
Livonia Public Schools

**Financial Report
with Supplemental Information
June 30, 2022**

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Independent Auditor's Report

To the Board of Education
Livonia Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2022 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*,¹ issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

To the Board of Education
Livonia Public Schools

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022 on our consideration of the School District's 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 the School District's internal control over financial reporting and compliance.

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, 2022. 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 Schedules - General Fund

Budgetary Comparison Schedules - General Fund - Funded Projects

Budgetary Comparison Schedules - Major Special Revenue Funds

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 separate statements 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.

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, 2022 and 2021:

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	2022	2021
	(in millions)	
Assets		
Current and other assets	\$ 153.0	\$ 160.4
Capital assets	278.5	263.2
Total assets	431.5	423.6
Deferred Outflows of Resources	74.7	109.6
Liabilities		
Current liabilities	40.7	31.8
Noncurrent liabilities	255.5	271.6
Net pension liability	258.3	381.5
Net OPEB liability	16.4	59.6
Total liabilities	570.9	744.5
Deferred Inflows of Resources	171.9	63.1
Net Position (Deficit)		
Net investment in capital assets	93.5	77.7
Restricted	2.4	4.2
Unrestricted	(332.5)	(356.3)
Total net position (deficit)	<u>\$ (236.6)</u>	<u>\$ (274.4)</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 \$(236.6) million at June 30, 2022. Net investment in capital assets totaling \$93.5 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 (\$(332.5) million) was unrestricted.

The \$(332.5) 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 \$38.1 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.

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, 2022 and 2021:

Livonia Public Schools

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	2022	2021
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 3.7	\$ 2.9
Operating grants	84.3	71.1
General revenue:		
Taxes	53.6	52.6
State aid not restricted to specific purposes	87.3	90.4
Other	2.2	3.9
Total revenue	231.1	220.9
Expenses		
Instruction	100.2	121.1
Support services	65.2	80.7
Athletics	2.2	2.2
Food services	4.0	3.1
Community services	2.5	2.9
Debt service	7.8	10.0
Depreciation expense (unallocated)	11.4	10.6
Total expenses	193.3	230.6
Change in Net Position	37.8	(9.7)
Net Position (Deficit) - Beginning of year	(274.4)	(264.7)
Net Position (Deficit) - End of year	\$ (236.6)	\$ (274.4)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$193.3 million. Certain activities were partially funded from those who benefited from the programs (\$3.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$84.3 million). We paid for the remaining public benefit portion of our governmental activities with \$53.6 million in taxes, \$87.3 million in state foundation allowance, and \$2.2 million of other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$37.8 million. On a year-over-year basis, total revenue increased by \$10.2 million and total expenses decreased by \$37.3 million. Key reasons for the change in net position were an increase in revenue from operating grants and a decrease in expenses for instruction and support services.

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 \$112.0 million, which is a decrease of \$16.5 million from last year. This decrease is primarily the result of expending the last of the proceeds from the second series of the 2013 Bond as well as proceeds from the first series of the 2021 Bond and proceeds from the Sinking Fund millage to complete the work identified in the School District's 10-Year Facility Plan.

The School District reports that in the General Fund, our principal operating fund, the fund balance increased from \$33.1 million to \$33.7 million excluding Funded Projects Fund activity. 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 \$4.3 million last year to \$4.6 million this year. The Special Education Fund, Food Service Fund, and Student Activities Fund are considered special revenue funds. The increase in fund balance in the special revenue funds is a result of an increase in the Food Service Fund and Student Activities Fund offset by a decrease in the Special Education Fund. The Food Service Fund saw a significant increase in fund balance due to the district's participation in Michigan Department of Education's "No Kid Hungry" program which allowed the district to feed all enrolled students for free, regardless of socioeconomic status, with a reimbursement for the meal coming from the USDA through the State of Michigan. The district saw a significant increase in participation from students through this program.

The fund balance of our Debt Service Fund decreased \$1.5 million primarily as a result of using cash on hand to make debt service payments due during the 2021-2022 school year. 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 decreased \$15.0 million, from \$87.3 million to \$72.3 million. During the 2021-2022 school year, the district maintained four capital project funds: the 2013 Series II Bond Fund, the 2021 Series I Bond Fund, the Sinking Fund, and a general Capital Projects Fund funded by sale of properties and transfers from other funds. This was a planned use of the fund balances as these funds are earmarked for capital improvements as described in the ballot language approved by the community in the case of the bonds and sinking funds and as 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 2022. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the 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 initial General Fund budget was approved by the Board of Education on June 14, 2021, prior to the finalization of the School Aid Bill establishing state funding for the 2021-2022 school year. The initial budget reflected estimated revenues and other financing sources to be \$152.4 million and estimated expenditures to be \$159.1 million. The final budget approved by the Board of Education on June 13, 2022, reflected estimated revenues and other financing sources to be \$157.6 million and estimated expenditures to be \$159.1 million.

The \$5.7 million increase in revenue from the initial budget was combination of adjustments to various revenue line-items. The largest adjustment was to Section 147c state revenue. In 2020-2021, the district received \$13.2 million in Section 147c revenue in the General Fund. The district assumed it would receive a similar allocation in 2021-2022 but instead the General Fund's portion of Section 147c revenue was \$15.5 million, a \$2.3 million increase. Another unforeseen revenue source was a reimbursement from the intermediate school district of \$1.8 million to cover unreimbursed General Fund special education related costs. There were various other revenue line-item adjustments, but those two items were the most significant adjustments.

Expenditures remained consistent between the initial and approved budgets. Decreases related to pupil transportation costs and instruction - added needs which were offset by increases in Section 147c related retirement costs.

The District maintains a separate fund to track grants called the Funded Projects Fund. In the final budget amendment, the District included the total amount of grants awarded to the District despite having a multi-year spending plan for some of the grants, most notably the ESSER III grant. Including the total amount of grants awarded in the budget amendment gave the district the most flexibility on the timing of the use of the grants funds. There is a budget variance of \$20 million in the Funded Projects Fund because of the multi-year spending plan. Funds that were approved but not spent in 2021-2022 will be spent in coming years.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2022, the School District had \$278.5 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$15.2 million, or 5.8 percent, from last year.

