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# Livonia Public Schools

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**Financial Report  
with Supplemental Information  
June 30, 2021**

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<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-9
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenue, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Proprietary Funds:	
Statement of Net Position	16
Statement of Revenue, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18
Fiduciary Funds:	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21-40
<b>Required Supplemental Information</b>	41
Budgetary Comparison Schedule - General Fund	42-43
Budgetary Comparison Schedule - Major Special Revenue Fund	44
Schedule of Proportionate Share of the Net Pension Liability	45
Schedule of Pension Contributions	46
Schedule of Proportionate Share of the Net OPEB Liability	47
Schedule of OPEB Contributions	48
Notes to Required Supplemental Information	49
<b>Other Supplemental Information</b>	50
Nonmajor Governmental Funds:	
Combining Balance Sheet	51-52
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	53-54
General Fund:	
Combining Balance Sheet	55
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	56
Schedule of Bonded Indebtedness	57-58
<b>Federal Awards Supplemental Information</b>	Issued Under Separate Cover

## Independent Auditor's Report

To the Board of Education  
Livonia Public Schools

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Livonia Public Schools' basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools as of June 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education  
Livonia Public Schools

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the School District's proportionate share of the net pension and OPEB liabilities and pension and OPEB contributions, and the major fund budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Livonia Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, 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. Such 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 other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of Livonia Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livonia Public Schools' internal control over financial reporting and compliance.

October 14, 2021



This section of Livonia Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### ***Using This Annual Report***

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Livonia Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the Special Education Fund, and the 2021 Bond Series I Fund, with all other funds presented in one column as nonmajor funds. One of the remaining statements, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The other remaining statements related to the School District's Health and Welfare Fund.

### **Management's Discussion and Analysis (MD&A) (Required Supplemental Information)**

#### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

#### **Required Supplemental Information**

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Major Special Revenue Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

#### **Other Supplemental Information**

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

#### ***Reporting the School District's Fund Financial Statements***

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund and Special Education Fund are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

#### **Governmental Funds**

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

#### **Proprietary Funds**

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Health and Welfare Fund, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent employee benefits, such as health insurance benefits and workers' compensation benefits.

#### **Custodial Funds and Trust Funds**

The School District has certain fiduciary responsibility for its custodial funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position and changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.



# Livonia Public Schools

## Management's Discussion and Analysis (Continued)

### The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 160.4	\$ 80.3
Capital assets	263.2	265.6
Total assets	423.6	345.9
<b>Deferred Outflows of Resources</b>	109.6	122.2
<b>Liabilities</b>		
Current liabilities	31.8	25.3
Noncurrent liabilities	271.6	201.7
Net pension liability	381.5	365.5
Net OPEB liability	59.6	78.8
Total liabilities	744.5	671.3
<b>Deferred Inflows of Resources</b>	63.1	61.5
<b>Net Position</b>		
Net investment in capital assets	77.7	73.0
Restricted	4.2	7.3
Unrestricted	(356.3)	(345.0)
Total net position	<u>\$ (274.4)</u>	<u>\$ (264.7)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(274.4) million at June 30, 2021. Net investment in capital assets totaling \$77.7 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(356.3) million) was unrestricted.

The \$(356.3) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. This deficit includes the impact of the Governmental Accounting Standards Board (GASB) requirement to report the School District's portion of the net pension and OPEB liabilities on its statement of net position. Absent the net pension and OPEB liabilities, the unrestricted net position of the School District would be \$(143.1) million. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

## Livonia Public Schools

### Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 2.9	\$ 5.4
Operating grants	71.1	65.3
General revenue:		
Taxes	52.6	48.8
State aid not restricted to specific purposes	90.4	88.5
Other	3.9	2.6
Total revenue	<u>220.9</u>	<u>210.6</u>
<b>Expenses</b>		
Instruction	121.1	118.5
Support services	80.7	73.5
Athletics	2.2	2.3
Food services	3.1	4.1
Community services	2.9	3.4
Debt service	10.0	7.9
Depreciation expense (unallocated)	10.6	10.1
Total expenses	<u>230.6</u>	<u>219.8</u>
<b>Change in Net Position</b>	(9.7)	(9.2)
<b>Net Position - Beginning of year</b>	<u>(264.7)</u>	<u>(255.5)</u>
<b>Net Position - End of year</b>	<u><u>\$ (274.4)</u></u>	<u><u>\$ (264.7)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$230.6 million. Certain activities were partially funded from those who benefited from the programs (\$2.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$71.1 million). We paid for the remaining public benefit portion of our governmental activities with \$52.6 million in taxes, \$90.4 million in state foundation allowance, and \$3.9 million of other revenue (i.e., interest and general entitlements).

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

#### **The School District's Funds**

As we noted earlier, the School District uses several different funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$128.5 million, which is an increase of \$71.9 million from last year. This increase is primarily the result of the district receiving the proceeds from sale of the first series of bonds approved by the voters in May 2021. The proceeds from the bond will go towards completing the necessary work identified in the district's 10-Year Facility Plan.



### Management's Discussion and Analysis (Continued)

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The School District reports that in the General Fund, our principal operating fund, the fund balance decreased from \$33.8 million to \$33.1 million. This was a planned use of the fund balance. The presence of a fund balance allows the School District to better manage the impact of myriad things, such as midyear reductions in funding, declining enrollment, and increased health care costs, all while avoiding drastic changes in educational programs and/or employee layoffs during the school year.

The fund balance of our special revenue funds increased from \$3.7 million last year to \$4.3 million this year. The Special Education Fund, Food Service Fund, and Student Activity Fund are considered special revenue funds. The increase in fund balance in the special revenue funds is primarily a result of receiving more revenue in our Special Education Fund than what we expended in the Special Education Fund.

Combined, the fund balance of our debt service fund decreased \$1.2 million primarily as a result of using cash on hand from the debt service fund in the 2020 Bond Refunding. The school district issued new bonds in the Fall of 2020 in order to refund prior outstanding bonds. A refunding program is a cost saving measure that pays off existing debt by issuing the sale of new bonds at a lower interest rate, in this case saving taxpayers millions of dollars. Debt millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. The debt millage rate for 2020 was 4.1 mills which was the same mills levied in 2019. The fund balance in the debt service fund is reserved and is required to remain in the debt service funds to be used for future debt service payments.

Combined, the fund balance of our capital project funds increased \$74.6 million, from \$12.7 million to \$87.3 million. There was an increase in our 2021 Bond Fund, Capital Projects Fund, and 2021 Sinking Fund offset by a decrease in our old Sinking Fund, 2013 Bond Fund, and Technology Fund. The increase in our 2021 Bond Fund, Capital Projects Fund, and 2021 Sinking Fund were a result of receiving more revenue than we expended this year. The decrease in our old Sinking Fund, 2013 Bond Fund, and Technology Fund is a result of the School District utilizing the funds for the purposes approved by the community. The School District anticipates a decrease in the fund balances in our 2021 Bond Fund, Capital Projects Fund, and 2021 Sinking Fund as we complete the work identified in our 10-Year Facility Plan.

#### **General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

School districts, including Livonia Public Schools, are required to adopt a budget by June 30 every year for the coming school year. This means adopting a budget using projected student counts and estimated staffing needed to meet our students' needs. For this reason, the School District amends the budget as additional information becomes available.

