

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 balance sheet 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, except as already disclosed. 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 other than those already disclosed.

10. Guarantees, whether written or oral, under which the entity 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 the 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, liabilities, 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 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 investment securities are properly classified as to risk, and investments are properly valued. Collateralization agreements with financial institutions, if any, have been properly disclosed.

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 Statement 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 Statement No. 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 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. 96, *Subscription-Based Information Technology Arrangements* and have determined the impact to be immaterial.

42. We assessed the impact of GASB Statement No. 91, *Conduit Debt* and GASB Statement No. *94, Public-Private and Public-Public Partnerships and Availability Arrangement Payments* and believe that the standards have no impact to us.

43. 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.

44. 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:

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

46. The 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.

47. 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.

48. 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.

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

50. 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.

51. 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 annual employer contribution 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.

52. 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.

53. 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.

54. All required filings with the appropriate agencies have been made.

Sincerely,

Lansing Board of Water & Light

Signed: Heather Shawa ______________________ Title: CFO and Chair of the Retirement Plan Committee

Signed: Scott Taylor ______________________ Title: Director, Accounting, Finance and Planning

Signed: Ying Yan ______________________ Title: Manager, Accounting, Finance and Planning

Signed: Jennifer Quimby ______________________ Title: Supervisor, Reports Property and Accounting

Accounting changes relevant to Lansing Board of Water and Light

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
100	Accounting Changes and Error Corrections	✓	6/30/24
101	Compensated Absences	✓	6/30/25

Further information on upcoming GASB pronouncements.

Revised guidance for accounting changes and error corrections

GASB Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*, seeks to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability.

The standard establishes the following categories:

1. Accounting changes, which is comprised of:
    a. Changes in accounting principles – result from a change from one generally accepted accounting principle to another that is justified on the basis that the newly adopted principle is preferable to the previously applied principle, or the implementation of a new pronouncement.
    b. Changes in accounting estimates – occur when inputs change due to a change in circumstances, new information, or more experience. Note that the focus is on changes to the inputs used; a change in the value of an input such as an annual inflation update does not require disclosure under this standard.
    c. Changes to or within the financial reporting entity – result from the addition or removal of a fund that results from the movement of continuing operations (such as moving sanitation operation from the general fund to its own separate fund), a change in a fund's presentation as major or nonmajor, the addition or removal of a component unit (with certain exceptions), or a change in a component unit's presentation as blended or discretely presented.

2. Error corrections – result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time of the financial statements were issued (i.e., facts that could reasonably be expected to have been obtained and considered at that time).

A summary of the reporting impact of each category is as follows:

Reporting considerations	Accounting changes			
	Change in accounting principle	**Change in estimate**	**Change to the financial reporting entity**	**Correction of an error**
Basic financial statement schedules:	Restate earliest period presented	Report prospectively	Adjust current year beginning balances	Restate earliest period presented
Required supplementary information & supplementary information:	Should match the financial statement presentation noted above; no adjustments to earlier periods needed			Restate all periods impacted
Additional disclosures?	Yes	Yes	Yes	Yes

The BWL should become familiar with the new guidance in advance of the implementation effective date.

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.

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.

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, and sometimes early in July. 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, 2023 and 2022

Table of Contents
June 30, 2023 and 2022

Independent Auditors' Report

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

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Lansing Board of Water & Light (BWL), as of and for the years ended June 30, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the BWL as of June 30, 2023 and 2022 and the respective 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 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 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.

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 rise 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 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 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 financial taken as a whole. The identified accompanying 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 financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
September 22, 2023

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, 2022 and 2023.

Overview of Business

The BWL owns and operates an electric system which generates, purchases and distributes electric energy to approximately 99,100 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 56 percent 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 renewable energy generation and energy efficiency programs support BWL’s adopted plan to provide 50% clean energy by 2030 and 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 57,600 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 156 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 $112.2 million in fiscal year 2023, $121.7 million in fiscal year 2022 and $227.7 million in fiscal year 2021.

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 Additional Information section of this financial report.

Condensed Financial Information (Dollars in Millions)

	As of June 30			% Change	% Change
	2023	2022	2021	2022 to 2023	2021 to 2022
Assets					
Utility plant	$ 1,183.3	$ 1,165.7	$ 1,116.7	% 1.5	% 4.4
Current assets	306.2	348.2	328.5	(12.1)	6.0
Other assets	167.0	132.2	261.1	26.3	(49.0)
Total assets	1,656.5	1,646.1	1,706.3	0.6	(3.5)
Deferred Outflow of Resources	26.8	36.2	14.4	(26.0)	151.4
Liabilities					
Long-term liabilities	824.4	843.2	848.6	(2.2)	(0.6)
Other liabilities	113.9	93.4	96.0	21.9	(2.7)
Total liabilities	938.3	936.6	944.6	0.2	(0.8)
Deferred Inflow of Resources	32.1	48.9	90.8	(34.4)	(46.1)
Net Position					
Net investment in capital assets	381.4	347.0	382.4	9.9	(9.3)
Restricted for debt service	48.1	42.9	39.4	12.1	8.9
Restricted for pension	5.0	2.8	13.2	78.6	(78.8)
Restricted for OPEB	74.6	71.7	100.1	4.0	(28.4)
Unrestricted	203.7	232.5	150.2	(12.4)	54.8
Net position	**$ 712.9**	**$ 696.9**	**$ 685.3**	**% 2.3**	**% 1.7**

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.

Capital expenditures in FY2022 exceeded depreciation, impairments and retirements thereby increasing Utility plant assets by $49 million. Other assets decreased by $128.9 million primarily due to cash being used to pay for the constriction of Delta Energy Park. Deferred Outflows increased by $21.8 million because of increased long-term pension costs associated with recent weak investment market performance. Total liabilities decreased by $8 million driven by long-term debt pay off. Deferred Inflows decreased by $41.9 million primarily due to changes in OPEB retirement plan.

	For the Year Ended June 30			% Change	% Change
	2023	2022	2021	2022 to 2023	2021 to 2022
Result of Operations					
Operating Revenue	$ 448.9	$ 397.2	$ 380.6	% 13.0	% 4.4
Operating Expense	406.2	348.4	300.2	16.6	16.1
Nonoperating expense - Net	(26.6)	(37.2)	(27.7)	(28.5)	34.3
Changes in Net Position	**$ 16.1**	**$ 11.6**	**$ 52.7**	**% 38.8**	**% (78.0)**

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.

The $16.6 million increase in FY2022 operating revenue is primarily driven by stronger electric wholesale as a result of additional production capacity provided by the new Delta Energy Park Plant. The $48.2 million increase in FY2022 operating expense is attributable primarily to increased fuel costs ($21.7million), increased administrative and general costs ($16.8 million) and increased depreciation costs ($8.1 million). The decrease in net income is primarily due to the increased operating expense and weak investment performance.

Budget

The BWL Commissioners approved a $292.4 million operating expense budget (excluding depreciation and Return on Equity) for FY2023. Actual expenses (excluding depreciation and Return on Equity) were $309.5 million. The capital improvement budget, net of customer contributions in aid of construction, was $71.8 million for FY2023, and actual net capital expenditures were $90.5 million. The difference between the capital budget and actual spend is due to carry over from FY2022 and inflationary cost increases.

Financing Activities

In January of 2021, $126,895,000 of Utility System Revenue Bonds, Series 2021A and 2021B were issued for the purposes of paying costs to acquire and construct a natural gas combined cycle facility (Delta Energy Park), other system improvements and paying costs of issuance of the Series 2021A and 2021B Bonds. Delta Energy Park began operation in FY2022.

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, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Restricted cash and investments (Notes 2 and 3)	$ 62,772,401	$ 57,811,015
Cash and investments (Notes 1 and 2)	67,108,994	116,820,869
Designated cash and investments (Notes 1 and 2)	85,227,457	90,395,671
Accounts receivable, net (Note 1)	43,111,657	34,547,239
Estimated unbilled accounts receivable (Note 1)	22,368,141	18,401,799
Inventories (Note 1)	19,725,090	24,563,413
Prepayments (Note 1)	5,929,758	5,699,286
Total current assets	306,243,498	348,239,292
Other Assets		
Restricted assets:		
Net pension asset (Note 8)	5,009,098	2,772,080
Net OPEB asset (Note 8)	74,641,660	71,731,218
Recoverable environmental remediation (Note 6)	19,939,958	10,926,545
Recoverable energy asset (Note 6)	33,810,383	9,100,838
Special deposit (Note 1)	31,334,023	35,321,165
Other (Note 1)	2,261,914	2,305,930
Total other assets	166,997,036	132,157,776
Utility Plant (Notes 1 and 4)		
Water	367,082,687	352,112,157
Electric	1,246,833,576	1,221,755,100
Steam	96,662,683	95,083,252
Chilled water	34,105,305	34,099,039
Common facilities	123,933,055	123,793,139
Total	1,868,617,306	1,826,842,687
Less accumulated depreciation	731,121,625	684,169,705
Net	1,137,495,681	1,142,672,982
Construction in progress	45,813,286	23,067,588
Total utility plant	1,183,308,967	1,165,740,570
Total assets	1,656,549,501	1,646,137,638
Deferred Outflows of Resources		
Bond refunding loss being amortized (Note 1)	7,256,405	7,761,184
Pension deferred outflows (Note 8)	1,636,061	3,219,778
OPEB deferred outflows (Note 8)	17,913,026	25,258,227
Total deferred outflows of resources	26,805,492	36,239,189

See notes to financial statements

Statements of Net Position
June 30, 2023 and 2022

	2023	2022
Liabilities and Net Position		
Current Liabilities		
Accounts payable	$ 69,132,076	$ 51,164,510
Accrued payroll and related taxes	4,434,300	3,829,254
Customer deposits	5,623,094	4,414,682
Accrued compensated absences (Note 1)	5,786,414	5,285,286
Accrued interest	63,276	70,492
Current liabilities payable from restricted assets:		
Current portion of long-term debt (Note 5)	14,229,635	13,758,537
Accrued interest	14,637,798	14,865,308
Total current liabilities	113,906,593	93,388,069
Compensated Absences, Less Current Portion (Note 1)	7,644,878	7,876,408
Other Long-Term Liabilities		
Workers' compensation (Note 12)	2,200,000	2,200,000
Environmental remediation liability (Note 9)	15,192,215	16,751,328
Other	4,423,149	3,578,875
Total other long-term liabilities	21,815,364	22,530,203
Long-Term Debt, Less Current Portion (Note 5)	794,911,441	812,761,597
Total liabilities	938,278,276	936,556,277
Deferred Inflows of Resources		
Revenue intended to cover future costs (Note 6)	8,014,598	9,576,810
OPEB deferred inflows (Note 8)	24,108,346	39,338,804
Total deferred inflows of resources	32,122,944	48,915,614
Net Position (Note 1)		
Net investment in capital assets	381,424,296	346,981,620
Restricted for debt service	48,134,603	42,945,707
Restricted for pension	5,009,098	2,772,080
Restricted for OPEB	74,641,660	71,731,218
Unrestricted	203,744,116	232,474,311
Total net position	$ 712,953,773	$ 696,904,936

See notes to financial statements

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues (Note 1)		
Water	$ 50,683,766	$ 49,028,486
Electric	378,791,716	330,052,908
Steam	12,661,267	11,934,516
Chilled water	6,740,010	6,133,254
Total operating revenues	448,876,759	397,149,164
Operating Expenses		
Production:		
Fuel, purchased power and other operating expenses	172,700,755	149,112,738
Maintenance	18,044,058	14,534,397
Transmission and distribution:		
Operating expenses	8,872,835	8,314,546
Maintenance	22,386,918	19,040,926
Administrative and general	87,448,518	75,850,273
Return on equity (Note 7)	26,428,992	25,000,000
Depreciation (Note 1)	70,371,305	56,503,060
Total operating expenses	406,253,381	348,355,940
Operating income	42,623,378	48,793,224
Nonoperating Income (Expenses)		
Investment income (loss)	3,682,036	(5,372,203)
Other expense	(3,840,612)	(4,949,145)
Bonded debt interest expense	(26,376,856)	(26,862,101)
Other interest expense	(39,109)	(20,721)
Total nonoperating income (expenses), net	(26,574,541)	(37,204,170)
Net income (changes in net position)	16,048,837	11,589,054
Net Position, Beginning	696,904,936	685,315,882
Net Position, Ending	$ 712,953,773	$ 696,904,936

See notes to financial statements

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from customers	$ 406,233,630	$ 391,147,612
Cash paid to suppliers	(232,958,122)	(219,455,255)
Cash paid to employees	(73,760,320)	(70,225,674)
Return on equity (Note 7)	(26,428,992)	(25,000,000)
Cash from customer deposits	1,208,412	1,246,105
Interest on customer deposits	(39,109)	(20,721)
Net cash flows from operating activities	74,255,499	77,692,067
Cash Flows From Capital and Related Financing Activities		
Planned, bonded, and annual construction	(84,370,376)	(109,323,551)
Principal payments on debt	(13,758,538)	(8,247,081)
Interest on debt	(29,727,324)	(29,874,522)
Net cash flows from capital and related financing activities	(127,856,238)	(147,445,154)
Cash Flows From Investing Activities		
Proceeds from the sale and maturity of investments	56,702,619	72,970,360
Interest received	3,816,534	577,541
Purchase of investments	(51,589,605)	(40,612,570)
Net cash flows from investing activities	8,929,548	32,935,331
Net change in cash and cash equivalents	(44,671,191)	(36,817,756)
Cash and Cash Equivalents, Beginning	137,814,424	174,632,180
Cash and Cash Equivalents, Ending	$ 93,143,233	$ 137,814,424

See notes to financial statements

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Cash and Cash Equivalents to		
Statement of Net Position		
Restricted cash and investments	$ 62,772,401	$ 57,811,015
Cash and investments	67,108,994	116,820,869
Designated cash and investments	85,227,457	90,395,671
Total cash and investments	215,108,852	265,027,555
Less noncash investments	(121,965,619)	(127,213,131)
Cash and cash equivalents, ending	$ 93,143,233	$ 137,814,424
Reconciliation of Operating Income to Net Cash		
From Operating Activities		
Operating income	$ 42,623,378	$ 48,793,224
Adjustments to reconcile operating income to net cash from operating activities:		
Other nonoperating	(4,466,415)	(5,956,664)
Depreciation	70,371,305	56,503,060
Sewerage collection fees	1,182,244	1,007,519
Interest on customer deposits	(39,109)	(20,721)
Decrease (increase) in assets:		
Accounts receivable (Note 1)	(8,564,418)	2,679,625
Unbilled accounts receivable (Note 1)	(3,966,342)	3,550,243
Inventories	4,838,323	(5,125,105)
Other postemployment benefits asset and deferrals	(10,795,699)	(25,924,639)
Special deposit	3,987,142	11,000,000
Net pension asset	(2,237,018)	10,442,195
Other	(9,199,869)	(11,226,274)
(Decrease) increase in liabilities and deferred outflows/inflows of resources:		
Accounts payable and other accrued expenses	13,287,481	4,993,673
Customer deposits	1,208,412	1,246,105
Net pension asset deferrals	1,583,717	(8,326,213)
Other	(25,557,633)	(5,943,961)
Total adjustments	31,632,121	28,898,843
Net cash provided by operating activities	$ 74,255,499	$ 77,692,067
Noncash Capital and Financing Activities		
Increase (decrease) in noncash investment valuations	$ (134,498)	$ (5,949,744)
Amortization of bond premium	$ 3,115,742	$ 3,115,745

See notes to financial statements

Statements of Fiduciary Net Position - Pension and OPEB Trust Funds
June 30, 2023 and 2022

	2023	2022
Assets		
Receivable, investment interest receivable	$ 14,872	$ 4,262
Trade receivable, due from broker	-	500,000
Participant notes receivable	3,439,525	3,302,591
Cash and cash equivalents	1,979,158	3,928,017
Investments at fair value:		
Mutual funds	336,469,912	307,794,773
Stable value	27,332,984	29,720,419
Common collective funds	54,889,857	56,534,561
Real estate trust investment	46,403,500	51,016,434
Self-directed brokerage account:		
Equities	9,997,083	8,979,962
Fixed income	349,683	-
Mutual funds	454,285	515,714
Total assets	481,330,859	462,296,733
Liabilities		
Trade payable, due to broker/other	2,380,543	14,328
Net position, held in trust for pension and other employee benefits	$ 478,950,316	$ 462,282,405

See notes to financial statements

Statements of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds
Year Ended June 30, 2023 and 2022

	2023	2022
Increases		
Investment income:		
Net appreciation in fair value of investments	$ 32,812,234	$ -
Interest and dividend income	10,601,969	12,639,775
Net investment income	43,414,203	12,639,775
Employer contributions	11,716,780	24,627,312
Interest from participant notes receivable	131,862	729,619
Other	84,494	-
Total increases	55,347,339	37,996,706
Decreases		
Net depreciation in fair value of investments	-	54,945,742
Retiree benefits paid	37,670,444	39,519,468
Loan defaults	396,895	577,197
Participants' note and administrative fees	612,089	639,400
Total decreases	38,679,428	95,681,807
Change in net position held in trust	16,667,911	(57,685,101)
Net Position Held in Trust for Pension and Other Employee Benefits		
Beginning	462,282,405	519,967,506
Ending	$ 478,950,316	$ 462,282,405

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 Employee 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 follows 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, liabilities and deferred inflows 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.