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 6,220,906	\$ 6,220,906
Construction in progress	13,160,386	1,725,739
Buildings and improvements	238,627,553	238,639,657
Furniture and equipment	14,494,034	9,904,641
Buses and other vehicles	5,958,517	6,741,113
	<u>\$ 278,461,396</u>	<u>\$ 263,232,056</u>
Total capital assets - Net of accumulated depreciation		

This year's overall additions of \$26.6 million include building additions such as replacement boilers and replacement roofs), site improvements such as concrete work and a replacement radio tower, and replacement equipment (most notably computers for students) 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 \$231.5 million in bonds outstanding versus \$245.5 million in the previous year - a change of 5.7 percent. Those bonds consisted of the following:

	<u>2022</u>	<u>2021</u>
General obligation bonds	\$ 231,460,000	\$ 245,490,000

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 \$231.5 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 2022-2023 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 2022-2023 budget was adopted in June 2021 based on an estimate of students enrolled in September 2022. The District budgeted for a small decline in enrollment, one hundred students, consistent with the decline the district saw prior to the pandemic as a result of the number of incoming kindergarteners being less than the number of graduating seniors. 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.

During the 2022-2023 fiscal year, the District will continue to benefit from having two voter approved revenue sources outside the General Fund to help complete the work outlined in the district's 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 10-year tax levy approved by voters in 2019). These revenue sources alleviate some of the burden on the General Fund, so more General Fund dollars can go towards instructional and social/emotional supports for the 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.

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 4)	\$ 44,807,702
Receivables:	
Property taxes receivable	269,481
Other receivables	153,456
Due from other governments	26,127,106
Inventory	161,174
Prepaid expenses and other assets	137,888
Restricted assets - Cash and cash equivalents (Note 4)	81,338,860
Capital assets - Net (Note 6)	<u>278,461,396</u>
Total assets	431,457,063
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 8)	1,258,511
Deferred pension costs (Note 9)	52,790,893
Deferred OPEB costs (Note 9)	<u>20,647,886</u>
Total deferred outflows of resources	74,697,290
Liabilities	
Accounts payable	10,527,685
Due to other governmental units	7,944,874
Accrued liabilities and other	19,759,097
Unearned revenue (Note 5)	2,401,589
Noncurrent liabilities:	
Due within one year: (Note 8)	
Compensated absences	587,867
Current portion of bonds and contracts payable	14,916,255
Due in more than one year (Note 8)	240,058,149
Net pension liability (Note 9)	258,269,636
Net OPEB liability (Note 9)	<u>16,386,164</u>
Total liabilities	570,851,316
Deferred Inflows of Resources	
Deferred benefit on bond refunding (Note 8)	897,918
Revenue in support of pension contributions made subsequent to the measurement date (Note 9)	16,867,994
Deferred pension cost reductions (Note 9)	89,942,439
Deferred OPEB cost reductions (Note 9)	<u>64,179,728</u>
Total deferred inflows of resources	<u>171,888,079</u>
Net Position (Deficit)	
Net investment in capital assets	93,545,334
Restricted:	
Debt service	1,147,807
Capital projects	1,285,253
Unrestricted	<u>(332,563,436)</u>
Total net position (deficit)	<u>\$ (236,585,042)</u>

Year Ended June 30, 2022

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 100,199,578	\$ 950	\$ 46,788,547	\$ (53,410,081)
Support services	65,182,469	35,607	31,586,612	(33,560,250)
Athletics	2,206,455	514,202	-	(1,692,253)
Food services	4,006,240	250,604	5,968,189	2,212,553
Community services	2,482,852	2,904,397	-	421,545
Interest	7,818,089	-	-	(7,818,089)
Other debt costs	2,301	-	-	(2,301)
Depreciation expense (unallocated) (Note 6)	11,385,881	-	-	(11,385,881)
Total primary government	\$ 193,283,865	\$ 3,705,760	\$ 84,343,348	(105,234,757)
General revenue:				
Taxes:				
Property taxes levied for general purposes				25,909,105
Property taxes levied for debt service				19,974,439
Property taxes levied for capital projects				7,696,609
State aid not restricted to specific purposes				87,323,192
Interest and investment earnings (loss)				(350,866)
Penalties, interest, and other taxes				17,240
Gain on sale of capital assets				49,060
Other:				
Student activities				2,183,934
Other				270,485
Total general revenue				143,073,198
Change in Net Position				37,838,441
Net Position (Deficit) - Beginning of year				(274,423,483)
Net Position (Deficit) - End of year				<u>\$(236,585,042)</u>