The revenue from state sources adopted in the Original General Fund Budget included a potential \$650 per pupil cut in funding based on revenue estimates shared in a memo published by the Senate Fiscal Agency on May 19, 2020. Later state revenue estimates were adjusted, and the school district ended up receiving a \$65 per pupil increase. The State also changed how the student count was calculated for the 2020-2021 school year. Student count is one of the most important factors affecting the budget. The state foundation allowance revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Historically, the pupil count used for funding is 10 percent of the prior Spring's pupil count and 90 percent of the current Fall's pupil count. For fiscal year 2021, the pupil count for funding was calculated by adding together 75 percent of the fiscal year 2020 membership plus 25 percent of the fiscal year 2021 membership. These factors along with some other changes to state categorical funding resulted in the estimated state revenue going from \$105.7 million in the Original Budget to \$114.8 million in the Final Amended Budget. Actual state revenue for the year came in higher by \$719,213. This is primarily related to one state categorical revenue, Section 147a(2), coming in higher than budgeted.

General Fund expenditures (excluding the Funded Projects Fund) were also amended over the course of the school year. The Final Amended General Fund expenditures were \$0.5 million lower than what was adopted in the Original Budget. There were many adjustments made to a variety of functions. The main reason for the change was a reduction in the estimated staffing costs in the instructional added needs category as those costs were shifted to the Funded Projects Fund. Actual expenditures came in favorably by \$1.8 million compared to the Final Amended Budget. This represents a 1.1 percent variance from the final amended budget, which is in line with sound budgeting practices.

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2021, the School District had \$263.2 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$2.4 million, or 0.9 percent, from last year.

	Governmental Activities	
	2021	2020
Land	\$ 6,220,906	\$ 6,487,078
Construction in progress	1,725,739	13,128,562
Buildings and improvements	238,639,657	230,119,881
Furniture and equipment	9,904,641	10,494,551
Buses and other vehicles	6,741,113	5,352,195
Total capital assets - Net of accumulated depreciation	<b>\$ 263,232,056</b>	<b>\$ 265,582,267</b>

This year's overall additions of \$8.7 million include building additions (replacement boilers, replacement roofs, and technology infrastructure), site improvements (paving projects at multiple buildings and athletic field renovations at the three high schools), replacement equipment (most notably a new bus wash system), and replacement vehicles (three new F-250 trucks and 22 new buses) offset by accumulated depreciation. We present more detailed information about our capital assets in the notes to the financial statements.

**Debt**

At the end of this year, the School District had \$245.5 million in bonds outstanding versus \$182.7 million in the previous year - a change of 34.3 percent. Those bonds consisted of the following:

	2021	2020
General obligation bonds	\$ 245,490,000	\$ 182,730,000

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$245.5 million is significantly below the statutorily imposed limit.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.



***Economic Factors and Next Year's Budgets and Rates***

Our elected School Board officials and administration considered many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. For fiscal year 2022, the blended pupil count for funding will be 90 percent of the October 2021 membership and 10 percent of the February 2021 membership. The 2020-2021 budget was adopted in June 2021 based on an estimate of students enrolled in September 2021. We budgeted for our student count to stay consistent with last year's count as we are hopeful that the typical decline we see each year will be offset by a return of some students that made other educational choices for last year as a result of the COVID-19 pandemic. The School District will amend the budget during the year to reflect actual student enrollment. The School District will also amend projected revenue and expenditures as more information becomes available.

The School district is fortunate to have voter support of two revenue sources outside the General Fund to help complete the work outlined in our 10-Year Facility Plan and 10-Year Technology Plan. These revenue sources are the 2021 Bond (approved by voters in 2021) and our Sinking Fund (a ten-year tax levy approved by voters in 2019). These revenue sources alleviate some of the pressure on the General Fund so more General Fund dollars can go towards instructional and social/emotional supports for our students.

***Contacting the School District's Management***

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the finance office.

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# Livonia Public Schools

## Statement of Net Position

	<b>June 30, 2021</b>
	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments (Note 4)	\$ 46,281,841
Receivables:	
Property taxes receivable	15,332
Other receivables	55,116
Due from other governments	24,407,542
Inventory	183,268
Prepaid expenses and other assets	1,847,344
Restricted assets - Cash and cash equivalents (Note 4)	87,532,903
Capital assets - Net (Note 6)	<u>263,232,056</u>
Total assets	423,555,402
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 8)	2,768,711
Deferred pension costs (Note 9)	79,440,761
Deferred OPEB costs (Note 9)	<u>27,352,971</u>
Total deferred outflows of resources	109,562,443
<b>Liabilities</b>	
Accounts payable	2,230,361
Due to other governmental units	6,936,903
Accrued liabilities and other	18,805,467
Unearned revenue (Note 5)	3,813,671
Noncurrent liabilities:	
Due within one year: (Note 8)	
Compensated absences	531,182
Current portion of bonds and contracts payable	15,696,255
Due in more than one year (Note 8)	255,332,080
Net pension liability (Note 9)	381,486,236
Net OPEB liability (Note 9)	<u>59,646,548</u>
Total liabilities	744,478,703
<b>Deferred Inflows of Resources</b>	
Deferred benefit on bond refunding (Note 8)	1,387,686
Revenue in support of pension contributions made subsequent to the measurement date (Note 9)	14,383,190
Deferred pension cost reductions (Note 9)	2,172,994
Deferred OPEB cost reductions (Note 9)	<u>45,118,755</u>
Total deferred inflows of resources	<u>63,062,625</u>
<b>Net Position</b>	
Net investment in capital assets	77,720,135
Restricted:	
Debt service	2,533,500
Capital projects	1,669,480
Unrestricted	<u>(356,346,598)</u>
Total net position	<u><u>\$ (274,423,483)</u></u>



**Livonia Public Schools**

**Statement of Activities**

**Year Ended June 30, 2021**

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
Instruction	\$ 121,118,950	\$ 30,726	\$ 40,517,777	\$ (80,570,447)
Support services	80,721,343	-	28,503,106	(52,218,237)
Athletics	2,211,244	661,643	-	(1,549,601)
Food services	3,101,336	316,291	2,119,178	(665,867)
Community services	2,903,342	1,875,807	-	(1,027,535)
Interest	4,312,541	-	-	(4,312,541)
Other debt costs	5,692,234	-	-	(5,692,234)
Depreciation expense (unallocated) (Note 6)	10,563,687	-	-	(10,563,687)
<b>Total primary government</b>	<b>\$ 230,624,677</b>	<b>\$ 2,884,467</b>	<b>\$ 71,140,061</b>	<b>(156,600,149)</b>
General revenue:				
Taxes:				
Property taxes levied for general purposes				25,639,175
Property taxes levied for debt service				19,450,813
Property taxes levied for capital projects				7,538,113
State aid not restricted to specific purposes				90,426,428
Interest and investment earnings				32,722
Penalties, interest, and other taxes				19,891
Gain on sale of capital assets				2,286,223
Other:				
Student activities				1,052,185
Other				419,250
<b>Total general revenue</b>				<b>146,864,800</b>
<b>Change in Net Position</b>				<b>(9,735,349)</b>
<b>Net Position - Beginning of year</b>				<b>(264,688,134)</b>
<b>Net Position - End of year</b>				<b><u>\$(274,423,483)</u></b>

