

**MINUTES
BOARD OF EDUCATION
Livonia Public Schools
15125 Farmington Road
Regular Meeting
October 26, 2020**

President Johnson convened the meeting at 7:00 p.m.

**Members
Present**

Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson

**Members
Absent**

None

**Recognition of
Webster
Elementary –
National Blue
Ribbon School**

Stacy Jenkins, administrator of communications, announced that Webster Elementary School received the National Blue Ribbon School award for their academic performance, and noted that Webster is the first LPS school to receive the award. Principal Lora Boka provided additional information about the award and thanked Webster students and staff for the outstanding work they do each day.

**District Update
from the
Superintendent**

Superintendent Oquist:

- Presented highlights of the Return to Learn Plan and the creative ways that staff and students are working together, for both in-person and virtual instruction.
- Showcased other celebrations and recognitions across the district, including many sports recognitions as well as:
 - Rick Martin and the Fleet Garage Team received 100% on the 100-point inspections of 110 LPS buses
 - Jon Wennstrom was selected as the new president of the Michigan Elementary & Middle School Principals Association (MEMSPA)
 - CHS band director Elizabeth Hering, was, once again, a semi-finalist for the national Grammy Music Educator Award
 - LPS parents Amanda Campau and Terri Gogola were nominated by members of the Wayne County Parent Advisory Committee (WCPAC) for having a positive impact on students with disabilities
- Highlighted the refurbished competitive gyms at Stevenson and Franklin high schools. Churchill's will be next.
- Shared that an email related to COVID-19 was sent to LPS families and staff, with information from the Wayne County Department of Health, Human & Veteran Services. The District continues to monitor the current situation, in close collaboration with the Wayne County Public Health Division.

Written Communication	None
Audience Communication	Eric Johnson addressed the Board regarding his children changing from Livonia Virtual to in-person instruction.
Response to Prior Audience Communication	None
Consent Agenda	<p>It was moved by Mrs. Frank and supported by Mrs. Jarvis that the Board of Education of the Livonia Public Schools School District approve the following consent agenda items, as recommended by the superintendent:</p> <ul style="list-style-type: none">V.A. Minutes of the Regular Meeting of September 28, 2020V.B. Minutes of the Special Meeting of October 12, 2020VII.A. Approval of Resolution for Summer Tax Collection (Livonia & Westland collect 1/2 school property taxes) <p>Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson Nays: None</p>
Reconfirmation of Extended Continuity of Learning Plan	<p>It was moved by Mrs. Jarvis and supported by Mrs. Frank that the Board of Education of the Livonia Public Schools School District reconfirm the Continuity of Learning Plan that was approved on September 28, 2020. This plan recommends that students continue to receive instruction either remotely through Livonia Virtual or in-person at our schools, as reviewed in detail through the Continuity of Learning Plan and presentation in September.</p> <p>Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson Nays: None</p>
Approval to Purchase Google Enterprise	<p>It was moved by Mr. Centers and supported by Mrs. Frank that the Board of Education of the Livonia Public Schools School District approve the purchase of Google Enterprise for staff and students, from CDW-G at a cost of \$60,000 per year for three years, for a total cost of \$180,000.</p> <p>Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson Nays: None</p>
Approval of Financial Statements for 2019-2020	<p>It was moved by Mrs. Bonifield and supported by Mrs. Bradford that the Board of Education of the Livonia Public Schools School District accept the 2019-2020 audit report as presented by the audit firm of Plante Moran.</p>

Livonia Public Schools

**Report to the Board of Education
June 30, 2020**

To the Board of Education
Livonia Public Schools

We have recently completed our audit of the basic financial statements of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2020. In addition to our audit report, we are providing the following results of the audit, other recommendations, and informational items that impact the School District:

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We are grateful for the opportunity to be of service to Livonia Public Schools. We would also like to extend our thanks to Alison Smith and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

October 12, 2020

Results of the Audit

October 12, 2020

To the Board of Education
Livonia Public Schools

We have audited the financial statements of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2020 and have issued our report thereon dated October 12, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 8, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 12, 2020 regarding 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, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 7, 2020.

To the Board of Education
Livonia Public Schools

October 12, 2020

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District are described in Note 2 to the financial statements.

As described in Note 2, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to July 1, 2019, as required by the standard.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the School District's share of the MPERS net liabilities for the pension and other postemployment benefit (OPEB) plans recorded on the government-wide financial statements related to GASB Statement Nos. 68 and 75, respectively. The School District's estimates as of June 30, 2020 were \$365.5 million and \$78.8 million for the pension and OPEB liabilities, respectively, based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

To the Board of Education
Livonia Public Schools

October 12, 2020

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the School District. The results of that audit are provided to the board in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 200 dated October 12, 2020.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 12, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.


Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the School District's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the management's discussion and analysis, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

This information is intended solely for the use of the Board of Education and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Lisa M Vargo, CPA

Other Recommendations

Understanding and Managing Potential Threats to Your Data

Before the pandemic, education was one of the top targets for ransomware attacks. Working remotely during the pandemic has led to a global rise in cyberattacks. School districts shifted to remote learning quickly; in so doing, security controls may have been relaxed. In today's age of continual reports of cyberattacks, school districts need to be aware of where potential risks lie and how they are addressed and communicated to employees and the public.

When it comes to cybersecurity, the human element is still the weakest link and most targeted, as passwords like "August2020" can be easily guessed, and emails continue to trick people into clicking links and opening attachments. Information security is a district-wide issue, not just an IT department responsibility, requiring a combination of people, processes, and technology to effectively secure student, employee, and financial data. Now is the time to take a step back and assess exactly where your data is and the controls surrounding it.

Key questions to ask include the following:

- Do you know where all of the various data resides in the School District? Are employees storing district data with personally identifiable information (PII) or that is subject to FERPA on file-sharing sites or flash drives? Is the data being emailed to personal accounts?
- How secure is your data with at least a portion of your students and teachers working remotely?

Having an external party do an assessment on vulnerabilities may provide additional support to the IT team for initiatives it is implementing, providing peace of mind for the board that vulnerabilities have been assessed and addressed and allowing for confident communication to the public that its student and employee data is secure. If you are interested in discussing this further, we would be happy to continue the conversation.

Fund Balance

The financial turmoil encountered during the preparation for final amendments to the School District's budget at the end of the 2020 fiscal year highlighted the importance of maintaining adequate fund balance. The unknown economic impacts of the pandemic led to communications from the State projecting significant School Aid Fund shortfalls, requiring districts to plan for the worst. Although the ultimate proration for 2020 totaled \$175 per pupil, rather than original estimates of \$650 to \$700 per pupil cuts, districts with adequate fund balance were best positioned to absorb this very late funding adjustment.

During the 2019-2020 school year, the School District's General Fund revenue exceeded expenditures by approximately \$2.9 million. This resulted in increasing the General Fund fund balance to approximately \$33.8 million at June 30, 2020. Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2019 is approximately 14.20 percent of expenditures. Fund balance at the statewide average would approximately equal the School District's average operating costs for a 7 week period. The School District's fund balance percentage is 20.6 percent and equals approximately 11 weeks of operation.

Clearly, the School District will continue to face a difficult budgeting environment in 2020-2021 due to the unknowns surrounding the duration and impact of the pandemic on the State's economy and the School Aid Fund. School districts will need to strategically utilize federal grant funding and consider the impacts of educational service delivery on pupil count. Fund balance management will be an essential element for district success moving forward in these uncertain times.

Other Recommendations (Continued)

Disaster Recovery Planning/Business Continuity Planning

The last six months have highlighted the need for business continuity planning and, by association, disaster recovery planning. While not the same as a pandemic plan, school districts today need an updated business continuity plan, including plans for both pandemics and disasters.

If districts currently do not have an updated IT disaster recovery plan (DRP) in place, it is essential to prepare one outlining (1) what constitutes a disaster, (2) how a disaster is declared, and (3) what actions will be undertaken (and by whom) in the event of a disaster. Included in the planning process are two assessments: (1) a threats and risk assessment identifying and evaluating potential threats and their likelihood and (2) a business impact analysis evaluating the criticality and dependencies of various systems. These analyses are then used to develop recovery strategies, including the identification of restoration targets in terms of time (e.g., the system will be up and running within 24 hours).

DRPs should be collaboratively developed, including IT and business owners of the various systems. Plans should also be tested on a regular basis to ensure that staff understand their roles and responsibilities, the technologies work as intended, and the action items in the plan are appropriately identified. We would be happy to discuss how we can assist the School District.

Informational Items

State Aid Funding

2019-2020 State Aid, Foundation Allowance, and Proration

Background

Beginning of the 2020 School Year: School funding for 2019-2020 started out with little clarity; as the year progressed, the funding picture only increased in complexity and uncertainty. Due to conflicting priorities between the governor and the Legislature, school aid funding was not set on July 1, 2019, the start of the School District's fiscal year. This meant the School District was required to enact a budget with little to no guidance as to what the school aid funding picture would look like. It also meant the School District would need to revisit budget assumptions once the final state aid package was enacted. Once the funding was settled, the focus moved to what 2020-2021 would look like. The January 2020 Revenue Estimating Conference painted a positive picture for the School Aid Fund and the General Fund looking forward, and the governor started the budget process with the administration's budget recommendations.

State Budget Crisis: The normal budget development process was halted in March 2020 as the State began dealing with the implications of COVID-19. Schools moved to remote learning, meals were served for whole communities, federal financial resources were quickly infused into the economy, and "stay home, stay safe" was the theme as the entire state worked to see a way through the challenges of COVID-19. In May 2020, the regularly scheduled Revenue Estimating Conference addressed two key questions: What was the status of state revenue for the 2020 fiscal year, and what projections can be made looking forward to 2021 and 2022? The conclusions reached at the meeting were dire. It was estimated the 2020 School Aid Fund would end the year with an approximate \$1 billion deficit, roughly translated to a \$685 per pupil shortfall, that would need to be absorbed with the 2020 school year all but over. In addition, the estimates suggested there would be no improvement until 2022. These conclusions caused many districts to adjust their final 2020 budgets to reflect a potential proration of as much as \$650 to \$700 per pupil. The School District included a potential proration of \$650 within the final budget.

