OFFICE OF THE COUNCIL

COUNCIL MEMBERS

KATHLEEN E. McINTYRE
PRESIDENT

SCOTT BAHR
VICE PRESIDENT

ROB GJONAJ DONOVIC
JIM JOLLY
BRANDON McCULLOUGH
LAURA M. TOY
CATHY K. WHITE

33000 CIVIC CENTER DRIVE
LIVONIA, MICHIGAN 48154-3097
(734) 466-2250
citycouncil@livonia.gov

OFFICE OF THE COUNCIL

ELECTRONIC AGENDA PACKET FOR THE FINANCE AND BUDGET COMMITTEE MEETING WEDNESDAY, JUNE 30, 2021 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.

REVISED City Council Finance and Budget Committee Meeting
Wednesday, June 30, 2021
7:00 PM

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

Members:
Vice President Scott Bahr, Chair
Rob Donovic, Vice Chair
Jim Jolly, Member

AGENDA ITEM(S)

1. **CR 367-02** Topic of Annual Audit Reports. (City of Livonia Audit Reports for the period December 1, 2019 to November 30, 2020)

THE FOLLOWING HAVE BEEN NOTIFIED AND ARE REQUESTED TO ATTEND:

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

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

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

1.

Finance
June 1, 2021

MEETING DATE	PREPARED BY
June 30, 2021	DeAnne Bates, Program Supervisor,

AGENDA ITEM

CR 367-02 Topic of Annual Audit Reports. (City of Livonia Audit Reports for the period December 1, 2019 to November 30, 2020)

BACKGROUND

The City of Livonia audit for the fiscal year ended November 30, 2020 has been completed by Plante & Moran. The City has received an unqualified opinion from Plante & Moran.

Attached are electronic copies of the audits for the General Purpose Financial Statements, Federal Financial Assistance Programs and 16th District Court. Also attached is a copy of the Management Letter.

These reports are the subject of the scheduled June 30, 2021 meeting of the Finance and Budget Committee.

RECOMMENDATION

Receive and File

FISCAL CONSIDERATION

N/A

ATTACHMENTS

1. City of Livonia-Audit Report 2020
2. City of Livonia-End of Audit Communications 2020
3. City of Livonia Single Audit 2020

APPROVED BY

Michael T Slater

Michael Slater, Finance Director

Date: June 08, 2021

Date: June 17, 2021

Maureen Miller Brosnan, Mayor

City of Livonia, Michigan

Financial Report
with Supplemental Information
November 30, 2020

City of Livonia, Michigan

Contents

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2020 and the related notes to the financial statements, which collectively comprise the City of Livonia, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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 as of November 30, 2020 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the current year, the City adopted the new accounting guidance GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

PRAXITY™
Empowering Business Globally

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

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Livonia, Michigan'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.

The other supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information 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 20, 2021 on our consideration of the City of Livonia, Michigan'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 of Livonia, Michigan'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 of Livonia, Michigan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 20, 2021

Overview of the Financial Statements

The City of Livonia, Michigan's (the "City") 2020 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 - 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.

Government-wide Overall Financial Analysis

In a condensed format, the table below shows a comparison of the net position as of November 30, 2020 to the prior year:

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	$ 91,075,849	$ 81,582,013	$ 43,952,453	$ 41,735,067	$ 135,028,302	$ 123,317,080
Capital assets	217,593,021	212,589,731	95,022,993	88,590,459	312,616,014	301,180,190
Total assets	308,668,870	294,171,744	138,975,446	130,325,526	447,644,316	424,497,270
Deferred Outflows of Resources	15,303,371	28,396,304	725,090	1,381,927	16,028,461	29,778,231
Liabilities	136,829,494	148,201,178	26,193,392	22,837,158	163,022,886	171,038,336
Deferred Inflows of Resources	64,686,838	76,316,535	3,224,685	3,777,629	67,911,523	80,094,164
Net Position						
Net investment in capital assets	193,092,060	186,014,042	81,971,512	77,087,208	275,063,572	263,101,250
Restricted	46,158,004	41,577,832	1,531,874	1,340,480	47,689,878	42,918,312
Unrestricted	(116,794,155)	(129,541,539)	26,779,073	26,664,978	(90,015,082)	(102,876,561)
Total net position	**$ 122,455,909**	**$ 98,050,335**	**$ 110,282,459**	**$ 105,092,666**	**$ 232,738,368**	**$ 203,143,001**

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 $232.7 million (net position). However, a major portion (118 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 $(129.5) million at November 30, 2019 to $(116.8) 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	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	$ 13,833,127	$ 17,573,266	$ 44,042,088	$ 44,860,704	$ 57,875,215	$ 62,433,970
Operating grants and contributions	15,528,149	12,758,140	-	-	15,528,149	12,758,140
Capital grants and contributions	1,556,723	1,506,420	743,733	828,955	2,300,456	2,335,375
General revenue:						
Property taxes	57,074,846	57,802,438	-	-	57,074,846	57,802,438
State-shared revenue	14,385,321	13,907,010	-	-	14,385,321	13,907,010
Interest	1,107,078	2,266,398	284,233	560,829	1,391,311	2,827,227
Other revenue:						
Rental income and fees	2,826,899	2,615,212	-	-	2,826,899	2,615,212
Sale of capital assets	-	-	-	31,550	-	31,550
Transfer and miscellaneous	36,629	356,997	-	-	36,629	356,997
Total revenue	106,348,772	108,785,881	45,070,054	46,282,038	151,418,826	155,067,919
Expenses						
General government	12,346,676	12,216,514	-	-	12,346,676	12,216,514
Public safety	32,793,347	40,104,719	-	-	32,793,347	40,104,719
Public works	23,094,152	24,026,984	-	-	23,094,152	24,026,984
Community and economic development	1,491,636	1,539,054	-	-	1,491,636	1,539,054
Recreation and culture	11,083,397	12,727,317	-	-	11,083,397	12,727,317
Interest on long-term debt	737,243	792,263	-	-	737,243	792,263
Water and Sewer	-	-	38,988,378	37,153,125	38,988,378	37,153,125
Golf Course	-	-	1,696,434	1,703,429	1,696,434	1,703,429
Housing	-	-	1,133,807	1,013,070	1,133,807	1,013,070
Total expenses	81,546,451	91,406,851	41,818,619	39,869,624	123,365,070	131,276,475
Transfers	(1,938,358)	(58,000)	1,938,358	58,000	-	-
Change in Net Position	22,863,963	17,321,030	5,189,793	6,470,414	28,053,756	23,791,444
Net Position - Beginning of year, as restated (Note 1)	99,591,946	80,729,305	105,092,666	98,622,252	204,684,612	179,351,557
Net Position - End of year	**$ 122,455,909**	**$ 98,050,335**	**$ 110,282,459**	**$ 105,092,666**	**$ 232,738,368**	**$ 203,143,001**

Governmental Activities

In reviewing governmental activities in the above table, it can be noted that revenue decreased by $2.4 million and expenses decreased by $9.9 million. The most significant factors impacting revenue were reductions to charges for services and increases to grants resulting from shutdown of services related to COVID-19 and CARES Act grants received. Interest income also decreased due to historically low interest rates being paid on deposits. The most significant factors impacting expenses were decreases to the OPEB liability, as well as savings from employee furloughs during COVID-19 and staff vacancies in the police and fire departments.