# Livonia Public Schools

## Governmental Funds Balance Sheet

June 30, 2021

	General Fund	Special Education Fund	2021 Bond Series I Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents (Note 4)	\$ 46,216,198	\$ -	\$ -	\$ 65,643	\$ 46,281,841
Receivables:					
Property taxes receivable	15,332	-	-	-	15,332
Other receivables	46,640	-	-	8,476	55,116
Due from other governments	24,375,969	-	-	31,573	24,407,542
Due from other funds (Note 7)	207,739	7,049,190	-	5,979,593	13,236,522
Inventory	143,438	-	-	39,830	183,268
Prepaid expenses and other assets	1,749,986	-	-	-	1,749,986
Restricted assets (Note 4)	-	-	77,997,355	9,535,548	87,532,903
<b>Total assets</b>	<b>\$ 72,755,302</b>	<b>\$ 7,049,190</b>	<b>\$ 77,997,355</b>	<b>\$ 15,660,663</b>	<b>\$ 173,462,510</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,429,046	\$ 21,102	\$ 245,589	\$ 532,479	\$ 2,228,216
Due to other governmental units	3,923,734	3,011,367	-	1,802	6,936,903
Due to other funds (Note 7)	14,323,731	-	204,277	3,462	14,531,470
Accrued liabilities and other	16,165,830	1,218,367	-	21,244	17,405,441
Unearned revenue (Note 5)	3,813,671	-	-	-	3,813,671
<b>Total liabilities</b>	<b>39,656,012</b>	<b>4,250,836</b>	<b>449,866</b>	<b>558,987</b>	<b>44,915,701</b>
<b>Fund Balances</b>					
Nonspendable - Inventory and prepaid expense	1,893,424	-	-	39,830	1,933,254
Restricted:					
Debt service	-	-	-	3,794,623	3,794,623
Capital projects	-	-	77,547,489	6,132,811	83,680,300
Committed - Student activities	-	-	-	1,479,722	1,479,722
Assigned:					
Subsequent year's budget	6,739,430	-	-	-	6,739,430
Capital projects	-	-	-	3,654,690	3,654,690
Center programs	-	2,798,354	-	-	2,798,354
Unassigned	24,466,436	-	-	-	24,466,436
<b>Total fund balances</b>	<b>33,099,290</b>	<b>2,798,354</b>	<b>77,547,489</b>	<b>15,101,676</b>	<b>128,546,809</b>
<b>Total liabilities and fund balances</b>	<b>\$ 72,755,302</b>	<b>\$ 7,049,190</b>	<b>\$ 77,997,355</b>	<b>\$ 15,660,663</b>	<b>\$ 173,462,510</b>

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2021**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 128,546,809</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	434,593,021
Accumulated depreciation	<u>(171,360,965)</u>
Net capital assets used in governmental activities	263,232,056
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,381,025
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(268,903,766)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,261,123)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(2,655,751)
Net pension liability and related deferred inflows and outflows	(304,218,469)
Net OPEB liability and related deferred inflows and outflows	(77,412,332)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(14,383,190)
Internal service funds are included as part of governmental activities	<u>1,251,258</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (274,423,483)</u></u></b>

**Livonia Public Schools**

**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**

**Year Ended June 30, 2021**

	General Fund	Special Education Fund	2021 Bond Series I Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Local sources	\$ 28,540,177	\$ 155,534	\$ -	\$ 28,391,877	\$ 57,087,588
State sources	122,492,463	6,527,790	-	1,544,017	130,564,270
Federal sources	10,687,783	-	-	2,066,893	12,754,676
Interdistrict sources	9,704,353	10,820,928	-	-	20,525,281
Total revenue	171,424,776	17,504,252	-	32,002,787	220,931,815
<b>Expenditures</b>					
Current:					
Instruction	104,455,668	8,963,490	-	-	113,419,158
Support services	61,589,000	5,482,019	643,931	1,156,440	68,871,390
Athletics	2,125,630	-	-	-	2,125,630
Food services	-	-	-	2,982,623	2,982,623
Community services	2,710,746	-	-	-	2,710,746
Debt service:					
Principal	-	-	-	10,680,000	10,680,000
Interest	-	-	-	5,921,689	5,921,689
Other debt costs	-	-	-	5,692,234	5,692,234
Capital outlay	3,317,628	210,904	-	13,109,421	16,637,953
Total expenditures	174,198,672	14,656,413	643,931	39,542,407	229,041,423
<b>Excess of Revenue (Under) Over Expenditures</b>	(2,773,896)	2,847,839	(643,931)	(7,539,620)	(8,109,608)
<b>Other Financing Sources (Uses)</b>					
Face value of debt issued (Note 8)	-	-	65,925,000	90,770,000	156,695,000
Proceeds from sale of capital assets	-	-	-	2,742,751	2,742,751
Premium on debt issued	-	-	12,266,420	-	12,266,420
Payment to bond refunding escrow agent	-	-	-	(90,192,231)	(90,192,231)
Transfers in (Note 7)	2,145,000	-	-	22,999	2,167,999
Transfers out (Note 7)	(22,999)	(2,145,000)	-	-	(2,167,999)
Total other financing sources (uses)	2,122,001	(2,145,000)	78,191,420	3,343,519	81,511,940
<b>Net Change in Fund Balances</b>	(651,895)	702,839	77,547,489	(4,196,101)	73,402,332
<b>Fund Balances - Beginning of year</b>	33,751,185	2,095,515	-	19,297,777	55,144,477
<b>Fund Balances - End of year</b>	<u>\$ 33,099,290</u>	<u>\$ 2,798,354</u>	<u>\$ 77,547,489</u>	<u>\$ 15,101,676</u>	<u>\$ 128,546,809</u>



## Livonia Public Schools

### Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2021

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 73,402,332</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	8,670,004
Depreciation expense	(10,563,687)
Net book value of assets disposed of	<u>(456,528)</u>
Total	(2,350,211)
Revenue in support of pension contributions made subsequent to the measurement date	(2,328,710)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(168,961,420)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	102,358,711
Interest expense is recognized in the government-wide statements as it accrues	122,668
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(11,873,854)
The internal service fund (Health and Welfare Fund) is included as part of governmental activities	<u>(104,865)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (9,735,349)</u></u></b>

**Livonia Public Schools**

**Proprietary Funds  
Statement of Net Position**

**June 30, 2021**

Internal Service  
Fund - Health  
and Welfare  
Fund

**Assets**

Current assets:

Due from other funds (Note 7)

\$ 1,292,803

Prepaid expenses and other assets

97,358

Total current assets

1,390,161

**Liabilities** - Claims payable (Note 10)

138,903

**Net Position** - Unrestricted

\$ 1,251,258

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**Livonia Public Schools****Proprietary Funds  
Statement of Revenue, Expenses, and Changes in Net Position****Year Ended June 30, 2021**

	<u>Internal Service Fund - Health and Welfare Fund</u>
<b>Operating Revenue</b>	
Employee contributions	\$ 1,927,779
Employee contributions - Purchased insurance	405,498
Charges for services	<u>18,096,501</u>
Total operating revenue	20,429,778
<b>Operating Expenses</b>	
Cost (Recovery) of insurance claims (Note 10)	(140,901)
Other operating and maintenance costs	292,349
Billing & administrative costs	<u>20,383,195</u>
Total operating expenses	<u>20,534,643</u>
<b>Change in Net Position</b>	(104,865)
<b>Net Position - Beginning of year</b>	<u>1,356,123</u>
<b>Net Position - End of year</b>	<u><u>\$ 1,251,258</u></u>

**Proprietary Funds  
Statement of Cash Flows**

**Year Ended June 30, 2021**

	Internal Service Fund - Health and Welfare Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from interfund services and reimbursements	\$ 21,138,909
Claims, premium, and administrative fees paid	(21,138,909)
<b>Net Change in Cash</b>	-
<b>Cash - Beginning of year</b>	-
<b>Cash - End of year</b>	\$ -
<b>Reconciliation of Change in Net Position to Net Cash from Operating Activities</b>	
Change in net position	\$ (104,865)
Adjustments to reconcile change in net position to net cash from operating activities -	
Changes in assets and liabilities:	
Due from other funds	709,131
Deposits	(97,358)
Accounts payable	(293,405)
Claims payable	(213,503)
Net cash provided by operating activities	\$ -

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**Fiduciary Funds  
Statement of Fiduciary Net Position**

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		<b>June 30, 2021</b>
		<u>Scholarship</u>
<b>Assets</b>		
Cash and investments		\$ 35,088
Due from other funds		<u>2,145</u>
Total assets		37,233
<b>Net Position - Restricted for endowments</b>		<b><u>\$ 37,233</u></b>

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**Livonia Public Schools**

**Fiduciary Funds  
Statement of Changes in Fiduciary Net Position**

**Year Ended June 30, 2021**

	<u>Scholarship</u>
<b>Additions - Local sources</b>	\$ 16,378
<b>Deductions - Scholarships awarded</b>	<u>6,001</u>
<b>Change in Net Position</b>	10,377
<b>Net Position - Beginning of year</b>	<u>26,856</u>
<b>Net Position - End of year</b>	<u><u>\$ 37,233</u></u>

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**June 30, 2021****Note 1 - Nature of Business**

Livonia Public Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

**Note 2 - Significant Accounting Policies*****Accounting and Reporting Principles***

The School District 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 (GASB). The following is a summary of the significant accounting policies used by the School District:

***Reporting Entity***

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.