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	
	2023	**2022**
Designated purpose:		
Coal inventory fluctuation	$ -	$ 4,941,326
Litigation, environmental and uninsured losses	19,939,802	19,980,153
Future water facilities	4,019,823	4,028,141
Subtotal	23,959,625	28,949,620
Special purpose, future construction	61,267,832	61,446,051
Total	$ 85,227,457	$ 90,395,671

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 2023 and 2022 are as follows:

	2023	**2022**
Customer receivables	$ 26,598,190	$ 24,497,260
Sewerage collections	2,879,959	3,757,329
Wholesale sales receivables	2,778,199	3,593,854
Grant receivables	7,171,247	-
Miscellaneous	6,684,062	5,298,796
Less allowance for doubtful accounts	(3,000,000)	(2,600,000)
Net	$ 43,111,657	$ 34,547,239

Unbilled Accounts Receivable and Revenue

Unbilled accounts receivable at June 30, 2023 and 2022 represents 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 2023 and 2022, the BWL received $3,987,142 and $11,000,000, respectively, back due to pipeline usage and lower than expected construction costs. 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 $31,292,858 in 2023 and $35,280,000 in 2022. The BWL has $41,165 of miscellaneous other deposits as of June 30, 2023 and 2022.

Inventories

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

	2023	2022
Coal	$ -	$ 6,736,960
Gas	2,233,398	2,349,152
Materials and supplies	17,358,060	12,439,239
Emissions allowances	133,632	3,038,062
Total	$ 19,725,090	$ 24,563,413

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 2023 and 2022, expressed as a percentage of the average depreciable cost of the related assets, are as follows:

		Average Rate (Percent)	
	Life (Years)	2023	2022
Classification of utility plant:			
Water	4-100	1.9	1.9
Electric	4-50	4.1	3.6
Steam	5-50	3.5	3.5
Chilled water	5-50	3.4	3.4
Common facilities	2-50	8.0	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 $13,431,292 and $13,161,694 as of June 30, 2023 and 2022, 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 three 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 $8,045,764 and $7,374,184 in 2023 and 2022, 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, 2023 and 2022, 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:

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, 2023 and 2022, the BWL had $16,123,652 and $21,768,427, 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, 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. government or agency bond or notes	$ 120,069,341	Counterparty
State and local bonds	1,896,278	Counterparty

At June 30, 2022, 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. government or agency bond or notes	$ 111,071,862	Counterparty
State and local bonds	2,710,446	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, 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

At June 30, 2022, the average maturities of investments are as follows:

Investment	Fair Value	Less Than 1 Year	1-5 Years	6+ Years
Pooled investment funds	$ 89,968,380	$ 89,968,380	$ -	$ -
U.S. treasury bonds	80,161,262	6,820,535	73,340,727	-
State and local bonds	2,710,446	733,413	1,977,033	-
U.S. Agency bonds/notes	23,690,132	8,253	14,298,417	9,383,462
Supra national agency bonds	7,220,468	1,801,906	5,418,562	-
Total	$ 203,750,688	$ 99,332,487	$ 95,034,739	$ 9,383,462

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, 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	AAA+ (Aaa)	S&P (Moody's)
State and local bonds	1,896,278	AA/AA1	S&P (Moody's)
Money markets	2,270,803	AAAm	S&P
Commercial paper	3,872,539	A-1/P-1	S&P

As of June 30, 2022, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Pooled investment funds	$ 89,968,380	AAAm	S&P
U.S. treasury bonds	80,161,262	AA+ (Aaa)	S&P (Moody's)
U.S. agency bonds/notes	23,690,132	AA+ (Aaa)	S&P (Moody's)
Supra national agency bonds	7,220,468	AA+ (Aaa)	S&P (Moody's)
State and local bonds	2,710,446	AA+ (Aaa)	S&P (Moody's)
Money markets	1,158,357	AAAm	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 US government. As of June 30, 2023 and 2022, the BWL's investment portfolio was concentrated as follows:

Investment	2023	2022
Fannie Mae	7 %	12 %
Freddie Mac	21	20
FHLB	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, 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	-	2,880,482	-	2,880,482
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	$ -	$ 125,838,157	$ -	$ 125,838,157

	June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. treasury bonds	$ -	$ 80,161,262	$ -	$ 80,161,262
Supra national agency bonds	-	7,220,468	-	7,220,468
Federal agency mortgage-backed security	-	7,033,035	-	7,033,035
Federal agency collateralized mortgage obligation	-	2,358,680	-	2,358,680
State and local bonds	-	2,710,446	-	2,710,446
Federal agency bond/note	-	14,298,417	-	14,298,417
Total investments at fair value level	$ -	$ 113,782,308	$ -	$ 113,782,308

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, 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	$ 48,798,860	6.9
Common collective fund	54,889,857	0.1

At June 30, 2022, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity (in Years)
Mutual fund, bonds	$ 56,245,087	6.7
Common collective fund	56,534,561	0.1

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, 2023, 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	$ 48,798,860	Not rated	Not rated
Common collective fund	54,889,857	Not rated	Not rated

As of June 30, 2022, 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	$ 56,245,087	Not rated	Not rated
Common collective fund	56,534,561	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, 2023 and June 30, 2022.

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, 2023 and 2022:

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, 2023 and 2022:

	June 30, 2023			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 236,220,887	$ 100,249,025	$ -	$ 336,469,912
Common collective funds	-	54,889,857	-	54,889,857
Real estate investment trust	46,403,494	-	-	46,403,494
Self-directed brokerage account	10,451,368	-	-	10,451,368
Total investments by fair value level	$ 293,075,749	$ 155,477,012	$ -	$ 448,214,637
Investments measured at the net asset value (NAV):				
Stable value				27,332,984
Fixed income				349,683
Total investments				$ 475,897,304

	June 30, 2022			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 174,413,986	$ 133,380,787	$ -	$ 307,794,773
Common collective funds	-	56,534,561	-	56,534,561
Real estate investment trust	51,016,434	-	-	51,016,434
Self-directed brokerage account	9,495,676	-	-	9,495,676
Total investments by fair value level	$ 234,926,096	$ 190,872,357	$ -	$ 424,841,444
Investments measured at the net asset value (NAV):				
Stable value				29,720,419
Total investments				$ 454,561,863

Investments Measured Using NAV Per Share Practical Expedient - The stable value fund uses NAV per share as a practical expedient to measuring fair value. The stable value fund had a fair value of $27,332,984 and $29,720,419 as of June 30, 2023 and 2022, respectively. This fund has no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

3. Restricted Assets

Restricted assets are required under the , 2013A, 2017A, 2018A, 2019A, 2019B, 2021A and 2021B Revenue Bond resolutions and the related Nonarbitrage and Tax Compliance Certificates. These assets are segregated into the following funds:

	Carrying Value	
	2023	**2022**
Operations and maintenance fund	$ 30,537,525	$ 29,973,800
Bond and interest redemption fund	32,234,876	27,837,215
Total	$ 62,772,401	$ 57,811,015

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 2023 and 2022.

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, 2018A, 2019A, 2019B, 2021A and 2021B 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, 2023 and 2022:

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 non-depreciable 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.

Capital Asset Activity for Year Ended June 30, 2022

	Capital Assets FY Start	Transfers	Acquisition	Retirement	Capital Assets FY End
Water	$ 342,755,610	$ 6,813,770	$ 4,473,979	$ (1,931,202)	$ 352,112,157
Electric	767,218,396	374,909,747	84,410,804	(4,783,847)	1,221,755,100
Steam	93,813,398	901,607	704,281	(336,034)	95,083,252
Chilled	34,099,039	-	-	-	34,099,039
Common	121,006,776	1,382,160	5,405,777	(4,001,574)	123,793,139
AUC	389,971,984	(479,002,125)	112,359,884	(262,155)	23,067,588
Total	$ 1,748,865,203	$ (94,994,841)	$ 207,354,725	$ (11,314,812)	$ 1,849,910,275

Accumulated Depreciation for Year Ended June 30, 2022

	Accumulated Depreciation FY Start	Depreciation Transfers	Depreciation / Amortization and Impairment for Year	Depreciation Retirement	Accumulated Depreciation FY End
Water	$ (123,549,399)	$ 769,475	$ (7,660,769)	$ 1,641,470	$ (128,799,223)
Electric	(402,437,990)	44,822	(36,959,559)	1,254,384	(438,098,343)
Steam	(27,821,940)	27,723	(3,308,014)	14,679	(31,087,552)
Chilled	(16,118,783)	-	(1,168,953)	-	(17,287,736)
Common	(62,201,550)	(842,020)	(9,844,802)	3,991,521	(68,896,851)
Total	$ (632,129,662)	$ -	$ (58,942,097)	$ 6,902,054	$ (684,169,705)

Nondepreciable Assets - Included in the table above are non-depreciable assets of $1,194,869 for water, $14,749,322 for electric, $124,098 for steam, $412,339 for common facilities and $23,067,588 of 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:

	2023	2022
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.	245,680,000	251,995,000
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.	316,880,000	319,875,000
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.	23,525,000	25,345,000
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.	8,240,000	10,060,000

	2023	2022
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.	$ 4,062,093*	$ 4,744,325*
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.	2,778,718*	2,905,023*
Total	728,060,811	741,819,348
Less current portion	(14,229,635)	(13,758,537)
Plus unamortized premium	81,080,265	84,700,786
Total	$ 794,911,441	$ 812,761,597

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:

	Principal	Interest	Total
2024	$ 13,410,000	$ 29,180,346	$ 42,590,346
2025	13,890,000	28,693,944	42,583,944
2026	14,545,000	28,184,110	42,729,110
2027	15,085,000	27,634,880	42,719,880
2028	15,655,000	28,173,969	43,828,969
2029-2033	86,780,000	132,221,051	219,001,051
2034-2038	103,450,000	115,683,670	219,133,670
2039-2043	126,715,000	94,502,579	221,217,579
2044-2048	168,650,000	61,570,000	230,220,000
2049-2052	163,040,000	17,520,350	180,560,350
Total	$ 721,220,000	$ 563,364,899	$ 1,284,584,899

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

	Principal	Interest	Total
2024	$ 819,635	$ 204,237	$ 1,023,872
2025	777,438	184,669	962,107
2026	766,153	165,789	931,942
2027	712,205	147,609	859,814
2028	658,251	130,396	788,647
2029-2033	1,591,472	458,021	2,049,493
2034-2038	631,525	283,963	915,488
2039-2043	631,525	141,981	773,506
2044-2045	252,607	17,038	269,644
Total	$ 6,840,811	$ 1,733,703	$ 8,574,513

All Water Supply and Electric Utility System Revenue Bonds were issued by 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 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.

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.

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.

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	$ 7,649,347	$ 826,520,134
Additions	-	-	-
Reductions	(16,570,520)	(808,538)	(17,379,058)
Ending balance	$ 802,300,266	$ 6,840,809	$ 809,141,076
Due with-in one year	$ 13,410,000	$ 819,635	$ 14,229,635

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 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. In fiscal year 2022, the remaining principal and interest to be paid on the bonds total $1,327,174,514. During fiscal year 2022, net revenues of the BWL were $94,975,000 compared to the annual debt requirements of $42,681,000.

The long-term debt activity for the year ended June 30, 2022 is as follows:

	Revenue Bonds (Net of Unamortized Premiums)	Other Notes	Total
Beginning balance	$ 829,931,309	$ 8,456,428	$ 838,387,737
Additions	-	-	-
Reductions	(11,060,523)	(807,081)	(11,867,603)
Ending balance	$ 818,870,786	$ 7,649,347	$ 826,520,134
Due with-in one year	$ 12,950,000	$ 808,537	$ 13,758,537

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, 2023 and 2022 was $4,069 and $120,003, 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, 2023 and 2022 for additional sites was $19,935,889 and $10,806,542 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 $33,810,383 and $9,100,838 at June 30, 2023 and 2022, 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 $1,760,188 and $2,119,504 as of June 30, 2023 and 2022, 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 $440,543 and $660,814 as of June 30, 2023 and 2022, 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, 2023 and 2022 was $5,813,867 and $6,796,492, respectively.

7. Transactions With the City of Lansing, Michigan

Operations

The BWL recognized revenue of $9,806,375 and $9,374,544 in 2023 and 2022, respectively, for water, electric, and steam services provided to the City. The BWL incurred expenses for sewerage services purchased from the City of $764,394 and $307,005 in 2023 and 2022, respectively.

Additionally, the BWL bills and collects sewerage fees for the City. In connection with these services, the BWL received sewerage collection fees of $1,182,244 and $1,007,519 in 2023 and 2022, 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. Beginning in fiscal year 2023, a flat percentage of 6% is applied to reported 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 $26,428,992 and $25,000,000 for 2023 and 2022, 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 pension 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 and Trust).

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, 2023 and 2022.

Employees Covered by Benefit Terms - At February 28, 2023 and February 28, 2022 (the most recent actuarial valuation for funding purposes), Defined Benefit Plan membership consisted of the following:

	2023	2022
Inactive plan members or beneficiaries currently receiving benefits	265	284
Inactive plan members entitled to but not yet receiving benefits	1	2
Active plan members	3	3
Total	269	289

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 non-increasing 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, 2022 and 2023. Plan documents do not require participant contributions.

Net Pension Asset - The components of the net pension asset of the BWL at June 30, 2023 and June 30, 2022 were as follows (in thousands):

	2023	2022
Total pension liability	$ 44,514	$ 47,887
Plan fiduciary net pension	49,523	50,659
Total	$ (5,009)	$ (2,772)
Plan fiduciary net position, as a percentage of the total pension liability	111.25 %	105.79 %

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.

The BWL has chosen to use June 30, 2022 as its measurement date for fiscal year 2022. The June 30, 2022 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2022. The June 30, 2022 total pension liability was determined by an actuarial valuation as of February 28, 2022, which used update procedures to roll forward the estimated liability to June 30, 2022.

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

	In Thousands		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Asset**
Balance, June 30, 2021	$ 48,444	$ 61,658	$ (13,214)
Changes for the year:			
Service cost	26	-	26
Interest	2,974	-	2,974
Differences between expected and actual experience	179	-	179
Changes in assumptions	1,730	-	1,730
Net investment income	-	(5,399)	5,399
Benefit payments, including refunds	(5,466)	(5,466)	-
Administrative expenses	-	(134)	134
Miscellaneous other charges	-	-	-
Net changes	(557)	(10,999)	(10,442)
Balances, 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)
Balance, June 30, 2023	$ 44,514	$ 49,523	$ (5,009)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2023, the BWL recognized pension expense of $(653,301). At 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	$ -

For the year ended June 30, 2022, the BWL recognized pension expense of $2,115,982. At June 30, 2022, 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	$ 3,219,778	$ -

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:	
2024	$ 380,154
2025	(89,488)
2026	1,595,415
2027	(250,020)
Total	$ 1,636,061

Actuarial Assumptions - The total pension liability in the June 30, 2023 and June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023	2022
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, 2023 valuation. The June 30, 2022 valuation used the PUB-2010 General Employees Mortality Table and projected using the MP-2020 scale.

