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OFFICE OF THE COUNCIL

ELECTRONIC AGENDA PACKET FOR THE FINANCE AND BUDGET COMMITTEE WEDNESDAY, MAY 31, 2023 7:00 P.M.

The electronic agenda is compiled, produced and distributed by the City Council Staff. (734) 466-2250

The official documents are on file in the City Clerk's office.

City Council Finance and Budget Committee Meeting
Wednesday, May 31, 2023
7:00 PM

Location:
Livonia City Hall, Council Chambers, 2nd Floor
33000 Civic Center Drive
Livonia, MI 48154

Members:
Scott Bahr, Chair
Katheen E. McIntyre, Vice Chair
Brandon McCullough, Member

AGENDA ITEM(S)

1. CR 367-02 Topic of Annual Audit Reports. (City of Livonia Audit Reports for the period December 1, 2021 to November 30, 2022)

THE FOLLOWING HAVE BEEN NOTIFIED AND ARE REQUESTED TO ATTEND:

Maureen Miller Brosnan, Mayor
Paul Bernier, City Attorney
Mike Slater, Finance Director
Connie Kumpula, Chief Accountant
Stacey L. Reeves, Plante Moran, PLLC
Stephanie Atkinson, Plante Moran, PLLC
Keith Szymanski, Plante Moran, PLLC

THIS IS AN OPEN MEETING AND
ALL INTERESTED PARTIES ARE WELCOME TO ATTEND.

THIS MEETING WILL BE REPORTED AT THE REGULAR MEETING OF JUNE 26, 2023

Minutes of this meeting will be available for public inspection in the City Clerk's Office not more than eight business days following the date of the meeting.

SUSAN M. NASH, CITY CLERK

In accordance with Title II of the American with Disabilities Act as it pertains to access to Public Meetings, the City Clerk's Office of the City of Livonia, upon adequate notice, will make reasonable accommodations for persons with special needs. Please call (734) 466-2236 or email clerk@livonia.gov if you need assistance. **Council agendas are available on the City's website – www.livonia.gov - under Government, City Council, Agendas.**

LETTER TO THE LIVONIA CITY COUNCIL

Finance
April 28, 2023

MEETING DATE	PREPARED BY
FB053123/R062623	DeAnne Bates, Program Supervisor,

AGENDA ITEM

CR 367-02 Topic of Annual Audit Reports. (City of Livonia Audit Reports for the period December 1, 2021 to November 30, 2022)

BACKGROUND DETAILS

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PREFERRED COUNCIL RECOMMENDATION/RESOLUTION (Please complete this field. Attachments are not to be used in lieu of the recommendation)

Receive and File

ATTACHMENTS

1. City of Livonia-End of Audit Communications 2022
2. City of Livonia-Audit Report 2022
3. City of Livonia, Single Audit 2022
4. Livonia FY22 Graphs 5.16.23

APPROVED BY

Michael T Slater

Michael Slater, Finance Director

Date: May 30, 2023

Maureen Miller Brosnan

Maureen Miller Brosnan, Mayor

Date: May 30, 2023

Plante & Moran, PLLC
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May 16, 2023

To the Honorable Mayor,
Members of the City Council,
and Management
City of Livonia, Michigan

We have audited the financial statements of the City of Livonia, Michigan (the "City") as of and for the year ended November 30, 2022 and have issued our report thereon dated May 16, 2023. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Related Information

Section III - Legislative and Informational Items

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the mayor, members of the City Council, and management of the City.

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping the City in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

Section III contains updated legislative and informational items that we believe will be of interest to you.

We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the mayor, members of the City Council, and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Stacey Reeves

Stacey L. Reeves

Keith Szymanski

Keith Szymanski

PRAXITY Empowering Business Globally

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 3, 2022, 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 City. 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 City'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 City, 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 May 16, 2023 regarding our consideration of the City'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 January 25, 2023.

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 City are described in Note 1 to the financial statements.

As described in Note 1, the City implemented Governmental Accounting Standards Board Statement No. 87 related to leases.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

There are 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 value of the alternative investments held by the City's retirement system and VEBA and the net pension and OPEB liabilities.

Management has reported the alternative investments at amounts provided by the various funds. For a sample of alternative investments, we obtained audited financial statements for the investment funds as of December 31, 2021 and performed various procedures to evaluate the calculations and assumptions used by fund management for the unaudited quarterly reports and member equity statements received since the date of the audits. We also performed limited analytical procedures on the revenue and expenses reported by funds from January 1, 2022 to November 30, 2022. We performed these procedures on the data used by management to develop the estimate to determine that it is reasonable in relation to the financial statements taken as a whole.

The net OPEB liability recorded is based on an actuarial valuation that includes significant assumptions related to health care costs, projected salary increases, the length of time over which participants will receive benefits, and future rates of return on investments. The net pension liabilities are based on actuarial valuations performed that include significant assumptions related to life expectancies, projected salary increases, and future rates of return on investments. Based on our review of the actuarial studies performed in connection with these liabilities, we noted that the methods and assumptions used in the actuarial studies 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 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. During the audit, we identified a reduction to Governmental Activity/General Fund lease receivables and deferred inflows being recorded for the first time in accordance with GASB 87 of approximately $1.3 million. This adjustment was recorded by management.

Additionally, there was an uncorrected misstatement to reduce fiduciary fund investments and investment income by $2,975,980. This adjustment would also have increased governmental activities long-term liabilities by $2,882,852, deferred outflows of resources by $2,306,282, and expenses by $576,570. Management considers the fact that no compensated absence liability is recorded related to sick leave for employees not yet vested with 10 years of service and the fact that capital expenditures below the capitalization threshold are not capitalized, even when related items are above the threshold in total, to be immaterial. Management has determined that the effects of all items are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. However, uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future period financial statements to be materially misstated.

Significant Findings or Issues

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

Section I - Required Communications with Those Charged with Governance (Continued)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 16, 2023.

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 City'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.

Section II - Other Recommendations and Related Information

As part of our audit, we offer the following comments in the interest of helping the City in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness:

General Fund

For the year ended November 30, 2022, General Fund revenue exceeded General Fund expenditures by approximately $304,000. Actual spending in the General Fund was approximately $1,050,000 less than the amended budget, while actual revenue in the General Fund was approximately $734,000 less than the amended budget.

We commend the City for maintaining its sound financial position through a couple of turbulent years as a result of the pandemic. Among the challenges currently facing the City is the impact of high inflation. Not only will this impact the City's expenditures into 2023 and beyond, but for the first time since the passage of Proposal A, increases in taxable value will be limited to 5 percent despite inflation being higher. This will limit the increases the City sees in property taxes, its largest revenue source.

During 2022, the City recognized the remaining $8.5 million of its award from the American Rescue Plan Act passed by the federal government in March 2021. After recognizing the revenue in the General Fund, the City transferred the funds to capital projects where the money remains for future projects.

Court Building Improvements Fund

As we pointed out last year, fines and forfeiture revenue from the District Court remains significantly below its pre-pandemic levels. The reduced activity at the District Court impacts not just the General Fund, but the Court Building Improvements capital project fund as well. This fund receives a surcharge added to each infraction to fund the debt service related to the new court building. In the last three years, the fund balance in the fund has decreased from $943,000 to $80,000. Annual debt service is approximately $550,000. It is likely the remaining fund balance will be used up in 2023. The City will need to consider increasing the surcharge in order for this revenue stream to continue to fully fund the debt service and/or subsidize the fund with a transfer from the General Fund.

Legacy Costs - Pension

Legacy costs and the funded status of plans continue to be an area of focus for local governments. The City's defined benefit pension system is 86 percent funded as of November 30, 2022 based on the GASB Statement No. 68 actuarial valuation. The funded status is dependent on a number of assumptions (how long participants live, investment performance, etc.). The funded status was 104 percent a year ago but decreased as a result of significant investment losses consistent with overall market performance.

For a number of years, employer contributions to the pension system were not actuarially required. In fiscal years 2012 through 2022, the City was required to make contributions to the defined benefit pension plan after having gone without any required contributions since 2003. Total contributions between 2012 and 2021 were approximately $15.6 million. During fiscal year 2022, the City contributed the actuarially determined amount of approximately $2.4 million. The City may see some variability in the actuarially determined contributions as the large swings in investment performance over the last two years are factored into the contribution amounts.

In addition to the existing pension system, the Police and Fire Revised Retirement Plan was reported for the first time in 2021. As of November 20, 2022, there were 170 participants in the plan and nearly $4.3 million in the trust. Required contributions for 2022 were $1.8 million.

As noted above, because there are a variety of factors that impact the calculation and estimates made by the City's actuary, future contributions by the City may be required and should be considered for budget and long-term financial planning purposes.

Legacy Costs - Retiree Health Care

The City has been actuarially funding the liability associated with postemployment health care for many years, ahead of the recent accounting standards and, as a result, has been able to accumulate, as of November 30, 2022, approximately $121.8 million in net position for these costs. The City's defined benefit postemployment health care system (VEBA) is 56 percent funded as of November 30, 2022 based on the GASB Statement No. 75 actuarial valuation. Similar to the pension plan, the funded status is dependent on a number of assumptions (how long participants live, investment performance, actual health care costs, etc.). The net OPEB liability as of November 30, 2022 amounted to $96.0 million. This amount also was also impacted by the investment losses incurred in 2022.

During fiscal year 2022, the actuarily determined contribution for the VEBA was approximately $3.0 million, and the City contributed $3.4 million.

Section III - Legislative and Informational Items

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Monitoring Lease Activity

GASB Statement No. 87, *Leases*, was effective in fiscal year 2022. Although significant analysis was performed to determine the applicability of the new standard and record any necessary adjustments, we want to stress the importance of implementing ongoing monitoring procedures over lease activity. As new leases are entered into, existing leases are modified, and other facts and circumstances change, the City must consider the impact those changes will have on its lease accounting. In order to do so, the City must ensure there is a process in place to identify and appropriately account for new leases or changes to existing leases on an ongoing basis or least at the end of each year.

Revenue Sharing

The fiscal year 2023 governor's budget recommendation includes $1.5 billion for revenue sharing. Further details of the breakdown of this amount are available at https://www.michigan.gov/treasury/0,,7-121-1751_2197---,00.html.

In order to receive the City, Village, and Township Revenue Sharing (CVTRS) payments in FY 2023, qualified local units will once again need to comply with the same best practices as they did last year as follows:

- A citizen's guide to local finances with disclosure of unfunded liabilities
- Performance dashboard
- Debt service report
- Two-year budget projection

Upcoming Accounting Standards Requiring Preparation

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements (SBITAs)

This new accounting pronouncement will be effective for the City's year ending November 30, 2023. This statement defines SBITAs and provides accounting and financial reporting for SBITAs by governments, including requiring a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs.

GASB Statement No. 101 - Compensated Absences

This new accounting pronouncement will be effective for the City's fiscal year ending November 30, 2025. This statement updates the recognition and measurement guidance for compensated absences under a unified model, requiring that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. This statement also establishes guidance for measuring a liability for leave that has not been used and updates disclosure requirements for compensated absences.

Significant GASB Proposals Worth Watching

The GASB is working on three interrelated projects that result in a comprehensive look at financial reporting for state and local governments. Of these three efforts, two are likely to result in significant changes to governmental financial statements in the future.

The Financial Reporting Model exposure draft was issued in June 2020, and the final statement is expected to be released in late 2023. While this standard proposes changes to many aspects of the City's financial statements, this proposed standard will most significantly impact the City's governmental fund financial statements.

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected sometime in 2025.

Plante & Moran, PLLC has spent significant time digesting these new proposed standards and recently testified to the GASB about our feedback. We strongly encourage the City to monitor developments with these standards, as the potential impacts are quite broad.

City of Livonia, Michigan

Financial Report
with Supplemental Information
November 30, 2022

City of Livonia, Michigan

Contents

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Independent Auditor's Report

To the City Council
City of Livonia, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Livonia, Michigan (the "City") as of and for the year ended November 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the basic financial statements, in 2022, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

To the City Council
City of Livonia, Michigan

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplemental Information

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

To the City Council
City of Livonia, Michigan

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 16, 2023

Overview of the Financial Statements

The City of Livonia, Michigan’s (the "City") 2022 annual report consists of four parts: (1) management’s discussion and analysis, (2) basic financial statements, (3) required supplemental information, and (4) other supplemental information that presents combining statements for nonmajor governmental funds, proprietary funds, and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that are intended to provide longer-term information about the City’s overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City’s government, reporting the City’s operations in more detail than the government-wide financial statements.

Government-wide Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the City’s assets, liabilities, deferred inflows, and deferred outflows. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how it has changed. Net position, the difference between the City’s assets/deferred outflows and liabilities/deferred inflows, is one way to measure the City’s financial health or position.

The government-wide financial statements of the City are divided into three categories:

- Governmental activities - Most of the City’s basic services are included here, such as the police, fire, public works, parks departments, and general administration. Property taxes, state-shared revenue, and charges for services provide most of the funding for these activities.
- Business-type activities - The City charges fees to customers to cover the costs of certain services it provides. The City’s water and sewer system, golf course operations, and nonfederal senior housing are treated as business-type activities.
- Component units - The City includes three other entities in its report, the Plymouth Road Development Authority, the Economic Development Corporation, and the Livonia Brownfield Redevelopment Authority. Although legally separate, these component units are important because the City is financially accountable for them, including debt, which is issued on behalf of the authorities by the City.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant funds, not the City as a whole. Funds are accounting tools that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. Other funds are established to control and manage money for particular purposes.

The City has three kinds of funds:

- Governmental funds - Most of the City’s basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out and the balance left at year end that is available for spending. The governmental fund statements provide a detailed short-term view that helps you determine if there are more or fewer financial resources available to spend in the near future to finance the City’s programs.
- Proprietary funds - Services that are intended to be entirely self-supporting by customer fees are generally reported in proprietary funds. Proprietary fund statements, like government-wide statements, provide both short- and long-term financial information.

- Fiduciary funds - The City is responsible for ensuring that the assets in these funds are used for their intended purposes. We exclude these activities from the government-wide financial statements because the City cannot use these assets to finance its operations.

Government-wide Overall Financial Analysis

In a condensed format, the table below shows a comparison of the net position as of November 30, 2022 to the prior year:

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	$ 109,900,333	$ 107,188,249	$ 36,968,244	$ 34,422,446	$ 146,868,577	$ 141,610,695
Capital assets	230,222,161	221,946,358	112,537,124	110,450,524	342,759,285	332,396,882
Total assets	340,122,494	329,134,607	149,505,368	144,872,970	489,627,862	474,007,577
Deferred Outflows of Resources	28,561,759	3,727,462	1,130,193	162,433	29,691,952	3,889,895
Liabilities	165,806,585	112,435,876	30,121,728	28,358,145	195,928,313	140,794,021
Deferred Inflows of Resources	21,603,903	69,886,916	2,070,944	2,993,285	23,674,847	72,880,201
Net Position						
Net investment in capital assets	210,034,197	199,633,355	91,449,572	91,927,953	301,483,769	291,561,308
Restricted	50,413,059	48,844,700	1,697,053	1,693,992	52,110,112	50,538,692
Unrestricted	(79,173,491)	(97,938,778)	25,296,264	20,062,028	(53,877,227)	(77,876,750)
Total net position	**$ 181,273,765**	**$ 150,539,277**	**$ 118,442,889**	**$ 113,683,973**	**$ 299,716,654**	**$ 264,223,250**

City of Livonia, Michigan - Net Position

The City’s assets/deferred outflows exceed its liabilities/deferred inflows at the end of the fiscal year by $299.7 million (net position). However, a major portion (100.6 percent) of the City’s net position represents its investments in capital assets (i.e., land, roads, infrastructure, buildings, and equipment) less any related debt used to acquire or construct these assets. The City uses these physical assets to provide services to its citizens. These assets are illiquid and not available for future spending.

Unrestricted net position of the City’s governmental activities increased from $(97.9) million at November 30, 2021 to $(79.2) million at the end of this year. The amount represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The following table shows the changes in net position during the current year and compared to the prior year:

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program revenue:						
Charges for services	$ 16,941,280	$ 15,482,740	$ 45,673,137	$ 43,748,696	$ 62,614,417	$ 59,231,436
Operating grants and contributions	23,548,810	14,159,346	-	-	23,548,810	14,159,346
Capital grants and contributions	1,469,901	1,557,926	1,735,150	1,493,464	3,205,051	3,051,390
General revenue:						
Property taxes	60,121,844	58,793,273	-	-	60,121,844	58,793,273
State-shared revenue	16,963,156	15,665,816	-	-	16,963,156	15,665,816
Investment (loss) income	(176,220)	(95,292)	10,390	(16,825)	(165,830)	(112,117)
Other revenue:						
Rental income and fees	1,867,084	2,465,031	-	-	1,867,084	2,465,031
Sale of capital assets	-	-	3,725	-	3,725	-
Transfer and miscellaneous	3,262,721	780,468	-	-	3,262,721	780,468
Total revenue	123,998,576	108,809,308	47,422,402	45,225,335	171,420,978	154,034,643
Expenses						
General government	11,582,730	11,225,955	-	-	11,582,730	11,225,955
Public safety	38,751,208	30,902,344	-	-	38,751,208	30,902,344
Public works	26,783,219	24,091,632	-	-	26,783,219	24,091,632
Community and economic development	1,758,585	1,647,638	-	-	1,758,585	1,647,638
Recreation and culture	14,107,040	12,178,517	-	-	14,107,040	12,178,517
Interest on long-term debt	621,306	679,854	-	-	621,306	679,854
Water and Sewer	-	-	39,548,642	39,474,882	39,548,642	39,474,882
Golf Course	-	-	1,999,052	1,861,170	1,999,052	1,861,170
Housing	-	-	775,792	487,769	775,792	487,769
Total expenses	93,604,088	80,725,940	42,323,486	41,823,821	135,927,574	122,549,761
Transfers	340,000	-	(340,000)	-	-	-
Change in Net Position	30,734,488	28,083,368	4,758,916	3,401,514	35,493,404	31,484,882
Net Position - Beginning of year	150,539,277	122,455,909	113,683,973	110,282,459	264,223,250	232,738,368
Net Position - End of year	**$ 181,273,765**	**$ 150,539,277**	**$ 118,442,889**	**$ 113,683,973**	**$ 299,716,654**	**$ 264,223,250**

Governmental Activities

In reviewing governmental activities in the above table, it can be noted that revenue increased by $18.1 million and expenses increased by $12.9 million. The most significant factors impacting revenue were increases to grant revenue related to the receipt of $8.9 million of American Rescue Plan Act funds and increases to miscellaneous revenue related to opioid lawsuit settlements. The most significant factor impacting expenses was increases in pension and OPEB liabilities.

Business-type Activities

The City has three business-type activities. These include the water and sewer system; the operating fund for the Fox Creek, Idyl Wyld, and Whispering Willows golf courses; and nonfederal senior housing at Silver Village and Newburgh Village.

The following table shows the operating income before contributions, transfers, and interest for each of these activities in the current and prior year:

	Water and Sewer		Golf Course		Housing	
	2022	2021	2022	2021	2022	2021
Operating revenue	$ 41,992,649	$ 40,006,740	$ 2,103,880	$ 2,257,297	$ 1,462,299	$ 1,484,659
Operating expenses	(39,102,151)	(39,082,291)	(1,999,052)	(1,861,170)	(774,672)	(486,285)
Operating income	**$ 2,890,498**	**$ 924,449**	**$ 104,828**	**$ 396,127**	**$ 687,627**	**$ 998,374**

The operating income of the Water and Sewer Fund increased between 2021 and 2022 primarily due to increased water rates that resulted in higher revenue.

Financial Analysis of Individual Funds

The fund financial statements begin on page 13 and provide detailed information on the most significant governmental funds, not the City as a whole. Funds are created to help manage money for special purposes, as well as to show accountability for certain activities, such as special property tax millages. The City’s major governmental funds for 2022 include the General Fund, Refuse Disposal System Fund, and Roads and Sidewalks Fund.

The City’s governmental funds reported a combined fund balance of $80.0 million. This is an increase of approximately $9.3 million for the year. The primary contributors to the increase were contributions to the Building Improvement and Senior Center Construction funds and overall spending constraints in the General Fund.

General Fund Budgetary Highlights

Over the course of the year, the City’s administration and City Council monitor and amend the budget, primarily to prevent expenditures in excess of budget, as required by the State of Michigan Budget Act. The final amended budget included increases to state-shared revenue that exceeded the original budget and decreases to fines and forfeitures revenue. Numerous departments had lapsed appropriations, which were reallocated to employee benefits, insurance, and other. The budget amendment allowed for these extra funds to be contributed to the VEBA as additional funding for postemployment medical benefits and the Building Improvement capital projects fund for future building needs.

Actual General Fund revenue was approximately $734,000 below the final budget.

Actual General Fund expenditures were approximately $1.0 million below the final budget. All departments held expenditures below the final budget.

Capital Assets and Debt Administration

At the end of fiscal year 2022, the City has $637.9 million, before depreciation, invested in a wide range of capital assets, including land, buildings, infrastructure, public safety equipment, computer equipment, and water and sewer lines. Detailed information of the City's capital assets can be found in Note 5.