**Note 2 - Significant Accounting Policies (Continued)**

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Proprietary fund and fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The only proprietary fund maintained is an internal service fund, which is used to account for the financing of risk management services provided to other funds on a cost-reimbursement basis. The internal service fund maintained by the School District is the Health and Welfare Fund, which includes transactions related to the School District's risk management programs for health care, workers' compensation, and disability claims. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

***Fund Accounting***

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Special Education Fund is a special revenue fund used to account for the proceeds of revenue sources that are restricted for special education center program expenditures. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The 2021 Bond Series I Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring equipment and technology and for remodeling and equipping school facilities. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds are the Food Service and the Student Activity funds. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from federal and state sources. Revenue sources for the Student Activity Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.

**Note 2 - Significant Accounting Policies (Continued)**

- Capital project funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- The Sinking Fund is used to record the Sinking Fund property tax levy and other revenue and the disbursement of invoices specifically designated for acquiring new school sites and construction or repair of school buildings and sites.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.
- The Capital Projects Fund is used to account for the proceeds derived from the sale of real estate. These proceeds will be held in a special capital project fund identified separately from any other capital project funds, which shall be used for purchasing other real estate for the School District and/or for renovating, replacing, or developing real estate, facilities, or capital equipment, as authorized by the Board of Education.

**Proprietary Fund**

The School District's internal service fund is used to account for the financing of risk management services provided to other funds on a cost-reimbursement basis. The internal service fund maintained by the School District is the Health and Welfare Fund, which includes transactions related to the School District's risk management programs for health care, workers' compensation, and disability claims.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District maintains a private purpose trust fund to account for resources legally held in trust, including contributions received by the School District to be awarded in the form of scholarships.

**Interfund Activity**

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. The Other Supplemental Information - Combining Balance Sheet presenting the General Fund and Funded Projects Fund combined includes \$2,057,297 of interfund balances due from the General Fund to the Funded Projects Fund which is eliminated within the combined General Fund presented on the Governmental Funds - Balance Sheet. Eliminated transfers from the Funded Projects Fund to the General Fund were \$129,302 for the year end June 30, 2021.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.



**Note 2 - Significant Accounting Policies (Continued)**

***Specific Balances and Transactions***

**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. The investments in commercial paper, U.S. Treasury bonds, and federal agency bonds are valued at amortized cost. Investment income is recorded in the fund for which the investment account was established.

**Inventories and Prepaid Items**

Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

**Restricted Assets**

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the capital projects funds required to be set aside for construction
- Unspent property taxes levied in the debt service funds and Sinking Fund are required to be set aside for future bond principal and interest payments, school building construction or repair, and capital projects

**Capital Assets**

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and building additions	20 - 50
Furniture and equipment	5 - 10
Buses and other vehicles	5 - 10

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

**Note 2 - Significant Accounting Policies (Continued)**

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred bond charges on refunding and deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows of resources in the statement of net position related to deferred bond benefits on refunding, revenue in support of pension contributions made subsequent to the measurement date, and deferred pension and OPEB plan cost reductions.

**Net Position**

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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



**Note 2 - Significant Accounting Policies (Continued)**

**Fund Balance Policies**

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

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

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

Nonspendable fund balance amounts are not in spendable form or are legally or contractually required to be maintained intact.

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Grants and Contributions**

The School District receives federal, state, and local grants, as well as contributions. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Pension and Other Postemployment Benefit (OPEB) Plans**

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from the MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.



**June 30, 2021****Note 2 - Significant Accounting Policies (Continued)****Employee-related Liabilities**

The employment-related liabilities reported in the government-wide statements consist of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability for compensated absence has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

The liability for employment-related obligations also includes severance pay reported in the government-wide statements, which is calculated based on years of service multiplied by \$200 per year once employees reach 10 years of service and are eligible for retirement.

**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 period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncements**

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement that were originally effective for the School District's financial statements for the year ending June 30, 2021 were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including October 14, 2021, which is the date the financial statements were available to be issued.

**Note 3 - Stewardship, Compliance, and Accountability****Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, special revenue funds, debt retirement funds, capital project funds, and the Internal Service Fund, except that capital outlay expenditures are budgeted in other expenditure categories. All annual appropriations lapse at fiscal year end.

The General Fund budget is presented consistent with the original and amended budgets adopted. The budget for funded projects was adopted separately, and a separate budget for these activities has been presented accordingly.

**Note 3 - Stewardship, Compliance, and Accountability (Continued)**

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District amended budgeted amounts during the year to reflect the most up-to-date information available relative to student counts and government funding received, along with the related budgetary cuts to align with updated funding amounts.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services are rendered.

***Excess of Expenditures Over Appropriations in Budgeted Funds***

During the year, the School District incurred expenditures in the funded project fund which were in excess of the amounts budgeted as follows:

	Budget	Actual
General Fund - Funded Projects - Instruction	\$ 9,706,487	\$ 10,774,277

The excess expenditures in the instructional function are offset by the unexpended budget in the support services function. The expenditures in total have not exceeded the overall budget.

**Note 4 - Deposits and Investments**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated three banks for the deposit of its funds.

At year end, the School District had approximately \$79 million in investment pools in the Michigan Liquid Asset Fund, which is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals, except that there is a one-day minimum investment period for approximately \$78 million of investments. Additionally, approximately \$1 million of investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount redeemed.



**Note 4 - Deposits and Investments (Continued)**

The School District'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 School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had \$47,131,559 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level 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 School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2021, there were no investment securities that were uninsured and unregistered.