Livonia Public Schools

**Governmental Funds
Balance Sheet**

June 30, 2022

	General Fund	Special Education Fund	2021 Bond Series I Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 4)	\$ 44,771,016	\$ -	\$ -	\$ 36,686	\$ 44,807,702
Receivables:					
Property taxes receivable	261,195	-	-	8,286	269,481
Other receivables	141,449	-	-	12,007	153,456
Due from other governments	26,127,106	-	-	-	26,127,106
Due from other funds (Note 7)	1,135,979	5,847,900	-	7,732,973	14,716,852
Inventory	125,050	-	-	36,124	161,174
Prepaid expenses and other assets	94,457	-	-	-	94,457
Restricted assets (Note 4)	-	-	73,611,244	7,727,616	81,338,860
	<u>\$ 72,656,252</u>	<u>\$ 5,847,900</u>	<u>\$ 73,611,244</u>	<u>\$ 15,553,692</u>	<u>\$ 167,669,088</u>
Total assets					
Liabilities					
Accounts payable	\$ 813,141	\$ 37,261	\$ 8,251,275	\$ 1,410,016	\$ 10,511,693
Due to other governmental units	4,602,330	3,341,697	-	847	7,944,874
Due to other funds (Note 7)	14,347,935	-	144,697	991,282	15,483,914
Accrued liabilities and other	17,063,284	1,360,344	-	15,077	18,438,705
Unearned revenue (Note 5)	2,136,935	-	-	264,654	2,401,589
	<u>38,963,625</u>	<u>4,739,302</u>	<u>8,395,972</u>	<u>2,681,876</u>	<u>54,780,775</u>
Total liabilities					
Deferred Inflows of Resources -					
Unavailable revenue (Note 5)	877,400	-	-	-	877,400
	<u>877,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>877,400</u>
Total liabilities and deferred inflows of resources	39,841,025	4,739,302	8,395,972	2,681,876	55,658,175
Fund Balances					
Nonspendable - Inventory and prepaid expense	94,457	-	-	36,124	130,581
Restricted:					
Debt service	-	-	-	2,267,497	2,267,497
Capital projects	-	-	65,215,272	4,000,837	69,216,109
Food service	-	-	-	1,836,665	1,836,665
Committed - Student activities	-	-	-	1,609,322	1,609,322
Assigned:					
Subsequent year's budget	3,114,448	-	-	-	3,114,448
Capital projects	-	-	-	3,121,371	3,121,371
Center programs	-	1,108,598	-	-	1,108,598
Unassigned	29,606,322	-	-	-	29,606,322
	<u>32,815,227</u>	<u>1,108,598</u>	<u>65,215,272</u>	<u>12,871,816</u>	<u>112,010,913</u>
Total fund balances					
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,656,252</u>	<u>\$ 5,847,900</u>	<u>\$ 73,611,244</u>	<u>\$ 15,553,692</u>	<u>\$ 167,669,088</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 112,010,913
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	461,208,242
Accumulated depreciation	<u>(182,746,846)</u>
Net capital assets used in governmental activities	278,461,396
Receivables that are not collected soon after year end are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	877,400
Deferred inflows and outflows related to bond refundings are not reported in the funds	360,593
Bonds payable are not due and payable in the current period and are not reported in the funds	(253,207,511)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,119,690)
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	(2,354,760)
Net pension liability and related deferred inflows and outflows	(295,421,182)
Net OPEB liability and related deferred inflows and outflows	(59,918,006)
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	(16,867,994)
Internal service funds are included as part of governmental activities	<u>593,799</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (236,585,042)</u></u>

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

Year Ended June 30, 2022

	General Fund	Special Education Fund	2021 Bond Series I Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 30,675,653	\$ -	\$ -	\$ 30,019,363	\$ 60,695,016
State sources	120,527,941	6,852,962	-	1,228,779	128,609,682
Federal sources	16,017,497	-	-	5,998,640	22,016,137
Interdistrict sources	11,649,504	10,061,177	-	-	21,710,681
Net realized/unrealized investment earnings (loss)	196	-	(384,277)	33,215	(350,866)
Total revenue	178,870,791	16,914,139	(384,277)	37,279,997	232,680,650
Expenditures					
Current:					
Instruction	107,435,063	9,065,988	-	-	116,501,051
Support services	64,141,149	5,823,465	189,637	2,024,279	72,178,530
Athletics	2,410,828	-	-	-	2,410,828
Food services	-	-	-	4,273,652	4,273,652
Community services	2,904,230	-	-	-	2,904,230
Debt service:					
Principal	-	-	-	14,030,000	14,030,000
Interest	-	-	-	8,605,345	8,605,345
Other debt costs	-	-	-	2,301	2,301
Capital outlay	3,608,148	214,442	11,758,303	12,778,776	28,359,669
Total expenditures	180,499,418	15,103,895	11,947,940	41,714,353	249,265,606
Excess of Revenue (Under) Over Expenditures	(1,628,627)	1,810,244	(12,332,217)	(4,434,356)	(16,584,956)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	-	-	-	49,060	49,060
Transfers in (Note 7)	1,344,564	-	-	2,395,436	3,740,000
Transfers out (Note 7)	-	(3,500,000)	-	(240,000)	(3,740,000)
Total other financing sources (uses)	1,344,564	(3,500,000)	-	2,204,496	49,060
Net Change in Fund Balances	(284,063)	(1,689,756)	(12,332,217)	(2,229,860)	(16,535,896)
Fund Balances - Beginning of year	33,099,290	2,798,354	77,547,489	15,101,676	128,546,809
Fund Balances - End of year	<u>\$ 32,815,227</u>	<u>\$ 1,108,598</u>	<u>\$ 65,215,272</u>	<u>\$ 12,871,816</u>	<u>\$ 112,010,913</u>

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2022

Net Change in Fund Balance Reported in Governmental Funds	\$ (16,535,896)
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	26,615,221
Depreciation expense	(11,385,881)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	877,400
Revenue in support of pension contributions made subsequent to the measurement date	(2,484,804)
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	14,675,823
Interest expense is recognized in the government-wide statements as it accrues	141,433
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	26,592,604
Internal service funds are included as part of governmental activities	<u>(657,459)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 37,838,441</u></u>

**Proprietary Funds
Statement of Net Position**

June 30, 2022

Internal Service
Fund - Health
and Welfare
Fund

Assets

Current assets:

Due from other funds (Note 7)

Prepaid expenses and other assets

Total assets

Liabilities - Claims payable (Note 10)

Net Position - Unrestricted

\$ 757,792

43,431

801,223

207,424

\$ 593,799

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2022

	<u>Internal Service Fund - Health and Welfare Fund</u>
Operating Revenue	
Employee contributions	\$ 2,169,758
Employee contributions - Purchased insurance	627,216
Charges for services	<u>18,084,782</u>
Total operating revenue	20,881,756
Operating Expenses	
Cost of insurance claims (Note 10)	288,799
Other operating and maintenance costs	296,592
Billing and administrative costs	<u>20,953,824</u>
Total operating expenses	<u>21,539,215</u>
Change in Net Position	(657,459)
Net Position - Beginning of year	<u>1,251,258</u>
Net Position - End of year	<u><u>\$ 593,799</u></u>

**Proprietary Funds
Statement of Cash Flows**

Year Ended June 30, 2022

	Internal Service Fund - Health and Welfare Fund
Cash Flows from Operating Activities	
Receipts from interfund services and reimbursements	\$ 21,416,767
Claims, premium, and administrative fees paid	<u>(21,416,767)</u>
Net Change in Cash	-
Cash - Beginning of year	<u>-</u>
Cash - End of year	<u><u>\$ -</u></u>
Reconciliation of Change in Net Position to Net Cash from Operating Activities	
Change in net position	\$ (657,459)
Adjustments to reconcile change in net position to net cash from operating activities:	
Changes in assets and liabilities:	
Due to and from other funds	535,011
Prepaid expenses and other assets	53,927
Claims payable	<u>68,521</u>
Net cash provided by operating activities	<u><u>\$ -</u></u>