Debt of $20.5 million related to the construction of the above-mentioned capital assets is reported as a liability in the governmental activities in the statement of net position.

Debt related to the water and sewer system totaling $21.1 million is recorded as a liability in the business-type activities in the statement of net position. This debt represents construction of and improvements to existing water and sewer lines. Detailed information on the City's long-term debt can be found in Note 7.

Significant additions to capital assets during fiscal year 2022 include $13.6 million invested in the construction of infrastructure and improvements to roads, $4.3 million invested in equipment and vehicles, $1.4 million invested in buildings and building improvements, and $16.5 million invested in water and sewer system infrastructure. Significant disposals of capital assets during fiscal year 2022 included the disposal of vehicles and equipment with a total cost of $1.1 million.

Economic Factors and Next Year's Budgets and Rates

The City continues to maintain positive fund balances in each of its funds. However, concerns arise when considering the revenue and expenses that the City is facing in upcoming years.

The majority of the City’s revenue base is constrained by factors outside the City’s control. Property taxes, state-shared revenue, and interest income make up 80 percent of the City’s total governmental activities revenue. Revenue has been slowly increasing after many years of reductions. Property assessments are projected to increase in fiscal year 2023.

The City is focused on advancing Livonia Vision 21, which includes the long-term strategy to reimagine the Civic Center campus. Over $4 million has been set aside in the Senior Center Construction Fund to partially fund the relocation of the senior center off the Civic Center campus and construct a new senior center as an addition to the City’s recreation center. It is anticipated that additional grants will be received in 2023 from Wayne County and the federal government to help fund this project.

Requests for Further Information

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the director of finance at the City of Livonia, 33000 Civic Center Drive, Livonia, MI 48154.

November 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 87,030,090	$ 20,316,669	$ 107,346,759	$ 1,712,161
Accounts receivable:				
Property taxes	56,595	-	56,595	89,119
Special assessments	31,809	122,268	154,077	-
Customers	-	12,695,806	12,695,806	-
Workers' compensation	38,091	-	38,091	-
Due from other governmental units	7,956,732	-	7,956,732	-
Other	5,686,099	373,131	6,059,230	-
Lease receivable	4,378,015	1,262,089	5,640,104	-
Inventory, prepaid expenses, and deposits	4,722,902	501,228	5,224,130	-
Restricted assets (Note 8)	-	1,697,053	1,697,053	-
Capital assets: (Note 5)				
Assets not subject to depreciation	35,051,656	9,394,340	44,445,996	474,048
Assets subject to depreciation - Net	195,170,505	103,142,784	298,313,289	245,617
Total assets	340,122,494	149,505,368	489,627,862	2,520,945
Deferred Outflows of Resources				
Deferred charges on bond refunding	307,505	-	307,505	-
Deferred pension costs (Note 11)	12,096,948	368,392	12,465,340	-
Deferred OPEB costs (Note 13)	16,157,306	761,801	16,919,107	-
Total deferred outflows of resources	28,561,759	1,130,193	29,691,952	-
Liabilities				
Accounts payable	6,161,084	538,502	6,699,586	107,614
Due to other governmental units	-	2,030,980	2,030,980	9,496
Accrued and other liabilities	2,554,051	233,461	2,787,512	-
Unearned revenue	1,151,416	2,424	1,153,840	-
Due to fiduciary funds	488,684	36,195	524,879	-
Bonds and deposits	1,978,327	386,149	2,364,476	-
Noncurrent liabilities: (Note 7)				
Due within one year:				
Compensated absences	3,103,934	289,485	3,393,419	-
Current portion of long-term debt	2,203,189	1,221,751	3,424,940	-
Due in more than one year:				
Compensated absences and insurance claims	8,254,072	266,929	8,521,001	-
Landfill closure and postclosure	712,195	-	712,195	-
Net pension liability (Note 11)	29,212,199	926,726	30,138,925	-
Net OPEB liability (Note 13)	91,695,154	4,323,325	96,018,479	-
Long-term debt - Net of current portion	18,292,280	19,865,801	38,158,081	-
Total liabilities	165,806,585	30,121,728	195,928,313	117,110

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Deferred Inflows of Resource				
Deferred OPEB cost reductions (Note 13)	$ 17,305,312	$ 815,929	$ 18,121,241	$ -
Leases	4,298,591	1,255,015	5,553,606	-
Total deferred inflows of resource	21,603,903	2,070,944	23,674,847	-
Net Position				
Net investment in capital assets	210,034,197	91,449,572	301,483,769	719,665
Restricted:				
Community recreation	4,231,714	-	4,231,714	-
Municipal refuse	10,250,816	-	10,250,816	-
Streets, roads, and sidewalks	7,983,129	-	7,983,129	-
Library	5,735,932	-	5,735,932	-
Public safety communication	4,257,293	-	4,257,293	-
Grants	281,252	-	281,252	-
Ordinance requirements	-	1,697,053	1,697,053	-
Street lighting	673,016	-	673,016	-
Adjudicated forfeitures	2,626,822	-	2,626,822	-
Community transit	1,462,048	-	1,462,048	-
Capital improvements	11,161,757	-	11,161,757	-
Designated purpose	384,202	-	384,202	-
Health care	1,365,078	-	1,365,078	-
Unrestricted	(79,173,491)	25,296,264	(53,877,227)	1,684,170
Total net position	**$ 181,273,765**	**$ 118,442,889**	**$ 299,716,654**	**$ 2,403,835**

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	$ 11,582,730	$ 2,596,260	$ -	$ -
Public safety	38,751,208	8,184,245	9,104,516	-
Public works	26,783,219	1,610,995	12,707,260	1,352,456
Community and economic development	1,758,585	416,780	1,167,752	-
Recreation and culture	14,107,040	4,133,000	569,282	117,445
Interest on long-term debt	621,306	-	-	-
Total governmental activities	93,604,088	16,941,280	23,548,810	1,469,901
Business-type activities:				
Water and Sewer	39,548,642	41,992,649	-	1,735,150
Housing	775,792	1,462,299	-	-
Golf Course	1,999,052	2,218,189	-	-
Total business-type activities	42,323,486	45,673,137	-	1,735,150
Total primary government	**$ 135,927,574**	**$ 62,614,417**	**$ 23,548,810**	**$ 3,205,051**
Component units:				
Economic Development Corporation	$ -	$ -	$ -	$ -
Plymouth Road Development Authority	577,945	-	-	-
Brownfield Redevelopment Authority	616,854	-	-	-
Total component units	**$ 1,194,799**	**$ -**	**$ -**	**$ -**

General revenue:
- Property taxes
- State-shared revenue
- Investment (loss) income
- Cable franchise fees
- Gain on sale of fixed assets
- Other miscellaneous income

Total general revenue

Transfers

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

See notes to financial statements.

Year Ended November 30, 2022

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (8,986,470)	$ -	$ (8,986,470)	$ -
(21,462,447)	-	(21,462,447)	-
(11,112,508)	-	(11,112,508)	-
(174,053)	-	(174,053)	-
(9,287,313)	-	(9,287,313)	-
(621,306)	-	(621,306)	-
(51,644,097)	-	(51,644,097)	-
-	4,179,157	4,179,157	-
-	686,507	686,507	-
-	219,137	219,137	-
-	5,084,801	5,084,801	-
(51,644,097)	5,084,801	(46,559,296)	-
-	-	-	-
-	-	-	(577,945)
-	-	-	(616,854)
-	-	-	(1,194,799)
60,121,844	-	60,121,844	1,449,395
16,963,156	-	16,963,156	-
(176,220)	10,390	(165,830)	616
1,867,084	-	1,867,084	-
-	3,725	3,725	-
3,262,721	-	3,262,721	-
82,038,585	14,115	82,052,700	1,450,011
340,000	(340,000)	-	-
30,734,488	4,758,916	35,493,404	255,212
150,539,277	113,683,973	264,223,250	2,148,623
$ 181,273,765	**$ 118,442,889**	**$ 299,716,654**	**$ 2,403,835**

Governmental Funds Balance Sheet

November 30, 2022

	General Fund	Major Special Revenue Funds: Refuse Disposal System	Major Special Revenue Funds: Roads and Sidewalks	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	$ 18,770,662	$ 11,346,752	$ 6,315,826	$ 48,773,384	$ 85,206,624
Accounts receivable:					
Property taxes	33,366	10,831	3,695	8,703	56,595
Special assessments	-	-	-	31,809	31,809
Workers' compensation	38,091	-	-	-	38,091
Due from other governmental units	4,642,950	546,003	200,926	2,566,853	7,956,732
Other	3,010,822	41,155	946	2,271,362	5,324,285
Lease receivable	4,110,616	-	-	267,399	4,378,015
Inventory, prepaid expenses, and deposits	352,619	-	-	-	352,619
Total assets	**$ 30,959,126**	**$ 11,944,741**	**$ 6,521,393**	**$ 53,919,510**	**$ 103,344,770**
Liabilities					
Accounts payable	$ 1,774,797	$ 954,196	$ 2,492,096	$ 939,995	$ 6,161,084
Accrued and other liabilities	2,067,504	27,534	-	394,757	2,489,795
Unearned revenue	109,841	-	-	1,041,575	1,151,416
Due to fiduciary funds	464,555	-	-	24,129	488,684
Bonds and deposits	1,978,327	-	-	-	1,978,327
Total liabilities	6,395,024	981,730	2,492,096	2,400,456	12,269,306
Deferred Inflows of Resources					
Unavailable revenue	3,595,488	556,012	204,341	2,399,553	6,755,394
Leases	4,046,684	-	-	251,907	4,298,591
Total deferred inflows of resources	7,642,172	556,012	204,341	2,651,460	11,053,985
Fund Balances					
Nonspendable - Inventory and prepaid assets	352,619	-	-	-	352,619
Restricted:					
Streets, roads, and sidewalks	-	-	3,824,956	3,953,832	7,778,788
Adjudicated forfeitures	-	-	-	2,626,822	2,626,822
Grants	-	-	-	120,567	120,567
Capital improvements	-	-	-	10,725,044	10,725,044
Community recreation	-	-	-	4,051,224	4,051,224
Municipal refuse	-	10,406,999	-	-	10,406,999
Street lighting	-	-	-	673,016	673,016
Library	-	-	-	5,550,085	5,550,085
Public safety communication	-	-	-	4,033,512	4,033,512
Community transit	-	-	-	1,347,171	1,347,171
Designated purpose	-	-	-	384,202	384,202
Health care	-	-	-	267,918	267,918
Committed:					
Cable access television	-	-	-	730,718	730,718
Arts Commission	-	-	-	86,900	86,900
Historical Commission	-	-	-	369,648	369,648
Assigned:					
Golf course capital improvements	-	-	-	461,302	461,302
Building improvements	-	-	-	9,399,769	9,399,769
Court building improvements	-	-	-	80,030	80,030
Senior center construction	-	-	-	4,005,834	4,005,834
Unassigned	16,569,311	-	-	-	16,569,311
Total fund balances	16,921,930	10,406,999	3,824,956	48,867,594	80,021,479
Total liabilities, deferred inflows of resources, and fund balances	**$ 30,959,126**	**$ 11,944,741**	**$ 6,521,393**	**$ 53,919,510**	**$ 103,344,770**

See notes to financial statements.

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

November 30, 2022

Fund Balances Reported in Governmental Funds	$ 80,021,479
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	230,222,161
Certain receivables are expected to be collected over several years, including special assessments, delinquent personal property taxes, and grants	361,814
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	6,755,394
Landfill closure and postclosure liability is not due and payable in the current period and is not reported in the funds	(712,195)
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(20,495,469)
Deferred charges on bond refunding are reported as deferred outflows of resources in the statement of net position but are not reported in the funds	307,505
Accrued interest is not due and payable in the current period and is not reported in the funds	(64,256)
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	(9,313,331)
Pension benefits	(17,115,251)
Retiree health care benefits	(92,843,160)
The Internal Service Fund (self-insurance) is included as part of governmental activities	4,149,074
Net Position of Governmental Activities	**$ 181,273,765**

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

Year Ended November 30, 2022

	General Fund	Major Special Revenue Funds: Refuse Disposal System	Major Special Revenue Funds: Roads and Sidewalks	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	$ 36,004,586	$ 10,803,361	$ 3,975,425	$ 9,361,981	$ 60,145,353
Special assessments	-	-	-	1,352,456	1,352,456
Intergovernmental:					
Federal revenue	8,497,114	-	-	1,372,836	9,869,950
State and local revenue	14,117,907	1,361,596	500,600	14,269,920	30,250,023
Charges for services	4,887,087	114,603	-	4,606,138	9,607,828
Fines and forfeitures	2,598,593	-	-	673,925	3,272,518
Licenses and permits	2,950,839	-	-	-	2,950,839
Investment (loss) gain	(31,522)	(36,134)	(21,757)	(80,232)	(169,645)
Other revenue:					
Miscellaneous revenue	3,070,286	1,372	4,025	1,410,212	4,485,895
Lease revenue	545,730	-	-	74,102	619,832
Total revenue	72,640,620	12,244,798	4,458,293	33,041,338	122,385,049
Expenditures					
Current services:					
General government	10,279,248	-	-	-	10,279,248
Employee benefits, insurance, and other	3,289,625	-	-	-	3,289,625
Public safety	42,599,392	-	-	858,251	43,457,643
Public works	3,458,061	11,948,525	13,016,082	6,115,737	34,538,405
Community and economic development	664,959	-	-	1,093,626	1,758,585
Recreation and culture	2,205,869	-	-	11,907,384	14,113,253
Capital outlay	-	-	-	3,295,726	3,295,726
Debt service:					
Principal retirement	-	-	-	1,920,000	1,920,000
Interest and other	-	-	-	799,932	799,932
Total expenditures	62,497,154	11,948,525	13,016,082	25,990,656	113,452,417
Excess of Revenue Over (Under) Expenditures	10,143,466	296,273	(8,557,789)	7,050,682	8,932,632
Other Financing Sources (Uses)					
Transfers in (Note 6)	209,595	-	7,950,000	20,883,707	29,043,302
Transfers out (Note 6)	(10,048,875)	(124,900)	-	(18,529,527)	(28,703,302)
Total other financing (uses) sources	(9,839,280)	(124,900)	7,950,000	2,354,180	340,000
Net Change in Fund Balances	304,186	171,373	(607,789)	9,404,862	9,272,632
Fund Balances - Beginning of year	16,617,744	10,235,626	4,432,745	39,462,732	70,748,847
Fund Balances - End of year	**$ 16,921,930**	**$ 10,406,999**	**$ 3,824,956**	**$ 48,867,594**	**$ 80,021,479**

See notes to financial statements.

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

Year Ended November 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	$ 9,272,632
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:	
Capital outlay	19,099,179
Depreciation expense	(10,672,077)
Net book value of assets disposed of	(151,299)
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	1,627,489
Payment on capital leases is an expenditure in the governmental funds but not in the statement of activities (where it reduces the capital lease liability)	32,169
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,920,000
Interest expense is recognized in the government-wide statements as it accrues	178,626
Change in net pension liability and related deferred inflows and outflows reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(4,478,973)
Change in net OPEB liability and related deferred inflows and outflows reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	15,168,427
Net decrease in accumulated employee sick and vacation pay is recorded when incurred in the statement of activities	345,518
Increase in landfill liability is recorded when incurred in the statement of activities	(7,386)
Internal service funds are included as part of governmental activities	(1,599,817)
Change in Net Position of Governmental Activities	**$ 30,734,488**

See notes to financial statements.

Proprietary Funds
Statement of Net Position

November 30, 2022

	Major Enterprise Fund	Nonmajor Enterprise Funds			Governmental Activities
	Water and Sewer	Housing	Golf Course	Total Enterprise Funds	Internal Service Fund
Assets					
Current assets:					
Cash and investments	$ 15,042,382	$ 3,766,703	$ 1,507,584	$ 20,316,669	$ 1,823,466
Accounts receivable:					
Customers	12,695,806	-	-	12,695,806	-
Other	368,741	-	4,390	373,131	-
Lease receivable	-	-	1,262,089	1,262,089	-
Inventory, prepaid expenses, and deposits	501,228	-	-	501,228	4,370,283
Total current assets	28,608,157	3,766,703	2,774,063	35,148,923	6,193,749
Noncurrent assets:					
Restricted assets (Note 8)	1,697,053	-	-	1,697,053	-
Special assessment receivables	122,268	-	-	122,268	-
Capital assets: (Note 5)					
Assets not subject to depreciation	3,635,672	2,176,180	3,582,488	9,394,340	-
Assets subject to depreciation - Net	100,268,170	2,341,277	533,337	103,142,784	-
Total noncurrent assets	105,723,163	4,517,457	4,115,825	114,356,445	-
Total assets	134,331,320	8,284,160	6,889,888	149,505,368	6,193,749
Deferred Outflows of Resources					
Deferred pension costs (Note 11)	354,889	-	13,503	368,392	-
Deferred OPEB costs (Note 13)	610,090	97,853	53,858	761,801	-
Total deferred outflows of resources	964,979	97,853	67,361	1,130,193	-

See notes to financial statements.

Proprietary Funds
Statement of Net Position (Continued)

November 30, 2022

	Major Enterprise Fund	Nonmajor Enterprise Funds			Governmental Activities
	Water and Sewer	Housing	Golf Course	Total Enterprise Funds	Internal Service Fund
Liabilities					
Current liabilities:					
Accounts payable	$ 490,849	$ 30,480	$ 17,173	$ 538,502	$ -
Due to other governmental units	2,030,980	-	-	2,030,980	-
Accrued and other liabilities	214,578	13,985	4,898	233,461	-
Unearned revenue	2,424	-	-	2,424	-
Due to fiduciary funds	36,195	-	-	36,195	-
Bonds and deposits	205,064	181,085	-	386,149	-
Compensated absences (Note 7)	248,568	34,076	6,841	289,485	-
Current portion of long-term debt (Note 7)	1,214,999	6,752	-	1,221,751	-
Total current liabilities	4,443,657	266,378	28,912	4,738,947	-
Noncurrent liabilities:					
Compensated absences and insurance claims (Note 7)	193,508	42,150	31,271	266,929	-
Net pension liability (Note 11)	892,757	-	33,969	926,726	-
Net OPEB liability (Note 13)	3,462,348	555,324	305,653	4,323,325	-
Long-term debt - Net of current portion (Note 7)	19,858,645	7,156	-	19,865,801	2,044,675
Total noncurrent liabilities	24,407,258	604,630	370,893	25,382,781	2,044,675
Total liabilities	28,850,915	871,008	399,805	30,121,728	2,044,675
Deferred Inflows of Resources					
Deferred OPEB cost reductions (Note 13)	653,437	104,806	57,686	815,929	-
Leases	-	-	1,255,015	1,255,015	-
Total deferred inflows of resources	653,437	104,806	1,312,701	2,070,944	-
Net Position					
Net investment in capital assets	82,830,198	4,503,549	4,115,825	91,449,572	-
Restricted - Ordinance requirements	1,697,053	-	-	1,697,053	-
Unrestricted	21,264,696	2,902,650	1,128,918	25,296,264	4,149,074
Total net position	**$ 105,791,947**	**$ 7,406,199**	**$ 5,244,743**	**$ 118,442,889**	**$ 4,149,074**

See notes to financial statements.

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

Year Ended November 30, 2022

	Enterprise Funds	Nonmajor Enterprise Funds			Governmental Activities
	Water and Sewer	Housing	Golf Course	Total Enterprise Funds	Internal Service Fund
Operating Revenue					
Customer billings	$ 40,223,471	$ -	$ -	$ 40,223,471	$ -
Fines and forfeitures	1,629,981	-	-	1,629,981	-
Service connections	34,128	-	-	34,128	-
Greens fees	-	-	1,901,683	1,901,683	-
Golf cart fees	-	-	118,000	118,000	-
City contributions	-	-	-	-	13,621,533
Rental income	-	1,461,846	-	1,461,846	-
Other revenue	105,069	453	84,197	189,719	-
Total operating revenue	41,992,649	1,462,299	2,103,880	45,558,828	13,621,533
Operating Expenses					
Cost of water	12,103,060	-	-	12,103,060	-
Cost of sewage disposal	16,285,132	-	-	16,285,132	-
System maintenance and operation	5,495,874	-	-	5,495,874	-
General and administration	1,257,708	-	-	1,257,708	-
Reinsurance charges and claims	-	-	-	-	15,214,775
Salaries and wages, including pension recovery	-	87,638	149,839	237,477	-
Supplies	-	16,881	269,452	286,333	-
Other services and charges	-	503,955	1,546,111	2,050,066	-
Depreciation	3,960,377	166,198	33,650	4,160,225	-
Total operating expenses	39,102,151	774,672	1,999,052	41,875,875	15,214,775
Operating Income (Loss)	2,890,498	687,627	104,828	3,682,953	(1,593,242)
Nonoperating Revenue (Expense)					
Investment gain (loss)	1,458	(7,018)	15,950	10,390	(6,575)
Interest expense	(446,491)	(1,120)	-	(447,611)	-
Gain on sale of assets	-	-	3,725	3,725	-
Lease revenue	-	-	114,309	114,309	-
Total nonoperating (expense) revenue	(445,033)	(8,138)	133,984	(319,187)	(6,575)
Income (Loss) - Before contributions and transfers	2,445,465	679,489	238,812	3,363,766	(1,599,817)
Capital Contributions - Lines donated by developers	1,735,150	-	-	1,735,150	-
Transfers Out	-	-	(340,000)	(340,000)	-
Change in Net Position	4,180,615	679,489	(101,188)	4,758,916	(1,599,817)
Net Position - Beginning of year	101,611,332	6,726,710	5,345,931	113,683,973	5,748,891
Net Position - End of year	**$ 105,791,947**	**$ 7,406,199**	**$ 5,244,743**	**$ 118,442,889**	**$ 4,149,074**

See notes to financial statements.