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	
	2020	2019	2020	2019	2020	2019
Operating revenue	$ 40,616,883	$ 41,699,219	$ 1,973,460	$ 1,712,140	$ 1,451,745	$ 1,449,345
Operating expenses	(38,648,474)	(36,852,119)	(1,696,434)	(1,703,429)	(1,133,413)	(1,013,070)
Operating income	**$ 1,968,409**	**$ 4,847,100**	**$ 277,026**	**$ 8,711**	**$ 318,332**	**$ 436,275**

The operating income of the Water and Sewer Fund decreased between 2019 and 2020 primarily due to decreased water sales that were impacted by COVID-19 shutdowns.

Financial Analysis of Individual Funds

The fund financial statements begin on page 12 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 2020 include the General Fund, Refuse Disposal System Fund, and Roads and Sidewalks Fund.

The City's governmental funds reported a combined fund balance of $67.4 million. This is an increase of approximately $7.1 million for the year. The primary contributors to the increase were lower than expected costs in the Refuse Disposal System Fund and Library Fund; contributions to the Building Improvement and Capital Projects funds; the adoption of GASB Statement No. 84, which reclassified certain fiduciary activities to governmental activities; 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 revenue to reflect personal property tax reimbursements from the Local Community Stabilization Authority (LCSA) and receipt of CARES Act grants to assist in COVID-19 response. 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 $2.7 million below the final budget.

Actual General Fund expenditures were approximately $6.0 million below the final budget. Nearly all departments held expenditures below the final budget.

Capital Assets and Debt Administration

At the end of fiscal year 2020, the City has $580.5 million invested, before depreciation, in a wide range of capital assets, including land, buildings, infrastructure, public safety equipment, computer equipment, and water and sewer lines.

Debt of $24.9 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 $13.1 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.

Significant additions to capital assets during fiscal year 2020 include $11.5 million invested in the construction of infrastructure and improvements to roads, $2.7 million invested in equipment and vehicles, and $3.2 million invested in water and sewer system infrastructure. Significant disposals of capital assets during fiscal year 2020 included the disposal of vehicles and equipment with a total cost of $1.6 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 68 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 2021.

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The City anticipates that it will receive approximately $8.9 million in funding from the ARPA based upon formulas provided by the U.S. Treasury. Funds are to be distributed in two tranches - the first after the U.S. Treasury certifies the proceeds to each jurisdiction and the second approximately one year later. The City is awaiting formal guidelines from the U.S. Treasury before determining how the funds will be used.

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.

Statement of Net Position

November 30, 2020

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 76,084,620	$ 27,798,362	$ 103,882,982	$ 1,430,280
Accounts receivable:				
Property taxes	164,792	-	164,792	44,045
Special assessments	196,767	197,439	394,206	-
Customers	-	13,274,559	13,274,559	-
Workers' compensation	11,498	-	11,498	-
Due from other governmental units	7,449,583	-	7,449,583	-
Other	4,277,854	255,339	4,533,193	-
Allowance for doubtful accounts	-	(2,083)	(2,083)	-
Inventory, prepaid expenses, and deposits	2,890,735	896,963	3,787,698	-
Restricted assets (Note 8)	-	1,531,874	1,531,874	-
Capital assets: (Note 5)				
Assets not subject to depreciation	35,296,706	13,414,773	48,711,479	474,448
Assets subject to depreciation - Net	182,296,315	81,608,220	263,904,535	568,752
Total assets	308,668,870	138,975,446	447,644,316	2,517,525
Deferred Outflows of Resources				
Deferred charges on bond refunding	362,391	-	362,391	-
Deferred OPEB costs (Note 13)	14,940,980	725,090	15,666,070	-
Total deferred outflows of resources	15,303,371	725,090	16,028,461	-
Liabilities				
Accounts payable	5,247,603	2,874,646	8,122,249	86,215
Due to other governmental units	163,160	4,674,864	4,838,024	4,451
Accrued and other liabilities	2,425,616	180,266	2,605,882	-
Unearned revenue	903,781	2,784	906,565	-
Due to fiduciary funds	247,737	39,902	287,639	-
Bonds and deposits	1,562,935	369,549	1,932,484	-
Noncurrent liabilities: (Note 7)				
Due within one year:				
Compensated absences	3,101,412	241,070	3,342,482	-
Current portion of long-term debt	2,215,402	956,010	3,171,412	-
Due in more than one year:				
Compensated absences and insurance claims	7,661,819	285,447	7,947,266	-
Landfill closure and postclosure	695,441	-	695,441	-
Net pension liability (Note 11)	9,631,162	575,172	10,206,334	-
Net OPEB liability (Note 13)	80,325,476	3,898,211	84,223,687	-
Long-term debt - Net of current portion	22,647,950	12,095,471	34,743,421	-
Total liabilities	136,829,494	26,193,392	163,022,886	90,666
Deferred Inflows of Resource				
Deferred pension cost reductions (Note 11)	7,633,840	455,891	8,089,731	-
Deferred OPEB cost reductions (Note 13)	57,052,998	2,768,794	59,821,792	-
Total deferred inflows of resource	64,686,838	3,224,685	67,911,523	-

See notes to financial statements.

Statement of Net Position (Continued)

November 30, 2020

	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Net Position				
Net investment in capital assets	$ 193,092,060	$ 81,971,512	$ 275,063,572	$ 1,043,200
Restricted:				
Community recreation	4,674,177	-	4,674,177	-
Municipal refuse	9,846,084	-	9,846,084	-
Streets, roads, and sidewalks	8,875,997	-	8,875,997	-
Library	4,811,701	-	4,811,701	-
Public safety communication	4,428,739	-	4,428,739	-
Grants	165,881	-	165,881	-
Ordinance requirements	-	1,531,874	1,531,874	-
Street lighting	761,936	-	761,936	-
Adjudicated forfeitures	2,126,808	-	2,126,808	-
Community transit	1,127,847	-	1,127,847	-
Capital improvements	9,045,939	-	9,045,939	-
Designated purpose	292,895	-	292,895	-
Unrestricted	(116,794,155)	26,779,073	(90,015,082)	1,383,659
Total net position	**$ 122,455,909**	**$ 110,282,459**	**$ 232,738,368**	**$ 2,426,859**