**Fiduciary Funds
Statement of Fiduciary Net Position**

June 30, 2022

	<u>Scholarship</u>
Assets	
Cash and investments	\$ 35,088
Due from other funds (Note 7)	<u>9,270</u>
Total assets	44,358
Liabilities - Due to other funds (Note 7)	<u>-</u>
Net Position - Restricted for endowments	<u><u>\$ 44,358</u></u>

Draft

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	<u>Scholarship</u>
Additions - Local sources	\$ 18,080
Deductions - Scholarships awarded	<u>10,955</u>
Change in Net Position	7,125
Net Position - Beginning of year	<u>37,233</u>
Net Position - End of year	<u><u>\$ 44,358</u></u>

Draft

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 Activities 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 Activities 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 and transfers in from other funds. 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 \$444,534 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 \$335,377 for the year ended June 30, 2022.

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 bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- 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 various types of deferred inflows. The first arises only under a modified accrual basis of accounting and, therefore, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from federal sources for grant reimbursements that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other types of deferred inflows of resources reported only in the statement of net position relate to deferred bond benefits on refundings and 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 (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS 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.

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 Pronouncement

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2023.

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 14, 2022, 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 service 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

The School District did not have significant expenditure budget variances.

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 no 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 \$41.5 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 1-day minimum investment period for approximately \$39.4 million of investments. Additionally, approximately \$2.1 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.

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 \$45,253,901 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.

Note 4 - Deposits and Investments (Continued)

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, 2022, 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
U.S. Treasury Securities	\$ 24,549,621	AA+	S&P
Commercial paper*	15,258,024	A-1/A-1+	S&P
Michigan Liquid Asset Fund - MAX Class*	26,189,235	AAA _m	S&P
Michigan Liquid Asset Fund - Cash Management*	2,081,980	AAA _m	S&P
Michigan Liquid Asset Fund - TERM*	13,260,000	AAA _f	Fitch
Total	<u>\$ 81,338,860</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.

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. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

June 30, 2022

Note 5 - Unavailable/Unearned Revenue (Continued)

At June 30, 2022, the various components of unearned revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Unavailable grant revenue	\$ 877,400	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	2,248,772
Other	-	152,817
Total	<u>\$ 877,400</u>	<u>\$ 2,401,589</u>

Note 6 - Capital Assets

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

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 6,220,906	\$ -	\$ -	\$ -	\$ 6,220,906
Construction in progress	1,725,739	(1,081,279)	12,515,926	-	13,160,386
Subtotal	7,946,645	(1,081,279)	12,515,926	-	19,381,292
Capital assets being depreciated:					
Buildings and improvements	388,779,231	1,081,279	8,345,922	-	398,206,432
Furniture and equipment	28,053,460	-	5,753,373	-	33,806,833
Buses and other vehicles	9,813,685	-	-	-	9,813,685
Subtotal	426,646,376	1,081,279	14,099,295	-	441,826,950
Accumulated depreciation:					
Buildings and improvements	150,139,574	-	9,439,305	-	159,578,879
Furniture and equipment	18,148,819	-	1,163,980	-	19,312,799
Buses and other vehicles	3,072,572	-	782,596	-	3,855,168
Subtotal	171,360,965	-	11,385,881	-	182,746,846
Net capital assets being depreciated	255,285,411	1,081,279	2,713,414	-	259,080,104
Net governmental activities capital assets	<u>\$ 263,232,056</u>	<u>\$ -</u>	<u>\$ 15,229,340</u>	<u>\$ -</u>	<u>\$ 278,461,396</u>

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

June 30, 2022

Note 6 - Capital Assets (Continued)

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
General Fund	\$ 196,367	\$ 175,959
Capital Projects Fund	1,258,416	385,652
2021 Sinking Fund	2,133,329	2,698,302
2021 Bond Series I Fund	10,441,054	29,203,141
Total	<u>\$ 14,029,166</u>	<u>\$ 32,463,054</u>

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			
	General Fund	2021 Bond Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 144,697	\$ 991,282	\$ 1,135,979
Special Education Fund	5,847,900	-	-	5,847,900
Nonmajor funds	7,732,973	-	-	7,732,973
Private Purpose Trust Fund	9,270	-	-	9,270
Internal service fund - Health and Welfare Fund	757,792	-	-	757,792
Total	<u>\$ 14,347,935</u>	<u>\$ 144,697</u>	<u>\$ 991,282</u>	<u>\$ 15,483,914</u>

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
Special Education Fund	General Fund	\$ 1,104,564
	Nonmajor governmental funds	2,395,436
Nonmajor governmental funds	General Fund	<u>240,000</u>
	Total	<u>\$ 3,740,000</u>

June 30, 2022

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

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 Special Education Fund to the nonmajor Capital Projects Fund include amounts to subsidize future special education capital improvements.

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligations	\$ 245,490,000	\$ -	\$ (14,030,000)	\$ 231,460,000	\$ 13,250,000
Unamortized bond premiums	23,413,766	-	(1,666,255)	21,747,511	1,666,255
Total bonds payable	268,903,766	-	(15,696,255)	253,207,511	14,916,255
Compensated absences	2,655,751	-	(300,991)	2,354,760	587,867
Total governmental activities long-term debt	<u>\$ 271,559,517</u>	<u>\$ -</u>	<u>\$ (15,997,246)</u>	<u>\$ 255,562,271</u>	<u>\$ 15,504,122</u>

The School District had deferred outflows of \$1,258,511 related to deferred charges on bond refundings at June 30, 2022.

The School District had deferred inflows of \$897,918 related to deferred benefit on bond refundings at June 30, 2022.