Financial Picture Improves: In the months that followed the May Revenue Estimating Conference, and well after the 2020 school year had ended, the State concluded it could balance its school aid budget with a \$175 per pupil proration cut, significantly less than the expected \$650 to \$700 per pupil estimate. In addition, in August 2020, a special Revenue Estimating Conference was held with the same goals as the May conference. With better data, the conference concluded that it is possible the \$175 per pupil proration would not need to recur in 2021, and the School Aid Fund will end in a better position than anticipated. While those conclusions are hopeful, significant unknowns remain related to an economic rebound and how resources will be allocated to funding priorities within school aid. The data will be used to craft a school funding plan for 2021; once complete, districts will once again need to revisit their 2021 budgets to reflect the budget priorities and funding levels provided by the 2021 amendments to the School Aid Act.

Informational Items (Continued)

2020 Funding Implications for the School District

2019-2020 Foundation: The target foundation allowance (formerly known as the basic foundation allowance) increased by \$120, from \$8,409 to \$8,529. Additionally, using the “2X formula,” the minimum foundation allowance increased by \$240 per pupil to \$8,111. Before applying proration, the School District received a \$120 increase in its foundation allowance, representing an increase of 1.4 percent. When a proration is applied, it does not change the actual foundation allowance. Instead it is essentially “taken off the top” of the funds provided to each district. For practical purposes, after applying proration, which occurred subsequent to June 30, 2020, the net result was effectively a decrease of \$55 per pupil funding.

MPSERS Cost Support: Overall retirement costs continue to increase. The estimated contribution rate for 2019-2020 ranged from 36.44 to 39.91 percent, with the rate, net of state funding support, paid directly by the employer ranging from 24.03 to 27.50 percent. The State’s funding support is provided in three separate sections of the State Aid Act: Sections 147a, 147c, and 147e. The School District received a total of \$1,305,218 in 147a1, \$2,012,036 in 147a2, \$12,054,480 in 147c1, and \$223,843 of 147e. In general terms, this means the total cost of the retirement system contributions in 2019-2020, representing approximately 39 percent of covered payroll, is recognized as an expenditure in the School District’s financial statements along with related revenue that was previously considered state support to the system. The net effect is that the School District is responsible for approximately a 27 percent contribution to the retirement system.

COVID-19 Waivers and Flexibilities: With the onset of COVID-19, many waivers were put in place and flexibilities made available to allow for the continued operation of schools. Examples include waivers for in-person attendance and days and hours requirements, since learning was now using a remote model, and approval and use of a Continuity of Learning Plan to qualify for continued state funding.

2021 Funding Implications for the School District

The August 2020 Revenue Estimating Conference reflected a better than expected revenue picture through September 30, 2020 and more stable financial footing for fiscal year 2021. Communications surrounding financial projections are highly cautionary, as the uncertainty of the economic impact of the pandemic duration continues to loom large. Careful monitoring of legislative, gubernatorial, and Michigan Department of Education actions will be essential for the School District to understand and plan for all revenue, identify requirements to receive and utilize federal revenue, and craft methodologies to allocate costs to ensure reimbursement. Several elements that impact school financial management are summarized below:

- **2020-2021 Foundation:** The School District’s foundation allowance remains at the fiscal 2019-2020 level, with the minimum set at \$8,111 per pupil and the target set at \$8,529 per pupil. The \$175 per pupil proration received in fiscal year 2020 will not continue into fiscal year 2021. School districts will also receive a one-time payment estimated at \$65 per pupil for fiscal year 2021 based on a 50/50 blend (50 percent weight on fiscal year 2020 membership plus 50 percent weight on what would have been the traditional fiscal year 2021 membership). Special education funding remains consistent at fiscal year 2020 levels, with the additional 2 percent reimbursement rate continuing in fiscal year 2021.

Informational Items (Continued)

- **Pupil Membership Blend for 2020-2021:** Typically, the pupil count methodology is defined when the School Aid Act is amended. For the 2021 fiscal year, a modified weighting process was crafted in July 2020 under the “Return to Learn” plan agreed to by the Legislature and the governor. The methodology attempts to address the variety of education delivery methods under the extended COVID-19 learning plans used by districts as fall instruction begins. The process provides for seat time waivers, waives the days and hours of instruction minimums, and changes the weighting of the pupil counts. The new method is a 75 percent/25 percent “super blending.” Step one under this method requires a district to complete its calendar year spring and fall counts for 2019 and 2020. The weighting of those counts continues to be at 90 percent fall and 10 percent spring. Then each of those counts is blended, with the 2019 calendar year count blend weighted at 75 percent and the 2020 count blend weighted at 25 percent. The net result of this is that districts experiencing a student count decline will see slower revenue reductions. Districts with a growing student count would see a slower revenue rise.
- **Teacher Retention Stipend:** The budget also appropriated \$5 million for fiscal year 2021 to provide matching funds to districts to retain new teachers. The program would provide \$1,000 in State funds to match \$500 in district funds for new teachers completing a full year of teaching in districts with at least 70 percent of pupils being economically disadvantaged. For districts with a lower percentage of economically disadvantaged pupils, the state payment would decline to \$500. This stipend should not be confused with the \$500 hazard pay for teachers, which is expected to be funded by the Coronavirus Relief Fund and has yet to be finalized.
- **MPSERS Cost for 2020-2021:** The basic structure, including cost support provided by the School Aid Fund, will continue. For 2021, the overall contribution rate is expected to increase to 42 percent from 39 percent, with the net cost to the School District approximating 28 percent. While the net cost to the School District changes marginally, the overall contribution rate increases significantly from 2020. The School Aid Fund implication is that more resources are redirected from the funding of operations to the support of the retirement system funding requirement. At the School District, the change in the overall contribution rate will increase retirement costs by approximately \$3 million based on covered payroll at June 30, 2020.

Looking Forward to 2022 and Beyond

Given the uncertain funding environment, looking past 2021 is difficult. The August 2020 Revenue Estimating Conference provided a look into 2022. While 2021 projected a surplus to carry over to 2022, the estimates suggest 2022 would be essentially breakeven, and the projections do not build in any specific foundation allowance increases. Factors that will impact projections include the following:

- The extent of economic “bounce back or backwards” that will be experienced by the State
- The impact of any future federal stimulus provided, as the projections do not include any stimulus other than what is already in place
- The ability to return to in-class instruction
- Student enrollment
- Health of the State’s General Fund

Informational Items (Continued)

- Cost trends for the retirement system and extent state support is used from the School Aid Fund

The next Revenue Estimating Conference will occur in January 2021. Districts will need to carefully monitor those results and compare projections to the August 2020 conference results. That information will allow districts to better project the extent of recovery and implications for school funding.

New Federal Funding Considerations - 2020 and 2021

Districts are experiencing a significant flow of new federal grant funding, the likes of which have not been seen since the Great Recession. These federal grants have compliance strings attached and require additional time and attention by school districts to evaluate and ensure proper use.

The Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security Act appropriated billions of dollars in supplemental and new education grant programs. In addition, these acts, and numerous waivers issued by federal agencies, have provided flexibilities for states, intermediate school districts, and local education authorities responsible for administering and monitoring new and previously existing federal grant programs.

Specific guidance related to the funding awarded to the School District under these acts has been released sporadically, oftentimes after the award was announced or funding disbursed; in some cases, guidance is still developing. The following is a summary of the more significant federal grants that have already been awarded to the School District or those to which the School District may consider applying:

- *Child Nutrition Meal Reimbursement: Unanticipated School Closures Program* - Due to the national emergency and mandatory closure of all Michigan K-12 schools, the School District participated in the Unanticipated School Closure Summer Food School Program (SFSP) during March, April, May, and June 2020. Nationwide and state-specific waivers granted by the U.S. Department of Agriculture (USDA) allowed all sponsors that participate in the National School Lunch Program (NSLP), School Breakfast Program (SBP), and SFSP to serve noncongregate meals to any child or teen age 18 years or younger residing in the community. The meals served through this program were provided free of charge, and reimbursement to the School District was funded through the CARES Act. Meal reimbursement claims by the School District under the Unanticipated School Closures grant during the year ended June 30, 2020 totaled \$864,352.

On August 31, 2020, the USDA announced that it is extending a suite of nationwide waivers for the Summer Food Service Program and Seamless Summer Option (SSO) through the end of 2020 or until available funding is depleted. The extended waivers allow for congregate or noncongregate meals to be served in all areas at no cost and for parents or guardians to pick up meals for their children.

- *Coronavirus Relief Fund* - The CARES Act established the Coronavirus Relief Fund (CRF) and appropriated these funds to states and large governmental municipalities. The funds are designed to help districts cover the supplemental costs related to their response to COVID-19. In July and August 2020, the State of Michigan appropriated \$530 million of the State's federal CRF funds to local education agencies (LEAs), which has since been distributed via the state aid payment system. In addition, \$125 million of Michigan CRF funds is earmarked to provide support to eligible child care providers, including those operated by school districts.

Informational Items (Continued)

Districts are required to use the funds in accordance with federal rules and regulations, subject to further interpretation by the State of Michigan. The CARES Act outlines three broad requirements that pertain to payments from the Coronavirus Relief Fund; the funds may be used only to cover expenses that:

1. Are necessary expenditures incurred due to the public health emergency with respect to coronavirus disease 2019 (COVID-19)
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or government
3. Were incurred during the period from March 1, 2020 through December 30, 2020

In early September 2020, the U.S. Treasury issued clarified guidance specific to school districts' use of CRF funds. This guidance broadly states that CRF payments may be used to cover costs associated with providing distanced or in-person learning and that, "as an administrative convenience, Treasury will presume expenses of up to \$500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount." While the Treasury guidance provides flexibility relative to the eligibility of costs that can be applied to CRF funds, there remains some uncertainty surrounding the nature and extent of documentation that school districts will be required to produce and retain to support how the funds were used. Therefore, we encourage the School District to remain cognizant of any updates to requirements relating to CRF funds as they are made available.

The School District's July and August 2020 state aid payments included a total of \$5,117,305 in CRF funds that must be recognized as revenue during fiscal year 2021 for eligible expenses incurred from March 1, 2020 through December 30, 2020.

- *Elementary and Secondary School Emergency Relief (ESSER) Fund* - The CARES Act also established a \$30.75 billion Education Stabilization Fund. Of the total \$389 million allocation to Michigan, the Michigan Department of Education (MDE) is required to apportion a minimum of 90 percent to LEAs based on the previous year's Title I formula. Although the State has no discretion in how this portion of the funding is to be allocated to eligible LEAs, school districts are still required to complete an application and budget by September 30, 2020 to be granted the award. ESSER grant funds can be applied toward a variety of allowable uses, including, but not limited to, coordination of efforts in response to coronavirus; provision of resources necessary to address the needs of individual schools, including learning materials and professional development; and other activities that are necessary to maintain the operation of and continuity of services in the school district and continue to employ existing staff.