Proprietary Funds
Statement of Cash Flows

Year Ended November 30, 2022

	Major Enterprise Fund	Nonmajor Enterprise Funds			Governmental Activities
	Water and Sewer	Housing	Golf Course	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities					
Receipts from customers	$ 41,882,833	$ 1,462,299	$ 2,103,883	$ 45,449,015	$ 13,621,533
Payments to suppliers	(33,558,512)	(520,908)	(1,960,898)	(36,040,318)	(15,135,534)
Payments to employees	(4,402,263)	(475,347)	(165,004)	(5,042,614)	-
Net cash and cash equivalents provided by (used in) operating activities	3,922,058	466,044	(22,019)	4,366,083	(1,514,001)
Cash Flows Used in Noncapital Financing Activities - Transfers out	-	-	(340,000)	(340,000)	-
Cash Flows from Capital and Related Financing Activities					
Issuance of bonds and capital leases	3,764,020	-	-	3,764,020	-
Special assessment collections	36,337	-	-	36,337	-
Proceeds from sale of capital assets	-	-	3,725	3,725	-
Net purchases of capital assets	(3,920,294)	(591,381)	-	(4,511,675)	-
Principal and interest paid on long-term debt	(1,632,153)	(7,586)	-	(1,639,739)	-
Lease receipts	-	-	107,235	107,235	-
Net cash and cash equivalents (used in) provided by capital and related financing activities	(1,752,090)	(598,967)	110,960	(2,240,097)	-
Cash Flows from Investing Activities					
Interest received on investments	1,458	-	15,950	17,408	-
Purchases of investment securities	(1,084,183)	-	-	(1,084,183)	-
Proceeds from sale and maturities of investment securities	-	62,953	117,555	180,508	753,713
Net cash and cash equivalents (used in) provided by investing activities	(1,082,725)	62,953	133,505	(886,267)	753,713
Net Increase (Decrease) in Cash and Cash Equivalents	1,087,243	(69,970)	(117,554)	899,719	(760,288)
Cash and Cash Equivalents - Beginning of year	8,131,250	1,953,322	871,346	10,955,918	1,672,021
Cash and Cash Equivalents - End of year	**$ 9,218,493**	**$ 1,883,352**	**$ 753,792**	**$ 11,855,637**	**$ 911,733**
Classification of Cash and Cash Equivalents					
Cash and investments	$ 15,042,382	$ 3,766,703	$ 1,507,584	$ 20,316,669	$ 1,823,466
Restricted cash (Note 8)	1,697,053	-	-	1,697,053	-
Less investments	(7,520,942)	(1,883,351)	(753,792)	(10,158,085)	(911,733)
Total cash and cash equivalents	**$ 9,218,493**	**$ 1,883,352**	**$ 753,792**	**$ 11,855,637**	**$ 911,733**

See notes to financial statements.

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended November 30, 2022

	Major Enterprise Fund	Nonmajor Enterprise Funds			Governmental Activities
	Water and Sewer	Housing	Golf Course	Total Enterprise Funds	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents from Operating Activities					
Operating income (loss)	$ 2,890,498	$ 687,627	$ 104,828	$ 3,682,953	$ (1,593,242)
Adjustments to reconcile operating income (loss) to net cash and cash equivalents from operating activities:					
Depreciation	3,960,377	166,198	33,650	4,160,225	-
Changes in assets and liabilities:					
Receivables	49,096	-	3	49,099	-
Inventories	353,111	-	-	353,111	-
Prepaid and other assets	708	-	-	708	576,487
Net pension and OPEB liabilities	(236,525)	(383,853)	(17,840)	(638,218)	-
Accounts payable	(3,005,669)	(72)	(145,335)	(3,151,076)	(328,676)
Accrued and other liabilities	69,374	(3,856)	2,675	68,193	491,950
Other assets	(158,912)	-	-	(158,912)	-
Unearned revenue	-	-	-	-	(660,520)
Net cash and cash equivalents provided by (used in) operating activities	**$ 3,922,058**	**$ 466,044**	**$ (22,019)**	**$ 4,366,083**	**$ (1,514,001)**

Noncash Transactions - During the year ended November 30, 2022, the City received $1,735,150 of donated lines reported as capital assets in the Water and Sewer Fund.

Fiduciary Funds
Statement of Fiduciary Net Position

November 30, 2022

	Pension and Other Employee Benefits	Custodial Funds	Total Fiduciary Funds
Assets			
Cash and cash equivalents (Note 3)	$ 9,045,210	$ 7,608,872	$ 16,654,082
Investments: (Note 3)			
U.S. government securities	9,802,179	-	9,802,179
Collateralized mortgage obligations	4,638,799	-	4,638,799
Common stocks	160,120,346	-	160,120,346
Corporate bonds	12,094,172	-	12,094,172
Real estate investment trust	2,804,834	-	2,804,834
Foreign bonds	688,303	-	688,303
Mutual funds	130,437,292	-	130,437,292
Accounts receivable	462,961	-	462,961
Due from primary government	524,197	-	524,197
Total assets	330,618,293	7,608,872	338,227,165
Liabilities			
Accounts payable	602,034	29,582	631,616
Due to other governmental units	40,856	6,690,902	6,731,758
Bonds and other deposits	-	155,312	155,312
Total liabilities	642,890	6,875,796	7,518,686
Net Position			
Restricted:			
Pension	208,200,960	-	208,200,960
Postemployment benefits other than pension	121,774,443	-	121,774,443
Individuals, organizations, and other governments	-	733,076	733,076
Total net position	**$ 329,975,403**	**$ 733,076**	**$ 330,708,479**

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended November 30, 2022

	Pension and Other Employee Benefits	Custodial Funds	Total Fiduciary Funds
Additions			
Investment income (loss):			
Interest and dividends	$ 11,125,143	$ 3,245	$ 11,128,388
Net decrease in fair value of investments	(41,916,731)	-	(41,916,731)
Investment costs	(952,721)	-	(952,721)
Net investment (loss) income	(31,744,309)	3,245	(31,741,064)
Contributions:			
Employer	7,563,007	-	7,563,007
Employee	1,426,239	-	1,426,239
Total contributions	8,989,246	-	8,989,246
Collections for other governments	-	159,010,594	159,010,594
Fines and fees	-	1,145,301	1,145,301
Bond receipts	-	654,284	654,284
Restitutions, judgments, and other	-	128,961	128,961
Total additions	(22,755,063)	160,942,385	138,187,322
Deductions			
Pension benefit payments	19,517,839	-	19,517,839
Medical benefit payments	8,729,562	-	8,729,562
Disability benefit payments	188,990	-	188,990
Refunds of contributions	602,579	-	602,579
Administrative expenses	361,471	-	361,471
Disbursements to other governments	-	159,923,242	159,923,242
Bond forfeitures	-	654,284	654,284
Restitutions, judgments, and other refunds	-	141,872	141,872
Volunteer work program and civil drug fund	-	272,222	272,222
Total deductions	29,400,441	160,991,620	190,392,061
Net Decrease in Net Position	(52,155,504)	(49,235)	(52,204,739)
Net Position - Beginning of year	382,130,907	782,311	382,913,218
Net Position - End of year	**$ 329,975,403**	**$ 733,076**	**$ 330,708,479**

See notes to financial statements.

Component Units
Statement of Net Position

November 30, 2022

	Economic Development Corporation	Plymouth Road Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and cash equivalents	$ 24,950	$ 1,296,468	$ 390,743	$ 1,712,161
Accounts receivable	-	89,119	-	89,119
Capital assets: (Note 5)				
Assets not subject to depreciation	-	474,048	-	474,048
Assets subject to depreciation - Net	-	245,617	-	245,617
Total assets	24,950	2,105,252	390,743	2,520,945
Liabilities				
Accounts payable	-	107,614	-	107,614
Due to other governmental units	-	-	9,496	9,496
Total liabilities	-	107,614	9,496	117,110
Net Position				
Net investment in capital assets	-	719,665	-	719,665
Unrestricted	24,950	1,277,973	381,247	1,684,170
Total net position	**$ 24,950**	**$ 1,997,638**	**$ 381,247**	**$ 2,403,835**

See notes to financial statements.

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Economic Development Corporation	$ -	$ -	$ -	$ -
Plymouth Road Development Authority	577,945	-	-	-
Brownfield Redevelopment Authority	616,854	-	-	-
Total component units	**$ 1,194,799**	**$ -**	**$ -**	**$ -**

General revenue:

Property taxes

Investment (loss) income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Year Ended November 30, 2022

Net (Expense) Revenue and Changes in Net Position			
Economic Development Corporation	Plymouth Road Development Authority	Brownfield Redevelopment Authority	Total
$ -	$ -	$ -	$ -
-	(577,945)	-	(577,945)
-	-	(616,854)	(616,854)
-	(577,945)	(616,854)	(1,194,799)
-	763,373	686,022	1,449,395
(41)	926	(269)	616
(41)	764,299	685,753	1,450,011
(41)	186,354	68,899	255,212
24,991	1,811,284	312,348	2,148,623
$ 24,950	**$ 1,997,638**	**$ 381,247**	**$ 2,403,835**

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Livonia, Michigan:

Reporting Entity

The City of Livonia, Michigan (the "City") is governed by an elected seven-member council. The City's administration operates under the overall direction of an elected mayor. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the City's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units

The Municipal Building Authority of Livonia is governed by a board that is appointed by the City's mayor. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings. The operations of the Municipal Building Authority are reported as a nonmajor debt service fund.

Fiduciary Component Units

The District Court Funds of District No. 16 (the "District Court") are reported within the custodial funds. Although it is legally separate from the City, it is reported as if it were part of the primary government because of the fiduciary relationship it has with the City.

The City of Livonia Employees' Retirement System, the City of Livonia Police and Fire Revised Retirement Plan, and the City of Livonia Retiree Health and Disability Benefits Plan are governed by a five-member pension board that includes three individuals chosen by the City Council and/or mayor. Although legally separate from the City, the systems are reported as if they were part of the primary government because of the fiduciary responsibility that the City retains relative to the operations of each system. The operations of the Employees' Retirement System, the Police and Fire Revised Retirement Plan, and the Retiree Health and Disability Benefits Plan are reported as pension and other employee benefits fiduciary funds.

Discretely Presented Component Units

The Economic Development Corporation (the "EDC") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to the residents of the City. The EDC's governing body, which consists of eight individuals, is selected by the mayor and approved by the City Council. Internally prepared financial statements for the EDC can be obtained from the City of Livonia Finance Department at 33000 Civic Center Drive, Livonia, MI 48154.

The Plymouth Road Development Authority was created to encourage additional economic activity and growth in the Plymouth Road business district. The Plymouth Road Development Authority's governing body, which consists of 12 individuals, is selected by the mayor and approved by the City Council. Internally prepared financial statements for the Plymouth Road Development Authority can be obtained from the City of Livonia Finance Department at 33000 Civic Center Drive, Livonia, MI 48154.

The Brownfield Redevelopment Authority was created, pursuant to Public Act (PA) 381 of 1996, to promote revitalization of environmentally distressed areas within the 36-square-mile boundary of the City. The Brownfield Redevelopment Authority is funded primarily by property tax revenue captures. The Brownfield Redevelopment Authority is governed by a nine-member board that is designated by the mayor and appointed by the City Council.

Note 1 - Significant Accounting Policies (Continued)

The City has excluded the Housing Commission from this report. Even though the City appoints the Housing Commission's directors, it does not have the ability to impose its will.

Accounting and Reporting Principles

The City 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).

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. 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. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

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 City 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 Refuse Disposal System Fund accounts for the operations of the refuse disposal activities of the City. Funding is provided primarily through a local dedicated property tax levy.

Note 1 - Significant Accounting Policies (Continued)

- The Roads and Sidewalks Fund accounts for the funding of road and sidewalk repairs and improvements. Funding is primarily through a local dedicated property tax levy.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following fund as a major enterprise fund:

- The Water and Sewer Fund accounts for the activities of the water and sewer distribution system and sewage collection system. Funding is provided primarily through user charges.

The City’s Internal Service Fund is used to fund general, workers' compensation, and employee health care liability claims to purchase insurance that provides excess general liability coverage for city employees and property. The fund is financed primarily by charges to the various departments of the City.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City’s programs. Activities that are reported as fiduciary include the following:

- The Pension and Other Employee Benefits Trust Fund accounts for the activities of employee benefit plans that accumulate resources for pension and other postemployment benefit (OPEB) payments to qualified employees.
- Custodial funds account for assets held by the City in a trustee capacity.

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from 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. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type 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. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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 City has spent its resources.

Note 1 - Significant Accounting Policies (Continued)

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.

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 City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, delinquent personal property taxes, certain state-shared revenue payments, 911 surcharges, special assessments, and other miscellaneous revenue will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. Investments are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted-average balance for the principal held for each fund on a daily basis.

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide statements as internal balances. All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds 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.

Restricted Assets

The revenue bonds of the enterprise funds require amounts to be set aside for bond reserve. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City 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.

Note 1 - Significant Accounting Policies (Continued)

Infrastructure, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Infrastructure	33 to 40
Road rights	33
Buildings and improvements	25 to 50
Machinery, equipment, and vehicles	2 to 20
Water and sewer distribution systems	50

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Unearned Revenue

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. Unearned amounts are reported as liabilities.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to bond refunding charges and the pension and OPEB plans, as detailed in Notes 11 and 13, respectively.

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 City reports deferred inflows related to two items. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from various sources shown in Note 16. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to lease revenue and the OPEB plan, as detailed in Note 13.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied, except as noted below.

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

The City 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 City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The exceptions to this are the Community Recreation Fund and Capital Improvement Fund, which apply unrestricted fund balance first. 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. This is true for all funds except the Community Recreation Fund and Capital Improvement Fund. As noted above, the policy for these funds is to use unrestricted funds first; therefore, the order of spending is unassigned, restricted, committed, and assigned.

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 City 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 City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the finance director to assign fund balance. The City Council 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.

Property Tax Revenue

Property taxes are levied on each July 1 and December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. These taxes are due on September 14 and February 14, respectively. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2021 property tax revenue was levied and collectible on December 1, 2021 and is recognized as revenue in the year ended November 30, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Significant Accounting Policies (Continued)

The 2021 taxable valuation of the City totaled $4.59 billion. Properties in the Plymouth Road Development Authority (PRDA) are assessed a millage of 2.0000 on July 1. The 2022 taxable valuation of PRDA totaled $391 million. The millages levied by the City and the resulting revenue are as follows:

Purpose	Millage Rate	Approximate Revenue (in 000s)
Operating purposes	3.9909	$ 18,128
Police and fire	0.7979	3,624
Police and fire and snow	1.1971	5,438
Library	0.7979	3,616
Refuse and recycling	2.3840	10,803
Industrial development	0.0110	50
Roads, sidewalks, and trees	0.8773	3,975
Recreation	0.7749	3,511
Public safety	1.6773	7,619
Culture and senior services	0.2465	1,120
Transit and capital improvement	0.4932	2,235
Plymouth Road Development Authority	2.0000	768
Total		$ 60,887

These amounts are recognized in the respective General, special revenue, debt service, and Plymouth Road Development Authority funds financial statements as tax revenue.

The delinquent real property taxes of the City are purchased by Wayne County, Michigan (the "County"). The County sells tax notes, the proceeds of which are used to pay the City for these property taxes. Wayne County, Michigan remitted its purchased delinquent real property taxes in June 2022. Wayne County, Michigan's delinquent real property taxes have been recorded as revenue in the current year.

Pension

The City offers two defined benefit pension plans to certain employees. The City records a net pension liability for the difference between the total pension liabilities calculated by the actuary and the pension plans' fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Livonia Employees' Retirement System and the City of Livonia Police and Fire Revised Retirement Plan and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The City offers retiree health care benefits to certain retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan’s fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Livonia Retiree Health and Disability Benefits Plan and additions to/deductions from the OPEB plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits, as well as comp time. Under the City's policy, employees earn benefits based on time of service with the City. All vacation and sick pay, as well as comp time, is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally, the funds that report each employee's compensation (the General Fund and Water and Sewer Fund, primarily) are used to liquidate obligation.

Proprietary Funds Operating Classification

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 principal operating revenue of the Water and Sewer Fund, Housing Fund, Golf Course Fund, and Internal Service Fund is charges to customers for sales or services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for these funds include the cost of sales or services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

Leases

The City is a lessor for noncancelable leases of cell towers and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt; provides a single method of reporting conduit debt obligations by issuers; and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The provisions of this statement were originally effective for the City's financial statements for the year ended November 30, 2022 but were extended to November 30, 2023 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City's financial statements for the year ending November 30, 2023.

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

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending November 30, 2024.

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

Note 1 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 87, *Leases*. As a result, the financial statements now include receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 17.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

The City oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation, to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Adjusted cumulative shortfall at December 1, 2021		$ (2,707,411)
Current year building permit revenue		2,710,912
Related expenses:		
Direct costs	$ 2,750,056	
Estimated indirect costs	601,554	3,351,610
Current year net revenue		(640,698)
Cumulative shortfall at November 30, 2022		$ (3,348,109)

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust funds and retiree health care fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed $250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated seven banks for the deposit of its funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs. The City's deposits and investments are in accordance with statutory authority.

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits of $81,598,538 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the District Court, a component unit, had bank deposits of $444,379 (checking and savings accounts) that were uninsured and uncollateralized. The City 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 City 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.

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 City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the City had the following investments and maturities:

Primary Government	Fair Value	0-5 Years	6-10 Years	More Than 10 Years
U.S. agency securities	$ 15,934,271	$ 15,934,271	$ -	$ -
Municipal bonds	1,137,423	1,137,423	-	-
U.S. Treasury securities	12,866,062	12,866,062	-	-
Total	$ 29,937,756	$ 29,937,756	$ -	$ -

City of Livonia Employees' Retirement System	Fair Value	0-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	$ 6,821,400	$ 4,068,284	$ 1,497,453	$ 1,255,663
Foreign bonds	324,968	210,910	28,384	85,674
U.S. agency securities	3,526,737	6,566	100,200	3,419,971
U.S. Treasury securities	1,258,854	-	-	1,258,854
Collateralized mortgage obligations	1,993,357	-	58,933	1,934,424
Total	$ 13,925,316	$ 4,285,760	$ 1,684,970	$ 7,954,586

City of Livonia Retiree Health and Disability Benefits Plan	Fair Value	0-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	$ 5,272,772	$ 2,661,505	$ 1,499,491	$ 1,111,776
Foreign bonds	363,335	199,966	79,598	83,771
U.S. agency securities	3,050,080	226	7,124	3,042,730
U.S. Treasury securities	1,966,508	212,346	115,333	1,638,829
Collateralized mortgage obligations	2,645,442	213,478	224,739	2,207,225
Total	$ 13,298,137	$ 3,287,521	$ 1,926,285	$ 8,084,331

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of November 30, 2022, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Bank investment pools	$ 42,953	A2/P1	Moody's
Bank investment pools	1,697,053	Baa2/P2	Moody's
Municipal bonds	1,137,423	AA	S&P
U.S. Treasury securities	12,866,062	AA+	S&P
U.S. agency securities	15,934,271	AA+	S&P
Total	$ 31,677,762		

Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
Corporate bond	$ 1,587,974	Aaa	Moody's
Corporate bond	60,713	Aa2	Moody's
Corporate bond	139,223	Aa3	Moody's
Corporate bond	914,360	A1	Moody's
Corporate bond	1,088,383	A2	Moody's
Corporate bond	848,358	A3	Moody's
Corporate bond	5,472,115	Baa1 and below	Moody's
Corporate bond	1,983,046	NR	N/A
Foreign bonds	157,537	Aa3	Moody's
Foreign bonds	178,300	A2	Moody's
Foreign bonds	328,368	Baa1 and below	Moody's
Foreign bonds	24,098	NR	N/A
U.S. agency securities	6,576,819	NR	N/A
U.S. Treasury securities	3,225,360	Aaa	Moody's
Collateralized mortgage obligations	2,267,331	Aaa	Moody's
Collateralized mortgage obligations	2,371,468	NR	N/A
Total	$ 27,223,453		

There are no limitations or restrictions on participant withdrawals for the bank investment pools that are recorded at amortized cost.