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, 2022 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing May 1	Outstanding
\$65,025,000 qualified refunding bonds	\$4,125,000-\$4,185,000	4.00%-5.00%	2024	\$ 8,310,000
\$103,330,000 qualified school building and site bonds	\$1,175,000-\$1,325,000	5.00%	2024	2,500,000
\$76,180,000 qualified school building and site bonds	\$1,850,000-\$4,175,000	5.00%	2045	68,825,000
\$90,770,000 unqualified refunding bonds	\$1,245,000-\$6,920,000	0.53%-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	62,055,000
Total governmental activities				<u>\$ 231,460,000</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	
2023	\$ 13,250,000	\$ 8,397,994	\$ 21,647,994
2024	11,080,000	7,791,170	18,871,170
2025	11,420,000	7,331,872	18,751,872
2026	9,220,000	7,070,849	16,290,849
2027	9,460,000	6,774,264	16,234,264
2028-2032	50,880,000	28,773,656	79,653,656
2033-2037	54,560,000	19,457,535	74,017,535
2038-2042	54,680,000	9,556,557	64,236,557
2043-2045	16,910,000	1,373,304	18,283,304
Total	\$ 231,460,000	\$ 96,527,201	\$ 327,987,201

In previous years, the School District defeased certain bonds by completing an advance refunding. As of June 30, 2022, there is still \$83,255,000 of bonds outstanding that are considered defeased and continue to be serviced with the related refunding proceeds that are held in trust.

Note 9 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (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.

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.

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

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 accounts 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) accounts.

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.

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

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, 2022 were \$36,900,987, which includes 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 \$16,867,994 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, 2022.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2022 were \$8,388,643, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2022, the School District reported a liability of \$258,269,636 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. 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, 2021 and 2020, the School District's proportion was 1.09 and 1.11 percent, respectively, representing a change of 0.02 percent.

Net OPEB Liability

At June 30, 2022, the School District reported a liability of \$16,386,164 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2022 was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. 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, 2021 and 2020, the School District's proportion was 1.07 and 1.11 percent, respectively, representing a change of (3.58) percent.

June 30, 2022

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 2022, the School District recognized pension expense of \$27,251,672, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2022, 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	\$ 4,000,707	\$ (1,520,901)
Changes in assumptions	16,280,394	-
Net difference between projected and actual earnings on pension plan investments	-	(83,032,858)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,069,484	(5,388,680)
The School District's contributions to the plan subsequent to the measurement date	31,440,308	-
Total	\$ 52,790,893	\$ (89,942,439)

The \$16,867,994 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 ending June 30, 2023. 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
2023	\$ (8,588,738)
2024	(15,682,222)
2025	(21,294,518)
2026	(23,026,376)
2027	-
Thereafter	-
Total	\$ (68,591,854)

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, 2022, the School District recognized OPEB recovery of \$9,541,234.

June 30, 2022

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

At June 30, 2022, 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	\$ -	\$ (46,773,136)
Changes in assumptions	13,698,019	(2,049,735)
Net difference between projected and actual earnings on OPEB plan investments	-	(12,350,546)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,089,000	(3,006,311)
Employer contributions to the plan subsequent to the measurement date	5,860,867	-
Total	<u>\$ 20,647,886</u>	<u>\$ (64,179,728)</u>

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
2023	\$ (12,731,334)
2024	(11,703,626)
2025	(10,734,696)
2026	(9,902,105)
2027	(3,819,794)
Thereafter	(501,154)
Total	<u>\$ (49,392,709)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2021 are based on the results of an actuarial valuation as of September 30, 2020 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% - 6.8%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75% for 2019 and 3.50% for 2018
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1, graded to 3.5% in year 15, 3.0% in 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, 2018 valuation.

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

Significant assumption changes since the prior measurement date, September 30, 2020, for the OPEB plan include a increase in the health care cost trend rate of 0.75 percentage points for members under 65 and a reduction from 7.0 percent to 5.25 percent for members over 65. 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, 2020.

Significant assumption changes since the measurement date, September 30, 2021, for the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent. The change increases the total plan's net pension liability by approximately \$8.1 billion and the total plan's net OPEB liability by approximately \$1.1 billion.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2021 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2021. 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 %	5.40 %
Private equity pools	16.00	9.10
International equity pools	15.00	7.50
Fixed-income pools	10.50	(0.70)
Real estate and infrastructure pools	10.00	5.40
Absolute return pools	9.00	2.60
Short-term investment pools	2.00	(1.30)
Real return/opportunistic pools	12.50	6.10
Total	100.00 %	

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

Long-term rates of return are net of administrative expense and inflation of 2.0 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	\$ 369,255,537	\$ 258,269,636	\$ 166,255,045

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	\$ 30,448,449	\$ 16,386,164	\$ 4,452,305

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	\$ 3,988,262	\$ 16,386,164	\$ 30,335,295

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, 2022, the School District reported a payable of \$7,013,496 and \$969,751 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

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.

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:

	2022	2021
Estimated liability - Beginning of year	\$ 138,903	\$ 352,406
Estimated claims expense (recovered), including changes in estimates	288,799	(140,901)
Claim payments	(220,278)	(72,602)
Estimated liability - End of year	<u>\$ 207,424</u>	<u>\$ 138,903</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, 2022, the School District's property tax revenue was reduced by approximately \$1,443,000 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 \$1,141,000 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.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedules
General Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 29,161,841	\$ 30,407,833	\$ 30,620,285	\$ 212,452
State sources	111,454,563	114,021,108	114,081,653	60,545
Federal sources	33,596	43,169	52,309	9,140
Interdistrict sources	9,570,000	11,398,059	11,649,504	251,445
Net realized/unrealized investment earnings (loss)	-	59	196	137
Total revenue	150,220,000	155,870,228	156,403,947	533,719
Expenditures				
Current:				
Instruction:				
Basic programs	77,093,694	79,100,400	79,076,749	(23,651)
Added needs	16,320,486	14,956,800	14,552,632	(404,168)
Support services:				
Pupil	8,889,161	9,125,253	9,125,228	(25)
Instructional staff	7,928,031	7,928,250	7,645,004	(283,246)
General administration	843,313	907,458	833,948	(73,510)
School administration	10,237,175	10,636,756	10,602,544	(34,212)
Business	2,142,406	2,037,646	1,942,333	(95,313)
Operations and maintenance	17,198,331	17,781,879	17,779,448	(2,431)
Pupil transportation services	8,790,003	7,794,503	7,381,868	(412,635)
Central	4,980,029	4,812,480	4,749,746	(62,734)
Athletics	2,180,078	2,428,888	2,410,828	(18,060)
Community services	2,540,564	1,545,039	1,390,223	(154,816)
Total expenditures	159,143,271	159,055,352	157,490,551	(1,564,801)
Excess of Expenditures Over Revenue	(8,923,271)	(3,185,124)	(1,086,604)	2,098,520
Other Financing Sources - Transfers in	2,183,841	1,679,941	1,679,941	-
Net Change in Fund Balances	(6,739,430)	(1,505,183)	593,337	2,098,520
Fund Balance - Beginning of year	33,099,290	33,099,290	33,099,290	-
Fund Balance - End of year	<u>\$ 26,359,860</u>	<u>\$ 31,594,107</u>	<u>\$ 33,692,627</u>	<u>\$ 2,098,520</u>