A portion (9.5 percent) of the State ESSER Fund allocation is to be awarded competitively to school districts demonstrating the most need for remote learning connectivity and student mental health resources. Awards to individual school districts out of this reserve, known as ESSER Equity, are limited to 20 percent of the formula allocations. Applications are also due by September 30, 2020, and expenditures must have been incurred during the period from March 13, 2020 through September 30, 2021 to be eligible for reimbursement.

The School District's formula ESSER allocation is \$1,011,387. In addition, the School District has applied/plans to apply for an award from the ESSER Equity reserve.

Informational Items (Continued)

- *Governor's Education Emergency Relief (GEER) Fund* - GEER funds will be awarded to school districts that are determined to be most significantly impacted by COVID-19. A total of \$60 million will be distributed to school districts based on the number of students in high-need student groups, including those that are economically disadvantaged, special education students, and English language learners. To be eligible for funding, a school district's concentration of economically disadvantaged pupils compared to total enrollment must exceed 50 percent. Applications for GEER funds are expected to be available on or around September 14, 2020, and districts will have until the end of 2020 to apply. GEER funds must be used to support connectivity and out-of-school learning time; address learning loss and student mental health; provide for remote learning materials and professional development; and other health, safety, and wellness needs identified, required, or recommended in the MI Safe Schools Return to School Roadmap.

In addition to the CARES Act funding described above, the School District may also have received or may be eligible to apply for the following grants designed to assist with responding to impacts of the pandemic:

- Child Care and Development Block Grant - CARES Act Supplemental Payments
- Head Start - CARES Act Supplemental Payments
- Federal Emergency Management Agency (FEMA) Grants
- Coronavirus Food Assistance Program (CFAP) Commodities
- Federal assistance from the intermediate school district

In order to maximize available funding and ensure compliance with federal rules and regulations, the School District should do the following:

- Obtain a clear understanding of program requirements, including allowable uses and time period in which eligible expenses must be incurred.
- Verify that procedures and internal controls are adequately in place to adhere to Uniform Guidance rules related to procurement, cash management, allowable costs, and subrecipient monitoring, as applicable.
- Ensure that policies and procedures have been created or amended in accordance with requirements set forth in OMB Memorandums M-20-17 (rescinded by and replaced with M-20-26 on June 18, 2020) and M-20-26 (expired on September 30, 2020), which provided agencies the ability to extend administrative relief to federal grant recipients.
- Document all decisions made to determine eligibility of emergency-funded costs.
- Refer regularly to accounting guidance issued by the Michigan Department of Education to ensure that federal grant revenue is recorded correctly and expenditures are tracked using the proper grant codes.

The COVID-19 pandemic has created a continuously changing environment for recipients of federal funding, including the School District. As future legislation is developed, guidance is updated, and additional challenges and opportunities are uncovered, we are committed to assisting you in navigating the complexities.

Informational Items (Continued)

Michigan Public School Employees' Retirement System (MPSERS) - Update on the Plans' Net Pension/OPEB Liabilities

Similar to the State of Michigan, the MPSERS plan has a September 30 year end. With the adoption of GASB Statement Nos. 68 and 75, districts have been reporting their share of the MPSERS plan funded status in the government-wide financial statements of the district.

At September 30, 2019, the pension portion of the MPSERS plan had a net pension liability of approximately \$33.8 billion. This is an increase from the reported amount of \$30.7 billion at September 30, 2018, an increase of approximately 10 percent. This increase meant that, for the year ended June 30, 2020, districts reported a higher net pension liability than they had in the previous year, despite the fact that districts continued to make their required contributions to the plan during fiscal year 2020. One of the primary reasons for the increase in the liability was the result of a recently completed five-year experience study. The study results had the impact of increasing computed liabilities and contribution requirements. Additionally, the discount rate was lowered by 0.25 basis points, which also had the impact of increasing the pension liability.

At September 30, 2019, the retiree health care portion (OPEB) of the MPSERS plan had a net OPEB liability of approximately \$7.3 billion. This is a decrease from the reported amount of \$8.1 billion at September 30, 2018, a decrease of approximately 10 percent. The discount rate was lowered by 0.20 basis points, which had the unfavorable impact of increasing the liability. However, this was largely offset by the results of a favorable experience study adjustment related to a decrease in the projected per person health benefits costs.

Livonia Public Schools

**Financial Report
with Supplemental Information
June 30, 2020**

Livonia Public Schools

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Independent Auditor's Report

To the Board of Education
Livonia Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Livonia Public Schools' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools as of June 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, as of July 1, 2019, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Education
Livonia Public Schools

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the School District's proportionate share of the net pension and OPEB liabilities and pension and OPEB contributions, and the major fund budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2020 on our consideration of Livonia Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livonia Public Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 12, 2020

Livonia Public Schools

Management's Discussion and Analysis

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, 2020. 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 2013 Bond Series II Fund, with all other funds presented in one column as nonmajor funds. One of the remaining statements, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The other remaining statements related to the School District's Health and Welfare Fund.

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Major Special Revenue Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplemental Information

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

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

Livonia Public Schools

Management's Discussion and Analysis (Continued)

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

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Custodial Funds and Trust Funds

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

Livonia Public Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
Assets		
Current and other assets	\$ 80.3	\$ 87.3
Capital assets	265.6	264.4
Total assets	345.9	351.7
Deferred Outflows of Resources	122.2	119.2
Liabilities		
Current liabilities	25.3	30.2
Noncurrent liabilities	201.7	211.9
Net pension liability	365.5	333.6
Net OPEB liability	78.8	88.0
Total liabilities	671.3	663.7
Deferred Inflows of Resources	61.5	63.9
Net Position		
Net investment in capital assets	73.0	69.2
Restricted	7.3	4.4
Unrestricted	(345.0)	(330.3)
Total net position	<u>\$ (264.7)</u>	<u>\$ (256.7)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(264.7) million at June 30, 2020. Net investment in capital assets totaling \$73.0 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 (\$(345.0) million) was unrestricted.

The \$(345.0) 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 \$36.6 million. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Livonia Public Schools

Management's Discussion and Analysis (Continued)

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2019. This standard provides guidance on the identification and reporting of fiduciary activities and required the School District to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2019 beginning net position by \$1,259,038, which represents the activities that used to be reported as fiduciary but are now reported as governmental under GASB 84. The governmental statement of net position at June 30, 2020 and statement of activities for the year ended June 30, 2020 include all the balances and transactions for those activities that used to be reported as fiduciary but are now reported as governmental. All school districts were required to adopt this new standard, unless they elected to defer for one year, as allowed under GASB 95.

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, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 5.4	\$ 7.2
Operating grants	65.3	59.9
General revenue:		
Taxes	48.8	46.7
State aid not restricted to specific purposes	88.5	91.5
Other	2.6	3.9
Total revenue	210.6	209.2
Expenses		
Instruction	118.5	109.5
Support services	73.5	66.4
Athletics	2.3	2.2
Food services	4.1	3.7
Community services	3.4	3.0
Debt service	7.9	8.6
Depreciation expense (unallocated)	10.1	9.8
Total expenses	219.8	203.2
Change in Net Position	(9.2)	6.0
Net Position - Beginning of year (as restated)	(255.5)	(262.7)
Net Position - End of year	\$ (264.7)	\$ (256.7)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$219.8 million. Certain activities were partially funded from those who benefited from the programs (\$5.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$65.3 million). We paid for the remaining public benefit portion of our governmental activities with \$48.8 million in taxes, \$88.5 million in state foundation allowance, and \$2.6 million of other revenue (i.e., interest and general entitlements).

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

Livonia Public Schools

Management's Discussion and Analysis (Continued)

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 \$55.1 million, which is a decrease of \$2.7 million from last year. This decrease is primarily the result of expending the proceeds from the 2013 Bond Series II and Sinking Fund millage on capital projects expenditures that have included major upgrades to school buildings across the School District and the continuation of the technology infrastructure upgrades through the School District.

The School District is pleased to report that in the General Fund, our principal operating fund, the fund balance increased from \$30.9 million to \$33.8 million. 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. Of the \$2.9 million fund balance increase, \$1.5 million of the increase is attributed to purchases authorized by the Board of Education in the 2019-2020 school year that were not received by June 30, 2020. Therefore, these purchases will not be expended until the 2020-2021 school year. The School District also recognized savings due to the closure of school buildings due to the coronavirus disease 2019 (COVID-19) pandemic. Areas that realized lower costs than previous years include substitute staff costs, overtime payments, utilities, and contracted security costs to name a few.

Fund balance of our special revenue funds increased from \$2.8 million last year to \$3.7 million this year, primarily because of the planned use of some of the fund balance in our Food Service Fund, offset by increases in our Special Education Fund and our Student Activities Fund.

Combined, the fund balance of our debt service funds increased \$1.2 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Millage rates for 2019, 4.1 mills, were equal to the mills levied in 2018. Due to the increased property tax values, the levy generated additional revenue in excess of the debt service payments due in fiscal year 2020. This fund balance 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 \$7.6 million, from \$20.3 million to \$12.7 million. This decrease was planned and is primarily due to continued construction related to the 2013 bond issues and repairs made possible through our voter-approved Sinking Fund. The fund balances in our capital project funds will continue to decrease as the School District utilizes the funds for the purposes approved by the community.

With the adoption of GASB 84, the School District created the Student Activities special revenue fund to account for the activities previously reported as fiduciary funds. The effect of the adoption was to increase July 1, 2019 beginning fund balance by \$1.3 million. Fund balance increased by \$0.2 million the year ended June 30, 2020.

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 2020. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

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

Livonia Public Schools

Management's Discussion and Analysis (Continued)

During the course of the 2019-2020 school year, General Fund (excluding the Funded Projects Fund) budgeted revenue and proceeds from sales of capital assets were decreased from the original budget by \$4.6 million. The revenue from state sources adopted in the final amendment included an adjustment for a potential \$650 per pupil cut in funding based on revenue estimates in a memo published by the Senate Fiscal Agency on May 19, 2020. On July 22, 2020, the Senate Fiscal Agency published another memo that indicated the actual cut to K-12 schools would be \$175 per pupil for the 2019-2020 school year. That change resulted in an additional \$6.5 million of revenue from state sources above what was listed in the final amended budget. In total, revenue came in favorably by \$6.9 million over the final amended budget.