***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 School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Carrying Value	Rating	Rating Organization
Federal Money Market Fund	\$ 8,484,340	Aaa-mf	Moody's
Michigan Liquid Asset Fund - MAX Class*	1,051,207	AAAm	S & P
Michigan Liquid Asset Fund - Cash Management*	<u>77,997,376</u>	AAAm	S & P
Total	<u>\$ 87,532,923</u>		

\*Investment fair value reported at amortized cost

***Concentration of Credit Risk***

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**June 30, 2021**

**Note 4 - Deposits and Investments (Continued)**

**Foreign Currency Risk**

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

**Note 5 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. There was no unavailable revenue at June 30, 2021. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2021, the various components of unearned revenue were as follows:

	Governmental Funds Liability - Unearned
Grant and categorical aid payment received prior to meeting all eligibility requirements	\$ 3,668,938
Program fees and tuition	123,133
Other	21,600
Total	<u>\$ 3,813,671</u>

**Note 6 - Capital Assets**

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 6,487,078	\$ -	\$ -	\$ (266,172)	\$ 6,220,906
Construction in progress	13,128,562	(12,738,882)	1,336,059	-	1,725,739
Subtotal	19,615,640	(12,738,882)	1,336,059	(266,172)	7,946,645
Capital assets being depreciated:					
Buildings and improvements	371,250,072	12,738,882	4,790,277	-	388,779,231
Furniture and equipment	27,782,364	-	271,096	-	28,053,460
Buses and other vehicles	8,492,891	-	2,272,572	(951,778)	9,813,685
Subtotal	407,525,327	12,738,882	7,333,945	(951,778)	426,646,376
Accumulated depreciation:					
Buildings and improvements	141,130,191	-	9,009,383	-	150,139,574
Furniture and equipment	17,287,813	-	861,006	-	18,148,819
Buses and other vehicles	3,140,696	-	693,298	(761,422)	3,072,572
Subtotal	161,558,700	-	10,563,687	(761,422)	171,360,965
Net capital assets being depreciated	<u>245,966,627</u>	<u>12,738,882</u>	<u>(3,229,742)</u>	<u>(190,356)</u>	<u>255,285,411</u>
Net governmental activities capital assets	<u>\$ 265,582,267</u>	<u>\$ -</u>	<u>\$ (1,893,683)</u>	<u>\$ (456,528)</u>	<u>\$ 263,232,056</u>

**Note 6 - Capital Assets (Continued)**

Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities and allocation is impractical.

**Construction Commitments**

The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sinking Fund	\$ 1,110,234	\$ 5,893,115
Bond Information Technology Projects	1,948,589	1,053,764
<b>Total</b>	<b>\$ 3,058,823</b>	<b>\$ 6,946,879</b>

**Note 7 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	2021 Bond Series I Fund	Nonmajor Funds	
General Fund	\$ -	\$ 204,277	\$ 3,462	\$ 207,739
Special Education Fund	7,049,190	-	-	7,049,190
Nonmajor funds	5,979,593	-	-	5,979,593
Private Purpose Trust Fund	2,145	-	-	2,145
Internal service - Health and Welfare Fund	1,292,803	-	-	1,292,803
<b>Total</b>	<b>\$ 14,323,731</b>	<b>\$ 204,277</b>	<b>\$ 3,462</b>	<b>\$ 14,531,470</b>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 22,999
Special Education Fund	General Fund	2,145,000
	<b>Total</b>	<b>\$ 2,167,999</b>

Transfers from the Special Education Fund and Food Service Fund to the General Fund help offset the indirect costs of running those programs incurred in the General Fund. Transfers from the General Fund to the nonmajor governmental fund include amounts to subsidize the Food Service Fund.



**June 30, 2021**

**Note 8 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligations	\$ 182,730,000	\$ 156,695,000	\$ (93,935,000)	\$ 245,490,000	\$ 14,030,000
Unamortized bond premiums	16,129,449	12,266,420	(4,982,103)	23,413,766	1,666,255
Total bonds payable	198,859,449	168,961,420	(98,917,103)	268,903,766	15,696,255
Compensated absences	2,852,009	-	(196,258)	2,655,751	531,182
Total governmental activities long-term debt	<u>\$ 201,711,458</u>	<u>\$ 168,961,420</u>	<u>\$ (99,113,361)</u>	<u>\$ 271,559,517</u>	<u>\$ 16,227,437</u>

The School District had deferred outflows of \$2,768,711 related to deferred charges on bond refundings at June 30, 2021.

The School District had deferred inflows of \$1,387,686 related to deferred benefit on bond refundings at June 30, 2021.

**General Obligation Bonds and Contracts**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2021 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing May 1	Outstanding
\$65,025,000 qualified refunding bonds	\$4,125,000 - \$7,810,000	4.00 - 5.00%	2024	\$ 16,120,000
\$103,330,000 qualified school building and site bonds	\$900,000 - \$1,325,000	4.00 - 5.00%	2024	3,400,000
\$76,180,000 qualified school building and site bonds	\$1,450,000 - \$4,175,000	5.00%	2045	70,275,000
\$90,770,000 unqualified refunding bonds	\$1,245,000 - \$6,920,000	0.31 - 3.02%	2043	89,770,000
\$65,925,000 qualified school building and site bonds	\$2,400,000 - \$4,795,000	3.00 - 5.00%	2041	65,925,000
Total governmental activities				<u>\$ 245,490,000</u>

**Note 8 - Long-term Debt (Continued)**

***Debt Service Requirements to Maturity***

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities		
	Other Debt		Total
	Principal	Interest	
2022	\$ 14,030,000	\$ 8,605,344	\$ 49,391,639
2023	13,250,000	8,397,994	47,416,938
2024	11,080,000	7,791,172	41,863,292
2025	11,420,000	7,331,872	37,242,721
2026	9,220,000	7,070,849	32,285,113
2027-2031	49,805,000	30,529,752	160,669,504
Thereafter	136,685,000	35,405,564	344,181,128
<b>Total</b>	<b>\$ 245,490,000</b>	<b>\$ 105,132,547</b>	<b>\$ 713,050,335</b>

***Advance Bond Refunding***

During the year, the School District issued \$90,770,000 million in general obligation bonds with an interest rate ranging from 0.31 to 3.02 percent. The proceeds of these bonds were used to advance refund \$83,255,000 million of outstanding bonds with an interest rate ranging from 4 to 5 percent. The net proceeds of \$90,192,231 million (after payment of \$577,769 in underwriting fees, insurance, and other issuance costs) plus an additional \$5,111,401 million of Debt Service Fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. Principal payments from the escrowed funds of \$79,075,000 and \$4,180,000 are scheduled in fiscal years 2023 and 2025, respectively, on the defeased debt. The advance refunding reduced total debt service payments over the next 22 years by \$19,704,164, which represents an economic gain of \$14,866,736.

**Note 9 - Michigan Public School Employees' Retirement System**

***Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

***Benefits Provided***

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.



**Note 9 - Michigan Public School Employees' Retirement System (Continued)**

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

**Contributions**

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.



**Note 9 - Michigan Public School Employees' Retirement System (Continued)**

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$33,270,574, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$14,383,190 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$8,212,872, which include the School District's contributions required for those members with a defined contribution benefit.

***Net Pension Liability***

At June 30, 2021, the School District reported a liability of \$381,486,236 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 1.11 and 1.10 percent, respectively, representing a change of 0.61 percent.

***Net OPEB Liability***

At June 30, 2021, the School District reported a liability of \$59,646,548 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 1.11 and 1.10 percent, respectively, representing a change of 1.48 percent.

June 30, 2021

**Note 9 - Michigan Public School Employees' Retirement System (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For 2021, the School District recognized pension expense of \$54,400,574, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School District 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
Difference between expected and actual experience	\$ 5,828,797	\$ (814,226)
Changes in assumptions	42,272,353	-
Net difference between projected and actual earnings on pension plan investments	1,602,835	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,552,377	(1,358,768)
The School District's contributions to the plan subsequent to the measurement date	28,184,399	-
Total	<u>\$ 79,440,761</u>	<u>\$ (2,172,994)</u>

The \$14,383,190 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2022. 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	Amount
2022	\$ 22,144,509
2023	15,700,434
2024	8,475,879
2025	2,762,546
Total	<u>\$ 49,083,368</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2021, the School District recognized OPEB recovery of \$1,556,356.