Livonia Public Schools

Required Supplemental Information Budgetary Comparison Schedules General Fund - Funded Projects

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 171,967	\$ 183,683	\$ 55,368	\$ (128,315)
State sources	10,604,372	7,042,374	6,446,288	(596,086)
Federal sources	21,912,606	36,036,790	15,965,188	(20,071,602)
Total revenue	32,688,945	43,262,847	22,466,844	(20,796,003)
Expenditures				
Current:				
Instruction	27,815,344	27,672,220	14,058,179	(13,614,041)
Support services	4,591,859	13,669,151	7,436,681	(6,232,470)
Community services	174,425	1,572,072	1,514,007	(58,065)
Total expenditures	32,581,628	42,913,443	23,008,867	(19,904,576)
Excess of Revenue (Under) Over Expenditures	107,317	349,404	(542,023)	(891,427)
Other Financing Sources (Uses)				
Transfers in	15,915	-	-	-
Transfers out	(123,232)	(349,404)	(335,377)	14,027
Total	(107,317)	(349,404)	(335,377)	14,027
Net Change in Fund Balances	-	-	(877,400)	(877,400)
Fund Balance - Beginning of year	-	-	-	-
Fund Balances (Deficit) - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (877,400)</u>	<u>\$ (877,400)</u>

Livonia Public Schools

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

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Interdistrict sources	\$ 12,215,667	\$ 9,840,274	\$ 10,061,177	\$ 220,903
State sources	7,487,022	7,141,992	6,852,962	(289,030)
Total revenue	19,702,689	16,982,266	16,914,139	(68,127)
Expenditures				
Current:				
Instruction	11,523,048	9,126,454	9,280,430	(153,976)
Support services	6,179,641	6,255,812	5,823,465	432,347
Total expenditures	17,702,689	15,382,266	15,103,895	278,371
Excess of Revenue Over Expenditures	2,000,000	1,600,000	1,810,244	210,244
Other Financing Uses - Transfers out	(2,000,000)	(3,500,000)	(3,500,000)	-
Net Change in Fund Balances	-	(1,900,000)	(1,689,756)	210,244
Fund Balances - Beginning of year	2,798,354	2,798,354	2,798,354	-
Fund Balances - End of year	<u>\$ 2,798,354</u>	<u>\$ 898,354</u>	<u>\$ 1,108,598</u>	<u>\$ 210,244</u>

Livonia Public Schools

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

	Last Eight Plan Years							
	Plan Years Ended September 30							
	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	1.09088 %	1.11055 %	1.10382 %	1.10960 %	1.10839 %	1.11646 %	1.14578 %	1.15492 %
School District's proportionate share of the net pension liability	\$ 258,269,636	\$ 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	\$ 96,640,061	\$ 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	267.25 %	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	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Livonia Public Schools

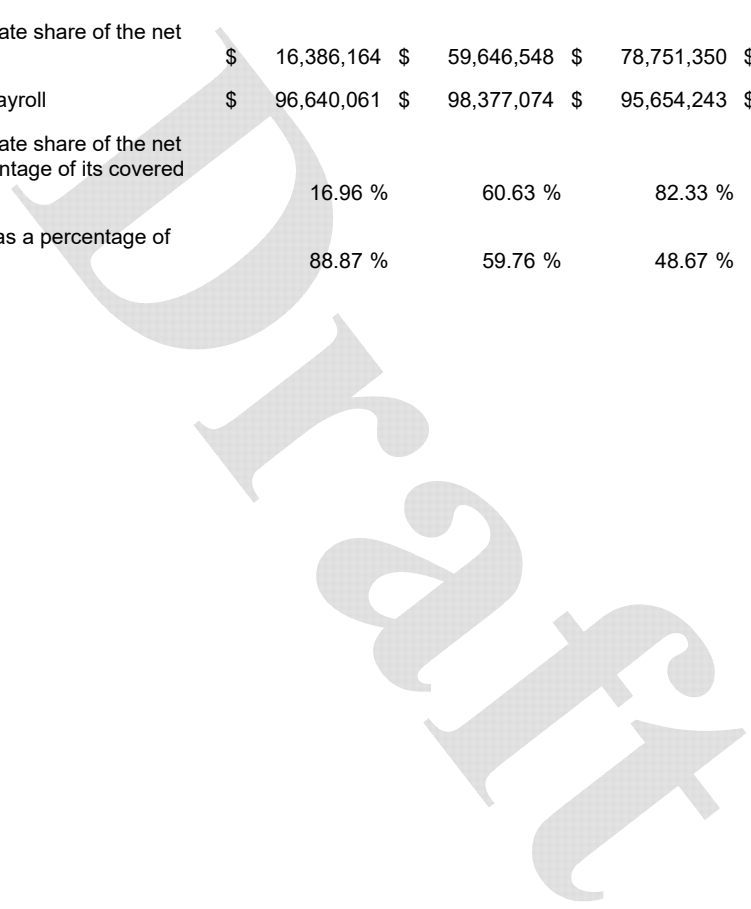
Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Eight Fiscal Years Years Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 36,227,182	\$ 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	36,227,182	32,726,136	30,130,286	29,162,712	28,273,165	26,551,658	26,167,534	20,507,422
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 100,463,576	\$ 96,512,832	\$ 97,419,463	\$ 95,355,911	\$ 93,813,172	\$ 95,901,095	\$ 92,940,215	\$ 93,694,674
Contributions as a Percentage of Covered Payroll	36.06 %	33.91 %	30.93 %	30.58 %	30.14 %	27.69 %	28.16 %	21.89 %