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	$ 12,346,676	$ 2,581,068	$ 58,596	$ -
Public safety	32,793,347	7,537,496	3,600,800	-
Public works	23,094,152	1,828,432	10,801,155	1,442,895
Community and economic development	1,491,636	416,198	604,393	-
Recreation and culture	11,083,397	1,469,933	463,205	113,828
Interest on long-term debt	737,243	-	-	-
Total governmental activities	81,546,451	13,833,127	15,528,149	1,556,723
Business-type activities:				
Water and Sewer	38,988,378	40,616,883	-	742,733
Housing	1,133,807	1,451,745	-	1,000
Golf Course	1,696,434	1,973,460	-	-
Total business-type activities	41,818,619	44,042,088	-	743,733
Total primary government	**$ 123,365,070**	**$ 57,875,215**	**$ 15,528,149**	**$ 2,300,456**
Component units:				
Economic Development Corporation	$ 108	$ -	$ -	$ -
Plymouth Road Development Authority	466,798	-	-	-
Brownfield Redevelopment Authority	416,418	-	-	-
Total component units	**$ 883,324**	**$ -**	**$ -**	**$ -**

General revenue:

Property taxes

State-shared revenue

Investment income

Cable franchise fees

Other miscellaneous income

Total general revenue

Transfers

Change in Net Position

Net Position - Beginning of year, as restated (Note 1)

Net Position - End of year

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (9,707,012)	$ -	$ (9,707,012)	$ -
(21,655,051)	-	(21,655,051)	-
(9,021,670)	-	(9,021,670)	-
(471,045)	-	(471,045)	-
(9,036,431)	-	(9,036,431)	-
(737,243)	-	(737,243)	-
(50,628,452)	-	(50,628,452)	-
-	2,371,238	2,371,238	-
-	318,938	318,938	-
-	277,026	277,026	-
-	2,967,202	2,967,202	-
(50,628,452)	2,967,202	(47,661,250)	-
-	-	-	(108)
-	-	-	(466,798)
-	-	-	(416,418)
-	-	-	(883,324)
57,074,846	-	57,074,846	1,212,575
14,385,321	-	14,385,321	-
1,107,078	284,233	1,391,311	2,900
2,826,899	-	2,826,899	-
36,629	-	36,629	1,000
75,430,773	284,233	75,715,006	1,216,475
(1,938,358)	1,938,358	-	-
22,863,963	5,189,793	28,053,756	333,151
99,591,946	105,092,666	204,684,612	2,093,708
$ 122,455,909	**$ 110,282,459**	**$ 232,738,368**	**$ 2,426,859**

Governmental Funds Balance Sheet

November 30, 2020

	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	$ 16,510,819	$ 11,028,093	$ 4,951,244	$ 38,432,981	$ 70,923,137
Accounts receivable:					
Property taxes	95,196	34,225	10,543	24,828	164,792
Special assessments	-	-	-	196,767	196,767
Workers' compensation	11,498	-	-	-	11,498
Due from other governmental units	4,260,529	493,386	181,229	2,514,439	7,449,583
Other	3,341,433	36,168	1,000	510,414	3,889,015
Inventory, prepaid expenses, and deposits	152,597	-	-	-	152,597
Total assets	**$ 24,372,072**	**$ 11,591,872**	**$ 5,144,016**	**$ 41,679,429**	**$ 82,787,389**
Liabilities					
Accounts payable	$ 1,482,968	$ 1,030,117	$ 1,486,349	$ 1,248,169	$ 5,247,603
Due to other governmental units	-	-	-	163,160	163,160
Accrued and other liabilities	1,461,041	20,230	-	867,747	2,349,018
Unearned revenue	108,933	-	-	794,848	903,781
Due to fiduciary funds	221,136	-	-	26,601	247,737
Bonds and deposits	1,562,935	-	-	-	1,562,935
Total liabilities	4,837,013	1,050,347	1,486,349	3,100,525	10,474,234
Deferred Inflows of Resources - Unavailable revenue	3,133,349	526,838	191,534	1,018,262	4,869,983
Fund Balances					
Nonspendable - Inventory and prepaid assets	152,597	-	-	-	152,597
Restricted:					
Streets, roads, and sidewalks	-	-	3,466,133	5,218,330	8,684,463
Adjudicated forfeitures	-	-	-	2,126,808	2,126,808
Capital improvements	-	-	-	8,879,571	8,879,571
Community recreation	-	-	-	4,505,008	4,505,008
Municipal refuse	-	10,014,687	-	-	10,014,687
Street lighting	-	-	-	761,936	761,936
Library	-	-	-	4,636,451	4,636,451
Public safety communication	-	-	-	4,204,946	4,204,946
Community transit	-	-	-	1,020,161	1,020,161
Designated purpose	-	-	-	292,895	292,895
Committed:					
Employee retention	1,665,700	-	-	-	1,665,700
Cable access television	-	-	-	918,503	918,503
Arts Commission	-	-	-	84,063	84,063
Historical Commission	-	-	-	232,296	232,296
Assigned:					
Capital projects	-	-	-	496,739	496,739
Golf course capital improvements	-	-	-	187,487	187,487
Building improvements	-	-	-	3,310,897	3,310,897
Court building improvements	-	-	-	694,666	694,666
Unassigned	14,583,413	-	-	(10,115)	14,573,298
Total fund balances	16,401,710	10,014,687	3,466,133	37,560,642	67,443,172
Total liabilities, deferred inflows of resources, and fund balances	**$ 24,372,072**	**$ 11,591,872**	**$ 5,144,016**	**$ 41,679,429**	**$ 82,787,389**

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

November 30, 2020

Fund Balances Reported in Governmental Funds	$	67,443,172
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		217,593,021
Certain receivables are expected to be collected over several years, including special assessments, delinquent personal property taxes, and grants		388,839
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		4,869,983
Landfill closure and postclosure liability is not due and payable in the current period and is not reported in the funds		(695,441)
Long-term liabilities are not due and payable in the current period and are not reported in the funds		(24,863,352)
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		362,391
Accrued interest is not due and payable in the current period and is not reported in the funds		(76,598)
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		(9,305,766)
Pension benefits		(17,265,002)
Retiree health care benefits		(122,437,494)
The Internal Service Fund (self-insurance) is included as part of governmental activities		6,442,156
Net Position of Governmental Activities	**$**	**122,455,909**