The most recent experience review was completed in 2014. Since the Defined Benefit Plan covered 3 active participants in fiscal year 2023 and fiscal year 2022, 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 6.00% in 2023 and 2022. 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, 2023 and 2022 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	2023 Long-Term Expected Real Rate of Return	2022 Long-Term Expected Real Rate of Return
Core bonds	2.58 %	2.58 %
Multi-sector	3.54	3.53
Liquid absolute return	3.25	3.25
U.S. large cap equity	7.17	7.13
U.S. small cap equity	8.61	8.53
Non-U.S. equity	8.29	8.22
Core real estate	6.54	6.60

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, 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)

The following presents the net pension asset of the BWL at June 30, 2022, 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	$ 1,749,379	$ (2,772,080)	$ (5,093,794)

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 non-bargaining employees. No participant contributions are required.

During the years ended June 30, 2023 and 2022, the BWL contributed $11,648,704 and $11,134,555, 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 and Trust (OPEB)

Plan Description - The Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (Retiree Benefit Plan and Trust) 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 753 participants eligible to receive benefits at June 30, 2023 and 761 participants eligible at June 30, 2022.

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, 2023 and 2022, the cost to BWL of maintaining the Retiree Benefit Plan and Trust was $68,076 and $13,492,757, of which respectively, was incurred as direct costs of benefits.

The Retiree Benefit Plan and Trust 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, 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

At June 30, 2022, the following employees were covered by the benefit terms:

Active plan members (not eligible to receive benefits)	696
Disabled participants	71
Retired participants	537
Surviving spouses	153
Total	1,457

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, 2023 and 2022, the actual contribution rates of the BWL were 0.1% and 21.4% of covered-employee payroll, respectively.

Net OPEB Liability (Asset) - 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.

The BWL has chosen to use June 30, 2022 as its measurement date for fiscal year 2022. The June 30, 2022 reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of June 30, 2022. The June 30, 2022 total OPEB liability was determined by an actuarial valuation as of February 28, 2022, which used update procedures to roll forward the estimated liability to June 30, 2022.

Actuarial Assumptions - The total OPEB liability in the June 30, 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
2023	7.25%	5.50%	3.75%	4.25%
2024	7.00	5.25	4.00	4.00
2025	6.75	5.00	4.25	4.00
2026	6.50	4.75	4.50	4.00
2027	6.25	4.50	4.75	4.00
2028	6.00	4.50	5.00	4.00
2029	5.75	4.50	5.00	4.00
2030	5.50	4.50	5.00	4.00
2031	5.25	4.50	5.00	4.00
2032	5.00	4.50	5.00	4.00
2033	4.75	4.50	5.00	4.00
2034+	4.50	4.50	5.00	4.00

The total OPEB liability in the June 30, 2022 actuarial valuation 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
2022	7.25%	5.50%	3.75%	4.25%
2023	7.00	5.25	4.00	4.00
2024	6.75	5.00	4.25	4.00
2025	6.50	4.75	4.50	4.00
2026	6.25	4.50	4.75	4.00
2027	6.00	4.50	5.00	4.00
2028	5.75	4.50	5.00	4.00
2029	5.50	4.50	5.00	4.00
2030	5.25	4.50	5.00	4.00
2031	5.00	4.50	5.00	4.00
2032	4.75	4.50	5.00	4.00
2033	4.50	4.50	5.00	4.00

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

2022 Mortality rates were based on the PUBH-2010 General Employee Mortality Table fully generational using Scale MP-2020.

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, 2023 and 2022:

Asset Class	2023 Target Allocation	2022 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

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, 2023 and June 30, 2022 are summarized in the following table:

Asset Class	2023 Long-Term Expected Real Rate of Return	2022 Long-Term Expected Real Rate of Return
Core bonds	2.58 %	2.58 %
Multi-sector	3.54	3.53
Liquid absolute return	3.25	3.25
U.S. large cap equity	7.17	7.13
U.S. small cap equity	8.61	8.53
Non-U.S. equity	8.29	8.22
Core real estate	6.54	6.60
Value add real estate	8.04	8.10

For the June 30, 2023 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, 2023 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	2.82 %
Actual Discount Rate Used	6.50

Discount Rate - The discount rate used to measure the total OPEB liability was 6.5% for June 30, 2023 and 2022. 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, 2022	$ 156,410	$ 228,142	$ (71,731)
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	$ 163,831	$ 238,472	$ (74,641)

	In Thousands		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (Asset) (a)-(b)**
Balance, June 30, 2021	$ 147,644	$ 247,743	$ (100,099)
Changes for the year:			
Service cost	3,300	-	3,300
Interest	9,871	-	9,871
Change in benefit terms	-	-	-
Differences between expected and actual experience	(1,084)	-	(1,084)
Changes in assumptions	10,173	-	10,173
Contributions, employer	-	13,493	(13,493)
Contributions, employee	-	-	-
Net investment income	-	(19,427)	19,427
Benefit payments	(13,493)	(13,493)	-
Administrative expenses	-	(354)	354
Net changes	8,767	(19,601)	28,368
Balance, June 30, 2022	$ 156,410	$ 228,142	$ (71,731)

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 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)

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, 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)

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, 2022:

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

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, 2023 GASB 74/75 Report, issued July 19, 2023.

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

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:	
2024	$ (9,401,901)
2025	(4,281,628)
2026	6,311,103
2027	34,534
2028	912,129
Thereafter	230,443

For the year ended June 30, 2022, the Plan recognized OPEB expense of $(12,431,882). At June 30, 2022, 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	$ 406,196	$ 14,216,180
Changes of assumptions	12,279,164	25,122,624
Net difference between projected and actual earnings on OPEB plan investments	12,572,867	-
Total	$ 25,258,227	$ 39,338,804

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, 2023, and 2022, the BWL has two letters of credit in the amounts of $817,000 and $1,000,000 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 $5,578,615 and $6,002,869 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 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 $213,216,141 and $244,965,107 at June 30, 2023 and 2022, 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
2024	$ 16,072,500	$ 19,947,031	$ 36,019,531
2025	11,572,200	23,138,324	34,710,524
2026	3,857,400	20,304,857	24,162,257
2027	1,928,700	14,863,808	16,792,508
2028	1,285,800	15,567,746	16,853,546

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 2023 and 2022 of $53,183,185 and $42,244,891, 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 and 2021B 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 2023 and 2022. 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		
	2023	2022	2021	2023	2022	2021
Unpaid claims, beginning	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 1,773,595	$ 1,334,297	$ 1,317,540
Incurred claims, including claims incurred but not reported	24,127	75,737	360,798	20,178,663	16,793,719	13,401,747
Claim payments	(24,127)	(75,737)	(360,798)	(20,265,535)	(16,354,421)	(13,384,990)
Unpaid claims, ending	$ 2,200,000	$ 2,200,000	$ 2,200,000	$ 1,686,723	$ 1,773,595	$ 1,334,297

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

13. Upcoming Pronouncements

GASB has approved Statement No. 99, *Omnibus 2022*, Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, and Statement No. 101, *Compensated Absences*. When they become effective, application of these standards may restate portions of these financial statements.

14. Subsequent Events

The Board evaluated subsequent events through September 22, 2023, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements. The Board has issued a $32.22 million Junior Lien Revenue Bond in connection with the Michigan Department of Environment, Great Lakes and Energy Drinking Water State Revolving Fund loan program, under which the Board has been awarded for $20 million in principal loan forgiveness. There have been no proceeds received as of September 22, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 29	$ 26	$ 26	$ 42	$ 60	$ 50	$ 113	$ 223	$ 274	$ 349
Interest	2,721	2,974	3,212	3,566	3,691	4,031	4,317	4,625	4,919	4,751
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(981)	179	(968)	(919)	(743)	(230)	(383)	299	(1,093)	964
Changes in assumptions	-	1,730	(366)	1,555	1,210	1,419	(857)	(1,468)	-	4,538
Benefit payments, including refunds	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,046)	(8,541)
Net change in total pension liability	(3,373)	(557)	(3,754)	(1,628)	(1,925)	(1,144)	(4,283)	(4,217)	(3,946)	2,061
Total Pension Liability - Beginning of year	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395	69,341	67,280
Total Pension Liability - End of year	44,514	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395	69,341
Plan Net Position										
Contributions, Employer	-	-	-	-	-	-	-	-	-	-
Contributions, Member	-	-	-	-	-	-	-	-	-	-
Net investment income	4,134	(5,399)	11,853	1,658	4,381	3,112	8,272	47	1,771	14,243
Benefit payments, including refunds	(127)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,045)	(8,541)
Administrative expenses	(5,143)	(134)	(123)	(145)	(183)	(255)	(317)	(388)	(576)	(596)
Other	-	-	-	(477)	-	-	-	-	-	-
Net change in net position held in trust	(1,136)	(10,999)	6,072	(4,836)	(1,945)	(3,557)	482	(8,237)	(6,850)	5,106
Net Position Restricted for Pensions, Beginning	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679	80,529	75,424
Net Position Restricted for Pensions, Ending	49,523	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679	80,530
BWL Net Pension Asset, Ending	**$ (5,009)**	**$ (2,772)**	**$ (13,214)**	**$ (3,388)**	**$ (6,596)**	**$ (6,616)**	**$ (9,029)**	**$ (4,264)**	**$ (8,284)**	**$ (11,189)**
Plan Net Position as a % of Total Pension Liability	111%	106%	127%	106%	112%	112%	116%	107%	113%	116%
Covered Employee Payroll	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018	$ 1,225
BWL's Net Pension Asset as a % of Covered Employee P	(2,020%)	(1,165%)	(5,576%)	(1,412%)	(1,625%)	(1,097%)	(1,541%)	(552%)	(814%)	(913%)

See notes to required supplementary information

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

Required Supplemental Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered employee payroll	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018	$ 1,225
Contributions as a Percentage of Covered Employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

See notes to required supplementary information

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

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

	2023	2022	2021	2020	2019	2018	2017	2016*	2015*	2014*
Total OPEB Liability										
Service cost	$ 3,451	$ 3,299	$ 3,396	$ 3,245	$ 4,403	$ 4,827	$ 3,130	$ -	$ -	$ -
Interest	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	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	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)	-	-	-
Net change in total OPEB liability	7,420	8,766	(6,959)	6,053	(54,937)	(2,137)	11,036	-	-	-
Total OPEB Liability, Beginning	156,410	147,644	154,603	148,550	203,487	205,624	194,588	-	-	-
Total OPEB Liability, Ending	163,830	156,410	147,644	154,603	148,550	203,487	205,624	-	-	-
Trust Net Position										
Contributions, Employer	68	13,493	8,344	9,157	9,278	10,395	9,574	-	-	-
Contributions, Member	-	-	-	-	-	-	-	-	-	-
Net investment income	21,225	(19,247)	49,387	4,158	11,688	11,039	18,040	-	-	-
Administrative expenses	(336)	(355)	(449)	(512)	(569)	(634)	(705)	-	-	-
Benefit payments, including refunds	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in net position held in trust	10,329	(19,602)	48,938	3,646	11,119	10,405	17,335	-	-	-
Trust fiduciary net position, Beginning	228,141	247,743	198,805	195,159	184,040	173,635	156,300	-	-	-
Trust fiduciary net position, Ending	238,470	228,141	247,743	198,805	195,159	184,040	173,635	-	-	-
BWL Net OPEB Liability (Asset), Ending	**$ (74,640)**	**$ (71,731)**	**$ (100,099)**	**$ (44,202)**	**$ (46,609)**	**$ 19,447**	**$ 31,989**	**$ -**	**$ -**	**$ -**
Trust Fiduciary Net Position as a % of Total OPEB Liability (Asset)	145.56%	145.86%	167.80%	128.59%	131.38%	90.44%	84.44%	- %	- %	- %
Covered Employee Payroll	$ 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	(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 2014 - 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
6/30/2014	$ 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%
6/30/2023	-	68	68	69,744	0%

See notes to required supplementary information

1. Defined Benefit Plan

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.

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 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:	The mortality improvement scale was updated to the MP-2021 improvement scale. The discount rate was decreased from 7.00% to 6.50%.

Significant Changes

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.

June 30, 2014

- Difference between actual and expected experience - The $964,000 loss on the Total Pension Liability for the fiscal year ending June 30, 2014 is primarily attributable to participant deaths.

- Assumption change - The plan experienced a $4.54MM loss due to the change of the mortality assumption from the RP2000CH table projected to 2018 with Scale AA to the RP-2014 table projected generationally with Scale MP-2014.

2. Post-Retirement Benefit Plan

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 Employees Mortality Table projected generationally using MP-2021 scale

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 Employees Mortality Table projected generationally using MP-2021 scale

Significant Changes:

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

Board of Water & Light - City of Lansing, Michigan

Income Available for Revenue Bond Debt Retirement
Years Ended June 30, 2023 and 2022

	2023	2022
Income, Before Capital Contributions Per Statement of Revenues, Expenses and Changes in Net Position	$ 16,048,837	$ 11,589,054
Adjustments to Income		
Depreciation	70,371,305	56,503,060
Interest on long-term debt:		
Notes	39,109	20,721
Revenue bonds	26,376,856	26,862,101
Total additional income	96,787,270	83,385,882
Income Available for Revenue Bonds and Interest Redemption	112,836,107	94,974,936
Debt Retirement Pertaining to Revenue Bonds		
Principal	13,410,000	12,950,000
Interest	29,113,395	29,639,615
Total	42,523,395	42,589,615
Percent Coverage of Revenue Bonds and Interest Requirements	$ 265	$ 223

Board of Water & Light - City of Lansing, Michigan

Detail of Statements of Revenues and Expenses
Years Ended June 30, 2023 and 2022

	Combined		Water		Electric		Steam		Chilled Water	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating Revenues										
Water	$ 50,683,766	$ 49,028,486	$ 50,683,766	$ 49,028,486	$ -	$ -	$ -	$ -	$ -	$ -
Electric:										
Retail	315,840,115	286,967,530	-	-	315,840,115	286,967,530	-	-	-	-
Sales for resale	62,951,601	43,085,378	-	-	62,951,601	43,085,378	-	-	-	-
Steam	12,661,267	11,934,456	-	-	-	-	12,661,267	11,934,456	-	-
Chilled water	6,740,010	6,133,314	-	-	-	-	-	-	6,740,010	6,133,314
Total operating revenues	448,876,759	397,149,164	50,683,766	49,028,486	378,791,716	330,052,908	12,661,267	11,934,456	6,740,010	6,133,314
Operating Expenses										
Production:										
Fuel, purchased power and other operating expenses	172,700,755	149,112,738	11,198,644	9,435,991	154,698,656	133,144,945	4,644,100	4,737,969	2,159,355	1,793,833
Maintenance	18,044,058	14,534,397	4,198,230	4,013,107	12,565,644	9,271,738	688,443	663,163	591,741	586,389
Transmission and distribution:										
Operating expenses	8,872,835	8,314,546	1,658,536	1,313,728	7,042,845	6,882,226	171,454	118,592	-	-
Maintenance	22,386,918	19,040,926	3,551,034	4,022,344	18,364,613	14,546,121	471,271	472,461	-	-
Administrative and general	87,448,518	75,850,273	19,254,288	15,832,019	63,730,326	56,017,223	3,089,967	2,853,043	1,373,937	1,147,988
Return on equity	26,428,992	25,000,000	2,858,495	3,146,386	22,419,987	20,675,402	746,109	754,748	404,401	423,464
Depreciation	70,371,305	56,503,060	9,127,075	8,967,060	55,887,062	42,223,210	3,946,378	3,886,888	1,410,790	1,425,902
Total operating expenses	406,253,381	348,355,940	51,846,302	46,730,635	334,709,133	282,760,865	13,757,722	13,486,864	5,940,224	5,377,576
Operating income	42,623,378	48,793,224	(1,162,536)	2,297,851	44,082,583	47,292,043	(1,096,455)	(1,552,408)	799,786	755,738
Nonoperating Income (Expenses)										
Investment income (loss)	3,682,036	(5,372,203)	547,979	(558,864)	2,480,644	(4,513,675)	496,610	(222,773)	156,803	(76,891)
Other (expense) income	(3,840,612)	(4,949,145)	862,904	776,667	(4,820,837)	(5,626,918)	(330,534)	(319,953)	447,855	221,059
Bonded debt interest expense	(26,376,856)	(26,862,101)	(1,512,107)	(1,624,972)	(22,648,357)	(22,903,999)	(1,941,266)	(1,966,468)	(275,126)	(366,662)
Other interest expense	(39,109)	(20,721)	(4,015)	(1,541)	(35,051)	(19,169)	(43)	(11)	-	-
Total nonoperating expense	(26,574,541)	(37,204,170)	(105,239)	(1,408,710)	(25,023,601)	(33,063,761)	(1,775,233)	(2,509,205)	329,532	(222,494)
Net income (loss)	$ 16,048,837	$ 11,589,054	$ (1,267,775)	$ 889,141	$ 19,058,982	$ 14,228,282	$ (2,871,688)	$ (4,061,613)	$ 1,129,318	$ 533,244