Livonia Public Schools

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

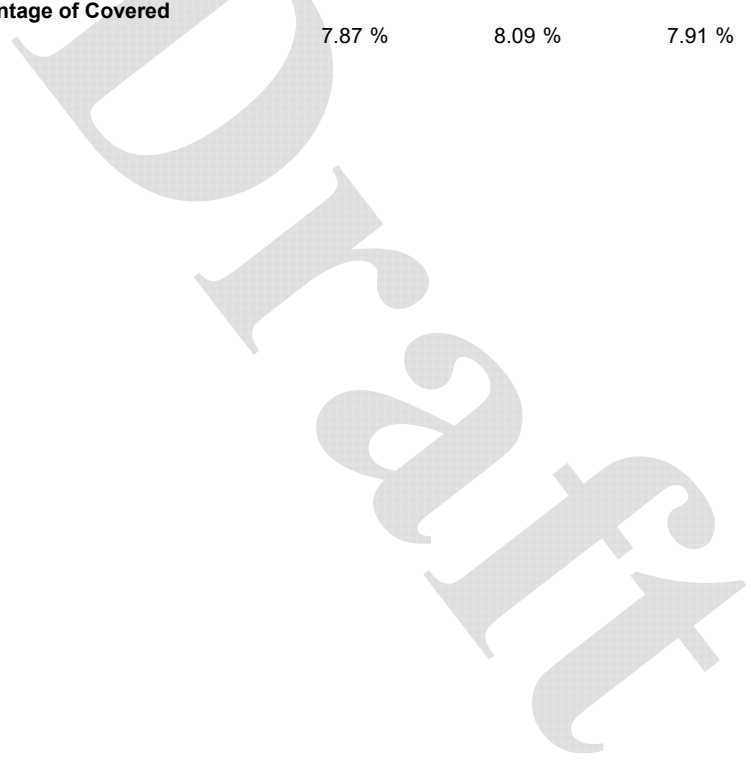
	Last Five Plan Years				
	Plan Years Ended September 30				
	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	1.07353 %	1.11338 %	1.09716 %	1.07600 %	1.10567 %
School District's proportionate share of the net OPEB liability	\$ 16,386,164	\$ 59,646,548	\$ 78,751,350	\$ 88,042,409	\$ 97,912,644
School District's covered payroll	\$ 96,640,061	\$ 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	16.96 %	60.63 %	82.33 %	93.55 %	105.65 %
Plan fiduciary net position as a percentage of total OPEB liability	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %



Livonia Public Schools

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

	Last Five Fiscal Years				
	Years Ended June 30				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 7,903,024	\$ 7,807,388	\$ 7,703,526	\$ 7,413,228	\$ 6,728,930
Contributions in relation to the statutorily required contribution	<u>7,903,024</u>	<u>7,807,388</u>	<u>7,703,526</u>	<u>7,413,228</u>	<u>6,728,930</u>
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 100,463,576	\$ 96,512,832	\$ 97,419,463	\$ 95,355,911	\$ 93,813,172
Contributions as a Percentage of Covered Payroll	7.87 %	8.09 %	7.91 %	7.77 %	7.17 %



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:

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. 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.

Other Supplemental Information

Livonia Public Schools

	Special Revenue Funds		Debt Service Fund
	Food Service	Student Activities	Debt Service
Assets			
Cash and cash equivalents	\$ 3,116	\$ -	\$ -
Receivables:			
Property taxes receivable	-	-	6,005
Other receivables	12,007	-	-
Due from other funds	2,102,525	1,609,322	290,282
Inventory	36,124	-	-
Restricted assets	-	-	1,971,710
Total assets	\$ 2,153,772	\$ 1,609,322	\$ 2,267,997
Liabilities			
Accounts payable	\$ 405	\$ -	\$ 500
Due to other governmental units	847	-	-
Due to other funds	-	-	-
Accrued liabilities and other	15,077	-	-
Unearned revenue	264,654	-	-
Total liabilities	280,983	-	500
Fund Balances			
Nonspendable - Inventory and prepaid expenses	36,124	-	-
Restricted:			
Debt service	-	-	2,267,497
Capital projects	-	-	-
Food service	1,836,665	-	-
Committed - Student activities	-	1,609,322	-
Assigned - Capital projects	-	-	-
Total fund balances	1,872,789	1,609,322	2,267,497
Total liabilities and fund balances	\$ 2,153,772	\$ 1,609,322	\$ 2,267,997

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2022

Capital Project Funds			
Capital Projects	2013 Bond Series II Fund	2021 Sinking Fund	Total
\$ -	\$ 33,570	\$ -	\$ 36,686
-	-	2,281	8,286
-	-	-	12,007
3,288,361	-	442,483	7,732,973
-	-	-	36,124
-	957,712	4,798,194	7,727,616
\$ 3,288,361	\$ 991,282	\$ 5,242,958	\$ 15,553,692
\$ 166,990	\$ -	\$ 1,242,121	\$ 1,410,016
-	-	-	847
-	991,282	-	991,282
-	-	-	15,077
-	-	-	264,654
166,990	991,282	1,242,121	2,681,876
-	-	-	36,124
-	-	-	2,267,497
-	-	4,000,837	4,000,837
-	-	-	1,836,665
-	-	-	1,609,322
3,121,371	-	-	3,121,371
3,121,371	-	4,000,837	12,871,816
\$ 3,288,361	\$ 991,282	\$ 5,242,958	\$ 15,553,692

Livonia Public Schools

	Special Revenue Funds		Debt Service Funds
	Food Service	Student Activities	Debt Service
Revenue			
Local sources	\$ 250,604	\$ 2,080,471	\$ 19,987,785
State sources	133,716	-	1,095,063
Federal sources	5,998,640	-	-
Net realized/unrealized investment earnings (loss)	-	-	27,672
Total revenue	6,382,960	2,080,471	21,110,520
Expenditures			
Current:			
Support services	-	1,950,871	-
Food services	4,273,652	-	-
Debt service:			
Principal	-	-	14,030,000
Interest	-	-	8,605,345
Other debt costs	-	-	2,301
Capital outlay	36,349	-	-
Total expenditures	4,310,001	1,950,871	22,637,646
Excess of Revenue (Under) Over Expenditures	2,072,959	129,600	(1,527,126)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(240,000)	-	-
Total other financing sources	(240,000)	-	-
Net Change in Fund Balances	1,832,959	129,600	(1,527,126)
Fund Balances - Beginning of year	39,830	1,479,722	3,794,623
Fund Balances - End of year	\$ 1,872,789	\$ 1,609,322	\$ 2,267,497