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

Year Ended November 30, 2020

	General Fund	Major Special Revenue Funds: Refuse Disposal System	Major Special Revenue Funds: Roads and Sidewalks	Nonmajor Funds	Total Governmental Funds
Revenue					
Property taxes	$ 34,212,538	$ 10,284,708	$ 3,776,636	$ 8,893,184	$ 57,167,066
Special assessments	-	-	-	1,442,895	1,442,895
Intergovernmental:					
Federal revenue	2,858,371	-	-	662,602	3,520,973
State and local revenue	11,953,877	1,286,980	391,348	12,805,677	26,437,882
Charges for services	4,282,983	111,223	-	1,739,472	6,133,678
Fines and forfeitures	3,023,897	-	-	583,660	3,607,557
Licenses and permits	3,050,795	-	-	-	3,050,795
Interest	388,931	162,457	60,764	454,670	1,066,822
Other revenue	3,805,731	7,014	14,996	674,557	4,502,298
Total revenue	63,577,123	11,852,382	4,243,744	27,256,717	106,929,966
Expenditures					
Current services:					
General government	9,072,723	-	-	-	9,072,723
Employee benefits, insurance, and other	3,227,832	-	-	-	3,227,832
Public safety	36,751,181	-	-	1,174,459	37,925,640
Public works	3,273,871	11,404,572	10,139,026	5,392,923	30,210,392
Community and economic development	661,758	-	-	829,878	1,491,636
Recreation and culture	2,187,227	-	-	8,130,897	10,318,124
Capital outlay	-	-	-	2,909,297	2,909,297
Debt service:					
Principal retirement	-	-	-	1,810,000	1,810,000
Interest and other	-	-	-	916,921	916,921
Total expenditures	55,174,592	11,404,572	10,139,026	21,164,375	97,882,565
Excess of Revenue Over (Under) Expenditures	8,402,531	447,810	(5,895,282)	6,092,342	9,047,401
Other Financing Sources (Uses)					
Transfers in (Note 6)	-	-	7,899,996	14,442,707	22,342,703
Transfers out (Note 6)	(7,054,144)	-	-	(17,226,917)	(24,281,061)
Total other financing (uses) sources	(7,054,144)	-	7,899,996	(2,784,210)	(1,938,358)
Net Change in Fund Balances	1,348,387	447,810	2,004,714	3,308,132	7,109,043
Fund Balances - Beginning of year, as restated (Note 1)	15,053,323	9,566,877	1,461,419	34,252,510	60,334,129
Fund Balances - End of year	**$ 16,401,710**	**$ 10,014,687**	**$ 3,466,133**	**$ 37,560,642**	**$ 67,443,172**

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

Year Ended November 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	$ 7,109,043
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	15,466,543
Depreciation expense	(10,170,987)
Net book value of assets disposed of	(357,297)
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	(522,012)
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)	156,890
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,810,000
Interest expense is recognized in the government-wide statements as it accrues	179,678
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	(1,968,452)
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	12,102,892
Net increase in accumulated employee sick and vacation pay is recorded when incurred in the statement of activities	(744,658)
Increase in landfill liability is recorded when incurred in the statement of activities	(11,838)
Internal service funds are included as part of governmental activities	(185,839)
Change in Net Position of Governmental Activities	**$ 22,863,963**

Proprietary Funds
Statement of Net Position

November 30, 2020

	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	$ 23,196,989	$ 3,361,706	$ 1,239,667	$ 27,798,362	$ 5,161,483
Accounts receivable:					
Customers	13,274,559	-	-	13,274,559	-
Other	249,473	-	5,866	255,339	-
Allowance for doubtful accounts	-	-	(2,083)	(2,083)	-
Inventory, prepaid expenses, and deposits	896,963	-	-	896,963	2,738,138
Total current assets	37,617,984	3,361,706	1,243,450	42,223,140	7,899,621
Noncurrent assets:					
Restricted assets (Note 8)	1,531,874	-	-	1,531,874	-
Special assessment receivables	197,439	-	-	197,439	-
Capital assets: (Note 5)					
Assets not subject to depreciation	8,247,487	1,584,798	3,582,488	13,414,773	-
Assets subject to depreciation - Net	78,330,980	2,676,603	600,637	81,608,220	-
Total noncurrent assets	88,307,780	4,261,401	4,183,125	96,752,306	-
Total assets	125,925,764	7,623,107	5,426,575	138,975,446	7,899,621
Deferred Outflows of Resources - Deferred OPEB costs (Note 13)	527,606	154,562	42,922	725,090	-
Liabilities					
Current liabilities:					
Accounts payable	2,754,112	37,922	82,612	2,874,646	-
Due to other governmental units	4,674,864	-	-	4,674,864	-
Accrued and other liabilities	134,890	42,340	3,036	180,266	-
Unearned revenue	2,784	-	-	2,784	-
Due to fiduciary funds	39,902	-	-	39,902	-
Bonds and deposits	193,518	176,031	-	369,549	-
Compensated absences (Note 7)	209,227	23,843	8,000	241,070	-
Current portion of long-term debt (Note 7)	950,000	6,010	-	956,010	-
Total current liabilities	8,959,297	286,146	93,648	9,339,091	-
Noncurrent liabilities:					
Compensated absences and insurance claims (Note 7)	198,732	57,516	29,199	285,447	-
Net pension liability (Note 11)	431,015	144,157	-	575,172	-
Net OPEB liability (Note 13)	2,836,507	830,946	230,758	3,898,211	-
Long-term debt - Net of current portion (Note 7)	12,075,191	20,280	-	12,095,471	1,457,465
Total noncurrent liabilities	15,541,445	1,052,899	259,957	16,854,301	1,457,465
Total liabilities	24,500,742	1,339,045	353,605	26,193,392	1,457,465

Proprietary Funds
Statement of Net Position (Continued)

November 30, 2020

	Major Enterprise Fund	Nonmajor Enterprise Funds			Governmental Activities
	Water and Sewer	Housing	Golf Course	Total Enterprise Funds	Internal Service Fund
Deferred Inflows of Resources					
Deferred pension cost reductions (Note 11)	$ 341,631	$ 114,260	$ -	$ 455,891	$ -
Deferred OPEB cost reductions (Note 13)	2,014,692	590,200	163,902	2,768,794	-
Total deferred inflows of resources	2,356,323	704,460	163,902	3,224,685	-
Net Position					
Net investment in capital assets	73,553,276	4,235,111	4,183,125	81,971,512	-
Restricted - Ordinance requirements	1,531,874	-	-	1,531,874	-
Unrestricted	24,511,155	1,499,053	768,865	26,779,073	6,442,156
Total net position	**$ 99,596,305**	**$ 5,734,164**	**$ 4,951,990**	**$ 110,282,459**	**$ 6,442,156**