Board of Water & Light - City of Lansing, Michigan

Detail of Statements of Changes in Net Position
Years Ended June 30, 2023 and 2022

	Combined	Water	Electric	Steam	Chilled Water
Net Position, June 30, 2021	$ 685,315,882	$ 103,563,405	$ 579,265,047	$ (7,561,365)	$ 10,048,795
Income (loss) before contributions	11,589,054	889,141	14,228,282	(4,061,613)	533,244
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

Detail of Fiduciary Statements of Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2023 and 2022

	2023			
	Defined Contribution Plan	**Defined Benefit Plan**	**VEBA**	**Total**
Assets				
Receivable, investment interest receivable	$ -	$ 1,100	$ 13,772	$ 14,872
Cash and cash equivalents	862,865	778,163	338,130	1,979,158
Investments at fair value:				
Mutual funds	148,520,087	31,282,941	156,666,884	336,469,912
Stable value	27,332,984	-	-	27,332,984
Common collective funds	-	13,544,502	41,345,355	54,889,857
Real estate fund investment	-	3,932,003	42,471,497	46,403,500
Self-directed brokerage account				
Equities	9,997,083	-	-	9,997,083
Fixed income	349,683	-	-	349,683
Mutual funds	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

	2022			
	Defined Contribution Plan	**Defined Benefit Plan**	**VEBA**	**Total**
Assets				
Receivable, investment interest receivable	$ -	$ 1,171	$ 3,091	$ 4,262
Trade receivable, due from broker	-	500,000	-	500,000
Cash and cash equivalents	1,662,131	1,308,877	957,009	3,928,017
Investments at fair value:				
Mutual funds	139,302,720	30,178,912	138,313,141	307,794,773
Stable value	29,720,419	-	-	29,720,419
Common collective funds	-	14,578,119	41,956,442	56,534,561
Real estate fund investment	-	4,093,767	46,922,667	51,016,434
Self-directed brokerage account				
Equities	8,979,962	-	-	8,979,962
Fixed income	-	-	-	-
Mutual funds	515,714	-	-	515,714
Participants note receivable	3,302,591	-	-	3,302,591
Total assets	183,483,537	50,660,846	228,152,350	462,296,733
Liabilities				
Trade payable, due to broker/other	-	2,072	12,256	14,328
Net Position, Held in Trust for Pension and Other Employee Benefits	$ 183,483,537	$ 50,658,774	$ 228,140,094	$ 462,282,405

Detail of Statement of Changes in Fiduciary Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2023 and 2022

	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	183,483,537	50,658,774	228,140,094	462,282,405
Ending	$ 190,956,512	$ 49,523,233	$ 238,470,571	$ 478,950,316

Detail of Statement of Changes in Fiduciary Net Position -
Pension and OPEB Trust Funds
Years Ended June 30, 2023 and 2022

	2022			
	Defined Contribution Plan	Defined Benefit Plan	VEBA	Total
Increases				
Investment income:				
Interest and dividend income	$ 2,665,738	$ 2,102,005	$ 7,872,032	$ 12,639,775
Net investment income	2,665,738	2,102,005	7,872,032	12,639,775
Employer contributions	11,134,555	-	13,492,757	24,627,312
Interest from participant notes receivable	729,619	-	-	729,619
Total increases	14,529,912	2,102,005	21,364,789	37,996,706
Decreases				
Investment loss:				
Net depreciation in fair value of investments	20,323,831	7,500,562	27,121,349	54,945,742
Retiree benefits paid	20,560,553	5,466,158	13,492,757	39,519,468
Loan defaults	577,197	-	-	577,197
Participants' note and administrative fees	150,974	134,610	353,816	639,400
Total decreases	41,612,555	13,101,330	40,967,922	95,681,807
Change in net position held in trust	(27,082,643)	(10,999,325)	(19,603,133)	(57,685,101)
Net Position Held in Trust for Pension and Other Employee Benefits				
Beginning of year	210,566,180	61,658,099	247,743,227	519,967,506
End of year	$ 183,483,537	$ 50,658,774	$ 228,140,094	$ 462,282,405

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

Financial Statements and
Required Supplementary Information

June 30, 2023 and 2022

Table of Contents
June 30, 2023 and 2022

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 accompanying financial statements of the Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions (the Plan), a fiduciary fund of the Lansing Board of Water & Light, as of and for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 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, 2023 and 2022, 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
September 22, 2023

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:

	2023	2022	2021
Assets:			
Cash and cash equivalents	$ 778,163	$ 1,308,877	$ 1,401,780
Mutual funds	31,282,941	30,178,912	37,143,930
Common collective funds	13,544,502	14,578,119	19,776,148
Real estate fund investment	3,932,003	4,093,767	3,334,160
Trade receivable due from broker	-	500,000	20,550
Interest and dividend receivables	1,100	1,171	1,964
Total assets held in trust	$ 49,538,709	$ 50,660,846	$ 61,678,532
Liabilities, accrued liabilities	$ 15,476	$ 2,072	$ 20,433
Net position restricted for pension	49,523,233	50,658,774	61,658,099
Total liabilities and net position	$ 49,538,709	$ 50,660,846	$ 61,678,532
Changes in net position:			
Net investment income (loss)	$ 4,133,847	$ (5,398,557)	$ 11,852,724
Benefits payments	(5,142,408)	(5,466,158)	(5,658,372)
Administrative fees	(126,978)	(134,610)	(123,148)
Net change in net position	$ (1,135,539)	$ (10,999,325)	$ 6,071,204

Investment Results

The fiscal year ended June 30, 2023 saw a net investment gain of $4.1 million. The fiscal year 2022 had a net investment loss of ($5.4) million, fiscal year 2021 had a net investment gain of $11.9 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 year 2023, 2022 and 2021, therefore no employer contributions were required.

The discount rate was 6.5% in fiscal year 2021, 6.0% in fiscal year 2022 and 2023.

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	20 %
Multi-sector	10
Liquid absolute return fixed income	10
U.S. large cap equity	25
U.S. small/mid cap equity	10
Non-U.S. Equity	20
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 111%. This funding level results in an actuarially determined contribution of $0 for fiscal year 2024. As a result, the BWL does not expect to make contributions to the trust in fiscal year 2024.

The Plan expects to make an annual withdrawal of approximately $5,000,000 to cover participant benefits in fiscal year 2024.

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, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 778,163	$ 1,308,877
Investments at fair value:		
Mutual funds, bonds	18,695,086	24,919,695
Mutual funds, equities	12,587,855	5,259,217
Common collective funds	13,544,502	14,578,119
Real estate fund investment	3,932,003	4,093,767
Total investments at fair value	48,759,446	48,850,798
Trade receivable, due from broker	-	500,000
Receivable, investment interest receivable	1,100	1,171
Total receivables	1,100	501,171
Total assets	49,538,709	50,660,846
Liabilities		
Trade payable, due to broker/other	15,476	2,072
Net position restricted for pensions	$ 49,523,233	$ 50,658,774

See notes to financial statements

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

Statements of Changes in Plan Fiduciary Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 2,662,472	$ -
Interest and dividend income	1,471,375	2,102,005
Total investment income	4,133,847	2,102,005
Deductions		
Net depreciation in fair value of investments	-	7,500,562
Retiree benefits paid	5,142,408	5,466,158
Administrative expenses	126,980	134,610
Total deductions	5,269,388	13,101,330
Net increase (decrease) in net position	(1,135,541)	(10,999,325)
Net Position Restricted for Pensions		
Beginning	50,658,774	61,658,099
Ending	$ 49,523,233	$ 50,658,774

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 several times, with the latest amendment 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 (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 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.

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 28, 2023 and February 28, 2022 (the most recent actuarial valuation for funding purposes), Plan membership consisted of the following:

	2023	2022
Inactive Plan members or beneficiaries currently receiving benefits	265	284
Inactive Plan members entitled to but not yet receiving benefits	1	2
Active Plan members	3	3
Total	269	289

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, 2023 and 2022. 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.

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

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, 2023 and 2022, the BWL had $254,761 and $0, 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, 2023, the average maturities of investments are as follows:

Investment	Fair Value	Less Than 1 Year
Mutual funds, bonds	$ 18,695,086	$ 18,695,086
Common collective funds	13,544,502	13,544,502
Total	$ 32,239,588	$ 32,239,588

At June 30, 2022, the average maturities of investments are as follows:

Investment	Fair Value	Less Than 1 Year
Mutual funds, bonds	$ 24,919,695	$ 24,919,695
Common collective funds	14,578,119	14,578,119
Total	$ 39,497,814	$ 39,497,814

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, 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
Common collective funds	13,544,502	Not rated	Not rated

As of June 30, 2022, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 24,919,695	Not rated	Not rated
Common collective funds	14,578,119	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, 2023 and June 30, 2022.

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, 2023 and 2022, 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, 2023 and 2022:

Asset Class	2023 Target Allocation	2022 Target Allocation
Global fixed income	40 %	40 %
U.S. equities	35	35
Non-U.S. equities	20	20
Commercial real estate	5	5

Rate of Return – 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%. For the year ended June 30, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -9.18%. 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, 2023 and 2022 were as follows (in thousands):

	2023	2022
Total pension liability	$ 44,514	$ 47,887
Plan fiduciary net position	49,523	50,659
Plan's net pension asset	$ (5,009)	$ (2,772)
Plan fiduciary net position as a percentage of the total pension liability	111.25 %	105.79 %

Actuarial Assumptions – 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 June 30, 2022 total pension liability was determined by an actuarial valuation as of February 28, 2022, which used updated procedures to roll forward the estimated liability to June 30, 2022. 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 28, 2023 and February 28, 2022 valuations, respectively. The inflation rate used was 2.25% for the February 28, 2023 and February 28, 2022 valuations. Salary increase used was 3.5% for both the February 28, 2023 and February 28, 2022 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, 2022 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, 2023 and June 30, 2022. 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, 2023 and 2022 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	2023 Long-Term Expected Real Rate of Return	2022 Long-Term Expected Real Rate of Return
Core bonds	2.58 %	2.58 %
Multi-sector	3.54	3.53
Liquid absolute return	3.25	3.25
U.S. large cap equity	7.17	7.13
U.S. small/mid cap equity	8.61	8.53
Non-U.S. equity	8.29	8.22
Core real estate	6.54	6.60

*Sensitivity of the Net Pension Asset to Changes in the Discount Rat*e - 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)

The following presents the net pension asset of the BWL at June 30, 2022, 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	$ 1,749,379	$ (2,772,080)	$ (5,093,794)

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, 2023 and 2022:

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 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 fair value 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, 2023 and 2022:

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

	2022			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds, bonds	$ -	$ 24,919,695	$ -	$ 24,919,695
Common collective funds	-	14,578,119	-	14,578,119
Real estate fund investment	4,093,767	-	-	4,093,767
Mutual funds, equity	5,259,217	-	-	5,259,217
Total	$ 9,352,984	$ 39,497,814	$ -	$ 48,850,798

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 September 22, 2023, 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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 29	$ 26	$ 26	$ 42	$ 60	$ 50	$ 113	$ 223	$ 274	$ 349
Interest	2,721	2,974	3,212	3,566	3,691	4,031	4,317	4,625	4,919	4,751
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(981)	179	(968)	(919)	(743)	(230)	(383)	299	(1,093)	964
Changes in assumptions	-	1,730	(366)	1,555	1,210	1,419	(857)	(1,468)	-	4,538
Benefit payments, including refunds	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,046)	(8,541)
Net Change in Total Pension Liability	(3,373)	(557)	(3,754)	(1,628)	(1,925)	(1,144)	(4,283)	(4,217)	(3,946)	2,061
Total Pension Liability, Beginning	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395	69,341	67,280
Total Pension Liability, Ending	44,514	47,887	48,444	52,198	53,826	55,751	56,895	61,178	65,395	69,341
Plan Net Position										
Contributions, employer	-	-	-	-	-	-	-	-	-	-
Contributions, member	-	-	-	-	-	-	-	-	-	-
Net investment income	4,134	(5,399)	11,853	1,658	4,381	3,112	8,272	47	1,771	14,243
Administrative expenses	(127)	(134)	(123)	(145)	(183)	(255)	(317)	(388)	(576)	(596)
Benefit payments, including refunds	(5,142)	(5,466)	(5,658)	(5,872)	(6,143)	(6,414)	(7,473)	(7,896)	(8,045)	(8,541)
Other	-	-	-	(477)	-	-	-	-	-	-
Net change in Net Position Held in Trust	(1,136)	(10,999)	6,072	(4,836)	(1,945)	(3,557)	482	(8,237)	(6,850)	5,106
Net Position Restricted for Pensions, Beginning	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679	80,529	75,424
Net Position Restricted for Pensions, Ending	49,523	50,659	61,658	55,586	60,422	62,367	65,924	65,442	73,679	80,530
BWL Net Pension Asset, Ending	$ (5,009)	$ (2,772)	$ (13,214)	$ (3,388)	$ (6,596)	$ (6,616)	$ (9,029)	$ (4,264)	$ (8,284)	$ (11,189)
Plan Net Position as a % of Total Pension Liability	111%	106%	127%	106%	112%	112%	116%	107%	113%	116%
Covered Employee Payroll	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018	$ 1,225
BWL's Net Pension Asset as a % of Covered Employee Payroll	(2,020%)	(1,165%)	(5,576%)	(1,412%)	(1,625%)	(1,097%)	(1,541%)	(552%)	(814%)	(913%)

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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	$ 248	$ 238	$ 237	$ 240	$ 406	$ 603	$ 586	$ 772	$ 1,018	$ 1,225
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, 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

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 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, 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 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.

June 30, 2014

- *Difference Between Actual and Expected Experience* - The $964,000 loss on the Total Pension Liability for the fiscal year ending June 30, 2014 is primarily attributable to participant deaths.

- *Assumption Change* - The plan experienced a $4.54MM loss due to the change of the mortality assumption from the RP2000CH table projected to 2018 with Scale AA to the RP-2014 table projected generationally with Scale MP-2014.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return net of investment expense	9%	(9.18%)	22.42%	2.90%	7.39%	4.97%	12.10%	(0.49%)	2%	19%

See notes to required supplementary information

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

Financial Statements and
Required Supplementary Information

June 30, 2023 and 2022

Table of Contents
June 30, 2023 and 2022

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 accompanying 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 & Light, as of and for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 and the respective changes in the Plan's 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, 2023 and 2022, 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
September 22, 2023

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:

	2023	2022	2021
Assets:			
Mutual funds	$ 148,520,087	$ 139,302,720	$ 159,281,467
Stable value	27,332,984	29,720,419	35,542,619
Guaranteed income fund	-	-	-
Sefl-directed brokerage account	11,663,916	11,157,807	12,317,950
Participant notes receivable and other	3,439,525	3,302,591	3,424,144
Net position	$ 190,956,512	$ 183,483,537	$ 210,566,180
Changes in plan assets:			
Net investment income (loss)	$ 18,054,588	$ (17,658,093)	$ 39,694,089
Employer and participant contributions	11,864,174	11,864,174	8,679,314
Benefits paid to participants	(21,900,248)	(20,560,553)	(41,414,977)
Loan defaults and other changes	(546,425)	(728,171)	(397,455)
Changes in net position	$ 7,472,089	$ (27,082,643)	$ 6,560,971

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, 2023 saw a net investment gain of $18.1 million. Fiscal year 2022 had a net investment loss of ($17.7) million, fiscal year 2021 had a net investment gain of $36.7 million. Total assets held in trust were $191 million at the end of fiscal year 2023, $183 million at the end of fiscal year 2022, and $211 million at the end of fiscal year 2021.