There was a minimal change, less than \$200,000, in the overall total expenditures from the original budget to the final amended budget. Actual expenditures came in favorably by \$1.5 million compared to the final amended budget. This represents a less than 1 percent variance from the final amended budget, which is in line with sound budgeting practices.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the School District had \$265.6 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 \$1.2 million, or 0.5 percent, from last year.

	Governmental Activities	
	2020	2019
Land	\$ 6,487,078	\$ 6,487,078
Construction in progress	13,128,562	17,388,890
Buildings and improvements	230,119,881	223,828,397
Furniture and equipment	10,494,551	11,293,737
Buses and other vehicles	5,352,195	5,379,629
Total capital assets - Net of accumulated depreciation	\$ 265,582,267	\$ 264,377,731

This year's additions of \$11.7 million include building improvements, such as new roofs; site improvements, such as new paving, technology improvements, buses, a vehicle, and other various building renovations. This year marked the seventh year of major expenditures of the 2013 bond proceeds. The major renovation and upgrade project was Niji Iro Elementary School, as well as continued district-wide technology equipment purchases and infrastructure upgrades. 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 \$182.7 million in bonds outstanding versus \$192.0 million in the previous year - a change of 4.8 percent. Those bonds consisted of the following:

	2020	2019
General obligation bonds	\$ 182,730,000	\$ 191,950,000

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 \$182.7 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.

Livonia Public Schools

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2020-2021 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. Historically, the pupil count used for funding is 10 percent of the prior spring's pupil count and 90 percent of the current fall's pupil count. For fiscal year 2021, the pupil count for funding will be 75 percent of the fiscal year 2020 membership plus 25 percent of the fiscal year 2021 membership. The 2020-2021 budget was adopted in June 2020 based on an estimate of students who will enroll in September 2020. We budgeted for a decline of 200 students. This is a larger decrease than the School District experienced in 2019-2020, but, with the uncertainty brought on by the COVID-19 pandemic, we felt it prudent to budget for a possibly larger decrease in students. The School District amends the budget throughout the year to reflect actual student enrollment and the most accurate projections in revenue, including state aid, local revenue, and other revenue sources. We also amend our budgeted expenditures based on our analysis of potential changes in staffing, benefit costs, utilities, and other costs.

One additional revenue source that alleviates pressure on the General Fund is the availability of Sinking Fund revenue. Our community approved a new Sinking Fund that will replace the expiring Sinking Fund. The new Sinking Fund is estimated to generate approximately \$7 million per year and will expire in December 2029. The Sinking Fund proceeds go towards supporting the School District's long-term facility needs. In addition, these funds will be used for instructional technology purchases and security improvements.

The impact of COVID-19 will require the School District to carefully monitor its budget for 2020-2021. Decisions made at the federal and state levels related to financial resources will also need to be monitored, as they will have a direct impact on the School District's budget. As information becomes known by the School District, the budget will be reviewed and adjusted as needed to ensure adequate resources are available both now and in the future.

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 business office.

Livonia Public Schools

Statement of Net Position

June 30, 2020

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 40,251,846
Receivables:	
Property taxes receivable	18,664
Other receivables	145,654
Due from other governments	21,295,033
Inventory	191,223
Prepaid expenses and other assets	158,067
Restricted assets - Cash and cash equivalents (Note 4)	18,262,003
Capital assets - Net (Note 6)	<u>265,582,267</u>
Total assets	345,904,757

Deferred Outflows of Resources

Deferred pension costs (Note 9)	99,177,046
Deferred OPEB costs (Note 9)	<u>22,975,986</u>
Total deferred outflows of resources	122,153,032

Liabilities

Accounts payable	3,375,065
Due to other governmental units	7,363,696
Accrued liabilities and other	13,779,365
Unearned revenue (Note 5)	687,555
Noncurrent liabilities:	
Due within one year: (Note 8)	
Compensated absences	497,292
Current portion of bonds and contracts payable	10,756,501
Due in more than one year (Note 8)	190,457,665
Net pension liability (Note 9)	365,547,134
Net OPEB liability (Note 9)	<u>78,751,350</u>
Total liabilities	671,215,623

Deferred Inflows of Resources

Deferred benefit on bond refunding (Note 8)	2,060,583
Revenue in support of pension contributions made subsequent to the measurement date (Note 9)	12,054,480
Deferred pension cost reductions (Note 9)	16,289,413
Deferred OPEB cost reductions (Note 9)	<u>31,125,824</u>
Total deferred inflows of resources	<u>61,530,300</u>

Net Position

Net investment in capital assets	73,033,828
Restricted:	
Debt service	3,602,527
Capital projects	2,250,825
Student activities	1,413,097
Unrestricted	<u>(344,988,411)</u>
Total net position	<u><u>\$ (264,688,134)</u></u>

Livonia Public Schools

Statement of Activities

Year Ended June 30, 2020

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	\$ 118,530,442	\$ 66,723	\$ 39,062,656	\$ (79,401,063)
Support services	73,480,212	46,863	23,941,628	(49,491,721)
Athletics	2,256,232	702,076	-	(1,554,156)
Food services	4,084,641	1,295,379	2,265,009	(524,253)
Community services	3,376,073	3,274,321	-	(101,752)
Interest	7,918,704	-	-	(7,918,704)
Other debt costs	8,909	-	-	(8,909)
Depreciation expense (unallocated) (Note 6)	10,099,360	-	-	(10,099,360)
Total primary government	\$ 219,754,573	\$ 5,385,362	\$ 65,269,293	(149,099,918)
General revenue:				
Taxes:				
Property taxes levied for general purposes				24,934,227
Property taxes levied for debt service				18,789,053
Property taxes levied for capital projects				5,078,049
State aid not restricted to specific purposes				88,544,346
Interest and investment earnings				651,778
Loss on sale of capital assets				(378,475)
Other:				
Student activities				1,803,762
Other				464,648
Total general revenue				<u>139,887,388</u>
Change in Net Position				(9,212,530)
Net Position - Beginning of year, as restated (Note 2)				<u>(255,475,604)</u>
Net Position - End of year				<u>\$(264,688,134)</u>

Livonia Public Schools

Governmental Funds Balance Sheet

June 30, 2020

	General Fund	Special Education Fund	2013 Bond Series II Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 4)	\$ 39,811,186	\$ -	\$ -	\$ 440,660	\$ 40,251,846
Receivables:					
Property taxes receivable	6,663	-	-	12,001	18,664
Other receivables	138,225	-	-	7,429	145,654
Due from other governments	21,040,585	-	-	254,448	21,295,033
Due from other funds (Note 7)	762,164	6,997,809	337,430	4,158,362	12,255,765
Inventory	130,446	-	-	60,777	191,223
Prepaid expenses and other assets	107,367	-	50,700	-	158,067
Restricted assets (Note 4)	-	-	8,725,889	9,536,114	18,262,003
	\$ 61,996,636	\$ 6,997,809	\$ 9,114,019	\$ 14,469,791	\$ 92,578,255
Total assets					
Liabilities					
Accounts payable	\$ 595,850	\$ 6,726	\$ 901,869	\$ 1,585,449	\$ 3,089,894
Due to other governmental units	3,292,320	4,070,045	-	1,331	7,363,696
Due to other funds (Note 7)	12,470,504	-	-	1,778,961	14,249,465
Accrued liabilities and other	11,199,222	825,523	-	18,423	12,043,168
Unearned revenue (Note 5)	687,555	-	-	-	687,555
	28,245,451	4,902,294	901,869	3,384,164	37,433,778
Total liabilities					
Fund Balances					
Nonspendable - Inventory and prepaid expense	237,813	-	-	60,777	298,590
Restricted:					
Debt service	-	-	-	4,986,318	4,986,318
Capital projects	-	-	8,212,150	2,410,268	10,622,418
Food service	-	-	-	100,771	100,771
Student activities	-	-	-	1,413,097	1,413,097
Committed - Approved purchases	1,549,787	-	-	-	1,549,787
Assigned:					
Subsequent year's budget	5,338,546	-	-	-	5,338,546
Capital projects	-	-	-	2,114,396	2,114,396
Center programs	-	2,095,515	-	-	2,095,515
Unassigned	26,625,039	-	-	-	26,625,039
	33,751,185	2,095,515	8,212,150	11,085,627	55,144,477
Total fund balances					
Total liabilities and fund balances	\$ 61,996,636	\$ 6,997,809	\$ 9,114,019	\$ 14,469,791	\$ 92,578,255

Livonia Public Schools

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 55,144,477
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	427,140,967
Accumulated depreciation	<u>(161,558,700)</u>
Net capital assets used in governmental activities	265,582,267
Deferred inflows and outflows related to bond refundings are not reported in the funds	(2,060,583)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(198,859,449)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,383,791)
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	(2,852,009)
Net pension liability and related deferred inflows and outflows	(282,659,501)
Net OPEB liability and related deferred inflows and outflows	(86,901,188)
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	(12,054,480)
Internal service funds are included as part of governmental activities	<u>1,356,123</u>
Net Position of Governmental Activities	<u><u>\$ (264,688,134)</u></u>

Livonia Public Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Special Education Fund	2013 Bond Series II Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 30,084,595	\$ -	\$ 503,562	\$ 27,160,436	\$ 57,748,593
State sources	116,949,418	5,810,427	-	1,205,033	123,964,878
Federal sources	6,477,204	-	-	2,263,856	8,741,060
Interdistrict sources	9,844,677	10,499,356	-	-	20,344,033
Total revenue	163,355,894	16,309,783	503,562	30,629,325	210,798,564
Expenditures					
Current:					
Instruction	99,589,748	8,840,119	-	-	108,429,867
Support services	57,547,461	4,731,346	45,605	1,787,718	64,112,130
Athletics	2,133,502	-	-	-	2,133,502
Food services	-	-	-	3,891,286	3,891,286
Community services	3,037,852	-	-	-	3,037,852
Debt service:					
Principal	-	-	-	9,220,000	9,220,000
Interest	-	-	-	9,496,950	9,496,950
Other debt costs	-	-	-	8,909	8,909
Capital outlay	1,494,705	99,179	3,979,054	9,754,396	15,327,334
Total expenditures	163,803,268	13,670,644	4,024,659	34,159,259	215,657,830
Excess of Revenue (Under) Over Expenditures	(447,374)	2,639,139	(3,521,097)	(3,529,934)	(4,859,266)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets (Note 6)	-	-	-	581,363	581,363
Transfers in (Note 7)	3,300,000	-	-	-	3,300,000
Transfers out (Note 7)	-	(1,500,000)	-	(200,000)	(1,700,000)
Total other financing sources (uses)	3,300,000	(1,500,000)	-	381,363	2,181,363
Net Change in Fund Balances	2,852,626	1,139,139	(3,521,097)	(3,148,571)	(2,677,903)
Fund Balances - Beginning of year, as restated (Note 2)	30,898,559	956,376	11,733,247	14,234,198	57,822,380
Fund Balances - End of year	<u>\$ 33,751,185</u>	<u>\$ 2,095,515</u>	<u>\$ 8,212,150</u>	<u>\$ 11,085,627</u>	<u>\$ 55,144,477</u>