**June 30, 2021**

**Note 9 - Michigan Public School Employees' Retirement System (Continued)**

At June 30, 2021, the School District 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
Difference between expected and actual experience	\$ -	\$ (44,442,254)
Changes in assumptions	19,666,652	-
Net difference between projected and actual earnings on OPEB plan investments	497,817	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,294,321	(676,501)
Employer contributions to the plan subsequent to the measurement date	5,894,181	-
<b>Total</b>	<b>\$ 27,352,971</b>	<b>\$ (45,118,755)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2022	\$ (6,499,979)
2023	(5,806,197)
2024	(4,739,936)
2025	(3,736,371)
2026	(2,877,482)
<b>Total</b>	<b>\$ (23,659,965)</b>

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 7.05%	6.00% - 7.05%
Investment rate of return - OPEB	7.50%	7.15%
Salary increases	3.50% - 12.30%	2.75% - 11.55%
Health care cost trend rate - OPEB	7.0% (Year 1 graded to 3.5% year 15)	Year 1 graded to 3.0% year 120
Mortality basis		RP2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.



**Note 9 - Michigan Public School Employees' Retirement System (Continued)**

Significant assumption changes since the prior measurement date, September 30, 2019, for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points and the actual per person health benefit costs were lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were 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 pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and 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 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.1 percent.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 493,769,218	\$ 381,486,236	\$ 288,428,670

**Note 9 - Michigan Public School Employees' Retirement System (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 76,622,770	\$ 59,646,548	\$ 45,353,992

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability of the School District	\$ 44,806,757	\$ 59,646,548	\$ 76,524,980

***Pension Plan and OPEB Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2021, the School District reported a payable of \$5,889,674 and \$839,741 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The School District has purchased commercial insurance for health claims. The School District also participates in the Metropolitan Association for Improved School Legislation (M.A.I.S.L.) risk pool for claims relating to property loss, torts, and errors and omissions; the School District is self-insured for workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.



**June 30, 2021**

**Note 10 - Risk Management (Continued)**

The School District estimates the liability for workers' compensation 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 two fiscal years were as follows:

	<u>2021</u>	<u>2020</u>
Estimated liability - Beginning of year	\$ 352,406	\$ 440,426
Estimated claims recovered, including changes in estimates	(140,901)	270,314
Claim payments	<u>(72,602)</u>	<u>(358,334)</u>
Estimated liability - End of year	<u>\$ 138,903</u>	<u>\$ 352,406</u>

**Note 11 - Tax Abatements**

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), brownfield redevelopment agreements, and personal property tax relief exemptions (PA 328 of 1998) granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; and personal property tax relief agreements are intended to promote business investment in distressed communities.

For the fiscal year ended June 30, 2021, the School District's property tax revenue was reduced by approximately \$2,050,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$1,596,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages. There are no abatements made by the School District.



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Required Supplemental Information

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**Livonia Public Schools**

**Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund**

**Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
Local sources	\$ 29,555,269	\$ 28,511,841	\$ 28,411,973	\$ (99,868)
State sources	105,721,059	114,774,933	115,494,146	719,213
Federal sources	1,037,107	33,596	34,964	1,368
Interdistrict sources	10,906,976	9,536,397	9,704,353	167,956
Total revenue	147,220,411	152,856,767	153,645,436	788,669
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	77,903,351	78,540,482	78,521,263	(19,219)
Added needs	18,771,246	16,081,395	15,558,996	(522,399)
Support services:				
Pupil	8,674,224	8,755,048	8,670,245	(84,803)
Instructional staff	6,966,076	7,246,801	7,245,500	(1,301)
General administration	873,396	835,066	835,064	(2)
School administration	9,897,964	10,088,346	10,059,866	(28,480)
Business	2,056,028	2,120,858	2,030,903	(89,955)
Operations and maintenance	16,221,320	16,376,030	16,319,766	(56,264)
Pupil transportation services	8,842,875	8,702,760	8,153,913	(548,847)
Central	3,794,937	4,940,290	4,498,252	(442,038)
Athletics	2,110,229	2,162,388	2,157,976	(4,412)
Community services	2,829,327	2,500,875	2,496,890	(3,985)
Total expenditures	158,940,973	158,350,339	156,548,634	(1,801,705)
<b>Excess of Expenditures Over Revenue</b>	(11,720,562)	(5,493,572)	(2,903,198)	2,590,374
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	2,562,000	-	-	-
Transfers in	2,290,229	2,317,444	2,274,302	(43,142)
Transfers out	(20,000)	(100,000)	(22,999)	77,001
Total other financing sources	4,832,229	2,217,444	2,251,303	33,859
<b>Net Change in Fund Balance</b>	(6,888,333)	(3,276,128)	(651,895)	2,624,233
<b>Fund Balance - Beginning of year</b>	33,751,185	33,751,185	33,751,185	-
<b>Fund Balance - End of year</b>	<u>\$ 26,862,852</u>	<u>\$ 30,475,057</u>	<u>\$ 33,099,290</u>	<u>\$ 2,624,233</u>

**Livonia Public Schools**

Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund - Funded Projects

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
Local sources	\$ 52,935	\$ 252,409	\$ 128,204	\$ (124,205)
State sources	2,108,348	8,403,889	6,998,317	(1,405,572)
Federal sources	6,640,870	13,460,361	10,652,819	(2,807,542)
Total revenue	8,802,153	22,116,659	17,779,340	(4,337,319)
<b>Expenditures</b>				
Current:				
Instruction	6,460,437	9,706,487	10,774,277	1,067,790
Support services	4,510,253	12,021,503	6,643,712	(5,377,791)
Community services	181,389	257,666	232,049	(25,617)
Total expenditures	11,152,079	21,985,656	17,650,038	(4,335,618)
<b>Excess of Revenue Over (Under) Expenditures</b>	(2,349,926)	131,003	129,302	(1,701)
<b>Other Financing Sources (Uses)</b>				
Transfers in	25,215	-	-	-
Transfers out	(177,104)	(131,003)	(129,302)	1,701
Total other financing uses	(151,889)	(131,003)	(129,302)	1,701
<b>Net Change in Fund Balance</b>	(2,501,815)	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<b>\$ (2,501,815)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**Livonia Public Schools**

Required Supplemental Information  
Budgetary Comparison Schedule  
Major Special Revenue Fund  
Special Education Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ -	\$ 409,591	\$ 155,534	\$ (254,057)
State sources	5,185,751	6,933,012	6,527,790	(405,222)
Interdistrict sources	10,230,494	9,806,652	10,820,928	1,014,276
Total revenue	15,416,245	17,149,255	17,504,252	354,997
<b>Expenditures</b>				
Current:				
Instruction	9,605,156	10,523,220	9,174,394	(1,348,826)
Support services	4,502,298	5,921,550	5,482,019	(439,531)
Total expenditures	14,107,454	16,444,770	14,656,413	(1,788,357)
<b>Excess of Revenue Over Expenditures</b>	1,308,791	704,485	2,847,839	2,143,354
<b>Other Financing Uses - Transfers out</b>	(1,800,000)	(1,800,000)	(2,145,000)	(345,000)
<b>Net Change in Fund Balance</b>	(491,209)	(1,095,515)	702,839	1,798,354
<b>Fund Balance - Beginning of year</b>	2,095,515	2,095,515	2,095,515	-
<b>Fund Balance - End of year</b>	<u>\$ 1,604,306</u>	<u>\$ 1,000,000</u>	<u>\$ 2,798,354</u>	<u>\$ 1,798,354</u>

## Livonia Public Schools

### Required Supplemental Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

**Last Seven Plan Years  
Plan Years Ended September 30**

	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	1.11055 %	1.10382 %	1.10960 %	1.10839 %	1.11646 %	1.14578 %	1.15492 %
School District's proportionate share of the net pension liability	\$ 381,486,236	\$ 365,547,134	\$ 333,583,678	\$ 287,231,919	\$ 278,547,083	\$ 279,856,068	\$ 254,389,073
School District's covered payroll	\$ 98,377,074	\$ 95,654,243	\$ 94,116,658	\$ 92,678,036	\$ 93,062,218	\$ 95,140,276	\$ 96,119,058
School District's proportionate share of the net pension liability as a percentage of its covered payroll	387.78 %	382.15 %	354.44 %	309.92 %	299.31 %	294.15 %	264.66 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

See notes to required supplemental information.