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, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	862,865	1,662,131
Participant-directed investments (Note 1):		
Mutual funds	$ 148,520,087	$ 139,302,720
Stable value	27,332,984	29,720,419
Self-directed brokerage account:		
Equities	9,997,083	8,979,962
Fixed income	349,683	-
Mutual funds	454,285	515,714
Total participant-directed investments	186,654,122	178,518,815
Participant notes receivable	3,439,525	3,302,591
Net position restricted for pensions	$ 190,956,512	$ 183,483,537

See notes to financial statements

Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 14,923,330	$ -
Interest and dividend income	3,131,258	2,665,738
Total investment income	18,054,588	2,665,738
Employer contributions (Note 1)	11,648,704	11,134,555
Interest from participant notes receivable	131,862	729,619
Other	84,494	-
Total additions	29,919,648	14,529,912
Deductions		
Investment loss:		
Net depreciation in fair value of investments	-	20,323,831
Benefits paid to participants	21,900,248	20,560,553
Loan defaults	396,895	577,197
Participants' note and administrative fees	149,530	150,974
Total deductions	22,446,673	41,612,555
Net increase (decrease) in net position	7,472,975	(27,082,643)
Net Position Restricted for Pensions		
Beginning	183,483,537	210,566,180
Ending	$ 190,956,512	$ 183,483,537

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 & 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.

For a portion of FY 2022, ICMA-RC served as Plan recordkeeper and was responsible for Plan administration and processing of participant investments. During FY 2022, this role was transitioned to Nationwide Retirement Solutions (Nationwide).

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 Lansing Board of Water & Light 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, 2023, there were 858 participants in the Plan, of which 733 were active employees. As of June 30, 2022, there were 1,030 participants in the Plan, of which 639 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.

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.

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

As of June 30, 2023 and 2022, the Plan has $612,865 and $0, respectively, of bank deposits that were uninsured and uncollateralized.

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

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bond funds	$ 18,095,280	Not rated	Not rated

As of June 30, 2022, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bond funds	$ 16,900,960	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, 2023, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds, bond funds	$ 18,095,280	6.9 years

At June 30, 2022, the average maturities of investments subject to interest rate risk are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds, bond funds	$ 16,900,960	6.7 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, 2023 and June 30, 2022.

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, 2023 and 2022:

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.

Stable Value Fund - The Vantagepoint PLUS Fund is a collective fund that seeks to maintain a stable net asset value. 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. Assets in the Account are not part of the General

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, 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, 2023 and 2022:

	2023			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Bond funds	$ 16,229,547	$ -	$ -	$ 16,229,547
Stock funds	57,275,219	-	-	57,275,219
Balanced funds	59,241,776	-	-	59,241,776
International funds	15,773,545	-	-	15,773,545
Self-directed brokerage account:				
Equities	9,997,083	-	-	9,997,083
Mutual funds	454,285	-	-	454,285
Total investments by fair value level	$ 158,971,455	$ -	$ -	$ 158,971,455
Investments measured at the net asset value (NAV) or amortized cost				
Stable value				27,332,984
Fixed income				349,683
Total investments				$ 186,654,122

	2022			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Bond funds	$ 16,900,960	$ -	$ -	$ 16,900,960
Stock funds	52,769,642	-	-	52,769,642
Balanced funds	55,251,321	-	-	55,251,321
International funds	14,380,797	-	-	14,380,797
Self-directed brokerage account:				
Equities	8,979,962	-	-	8,979,962
Mutual funds	515,714	-	-	515,714
Total investments by fair value level	$ 148,798,396	$ -	$ -	$ 148,798,396
Investments measured at the net asset value (NAV)				
Stable value				29,720,419
Total investments				$ 178,518,815

Investments Measured Using NAV per Share Practical Expedient - The stable value fund uses NAV per share as a practical expedient to measuring fair value. The stable value fund had a fair value of $27,332,984 and $29,720,419 as of June 30, 2023 and 2022, respectively. This fund has no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

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 September 22, 2023, 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
Supplementary Information

June 30, 2023 and 2022

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

Table of Contents
June 30, 2023 and 2022

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 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 & Light, as of and for the years ended June 30, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022 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
September 22, 2023

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:

	2023	2022	2021
Assets:			
Cash and cash equivalents	$ 338,130	$ 957,009	$ 1,042,711
Fixed income securities	-	-	286
Mutual funds	156,666,884	138,313,141	170,648,688
Common collective funds	41,345,355	41,956,442	42,010,838
Real estate fund investment	42,471,497	46,922,667	34,030,243
Interest and dividend receivable	13,772	3,091	12,481
Trade receivable, due from broker	-	-	135,656
Total plan assets	240,835,638	228,152,350	247,880,903
Liabilities:			
Trade payable, due to broker	2,365,067	12,256	137,676
Net position restricted for pensions	$ 238,470,571	$ 228,140,094	$ 247,743,227
Changes in net position:			
Net investment income (loss)	$ 21,225,768	$ (19,249,317)	$ 49,388,725
Employer contributions	68,076	13,492,757	8,343,977
Retiree benefits paid	(10,627,788)	(13,492,757)	(8,343,977)
Administrative fees	(335,579)	(353,816)	(450,300)
Net change in net position	$ 10,330,477	$ (19,603,133)	$ 48,938,425

Investment Results

The fiscal year ended June 30, 2023 saw a net investment gain of $21.3 million. The fiscal year 2022 had a net investment loss of ($19.2) million, fiscal year 2021 had a net investment gain of $49.4 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 2023 and 2022, and $220,026 in 2021.

The discount rate was 7.0% in fiscal year 2021, 6.5% in fiscal year 2022 and 2023.

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/mid cap equity	10
Non-U.S. Equity	20
Core real estate	8
Value added 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 2024. As a result, the BWL does not expect to make contributions to the trust in fiscal year 2024.

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, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 338,130	$ 957,009
Investments, fair value:		
Mutual funds, bonds	12,008,494	14,424,432
Mutual funds, equities	144,658,390	123,888,709
Common collective funds	41,345,355	41,956,442
Real estate fund investment	42,471,497	46,922,667
Total investments at fair value	240,483,736	227,192,250
Investment interest and dividend receivable	13,772	3,091
Total assets	240,835,638	228,152,350
Liabilities		
Trade payable, due to broker/other	2,365,067	12,256
Net position restricted for retiree benefits	$ 238,470,571	$ 228,140,094

See notes to financial statements

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

Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 15,226,432	$ -
Interest and dividend income	$ 5,999,336	7,872,032
Total investment income	$ 21,225,768	7,872,032
Employer contributions	$ 68,076	13,492,757
Total additions	$ 21,293,844	21,364,789
Deductions		
Net depreciation in fair value of investments	$ -	27,121,349
Retiree benefits paid	$ 10,627,788	13,492,757
Administrative expenses	$ 335,579	353,816
Total deductions	$ 10,963,367	40,967,922
Net increase (decrease) in net position	$ 10,330,477	(19,603,133)
Net Position Restricted for Retiree Benefits		
Beginning of year	$ 228,140,094	247,743,227
End of year	$ 238,470,571	$ 228,140,094

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.

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 753 participants eligible to receive benefits at June 30, 2023 and 761 participants eligible at June 30, 2022.

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 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, 2023 and 2022, BWL incurred $68,076 and $13,492,757 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, 2023 and 2022, the contribution rates of the employer were 0.1% and 21.4% of covered-employee payroll, respectively.

Participation

Participation is determined in accordance with the terms of 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. At June 30, 2022, there were 696 active participants (not eligible to receive benefits), 71 disabled participants, 537 retired participants and 153 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.

3. Cash, Investments and Fair Value 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. 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, 2023 and 2022, the Plan had $88,130 and $700,008, 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.

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

Investment	Fair Value	Less Than 1 Year
Mutual funds, bonds	$ 12,008,494	$ 12,008,494
Common collective funds	41,345,355	41,345,355
Total	$ 53,353,849	$ 53,353,849

At June 30, 2022, the average maturities of investments are as follows:

Investment	Fair Value	Less Than 1 Year
Mutual funds, bonds	$ 14,424,432	$ 14,424,432
Common collective funds	41,956,442	41,956,442
Total	$ 56,380,874	$ 56,380,874

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

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 12,008,494	Not rated	Not rated
Common collective fund	41,345,355	Not rated	Not rated

As of June 30, 2022, the credit quality ratings of investments subject to credit risk are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds, bonds	$ 14,424,432	Not rated	Not rated
Common collective fund	41,956,442	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, 2023 and June 30, 2022.

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, 2023 and 2022:

Asset Class	2023 Target Allocation	2022 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/mid 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, 2023 and 2022 the annual money-weighted rate of return on investments, net of investment expense, was 9.52% and (7.77%), 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

Net OPEB Liability (Asset) of BWL - The components of the net OPEB liability (asset) for BWL at June 30, 2023 and 2022 were as follows:

	2023	2022
Total OPEB liability	$ 163,828,911	$ 156,408,876
Plan fiduciary net position	238,470,571	228,140,094
BWL's net OPEB liability (asset)	$ (74,641,660)	$ (71,731,218)
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	145.56 %	145.86 %

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

Actuarial Assumptions - The June 30, 2022 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

For the June 30, 2023 and 2022 valuation, mortality rates were based on the PUBH-2010 General Mortality Table projected generationally using MP-2021 scale, respectively.

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

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

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/mid cap equity	8.53
Non-U.S. equity	8.22
Core real estate	6.60
Value add real estate	8.10

Discount Rate - The discount rate used to measure the total OPEB liability was 6.5% for June 30, 2023 and 2022, 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, 2023:

	2023		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability (asset)	$ (56,224,193)	$ (74,641,660)	$ (90,173,785)

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 (6.0%) as of June 30, 2022:

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

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, 2023 and 2022:

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

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

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, 2023 and 2022:

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 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 fair value 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, 2023 and 2022:

	2023			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ -	$ 338,130	$ -	$ 338,130
Mutual funds, bonds	-	12,008,494	-	12,008,494
Mutual funds, equities	75,112,945	69,545,445	-	144,658,390
Common collective funds	-	41,345,355	-	41,345,355
Real estate trust investment	42,471,497	-	-	42,471,491
Total	$ 117,584,442	$ 123,237,424	$ -	$ 240,821,866

	2022			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ -	$ 957,009	$ -	$ 957,009
Mutual funds, bonds	-	14,424,432	-	14,424,432
Mutual funds, equities	29,852,049	94,036,660	-	123,888,709
Common collective funds	-	41,956,442	-	41,956,442
Real estate trust investment	46,922,667	-	-	46,922,667
Total	$ 76,774,716	$ 151,374,543	$ -	$ 228,149,259

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 September 22, 2023, 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)									
	2023	2022	2021	2020	2019	2018	2017	2016*	2015*	2014*
Total OPEB Liability										
Service cost	$ 3,452	$ 3,299	$ 3,396	$ 3,245	$ 4,403	$ 4,827	$ 3,130	$ -	$ -	$ -
Interest	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	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	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)	-	-	-
Net Change in Total OPEB Liability	7,421	8,766	(6,959)	6,053	(54,937)	(2,137)	11,036	-	-	-
Total OPEB Liability, Beginning	156,410	147,644	154,603	148,550	203,487	205,624	194,588	-	-	-
Total OPEB Liability, Ending	163,831	156,410	147,644	154,603	148,550	203,487	205,624	-	-	-
Trust Net Position										
Contributions, employer	68	13,493	8,344	9,157	9,278	10,395	9,574	-	-	-
Contributions, member	-	-	-	-	-	-	-	-	-	-
Net investment income	21,226	(19,247)	49,387	4,158	11,688	11,039	18,040	-	-	-
Administrative expenses	(336)	(354)	(449)	(512)	(569)	(634)	(705)	-	-	-
Benefit payments, including refunds	(10,628)	(13,493)	(8,344)	(9,157)	(9,278)	(10,395)	(9,574)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	10,330	(19,601)	48,938	3,646	11,119	10,405	17,335	-	-	-
Trust Fiduciary Net Position, Beginning	228,142	247,743	198,805	195,159	184,040	173,635	156,300	-	-	-
Trust Fiduciary Net Position, Ending	238,472	228,142	247,743	198,805	195,159	184,040	173,635	-	-	-
BWL Net OPEB Liability (Asset), Ending	$ (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)	145.56%	145.86%	167.80%	128.59%	131.38%	90.44%	84.44%	- %	- %	- %
Covered Employee Payroll	$ 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	(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 2014 - 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
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%
6/30/2023	-	68	68	69,744	0.10%

See notes to required suppplementary 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015*	2014*
Annual money-weighted rate of return, net of investment expense	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 2014 - 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, 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

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

Significant Changes

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 2023-XX-XX
Fiscal Year 2023 Audited Financial Statements
of the Enterprise Fund and Pension Fiduciary Funds

RESOLVED, that the fiscal year 2023 Audited Financial Statements of the Board of Water and Light have been reviewed and are hereby accepted as presented.

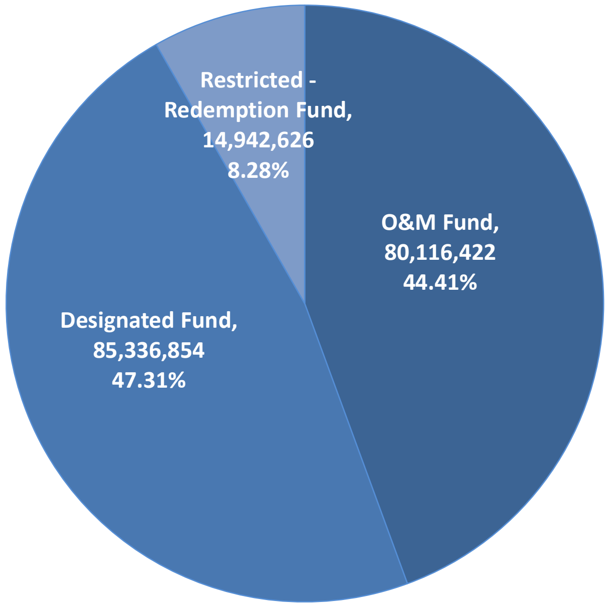
FURTHER RESOLVED, that the Corporate Secretary is hereby directed to file a copy of the fiscal year 2023 Audited Financial Statements of the Board of Water and Light with the City of Lansing no later than November 2023.

Motion by Commissioner _________, **Seconded** by Commissioner _______, to approve the Resolution for the acceptance of the Fiscal Year 2023 Audited Financial Statements of the Enterprise Fund and Pension Fiduciary Funds at a Board meeting held on November 14, 2023.

Action: Motion

Financial Summary - September 2023 - FY24

Cash



Total Cash: $180,395,903

	Month End	Target
Days Cash on Hand	140	157
Credit Rating (S&P/Moody's)	AA-/Aa3	AA-/Aa3
Debt Service Coverage	2.58	2.00

Days Cash on Hand:

$$\frac{\text{O\&M Fund - Portion Restricted By Bond Covenants + Designated Funds}}{\text{(Budgeted Operating Expenses - Depreciation + RoE to City) / 365}}$$

Debt Service Coverage:

$$\frac{\text{Projected Net Income + Depreciation Expense + Interest Expense}}{\text{Debt Principal + Debt Interest}}$$

Income Statement YTD

	Actual YTD	Budget YTD	Difference	%
Retail	$ 99,471,905	$ 98,084,040	1,387,865	1%
Wholesale	$ 10,894,479	$ 15,283,642	(4,389,163)	-29%
Total Revenue	$ 110,366,384	$ 113,367,682	(3,001,298)	-3%
Operating Expenses	$ 93,592,622	$ 90,181,651	3,410,970	4%
Non Operating Income/(Exp)	$ (11,838,532)	$ (11,125,244)	(713,288)	6%
Net Income	$ 4,935,231	$ 12,060,787	(7,125,556)	-59%

FY 2024 Budgeted Net Income $ 17,570,532

Budget Status YTD

O&M Budget YTD (excluding fuel)

FY 2024 Approved Budget	Actual YTD	Budget YTD	Difference	%
$ 180,495,706	$ 47,857,823	$ 42,087,834	$ 5,769,989	14%
% of Approved Budget	27%	23%		

Capital Budget YTD

FY 2024 Approved Budget	Actual YTD	Budget YTD	Difference	%
$ 84,070,285	$ 13,953,703	$ 14,920,796	$ (967,093)	-6%
% of Approved Budget	17%	18%		

Return on Assets

Actual YTD	Budget YTD	Target
0.89%	1.37%	4.65%

$$\text{Return on Assets} = \frac{\text{YTD Net Income + YTD Interest Expense}}{\text{Net Fixed Assets + Inventory}}$$

Financial Summary - September 2023 - FY24

LANSING BWL Hometown People. Hometown Power.