Livonia Public Schools

Governmental Funds

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

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ (2,677,903)
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	11,688,734
Depreciation expense	(10,099,360)
Net book value of assets disposed of	(384,838)
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	(613,048)
Revenue in support of pension contributions made subsequent to the measurement date	160,002
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	10,722,829
Interest expense is recognized in the government-wide statements as it accrues	75,417
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	(18,022,401)
The internal service fund (Health and Welfare Fund) is included as part of governmental activities	(61,962)
Change in Net Position of Governmental Activities	\$ (9,212,530)

Livonia Public Schools

Proprietary Funds Statement of Net Position

June 30, 2020

	Internal Service Fund - Health and Welfare Fund
	<u> </u>
Assets - Due from other funds (Note 7)	\$ 2,001,934
Liabilities	
Current liabilities:	
Accounts payable	293,405
Claims payable (Note 10)	<u>352,406</u>
Total liabilities	<u>645,811</u>
Net Position - Unrestricted	<u><u>\$ 1,356,123</u></u>

Livonia Public Schools

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

Year Ended June 30, 2020

	<u>Internal Service Fund - Health and Welfare Fund</u>
Operating Revenue	
Employee contributions	\$ 2,847,018
Employee contributions - Purchased insurance	500,493
Charges for services	<u>17,222,910</u>
Total operating revenue	20,570,421
Operating Expenses	
Cost of insurance claims (Note 10)	270,314
Employee premiums - Purchased insurance	281,671
Premiums and administrative costs	<u>18,480,398</u>
Total operating expenses	19,032,383
Transfers Out (Note 7)	<u>(1,600,000)</u>
Change in Net Position	(61,962)
Net Position - Beginning of year	<u>1,418,085</u>
Net Position - End of year	<u><u>\$ 1,356,123</u></u>

Livonia Public Schools

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2020

	Internal Service Fund - Health and Welfare Fund
Cash Flows from Operating Activities	
Receipts from interfund services and reimbursements	\$ 22,217,267
Claims, premium, and administrative fees paid	<u>(22,217,267)</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	\$ (61,962)
Adjustments to reconcile change in net position to net cash from operating activities -	
Changes in assets and liabilities:	
Due from other funds	1,646,846
Deposits	42,986
Accounts payable	(1,539,850)
Claims payable	<u>(88,020)</u>
Net cash provided by operating activities	<u><u>\$ -</u></u>

Livonia Public Schools**Fiduciary Funds
Statement of Fiduciary Net Position****June 30, 2020**

	<u>Scholarship</u>
Assets - Cash and investments	\$ 35,090
Liabilities - Due to other funds (Note 7)	<u>8,234</u>
Net Position - Restricted for endowments	<u><u>\$ 26,856</u></u>

Livonia Public Schools

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	Scholarship
Additions - Local sources	\$ 600
Deductions - Scholarships awarded	3,214
Net Decrease in Fiduciary Net Position	(2,614)
Net Position - Beginning of year	29,470
Net Position - End of year	\$ 26,856

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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 2013 Bond Series II Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring equipment and technology and for remodeling and equipping school facilities. The fund operates until the purpose for which it was created is accomplished.

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

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

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 2 - Significant Accounting Policies (Continued)

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

Proprietary Fund

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

Fiduciary Funds

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

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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.

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.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

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

Restricted Assets

The following amounts are reported as restricted assets:

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

Capital Assets

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

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

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

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

Long-term Obligations

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

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

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.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred outflows related to deferred pension and OPEB costs.

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

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

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

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.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 2 - Significant Accounting Policies (Continued)

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.

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.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Upcoming Accounting Pronouncements

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

Adoption of New Accounting Pronouncements

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the student activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within a nonmajor governmental special revenue fund.

The effect of this new standard on net position/fund balance was as follows:

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Nonmajor Funds</u>
Net position/fund balance - June 30, 2019 - As previously reported	\$ (256,734,642)	\$ 12,975,160
Adjustment for GASB Statement No. 84 - To change fund type	1,259,038	1,259,038
Net position/fund balance - June 30, 2019 - As restated	<u>\$ (255,475,604)</u>	<u>\$ 14,234,198</u>

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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 not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

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

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for that investments may not be redeemed for at least 14 calendar days with certain exceptions for the MILAF MAX Class investments. 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 \$855,698 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2020, there were no investment securities that were uninsured and unregistered.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

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

Credit Risk

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

Investment	Carrying Value	Rating	Rating Organization
Federal Money Market Fund	\$ 9,973,658	Aaa-mf	Moody's
U.S. Treasury Securities Money Market Fund*	40,064,921	Aaa-mf	Moody's
Michigan Liquid Asset Fund - Investment Pool*	8,618,673	AAAm	S & P
Total	<u>\$ 58,657,252</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. There was no unavailable revenue at June 30, 2020. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 5 - Unavailable/Unearned Revenue (Continued)

At June 30, 2020, the various components of unearned revenue were as follows:

	Governmental Funds Liability - Unearned
Grant and categorical aid payment received prior to meeting all eligibility requirements	\$ 644,017
Program fees and tuition	24,699
Other	18,839
Total	<u>\$ 687,555</u>

Note 6 - Capital Assets

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

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 6,487,078	\$ -	\$ -	\$ -	\$ 6,487,078
Construction in progress	17,388,890	(10,873,005)	6,612,677	-	13,128,562
Subtotal	23,875,968	(10,873,005)	6,612,677	-	19,615,640
Capital assets being depreciated:					
Buildings and improvements	356,581,929	10,873,005	3,795,138	-	371,250,072
Furniture and equipment	27,432,381	-	399,989	(50,006)	27,782,364
Buses and other vehicles	9,352,933	-	880,930	(1,740,972)	8,492,891
Subtotal	393,367,243	10,873,005	5,076,057	(1,790,978)	407,525,327
Accumulated depreciation:					
Buildings and improvements	132,753,532	-	8,376,659	-	141,130,191
Furniture and equipment	16,138,644	-	1,189,174	(40,005)	17,287,813
Buses and other vehicles	3,973,304	-	533,527	(1,366,135)	3,140,696
Subtotal	152,865,480	-	10,099,360	(1,406,140)	161,558,700
Net capital assets being depreciated	240,501,763	10,873,005	(5,023,303)	(384,838)	245,966,627
Net governmental activities capital assets	<u>\$ 264,377,731</u>	<u>\$ -</u>	<u>\$ 1,589,374</u>	<u>\$ (384,838)</u>	<u>\$ 265,582,267</u>

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

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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
Sinking Fund	\$ 6,015,524	\$ 4,275,537
2013 Bond Fund - Series II	2,860,197	1,632,561
Total	<u>\$ 8,875,721</u>	<u>\$ 5,908,098</u>

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	Private Purpose Trust Fund	Nonmajor Funds	
General Fund	\$ -	\$ 8,234	\$ 753,930	\$ 762,164
Special Education Fund	6,997,809	-	-	6,997,809
2013 Bond Series II Fund	337,430	-	-	337,430
Internal service - Health and Welfare Fund	2,001,934	-	-	2,001,934
Nonmajor funds	3,133,331	-	1,025,031	4,158,362
Total	<u>\$ 12,470,504</u>	<u>\$ 8,234</u>	<u>\$ 1,778,961</u>	<u>\$ 14,257,699</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	\$ 1,500,000
Health and Welfare - Internal Service Fund	General Fund	1,600,000
Nonmajor governmental funds	General Fund	200,000
	Total	<u>\$ 3,300,000</u>

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. The internal service fund transferred excess fund balance to the General Fund based on revisions to health care coverage.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 191,950,000	\$ -	\$ (9,220,000)	\$ 182,730,000	\$ 9,680,000
Unamortized bond premiums	17,205,950	-	(1,076,501)	16,129,449	1,076,501
Total bonds payable	209,155,950	-	(10,296,501)	198,859,449	10,756,501
Compensated absences	2,784,041	67,968	-	2,852,009	497,292
Total governmental activities long-term debt	<u>\$ 211,939,991</u>	<u>\$ 67,968</u>	<u>\$ (10,296,501)</u>	<u>\$ 201,711,458</u>	<u>\$ 11,253,793</u>

The School District had deferred inflows of \$2,060,583 related to deferred benefit on bond refundings at June 30, 2020.

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, 2020 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing May 1	Outstanding
\$65,025,000 qualified refunding bonds	\$4,125,000 - \$7,810,000	4.00 - 5.00%	2025	\$ 27,705,000
\$103,330,000 qualified school building and site bonds	\$900,000 - \$5,550,000	4.00 - 5.00%	2043	83,375,000
\$76,180,000 qualified school building and site bonds	\$1,375,000 - \$4,175,000	5.00%	2045	71,650,000
Total governmental activities				<u>\$ 182,730,000</u>

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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		
	Principal	Interest	Total
2021	\$ 9,680,000	\$ 9,044,450	\$ 18,724,450
2022	10,160,000	8,560,450	18,720,450
2023	7,210,000	8,061,450	15,271,450
2024	7,425,000	7,700,950	15,125,950
2025	7,730,000	7,370,950	15,100,950
2026-2030	29,125,000	32,331,250	61,456,250
Thereafter	111,400,000	44,346,250	155,746,250
Total	\$ 182,730,000	\$ 117,415,750	\$ 300,145,750

Note 9 - Michigan Public School Employees' Retirement System

Plan Description

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

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

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.

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.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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

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

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

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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

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, 2020 were \$30,588,971, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$12,054,480 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, 2020.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$8,054,237, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2020, the School District reported a liability of \$365,547,134 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. 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, 2019 and 2018, the School District's proportion was 1.10 and 1.11 percent, respectively, representing a change of 0.53 percent.