**Livonia Public Schools**

Required Supplemental Information  
Schedule of Pension Contributions  
Michigan Public School Employees' Retirement System

**Last Seven Fiscal Years  
Years Ended June 30**

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 32,726,136	\$ 30,130,286	\$ 29,162,712	\$ 28,273,165	\$ 26,551,658	\$ 26,167,534	\$ 20,507,422
Contributions in relation to the statutorily required contribution	32,726,136	30,130,286	29,162,712	28,273,165	26,551,658	26,167,534	20,507,422
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 96,512,832</b>	<b>\$ 97,419,463</b>	<b>\$ 95,355,911</b>	<b>\$ 93,813,172</b>	<b>\$ 95,901,095</b>	<b>\$ 92,940,215</b>	<b>\$ 93,694,674</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>33.91 %</b>	<b>30.93 %</b>	<b>30.58 %</b>	<b>30.14 %</b>	<b>27.69 %</b>	<b>28.16 %</b>	<b>21.89 %</b>



**Livonia Public Schools**

**Required Supplemental Information  
Schedule of Proportionate Share of the Net OPEB Liability  
Michigan Public School Employees' Retirement System**

	<b>Last Four Plan Years</b>			
	<b>Plan Years Ended September 30</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	1.11338 %	1.09716 %	1.07600 %	1.10567 %
School District's proportionate share of the net OPEB liability	\$ 59,646,548	\$ 78,751,350	\$ 88,042,409	\$ 97,912,644
School District's covered payroll	\$ 98,377,074	\$ 95,654,243	\$ 94,116,658	\$ 92,678,036
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.63 %	82.33 %	93.55 %	105.65 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

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**Livonia Public Schools**

**Required Supplemental Information  
Schedule of OPEB Contributions  
Michigan Public School Employees' Retirement System**

	<b>Last Four Fiscal Years</b>			
	<b>Years Ended June 30</b>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 7,807,388	\$ 7,703,526	\$ 7,413,228	\$ 6,728,930
Contributions in relation to the statutorily required contribution	<u>7,807,388</u>	<u>7,703,526</u>	<u>7,413,228</u>	<u>6,728,930</u>
<b>Contribution Deficiency</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>School District's Covered Payroll</b>	\$ 96,512,832	\$ 97,419,463	\$ 95,355,911	\$ 93,813,172
<b>Contributions as a Percentage of Covered Payroll</b>	8.09 %	7.91 %	7.77 %	7.17 %

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***Pension Information***

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

***OPEB Information***

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

- 2020 - The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.



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## Other Supplemental Information

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# Livonia Public Schools

	Special Revenue Funds		Debt Service Fund
	Food Service	Student Activities	Debt Service
<b>Assets</b>			
Cash and cash equivalents	\$ 3,116	\$ -	\$ -
Receivables:			
Other receivables	8,476	-	-
Due from other governments	31,573	-	-
Due from other funds	-	1,479,722	12,367
Inventory	39,830	-	-
Restricted assets	-	-	3,782,256
<b>Total assets</b>	<b>\$ 82,995</b>	<b>\$ 1,479,722</b>	<b>\$ 3,794,623</b>
<b>Liabilities</b>			
Accounts payable	\$ 16,657	\$ -	\$ -
Due to other governmental units	1,802	-	-
Due to other funds	3,462	-	-
Accrued liabilities and other	21,244	-	-
<b>Total liabilities</b>	<b>43,165</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>			
Nonspendable - Inventory and prepaid expenses	39,830	-	-
Restricted:			
Debt service	-	-	3,794,623
Capital projects	-	-	-
Committed - Student activities	-	1,479,722	-
Assigned - Capital projects	-	-	-
<b>Total fund balances</b>	<b>39,830</b>	<b>1,479,722</b>	<b>3,794,623</b>
<b>Total liabilities and fund balances</b>	<b>\$ 82,995</b>	<b>\$ 1,479,722</b>	<b>\$ 3,794,623</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2021

Capital Project Funds			
Capital Projects	2013 Bond Series II Fund	2021 Sinking Fund	Total
\$ -	\$ 62,527	\$ -	\$ 65,643
-	-	-	8,476
-	-	-	31,573
3,735,816	680,416	71,272	5,979,593
-	-	-	39,830
-	1,051,207	4,702,085	9,535,548
<b>\$ 3,735,816</b>	<b>\$ 1,794,150</b>	<b>\$ 4,773,357</b>	<b>\$ 15,660,663</b>
\$ 81,126	\$ 97,351	\$ 337,345	\$ 532,479
-	-	-	1,802
-	-	-	3,462
-	-	-	21,244
81,126	97,351	337,345	558,987
-	-	-	39,830
-	-	-	3,794,623
-	1,696,799	4,436,012	6,132,811
-	-	-	1,479,722
3,654,690	-	-	3,654,690
3,654,690	1,696,799	4,436,012	15,101,676
<b>\$ 3,735,816</b>	<b>\$ 1,794,150</b>	<b>\$ 4,773,357</b>	<b>\$ 15,660,663</b>



# Livonia Public Schools

	Special Revenue Funds		Debt Service Funds
	Food Service	Student Activities	Debt Service
<b>Revenue</b>			
Local sources	\$ 316,291	\$ 1,052,185	\$ 19,471,972
State sources	491,530	-	1,052,487
Federal sources	2,066,893	-	-
Total revenue	2,874,714	1,052,185	20,524,459
<b>Expenditures</b>			
Current:			
Support services	-	985,560	-
Food services	2,982,623	-	-
Debt service:			
Principal	-	-	10,680,000
Interest	-	-	5,921,689
Other debt costs	-	-	5,692,234
Capital outlay	36,808	-	-
Total expenditures	3,019,431	985,560	22,293,923
<b>Excess of Revenue (Under) Over Expenditures</b>	(144,717)	66,625	(1,769,464)
<b>Other Financing Sources (Uses)</b>			
Face value of debt issued (Note 8)	-	-	90,770,000
Proceeds from sale of capital assets	-	-	-
Transfers in	22,999	-	-
Payment to bond refunding escrow agent	-	-	(90,192,231)
Total other financing sources	22,999	-	577,769
<b>Net Change in Fund Balances</b>	(121,718)	66,625	(1,191,695)
<b>Fund Balances - Beginning of year</b>	161,548	1,413,097	4,986,318
<b>Fund Balances - End of year</b>	<u>\$ 39,830</u>	<u>\$ 1,479,722</u>	<u>\$ 3,794,623</u>

Other Supplemental Information  
Combining Statement of Revenue, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year Ended June 30, 2021