Ratios

Operating Ratio

			APPA Median
O&M Expense	$ 77,875,647	= 0.71	0.74
Revenue	$ 110,366,384		

Measures the proportion of revenues to cover the operations and maintenance costs

Current Ratio

			APPA Median
Current Assets	$ 214,281,058	= 2.93	1.80
Current Liabilities	$ 73,015,109		

Measures whether current assets are sufficient to pay current liabilities within one year

Debt to Total Assets

			APPA Median
LT Debt + Accrued Liabilities	$ 940,477,698	= 0.57	0.54
Total Assets	$ 1,658,366,694		

Measures the ability to meet its current and long-term liabilities based on the availability of assets

Days Sales Outstanding

			Prior Year
Average Accounts Receivable x Days	$ 36,643,329	x 30 = 32	28
Sales	$ 34,506,108		

Measures the average number of days it takes to collect payment after a sale is made

Bad Debt

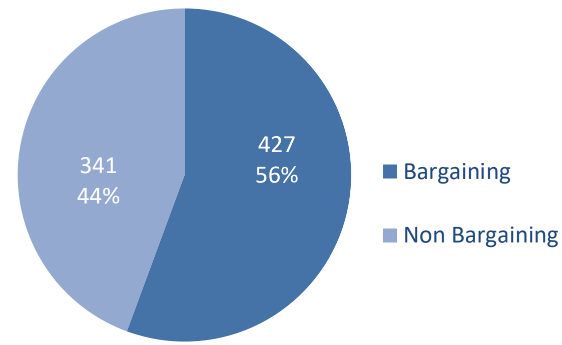
			Prior Year
12 Month Rolling Bad Debt Exp	$ 1,991,746	= 0.47%	0.54%
12 Month Rolling Revenue	$ 427,434,311		

Measures the portion of each revenue dollar that will not be collected

Employee Data

Employee Count

Employee Count YTD	768
Budget YTD	813
Over/(Under) #	(45)
Full Time Equivalent Temporary Employees	24



Payroll Data

	Actual YTD	Budget YTD	Difference	%	Prior Year
Regular	$ 20,562,576	$ 21,272,250	$ (709,674)	-3.3%	$ 56.50
Overtime	$ 3,191,047	$ 2,057,262	$ 1,133,785	55.1%	
Total	$ 23,753,623	$ 23,329,512	$ 424,111	1.8%	
Total Hours Worked	393,240				
Labor $/Hours Worked	$ 60.40				

Benefits Cost

(Including Retirees)	Actual YTD	Budget YTD	Difference
Health	$ 4,613,548	$ 4,467,421	$ 146,127
Rx	$ 992,878	$ 1,073,673	$ (80,795)
Dental	$ 337,202	$ 333,174	$ 4,028
Life	$ 125,501	$ 152,805	$ (27,305)
FICA	$ 1,750,620	$ 1,607,947	$ 142,673
Other	$ 114,010	$ 390,590	$ (276,581)
Total	$ 7,933,758	$ 8,025,610	$ (91,852)

* 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 2023.

Report as of September 30, 2023

Projects Sorted by the FY24 Projection (Highest to lowest costs)		FY 24		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**
Top Ten Planned Projects											
Wise Substation - Rebuild	Phase 4 - Construction	$ 16,300,000	$ 15,430,613	$ 31,520,194	$ 31,543,763	$ 23,569	0.07%	$ 16,340,754	51.80%	7/1/2019	6/30/2025
Ultium	Phase 4 - Construction	$ 1,420,594	$ 3,698,831	$ 34,186,068	$ 36,698,831	$ 2,512,763	7.35%	$ 22,490,756	61.28%	5/16/2022	2/26/2024
Elevated Storage[3]	Phase 4 - Construction	$ 1,733,291	$ 2,687,850	$ 16,063,520	$ 16,010,129	$ (53,391)	-0.33%	$ 1,638,421	10.23%	11/22/2022	2/1/2025
South Reinforcement - Transmission Line	Phase 3 - Design	$ 5,000,000	$ 2,099,643	TBD	$ 32,342,218	$ -	0.00%	$ 5,217,103	16.13%	9/20/2017	3/30/2026
PMIS	Phase 3 - Design	$ -	$ 1,900,232	TBD	$ 1,900,232	$ -	0.00%	$ -	0.00%	9/28/2023	4/26/2024
Dye Filter Controls Upgrade	Phase 4 - Construction	$ 1,920,581	$ 1,857,918	$ 2,165,755	$ 2,443,107	$ 277,352	12.81%	$ 823,842	33.72%	2/1/2021	9/30/2024
LGR Substation	Phase 2 - Funding Readiness	$ 1,600,600	$ 1,680,429	TBD	$ 20,826,559	$ -	0.00%	$ 511,319	2.46%	3/15/2021	5/30/2027
Chilled Water Control System Upgrade	Phase 3 - Design	$ 900,000	$ 1,530,878	TBD	$ 3,756,488	$ -	0.00%	$ -	0.00%	7/1/2023	12/31/2024
HRIS	Phase 3 - Design	$ 1,000,000	$ 1,429,086	TBD	$ 2,873,676	$ -	0.00%	$ -	0.00%	7/15/2023	3/1/2025
Dye-Cedar Dry Chemical Handling[3]	Phase 4 - Construction	$ 1,247,296	$ 1,283,699	$ 13,707,307	$ 5,017,044	$ (8,690,263)	-63.40%	$ 2,087,912	41.62%	8/1/2020	9/1/2024
	Total Top Ten Planned Projects	$ 31,122,363	$ 33,599,179		$ 153,412,047			$ 49,110,107			
Project Watch List - Projects $150k and 10% over the Designed Budget Amount (Outside of Top Ten Planned Projects)											
Eckert 13 & 15 Cutover (John Bean)	Phase 4 - Construction	$ -	$ 466,256	$ 1,882,818	$ 2,169,544	$ 286,726	15.23%	$ 1,716,498	79%	10/25/2019	2/29/2024
	Total Project Watch List	$ -	$ 466,256		$ 2,169,544			$ 1,716,498			
Remaining Planned											
Electric		$ 4,538,421	$ 4,215,877								
Water		$ 2,255,659	$ 1,487,520								
Steam		$ 924,560	$ 820,887								
Chilled Water		$ -	$ 0								
Common		$ 535,545	$ 2,134,103								
	Total Remaining Planned	$ 8,254,185	$ 8,658,386								
Annual						**Annual Variance**					
Electric		$ 17,900,000	$ 19,246,910			$ 1,346,910	7.52%				
Water		$ 15,630,911	$ 14,423,221			$ (1,207,690)	-7.73%				
Steam		$ 3,755,805	$ 4,762,045			$ 1,006,240	26.79%				
Chilled Water		$ 53,045	$ 52,903			$ (142)	-0.27%				
Common		$ 7,353,976	$ 7,559,393			$ 205,417	2.79%				
	Total Annual	$ 44,693,737	$ 46,044,472								
	Grand Total	$ 84,070,285	$ 88,768,293								

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] FY24 budget and projections are shown net of anticipated grant funding.

MILLER CANFIELD

MEMORANDUM

TO: Lansing Board of Water and Light

FROM: Jeffrey S. Aronoff

RE: Third Supplemental Utility Revenue Bond Resolution

DATE: October 27, 2023

Below is an executive summary of the Third Supplemental Utility System Revenue Bond Resolution (the "Supplemental Resolution") presented for consideration by the Lansing Board of Water and Light (the "Board").

BACKGROUND INFORMATION:

- The Board issues revenue bonds under the Bond Resolution adopted by the Board on March 27, 2018, as amended on March 26, 2019 and November 17, 2020, and supplemented on November 19, 2019 and July 20, 2023.
- The Bond Resolution establishes the conditions for additional bonds of equal credit with outstanding bonds (that is, bonds of "equal standing and priority of lien on the Net Revenues of the Water Supply, Steam, Chilled Water and Electric Utility System").
- Supplemental resolutions are adopted to authorize each series of additional bonds, including refunding bonds.

THE SUPPLEMENTAL RESOLUTION:

- Authorizes up to $325,000,000 in Clean Energy Bonds to fund System improvements including, but not limited to, clean energy projects including a natural gas reciprocating engine, battery storage, solar and wind energy improvements, energy waste reduction improvements and enhancements to improve demand response for customers, as well as improvements to transmission and distribution lines and related System facilities.
- Authorizes up to $258,700,000 in Refunding Bonds to refund some or all of the Board's Utility System Revenue Refunding Bonds, Series 2013A, and Utility System Revenue Refunding Bonds, Series 2019B, if doing so creates net present value savings.
- Provides that the Clean Energy Bonds and Refunding Bonds may be issued on a tax-exempt or taxable basis, or a combination of both, and may be issued on one or more series.[*]
- Provides for the establishment of the construction fund into which the Clean Energy Bond proceeds will be deposited and sets forth the overall use of proceeds of the Clean Energy Bonds and Refunding Bonds.

---

[*] The expectation is that most or all of the authorized bonds will be issued on a tax-exempt basis.

- Authorizes the refunding of the Series 2019B bonds through a tender and repurchase of those bonds, which would be funded with the proceeds of the Refunding Bonds.
    - The tender/repurchase is an alternative to a traditional refunding. Under a traditional refunding, outstanding bonds are redeemed from bondholders pursuant to the bonds' call provisions, meaning bondholders *must* sell their bonds back to the Board at par plus accrued interest.
    - In the case of a tender, the Board invites bondholders to sell back their bonds to the Board voluntarily at a market price—the Board is acting much like a purchaser on the open trading market.
    - The Series 2019B bonds are taxable bonds; however the Refunding Bonds issued to fund the tender and repurchase of the Series 2019B bonds can be issued on a tax-exempt basis.
- Authorizes the Chief Financial Officer (or in her absence, the Director of Accounting, Finance, and Planning or other designee) to take certain actions, including:
    - Finalize the sale of the Clean Energy Bonds and Refunding Bonds, approve final bond terms (subject to the parameters of the Supplemental Resolution) and execute and deliver all documents necessary to accomplish the sale, including the bond purchase agreement and sale order.
    - Approve, execute and deliver all documents necessary to accomplish the tender and repurchase of the Series 2019B bonds.
    - Make any required filings to the State of Michigan, apply for ratings and take all other actions necessary to accomplish the sale of the Clean Energy Bonds and Refunding Bonds.

RESOLUTION #2023-__-__

Lansing Board of Water and Light

<u>THIRD SUPPLEMENTAL UTILITY SYSTEM REVENUE BOND RESOLUTION</u>

A RESOLUTION TO AUTHORIZE:

- Utility System Revenue Bonds to finance clean energy projects and related electric system improvements;
- Utility System Revenue Refunding Bonds to produce net present value savings by refunding some or all of the Prior Bonds;
- The solicitation of tender offers and the repurchase of the Series 2019B Bonds;
- Chief Financial Officer to sell Utility System Revenue Bonds and Utility System Revenue Refunding Bonds without further resolution;
- Other matters relative to issuance, sale and delivery of the Utility System Revenue Bonds and Utility System Revenue Refunding Bonds.

WHEREAS, the City of Lansing (the “City”) provides in its City Charter that the Lansing Board of Water and Light (the “Board”) has general management over water, heat, steam and electric services and certain additional utility services of the City; and

WHEREAS, the Board operates facilities for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat (the “System”); and

WHEREAS, the Board issues bonds payable from revenues of the System under the provisions of Act 94, Public Acts of Michigan, 1933, as amended (“Act 94”), and an Amended and Restated Utility System Revenue Bond Resolution adopted by the Board on March 27, 2018, as amended and supplemented from time to time (as amended and supplemented, the “Bond Resolution”), and all terms not defined herein shall have the meanings set forth in the Bond Resolution; and

WHEREAS, the Board has determined that it is necessary for the public health, safety and welfare of the City and the users of the System to acquire and construct System improvements including, but not limited to, clean energy projects including a natural gas reciprocating engine, battery storage, solar and wind energy improvements, energy waste reduction improvements and enhancements to improve demand response for customers, as well as construction, improvement and renovation of transmission and distribution lines and related System facilities, including all equipment and any appurtenances and attachments thereto and any related site acquisition or improvements (collectively, the “Clean Energy Project”); and

WHEREAS, issuance of revenue bonds as permitted by Act 94 in one or more series in an amount not-to-exceed Three Hundred Twenty-Five Million Dollars ($325,000,000) (the “Clean Energy Bonds”) represents the most practical means to finance the Clean Energy Project and the funding of any required bond reserve funds, capitalized interest and costs of issuance of the Clean Energy Bonds; and

WHEREAS, on Tuesday, October 3, 2023, the Board published a "Notice to Electors of the City of Lansing of Intent to Issue Revenue Bonds for Clean Energy Projects and related System Improvements and Right to Petition for Referendum" in the *Lansing State Journal*; and

WHEREAS, PFM Financial Advisors, LLC (the "Municipal Advisor"), has advised the Board that it may be able to accomplish a net savings of debt service costs by refunding (including by repurchase, as applicable) all or a portion of the Board's outstanding Utility System Revenue Refunding Bonds, Series 2013A, dated April 17, 2013 (the "Series 2013A Bonds") and Utility System Revenue Refunding Bonds, Series 2019B dated December 19, 2019 (the "Series 2019B Bonds", together with the Series 2013A Bonds, the "Prior Bonds") through the issuance of one or more series of refunding bonds in an aggregate principal amount of not-to-exceed $258,700,000 (the "Refunding Bonds" and, together with the Clean Energy Bonds, the "Series 2024 Bonds"); and

WHEREAS, the Municipal Advisor has advised the Board determines that it is in the best interest of the Board to authorize: (i) the extension of an invitation to the holders of all or a portion of the Series 2019B Bonds to tender such Series 2019B Bonds to the Board (the "Invitation") for repurchase, cancelation or private purchase (such Series 2019B Bonds actually repurchased and cancelled by the Board pursuant to a tender or private purchase, collectively, the "Repurchased Bonds"), (ii) the repurchase and cancellation by the Board of the Repurchased Bonds, and (iii) the issuance of the Refunding Bonds to provide funds to pay all or a portion of the costs of repurchasing and cancelling the Repurchased Bonds; and

WHEREAS, Section 24(a) of the Bond Resolution authorizes the issuance of Additional Bonds of equal standing and priority of lien with the Outstanding Bonds if the actual or augmented Net Revenues of the System for the fiscal year of the System ending not more than 15 months prior to the sale of Additional Bonds shall be equal to at least 125% of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and on the Additional Bonds then being issued; and

WHEREAS, in order to take advantage of the most favorable market for sale of the Series 2024 Bonds, the Board wishes to authorize the Chief Financial Officer to sell the Series 2024 Bonds at negotiated sale without further resolution of the Board.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. Definitions. All terms not defined herein shall have the meanings set forth in the Bond Resolution, and whenever used in this Third Supplemental Resolution, except when otherwise indicated by the context, the following terms shall have the following meanings:

(a) "Additional Bonds" means any Additional Bonds of equal standing with the outstanding Senior Lien Bonds issued pursuant to Section 24 of the Bond Resolution adopted on March 27, 2018.

(b) "Bond Resolution" means the Amended and Restated Utility System Revenue Bond Resolution adopted by the Board on March 27, 2018, as amended on March 26, 2019 and November 17, 2020, and supplemented on November 19, 2019 and July 20, 2023 and by this Third Supplemental Resolution, and any other resolution which amends or supplements the Bond Resolution.