City of Livonia, Michigan

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

Year Ended November 30, 2020

	Major Enterprise Fund	Nonmajor Enterprise Funds			Governmental Activities
	Water and Sewer	Housing	Golf Course	Total Enterprise Funds	Internal Service Fund
Operating Revenue					
Customer billings	$ 39,107,543	$ -	$ -	$ 39,107,543	$ -
Fines and forfeitures	1,407,064	-	-	1,407,064	-
Service connections	49,899	-	-	49,899	-
Greens fees	-	-	1,696,392	1,696,392	-
Golf cart fees	-	-	118,000	118,000	-
City contributions	-	-	-	-	14,704,686
Rental income	-	1,451,745	4,000	1,455,745	-
Other revenue	52,377	-	155,068	207,445	-
Total operating revenue	40,616,883	1,451,745	1,973,460	44,042,088	14,704,686
Operating Expenses					
Cost of water	11,633,702	-	-	11,633,702	-
Cost of sewage disposal	16,994,074	-	-	16,994,074	-
System maintenance and operation	5,164,796	-	-	5,164,796	-
General and administration	1,172,959	-	-	1,172,959	-
Reinsurance charges and claims	-	-	-	-	14,930,781
Salaries and wages	-	528,854	108,341	637,195	-
Supplies	-	32,562	216,112	248,674	-
Other services and charges	-	400,709	1,338,316	1,739,025	-
Depreciation	3,682,943	171,288	33,665	3,887,896	-
Total operating expenses	38,648,474	1,133,413	1,696,434	41,478,321	14,930,781
Operating Income (Loss)	1,968,409	318,332	277,026	2,563,767	(226,095)
Nonoperating Revenue (Expense)					
Investment income	245,340	32,274	6,619	284,233	40,256
Interest expense	(339,904)	(394)	-	(340,298)	-
Total nonoperating (expense) revenue	(94,564)	31,880	6,619	(56,065)	40,256
Income (Loss) - Before contributions and transfers	1,873,845	350,212	283,645	2,507,702	(185,839)
Capital Contributions					
Capital grants	30,000	-	-	30,000	-
Lines donated by developers	712,733	-	-	712,733	-
Other capital contributions	-	1,000	-	1,000	-
Total capital contributions	742,733	1,000	-	743,733	-
Transfers In	1,854,058	-	84,300	1,938,358	-
Change in Net Position	4,470,636	351,212	367,945	5,189,793	(185,839)
Net Position - Beginning of year	95,125,669	5,382,952	4,584,045	105,092,666	6,627,995
Net Position - End of year	**$ 99,596,305**	**$ 5,734,164**	**$ 4,951,990**	**$ 110,282,459**	**$ 6,442,156**

See notes to financial statements.

Proprietary Funds
Statement of Cash Flows

Year Ended November 30, 2020

	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	$ 41,927,609	$ 1,451,745	$ 1,976,291	$ 45,355,645	$ 14,704,686
Payments to suppliers	(29,300,112)	(430,103)	(1,525,477)	(31,255,692)	(11,348,686)
Payments to employees	(4,008,777)	(420,092)	(135,730)	(4,564,599)	-
Other receipts	3,617	-	-	3,617	-
Net cash and cash equivalents provided by operating activities	8,622,337	601,550	315,084	9,538,971	3,356,000
Cash Flows Provided by Noncapital Financing Activities - Transfers in	-	-	84,300	84,300	-
Cash Flows from Capital and Related Financing Activities					
Issuance of bonds and capital leases	2,909,554	33,875	-	2,943,429	-
Receipt of capital grants	30,000	-	-	30,000	-
Special assessment collections	27,123	-	-	27,123	-
Net purchases of capital assets	(9,573,821)	(32,875)	-	(9,606,696)	-
Principal and interest paid on long-term debt	(1,743,438)	(7,586)	-	(1,751,024)	-
Transfer in	1,854,058	-	-	1,854,058	-
Net cash and cash equivalents used in capital and related financing activities	(6,496,524)	(6,586)	-	(6,503,110)	-
Cash Flows from Investing Activities					
Interest received on investments	245,340	32,274	6,619	284,233	40,256
Purchases of investment securities	(1,089,880)	-	(203,002)	(1,292,882)	(1,698,128)
Net cash and cash equivalents (used in) provided by investing activities	(844,540)	32,274	(196,383)	(1,008,649)	(1,657,872)
Net Increase in Cash and Cash Equivalents	1,281,273	627,238	203,001	2,111,512	1,698,128
Cash and Cash Equivalents - Beginning of year	11,849,345	1,367,233	416,832	13,633,410	882,613
Cash and Cash Equivalents - End of year	**$ 13,130,618**	**$ 1,994,471**	**$ 619,833**	**$ 15,744,922**	**$ 2,580,741**
Classification of Cash and Cash Equivalents					
Cash and investments	$ 23,196,989	$ 3,361,706	$ 1,239,667	$ 27,798,362	$ 5,161,483
Restricted cash (Note 8)	1,531,874	-	-	1,531,874	-
Less investments	(11,598,245)	(1,367,235)	(619,834)	(13,585,314)	(2,580,742)
Total cash and cash equivalents	**$ 13,130,618**	**$ 1,994,471**	**$ 619,833**	**$ 15,744,922**	**$ 2,580,741**

See notes to financial statements.

Proprietary Funds
Statement of Cash Flows (Continued)

Year Ended November 30, 2020

	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 from Operating Activities					
Operating income (loss)	$ 1,968,409	$ 318,332	$ 277,026	$ 2,563,767	$ (226,095)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	3,682,943	171,288	33,665	3,887,896	-
Changes in assets and liabilities:					
Receivables	1,310,726	-	2,831	1,313,557	-
Inventories	(141,921)	-	-	(141,921)	-
Prepaid and other assets	8,015	-	-	8,015	4,450,193
Net pension and OPEB liabilities	(596,701)	101,724	(27,272)	(522,249)	-
Accounts payable	2,277,241	3,168	28,951	2,309,360	107,382
Accrued and other liabilities	110,008	7,038	(117)	116,929	(172,906)
Other assets	3,617	-	-	3,617	-
Unearned revenue	-	-	-	-	(802,574)
Net cash and cash equivalents provided by operating activities	**$ 8,622,337**	**$ 601,550**	**$ 315,084**	**$ 9,538,971**	**$ 3,356,000**

Noncash Transactions - During the year ended November 30, 2020, the City received $742,733 of donated lines reported as capital assets in the Water and Sewer Fund.

Fiduciary Funds
Statement of Fiduciary Net Position

November 30, 2020

	Pension and Other Employee Benefits	Custodial Funds	Total Fiduciary Funds
Assets			
Cash and cash equivalents (Note 3)	$ 623,862	$ 3,757,484	$ 4,381,346
Investments: (Note 3)			
U.S. government securities	11,841,349	-	11,841,349
Collateralized mortgage obligations	7,982,352	-	7,982,352
Common stocks	175,464,350	-	175,464,350
Corporate bonds	18,412,382	-	18,412,382
Real estate investment trust	4,583,616	-	4,583,616
Foreign bonds	1,176,360	-	1,176,360
Mutual funds	125,592,428	-	125,592,428
Accounts receivable	960,009	14,525	974,534
Due from primary government	287,639	-	287,639
Total assets	346,924,347	3,772,009	350,696,356
Liabilities			
Accounts payable	1,523,969	16,207	1,540,176
Due to other governmental units	36,922	2,701,497	2,738,419
Bonds and other deposits	-	272,837	272,837
Total liabilities	1,560,891	2,990,541	4,551,432
Net Position			
Restricted:			
Pension	222,607,699	-	222,607,699
Postemployment benefits other than pension	122,755,757	-	122,755,757
Individuals, organizations, and other governments	-	781,468	781,468
Total net position	**$ 345,363,456**	**$ 781,468**	**$ 346,144,924**