Note 4 - Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Note 4 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The City has the following recurring fair value measurements as of November 30, 2022:

	Assets Measured at Fair Value on a Recurring Basis at November 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at November 30, 2022
Investments by Fair Value Level				
Debt securities:				
U.S. Treasury securities	$ 16,091,424	$ -	$ -	$ 16,091,424
Collateralized mortgage obligations	-	4,638,799	-	4,638,799
Corporate bonds	-	12,094,172	-	12,094,172
Foreign bonds and notes	-	688,303	-	688,303
Government agencies	-	22,511,088	-	22,511,088
Municipal bonds	-	1,137,423	-	1,137,423
Total debt securities	16,091,424	41,069,785	-	57,161,209
Equity securities:				
Common stock	122,078,839	-	-	122,078,839
Foreign stock	4,141,994	-	-	4,141,994
Mutual funds	106,820,714	-	-	106,820,714
ADR	7,319,691	-	-	7,319,691
REIT	2,804,801	-	-	2,804,801
Short-term investments	-	5,685,950	-	5,685,950
Total equity securities	243,166,039	5,685,950	-	248,851,989
Total investments by fair value level	$ 259,257,463	$ 46,755,735	$ -	306,013,198
Investments measured at NAV:				
Real estate funds				20,893,911
CIF - Fixed income				23,616,578
Total investments measured at NAV				44,510,489
Total investments				$ 350,523,687

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of collateralized mortgage obligations, corporate bonds, foreign bonds and notes, government agency securities, municipal bonds, and short-term investments at November 30, 2022 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 4 - Fair Value Measurements (Continued)

The valuation method for investments measured at net asset value per share (or its equivalent) is presented in the following table.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of November 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Real estate funds	$ 20,893,911	$ -	Unlimited	12 months
CIF - Fixed income	23,616,578	-	Unlimited	15 business days
Total investments measured at NAV	$ 44,510,489	$ -		

The real estate funds class includes the Alidade Capital Fund and the Valstone Opportunity Fund that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using net asset value of the City's ownership interest in partners' capital. Net income earned and amounts received from payoffs of investments will be distributed to the participants as cash is available until all funds are distributed.

The CIF - fixed income class includes the Loomis Sayles Senior Loan Fund, which invests primarily in bank loans. The fair values of the investments in this class have been estimated using net asset value of the City's ownership interest in the market value of the total fund.

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

Governmental Activities

	Balance December 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance November 30, 2022
Capital assets not being depreciated:					
Land	$ 34,862,968	$ -	$ -	$ -	$ 34,862,968
Construction in progress	71,613	-	117,075	-	188,688
Subtotal	34,934,581	-	117,075	-	35,051,656
Capital assets being depreciated:					
Infrastructure	181,187,296	-	13,556,800	-	194,744,096
Road rights	21,591,775	-	17,408	-	21,609,183
Buildings and improvements	118,043,281	-	1,286,159	-	119,329,440
Equipment and vehicles	45,109,731	-	4,121,737	(1,062,971)	48,168,497
Subtotal	365,932,083	-	18,982,104	(1,062,971)	383,851,216
Accumulated depreciation:					
Infrastructure	75,737,064	-	4,639,670	-	80,376,734
Road rights	13,210,280	-	616,124	-	13,826,404
Buildings and improvements	60,174,742	-	2,447,208	-	62,621,950
Equipment and vehicles	29,798,220	-	2,969,075	(911,672)	31,855,623
Subtotal	178,920,306	-	10,672,077	(911,672)	188,680,711
Net capital assets being depreciated	187,011,777	-	8,310,027	(151,299)	195,170,505
Net governmental activities capital assets	$ 221,946,358	$ -	$ 8,427,102	$ (151,299)	$ 230,222,161

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance December 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance November 30, 2022
Capital assets not being depreciated:					
Land	$ 5,164,436	$ -	$ -	$ -	$ 5,164,436
Construction in progress	14,800,998	(14,800,998)	4,229,904	-	4,229,904
Subtotal	19,965,434	(14,800,998)	4,229,904	-	9,394,340
Capital assets being depreciated:					
Water and sewer distribution	163,199,898	14,664,366	1,842,369	-	179,706,633
Buildings and building improvements	19,985,312	136,632	-	-	20,121,944
Machinery and equipment	2,544,739	-	6,804	(14,225)	2,537,318
Vehicles	4,059,952	-	167,748	-	4,227,700
Land improvements	3,039,595	-	-	-	3,039,595
Subtotal	192,829,496	14,800,998	2,016,921	(14,225)	209,633,190
Accumulated depreciation:					
Water and sewer distribution	88,383,042	-	3,271,783	-	91,654,825
Buildings and building improvements	6,454,083	-	388,376	-	6,842,459
Machinery and equipment	2,175,914	-	83,233	(14,225)	2,244,922
Vehicles	2,425,767	-	404,531	-	2,830,298
Land improvements	2,905,600	-	12,302	-	2,917,902
Subtotal	102,344,406	-	4,160,225	(14,225)	106,490,406
Net capital assets being depreciated	90,485,090	14,800,998	(2,143,304)	-	103,142,784
Net business-type activities capital assets	$ 110,450,524	$ -	$ 2,086,600	$ -	$ 112,537,124

Capital asset activity for the City's component unit for the year ended November 30, 2022 was as follows:

Component Unit - Plymouth Road Development Authority

	Balance December 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance November 30, 2022
Capital assets not being depreciated - Land	$ 474,048	$ -	$ -	$ -	$ 474,048
Capital assets being depreciated - Land improvements	12,195,788	-	-	-	12,195,788
Accumulated depreciation - Land improvements	11,823,517	-	126,654	-	11,950,171
Net capital assets being depreciated	372,271	-	(126,654)	-	245,617
Net capital assets	$ 846,319	$ -	$ (126,654)	$ -	$ 719,665

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	$ 505,862
Public safety	1,501,273
Public works	6,397,326
Recreation and culture	2,267,616
Total governmental activities	$ 10,672,077
Business-type activities:	
Water and Sewer	$ 3,960,377
Golf Course	33,650
Newburgh and Silver Village	166,198
Total business-type activities	$ 4,160,225

Construction Commitments

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

	Spent to Date	Remaining Commitment
Street and sidewalk projects	$ 21,732,001	$ 4,156,848
Water, drain, and sewer projects	8,574,954	6,384,855
Library improvements	41,925	158,075
Recreation center improvements	284,763	76,177

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Employees' Retirement System	General Fund	$ 194,318
	Nonmajor governmental funds	8,636
	Water and Sewer Fund	12,955
	Total Employees' Retirement System	215,909
VEBA	General Fund	44,894
	Nonmajor governmental funds	15,493
	Water and Sewer Fund	23,240
	Total VEBA	83,627
Police and Fire Revised Retirement Plan	General Fund	224,661
	Total	$ 524,197

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.

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	$ 10,048,875
Nonmajor governmental funds	Nonmajor governmental funds	10,369,932
	Roads and Sidewalks Fund	7,950,000
	General Fund	209,595
	Total nonmajor governmental funds	18,529,527
Refuse Disposal System	Nonmajor governmental funds	124,900
Nonmajor enterprise funds	Nonmajor governmental funds	340,000
	Total	$ 29,043,302

The transfer from the General Fund to the nonmajor governmental funds is unrestricted resources to finance capital projects and general obligation debt service in accordance with budgetary authorizations.

The majority of transfers between the nonmajor governmental funds are for gas and weight tax revenue from the Major Streets Fund to the Local Streets Fund in accordance with Act 51. Most of the remaining transfers relate to debt service and capital projects.

The transfer from the nonmajor governmental funds to the Roads and Sidewalks Fund is for gas and weight tax revenue that has been passed through the Local Streets Fund from the Major Streets Fund in accordance with Act 51.

The transfers from the nonmajor governmental funds to the general fund are related to grant funding and capital projects.

The transfer from the Refuse Disposal System to the nonmajor governmental funds is related to capital projects.

The transfer from the nonmajor enterprise funds to the nonmajor governmental funds is for golf course improvements.

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements are also general obligations of the City. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Note 7 - Long-term Debt (Continued)

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

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable -							
Other debt - Building Authority Bonds:							
2015 MBA Refunding Bonds:							
Amount of issue - $2,050,000		$160,000 -					
Maturing through 2025	2.47%	$300,000	$ 685,000	$ -	$ (165,000)	$ 520,000	$ 170,000
2016 MBA Refunding Bonds:							
Amount of issue - $6,180,000		$305,000 -					
Maturing through 2033	4.00%	$540,000	5,220,000	-	(345,000)	4,875,000	360,000
2017 MBA Refunding Bonds:							
Amount of issue - $19,980,000		$1,250,000 -					
Maturing through 2030	3.00% - 5.00%	$1,945,000	14,740,000	-	(1,410,000)	13,330,000	1,455,000
Installment purchases			63,788	-	(32,169)	31,619	17,879
Unamortized bond premiums			1,939,163	-	(200,313)	1,738,850	200,310
Total bonds and contracts payable			22,647,951	-	(2,152,482)	20,495,469	2,203,189
General liability claims, workers' compensation, and health insurance claims (Note 9)			1,881,401	163,274	-	2,044,675	-
Net pension liability (Note 11)			(8,506,163)	37,718,362	-	29,212,199	-
Net OPEB liability (Note 13)			62,659,626	29,035,528	-	91,695,154	-
Compensated absences			9,658,849	2,873,577	(3,219,095)	9,313,331	3,103,934
Landfill closure and postclosure			704,809	7,386	-	712,195	-
Total governmental activities long-term debt			$ 89,046,473	$ 69,798,127	$ (5,371,577)	$ 153,473,023	$ 5,307,123

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The claims liability will generally be liquidated through the City’s self-insurance Internal Service Fund. That fund will finance the payment of those claims by charging the other funds based on management’s assessment of the relative insurance risk that should be assumed by individual funds. The net pension and OPEB liabilities will be liquidated from the funds from which an individual employee’s salary is paid, primarily the General Fund.

Note 7 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:							
Water Supply and Wastewater System Revenue Bonds:							
2013 State of Michigan Clean Water Program State Revolving Loan: Amount of issue - $3,620,000 Maturing through 2034	2.00%	$125,000 - $220,000	$ 2,365,730	$ -	$ (160,000)	$ 2,205,730	$ 165,000
2014 State of Michigan Drinking Water Program Revolving Loan: Amount of issue - $3,552,013 Maturing through 2036	2.00%	$145,000 - $235,000	2,497,013	-	(165,000)	2,332,013	170,000
2015 State of Michigan Drinking Water Program Revolving Loan: Amount of issue - $7,104,415 Maturing through 2040	2.50%	$274,415 - $570,000	4,677,894	-	(260,000)	4,417,894	265,000
2020 State of Michigan Drinking Water Program Revolving Loan: Amount of issue - $9,160,000 Maturing through 2040	2.00%	$375,000 - $550,000	6,326,978	1,763,615	(385,000)	7,705,593	390,000
2021 State of Michigan Drinking Water Program Revolving Loan: Amount of issue - $5,337,668 Maturing through 2041	1.875%	$222,668 - $315,000	2,634,677	2,000,405	(222,668)	4,412,414	225,000
Installment purchases			20,279	-	(6,371)	13,908	6,751
Total bonds and contracts payable			18,522,571	3,764,020	(1,199,039)	21,087,552	1,221,751
Net pension liability (Note 11)			(256,945)	1,183,671	-	926,726	-
Net OPEB liability (Note 13)			3,000,098	1,323,227	-	4,323,325	-
Compensated absences			546,989	273,631	(264,206)	556,414	289,485
Total business-type activities long-term debt			$ 21,812,713	$ 6,544,549	$ (1,463,245)	$ 26,894,017	$ 1,511,236

Revenue Bonds

The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for improvements to the water and sewer system. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total approximately $24.8 million. During the current year, net revenue of the system was approximately $8.4 million compared to the annual debt requirements of approximately $1.6 million.

No Commitment Debt

The City has issued Industrial Development Revenue Bonds and Economic Development Corporation Bonds under state law, which authorizes municipalities under certain circumstances to acquire and lease industrial sites, buildings, and equipment and lease them to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. The aggregate original issue amount was $83,667,000.

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations (excluding bond premiums and deferred charges) are as follows:

	Governmental Activities			Business-type Activities		
	Other Debt			Direct Borrowings and Direct Placements		
Years Ending November 30	Principal	Interest	Total	Principal	Interest	Total
2023	$ 2,002,879	$ 739,161	$ 2,742,040	$ 1,221,751	$ 443,552	$ 1,665,303
2024	2,063,739	674,757	2,738,496	1,257,157	416,617	1,673,774
2025	2,110,000	608,636	2,718,636	1,275,000	389,101	1,664,101
2026	2,005,000	535,400	2,540,400	1,305,000	361,357	1,666,357
2027	2,095,000	445,025	2,540,025	1,330,000	333,069	1,663,069
2028-2032	7,940,000	779,775	8,719,775	7,085,000	1,219,303	8,304,303
2033-2037	540,000	10,800	550,800	6,160,638	464,868	6,625,506
2038-2039	-	-	-	1,453,006	40,577	1,493,583
Total	$ 18,756,618	$ 3,793,554	$ 22,550,172	$ 21,087,552	$ 3,668,444	$ 24,755,996

Bond Refunding

In previous years, the City defeased an advance refunding. As of November 30, 2022, there is still $12,960,000 of bonds outstanding that is considered defeased.

Note 8 - Restricted Assets

Business-type Activities

In accordance with the provisions of the Water Supply and Wastewater System Revenue Bonds, the City is required to set aside moneys in a bond reserve account. At November 30, 2022, the City set aside $1,697,053 of cash and cash equivalents to comply with these requirements.

Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits and workers' compensation and participates in the Michigan Municipal Risk Management Authority (the "Authority").

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, which it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

Note 9 - Risk Management (Continued)

The City estimates the liability for general liability, workers' compensation, and medical claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded in the Self-insurance Internal Service Fund. The estimated liability for property loss, general liability, workers' compensation, and medical claims is recorded within the governmental activities column in the statement of net position. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability		Workers' Compensation		Medical Claims	
	2022	2021	2022	2021	2022	2021
Estimated liability - Beginning of year	$ 808,285	$ 743,686	$ 207,828	$ 119,462	$ 865,288	$ 594,317
Estimated claims incurred, including changes in estimates	1,406,645	1,388,977	754,364	737,697	12,308,469	12,181,814
Claim payments	(1,032,296)	(1,324,378)	(636,763)	(649,331)	(12,637,145)	(11,910,843)
Estimated liability - End of year	$ 1,182,634	$ 808,285	$ 325,429	$ 207,828	$ 536,612	$ 865,288

The City is subject to various legal proceedings and claims that arise in the ordinary course of its business. The City believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

Note 10 - Defined Contribution Pension Plan

The City of Livonia Employees' Retirement System Defined Contribution Plan is administered by the City of Livonia Employees' Retirement System and the City of Livonia, Michigan. The plan was established under Section 401(a) of the Internal Revenue Code for the following employees:

- General employee members - All members hired on or after March 17, 1997
- Police lieutenant and sergeant members - All members hired on or after December 8, 1997 who have elected not to participate in the City of Livonia Police and Fire Revised Retirement Plan
- Police officer members - All members hired on or after November 24, 1998 who have elected not to participate in the City of Livonia Police and Fire Revised Retirement Plan
- Firefighter members - All members hired on or after July 1, 1998 who have elected not to participate in the City of Livonia Police and Fire Revised Retirement Plan

In addition, the plan covers all employees electing to transfer from the City's defined benefit pension plan (see Note 11).

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the City through collective bargaining agreements, the City contributes a percentage of employees’ earnings as follows:

	Employees Transferring from the Defined Benefit Pension Plan		New Employees Hired after the Effective Dates Noted Above	
	Employer Contribution	Employee Contribution	Employer Contribution	Employee Contribution
General*	14.00 %	4.50 %	11.00 %	4.50 %
Police lieutenants and sergeants	14.00	5.21	14.00	5.21
Police	14.00	5.00	14.00	5.00
Fire	14.00	4.50	14.00	4.50

*For general employees, the employee contribution can range from 4.00 to 4.50 percent for employees transferring from the defined benefit pension plan and 4.00 to 4.50 percent for new employees hired after March 17, 1997.

Note 10 - Defined Contribution Pension Plan (Continued)

The employee contribution percentages noted above represent the minimum required contribution. Employees are permitted to contribute additional amounts up to the maximum allowed by law.

The City's contributions for each employee are fully vested after four years of service.

In accordance with the above requirements, the City contributed $3,022,488 during the current year, and employees contributed $1,205,904.

Note 11 - Pension Plans

Plan Description

City of Livonia Employees' Retirement System

The City of Livonia Employees' Retirement System administers the City of Livonia Employees' Retirement System (the "System"), a single-employer defined benefit pension plan that provides retirement, disability, and death benefits to the following employees of the City unless they elected to transfer to the City's 401(a) defined contribution pension plan (see Note 10):

- General employee members - All members hired prior to March 17, 1997 and their beneficiaries
- Police lieutenant and sergeant members - All members hired prior to December 8, 1997 and their beneficiaries
- Police officer members - All members hired prior to November 24, 1998 and their beneficiaries
- Firefighter members - All members hired prior to July 1, 1998 and their beneficiaries

The financial statements of the pension system are included in these financial statements as a pension and other employee benefits trust fund (a fiduciary fund).

Management of the plan is vested in the System's board of trustees, which consists of five members: the mayor or mayor's designated administrative representative, a member of the City Council to be selected by the Council, a member of the Civil Service Commission, a police or fire member to be elected by the police and fire members, and a member of any retirement plan established by city ordinance who is not a police or fire member to be elected by the members of any retirement plan established by city ordinance other than police and fire members.

City of Livonia Police and Fire Revised Retirement Plan

The City of Livonia Police and Fire Revised Retirement Plan administers the City of Livonia Police and Fire Revised Retirement Plan (PFRRP), a single-employer defined benefit pension plan established in 2021 that provides retirement, disability, and death benefits to all police and fire employees of the City that are not eligible for the City of Livonia Employees' Retirement System and elected to participate in the PFRRP instead of the City's 401(a) defined contribution pension plan (see Note 10). Members converting to the PFRRP from the defined contribution plan had a one-time option to purchase between one and three years of service credit in the PFRRP.

The financial statements of the pension system are included in these financial statements as a pension and other employee benefits trust fund (a fiduciary fund).

Management of the plan is vested in the same board of trustees as the System.

Note 11 - Pension Plans (Continued)

Benefits Provided

City of Livonia Employees' Retirement System

The System provides retirement, disability, and death benefits as follows:

General Members - Eligible after 30 years of service regardless of age or age 55 with 10 years of service. Permanent part-time general members need only 10 calendar years of membership instead of 10 years of credited service. Pension amount is 2.5 percent of the member's average final compensation (AFC) times years of credited service (maximum is 75 percent of AFC).

Police Officers, Sergeants, and Lieutenants - Eligible after 25 years of service regardless of age or age 52 with 10 years of service (age 50 with 10 years but less than 25 years of service - early retirement with reduced benefit of 0.5 percent per month below age 52). Pension amount is 2.8 percent of the member's average final compensation times the first 24 years of credited service, plus 7.8 percent of AFC for the 25th year of credited service (maximum is 75 percent of AFC).

Police Command - Eligible after 25 years of service regardless of age or age 50 with 10 years of service (age 48 with 10 years but less than 25 years of service - early retirement with reduced benefit of 0.5 percent per month below age 50). Pension amount is 2.8 percent of the member's average final compensation times the years of credited service (maximum is 75 percent of AFC).

Fire Members - Eligible after 25 years of service regardless of age or age 52 with 10 years of service (age 50 with 10 years but less than 25 years of service - early retirement with reduced benefit of 0.5 percent per month below age 52). Pension amount is 2.8 percent of the member's average final compensation times the years of credited service (maximum is 75 percent of AFC).

Average final compensation is the average of the highest annual compensation received during any 3 years of service contained within the 10 years of service immediately preceding retirement, including base salary, longevity, shift differential, paid time off, holiday pay, and payment of accumulated vacation time up to the limits established by the respective bargaining agreements. In addition, merit pay is included for police members, and paramedic/EMT or ALS bonuses are included for firefighters.

Benefit terms provide for annual cost of living adjustments to each member's retirement allowance subsequent to the member's retirement date. The monthly adjustments vary between $20 and $375 depending on year of retirement and amount of years past retirement.

Plan members are eligible for disability retirement upon termination of city employment by reason of total and permanent disability after completing at least 10 full years of credited service, except that in the event of a duty disability, the 10-year service requirement is waived. Special age and service requirements apply in the calculation of the disability benefit provided.

City of Livonia Police and Fire Revised Retirement Plan

The System provides retirement, disability, and death benefits as follows for all eligible participants: Eligible after 25 years of service regardless of age or age 52 with 15 years of service. Pension amount is 2.5 percent of the member's average final compensation times the years of credited service (maximum is 75 percent of AFC).

Average final compensation is the average of the highest annual compensation received during any 3 years of service contained within the 10 years of service immediately preceding retirement, including base salary or wages, worker’s compensation wage loss benefits with supplemental pay not to exceed regular base wages, and any other financial compensation from which pension contributions are withheld.

Plan members are eligible for disability retirement upon termination of city employment by reason of total and permanent disability after completing at least 10 full years of credited service, except that in the event of a duty disability, the 10-year service requirement is waived. Special age and service requirements apply in the calculation of the disability benefit provided.