(c) "Bonds" or "Senior Lien Bonds" means the outstanding portion of the Board's Utility System Revenue Refunding Bonds, Series 2013A, the Utility System Revenue Refunding Bonds, Series 2017A, the Utility System Revenue Bonds, Series 2019A, the Utility System Revenue Refunding Bonds, Series 2019B, Utility System Revenue Bonds, Series 2021A, the Utility System Revenue Bonds, Series 2021B, the Series 2024 Bonds, and any Additional Bonds of equal standing hereafter issued.

(d) "Chief Financial Officer" means the Board's Chief Financial Officer.

(e) "Clean Energy Bonds" means all or any series of the Bonds issued pursuant to this Third Supplemental Resolution to finance the Clean Energy Project.

(f) "Clean Energy Project" means the System improvements including, but not limited to, clean energy projects including a natural gas reciprocating engine, battery storage, solar and wind energy improvements, energy waste reduction improvements and enhancements to improve demand response for customers, as well as construction, improvement and renovation of transmission and distribution lines and related System facilities, including all equipment and any appurtenances and attachments thereto and any related site acquisition or improvements.

(g) "Escrow Agreement" means, for purposes of this Third Supplemental Resolution, one or more escrow agreements described in this Third Supplemental Resolution to provide for payment of principal of and interest on the Prior Bonds being refunded.

(h) "Escrow Fund" means, for purposes of this Third Supplemental Resolution, one or more escrow funds established pursuant to the Escrow Agreement to hold the cash and investments necessary provide for payment of principal of and interest on the Prior Bonds being refunded.

(i) "Prior Bonds" means, for purposes of this Third Supplemental Resolution, the Utility System Revenue Refunding Bonds, Series 2013A, dated April 17, 2013, and the Utility System Revenue Refunding Bonds, Series 2019B, dated December 19, 2019.

(j) "Refunding Bonds" means, for purposes of this Third Supplemental Resolution, all or any series of Refunding Bonds issued pursuant to this Third Supplemental Resolution.

(k) “Series 2024 Bonds” means collectively the Clean Energy Bonds and the Refunding Bonds issued in one or more series pursuant to this Third Supplemental Resolution.

(l) “System” means the complete facilities of the Board for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, including all plants, works, instrumentalities and properties used or useful in connection with the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat, and all additions, extensions and improvements thereto existing or hereafter acquired by the Board.

(m) “Third Supplemental Resolution” means this Third Supplemental Utility System Revenue Bond Resolution.

Section 2. Necessity and Statement of Purpose of Clean Energy Project. It is hereby determined to be a necessary public purpose of the Board to acquire and construct the Clean Energy Project.

Section 3. Costs; Useful Life of Clean Energy Project. The total cost of the Clean Energy Project is estimated to be not-to-exceed $325,000,000 including the payment of capitalized interest and all legal, engineering, financial and other expenses incident thereto, which estimate of cost is hereby approved and confirmed, and the period of usefulness of the Clean Energy Project is estimated to be not less than thirty (30) years.

Section 4. Conditions Permitting Issuance of Additional Bonds. Pursuant to Section 24(a) of the Bond Resolution, the Board hereby determines that the Series 2024 Bonds shall be issued as Additional Bonds of equal standing and priority of lien with the Outstanding Bonds only if, after giving effect to the refunding of Prior Bonds, the actual or augmented Net Revenues of the System for the fiscal year of the System ending not more than 15 months prior to the sale of each series of the Series 2024 Bonds shall be equal to at least 125% of the maximum Aggregate Debt Service Requirement in any current or future fiscal year on the Outstanding Bonds and on the Series 2024 Bonds then being issued.

The Board hereby determines that the Board is not in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

Section 5. Series 2024 Bonds Authorized. The Series 2024 Bonds are authorized to be issued in one or more series as provided in this Section.

Clean Energy Bonds: The City, acting by and through the Board, shall borrow the sum of not-to-exceed Three Hundred Twenty-Five Million Dollars ($325,000,000) and shall issue the Clean Energy Bonds therefor in one or more series in order to pay costs of acquiring and constructing all or a portion of the Clean Energy Project, including payment of all legal, engineering, financial and other expenses incident thereto and incident to the issuance and sale of the Clean Energy Bonds, and capitalized interest in the amount to be determined at the time of sale of the Clean Energy Bonds. The remaining cost of the Clean Energy Project in excess of $325,000,000, if any, shall be defrayed from funds on hand and legally available for such use, or from an additional series of Bonds to be issued upon approval of a future resolution. The Clean Energy Bonds shall be designated as the “UTILITY SYSTEM REVENUE BONDS, SERIES 2024” or such other series designation as determined at the time of sale by the Chief Financial Officer to reflect the sequence and the year of sale or delivery of the series or to otherwise distinguish the series from other series of Bonds.

Refunding Bonds: If, upon the advice of the Municipal Advisor, refunding all or a portion of the Prior Bonds will accomplish debt service savings, then in order to pay costs of the refunding, including the payment of the costs of legal, financial and other expenses incident thereto and incident to the issuance and sale of the Refunding Bonds, the City, acting by and through the Board, shall borrow the sum of not-to-exceed Two Hundred Fifty-Eight Million Seven Hundred Thousand Dollars ($258,700,000), and issue the Refunding Bonds therefor in one or more series. The Refunding Bonds shall be designated as the “UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2024” or such other series designation as determined at the time of sale by the Chief Financial Officer to reflect the sequence and the year of sale or delivery of the series or to otherwise distinguish the series from other series of Bonds.

Combined Series of Bonds: The Chief Financial Officer is authorized to determine whether any series of the Clean Energy Bonds could be combined in a series with Refunding Bonds and designated as the “UTILITY SYSTEM REVENUE AND REVENUE REFUNDING BONDS, SERIES 2024” or such other series designation as determined at the time of sale by the Chief Financial Officer to reflect the sequence and the year of sale or delivery of the series or to otherwise distinguish the series from other series of bonds. Whether issued as one or more series of bonds, the Clean Energy Bonds and the Refunding Bonds are referred to collectively or separately in this Third Supplemental Ordinance as the “Series 2024 Bonds.”

The Series 2024 Bonds shall be payable solely out of the Net Revenues of the System, and City Council shall not be requested to pledge the full faith and credit of the City for payment of the Series 2024 Bonds. The Series 2024 Bonds shall be sold and the proceeds applied in accordance with the provisions of Act 94.

Section 6. Series 2024 Bond Details. The Series 2024 Bonds shall be issued as fully registered bonds in the denomination of $5,000 or integral multiples thereof and shall be numbered in consecutive order of registration or authentication from 1 upwards. The Series 2024 Bonds shall be dated as of the date of delivery thereof or such other date as determined at the time of sale of the Series 2024 Bonds, and shall mature as serial bonds or term bonds on such dates as shall be determined at the time of sale of the Series 2024 Bonds.

The Series 2024 Bonds shall be subject to optional and mandatory redemption prior to maturity at the times and prices as finally determined at the time of sale of the Series 2024 Bonds.

The Series 2024 Bonds shall bear interest at a rate or rates to be determined on sale thereof, payable on July 1, 2024, or such other date as provided at the time of sale of the Series 2024 Bonds, and semi-annually thereafter on January 1st and July 1st of each year.

The Series 2024 Bonds shall be executed by the manual or facsimile signature of the Chairperson and the Corporate Secretary of the Board. No Series 2024 Bond shall be valid until authenticated by an authorized representative of the Transfer Agent. The Series 2024 Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser in accordance with instructions from the Chief Financial Officer upon payment of the purchase price for the Series 2024 Bonds.

Section 7. Registration and Transfer. U.S. Bank Trust Company, National Association, Detroit, Michigan is hereby appointed to act as bond registrar, paying agent and transfer agent (the "Transfer Agent") for the Series 2024 Bonds. The Chief Financial Officer is hereby authorized to execute one or more agreements with the Transfer Agent on behalf of the Board. The Board reserves the right to replace the Transfer Agent at any time, provided written notice of such replacement is given to the registered owners of record of bonds not less than sixty (60) days prior to an interest payment date. Principal of and interest on the Series 2024 Bonds shall be payable by check or draft mailed by the Transfer Agent to the registered owner at the registered address as shown on the registration books of the Board maintained by the Transfer Agent. Interest shall be payable to the person or entity who or which is the registered owner of record as of the fifteenth (15th) day of the month prior to the payment date for each interest payment. The date of determination of the registered owner for purposes of payment of interest as provided in this paragraph may be changed by the Board to conform to market practice in the future.

The Series 2024 Bonds may be issued in book-entry-only form through The Depository Trust Company in New York, New York ("DTC"), and the Chief Financial Officer is authorized to execute such custodial or other agreement with DTC as may be necessary to accomplish the issuance of the Series 2024 Bonds in book-entry-only form and to make such changes in the form of the Series 2024 Bonds within the parameters of this resolution as may be required to accomplish the foregoing. Notwithstanding the foregoing, if the Series 2024 Bonds are held in book-entry-only form by DTC, payment of principal of and interest on the Series 2024 Bonds shall be made in the manner prescribed by DTC.

The Series 2024 Bonds may be transferred upon the books required to be kept by the Transfer Agent pursuant to this section by the person or entity in whose name it is registered, in person or by the registered owner's duly authorized attorney, upon surrender of the bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any bond shall be surrendered for transfer, the Board shall execute, and the Transfer Agent shall authenticate and deliver a new bond of the same series in like aggregate principal amount, maturity and interest rate. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer. Notwithstanding the foregoing, if Bonds are held by DTC in book-entry-only form, the transfer of Bonds shall be made in the manner prescribed by DTC.

Section 8. Creation of Clean Energy Bonds Construction Fund. There shall be established and maintained a separate depositary fund designated as the CLEAN ENERGY BONDS CONSTRUCTION FUND which shall be established by the Chief Financial Officer in a bank or banks qualified to act as depository of the proceeds of sale under the provisions of

Section 15 of Act 94. If the Clean Energy Bonds are issued in more than one series or otherwise at the discretion of the Chief Financial Officer, separate accounts may be established within the Clean Energy Bonds Construction Fund. Monies deposited in the Clean Energy Bonds Construction Fund shall be applied solely in payment of the cost of the Clean Energy Project and any costs of engineering, legal, issuance and other expenses incident thereto. Any unexpended balance remaining in the Clean Energy Bonds Construction Fund after completion of the Clean Energy Project may, in the discretion of the Board, be used for meeting requirements, if any, of the Bond Reserve Account, or for further improvements, enlargements and extension to the System. Any balance remaining after such expenditure shall be paid into the Redemption Fund.

Section 9. Clean Energy Bond Proceeds. From the proceeds of sale of the Clean Energy Bonds there first shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest, if any, received on delivery of the Clean Energy Bonds, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of the next maturing interest. All or a portion of any premium received upon delivery of the Clean Energy Bonds may be deposited in either the Redemption Fund or the Clean Energy Bonds Construction Fund, as determined by the Chief Financial Officer.

The capitalized interest shall next be deposited in the Redemption Fund, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of interest on the Clean Energy Bonds.

There shall next be deposited in the Bond Reserve Account an amount, if any, designated at the time of sale of the Clean Energy Bonds as necessary to cause the amount on deposit in the Bond Reserve Account to be equal to the Reserve Requirement.

The remaining proceeds of sale of the Clean Energy Bonds shall be deposited to the Construction Fund.

Section 10. Refunding Bond Proceeds. From the proceeds of sale of the Refunding Bonds there first shall be immediately deposited in the Redemption Fund an amount equal to the accrued interest, if any, received on delivery of the Refunding Bonds, and the Board may take credit for the amount so deposited against the amount required to be deposited in the Redemption Fund for payment of the next maturing interest on the Refunding Bonds. All or a portion of any premium received upon delivery of the Refunding Bonds may be deposited in either the Redemption Fund or the Escrow Fund, as determined by the Chief Financial Officer in consultation with Bond Counsel.

There shall next be deposited in the Bond Reserve Account an amount, if any, designated by the Chief Financial Officer at the time of sale of the Refunding Bonds.

After any deposit to the Bond Reserve Account, proceeds of the Refunding Bonds shall next be deposited as follows:

(a) Proceeds of sale of Refunding Bonds issued to refund any Prior Bonds other than Repurchased Bonds shall be deposited in the Escrow Fund and held in cash and investments in Government Obligations or Municipal Obligations not redeemable at the option of the issuer. U.S. Bank Trust Company, National Association, Detroit, Michigan, is hereby appointed to act as escrow trustee (the "Escrow Trustee") under the Escrow Agreement. The Escrow Trustee shall hold the Escrow Fund in trust pursuant to the Escrow Agreement which shall irrevocably direct the Escrow Trustee to take all necessary steps to call such Prior Bonds being refunded for redemption as specified in the Escrow Agreement. The Chief Financial Officer is hereby authorized to execute and deliver the Escrow Agreement, to transfer any moneys as she may deem necessary from the Redemption Fund, or other fund or account of the Board, to the Escrow Fund, and to purchase, or cause to be purchased, escrow securities consisting of Government Obligations, including, but not limited to, United States Treasury Obligations – State and Local Government Series (SLGS), or Municipal Obligations, for deposit in the Escrow Fund. The Chief Financial Officer is directed to deposit to the Escrow Fund, from Refunding Bond proceeds and other moneys as necessary, an amount which, together with investment proceeds to be received thereon, will be sufficient, without reinvestment, to pay the principal of and interest on such Prior Bonds being refunded as they become due or upon call for redemption.

(b) Proceeds of the sale of Refunding Bonds issued to repurchase Repurchased Bonds shall be deposited and applied in accordance with the instructions for settlement of the tender and repurchase of the Repurchased Bonds.

The remaining proceeds of the Refunding Bonds shall be deposited in a fund which may be established to pay costs of issuance of the Series 2024 Bonds and the costs of refunding the Prior Bonds. Any moneys remaining after payment of costs of issuance and costs of refunding the Prior Bonds being refunded shall be transferred to the Redemption Fund and used to pay interest on the Refunding Bonds.

Section 11. Bond Form. The Series 2024 Bonds shall be in substantially the following form with such revisions, additions and deletions as the Board may deem advisable or necessary to comply with the final terms of the Series 2024 Bonds established upon sale thereof:

BOND NO.

R-

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTIES OF INGHAM AND EATON

CITY OF LANSING
LANSING BOARD OF WATER AND LIGHT

UTILITY SYSTEM REVENUE [AND] [REVENUE REFUNDING BOND, [SERIES]
[FEDERALLY TAXABLE]

Interest Rate	Date of Maturity	Date of Original Issue	CUSIP

Registered Owner: Cede & Co.

Principal Amount:

The City of Lansing, Counties of Ingham and Eaton, State of Michigan (the "City"), acting through the governing body of the Lansing Board of Water and Light (the "Issuer"), acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, only from the Net Revenues of the System as hereinafter provided, the Principal Amount specified above, in lawful money of the United States of America, on the Date of Maturity specified above, [unless prepaid prior thereto as hereinafter provided,] with interest thereon (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on [interest payment date] and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of [transfer agent], or such other transfer agent as the Issuer may hereafter designate by notice mailed to the registered owner of record not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable by check or draft mailed by the Transfer Agent to the person or entity who or which is as of the fifteenth (15th) day of the month prior to each interest payment date, the registered owner of record at the registered address.

For the prompt payment of principal and interest on this bond, the revenues received by the Issuer from the operations of the Issuer's facilities for the supply and distribution of water and the generation and distribution of electricity, steam, chilled water, and heat (the "System") after provision has been made for reasonable and necessary expenses of operation, maintenance and administration of the System (the "Net Revenues"), are irrevocably pledged and a statutory first lien thereon has been created to secure the payment of the principal of and interest on this bond, when due; however, the pledge of Net Revenues and the statutory lien are on a parity with the pledge of Net Revenues and statutory lien in favor of the Utility System Revenue Refunding

Bonds, Series 2013A, the Utility System Revenue Refunding Bonds, Series 2017A, the Utility System Revenue Bonds, Series 2019A, the Utility System Revenue Refunding Bonds, Series 2019B, the Utility System Revenue Bonds, Series 2021A and the Utility System Revenue Bonds, Series 2021B.