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended November 30, 2020

	Pension and Other Employee Benefits	Custodial Funds	Total Fiduciary Funds
Additions			
Investment income (loss):			
Interest and dividends	$ 7,482,332	$ 25,691	$ 7,508,023
Net increase in fair value of investments	26,183,574	-	26,183,574
Investment costs	(854,547)	-	(854,547)
Net investment income	32,811,359	25,691	32,837,050
Contributions:			
Employer	6,351,103	-	6,351,103
Employee	601,538	-	601,538
Total contributions	6,952,641	-	6,952,641
Collections for other governments	-	143,244,700	143,244,700
Fines and fees	-	1,026,877	1,026,877
Bond receipts	-	615,564	615,564
Restitutions, judgments, and other	-	282,618	282,618
Volunteer work program and civil drug fund	-	221,655	221,655
Total additions	39,764,000	145,417,105	185,181,105
Deductions			
Pension benefit payments	18,823,771	-	18,823,771
Medical benefit payments	8,949,761	-	8,949,761
Disability benefit payments	185,728	-	185,728
Refunds of contributions	642,807	-	642,807
Administrative expenses	281,692	-	281,692
Disbursements to other governments	-	144,267,140	144,267,140
Bond forfeitures	-	615,564	615,564
Restitutions, judgments, and other refunds	-	282,618	282,618
Volunteer work program and civil drug fund	-	286,497	286,497
Total deductions	28,883,759	145,451,819	174,335,578
Net Increase (Decrease) in Net Position	10,880,241	(34,714)	10,845,527
Net Position - Beginning of year, as restated (Note 1)	334,483,215	816,182	335,299,397
Net Position - End of year	**$ 345,363,456**	**$ 781,468**	**$ 346,144,924**

See notes to financial statements.

Component Units
Statement of Net Position

November 30, 2020

	Economic Development Corporation	Plymouth Road Development Authority	Brownfield Redevelopment Authority	Total
Assets				
Cash and cash equivalents	$ 25,019	$ 1,131,026	$ 274,235	$ 1,430,280
Accounts receivable	-	44,045	-	44,045
Capital assets: (Note 5)				
Assets not subject to depreciation	-	474,448	-	474,448
Assets subject to depreciation - Net	-	568,752	-	568,752
Total assets	25,019	2,218,271	274,235	2,517,525
Liabilities				
Accounts payable	-	86,215	-	86,215
Due to other governmental units	-	-	4,451	4,451
Total liabilities	-	86,215	4,451	90,666
Net Position				
Net investment in capital assets	-	1,043,200	-	1,043,200
Unrestricted	25,019	1,088,856	269,784	1,383,659
Total net position	**$ 25,019**	**$ 2,132,056**	**$ 269,784**	**$ 2,426,859**

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Functions/Programs				
Economic Development Corporation	$ 108	$ -	$ -	$ -
Plymouth Road Development Authority - Community and economic development	466,798	-	-	-
Brownfield Redevelopment Authority - Community and economic development	416,418	-	-	-
Total component units	**$ 883,324**	**$ -**	**$ -**	**$ -**

General revenue:
Property taxes
Interest
Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

Year Ended November 30, 2020

Net (Expense) Revenue and Changes in Net Position			
Economic Development Corporation	Plymouth Road Development Authority	Brownfield Redevelopment Authority	Total
$ (108)	$ -	$ -	$ (108)
-	(466,798)	-	(466,798)
-	-	(416,418)	(416,418)
(108)	(466,798)	(416,418)	(883,324)
-	737,357	475,218	1,212,575
280	262	2,358	2,900
-	-	1,000	1,000
280	737,619	478,576	1,216,475
172	270,821	62,158	333,151
24,847	1,861,235	207,626	2,093,708
$ 25,019	**$ 2,132,056**	**$ 269,784**	**$ 2,426,859**

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.

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 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 and the City of Livonia Retiree Health and Disability Benefits Plan are reported as a 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.

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.

Note 1 - Significant Accounting Policies (Continued)

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 primarily through a local dedicated property tax levy.
- 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.

Note 1 - Significant Accounting Policies (Continued)

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.

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

Note 1 - Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the 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

<u>Cash and Investments</u>

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.

<u>Receivables and Payables</u>

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.

<u>Inventories and Prepaid Items</u>

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.

<u>Restricted Assets</u>

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

<u>Capital Assets</u>

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type 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.

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 OPEB plan, as detailed in Note 13.

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 the pension and OPEB plans, as detailed in Notes 11 and 13, respectively.

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 2019 property tax revenue was levied and collectible on December 1, 2019 and is recognized as revenue in the year ended November 30, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Significant Accounting Policies (Continued)

The 2019 taxable valuation of the City totaled $4.23 billion. Properties in the Plymouth Road Development Authority (PRDA) are assessed a millage of 2.0000 on July 1. The 2020 taxable valuation of PRDA totaled $379 million. The millages levied by the City and the resulting revenue are as follows:

Purpose	Millage Rate	Approximate Revenue (in 000s)
Operating purposes	4.0203	$ 17,225
Police and fire	0.8038	3,444
Police and fire and snow	1.2060	5,167
Library	0.8038	3,434
Refuse and recycling	2.4061	10,285
Industrial development	0.0116	50
Roads, sidewalks, and trees	0.8838	3,777
Recreation	0.7806	3,336
Public safety	1.6897	7,239
Culture and senior services	0.2484	1,064
Transit and capital improvement	0.4969	2,123
Plymouth Road Development Authority	2.0000	741
Total		$ 57,885

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 2020. Wayne County, Michigan's delinquent real property taxes have been recorded as revenue in the current year.

Pension

The City offers a defined benefit pension plan to certain employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan’s 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 additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

Upcoming Accounting Pronouncements

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

Note 1 - Significant Accounting Policies (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement were originally effective for the City's financial statements for the November 30, 2021 fiscal year but were extended to November 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

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 ending November 30, 2022 but were extended to November 30, 2023 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. 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 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.

Note 1 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the following activities were previously reported as agency funds in the statement of fiduciary net position but no longer meet the definition of such. Therefore, these activities are now reported within governmental funds: investment administration fund, special trust fund, historical commission fund, and arts commission fund. The remaining agency funds are now reported as custodial funds.

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

	Primary Government				
	General Fund	Nonmajor Governmental Funds	Governmental Activities	Custodial Funds	Fiduciary
Net position/fund balance - November 30, 2019 - As previously reported	$ 14,884,442	$ 32,879,780	$ 98,050,335	$ -	$ 334,483,215
Adjustment for GASB Statement No. 84 - To change fund type	168,881	1,372,730	1,541,611	816,182	816,182
Net position/fund balance - November 30, 2019 - As restated	$ 15,053,323	$ 34,252,510	$ 99,591,946	$ 816,182	$ 335,299,397

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, 2019		$ (2,162,617)
Current year building permit revenue		2,823,126
Related expenses:		
Direct costs	$ 2,271,959	
Estimated indirect costs	603,701	2,875,660
Current year net revenue		(52,534)
Cumulative shortfall at November 30, 2020		$ (2,215,151)

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.

Note 3 - Deposits and Investments (Continued)

The pension trust fund 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 eight 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.