Note 11 - Pension Plans (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Livonia Employees' Retirement System	City of Livonia Police and Fire Revised Retirement Plan
Date of member count	November 30, 2022	November 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	546	-
Inactive plan members entitled to but not yet receiving benefits	4	11
Active plan members	25	159
Total employees covered by the plan	575	170

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the System's board of trustees retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the city charter, union contracts, and plan provisions. For the year ended November 30, 2022, the average active member contribution rate ranged from 2.55 to 7.30 percent of annual pay for the Employees' Retirement System and 8.00 percent for the Police and Fire Revised Retirement Plan. The funding policy provides for periodic employer contributions at actuarially determined rates.

Net Pension Liability

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	City of Livonia Employees' Retirement System	City of Livonia Police and Fire Revised Retirement Plan
Measurement date used for the City NPL	November 30, 2022	November 30, 2022
Based on a comprehensive actuarial valuation as of	November 30, 2022	November 30, 2022

Note 11 - Pension Plans (Continued)

Changes in the net pension (asset) liability during the measurement year were as follows:

City of Livonia Employees' Retirement System

	Increase (Decrease)		
Changes in Net Pension (Asset) Liability	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
Balance at November 30, 2021	$ 233,344,915	$ 241,839,982	$ (8,495,067)
Changes for the year:			
Service cost	588,570	-	588,570
Interest	16,119,192	-	16,119,192
Differences between expected and actual experience	1,511,595	-	1,511,595
Changes in assumptions	2,070,007	-	2,070,007
Contributions - Employer	-	2,393,141	(2,393,141)
Contributions - Employee	-	142,482	(142,482)
Net investment loss	-	(20,072,738)	20,072,738
Benefit payments, including refunds	(20,111,628)	(20,111,628)	-
Administrative expenses	-	(282,819)	282,819
Net changes	177,736	(37,931,562)	38,109,298
Balance at November 30, 2022	$ 233,522,651	$ 203,908,420	$ 29,614,231

The plan's fiduciary net position represents 87.3 percent of the total pension liability.

City of Livonia Police and Fire Revised Retirement Plan

	Increase (Decrease)		
Changes in Net Pension (Asset) Liability	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
Balance at November 30, 2021	$ 1,698,114	$ 1,966,155	$ (268,041)
Changes for the year:			
Service cost	2,565,868	-	2,565,868
Interest	298,171	-	298,171
Differences between expected and actual experience	263,871	-	263,871
Contributions - Employer	-	1,756,383	(1,756,383)
Contributions - Employee	-	935,795	(935,795)
Net investment loss	-	(329,449)	329,449
Benefit payments, including refunds	(8,790)	(8,790)	-
Administrative expenses	-	(27,554)	27,554
Net changes	3,119,120	2,326,385	792,735
Balance at November 30, 2022	$ 4,817,234	$ 4,292,540	$ 524,694

The plan's fiduciary net position represents 89.1 percent of the total pension liability.

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

For the year ended November 30, 2022, the City recognized pension expense of $6,928,278 for the System and pension expense of $1,856,065 for the Police and Fire Revised Retirement Plan.

Note 11 - Pension Plans (Continued)

At November 30, 2022, the City reported 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	$ 245,023	$ -
Net difference between projected and actual earnings on pension plan investments	12,220,317	-
Total	$ 12,465,340	$ -

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending November 30	Amount
2023	$ (264,710)
2024	1,864,816
2025	3,196,289
2026	7,499,315
2027	18,848
Thereafter	150,782

Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	City of Livonia Employees' Retirement System	City of Livonia Police and Fire Revised Retirement Plan
Inflation	2.50 percent	2.50 percent
Salary increases (including inflation)	4.00 percent	6.00 percent
Investment rate of return (net of investment expenses)	7.10 percent	7.00 percent
Mortality rates	Pub-2010 Mortality Table with MP-2021 Generational Improvement	Pub-2010 Mortality Table with MP-2021 Generational Improvement

The actuarial assumptions used in the November 30, 2022 valuations were based on the results of an actuarial experience study performed in 2021.

Note 11 - Pension Plans (Continued)

Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

	City of Livonia Employees' Retirement System	City of Livonia Police and Fire Revised Retirement Plan
Assumed investment rate of return	7.10 percent	7.00 percent
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure TPL	7.10 percent	7.00 percent

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The expected rates of return for both plans are as follows:

Asset Class	Long-term Expected Real Rate of Return
Domestic large-cap value stocks	5.80 %
Domestic large-cap growth stocks	5.90
Domestic small-cap value/core stocks	6.00
International stocks	4.70
U.S. core fixed income	1.30
Global fixed income	1.10
High-yield fixed income	2.90
Bank loans	2.90
Real estate (direct)	5.10
Real estate investment trusts	4.10

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

The following presents the net pension liabilities of the City, calculated using the current discount rates, as well as what the City's net pension liabilities (assets) would be if they were calculated using discount rates that are 1 percentage point lower (6.10 percent and 6.00 percent for the Employees' Retirement System and the Police and Fire Revised Retirement Plan, respectively) or 1 percentage point higher (8.10 percent and 8.00 percent for the Employees' Retirement System and the Police and Fire Revised Retirement Plan, respectively) than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the City of Livonia Employees' Retirement System	$ 52,354,185	$ 29,614,231	$ 10,351,752
Net pension liability (asset) of the City of Livonia Police and Fire Revised Retirement Plan	1,440,551	524,694	(208,740)

Note 11 - Pension Plans (Continued)

Assumption Changes

City of Livonia Employees' Retirement System

In 2022, the discount rate was decreased from 7.20 to 7.10 percent.

Investment Policy

The systems' policies in regard to the allocation of invested assets are established and may be amended by the systems' board of trustees by a majority vote of its members. It is the policy of the systems' board of trustees to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The systems' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the adopted asset allocation policy of both pension plans as of November 30, 2022:

Asset Class	Target Allocation
Cash	2.00 %
Domestic large-cap value stocks	15.00
Domestic large-cap growth stocks	15.00
Domestic small-cap value/core stocks	10.00
International stocks	15.00
U.S. core fixed income	20.00
Global fixed income	5.00
High-yield fixed income	5.00
Bank loans	5.00
Real estate (direct)	4.00
Real estate investment trusts	4.00

Rate of Return

For the year ended November 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (9.16) percent for the Employees' Retirement System and (10.23) percent for the Police and Fire Revised Retirement Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 12 - Pension Plan Reserves

In accordance with plan documents, the following reserves are required to be set aside within the pension plans:

The pension reserve fund (retiree reserve) is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The pension savings fund (employee reserve) is credited as employee contributions are received throughout the year; the System maintains a record of the amount contributed by each employee and credits interest annually at a rate of 4 percent. For any employee who terminates before vesting in the pension plan, the employee's balance is returned to the employee; for those who stay until retirement, the balance is transferred into the retiree reserve.

The pension accumulation fund (employer reserve) account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

Note 12 - Pension Plan Reserves (Continued)

The balances of the reserve accounts at November 30, 2022 are as follows:

	Required Reserve - Employees' Retirement System	Amount Funded - Employees' Retirement System	Required Reserve - Police and Fire Revised Retirement Plan	Amount Funded - Police and Fire Revised Retirement Plan
Pension reserve fund	$ 205,744,171	$ 201,185,641	$ -	$ -
Pension savings fund	2,722,779	2,722,779	1,455,130	1,455,130
Pension accumulation fund	-	-	-	2,837,410

Note 13 - Other Postemployment Benefit Plan

Plan Description

The board of trustees of the City of Livonia Employees' Retirement System administers the City of Livonia Retiree Health and Disability Benefits Plan (the "VEBA"), a multiemployer, cost-sharing defined benefit OPEB plan that is used to provide medical and health care benefits, including hospitalization and disability benefits, for the welfare of eligible retirees and their spouses and eligible dependents of the City of Livonia, Michigan and the Livonia Housing Commission. Most retirees of the defined benefit pension plan and the defined contribution pension plan and their beneficiaries and future retirees who complete 10 years or more of credited service are eligible. Effective December 1, 2009, certain newly hired employees receive a health reimbursement account instead of being eligible for the VEBA. As of November 30, 2012, the plan began to provide Health Reimbursement Savings Accounts (HRSA) to all new hires in lieu of the VEBA medical benefits.

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefits trust fund (a fiduciary fund).

Management of the VEBA is vested with the board of trustees of the City of Livonia Employees' Retirement System, which consists of five members: the mayor or mayor's designated administrative representative, a member of the City Council to be selected by the City Council, a member of the Civil Service Commission, a police or fire member to be elected by the police and fire members, and a member of any retirement plan established by city ordinance who is not a police or fire member to be elected by the members of any retirement plan established by city ordinance other than police and fire members.

Benefits Provided

The VEBA provides medical and health care benefits, including hospitalization and disability benefits, to eligible retirees and their spouses and eligible dependents. Benefits are provided through a combination of third-party insurers and the City's self-insurance program. Of the total cost of benefits, 100 percent is covered by the VEBA for defined benefit pension plan members, and between 100 and 50 percent of the total cost of the benefits is covered by the VEBA for defined contribution pension plan members, depending on age and service requirements.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	November 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	685
Inactive plan members entitled to but not yet receiving benefits	31
Active plan members	478
Total plan members	1,194

Note 13 - Other Postemployment Benefit Plan (Continued)

Contributions

The obligation to contribute to and maintain the VEBA was established by negotiation with certain bargaining units, including general and administrative employees. The funding policy provides for periodic employer contributions at actuarially determined rates per a funding valuation. For the year ended November 30, 2022, the City's average contribution rate was 17.26 percent of covered-employee payroll. Plan members were required to make a contribution of 2 percent beginning on December 1, 2006.

Net OPEB Liability

The City has chosen to use the November 30 measurement date as its measurement date for the net OPEB liability. The November 30, 2022 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the November 30, 2021 measurement date. The November 30, 2021 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

Changes in the net OPEB liability during the measurement year were as follows:

	Increase (Decrease)		
Changes in Net OPEB Liability	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at November 30, 2021	$ 204,403,511	$ 138,324,770	$ 66,078,741
Changes for the year:			
Service cost	2,003,858	-	2,003,858
Interest	14,545,843	-	14,545,843
Changes in benefits	(8,533,120)	-	(8,533,120)
Differences between expected and actual experience	14,818,580	-	14,818,580
Changes in assumptions	71,910	-	71,910
Contributions - Employer	-	3,413,483	(3,413,483)
Contributions - Employee	-	347,962	(347,962)
Net investment loss	-	(11,342,121)	11,342,121
Benefit payments, including refunds	(8,918,552)	(8,918,552)	-
Administrative expenses	-	(51,099)	51,099
Net changes	13,988,519	(16,550,327)	30,538,846
Balance at November 30, 2022	$ 218,392,030	$ 121,774,443	$ 96,617,587

The plan's fiduciary net position represents 55.8 percent of the total OPEB liability.

At November 30, 2022, the City reported a liability of $96,018,479 for its proportionate share of the net OPEB liability.

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

For the year ended November 30, 2022, the City recognized an OPEB cost recovery of $12,664,694.

Note 13 - Other Postemployment Benefit Plan (Continued)

At November 30, 2022, the City 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	$ 7,363,346	$ 4,911,808
Changes in assumptions	35,733	13,209,433
Net difference between projected and actual earnings on OPEB plan investments	9,520,028	-
Total	$ 16,919,107	$ 18,121,241

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending November 30	Amount
2023	$ (2,982,781)
2024	(1,439,618)
2025	(976,998)
2026	4,197,263

Actuarial Assumptions

The total OPEB liability in the November 30, 2022 actuarial valuation was determined using an inflation assumption of 3.00 percent; an investment rate of return (net of investment expenses) of 7.10 percent; a health care cost trend rates of 7.25 percent and 5.50 percent for non-Medicare and Medicare, respectively, for 2022, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent; and the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2020 Generational Improvement. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability at November 30, 2022 was 7.10 percent. This was a change from the discount rate of 7.20 percent used to measure the total OPEB liability at November 30, 2021. The projection of cash flows used to determine the discount rate assumed that city contributions will be made at rates equal to the actuarially determined contribution rates.

Based on those assumptions, the VEBA's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to periods of projected benefit payments to determine the total pension liability.

Note 13 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

Asset Class	Long-term Expected Real Rate of Return
Domestic large-cap value stocks	5.80 %
Domestic large-cap growth stocks	5.90
Domestic small-cap value/core	6.00
International stocks	4.70
U.S. core fixed income	1.30
Global fixed income	1.10
High-yield fixed income	2.90
Real estate (direct)	5.10
Real estate investment trusts	5.10

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

The following presents the net OPEB liability of the plan, calculated using the discount rate of 7.10 percent, as well as what the plan'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 (6.10%)	Current Discount Rate (7.10%)	1 Percentage Point Increase (8.10%)
Net OPEB liability	$ 124,762,158	$ 96,617,587	$ 73,468,089

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

The following presents the net OPEB liability of the plan, calculated using the health care cost trend rate of 7.5 percent, decreasing to 5.0 percent, as well as what the plan'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 (8.5%, Decreasing to 3.5%)	Current Health Care Cost Trend Rate (7.5%, Decreasing to 4.5%)	1 Percentage Point Increase (6.5%, Decreasing to 5.5%)
Net OPEB liability	$ 72,874,542	$ 96,617,587	$ 125,332,392

Assumption Changes

The discount rate was changed from 7.20 to 7.10 percent. The beginning health care cost trend rate was increased from 5.80 percent to 7.50 percent for non-Medicare the and Medicare health care cost trend rate was included with a beginning rate of 6.50 percent. The incremental decreasing percentage per year was increased from 0.10 percent to 0.5 percent for non-Medicare and 0.25 percent for Medicare, and the ultimate ending rate was decreased from 5.00 percent to 4.50 percent. The inflation assumption was increased from 2.50 percent to 3.00 percent.

Note 13 - Other Postemployment Benefit Plan (Continued)

Benefit Changes

Effective August 1, 2022, post-65 benefits were covered by fully-insured Medicare Advantage plans and Pre-65/Rx were self-insured.

Investment Policy

The VEBA's policy in regard to the allocation of invested assets is established and may be amended by the board of trustees of the City of Livonia Employees' Retirement System by a majority vote of its members. It is the policy of the board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The VEBA's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the VEBA's adopted asset allocation policy as of November 30, 2022:

City of Livonia Retiree Health and Disability Benefits Plan

Asset Class	Target Allocation
Domestic large-cap value stocks	20.00 %
Domestic large-cap growth stocks	15.00
Domestic small-cap value/core stocks	10.00
International stocks	5.00
U.S. core fixed income	30.00
Global fixed income	5.00
High-yield fixed income	5.00
Real estate (direct)	5.00
Real estate investment trusts	5.00

Rate of Return

For the year ended November 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (7.92) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 14 - Pension and Other Employee Benefits Trust Funds

The following are condensed financial statements for the City's defined benefit pension plans (see Notes 11 and 12) and the postemployment health care plan (see Note 13). The plans do not issue separate financial statements.

	Employees' Retirement System	Police and Fire Revised Retirement Plan	VEBA
Statement of Net Position			
Cash and investments	$ 203,769,722	$ 4,071,521	$ 121,789,892
Other assets	322,314	224,661	440,183
Liabilities	183,616	3,642	455,632
Net position	$ 203,908,420	$ 4,292,540	$ 121,774,443
Statement of Changes in Net Position			
Investment loss	$ (20,072,738)	$ (329,449)	$ (11,342,122)
Contributions	2,535,623	2,692,178	3,761,445
Benefit payments	(20,111,628)	(8,790)	(8,918,552)
Other decreases	(282,819)	(27,554)	(51,098)
Net change in net position	$ (37,931,562)	$ 2,326,385	$ (16,550,327)

Note 15 - Tax Abatements

The City uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years. For the fiscal year ended November 30, 2022, the City abated $601,628 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

The City uses the Commercial Rehabilitation Act exemption (PA 210 of 2005) to provide tax incentives for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multifamily residential facility. The property must be located within an established commercial rehabilitation district. Exemptions are approved for a term of 1 to 10 years, as determined by the City. The property taxes are based upon the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the certificate. For the fiscal year ended November 30, 2022, the City abated $84,700 of taxes under this program. There are no provisions to recapture taxes.

The City also uses the personal property tax relief in distressed communities exemption (PA 328 of 1998) to abate personal property taxes on new investments made by eligible businesses. Under this program, the City grants reductions of 100 percent of the personal property tax bill. For the fiscal year ended November 30, 2022, the City abated $39,220 of taxes under the program. There are no provisions to recapture taxes.

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses brownfield redevelopment agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the brownfield's tax revenue is reduced. For the fiscal year ended November 30, 2022, the Brownfield Redevelopment Authority abated $182,599 of taxes under this program. There are no provisions to recapture taxes.

There are no significant abatements made by other governments that reduce the City’s tax revenue.

Note 16 - Deferred Inflows of Resources

At the end of the current fiscal year, the various components of the governmental funds' deferred inflows of resources are as follows:

	Governmental Funds
Property taxes, special assessments, and other receivables - Unavailable	$ 2,057,843
State sources - Unavailable	903,489
911 surcharge revenue - Unavailable	223,781
Local Community Stabilization Authority - Unavailable	2,974,412
Grant revenue - Unavailable	595,869
Leases	4,298,591
Total deferred inflows	$ 11,053,985

Note 17 - Leases

The City leases certain assets to various third parties. The assets leased include cell towers and buildings. Payments are generally fixed monthly.

During the year ended November 30, 2022, the City recognized the following related to its lessor agreements:

Lease revenue	$ 623,636
Interest income related to its leases	77,717

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule – General Fund

Year Ended November 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Property Taxes	$ 35,750,070	$ 35,750,070	$ 36,004,586	$ 254,516
Licenses and Permits				
Business	108,700	108,700	177,175	68,475
Nonbusiness	2,953,000	2,953,000	2,773,664	(179,336)
Total licenses and permits	3,061,700	3,061,700	2,950,839	(110,861)
Intergovernmental Revenue				
State and local	12,217,254	13,657,254	13,921,563	264,309
Grants	66,200	8,563,314	8,693,458	130,144
Total intergovernmental revenue	12,283,454	22,220,568	22,615,021	394,453
Charges for Services	4,839,893	4,839,893	4,887,087	47,194
Interest and Rents	2,719,321	2,719,321	2,416,880	(302,441)
Fines and Forfeitures	4,158,249	2,658,249	2,598,593	(59,656)
Miscellaneous Revenue				
Sale of fixed assets	150,000	150,000	142,499	(7,501)
Other miscellaneous	2,130,973	2,384,772	1,434,710	(950,062)
Total miscellaneous revenue	2,280,973	2,534,772	1,577,209	(957,563)
Total revenue	**$ 65,093,660**	**$ 73,784,573**	**$ 73,050,215**	**$ (734,358)**
Expenditures				
General Government				
Legislative:				
City Council	$ 313,976	$ 313,976	$ 299,286	$ 14,690
City Clerk	676,915	658,915	587,211	71,704
Elections	357,187	377,187	376,781	406
Total legislative	1,348,078	1,350,078	1,263,278	86,800
Judicial	3,380,439	3,080,439	2,861,705	218,734
Executive - Mayor's office	491,847	507,847	507,409	438
Human resources:				
Labor relations	96,500	41,500	41,406	94
Civil service	810,396	766,396	765,711	685
Total human resources	906,896	807,896	807,117	779

Required Supplemental Information
Budgetary Comparison Schedule – General Fund (Continued)
Year Ended November 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures (Continued)				
General Government (Continued)				
Financial administration:				
Accounting	$ 247,017	$ 258,767	$ 255,033	$ 3,734
Assessing	653,273	653,273	630,753	22,520
Finance	432,429	432,429	429,262	3,167
Independent audit	32,955	50,955	50,441	514
Board of review	3,545	3,545	2,411	1,134
Treasurer	570,852	570,852	555,447	15,405
Information systems	1,231,600	1,219,850	1,199,014	20,836
Total financial administration	3,171,671	3,189,671	3,122,361	67,310
Other activities:				
Legal	881,135	881,135	877,664	3,471
Communications	402,568	386,568	328,937	57,631
Government affairs	167,692	167,692	152,726	14,966
Utilities and supplies	556,966	463,966	463,410	556
Dues and subscriptions	56,000	56,000	52,384	3,616
Total other activities	2,064,361	1,955,361	1,875,121	80,240
Total general government	11,363,292	10,891,292	10,436,991	454,301
Public Safety				
Police:				
Traffic bureau	1,256,623	969,821	969,461	360
Administration	3,018,863	2,746,465	2,746,418	47
Data processing	895,330	895,330	864,852	30,478
Detective bureau	3,465,058	3,463,058	3,462,660	398
Automotive service	556,150	628,991	628,008	983
Communications/Records bureau	945,239	923,439	851,899	71,540
Crossing guards	70,723	70,723	58,619	12,104
School liaison	427,781	475,781	475,596	185
Office of emergency preparedness	159,583	157,342	156,730	612
Reserve police	329,530	403,530	402,764	766
Patrol bureau	13,912,581	12,803,897	12,803,507	390
Intelligence bureau	2,231,708	1,952,867	1,952,330	537
Total police	27,269,169	25,491,244	25,372,844	118,400
Fire:				
Administration	1,293,271	1,364,358	1,363,915	443
Firefighting	13,998,535	14,276,754	14,276,046	708
Fire prevention	807,362	863,381	862,765	616
Total fire	16,099,168	16,504,493	16,502,726	1,767