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

Year Ended June 30, 2022

Capital Project Funds			
Capital Projects	2013 Bond Series II Fund	2021 Sinking Fund	Total
\$ -	\$ -	\$ 7,700,503	\$ 30,019,363
-	-	-	1,228,779
-	-	-	5,998,640
-	-	5,543	33,215
-	-	7,706,046	37,279,997
58,408	-	15,000	2,024,279
-	-	-	4,273,652
-	-	-	14,030,000
-	-	-	8,605,345
-	-	-	2,301
2,919,407	1,696,799	8,126,221	12,778,776
2,977,815	1,696,799	8,141,221	41,714,353
(2,977,815)	(1,696,799)	(435,175)	(4,434,356)
49,060	-	-	49,060
2,395,436	-	-	2,395,436
-	-	-	(240,000)
2,444,496	-	-	2,204,496
(533,319)	(1,696,799)	(435,175)	(2,229,860)
3,654,690	1,696,799	4,436,012	15,101,676
\$ 3,121,371	\$ -	\$ 4,000,837	\$ 12,871,816

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

June 30, 2022

	<u>General Fund</u>	<u>Funded Projects</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 44,771,016	\$ -	\$ 44,771,016
Receivables:			
Property taxes receivable	261,195	-	261,195
Other receivables	141,449	-	141,449
Due from other governments	22,319,319	3,807,787	26,127,106
Due from other funds	1,135,979	-	1,135,979
Inventory	125,050	-	125,050
Prepaid expenses	93,655	802	94,457
	<u>\$ 68,847,663</u>	<u>\$ 3,808,589</u>	<u>\$ 72,656,252</u>
Total assets			
Liabilities			
Accounts payable	\$ 645,148	\$ 167,993	\$ 813,141
Due to other governmental units	4,602,330	-	4,602,330
Due to other funds	13,903,401	444,534	14,347,935
Accrued liabilities and other	15,965,163	1,098,121	17,063,284
Unearned revenue	38,994	2,097,941	2,136,935
	<u>35,155,036</u>	<u>3,808,589</u>	<u>38,963,625</u>
Total liabilities			
Deferred Inflows of Resources - Unavailable revenue	<u>-</u>	<u>877,400</u>	<u>877,400</u>
Total liabilities and deferred inflows of resources	<u>35,155,036</u>	<u>4,685,989</u>	<u>39,841,025</u>
Fund Balances			
Nonspendable - Inventory and prepaid expenses	94,457	-	94,457
Assigned - Subsequent year's budget	3,114,448	-	3,114,448
Unassigned	30,483,722	(877,400)	29,606,322
	<u>33,692,627</u>	<u>(877,400)</u>	<u>32,815,227</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 68,847,663</u>	<u>\$ 3,808,589</u>	<u>\$ 72,656,252</u>

Livonia Public Schools

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

Year Ended June 30, 2022

	General Fund	Funded Projects	Total
Revenue			
Local sources	\$ 30,620,285	\$ 55,368	\$ 30,675,653
State sources	114,081,653	6,446,288	120,527,941
Federal sources	52,309	15,965,188	16,017,497
Interdistrict sources	11,649,504	-	11,649,504
Net realized/unrealized investment earnings (loss)	196	-	196
Total revenue	156,403,947	22,466,844	178,870,791
Expenditures			
Current:			
Instruction:			
Basic programs	79,076,749	4,473,737	83,550,486
Added needs	14,552,632	9,059,571	23,612,203
Adult/Continuing education	-	272,374	272,374
Support services:			
Pupil	9,125,228	2,665,154	11,790,382
Instructional staff	7,632,371	1,544,478	9,176,849
General administration	833,948	-	833,948
School administration	10,602,544	40,750	10,643,294
Business	1,922,677	-	1,922,677
Operations and maintenance	17,697,244	28,839	17,726,083
Pupil transportation services	7,321,168	36,601	7,357,769
Central	4,602,630	51,271	4,653,901
Other	-	36,246	36,246
Athletics	2,410,828	-	2,410,828
Community services	1,390,223	1,514,007	2,904,230
Capital outlay	322,309	3,285,839	3,608,148
Total expenditures	157,490,551	23,008,867	180,499,418
Excess of Revenue (Under) Over Expenditures	(1,086,604)	(542,023)	(1,628,627)
Other Financing Sources (Uses)			
Transfers in	1,679,941	-	1,679,941
Transfers out	-	(335,377)	(335,377)
Total other financing sources (uses)	1,679,941	(335,377)	1,344,564
Net Change in Fund Balances	593,337	(877,400)	(284,063)
Fund Balances - Beginning of year	33,099,290	-	33,099,290
Fund Balances - End of year	<u><u>\$ 33,692,627</u></u>	<u><u>\$ (877,400)</u></u>	<u><u>\$ 32,815,227</u></u>

**Other Supplemental Information
Schedule of Bonded Indebtedness**

June 30, 2022

Years Ending June 30	2013 Bond Series		2013 Bond Series	
	I Fund	2014 Refunding	II Fund	2020 Refunding
	Principal	Principal	Principal	Principal
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	\$ 2,500,000	\$ 8,310,000	\$ 68,825,000	\$ 89,770,000
Principal payments due	May	May	May	May
Interest payments due	May and November	May and November	May and November	May and November
Interest rate	5.00 %	4.00 - 5.00 %	5.00 %	0.53 - 3.02%
Original issue	\$ 103,330,000	\$ 65,025,000	\$ 76,180,000	\$ 90,770,000

Other Supplemental Information
Schedule of Bonded Indebtedness (Continued)

June 30, 2022

Years Ending June 30	2021 Bonds Series I Fund	Total
	Principal	
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	\$ 62,055,000	\$ 231,460,000
Principal payments due	May	
Interest payments due	May and November	
Interest rate	3.00 - 5.00%	
Original issue	\$ 65,925,000	