Net OPEB Liability

At June 30, 2020, the School District reported a liability of \$78,751,350 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. 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, 2019 and 2018, the School District's proportion was 1.10 and 1.11 percent, respectively, representing a change of 0.94 percent.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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 2020, the School District recognized pension expense of \$53,797,061, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, 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	\$ 1,638,498	\$ (1,524,297)
Changes in assumptions	71,574,386	-
Net difference between projected and actual earnings on pension plan investments	-	(11,715,164)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	171,211	(3,049,952)
The School District's contributions to the plan subsequent to the measurement date	25,792,951	-
Total	<u>\$ 99,177,046</u>	<u>\$ (16,289,413)</u>

The \$12,054,480 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2021. 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
2021	\$ 22,087,277
2022	18,331,471
2023	11,927,815
2024	4,748,119
Total	<u>\$ 57,094,682</u>

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

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$1,862,827.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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

At June 30, 2020, 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	\$ -	\$ (28,896,097)
Changes in assumptions	17,063,823	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,369,524)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	115,115	(860,203)
Employer contributions to the plan subsequent to the measurement date	5,797,048	-
Total	<u>\$ 22,975,986</u>	<u>\$ (31,125,824)</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
2021	\$ (3,817,701)
2022	(3,817,701)
2023	(3,134,030)
2024	(2,083,461)
2025	(1,093,993)
Total	<u>\$ (13,946,886)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2019 are based on the results of an actuarial valuation as of September 30, 2018 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% - 6.80%	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%
Health care cost trend rate - OPEB	7.50%	Year 1 graded to 3.5% year 12
Mortality basis		RP-2014 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 MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study that resulted in a lower than projected per person health benefit costs for OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2019 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2019. 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	28.00 %	5.50 %
Private equity pools	18.00	8.60
International equity pools	16.00	7.30
Fixed-income pools	10.50	1.20
Real estate and infrastructure pools	10.00	4.20
Absolute return pools	15.50	5.40
Short-term investment pools	2.00	0.80
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 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	\$ 475,234,660	\$ 365,547,134	\$ 274,612,397

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

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

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

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 96,600,365	\$ 78,751,350	\$ 63,763,135

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 (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the School District	\$ 63,127,700	\$ 78,751,350	\$ 96,598,247

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, 2020, the School District reported a payable of \$4,839,758 and \$654,581 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

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.

Livonia Public Schools

Notes to Financial Statements

June 30, 2020

Note 10 - Risk Management (Continued)

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2020	2019
Estimated liability - Beginning of year	\$ 440,426	\$ 452,142
Estimated claims incurred, including changes in estimates	270,314	207,159
Claim payments	(358,334)	(218,875)
Estimated liability - End of year	<u>\$ 352,406</u>	<u>\$ 440,426</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, 2020, the School District's property tax revenue was reduced by approximately \$2,177,000 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 \$1,742,000 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.

Note 12 - Subsequent Events

Following the passing of Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020 to combat the effects of the COVID-19 pandemic, the U.S. Department of Treasury distributed Coronavirus Relief Fund (CRF) payments to the State of Michigan. During July and August 2020, the School District received \$5,117,305 of these restricted CRF funds from the Michigan Department of Education. The CRF funds can only be used for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

Required Supplemental Information

Livonia Public Schools

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 30,215,190	\$ 30,711,449	\$ 30,037,496	\$ (673,953)
State sources	114,388,650	108,296,859	115,011,562	6,714,703
Federal sources	26,634	30,089	30,099	10
Interdistrict sources	8,992,494	9,009,335	9,844,677	835,342
Total revenue	153,622,968	148,047,732	154,923,834	6,876,102
Expenditures				
Current:				
Instruction:				
Basic programs	77,578,145	76,799,832	76,567,910	(231,922)
Added needs	16,647,504	18,463,996	18,302,098	(161,898)
Support services:				
Pupil	9,934,445	8,646,458	8,605,739	(40,719)
Instructional staff	6,599,532	7,046,021	6,956,263	(89,758)
General administration	986,261	861,693	727,459	(134,234)
School administration	9,697,172	9,700,356	9,687,546	(12,810)
Business	2,220,651	2,104,708	2,036,047	(86,661)
Operations and maintenance	16,393,064	15,910,490	15,530,419	(380,071)
Pupil transportation services	8,457,451	8,221,630	8,053,842	(167,788)
Central	3,387,859	3,959,994	3,873,610	(86,384)
Athletics	2,329,803	2,249,514	2,204,127	(45,387)
Community services	2,898,048	2,994,571	2,908,211	(86,360)
Total expenditures	157,129,935	156,959,263	155,453,271	(1,505,992)
Excess of Expenditures Over Revenue	(3,506,967)	(8,911,531)	(529,437)	8,382,094
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	575,000	-	-	-
Transfers in	1,800,000	3,390,229	3,400,973	10,744
Transfers out	(15,000)	(20,000)	(18,910)	1,090
Total other financing sources	2,360,000	3,370,229	3,382,063	11,834
Net Change in Fund Balance	(1,146,967)	(5,541,302)	2,852,626	8,393,928
Fund Balance - Beginning of year	30,898,559	30,898,559	30,898,559	-
Fund Balance - End of year	\$ 29,751,592	\$ 25,357,257	\$ 33,751,185	\$ 8,393,928

Livonia Public Schools

Required Supplemental Information Budgetary Comparison Schedule General Fund - Funded Projects

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 163,866	\$ 169,855	\$ 47,099	\$ (122,756)
State sources	1,844,256	3,496,586	1,937,856	(1,558,730)
Federal sources	6,583,631	6,851,236	6,447,105	(404,131)
Total revenue	8,591,753	10,517,677	8,432,060	(2,085,617)
Expenditures				
Current:				
Instruction	6,083,325	5,274,366	4,945,351	(329,015)
Support services	2,243,486	4,955,706	3,271,841	(1,683,865)
Community services	166,355	211,145	132,805	(78,340)
Total expenditures	8,493,166	10,441,217	8,349,997	(2,091,220)
Excess of Revenue Over Expenditures	98,587	76,460	82,063	5,603
Other Financing Sources (Uses)				
Transfers in	12,093	25,215	18,910	(6,305)
Transfers out	(110,680)	(101,675)	(100,973)	702
Total other financing uses	(98,587)	(76,460)	(82,063)	(5,603)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ -	\$ -

Livonia Public Schools

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

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
State sources	\$ 5,566,021	\$ 5,100,569	\$ 5,810,427	\$ 709,858
Interdistrict sources	10,765,465	10,436,994	10,499,356	62,362
Total revenue	16,331,486	15,537,563	16,309,783	772,220
Expenditures				
Current:				
Instruction	10,262,958	9,702,156	8,939,298	(762,858)
Support services	4,587,501	4,547,798	4,731,346	183,548
Total expenditures	14,850,459	14,249,954	13,670,644	(579,310)
Excess of Revenue Over Expenditures	1,481,027	1,287,609	2,639,139	1,351,530
Other Financing Uses - Transfers out	(1,500,000)	(1,300,000)	(1,500,000)	(200,000)
Net Change in Fund Balance	(18,973)	(12,391)	1,139,139	1,151,530
Fund Balance - Beginning of year	956,376	956,376	956,376	-
Fund Balance - End of year	<u>\$ 937,403</u>	<u>\$ 943,985</u>	<u>\$ 2,095,515</u>	<u>\$ 1,151,530</u>

Livonia Public Schools

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

	Last Six Plan Years					
	Plan Years Ended September 30					
	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	1.10382 %	1.10960 %	1.10839 %	1.11646 %	1.14578 %	1.15492 %
School District's proportionate share of the net pension liability	\$ 365,547,134	\$ 333,583,678	\$ 287,231,919	\$ 278,547,083	\$ 279,856,068	\$ 254,389,073
School District's covered payroll	\$ 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	382.15 %	354.44 %	309.92 %	299.31 %	294.15 %	264.66 %
Plan fiduciary net position as a percentage of total pension liability	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 Six Fiscal Years Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 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	<u>30,130,286</u>	<u>29,162,712</u>	<u>28,273,165</u>	<u>26,551,658</u>	<u>26,167,534</u>	<u>20,507,422</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 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	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 Three Plan Years		
	Plan Years Ended September 30		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	1.09716 %	1.07600 %	1.10567 %
School District's proportionate share of the net OPEB liability	\$ 78,751,350	\$ 88,042,409	\$ 97,912,644
School District's covered payroll	\$ 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	82.33 %	93.55 %	105.65 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

Livonia Public Schools

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

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

Livonia Public Schools

Notes to Required Supplemental Information

June 30, 2020

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:

- 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 Fund		Debt Service Funds		
	Food Service	Student Activities	2013 Bond	2014 Refunding	2016 Bond
Assets					
Cash and cash equivalents	\$ 3,116	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes receivable	-	-	4,116	-	3,995
Other receivables	-	-	-	7,429	-
Due from other governments	254,448	-	-	-	-
Due from other funds	25,476	1,430,906	511,255	-	513,873
Inventory	60,777	-	-	-	-
Restricted assets	-	-	675,696	3,446,175	848,810
Total assets	\$ 343,817	\$ 1,430,906	\$ 1,191,067	\$ 3,453,604	\$ 1,366,678
Liabilities					
Accounts payable	\$ 162,515	\$ 17,809	\$ -	\$ -	\$ -
Due to other governmental units	1,331	-	-	-	-
Due to other funds	-	-	-	1,025,031	-
Accrued liabilities and other	18,423	-	-	-	-
Total liabilities	182,269	17,809	-	1,025,031	-
Fund Balances					
Nonspendable - Inventory and prepaid expenses	60,777	-	-	-	-
Restricted:					
Debt service	-	-	1,191,067	2,428,573	1,366,678
Capital projects	-	-	-	-	-
Food service	100,771	-	-	-	-
Student activities	-	1,413,097	-	-	-
Assigned - Capital projects	-	-	-	-	-
Total fund balances	161,548	1,413,097	1,191,067	2,428,573	1,366,678
Total liabilities and fund balances	\$ 343,817	\$ 1,430,906	\$ 1,191,067	\$ 3,453,604	\$ 1,366,678

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

Capital Project Funds			
Technology	Capital Projects	Sinking	Total
\$ 437,544	\$ -	\$ -	\$ 440,660
-	-	3,890	12,001
-	-	-	7,429
-	-	-	254,448
-	1,676,852	-	4,158,362
-	-	-	60,777
-	-	4,565,433	9,536,114
\$ 437,544	\$ 1,676,852	\$ 4,569,323	\$ 14,469,791
\$ -	\$ -	\$ 1,405,125	\$ 1,585,449
-	-	-	1,331
-	-	753,930	1,778,961
-	-	-	18,423
-	-	2,159,055	3,384,164
-	-	-	60,777
-	-	-	4,986,318
-	-	2,410,268	2,410,268
-	-	-	100,771
-	-	-	1,413,097
437,544	1,676,852	-	2,114,396
437,544	1,676,852	2,410,268	11,085,627
\$ 437,544	\$ 1,676,852	\$ 4,569,323	\$ 14,469,791