Required Supplemental Information
Budgetary Comparison Schedule – General Fund (Continued)

Year Ended November 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures (Continued)				
Public Safety (Continued)				
Protective inspection:				
Building Code Board of Appeals	$ 1,861	$ 1,861	$ -	$ 1,861
Inspection	1,803,814	1,763,814	1,746,517	17,297
Total protective inspection	1,805,675	1,765,675	1,746,517	19,158
Other protective - Traffic commission	2,353	2,353	1,862	491
Total public safety	45,176,365	43,763,765	43,623,949	139,816
Public Works				
Public services - Highways, streets, and maintenance:				
Engineering	1,040	2,040	1,416	624
Parks maintenance	1,269,223	1,269,223	1,176,815	92,408
Administration	122,196	1,196	505	691
Equipment maintenance	123,957	123,957	14,349	109,608
Building maintenance	1,655,680	1,697,680	1,598,263	99,417
Street lighting	238,912	238,912	200,468	38,444
Maintenance - Streets	468,327	546,327	546,056	271
Total public works	3,879,335	3,879,335	3,537,872	341,463
Parks and Recreation and Cultural				
Parks and recreation:				
Administration	160,264	156,764	147,126	9,638
Recreation facilities	182,966	469,931	469,817	114
Recreation athletics	98,535	107,735	107,666	69
Total parks and recreation	441,765	734,430	724,609	9,821
Cultural:				
Senior services	590,456	606,756	606,464	292
Greenmead and cultural	1,096,237	1,065,937	1,006,946	58,991
Total cultural	1,686,693	1,672,693	1,613,410	59,283
Total parks and recreation and cultural	2,128,458	2,407,123	2,338,019	69,104
Community and Economic Development				
City Planning Commission	724,787	649,787	624,764	25,023
Zoning Board of Appeals	54,103	54,103	40,195	13,908
Total community and economic development	778,890	703,890	664,959	38,931
Employee Benefits, Insurance, and Other	1,753,898	12,150,612	12,144,239	6,373
Total expenditures	**$ 65,080,238**	**$ 73,796,017**	**$ 72,746,029**	**$ 1,049,988**

Required Supplemental Information
Budgetary Comparison Schedules - Major Special Revenue Funds
Refuse Disposal System

Year Ended November 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 10,730,753	$ 10,730,753	$ 10,803,361	$ 72,608
State and local revenue	1,188,922	1,188,922	1,361,596	172,674
Charges for services	120,000	120,000	114,603	(5,397)
Investment income (loss)	50,000	50,000	(36,134)	(86,134)
Other revenue	25,000	25,000	1,372	(23,628)
Total revenue	12,114,675	12,114,675	12,244,798	130,123
Expenditures				
Current services - Public works	12,981,244	13,422,250	11,948,525	1,473,725
Transfers out	-	-	124,900	(124,900)
Total expenditures	12,981,244	13,422,250	12,073,425	1,348,825
Net Change in Fund Balance	(866,569)	(1,307,575)	171,373	1,478,948
Fund Balance - Beginning of year	10,235,626	10,235,626	10,235,626	-
Fund Balance - End of year	**$ 9,369,057**	**$ 8,928,051**	**$ 10,406,999**	**$ 1,478,948**

See notes to required supplemental information.

Required Supplemental Information
Budgetary Comparison Schedules - Major Special Revenue Funds (Continued)
Roads and Sidewalks

Year Ended November 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 3,949,591	$ 3,949,591	$ 3,975,425	$ 25,834
State and local revenue	436,711	436,711	500,600	63,889
Investment income (loss)	10,000	10,000	(21,757)	(31,757)
Other revenue:				
Transfers in	7,950,000	7,950,000	7,950,000	-
Other revenue	-	-	4,025	4,025
Total revenue	12,346,302	12,346,302	12,408,293	61,991
Expenditures - Current services - Public works	12,959,350	15,331,890	13,016,082	2,315,808
Net Change in Fund Balance	(613,048)	(2,985,588)	(607,789)	2,377,799
Fund Balance - Beginning of year	4,432,745	4,432,745	4,432,745	-
Fund Balance - End of year	**$ 3,819,697**	**$ 1,447,157**	**$ 3,824,956**	**$ 2,377,799**

Required Supplemental Information
Schedule of Pension Investment Returns
Employees' Retirement System

Last Nine Fiscal Years

Years Ended November 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	(9.16)%	17.81 %	10.27 %	12.45 %	(1.66)%	17.45 %	6.50 %	1.40 %	9.60 %

*Schedule is built prospectively upon implementation of GASB 68

See notes to required supplemental information.

Required Supplemental Information
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Employees' Retirement System

Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 588,570	$ 997,853	$ 908,315	$ 1,645,242	$ 1,655,509	$ 1,721,106	$ 1,644,915	$ 1,530,027	$ 1,647,392
Interest	16,119,192	16,347,439	16,419,283	16,950,423	15,849,006	16,209,241	15,949,081	15,607,024	15,516,271
Changes in benefit terms	-	-	-	-	110,794	-	526,875	-	-
Differences between expected and actual experience	1,511,595	1,562,337	2,210,334	(11,621,805)	990,792	(235,377)	3,014,188	(673,125)	401,554
Changes in assumptions	2,070,007	1,371,992	2,035,532	8,335,763	14,813,206	9,009,758	-	4,763,196	-
Benefit payments, including refunds	(20,111,628)	(19,748,739)	(19,466,578)	(19,570,956)	(17,886,317)	(18,048,385)	(17,793,928)	(16,223,788)	(16,520,444)
Net Change in Total Pension Liability	177,736	530,882	2,106,886	(4,261,333)	15,532,990	8,656,343	3,341,131	5,003,334	1,044,773
Total Pension Liability - Beginning of year	233,344,915	232,814,033	230,707,147	234,968,480	219,435,490	210,779,147	207,438,016	202,434,682	201,389,909
Total Pension Liability - End of year	**$ 233,522,651**	**$ 233,344,915**	**$ 232,814,033**	**$ 230,707,147**	**$ 234,968,480**	**$ 219,435,490**	**$ 210,779,147**	**$ 207,438,016**	**$ 202,434,682**
Plan Fiduciary Net Position									
Contributions - Employer	$ 2,393,141	$ 1,948,485	$ 1,019,900	$ 432,885	$ 558,568	$ 336,320	$ 815,291	$ 2,158,913	$ 3,634,058
Contributions - Member	142,482	175,358	212,251	273,901	308,076	345,164	380,988	386,983	400,503
Net investment (loss) income	(20,072,738)	37,112,851	22,172,808	25,843,649	(1,636,195)	34,908,239	14,021,405	4,353,881	20,367,342
Administrative expenses	(282,819)	(255,672)	(232,019)	(247,666)	(230,600)	(210,695)	(216,924)	(212,335)	(194,367)
Benefit payments, including refunds	(20,111,628)	(19,748,739)	(19,466,578)	(19,570,956)	(17,886,317)	(18,048,385)	(17,793,928)	(16,223,788)	(16,520,444)
Net Change in Plan Fiduciary Net Position	(37,931,562)	19,232,283	3,706,362	6,731,813	(18,886,468)	17,330,643	(2,793,168)	(9,536,346)	7,687,092
Plan Fiduciary Net Position - Beginning of year	241,839,982	222,607,699	218,901,337	212,169,524	231,055,992	213,725,349	216,518,517	226,054,863	218,367,771
Plan Fiduciary Net Position - End of year	**$ 203,908,420**	**$ 241,839,982**	**$ 222,607,699**	**$ 218,901,337**	**$ 212,169,524**	**$ 231,055,992**	**$ 213,725,349**	**$ 216,518,517**	**$ 226,054,863**
City's Net Pension Liability (Asset) - Ending	**$ 29,614,231**	**$ (8,495,067)**	**$ 10,206,334**	**$ 11,805,810**	**$ 22,798,956**	**$ (11,620,502)**	**$ (2,946,202)**	**$ (9,080,501)**	**$ (23,620,181)**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	87.32 %	103.64 %	95.62 %	94.88 %	90.30 %	105.30 %	101.40 %	104.38 %	111.67 %
Covered Payroll	$ 2,522,850	$ 3,303,324	$ 3,997,860	$ 4,579,558	$ 6,446,503	$ 6,682,629	$ 7,625,911	$ 9,070,569	$ 9,312,278
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	1,173.84 %	(257.17)%	255.29 %	257.79 %	353.66 %	(173.89)%	(38.63)%	(100.11)%	(253.65)%

*Schedule is built prospectively upon implementation of GASB 68

See notes to required supplemental information.

Required Supplemental Information
Schedule of Pension Contributions
Employees' Retirement System

Last Ten Fiscal Years

Years Ended November 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 2,393,141	$ 1,948,485	$ 1,019,901	$ 432,885	$ -	$ 336,320	$ 815,291	$ 2,158,913	$ 3,634,058	$ 2,082,219
Contributions in relation to the actuarially determined contribution	2,393,141	1,948,485	1,019,901	432,885	558,568	336,320	815,291	2,158,913	3,634,058	2,082,219
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ 558,568**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 2,522,850	$ 3,303,324	$ 3,997,860	$ 4,579,558	$ 6,446,503	$ 6,682,629	$ 7,625,911	$ 9,070,569	$ 9,312,278	$ 9,870,211
Contributions as a Percentage of Covered Payroll	94.86 %	58.99 %	25.51 %	9.45 %	8.66 %	5.03 %	10.69 %	23.80 %	39.02 %	21.10 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of November 30, two years prior to the end of the fiscal year in which the contributions are reported. Covered-employee payroll is as of November 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Level dollar
Remaining amortization period	14 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increase	4.0 percent, including inflation
Investment rate of return	7.30 percent
Mortality	Pub-2010 Employee mortality tables with generational improvements using Scale MP-2018

Required Supplemental Information
Schedule of Pension Investment Returns
Police and Fire Revised Retirement Plan

Last Two Fiscal Years

Years Ended November 30

	2022	2021
Annual money-weighted rate of return - Net of investment expense	(10.23)%	- %

*Schedule is built prospectively upon the creation of the plan. For the year ended November 30, 2021, there was no annual money-weighed rate of return as the plan was funded just days before the end of the fiscal year.

Required Supplemental Information
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Police and Fire Revised Retirement Plan

Last Two Fiscal Years

	2022	2021
Total Pension Liability		
Service cost	$ 2,565,868	$ 1,698,114
Interest	298,171	-
Differences between expected and actual experience	263,871	-
Benefit payments, including refunds	(8,790)	-
Net Change in Total Pension Liability	3,119,120	1,698,114
Total Pension Liability - Beginning of year	1,698,114	-
Total Pension Liability - End of year	**$ 4,817,234**	**$ 1,698,114**
Plan Fiduciary Net Position		
Contributions - Employer	$ 1,756,383	$ 1,037,028
Contributions - Member	935,795	936,427
Net investment loss	(329,449)	-
Administrative expenses	(27,554)	(7,300)
Benefit payments, including refunds	(8,790)	-
Net Change in Plan Fiduciary Net Position	2,326,385	1,966,155
Plan Fiduciary Net Position - Beginning of year	1,966,155	-
Plan Fiduciary Net Position - End of year	**$ 4,292,540**	**$ 1,966,155**
City's Net Pension Liability (Asset) - Ending	**$ 524,694**	**$ (268,041)**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.11 %	115.78 %
Covered Payroll	$ 12,593,492	$ 6,715,276
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	4.17 %	(3.99)%

*Schedule is built prospectively upon creation of the plan

Required Supplemental Information
Schedule of Pension Contributions
Police and Fire Revised Retirement Plan

Last Two Fiscal Years

Years Ended November 30

	2022	2021
Actuarially determined contribution	$ 1,756,383	$ 1,037,028
Contributions in relation to the actuarially determined contribution	1,756,383	1,037,028
Contribution Excess	**$ -**	**$ -**
Covered Payroll	$ 12,593,492	$ 6,715,276
Contributions as a Percentage of Covered Payroll	13.95 %	15.44 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates were calculated as of November 30, one year prior to the end of the fiscal year in which the contributions are reported. Covered-employee payroll is as of November 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	6.00 percent
Investment rate of return	7.00 percent
Mortality	Pub-2010 Employee mortality tables with generational improvements using Scale MP-2021

Required Supplemental Information
Schedule of OPEB Investment Returns

Last Six Fiscal Years

Years Ended November 30

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	(7.92)%	15.32 %	8.64 %	11.76 %	(2.29)%	16.21 %

*Schedule built prospectively upon implementation of GASB 74/75

See notes to required supplemental information.

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Six Fiscal Years

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	$ 2,003,858	$ 1,638,292	$ 2,753,080	$ 5,782,551	$ 5,181,469	$ 4,381,818
Interest	14,545,843	14,973,640	15,505,638	14,135,767	12,715,690	12,061,649
Changes in benefit terms	(8,533,120)	5,428,511	-	-	-	-
Differences between expected and actual experience	14,818,580	(6,049,507)	(13,380,004)	(14,440,265)	(14,191,268)	9,974,080
Changes in assumptions	71,910	(10,851,167)	538,411	(74,592,646)	51,279,390	24,668,349
Benefit payments, including refunds	(8,918,552)	(8,286,693)	(9,135,489)	(8,075,351)	(7,708,963)	(7,037,118)
Net Change in Total OPEB Liability	13,988,519	(3,146,924)	(3,718,364)	(77,189,944)	47,276,318	44,048,778
Total OPEB Liability - Beginning of year	204,403,511	207,550,435	211,268,799	288,458,743	241,182,425	197,133,647
Total OPEB Liability - End of year	**$ 218,392,030**	**$ 204,403,511**	**$ 207,550,435**	**$ 211,268,799**	**$ 288,458,743**	**$ 241,182,425**
Plan Fiduciary Net Position						
Contributions - Employer	$ 3,413,483	$ 5,529,951	$ 5,331,203	$ 4,924,890	$ 4,499,324	$ 5,087,462
Contributions - Active and inactive plan members not yet receiving benefits	347,962	375,139	389,287	426,231	473,346	484,737
Net investment (loss) income	(11,342,121)	18,004,346	10,638,551	12,365,868	(1,556,473)	15,195,332
Administrative expenses	(51,099)	(53,730)	(49,673)	(48,875)	(58,229)	(35,971)
Benefit payments, including refunds	(8,918,552)	(8,286,693)	(9,135,489)	(8,075,351)	(7,708,963)	(7,037,118)
Net Change in Plan Fiduciary Net Position	(16,550,327)	15,569,013	7,173,879	9,592,763	(4,350,995)	13,694,442
Plan Fiduciary Net Position - Beginning of year	138,324,770	122,755,757	115,581,878	105,989,115	110,340,110	96,645,668
Plan Fiduciary Net Position - End of year	**$ 121,774,443**	**$ 138,324,770**	**$ 122,755,757**	**$ 115,581,878**	**$ 105,989,115**	**$ 110,340,110**
Net OPEB Liability - Ending	**$ 96,617,587**	**$ 66,078,741**	**$ 84,794,678**	**$ 95,686,921**	**$ 182,469,628**	**$ 130,842,315**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	55.76 %	67.67 %	59.15 %	54.71 %	36.74 %	45.75 %
Covered Payroll	$ 34,261,025	$ 38,631,666	$ 36,744,168	$ 35,774,188	$ 36,890,435	$ 34,729,209
Net OPEB Liability as a Percentage of Covered Payroll	282.00 %	171.05 %	230.77 %	267.47 %	494.63 %	376.75 %

*Schedule is built prospectively upon implementation of GASB 74/75

Required Supplemental Information
Schedule of OPEB Contributions

Last Ten Fiscal Years

Years Ended November 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 3,018,366	$ 4,031,442	$ 3,251,858	$ 4,054,515	$ 4,018,307	$ 4,517,014	$ 5,108,040	$ 5,907,902	$ 7,066,283	$ 7,078,024
Contributions in relation to the actuarially determined contribution	3,413,483	5,529,951	5,331,203	4,924,890	4,499,324	5,087,462	4,665,664	5,361,926	6,388,086	6,443,612
Contribution Excess (Deficiency)	**$ 395,117**	**$ 1,498,509**	**$ 2,079,345**	**$ 870,375**	**$ 481,017**	**$ 570,448**	**$ (442,376)**	**$ (545,976)**	**$ (678,197)**	**$ (634,412)**
Covered Payroll	$ 34,261,025	$ 38,631,666	$ 36,744,168	$ 35,774,188	$ 36,890,435	$ 34,729,209	$ 31,408,000	$ 30,560,000	$ 30,964,000	$ 32,871,000
Contributions as a Percentage of Covered Payroll	9.96 %	14.31 %	14.51 %	13.77 %	12.20 %	14.65 %	14.86 %	17.55 %	20.63 %	19.60 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of November 30 for the fiscal year in which the contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level of percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	Market value
Inflation	3.0 percent
Health care cost trend rates	7.5 percent, decreasing 0.5 percent to 4.5 percent for non-Medicare and 6.5 percent, decreasing 0.25 percent to 4.5 percent for Medicare
Salary increase	3.0 percent
Investment rate of return	7.1 percent
Mortality	Pub-2010 Employee mortality tables with generational improvements using Scale MP-2021

See notes to required supplemental information.

Reconciliation of Budgeted Amounts to Basic Financial Statements

The budgetary comparison schedules for the General Fund and major special revenue funds are presented on the same basis of accounting used in preparing the adopted budget. The following is a reconciliation of the General Fund budgetary comparison schedule to the governmental funds statement of revenue, expenditures, and changes in fund balances:

	Total Revenue	Total Expenditures
Amounts per operating statement	$ 72,640,620	$ 62,497,154
Operating transfers budgeted as expenditures	-	9,839,280
Reimbursing transfer budgeted as revenue	409,595	409,595
Amounts per budget statement	$ 73,050,215	$ 72,746,029

The following is a reconciliation of the Refuse Disposal System Fund budgetary comparison schedule to the governmental funds statement of revenue, expenditures, and changes in fund balance:

	Total Revenue	Total Expenditures
Amounts per operating statement	$ 12,244,798	$ 11,948,525
Operating transfers budgeted as expenditures	-	124,900
Amounts per budget statement	$ 12,244,798	$ 12,073,425

The following is a reconciliation of the Roads and Sidewalks Fund budgetary comparison schedule to the governmental funds statement of revenue, expenditures, and changes in fund balance:

	Total Revenue	Total Expenditures
Amounts per operating statement	$ 4,458,293	$ 13,016,082
Operating transfers budgeted as revenue	7,950,000	-
Amounts per budget statement	$ 12,408,293	$ 13,016,082

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers and debt proceeds have been included in the revenue and expenditures categories, rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. During the year, the budget was amended in a legally permissible manner.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before September 15, the mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following December 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. As provided for by the City Charter, no later than November 1, the City Council shall adopt the budget through the passage of a budget resolution and transmit the budget to the mayor. No later than November 15, the mayor shall either approve or disapprove the adopted budget, in whole or in part.

4. The legislative budget is adopted at a functional level for the General Fund and at the fund level for other governmental and proprietary funds. The budget document presents information by fund, function, department, and line items. Management may amend the budget at a detail level within the legislative summary constraints. Appropriations that exceed the summary budget constraints require City Council approval.

Pension Information

Changes in Assumptions

In 2022, the discount rate was changed from 7.20 to 7.10 percent.

In 2021, the discount rate was changed from 7.30 to 7.20 percent, and salary increases were lowered from a range of 4.0 through 11.9 percent to a flat 4.0 percent. The mortality table was updated from the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2018 Generational Improvement to the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2021 Generational Improvement.

In 2020, the discount rate was changed from 7.40 to 7.30 percent, and assumed inflation was changed from 4.0 to 2.5 percent.

In 2019, the discount rate was changed from 7.38 to 7.40 percent. The mortality table was updated from the RP-2014 Healthy Annuitant Mortality Table with MP-2017 to the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2018 Generational Improvement.

In 2018, the discount rate was changed from 7.50 to 7.38 percent. The mortality table was updated from the RP-2000 Combined Healthy Mortality Table projected to 2014 (Scale AA) to the RP-2014 Healthy Annuitant Mortality Table with MP-2017.

In 2017, the discount rate was changed from 8.00 to 7.50 percent.

In 2015, the mortality table was change from the 1983 Group Annuity Mortality Table to the RP-2000 Combined Healthy Annuitant Mortality Table projected to 2014. The rates of retirement for all participants and the rates of withdrawal for police were changed based on an experience study.

OPEB Information

Changes in Assumptions

In 2022, the discount rate was changed from 7.20 to 7.10 percent. The beginning health care cost trend rate was increased from 5.80 percent to 7.50 percent for non-Medicare, and the Medicare health care cost trend rate was included with a beginning rate of 6.50 percent. The incremental decreasing percentage per year was increased from 0.10 percent to 0.5 percent for non-Medicare and 0.25 percent for Medicare, and the ultimate ending rate was decreased from 5.00 percent to 4.50 percent. The inflation assumption was increased from 2.50 percent to 3.00 percent.