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 $45,580,861 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. In addition, the District Court, a component unit, had $525,298 of bank deposits (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	$ 21,509,226	$ 21,509,226	$ -	$ -
U.S. Treasury securities	8,978,909	8,978,909	-	-
Total	$ 30,488,135	$ 30,488,135	$ -	$ -

City of Livonia Employees Retirement System	Fair Value	0-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	$ 8,243,863	$ 3,590,801	$ 2,569,123	$ 2,083,939
Foreign bonds	173,708	63,351	61,314	49,043
U.S. agency securities	2,807,820	16,176	125,623	2,666,021
U.S. Treasury securities	860,782	-	90,295	770,487
Collateralized mortgage obligations	4,428,044	50,543	76,065	4,301,436
Total	$ 16,514,217	$ 3,720,871	$ 2,922,420	$ 9,870,926

Note 3 - Deposits and Investments (Continued)

City of Livonia Retiree Health and Disability Benefits Plan	Fair Value	0-5 Years	6-10 Years	More Than 10 Years
Corporate bonds	$ 10,168,519	$ 5,436,427	$ 2,284,272	$ 2,447,820
Foreign bonds	1,002,652	784,800	169,077	48,775
U.S. agency securities	4,306,643	211	1,094	4,305,338
U.S. Treasury securities	3,866,104	1,206,127	15,049	2,644,928
Collateralized mortgage obligations	3,554,308	219,976	286,481	3,047,851
Total	$ 22,898,226	$ 7,647,541	$ 2,755,973	$ 12,494,712

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, 2020, 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	$ 29,635,807	A2/P1	Moody's
Bank investment pools	1,531,874	A3/P1	Moody's
U.S. agency securities	21,509,226	AA+	S&P
U.S. Treasury securities	8,978,909	AA+	S&P
Total	$ 61,655,816		

Note 3 - Deposits and Investments (Continued)

Investment	Fair Value	Rating	Rating Organization
Fiduciary Funds			
Corporate bond	$ 2,013,607	Aaa	Moody's
Corporate bond	80,909	Aa1	Moody's
Corporate bond	466,085	Aa2	Moody's
Corporate bond	150,646	Aa3	Moody's
Corporate bond	1,037,207	A1	Moody's
Corporate bond	1,559,023	A2	Moody's
Corporate bond	2,086,756	A3	Moody's
Corporate bond	9,134,119	Baa1 and below	Moody's
Corporate bond	1,884,030	NR	N/A
Foreign bonds	130,447	Aa1	Moody's
Foreign bonds	105,201	Aa2	Moody's
Foreign bonds	5,348	Aa3	Moody's
Foreign bonds	138,168	A1	Moody's
Foreign bonds	435,114	A2	Moody's
Foreign bonds	189,617	Baa1 and below	Moody's
Foreign bonds	172,465	NR	N/A
U.S. agency securities	7,114,463	NR	N/A
U.S. Treasury securities	4,655,157	Aaa	Moody's
U.S. Treasury securities	71,729	NR	N/A
Collateralized mortgage obligations	3,730,217	Aaa	Moody's
Collateralized mortgage obligations	4,252,135	NR	N/A
Total	$ 39,412,443		

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.

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.

Note 4 - Fair Value Measurements (Continued)

The City has the following recurring fair value measurements as of November 30, 2020:

	Assets Measured at Fair Value on a Recurring Basis at November 30, 2020			
	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, 2020
Investments by Fair Value Level				
Debt securities:				
U.S. Treasury securities	$ 13,705,795	$ -	$ -	$ 13,705,795
Collateralized mortgage obligations	-	7,982,352	-	7,982,352
Corporate bonds	-	18,412,382	-	18,412,382
Foreign bonds and notes	-	1,176,360	-	1,176,360
Government agencies	-	28,623,688	-	28,623,688
Total debt securities	13,705,795	56,194,782	-	69,900,577
Equity securities:				
Common stock	170,101,767	-	-	170,101,767
Foreign stock	5,362,583	-	-	5,362,583
Mutual funds	55,501,363	-	-	55,501,363
ADR	10,248,803	-	-	10,248,803
REIT	2,656,126	-	-	2,656,126
Short-term investments	-	5,776,588	-	5,776,588
Total equity securities	243,870,642	5,776,588	-	249,647,230
Total investments by fair value level	$ 257,576,437	$ 61,971,370	$ -	319,547,807
Investments measured at NAV:				
Real estate funds				18,904,126
CIF - Fixed income				37,088,995
Total investments measured at NAV				55,993,121
Total investments				$ 375,540,928

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, and short-term investments at November 30, 2020 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.

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.

Note 4 - Fair Value Measurements (Continued)

As of November 30, 2020, 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	$ 18,904,126	$ -	Unlimited	12 months
CIF - Fixed income	37,088,995	-	Unlimited	15 business days
Total investments measured at NAV	$ 55,993,121	$ -		

The real estate funds class include the Seminole Equity REIT, 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. As it relates to the Seminole Equity REIT, a plan was approved by the participants to liquidate substantially all of the REIT's assets in January 2021. 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, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance November 30, 2020
Capital assets not being depreciated:					
Land	$ 34,862,968	$ -	$ -	$ -	$ 34,862,968
Construction in progress	161,455	(168,592)	440,875	-	433,738
Subtotal	35,024,423	(168,592)	440,875	-	35,296,706
Capital assets being depreciated:					
Infrastructure	157,791,975	-	11,368,830	-	169,160,805
Road rights	21,377,293	-	108,368	-	21,485,661
Buildings and improvements	116,502,637	98,610	895,279	(175,118)	117,321,408
Equipment and vehicles	42,649,464	69,982	2,718,222	(1,596,101)	43,841,567
Subtotal	338,321,369	168,592	15,090,699	(1,771,219)	351,809,441
Accumulated depreciation:					
Infrastructure	67,185,470	-	4,192,698	-	71,378,168
Road rights	11,978,092	-	615,363	(35)	12,593,420
Buildings and improvements	55,524,550	-	2,404,338	(175,118)	57,753,770
Equipment and vehicles	26,067,949	-	2,958,588	(1,238,769)	27,787,768
Subtotal	160,756,061	-	10,170,987	(1,413,922)	169,513,126
Net capital assets being depreciated	177,565,308	168,592	4,919,712	(357,297)	182,296,315
Net governmental activities capital assets	$ 212,589,731	$ -	$ 5,360,587	$ (357,297)	$ 217,593,021