Capital Project Funds						
Technology	Capital Projects	Sinking Fund	2013 Bond Series II Fund	2021 Sinking Fund	Total	
\$ 56	\$ -	\$ -	\$ 8,328	\$ 7,543,045	\$ 28,391,877	
-	-	-	-	-	1,544,017	
-	-	-	-	-	2,066,893	
56	-	-	8,328	7,543,045	32,002,787	
-	1,756	694	27,750	140,680	1,156,440	
-	-	-	-	-	2,982,623	
-	-	-	-	-	10,680,000	
-	-	-	-	-	5,921,689	
-	-	-	-	-	5,692,234	
437,600	763,157	2,409,574	6,495,929	2,966,353	13,109,421	
437,600	764,913	2,410,268	6,523,679	3,107,033	39,542,407	
(437,544)	(764,913)	(2,410,268)	(6,515,351)	4,436,012	(7,539,620)	
-	-	-	-	-	90,770,000	
-	2,742,751	-	-	-	2,742,751	
-	-	-	-	-	22,999	
-	-	-	-	-	(90,192,231)	
-	2,742,751	-	-	-	3,343,519	
(437,544)	1,977,838	(2,410,268)	(6,515,351)	4,436,012	(4,196,101)	
437,544	1,676,852	2,410,268	8,212,150	-	19,297,777	
<b>\$ -</b>	<b>\$ 3,654,690</b>	<b>\$ -</b>	<b>\$ 1,696,799</b>	<b>\$ 4,436,012</b>	<b>\$ 15,101,676</b>	

**Livonia Public Schools**

**Other Supplemental Information  
Combining Balance Sheet  
General Fund**

**June 30, 2021**

	<u>General Fund</u>	<u>Funded Projects</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 46,216,198	\$ -	\$ 46,216,198
Receivables:			
Property taxes receivable	15,332	-	15,332
Other receivables	46,640	-	46,640
Due from other governments	22,643,102	1,732,867	24,375,969
Due from other funds	207,739	2,057,297	2,265,036
Inventory	143,438	-	143,438
Prepaid expenses	1,742,427	7,559	1,749,986
	<u>\$ 71,014,876</u>	<u>\$ 3,797,723</u>	<u>\$ 74,812,599</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	\$ 1,354,216	\$ 74,830	\$ 1,429,046
Due to other governmental units	3,923,734	-	3,923,734
Due to other funds	16,381,028	-	16,381,028
Accrued liabilities and other	16,111,875	53,955	16,165,830
Unearned revenue	144,733	3,668,938	3,813,671
	<u>37,915,586</u>	<u>3,797,723</u>	<u>41,713,309</u>
Total liabilities			
<b>Fund Balances</b>			
Nonspendable - Inventory and prepaid expenses	1,885,865	7,559	1,893,424
Assigned - Subsequent year's budget	6,739,430	-	6,739,430
Unassigned	24,473,995	(7,559)	24,466,436
	<u>33,099,290</u>	<u>-</u>	<u>33,099,290</u>
Total fund balances			
	<u>\$ 71,014,876</u>	<u>\$ 3,797,723</u>	<u>\$ 74,812,599</u>
Total liabilities and fund balances			



**Livonia Public Schools**

**Other Supplemental Information  
Combining Statement of Revenue, Expenditures,  
and Changes in Fund Balances  
General Fund**

**Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Funded Projects</u>	<u>Total</u>
<b>Revenue</b>			
Local sources	\$ 28,411,973	\$ 128,204	\$ 28,540,177
State sources	115,494,146	6,998,317	122,492,463
Federal sources	34,964	10,652,819	10,687,783
Interdistrict sources	9,704,353	-	9,704,353
Total revenue	<u>153,645,436</u>	<u>17,779,340</u>	<u>171,424,776</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Basic programs	78,511,069	3,560,627	82,071,696
Added needs	15,558,996	6,529,165	22,088,161
Adult/Continuing education	-	295,811	295,811
Support services:			
Pupil	8,670,245	2,124,218	10,794,463
Instructional staff	7,244,136	1,473,065	8,717,201
General administration	835,064	-	835,064
School administration	10,059,866	25,169	10,085,035
Business	2,030,903	-	2,030,903
Operations and maintenance	16,154,475	326,718	16,481,193
Pupil transportation services	6,803,499	16,313	6,819,812
Central	4,360,718	1,464,611	5,825,329
Athletics	2,125,630	-	2,125,630
Community services	2,496,890	213,856	2,710,746
Capital outlay	1,697,143	1,620,485	3,317,628
Total expenditures	<u>156,548,634</u>	<u>17,650,038</u>	<u>174,198,672</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(2,903,198)	129,302	(2,773,896)
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,274,302	-	2,274,302
Transfers out	(22,999)	(129,302)	(152,301)
Total other financing sources (uses)	<u>2,251,303</u>	<u>(129,302)</u>	<u>2,122,001</u>
<b>Net Change in Fund Balances</b>	(651,895)	-	(651,895)
<b>Fund Balances - Beginning of year</b>	<u>33,751,185</u>	<u>-</u>	<u>33,751,185</u>
<b>Fund Balances - End of year</b>	<u><u>\$ 33,099,290</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,099,290</u></u>

## Livonia Public Schools

Years Ending June 30	2013 Bond Series I Fund	2014 Refunding	2013 Bond Series II Fund	2020 Refunding
	Principal	Principal	Principal	Principal
2022	\$ 900,000	\$ 7,810,000	\$ 1,450,000	\$ -
2023	1,175,000	4,185,000	1,850,000	1,245,000
2024	1,325,000	4,125,000	1,975,000	1,255,000
2025	-	-	2,075,000	6,920,000
2026	-	-	2,175,000	4,285,000
2027	-	-	2,275,000	4,300,000
2028	-	-	2,375,000	4,315,000
2029	-	-	2,475,000	4,335,000
2030	-	-	2,575,000	4,355,000
2031	-	-	2,675,000	4,370,000
2032	-	-	2,775,000	4,385,000
2033	-	-	2,875,000	4,405,000
2034	-	-	2,975,000	4,420,000
2035	-	-	3,075,000	4,435,000
2036	-	-	3,175,000	4,470,000
2037	-	-	3,275,000	4,510,000
2038	-	-	3,375,000	4,545,000
2039	-	-	3,475,000	4,580,000
2040	-	-	3,600,000	4,615,000
2041	-	-	3,725,000	4,645,000
2042	-	-	3,850,000	4,670,000
2043	-	-	3,950,000	4,710,000
2044	-	-	4,075,000	-
2045	-	-	4,175,000	-
Total remaining payments	<b>\$ 3,400,000</b>	<b>\$ 16,120,000</b>	<b>\$ 70,275,000</b>	<b>\$ 89,770,000</b>
Principal payments due	May	May	May	May
Interest payments due	May and November	May and November	May and November	May and November
Interest rate	4.00 - 5.00 %	4.00 - 5.00 %	5.00 %	0.31 - 3.02%
Original issue	<b>\$ 103,330,000</b>	<b>\$ 65,025,000</b>	<b>\$ 76,180,000</b>	<b>\$ 90,770,000</b>

Other Supplemental Information  
Schedule of Bonded Indebtedness

June 30, 2021

Years Ending June 30	2021 Bonds Series I Fund	
	Principal	Total
2022	\$ 3,870,000	\$ 14,030,000
2023	4,795,000	13,250,000
2024	2,400,000	11,080,000
2025	2,425,000	11,420,000
2026	2,760,000	9,220,000
2027	2,885,000	9,460,000
2028	3,055,000	9,745,000
2029	3,165,000	9,975,000
2030	3,275,000	10,205,000
2031	3,375,000	10,420,000
2032	3,375,000	10,535,000
2033	3,375,000	10,655,000
2034	3,375,000	10,770,000
2035	3,395,000	10,905,000
2036	3,400,000	11,045,000
2037	3,400,000	11,185,000
2038	3,400,000	11,320,000
2039	3,400,000	11,455,000
2040	3,400,000	11,615,000
2041	3,400,000	11,770,000
2042	-	8,520,000
2043	-	8,660,000
2044	-	4,075,000
2045	-	4,175,000
Total remaining payments	<u>\$ 65,925,000</u>	<u>\$ 245,490,000</u>
Principal payments due	May	
Interest payments due	May and November	
Interest rate	3.00 - 5.00%	
Original issue	<u>\$ 65,925,000</u>	