In 2021, the discount rate was changed from 7.30 to 7.20 percent, and the beginning health care cost trend rate was changed from 5.9 to 5.8 percent. The mortality table was updated from the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2018 Generational Improvement to the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2020 Generational Improvement.

In 2020, the discount rate was changed from 7.40 to 7.30 percent, assumed inflation was changed from 4.0 to 2.5 percent, and the beginning health care cost trend rate was changed from 6.0 to 5.9 percent.

In 2019, the discount rate was changed from 4.92 to 7.40 percent. The mortality table was updated from the RP-2014 Table with MP-2017 to the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2018 Generational Improvement.

In 2018, the discount rate was changed from 5.3 to 4.92 percent. The mortality table was updated from the RP-2000 Combined Healthy Mortality Table projected to 2014 (Scale AA) to the RP-2014 Table with MP-2017.

In 2017, the discount rate was changed from 6.16 to 5.3 percent.

Other Supplemental Information

	Special Revenue Funds										
	Major Streets	Local Streets	Community Recreation	Grants	SAD Street Lighting	Cable Television	Library	Public Safety Communication	Adjudicated Forfeitures	Community Transit	Designated Purpose
Assets											
Cash and investments	$ 1,345,185	$ 791,315	$ 4,506,396	$ 406,781	$ 673,016	$ 743,878	$ 5,721,374	$ 4,056,653	$ 2,629,180	$ 1,322,511	$ 548,850
Accounts receivable:											
Property taxes	-	-	3,264	-	-	-	3,361	-	-	2,078	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	1,311,571	498,856	190,393	255,337	-	-	182,739	-	-	127,957	-
Other	6,994	-	530,616	118,158	-	-	-	223,781	-	26,735	-
Lease receivable	-	-	267,399	-	-	-	-	-	-	-	-
Total assets	**$ 2,663,750**	**$ 1,290,171**	**$ 5,498,068**	**$ 780,276**	**$ 673,016**	**$ 743,878**	**$ 5,907,474**	**$ 4,280,434**	**$ 2,629,180**	**$ 1,479,281**	**$ 548,850**
Liabilities											
Accounts payable	$ 89	$ -	$ 316,002	$ 79,214	$ -	$ 1,592	$ 40,910	$ 7,108	$ 2,358	$ 1,739	$ 19,960
Accrued and other liabilities	-	-	57,785	18,895	-	11,568	106,503	16,033	-	15,494	144,688
Unearned revenue	-	-	640,660	400,915	-	-	-	-	-	-	-
Due to fiduciary funds	-	-	-	-	-	-	24,129	-	-	-	-
Total liabilities	89	-	1,014,447	499,024	-	13,160	171,542	23,141	2,358	17,233	164,648
Deferred Inflows of Resources											
Unavailable revenue	-	-	180,490	160,685	-	-	185,847	223,781	-	114,877	-
Leases	-	-	251,907	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	432,397	160,685	-	-	185,847	223,781	-	114,877	-
Total liabilities and deferred inflows of resources	89	-	1,446,844	659,709	-	13,160	357,389	246,922	2,358	132,110	164,648
Fund Balances											
Restricted:											
Streets, roads, and sidewalks	2,663,661	1,290,171	-	-	-	-	-	-	-	-	-
Adjudicated forfeitures	-	-	-	-	-	-	-	-	2,626,822	-	-
Grants	-	-	-	120,567	-	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-	-	-	-
Community recreation	-	-	4,051,224	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	673,016	-	-	-	-	-	-
Library	-	-	-	-	-	-	5,550,085	-	-	-	-
Public safety communication	-	-	-	-	-	-	-	4,033,512	-	-	-
Community transit	-	-	-	-	-	-	-	-	-	1,347,171	-
Designated purpose	-	-	-	-	-	-	-	-	-	-	384,202
Health care	-	-	-	-	-	-	-	-	-	-	-
Committed:											
Cable access television	-	-	-	-	-	730,718	-	-	-	-	-
Arts Commission	-	-	-	-	-	-	-	-	-	-	-
Historical Commission	-	-	-	-	-	-	-	-	-	-	-
Assigned:											
Golf course capital improvements	-	-	-	-	-	-	-	-	-	-	-
Building improvements	-	-	-	-	-	-	-	-	-	-	-
Court building improvements	-	-	-	-	-	-	-	-	-	-	-
Senior center construction	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	2,663,661	1,290,171	4,051,224	120,567	673,016	730,718	5,550,085	4,033,512	2,626,822	1,347,171	384,202
Total liabilities, deferred inflows of resources, and fund balances	**$ 2,663,750**	**$ 1,290,171**	**$ 5,498,068**	**$ 780,276**	**$ 673,016**	**$ 743,878**	**$ 5,907,474**	**$ 4,280,434**	**$ 2,629,180**	**$ 1,479,281**	**$ 548,850**

November 30, 2022

Special Revenue Funds			Debt Service Funds			Capital Projects Funds						
Historical Commission	Arts Commission Fund	Opioid Settlement Fund	2015 MBA Refunding	2016 MBA Refunding	2017 MBA Refunding	Golf Course Capital Improvement	Capital Improvement	Special Assessments	Court Building Improvements	Building Improvement	Senior Center Construction	Total Nonmajor Governmental Funds
$ 432,511	$ 86,900	$ -	$ -	$ -	$ -	$ 489,342	$10,096,776	$ 1,407,083	$ 80,030	$ 9,429,769	$ 4,005,834	$ 48,773,384
-	-	-	-	-	-	-	-	-	-	-	-	8,703
-	-	-	-	-	-	-	-	31,809	-	-	-	31,809
-	-	-	-	-	-	-	-	-	-	-	-	2,566,853
-	-	1,365,078	-	-	-	-	-	-	-	-	-	2,271,362
-	-	-	-	-	-	-	-	-	-	-	-	267,399
$ 432,511	**$ 86,900**	**$ 1,365,078**	**$ -**	**$ -**	**$ -**	**$ 489,342**	**$10,096,776**	**$ 1,438,892**	**$ 80,030**	**$ 9,429,769**	**$ 4,005,834**	**$ 53,919,510**
$ 39,072	$ -	$ -	$ -	$ -	$ -	$ 28,040	$ 152,052	$ 221,859	$ -	$ 30,000	$ -	$ 939,995
23,791	-	-	-	-	-	-	-	-	-	-	-	394,757
-	-	-	-	-	-	-	-	-	-	-	-	1,041,575
-	-	-	-	-	-	-	-	-	-	-	-	24,129
62,863	-	-	-	-	-	28,040	152,052	221,859	-	30,000	-	2,400,456
-	-	1,097,160	-	-	-	-	435,184	1,529	-	-	-	2,399,553
-	-	-	-	-	-	-	-	-	-	-	-	251,907
-	-	1,097,160	-	-	-	-	435,184	1,529	-	-	-	2,651,460
62,863	-	1,097,160	-	-	-	28,040	587,236	223,388	-	30,000	-	5,051,916
-	-	-	-	-	-	-	-	-	-	-	-	3,953,832
-	-	-	-	-	-	-	-	-	-	-	-	2,626,822
-	-	-	-	-	-	-	-	-	-	-	-	120,567
-	-	-	-	-	-	-	9,509,540	1,215,504	-	-	-	10,725,044
-	-	-	-	-	-	-	-	-	-	-	-	4,051,224
-	-	-	-	-	-	-	-	-	-	-	-	673,016
-	-	-	-	-	-	-	-	-	-	-	-	5,550,085
-	-	-	-	-	-	-	-	-	-	-	-	4,033,512
-	-	-	-	-	-	-	-	-	-	-	-	1,347,171
-	-	-	-	-	-	-	-	-	-	-	-	384,202
-	-	267,918	-	-	-	-	-	-	-	-	-	267,918
-	-	-	-	-	-	-	-	-	-	-	-	730,718
-	86,900	-	-	-	-	-	-	-	-	-	-	86,900
369,648	-	-	-	-	-	-	-	-	-	-	-	369,648
-	-	-	-	-	-	461,302	-	-	-	-	-	461,302
-	-	-	-	-	-	-	-	-	-	9,399,769	-	9,399,769
-	-	-	-	-	-	-	-	-	80,030	-	-	80,030
-	-	-	-	-	-	-	-	-	-	-	4,005,834	4,005,834
369,648	86,900	267,918	-	-	-	461,302	9,509,540	1,215,504	80,030	9,399,769	4,005,834	48,867,594
$ 432,511	**$ 86,900**	**$ 1,365,078**	**$ -**	**$ -**	**$ -**	**$ 489,342**	**$10,096,776**	**$ 1,438,892**	**$ 80,030**	**$ 9,429,769**	**$ 4,005,834**	**$ 53,919,510**

	Special Revenue Funds										
	Major Streets	Local Streets	Community Recreation	Grants	SAD Street Lighting	Cable Television	Library	Public Safety Communication	Adjudicated Forfeitures	Community Transit	Designated Purpose
Revenue											
Property taxes	$ -	$ -	$ 3,511,435	$ -	$ -	$ -	$ 3,615,649	$ -	$ -	$ 319,051	$ -
Special assessments	-	-	-	-	1,176,408	-	-	-	-	-	-
Intergovernmental:											
Federal revenue	-	-	-	1,292,794	-	-	2,070	-	77,972	-	-
State and local revenue	8,777,563	3,329,697	766,062	238,319	-	-	694,591	-	-	398,872	-
Charges for services	-	-	3,642,102	-	-	-	9,128	718,531	-	32,560	-
Fines and forfeitures	-	-	-	-	-	-	19,873	-	383,887	-	-
Investment (loss) gain	(5,787)	(1,136)	(19,436)	-	1,478	(1,776)	(13,827)	(5,245)	(3,702)	(3,920)	-
Other revenue	-	-	511,357	-	-	368,507	86,412	346	-	21,225	105,603
Total revenue	8,771,776	3,328,561	8,411,520	1,531,113	1,177,886	366,731	4,413,896	713,632	458,157	767,788	105,603
Expenditures											
Current services:											
Public safety	-	-	-	371,621	-	-	-	425,496	61,134	-	-
Public works	1,737,635	2,979,538	-	-	1,398,564	-	-	-	-	-	-
Community and economic development	-	-	-	1,093,626	-	-	-	-	-	-	-
Recreation and culture	-	-	6,429,344	-	-	497,008	3,966,371	-	-	812,839	73,467
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,737,635	2,979,538	6,429,344	1,465,247	1,398,564	497,008	3,966,371	425,496	61,134	812,839	73,467
Excess of Revenue Over (Under) Expenditures	7,034,141	349,023	1,982,176	65,866	(220,678)	(130,277)	447,525	288,136	397,023	(45,051)	32,136
Other Financing Sources (Uses)											
Transfers in	-	7,650,000	-	17,418	-	-	-	-	-	-	-
Transfers out	(7,650,000)	(7,950,000)	(2,172,532)	(55,796)	-	-	-	-	-	-	-
Total other financing (uses) sources	(7,650,000)	(300,000)	(2,172,532)	(38,378)	-	-	-	-	-	-	-
Net Change in Fund Balances	(615,859)	49,023	(190,356)	27,488	(220,678)	(130,277)	447,525	288,136	397,023	(45,051)	32,136
Fund Balances - Beginning of year	3,279,520	1,241,148	4,241,580	93,079	893,694	860,995	5,102,560	3,745,376	2,229,799	1,392,222	352,066
Fund Balances - End of year	**$ 2,663,661**	**$ 1,290,171**	**$ 4,051,224**	**$ 120,567**	**$ 673,016**	**$ 730,718**	**$ 5,550,085**	**$ 4,033,512**	**$ 2,626,822**	**$ 1,347,171**	**$ 384,202**

Year Ended November 30, 2022

Special Revenue Funds			Debt Service Funds			Capital Projects Funds						
Historical Commission	Arts Commission Fund	Opioid Settlement Fund	2015 MBA Refunding	2016 MBA Refunding	2017 MBA Refunding	Golf Course Capital Improvement	Capital Improvement	Special Assessments	Court Building Improvements	Building Improvement	Senior Center Construction	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,915,846	$ -	$ -	$ -	$ -	$ 9,361,981
-	-	-	-	-	-	-	-	176,048	-	-	-	1,352,456
-	-	-	-	-	-	-	-	-	-	-	-	1,372,836
-	-	-	-	-	-	-	64,816	-	-	-	-	14,269,920
69,290	-	-	-	-	-	134,527	-	-	-	-	-	4,606,138
-	-	-	-	-	-	-	-	-	270,165	-	-	673,925
(203)	(120)	-	-	-	-	325	(21,140)	(9,732)	(2,113)	268	5,834	(80,232)
115,053	7,885	267,918	-	-	-	-	-	8	-	-	-	1,484,314
184,140	7,765	267,918	-	-	-	134,852	1,959,522	166,324	268,052	268	5,834	33,041,338
-	-	-	-	-	-	-	-	-	-	-	-	858,251
-	-	-	-	-	-	-	-	-	-	-	-	6,115,737
-	-	-	-	-	-	-	-	-	-	-	-	1,093,626
123,163	5,192	-	-	-	-	-	-	-	-	-	-	11,907,384
-	-	-	-	-	-	235,299	2,876,789	53,648	-	129,990	-	3,295,726
-	-	-	165,000	345,000	1,410,000	-	-	-	-	-	-	1,920,000
-	-	-	15,382	202,400	582,150	-	-	-	-	-	-	799,932
123,163	5,192	-	180,382	547,400	1,992,150	235,299	2,876,789	53,648	-	129,990	-	25,990,656
60,977	2,573	267,918	(180,382)	(547,400)	(1,992,150)	(100,447)	(917,267)	112,676	268,052	(129,722)	5,834	7,050,682
-	-	-	180,382	547,400	1,992,150	340,000	1,301,743	-	-	4,854,614	4,000,000	20,883,707
-	-	-	-	-	-	-	(153,799)	-	(547,400)	-	-	(18,529,527)
-	-	-	180,382	547,400	1,992,150	340,000	1,147,944	-	(547,400)	4,854,614	4,000,000	2,354,180
60,977	2,573	267,918	-	-	-	239,553	230,677	112,676	(279,348)	4,724,892	4,005,834	9,404,862
308,671	84,327	-	-	-	-	221,749	9,278,863	1,102,828	359,378	4,674,877	-	39,462,732
$ 369,648	**$ 86,900**	**$ 267,918**	**$ -**	**$ -**	**$ -**	**$ 461,302**	**$ 9,509,540**	**$ 1,215,504**	**$ 80,030**	**$ 9,399,769**	**$ 4,005,834**	**$ 48,867,594**

Other Supplemental Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

November 30, 2022

	Pension and Other Employee Benefit Trust Funds				Custodial Funds					
	Employees' Retirement System	Police and Fire Revised Retirement Plan	VEBA	Total	Special Trust Fund	Undistributed Tax Fund	Special Operation Team	Western Wayne Mobile Field Force Team	District Court Fund	Total
Assets										
Cash and cash equivalents	$ 6,342,955	$ 2,801	$ 2,699,454	$ 9,045,210	$ 88,589	$ 6,584,290	$ 85,309	$ 29,444	$ 821,240	$ 7,608,872
Investments:										
U.S. government securities	4,785,591	-	5,016,588	9,802,179	-	-	-	-	-	-
Collateralized mortgage obligations	1,993,357	-	2,645,442	4,638,799	-	-	-	-	-	-
Common stocks	107,953,547	998,496	51,168,303	160,120,346	-	-	-	-	-	-
Corporate bonds	6,821,400	-	5,272,772	12,094,172	-	-	-	-	-	-
Real estate investment trust	1,858,727	-	946,107	2,804,834	-	-	-	-	-	-
Foreign bonds	324,968	-	363,335	688,303	-	-	-	-	-	-
Mutual funds	73,689,177	3,070,224	53,677,891	130,437,292	-	-	-	-	-	-
Accounts receivable	106,405	-	356,556	462,961	-	-	-	-	-	-
Due from primary government	215,909	224,661	83,627	524,197	-	-	-	-	-	-
Total assets	204,092,036	4,296,182	122,230,075	330,618,293	88,589	6,584,290	85,309	29,444	821,240	7,608,872
Liabilities										
Accounts payable	142,760	3,642	455,632	602,034	8,507	-	-	500	20,575	29,582
Due to other governmental units	40,856	-	-	40,856	-	6,584,290	32,750	-	73,862	6,690,902
Bonds and other deposits	-	-	-	-	80,082	-	-	-	75,230	155,312
Total liabilities	183,616	3,642	455,632	642,890	88,589	6,584,290	32,750	500	169,667	6,875,796
Net Position										
Restricted:										
Pension	203,908,420	4,292,540	-	208,200,960	-	-	-	-	-	-
Postemployment benefits other than pension	-	-	121,774,443	121,774,443	-	-	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	-	-	52,559	28,944	651,573	733,076
Total net position	**$ 203,908,420**	**$ 4,292,540**	**$ 121,774,443**	**$ 329,975,403**	**$ -**	**$ -**	**$ 52,559**	**$ 28,944**	**$ 651,573**	**$ 733,076**

Other Supplemental Information
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended November 30, 2022

	Pension and Other Employee Benefit Trust Funds				Custodial Funds					
	Employees' Retirement System	Police and Fire Revised Retirement Plan	VEBA	Total	Special Trust Fund	Undistributed Tax Fund	Special Operation Team	Western Wayne Mobile Field Force Team	District Court Fund	Total
Additions										
Investment income (loss):										
Interest and dividends	$ 5,332,622	$ 151,663	$ 5,640,858	$ 11,125,143	$ -	$ (85)	$ (157)	$ (92)	$ 3,579	$ 3,245
Net decrease in fair value of investments	(24,804,439)	(468,091)	(16,644,201)	(41,916,731)	-	-	-	-	-	-
Investment costs	(600,921)	(13,021)	(338,779)	(952,721)	-	-	-	-	-	-
Net investment (loss) income	(20,072,738)	(329,449)	(11,342,122)	(31,744,309)	-	(85)	(157)	(92)	3,579	3,245
Contributions:										
Employer	2,393,141	1,756,383	3,413,483	7,563,007	-	-	-	-	-	-
Employee	142,482	935,795	347,962	1,426,239	-	-	-	-	-	-
Total contributions	2,535,623	2,692,178	3,761,445	8,989,246	-	-	-	-	-	-
Collections for other governments	-	-	-	-	451,064	158,445,530	84,000	30,000	-	159,010,594
Fines and fees	-	-	-	-	-	-	-	-	1,145,301	1,145,301
Bond receipts	-	-	-	-	-	-	-	-	654,284	654,284
Restitutions, judgments, and other	-	-	-	-	-	-	-	-	128,961	128,961
Total additions	(17,537,115)	2,362,729	(7,580,677)	(22,755,063)	451,064	158,445,445	83,843	29,908	1,932,125	160,942,385
Deductions										
Pension benefit payments	19,509,049	8,790	-	19,517,839	-	-	-	-	-	-
Medical benefit payments	-	-	8,729,562	8,729,562	-	-	-	-	-	-
Disability benefit payments	-	-	188,990	188,990	-	-	-	-	-	-
Refunds of contributions	602,579	-	-	602,579	-	-	-	-	-	-
Administrative expenses	282,819	27,554	51,098	361,471	-	-	-	-	-	-
Disbursements to other governments	-	-	-	-	451,064	158,445,445	97,739	29,270	899,724	159,923,242
Bond forfeitures	-	-	-	-	-	-	-	-	654,284	654,284
Restitutions, judgments, and other refunds	-	-	-	-	-	-	-	-	141,872	141,872
Volunteer work program and civil drug fund	-	-	-	-	-	-	-	-	272,222	272,222
Total deductions	20,394,447	36,344	8,969,650	29,400,441	451,064	158,445,445	97,739	29,270	1,968,102	160,991,620
Net (Decrease) Increase in Fiduciary Net Position	(37,931,562)	2,326,385	(16,550,327)	(52,155,504)	-	-	(13,896)	638	(35,977)	(49,235)
Net Position - Beginning of year	241,839,982	1,966,155	138,324,770	382,130,907	-	-	66,455	28,306	687,550	782,311
Net Position - End of year	**$ 203,908,420**	**$ 4,292,540**	**$ 121,774,443**	**$ 329,975,403**	**$ -**	**$ -**	**$ 52,559**	**$ 28,944**	**$ 651,573**	**$ 733,076**

City of Livonia, Michigan

Federal Awards Supplemental Information
November 30, 2022

Contents

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

Independent Auditor's Report

To the City Council
City of Livonia, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Livonia, Michigan (the "City") as of and for the year ended November 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 16, 2023, which contained an unmodified opinion on those financial statements. 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 May 16, 2023.

The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis, as required by the Uniform Guidance, and are not a required part of the 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 basic financial statements as a whole.

Plante & Moran, PLLC

May 16, 2023

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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 City Council
City of Livonia, Michigan

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Livonia, Michigan (the "City") as of and for the year ended November 30, 2022 and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated May 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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*.