Livonia Public Schools

	Special Revenue Fund		Debt Service Funds		
	Food Service	Student Activities	2013 Bond	2014 Refunding	2016 Bond
Revenue					
Local sources	\$ 1,295,379	\$ 1,803,762	\$ 4,931,788	\$ 9,021,023	\$ 4,928,248
State sources	182,573	-	511,230	-	511,230
Federal sources	2,263,856	-	-	-	-
Total revenue	3,741,808	1,803,762	5,443,018	9,021,023	5,439,478
Expenditures					
Current:					
Support services	-	1,649,703	-	-	-
Food services	3,891,286	-	-	-	-
Debt service:					
Principal	-	-	850,000	7,095,000	1,275,000
Interest	-	-	4,193,750	1,656,950	3,646,250
Other debt costs	-	-	1,985	4,592	2,332
Capital outlay	51,225	-	-	-	-
Total expenditures	3,942,511	1,649,703	5,045,735	8,756,542	4,923,582
Excess of Revenue (Under) Over Expenditures	(200,703)	154,059	397,283	264,481	515,896
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	894	-	-	-	-
Transfers out	(200,000)	-	-	-	-
Total other financing (uses) sources	(199,106)	-	-	-	-
Net Change in Fund Balances	(399,809)	154,059	397,283	264,481	515,896
Fund Balances - Beginning of year	561,357	1,259,038	793,784	2,164,092	850,782
Fund Balances - End of year	\$ 161,548	\$ 1,413,097	\$ 1,191,067	\$ 2,428,573	\$ 1,366,678

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

Year Ended June 30, 2020

Capital Project Funds			
Technology	Capital Projects	Sinking	Total
\$ 7,030	\$ -	\$ 5,173,206	\$ 27,160,436
-	-	-	1,205,033
-	-	-	2,263,856
7,030	-	5,173,206	30,629,325
16,687	-	121,328	1,787,718
-	-	-	3,891,286
-	-	-	9,220,000
-	-	-	9,496,950
-	-	-	8,909
219,246	88,781	9,395,144	9,754,396
235,933	88,781	9,516,472	34,159,259
(228,903)	(88,781)	(4,343,266)	(3,529,934)
-	580,469	-	581,363
-	-	-	(200,000)
-	580,469	-	381,363
(228,903)	491,688	(4,343,266)	(3,148,571)
666,447	1,185,164	6,753,534	14,234,198
\$ 437,544	\$ 1,676,852	\$ 2,410,268	\$ 11,085,627

Livonia Public Schools

Other Supplemental Information Combining Balance Sheet General Fund

June 30, 2020

	General Fund	Funded Projects	Total
Assets			
Cash and cash equivalents	\$ 39,811,186	\$ -	\$ 39,811,186
Receivables:			
Property taxes receivable	6,663	-	6,663
Other receivables	138,225	-	138,225
Due from other governments	20,183,782	856,803	21,040,585
Due from other funds	762,164	-	762,164
Inventory	130,446	-	130,446
Prepaid expenses	107,367	-	107,367
	<u>\$ 61,139,833</u>	<u>\$ 856,803</u>	<u>\$ 61,996,636</u>
Total assets			
Liabilities			
Accounts payable	\$ 584,358	\$ 11,492	\$ 595,850
Due to other governmental units	3,288,462	3,858	3,292,320
Due to other funds	12,371,349	99,155	12,470,504
Accrued liabilities and other	11,100,941	98,281	11,199,222
Unearned revenue	43,538	644,017	687,555
	<u>27,388,648</u>	<u>856,803</u>	<u>28,245,451</u>
Total liabilities			
Fund Balances			
Nonspendable - Inventory and prepaid expenses	237,813	-	237,813
Committed - Approved purchases	1,549,787	-	1,549,787
Assigned - Subsequent year's budget	5,338,546	-	5,338,546
Unassigned	26,625,039	-	26,625,039
	<u>33,751,185</u>	<u>-</u>	<u>33,751,185</u>
Total fund balances			
	<u>\$ 61,139,833</u>	<u>\$ 856,803</u>	<u>\$ 61,996,636</u>
Total liabilities and fund balances			

Livonia Public Schools

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

Year Ended June 30, 2020

	General Fund	Funded Projects	Total
Revenue			
Local sources	\$ 30,037,496	\$ 47,099	\$ 30,084,595
State sources	115,011,562	1,937,856	116,949,418
Federal sources	30,099	6,447,105	6,477,204
Interdistrict sources	9,844,677	-	9,844,677
Total revenue	154,923,834	8,432,060	163,355,894
Expenditures			
Current:			
Instruction:			
Basic programs	76,528,414	602,170	77,130,584
Added needs	18,302,098	3,958,373	22,260,471
Adult/Continuing education	-	198,693	198,693
Support services:			
Pupil	8,605,739	1,493,939	10,099,678
Instructional staff	6,935,630	1,457,219	8,392,849
General administration	727,459	-	727,459
School administration	9,687,546	17,914	9,705,460
Business	2,035,468	-	2,035,468
Operations and maintenance	15,483,864	78,099	15,561,963
Pupil transportation services	7,211,265	35,802	7,247,067
Central	3,754,787	22,730	3,777,517
Athletics	2,133,502	-	2,133,502
Community services	2,905,047	132,805	3,037,852
Capital outlay	1,142,452	352,253	1,494,705
Total expenditures	155,453,271	8,349,997	163,803,268
Excess of Revenue (Under) Over Expenditures	(529,437)	82,063	(447,374)
Other Financing Sources (Uses)			
Transfers in	3,400,973	18,910	3,419,883
Transfers out	(18,910)	(100,973)	(119,883)
Total other financing sources (uses)	3,382,063	(82,063)	3,300,000
Net Change in Fund Balances	2,852,626	-	2,852,626
Fund Balances - Beginning of year	30,898,559	-	30,898,559
Fund Balances - End of year	\$ 33,751,185	\$ -	\$ 33,751,185

Livonia Public Schools

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2020

Years Ending June 30	2013 Bond	2014	2013 Bond	Total
	Series I Fund	Refunding	Series II Fund	
	Principal	Principal	Principal	
2021	\$ 900,000	\$ 7,405,000	\$ 1,375,000	\$ 9,680,000
2022	900,000	7,810,000	1,450,000	10,160,000
2023	1,175,000	4,185,000	1,850,000	7,210,000
2024	1,325,000	4,125,000	1,975,000	7,425,000
2025	1,475,000	4,180,000	2,075,000	7,730,000
2026	3,200,000	-	2,175,000	5,375,000
2027	3,325,000	-	2,275,000	5,600,000
2028	3,450,000	-	2,375,000	5,825,000
2029	3,575,000	-	2,475,000	6,050,000
2030	3,700,000	-	2,575,000	6,275,000
2031	3,825,000	-	2,675,000	6,500,000
2032	3,950,000	-	2,775,000	6,725,000
2033	4,075,000	-	2,875,000	6,950,000
2034	4,200,000	-	2,975,000	7,175,000
2035	4,325,000	-	3,075,000	7,400,000
2036	4,475,000	-	3,175,000	7,650,000
2037	4,625,000	-	3,275,000	7,900,000
2038	4,775,000	-	3,375,000	8,150,000
2039	4,925,000	-	3,475,000	8,400,000
2040	5,075,000	-	3,600,000	8,675,000
2041	5,225,000	-	3,725,000	8,950,000
2042	5,375,000	-	3,850,000	9,225,000
2043	5,500,000	-	3,950,000	9,450,000
2044	-	-	4,075,000	4,075,000
2045	-	-	4,175,000	4,175,000
Total remaining payments	\$ 83,375,000	\$ 27,705,000	\$ 71,650,000	\$ 182,730,000
Principal payments due	May	May	May	
Interest payments due	May and November	May and November	May and November	
Interest rate	4.00 - 5.00 %	4.00 - 5.00 %	5.00 %	
Original issue	\$ 103,330,000	\$ 65,025,000	\$ 76,180,000	

Livonia Public Schools

**Federal Awards
Supplemental Information
June 30, 2020**

Livonia Public Schools

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Livonia Public Schools

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, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 12, 2020, which contained unmodified opinions on the financial statements of governmental activities, each major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 12, 2020.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 12, 2020

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Education
Livonia Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2020 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Education
Livonia Public Schools

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Morse, PLLC

October 12, 2020

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Education
Livonia Public Schools

Report on Compliance for Each Major Federal Program

We have audited Livonia Public Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the School District's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

To the Board of Education
Livonia Public Schools

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 12, 2020

Livonia Public Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Agency Name/Pass-through Agency/Federal Program Title	Grant/Project Number	Federal CFDA Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2019	Federal Funds/Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2020	Current Year Cash Transferred to Subrecipients
Clusters:									
Child Nutrition Cluster - U.S. Department of Agriculture:									
Noncash assistance (commodities) - National School Lunch Program - Entitlement commodities 1920									
	N/A	10.555	\$ 157,400	\$ -	\$ -	\$ 157,400	\$ 157,400	\$ -	\$ -
Cash assistance:									
COVID 19 Unanticipated School Closure SFSP 2019-2020	200902	10.555	864,352	-	-	639,741	864,352	224,611	-
National School Lunch Program 2018-2019	191960	10.555	1,464,288	1,464,288	63,532	63,532	-	-	-
National School Lunch Program 2019-2020	201960	10.555	1,013,000	-	-	1,013,000	1,013,000	-	-
Total National School Lunch Program (incl. commodities)		10.555	3,499,040	1,464,288	63,532	1,873,673	2,034,752	224,611	-
National School Breakfast Program 2018-2019	191970	10.553	336,076	336,076	19,091	19,091	-	-	-
National School Breakfast Program 2019-2020	201970	10.553	229,104	-	-	229,104	229,104	-	-
Total National School Breakfast Program		10.553	565,180	336,076	19,091	248,195	229,104	-	-
Total Child Nutrition Cluster			4,064,220	1,800,364	82,623	2,121,868	2,263,856	224,611	-
Special Education Cluster - U.S. Department of Education - Passed through Wayne County RESA:									
IDEA, Part B:									
IDEA Flowthrough - Regular 1819	190450	84.027	3,226,841	3,226,841	1,147,430	1,147,430	-	-	-
IDEA Flowthrough - Regular 1920	200450	84.027	3,339,840	-	-	3,339,840	3,339,840	-	-
IDEA Flowthrough - Regular subtotal			6,566,681	3,226,841	1,147,430	4,487,270	3,339,840	-	-
IDEA Flowthrough CPE - Regular 1920	200450	84.027	620,000	-	-	620,000	620,000	-	-
IDEA Preschool:									
IDEA Preschool 1819	190460	84.173	209,082	209,082	28,314	28,314	-	-	-
IDEA Preschool 1920	200460	84.173	227,449	-	-	227,449	227,449	-	-
Total IDEA Preschool		84.173	436,531	209,082	28,314	255,763	227,449	-	-
Total Special Education Cluster			7,623,212	3,435,923	1,175,744	5,363,033	4,187,289	-	-
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through Wayne County RESA - Medicaid Outreach 1920									
		93.778	25,720	-	-	25,720	25,720	-	-
Total of cluster programs			11,713,152	5,236,287	1,258,367	7,510,621	6,476,865	224,611	-