This bond is one of a series of bonds of even Date of Original Issue aggregating the principal sum of $[principal amount]. This bond is issued for the purposes of [financing costs of improvements to the System,] / [making a deposit to a bond reserve account,] / [refunding certain outstanding bonds] / [repurchasing certain outstanding bonds of the Issuer tendered for such purpose], and paying the costs of issuing the bonds, pursuant to an Amended and Restated Utility System Revenue Bond Resolution adopted by the Issuer on March 27, 2018, as amended and supplemented from time to time, including by a Third Supplemental Utility System Revenue Bond Resolution adopted by the Issuer on [date of resolution] (collectively, the "Bond Resolution"). This bond is issued under and in full compliance with the Constitution and statutes of the State of Michigan, including specifically Act 94, Public Acts of Michigan, 1933, as amended ("Act 94").

For a complete statement of the revenues from which and the conditions under which this bond is payable, a statement of the conditions under which additional bonds of equal standing as to the Net Revenues may hereafter be issued, and the general covenants and provisions pursuant to which this bond is issued, reference is made to the Bond Resolution. Reference is hereby made to the Bond Resolution and any and all supplements thereto and modifications and amendments thereof, if any, and to Act 94, for a more complete description of the pledges and covenants securing the bonds of this issue, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the bonds of this issue with respect thereto and the terms and conditions upon which the bonds of this issue are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Bond Resolution, the provisions of the Bond Resolution or any resolution or agreement amendatory thereof or supplemental thereto, may be modified or amended by the Issuer, except in specified cases, only with the consent of the registered owners of at least fifty-one percent (51%) of the principal amount of the bonds of the System then outstanding.

Bonds of this issue [maturing in the years [date], inclusive,] shall not be subject to redemption prior to maturity.

[Insert optional and mandatory redemption provisions if applicable]

This bond is transferable only upon the books of the Issuer kept for that purpose at the office of the Transfer Agent by the registered owner hereof in person, or by the registered owner's attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly authorized in writing and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the Bond Resolution, and upon the payment of the charges, if any, therein prescribed. [The Transfer Agent shall not be required (i) to issue, register the transfer of, or exchange any bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of bonds selected for redemption under the Bond Resolution and ending at the close of business on the date of that mailing, or (ii) to register the transfer of or exchange any bond so selected for redemption in whole or in part, except the unredeemed portion of bonds being redeemed in part.]

THIS BOND IS A SELF-LIQUIDATING BOND AND IS NOT A GENERAL OBLIGATION OF THE CITY AND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION, AND IS PAYABLE BOTH AS TO PRINCIPAL AND INTEREST SOLELY FROM THE NET REVENUES OF THE SYSTEM AND CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE BOND RESOLUTION. THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE SECURED BY THE STATUTORY LIEN HEREINBEFORE DESCRIBED.

The Issuer has covenanted and agreed, and covenants and agrees, to fix and maintain at all times while any bonds payable from the Net Revenues of the System shall be outstanding, such rates for service furnished by the System as shall be sufficient to provide for payment of the principal of and interest on the bonds of this issue and any other bonds payable from the Net Revenues as and when the same shall become due and payable, to provide for the payment of expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the same in good repair and working order, and to provide for such other expenditures and funds for the System as are required by the Bond Resolution.

It is hereby certified and recited that all acts, conditions and things required by law to be done precedent to and in the issuance of this bond and the series of bonds of which this is one have been done and performed in regular and due time and form as required by law.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City, acting through the Lansing Board of Water and Light, has caused this bond to be signed in its name with the facsimile signatures of the Chairperson and Corporate Secretary of the Lansing Board of Water and Light, and a facsimile of the City's corporate seal to be printed hereon, all as of the Date of Original Issue.

LANSING BOARD OF WATER AND LIGHT By
[definitive Bond to be signed at delivery]
Chairperson

(City Seal)

Countersigned:

By [definitive Bond to be signed at delivery]

Its: Corporate Secretary

[STANDARD FORMS OF CERTIFICATE OF AUTHENTICATION
AND ASSIGNMENT TO BE INSERTED ON BOND]

Section 12. Municipal Advisor. The Board hereby requests that PFM Financial Advisors, LLC continue to serve the Board as Municipal Advisor for the Series 2024 Bonds.

Section 13. Bond Counsel. The Board hereby requests that Miller, Canfield, Paddock and Stone, P.L.C., Lansing, Michigan, continue to serve the Board as bond counsel for the Series 2024 Bonds. The Board acknowledges that Miller, Canfield, Paddock and Stone, P.L.C. has represented from time to time, and currently represents, various underwriters, financial institutions, and other potential participants in the bond financing process, in matters not related to the issuance and sale of the Series 2024 Bonds.

Section 14. Tax Covenant. Any series of Series 2024 Bonds may be issued on a tax-exempt basis or a taxable basis. The Board hereby covenants that it shall not invest, reinvest or accumulate any moneys deemed to be proceeds of a tax-exempt series of Series 2024 Bonds pursuant to the Internal Revenue Code of 1986, as amended, in such a manner as to cause such tax-exempt Series 2024 Bonds to be "arbitrage bonds" within the meaning of the Internal Revenue Code. The Board hereby covenants that, to the extent permitted by law, it will take all actions within its control and that it shall not fail to take any action as may be necessary to maintain the exclusion of interest on such tax-exempt Series 2024 Bonds from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings, if applicable, and the expenditure and investment of bond proceeds and moneys deemed to be bond proceeds, all as more fully set forth in the non-arbitrage and tax compliance certificate to be delivered by the Board on the date of delivery of such tax-exempt Series 2024 Bonds.

Section 15. Negotiated Sale of Bonds; Appointment of Senior Managing Underwriter. Based on the advice of the Municipal Advisor, it is hereby determined to be in the best interest of the Board to sell the Series 2024 Bonds by negotiated sale in order to enable the Board to select and adjust terms for the Series 2024 Bonds, to enter the market on short notice at a point in time which appears to be most advantageous, and thereby possibly obtain a lower rate of interest on the Series 2024 Bonds, to achieve sale efficiencies so as to reduce the cost of issuance and interest expense.

The Chief Financial Officer is hereby authorized to select one or more managing underwriters and to name additional co-managers and/or to develop a selling group in consultation with the Municipal Advisor. By adoption of this resolution the Board assumes no obligations or liability to the underwriter for any loss or damage that may result to the underwriter from the adoption of this resolution, and all costs and expenses incurred by the underwriter in preparing for sale of the Series 2024 Bonds shall be paid from the proceeds of the Series 2024 Bonds, if issued, except as may be otherwise provided in the Bond Purchase Agreement for Series 2024 Bonds.

Section 16. Bond Ratings and Bond Insurance. The Chief Financial Officer is hereby authorized to apply for bond ratings from such municipal bond rating agencies as deemed appropriate, in consultation with the Municipal Advisor. If the Municipal Advisor recommends that the Board consider purchase of municipal bond insurance, then the Chief Financial Officer is hereby authorized to negotiate with insurers regarding acquisition of municipal bond insurance, and, in consultation with the Municipal Advisor, to select an insurer and determine which bonds, if any, shall be insured, and the Chief Financial Officer is hereby authorized to execute an agreement with the insurer relating to procedures for paying debt service on the insured bonds and notifying the insurer of any need to draw on the insurance and other matters.

Section 17. Official Statement. The Chief Financial Officer is authorized to approve circulation of a Preliminary Official Statement describing the Series 2024 Bonds and, after sale of the Series 2024 Bonds, to prepare, execute and deliver a final Official Statement.

Section 18. Continuing Disclosure. The Chief Financial Officer is hereby authorized to execute and deliver, prior to delivery of the Series 2024 Bonds, a written continuing disclosure undertaking as necessary in order to enable the underwriter or bond purchaser to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The continuing disclosure undertaking shall be in substantially the form which she shall, in consultation with bond counsel, determine to be appropriate.

Section 19. Sale of Series 2024 Bonds. The Chief Financial Officer is authorized, in consultation with the Municipal Advisor, to accept an offer to purchase the Series 2024 Bonds without further resolution of this Board. This authorization includes, but is not limited to, determination of original principal amount of the Series 2024 Bonds; the prices at which the Series 2024 Bonds are sold; the date of the Series 2024 Bonds; the schedule of principal maturities and whether the Series 2024 Bonds shall mature serially or as term bonds; provisions for early redemption, if any, including mandatory redemption of term bonds, if any; the interest rates and payment dates of the Series 2024 Bonds; application of the proceeds of the Series 2024 Bonds, and, if necessary to meet the requirements of the bond underwriters or purchasers, deposit to the Bond Reserve Account from funds on hand or proceeds of the Series 2024 Bonds. Approval of the matters delegated to the Chief Financial Officer under this resolution may be evidenced by her execution of the Bond Purchase Agreement for the Series 2024 Bonds or other offer to purchase the Series 2024 Bonds, or Sale Order, or the Official Statement.

The maximum interest rate on the Series 2024 Bonds shall not exceed 6.0%. The first maturity of principal on the Series 2024 Bonds shall occur no earlier than July 1, 2024. Each series of the Series 2024 Bonds will mature in not to exceed thirty (30) annual installments. The Refunding Bonds shall not be sold unless there shall be net present value savings after payment of costs of issuance of the Series 2024 Bonds and costs of refunding the Prior Bonds being refunded. In making such determinations the Chief Financial Officer is authorized to rely upon data and computer runs provided by the Municipal Advisor.

Section 20. Verification Agent. The Chief Financial Officer is hereby authorized, at her discretion, to select an independent certified public accountant to serve as verification agent to verify that the securities and cash to be deposited to the Escrow Fund will be sufficient to provide, at the times and in the amounts required, sufficient moneys to pay the principal of and interest on the Prior Bonds being refunded as they become due or upon call for redemption.

Section 21. Tender Agent and Solicitation to Tender the Series 2019B Bonds. Upon the recommendation of the Municipal Advisor and with the approval of the Underwriter (hereby selected to serve as Dealer Manager for the Invitation (the "Dealer Manager")), the Chief Financial Officer is hereby authorized to approve the selection of a tender, information and repurchase agent (the "Tender Agent") to issue the Invitation for the tender, repurchase and cancellation of the Repurchased Bonds. The Chief Financial Officer is further authorized, upon the recommendation of the Municipal Advisor, Dealer Manager and the Tender Agent, to take the following actions relating to such tender: (a) approve and deliver any and all notices, solicitations and disclosures (including, but not limited to, one or more Invitations to tender, a tender offer disclosure statement, if necessary, and related informational statements); (b) negotiate, execute and deliver any and all agreements; (c) file any and all documents with State or federal agencies; (d) seek any and all approvals; (e) approve the selection of which portion or all of the Series 2019B Bonds tendered that will be repurchased and cancelled; and (f) take all other actions necessary or appropriate to accomplish the repurchase and cancellation of the Repurchased Bonds.

Section 22. Other Actions. In the event that the Chief Financial Officer is not available at the time that it becomes necessary to take actions directed or authorized under this resolution, then the Director of Accounting, Finance, and Planning or another a person designated by the Chief Financial Officer is authorized to take the actions delegated to the Chief Financial Officer by this resolution. The officers, administrators, agents and attorneys of the Board are authorized and directed to take all other actions necessary and convenient to facilitate issuance, sale and delivery of the Series 2024 Bonds, and to execute and deliver all other agreements, documents and certificates and to take all other actions necessary or convenient in accordance with this resolution, and to pay costs of issuance including but not limited to rating agency fees, bond insurance premiums, transfer agent fees, Escrow Trustee fees, verification agent fees, Municipal Advisor fees, bond counsel fees, costs of printing the preliminary and final official statements, and any other costs necessary to accomplish sale and delivery of the Series 2024 Bonds.

Section 23. Applicability of the Outstanding Bond Resolutions. Except to the extent supplemented or otherwise provided in this resolution, all of the provisions and covenants provided in the Bond Resolution shall apply to the Series 2024 Bonds issued pursuant to provisions of this resolution, such provisions of the Bond Resolution being made applicable to the Series 2024 Bonds.

Section 24. Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Section 25. Severability and Paragraph Headings. If any section, paragraph, clause or provision of this resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this resolution. The paragraph headings in this resolution are furnished for convenience of reference only and shall not be considered to be part of this resolution.

Section 26. Publication and Recordation. In accordance with the provisions of Section 6 of Act 94, this resolution shall be published once in full in the *Lansing State Journal*, a newspaper of general circulation in the City qualified under State law to publish legal notices, promptly after its adoption, and shall be recorded in the minutes of the Board and such recording authenticated by the signatures of the Chairperson and Corporate Secretary of the Board.

Section 27. <u>Effective Date</u>. This resolution is hereby determined to be immediately necessary for the preservation of the public peace, property, health and safety of the City and the users of the System. In accordance with the provisions of Section 6 of Act 94, this resolution shall become effective immediately upon its adoption.

We hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the Board of Commissioners of the Lansing Board of Water and Light at a Regular meeting held on Tuesday, November 14, 2023, at 5:30 p.m., Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

We further certify that the following Commissioners were present at said meeting ____ ______________________________________ and that the following Commissioners were absent ____.

We further certify that Commissioner _____________ moved adoption of said resolution, and that said motion was supported by Commissioner __________________.

We further certify that the following Commissioners voted for adoption of said resolution ____ ____ and that the following Commissioners voted against adoption of said resolution ______________________________________.

We further certify that said resolution has been recorded in the Resolution Book and that such recording has been authenticated by the signature of the Chairperson and Corporate Secretary.

____________________________________	____________________________________
Chairperson	Corporate Secretary

41234592.3/101173.00042

RETIREMENT PLAN COMMITTEE (RPC)

Investment Activity Updates for Finance Committee: 11/7/2023

Investment Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
  - DB &VEBA – International Equity Fund Manager Change
    - Lazard Int'l Equity Fund will be replaced with Marathon EAFE Equity Fund due to an extended period of underperformance
  - VEBA - Portfolio Rebalancing – Real Assets (ongoing)
    - Market value changes have brought the real assets back within the target range however due to the extended time requirements from liquidity constraints associated with rebalancing real assets, RPC will continue forward with the rebalancing until the target value of 15% has been reached.
  - DB – The RPC voted to recommend an asset allocation change to reduce overall portfolio risk. The recommendation to the Board will be to increase the fixed income allocation from 40% to 50% and decrease the equity allocation from 55% to 45%. This recommendation is expected to be brought forward in January as a recommended change to the Investment Policy Statement.

Investment Activity Update

- Defined Contribution 401(a) & Deferred Compensation 457(b) Plans
  - No significant activity.

RETIREMENT PLAN COMMITTEE (RPC)

Administrative Activity Updates for Finance Committee: 11/7/2023

Administrative Activity Update

- Defined Benefit Plan (DB) & Voluntary Employee Benefit Administration Plan (VEBA)
  - DB & VEBA – The RPC approved an engagement for a compliance assessment.
    - The assessment will include a review of plan operational compliance, documentation, and governance.
    - The assessment is expected to be complete by March 2024.
  - DB & VEBA – The process of transitioning custodial services to Northern Trust is expected to substantially begin this month with a planned effective transition date of February 1st.
- Defined Contribution & Deferred Compensation Plans
  - No significant activity.

Glossary

- **DB** Defined Benefit Plan - The plan is a noncontributory single-employer defined benefit pension plan for employees of the BWL. 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 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.

- **VEBA** Voluntary Employee Benefit Administration - The Post-Retirement Benefit Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL.

- **DC 401(a)** Defined Contribution Plan - 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 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.

- **DC 457(b)** Deferred Compensation Plan - The Deferred Compensation Plan covers substantially all full-time employees. The BWL contributes $1,000 on behalf of each participant as of the first pay period of each year. Additionally, the BWL will provide a 100% match for each participant's contributions annually, up to $1,500.

- **ASA** Administrative Services Agreement – The administrative services agreement is an agreement between the BWL and the VEBA trust regarding the payment of VEBA plan benefits. The agreement calls for the BWL to handle the processing of benefit payments and allows for the reimbursement for payment from the VEBA trust if certain conditions are satisfied. These conditions include both funding status and investment performance measures.