The City's Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

To Management and the City Council
City of Livonia, Michigan

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

May 16, 2023

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the City Council
City of Livonia, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Livonia, Michigan's (the "City") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended November 30, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended November 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the City Council
City of Livonia, Michigan

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

May 16, 2023

Schedule of Expenditures of Federal Awards

Year Ended November 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Agriculture - Food Distribution Cluster - Passed through the Wayne Metropolitan Community Services Agency - Emergency Food Assistance Program (Food Commodities)	10.569	N/A	$ -	$ 57,349
U.S. Department of Transportation - Highway Safety Cluster - Passed through the Michigan Office of Highway Safety - State and Community Highway Safety - Belt Enforcement	20.600	PT-19-7	-	14,751
U.S. Department of Housing and Urban Development - Community Development Block Grant - Entitlement Grants Cluster:				
Program year 2022	14.218		1,040	518,676
Program year 2021	14.218		25,320	406,065
COVID-19 - CDBG Entitlement Grant	14.218		-	48,173
Total CDBG Entitlement Grants Cluster			26,360	972,914
Passed through Wayne County, Michigan - HOME Investment Partnership Program - Program year 2022	14.239	N/A	-	120,706
Total U.S. Department of Housing and Urban Development			26,360	1,093,620
U.S. Department of Justice:				
Federal Equitable Sharing Program	16.922		-	61,133
U.S. Marshals - Detroit Fugitive Apprehension Task Force	16.unknown		-	6,720
Federal Bureau of Investigation - Detroit Major Crimes Task Force	16.unknown		-	10,967
Bulletproof Vest Partnership Program 2020	16.607		-	6,495
Passed through Wayne County, Michigan - 2020 Edward Byrne Memorial Justice Assistance Grant	16.738	DJ-BX-0620	-	9,013
Total U.S. Department of Justice			-	94,328
U.S. Department of the Treasury - COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	-	8,516,653
National Endowment For the Humanities - Passed through the Michigan Department of Education:				
Grants to States	45.310	N/A	-	908
Grants to States	45.310	N/A	-	1,162
Total National Endowment For the Humanities			-	2,070
U.S. Election Assistance Commission - Passed through Michigan Department of State - COVID-19 - 2018 HAVA Election Security Grants	90.404	N/A	-	55,796
U.S. Department of Homeland Security - Passed through the Michigan Department of State Police - 2020 Emergency Management Performance Grant	97.042	N/A	-	61,353
Total federal expenditures			**$ 26,360**	**$ 9,895,920**

See notes to schedule of expenditures of federal awards.

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards

Year Ended November 30, 2022

Revenue from federal sources - As reported on financial statements (includes all funds)	$ 9,869,950
Program income in excess of expenditures	(74,127)
Add value of noncash assistance	57,349
Federal revenue in excess of current year expenditures	(16,844)
Deferred revenue not reported for year ended November 30, 2021	(101,093)
Deferred revenue not reported for year ended November 30, 2022	160,685
Federal expenditures per the schedule of expenditures of federal awards	**$ 9,895,920**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended November 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Livonia, Michigan (the "City") under programs of the federal government for the year ended November 30, 2022. 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 the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the financial statements. 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. The pass-through entity identifying numbers are presented where available.

The City 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 - Noncash Assistance

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

The grantee received the following noncash assistance during the year ended November 30, 2022 that is included in the schedule of expenditures of federal awards:

Federal Program	Assistance Listing Number	Description	Amount
U.S. Department of Agriculture - Passed through Wayne Metropolitan Community Services Agency	10.569	USDA Food Distribution	$ 57,349

Schedule of Findings and Questioned Costs

Year Ended November 30, 2022

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? X Yes ___ 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

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:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified

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

Reference Number	Finding
2022-001	**Finding Type** - Material weakness

Criteria - The City of Livonia, Michigan is required to prepare its financial statements in accordance with generally accepted accounting principles (GAAP).

Condition - During the audit, the auditors identified adjustments to ensure the financial statements were presented in conformity with generally accepted accounting principles. These adjustments impacted both the fund-based and government-wide financial statements. The City posted an adjusting entry reducing lease receivables and deferred inflows of resources. In addition, the City elected to pass on posting an adjustment to reduce investments and investment income in the Livonia Employees' Retirement System and increase the corresponding net pension liability and deferred outflows within the government-wide financial statements given the impact of the adjustment to the financial statements was not material.

Context - Subsequent to the commencement of the audit, certain adjustments were identified by the auditors. General Fund lease receivables and deferred inflows were reduced by $1.3 million. There were also passed journal entries identified that would reduce the assets in the Livonia Employees' Retirement System by $3.0 million and increase the net pension liability and deferred outflows of resources for governmental activities by $2.9 million and $2.3 million, respectively. There would also be a corresponding increase to OPEB expenses of approximately $577,000.

Cause - The City's year-end close and review process did not result in year-end financial reporting fully compliant with generally accepted accounting principles.

Effect - Without the adjustments, lease receivables and deferred inflows were not properly presented in accordance GASB Statement No. 87. Additionally, the Livonia Employees' Retirement System investments were not properly reconciled to accounting records, and, therefore, the corresponding net pension liability was also misstated.

Recommendation - Management should review and strengthen year-end close and review procedures to ensure required adjustments are identified and posted prior to the commencement of the year-end financial statement audit.

Views of Responsible Officials and Planned Corrective Actions - The City will develop controls to ensure that all appropriate journal entries are made so that the ending balances are correct.

The adjustment regarding lease receivables and deferred inflows resulted from a misunderstanding of the requirements while implementing the new GASB 87 standard for the first time. We have reviewed the GASB 87 provisions, and future years will be in conformance with the guidelines.

The adjustment for the Livonia Employees' Retirement System resulted from a mis-posting. We have reviewed procedures with staff to ensure that pension assets are reconciled to the custodial statement so this will not occur in the future.

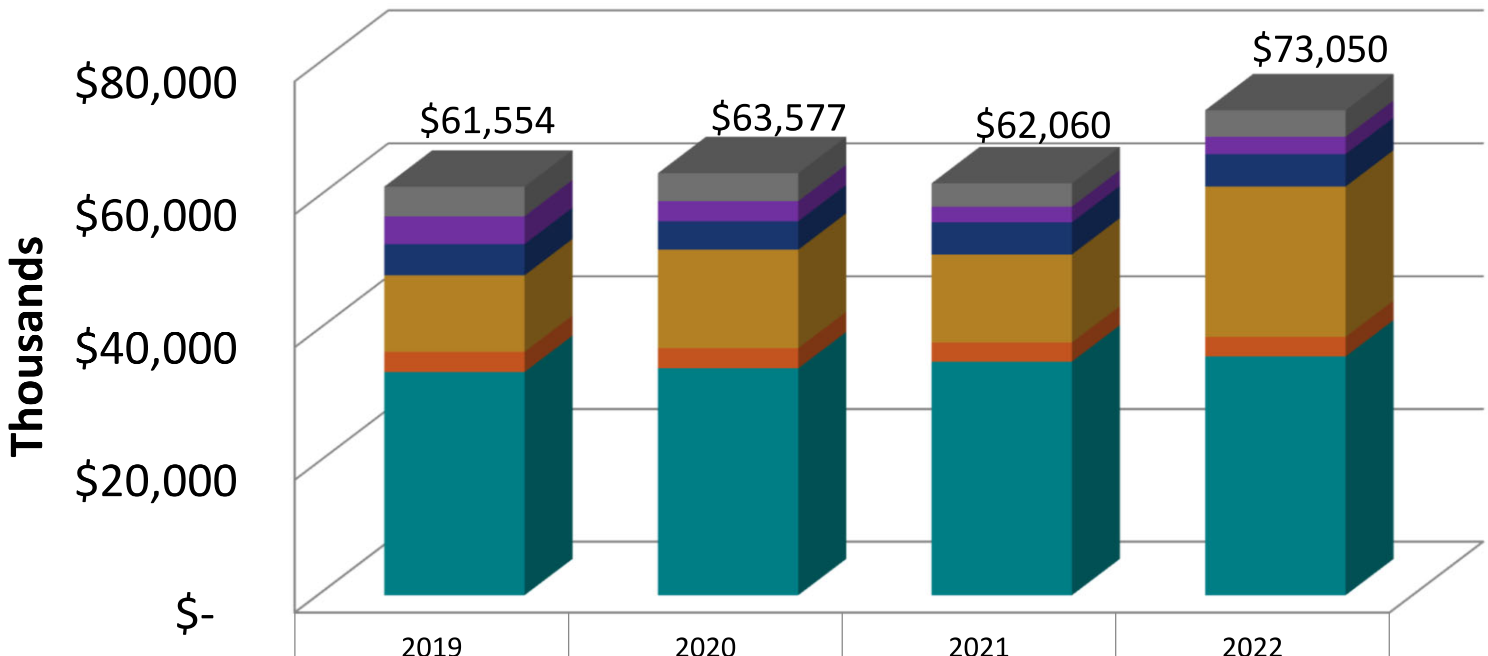
Section III - Federal Program Audit Findings

Current Year None

City of Livonia Audit Presentation

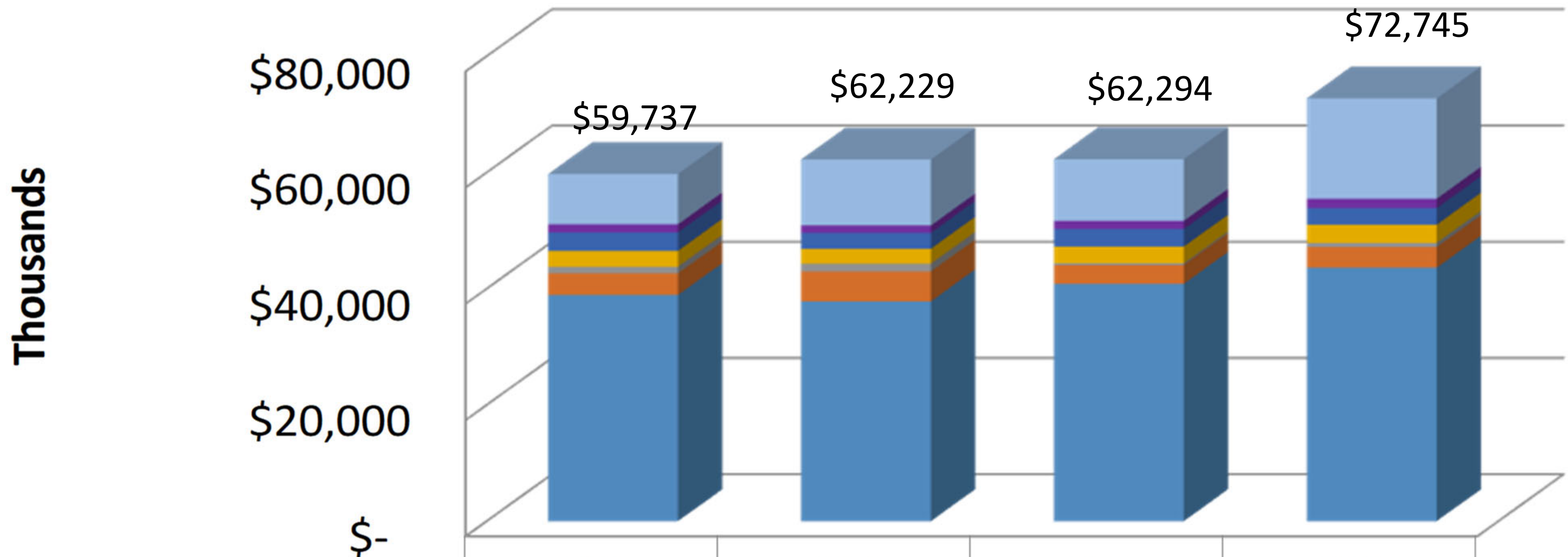
For Year Ended November 30, 2022

City of Livonia
General Fund Revenue
Years Ended November 30



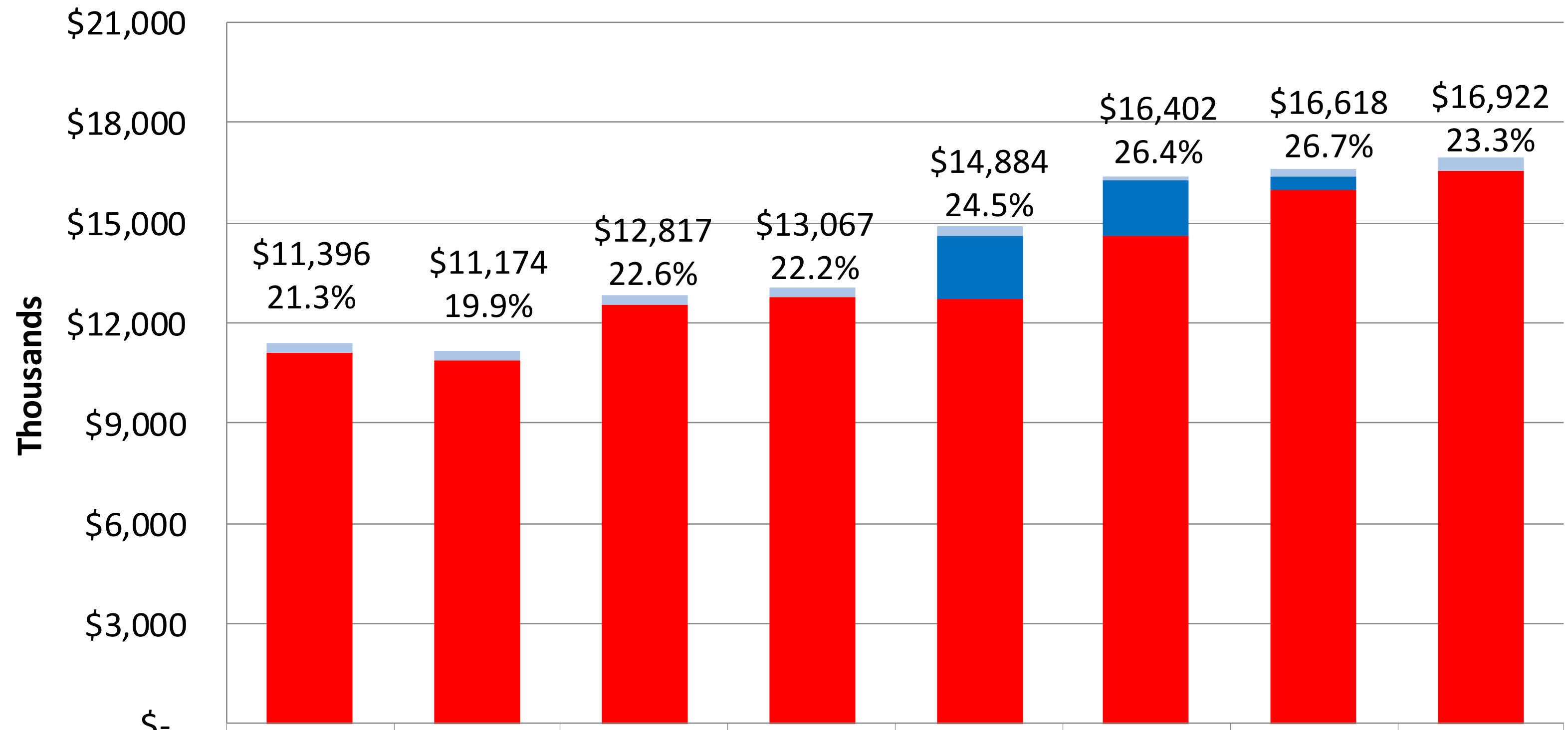
	2019	2020	2021	2022
Interest and Other	$4,449	$4,194	$3,495	$3,993
Fines and Forfeitures	$4,181	$3,024	$2,368	$2,599
Charges for Services	$4,699	$4,283	$4,840	$4,887
Intergovernmental Revenue	$11,518	$14,812	$13,234	$22,615
Licenses and Permits	$3,043	$3,051	$2,891	$2,951
Property Taxes	$33,664	$34,213	$35,232	$36,005

City of Livonia
General Fund Expenditures
Year Ended November 30



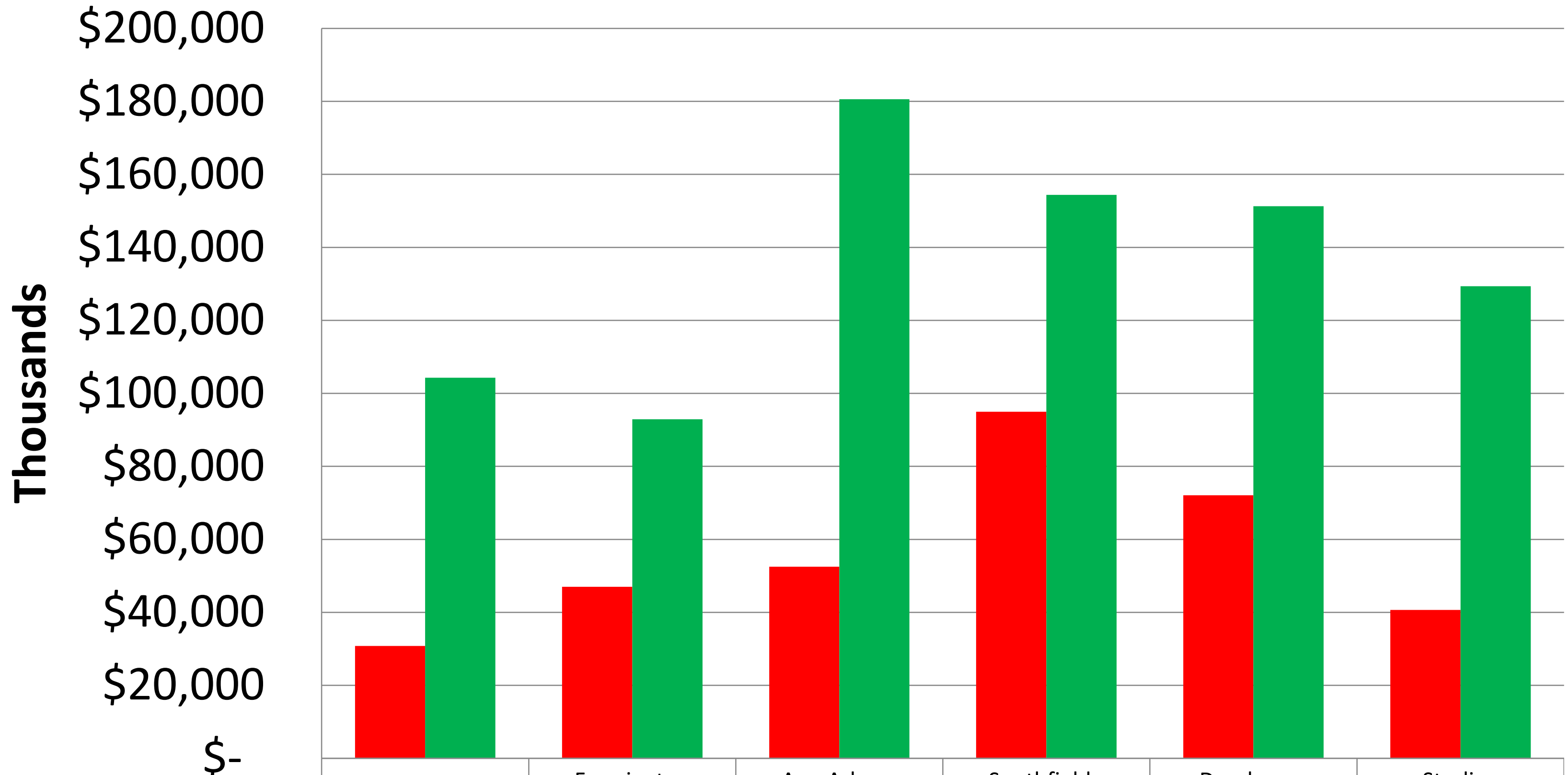
	2019	2020	2021	2022
Other	$8,665	$11,354	$10,611	$17,262
Cultural	$1,388	$1,267	$1,422	$1,613
Judicial	$3,180	$2,742	$3,036	$2,862
Financial Administration	$2,706	$2,557	$2,859	$3,122
Parks & Recreation	$1,167	$1,354	$292	$725
Public Works	$3,715	$5,128	$3,225	$3,538
Public Safety	$38,916	$37,827	$40,849	$43,624

City of Livonia
General Fund - Comparison of Fund Balance
As a Percentage of Expenditures
Year Ended November 30



	2015	2016	2017	2018	2019	2020	2021	2022
Nonspendable	$311	$289	$300	$275	$302	$153	$248	$353
Committed	$-	$-	$-	$-	$1,854	$1,666	$387	$-
Unassigned	$11,085	$10,885	$12,517	$12,791	$12,728	$14,583	$15,982	$16,569

City of Livonia
Comparison of Unrestricted Net Position (excluding impact of net pension and OPEB liabilities) Governmental Activities



	Livonia - 30%	Farmington Hills - 51%	Ann Arbor - 29%	Southfield - 62%	Dearborn - 48%	Sterling Heights - 31%
Unrestricted Net Position	$30,785	$47,017	$52,510	$94,958	$72,063	$40,670
Stmt of Activities Expenses	$104,294	$92,912	$180,575	$154,398	$151,289	$129,348

Thank You for the opportunity to serve as auditors for the City of Livonia