Livonia Public Schools

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2020

Federal Agency Name/Pass-through Agency/Federal Program Title	Grant/Project Number	Federal CFDA Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2019	Federal Funds/Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2020	Current Year Cash Transferred to Subrecipients
Other federal programs:									
U.S. Department of Education - Passed through Michigan									
Department of Education:									
Title I, Part A:									
Title I, Part A 1819	191530	84.010	\$ 1,390,221	\$ 1,351,408	\$ 142,595	\$ 142,595	\$ -	\$ -	\$ -
Title I, Part A 1920	201530	84.010	<u>1,264,522</u>	<u>-</u>	<u>-</u>	<u>1,028,019</u>	<u>1,248,958</u>	<u>220,939</u>	<u>-</u>
Total Title I, Part A		84.010	2,654,743	1,351,408	142,595	1,170,614	1,248,958	220,939	-
Title II, Part A:									
Title II, Part A Supporting Effective Instruction 1819	190520	84.367	808,164	433,238	120,587	120,587	-	-	-
Title II, Part A Supporting Effective Instruction 1920	200520	84.367	558,676	-	-	292,148	383,041	90,893	-
Title II, Part A Teacher and Leader Instruction Support 1819	180532	84.367	35,280	11,864	2,260	25,676	23,416	-	-
Title II, Part A Teacher and Leader Instruction Support 1920	190532	84.367	<u>81,857</u>	<u>-</u>	<u>-</u>	<u>34,896</u>	<u>38,729</u>	<u>3,833</u>	<u>-</u>
Total Title II, Part A		84.367	1,483,977	445,102	122,847	473,307	445,186	94,726	-
Title III, English Language Acquisition State Grants:									
Title III, Immigrant Students 2018-2019	190570	84.365	24,911	23,494	4,466	4,466	-	-	-
Title III, Immigrant Students 2019-2020	200570	84.365	22,912	-	-	-	1,562	1,562	-
Title III, Limited English Proficient Students 2018-2019	190580	84.365	65,361	61,425	3,132	3,132	-	-	-
Title III, Limited English Proficient Students 2019-2020	200580	84.365	<u>68,578</u>	<u>-</u>	<u>-</u>	<u>54,058</u>	<u>65,167</u>	<u>11,109</u>	<u>-</u>
Total Title III, English Language Acquisition State Grants		84.365	181,762	84,919	7,598	61,656	66,729	12,671	-
Title IV, Part A SSAE -									
Title IV, Part A Student Support and Academic Enrichment 2018-2019	190750	84.424	113,460	113,460	11,259	11,259	-	-	-
Title IV, Part A Student Support and Academic Enrichment 2019-2020	200750	84.424	<u>90,218</u>	<u>-</u>	<u>-</u>	<u>70,268</u>	<u>80,310</u>	<u>10,042</u>	<u>-</u>
Total Title III, English Language Acquisition State Grants		84.424	203,678	113,460	11,259	81,527	80,310	10,042	-
Adult Education - Basic Grants to States:									
Federal General Instruction 2018-2019	191130	84.002	164,745	132,336	77,358	77,358	-	-	-
Federal General Instruction 2019-2020	201130	84.002	<u>197,780</u>	<u>-</u>	<u>-</u>	<u>46,683</u>	<u>91,084</u>	<u>44,401</u>	<u>-</u>
Total Adult Education - Basic Grants to States		84.002	362,525	132,336	77,358	124,041	91,084	44,401	-
U.S. Department of Education - Passed through Wayne County RESA -									
Carl D. Perkins Career and Technical Education Program:									
Carl D. Perkins Grant 2018-2019	193520	84.048	286,905	282,361	95,729	95,729	-	-	-
Carl D. Perkins Grant 2019-2020	203520	84.048	<u>284,547</u>	<u>-</u>	<u>-</u>	<u>213,143</u>	<u>256,108</u>	<u>42,965</u>	<u>-</u>
Total Perkins Career and Technical Education Program		84.048	571,452	282,361	95,729	308,872	256,108	42,965	-
U.S. Department of Agriculture - Passed through Michigan Department of Education - Child and Adult Care Food Program:									
CACFP Meals 2018-2019	191920	10.558	5,161	5,161	1,017	1,017	-	-	-
CACFP Meals 2019-2020	201920	10.558	<u>4,379</u>	<u>-</u>	<u>-</u>	<u>4,370</u>	<u>4,379</u>	<u>9</u>	<u>-</u>
Total Child and Adult Care Food Program		10.558	9,540	5,161	1,017	5,387	4,379	9	-

Livonia Public Schools

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2020

Federal Agency Name/Pass-through Agency/Federal Program Title	Grant/Project Number	Federal CFDA Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2019	Federal Funds/Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2020	Current Year Cash Transferred to Subrecipients
U.S. Environmental Protection Agency - Passed through Wayne County RESA - State Clean Diesel Grant Program - State Clean Diesel 2019-2020	N/A	66.040	\$ 71,441	\$ -	\$ -	\$ 71,441	\$ 71,441	\$ -	\$ -
Total of noncluster programs			5,539,118	2,414,747	458,403	2,296,845	2,264,195	425,753	-
Total federal awards			\$ 17,252,270	\$ 7,651,034	\$ 1,716,770	\$ 9,807,466	\$ 8,741,060	\$ 650,364	\$ -

Livonia Public Schools

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Livonia Public Schools under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Livonia Public Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Livonia Public Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Livonia Public Schools has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Livonia Public Schools

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	IDEA Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

**Approval of
Change Order
for Design Firm**

It was moved by Mrs. Burton and supported by Mrs. Bradford that that the Board of Education of the Livonia Public Schools School District approve the change order for HED (Harley Ellis Deveraux) for the Phase II Board Office architectural services, for a total amount of \$15,035.00.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

**Approval
Amount for DTE
Conversion of
Light Poles to
LED**

It was moved by Mrs. Bradford and supported by Mrs. Jarvis that the Board of Education of the Livonia Public Schools School District approve an additional amount for the LED light pole conversion project by DTE Energy, Detroit, Michigan, in the amount of \$7,498.00.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

**Approval to
Purchase
Mobile Devices**

It was moved by Mr. Centers and supported by Mrs. Frank that the Board of Education of the Livonia Public Schools School District approve the purchase of mobile devices and charging carts from CDW-G, Vernon Hills, Illinois in the amount of \$1,168,190.00.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

**Approval of
Teachers**

It was moved by Mrs. Frank and supported by Mrs. Burton that the Board of Education of the Livonia Public Schools School District accept the recommendation of the superintendent and offer employment for the 2020-21 school year to the following teachers:

<u>Name</u>	<u>Location</u>	<u>Date Effective</u>
Horn, Halla	.55 Shared Time	9/28/20
Landon, Hannah	1.0 Cleveland Elementary	10/22/20
Parrinello, William	1.0 Psychologist	9/30/20
Rosbury, Brett	1.0 Cooper Upper Elementary	10/12/20
Scharer, Noelle	1.0 Livonia Career Tech Center	9/28/20
VerMeer, Caitlin	1.0 Student Services	10/14/20
Voss, Robert	1.0 Franklin High School	10/5/20

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

**Teachers for
Tenure**

It was moved by Mrs. Jarvis and supported by Mrs. Frank that the Board of Education of the Livonia Public Schools School District

accept the recommendation of the superintendent and acknowledge that tenure status has been granted to the following teachers, effective on the respective date:

<u>Name</u>	<u>Date Effective</u>
Alicia Bashawaty	October 19, 2020
Julie Modson	September 7, 2020
Anna Stack-Peer	October 22, 2020

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Leaves of Absence

It was moved by Mrs. Bonifield and supported by Mrs. Bradford that the Board of Education of the Livonia Public Schools School District accept the recommendation of the superintendent and approve the request for a leave of absence as listed below:

<u>Name</u>	<u>Date Effective</u>
Anne Kelley	October 22, 2020
Courtney Taylor	November 2, 2020

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Resignation

The Board was informed that a resignation was accepted for:

<u>Name</u>	<u>Date Effective</u>
Jessica DeJong	November 24, 2020

Retirements

It was moved by Mrs. Burton and supported by Mrs. Bradford that the Board of Education of the Livonia Public Schools School District adopt resolutions of appreciation for services rendered by:

Pamela Facchini, who will retire from the district on November 30, 2020, and will have devoted 25.3 years of dedicated, loyal, and outstanding service to students throughout the District as an occupational therapist.

Karen Friske, who will retire from the district on November 13, 2020, and will have devoted 23.3 years of dedicated, loyal, and outstanding service to the students of Frost Middle School as a teacher.

Janice Gonzalez, who will retire from the district on November 16, 2020, and will have devoted 23.2 years of dedicated, loyal, and outstanding service to students throughout the district as a social worker.

Deborah Janowski, who retired from the district on September 28, 2020, and devoted 21.1 years of dedicated, loyal, and outstanding service to the Livonia Public Schools as a special education paraprofessional at Perrinville Early Childhood Center, Jackson Early Childhood Center, and Rosedale Elementary.

Loretti Nesti, who will retire from the district on December 31, 2020, and will have devoted 22.4 years of dedicated, loyal, and outstanding service to students throughout the District as a social worker.

Mary Newell, who will retire from the district on September 30, 2020, and will have devoted 14.1 years of dedicated, loyal, and outstanding service to the Livonia Public Schools as a special education paraprofessional at Hayes Elementary, Cass Elementary, Cooper Upper Elementary, Coolidge Elementary, Roosevelt Elementary, and Buchanan Elementary.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Adjournment

President Johnson adjourned the meeting at 8:52 p.m.

Off/Supt/jw