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance December 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance November 30, 2020
Capital assets not being depreciated:					
Land	$ 5,164,436	$ -	$ -	$ -	$ 5,164,436
Construction in progress	1,364,447	(2,204,354)	9,090,244	-	8,250,337
Subtotal	6,528,883	(2,204,354)	9,090,244	-	13,414,773
Capital assets being depreciated:					
Water and sewer distribution	157,747,427	2,204,354	609,400	-	160,561,181
Buildings and building improvements	10,412,874	-	-	-	10,412,874
Machinery and equipment	2,290,019	-	232,091	-	2,522,110
Vehicles	3,028,163	-	388,695	-	3,416,858
Land improvements	3,039,595	-	-	-	3,039,595
Subtotal	176,518,078	2,204,354	1,230,186	-	179,952,618
Accumulated depreciation:					
Water and sewer distribution	82,012,324	-	3,157,294	-	85,169,618
Buildings and building improvements	5,983,977	-	201,397	-	6,185,374
Machinery and equipment	1,963,724	-	112,683	-	2,076,407
Vehicles	1,615,480	-	404,220	-	2,019,700
Land improvements	2,880,997	-	12,302	-	2,893,299
Subtotal	94,456,502	-	3,887,896	-	98,344,398
Net capital assets being depreciated	82,061,576	2,204,354	(2,657,710)	-	81,608,220
Net business-type activities capital assets	$ 88,590,459	$ -	$ 6,432,534	$ -	$ 95,022,993

Capital asset activity for the City's component unit for the year ended November 30, 2020 was as follows:

Component Unit - Plymouth Road Development Authority

	Balance December 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance November 30, 2020
Capital assets not being depreciated - Land	$ 474,448	$ -	$ -	$ -	$ 474,448
Capital assets being depreciated - Land improvements	12,195,788	-	-	-	12,195,788
Accumulated depreciation - Land improvements	11,370,391	-	256,645	-	11,627,036
Net capital assets being depreciated	825,397	-	(256,645)	-	568,752
Net capital assets	$ 1,299,845	$ -	$ (256,645)	$ -	$ 1,043,200

Note 5 - Capital Assets (Continued)

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

Governmental activities:	
General government	$ 511,122
Public safety	1,546,192
Public works	5,902,862
Recreation and culture	2,210,811
Total governmental activities	$ 10,170,987
Business-type activities:	
Water and Sewer	$ 3,682,943
Golf Course	33,665
Newburgh and Silver Village	171,288
Total business-type activities	$ 3,887,896

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	$ 11,581,079	$ 2,806,997
Water, drain, and sewer projects	8,823,305	6,394,475
Library improvements	41,925	158,075
Recreation center improvements	284,763	76,177
DPW building improvements	3,599,402	5,453,557

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	$ 155,292
	Nonmajor governmental funds	6,902
	Water and Sewer Fund	10,353
	Total Employees Retirement System	172,547
VEBA	General Fund	65,844
	Nonmajor governmental funds	19,699
	Water and Sewer Fund	29,549
	Total VEBA	115,092
	Total	$ 287,639

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	$ 5,115,786
	Water and Sewer Fund	1,854,058
	Golf Course Fund	84,300
	Total General Fund	7,054,144
Nonmajor governmental funds	Nonmajor governmental funds	9,326,921
Nonmajor governmental funds	Roads and Sidewalks Fund	7,899,996
	Total	$ 24,281,061

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 transfer from the General Fund to the Water and Sewer Fund is unrestricted resources to finance a capital project. The transfer from the General Fund to the Golf Course Fund is unrestricted parks and recreation resources to be used at the golf courses.

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 Street Fund in accordance with Act 51.

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, 2020 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 Maturing through 2025	2.47%	$160,000 - $300,000	$ 1,010,000	$ -	$ (160,000)	$ 850,000	$ 165,000
2016 MBA Refunding Bonds:							
Amount of issue - $6,180,000 Maturing through 2033	4.00%	$305,000 - $540,000	5,875,000	-	(320,000)	5,555,000	335,000
2017 MBA Refunding Bonds:							
Amount of issue - $19,980,000 Maturing through 2030	3.00% - 5.00%	$1,250,000 - $1,945,000	17,440,000	-	(1,330,000)	16,110,000	1,370,000
Capital leases			300,737	65,030	(156,890)	208,877	145,090
Unamortized bond premiums			2,339,786	-	(200,311)	2,139,475	200,312
Total bonds and contracts payable			26,965,523	65,030	(2,167,201)	24,863,352	2,215,402
General liability claims, workers' compensation, and health insurance claims (Note 9)			1,522,989	-	(65,524)	1,457,465	-
Net pension liability (Note 11)			11,138,729	-	(1,507,567)	9,631,162	-
Net OPEB liability (Note 13)			90,388,142	-	(10,062,666)	80,325,476	-
Compensated absences			8,561,108	3,597,875	(2,853,217)	9,305,766	3,101,412
Landfill closure and postclosure			683,603	11,838	-	695,441	-
Total governmental activities long-term debt			$ 139,260,094	$ 3,674,743	$ (16,656,175)	$ 126,278,662	$ 5,316,814

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 funds. 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 the individual employee's salaries are 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	$ 2,680,730	$ -	$ (155,000)	$ 2,525,730	$ 160,000
2014 State of Michigan Drinking Water Program Revolving Loan: Amount of issue - $3,552,013 Maturing through 2036	2.50%	$145,000 - $235,000	2,812,013	-	(155,000)	2,657,013	160,000
2015 State of Michigan Drinking Water Program Revolving Loan: Amount of issue - $7,104,415 Maturing through 2040	2.50%	$274,415 - $570,000	5,182,894	-	(250,000)	4,932,894	255,000
2020 State of Michigan Drinking Water Program Revolving Loan: Amount of issue - $9,160,000 Maturing through 2040	2.00%	$375,000 - $550,000	-	2,909,554	-	2,909,554	375,000
Capital lease			-	33,875	(7,585)	26,290	6,010
Total direct borrowings and direct placements principal outstanding			10,675,637	2,943,429	(567,585)	13,051,481	956,010
Other debt - Water Supply and Wastewater System Revenue Bonds -							
2015 Water Supply and Wastewater Refunding Bonds: Amount of issue - $4,170,000 Maturing through 2020	1.90%	$835,000 - $840,000	840,000	-	(840,000)	-	-
Total bonds and contracts payable			11,515,637	2,943,429	(1,407,585)	13,051,481	956,010
Net pension liability (Note 11)			667,081	-	(91,906)	575,175	-
Net OPEB liability (Note 13)			4,420,058	-	(521,847)	3,898,211	-
Compensated absences			485,121	280,561	(239,165)	526,517	241,070
Total business-type activities long-term debt			$ 17,087,897	$ 3,223,990	$ (2,260,503)	$ 18,051,384	$ 1,197,080

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 $15.2 million. During the current year, net revenue of the system was approximately $7.8 million compared to the annual debt requirements of approximately $1.7 million.

Note 7 - Long-term Debt (Continued)

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.

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
2021	$ 2,015,090	$ 857,807	$ 2,872,897	$ 956,011	$ 293,772	$ 1,249,783
2022	1,952,170	798,432	2,750,602	976,371	271,681	1,248,052
2023	2,002,877	737,220	2,740,097	996,752	249,599	1,246,351
2024	2,063,740	673,934	2,737,674	1,027,157	226,982	1,254,139
2025	2,110,000	608,636	2,718,636	1,040,000	203,778	1,243,778
2026-2030	11,030,000	1,676,200	12,706,200	4,334,554	680,947	5,015,501
2031-2035	1,550,000	94,800	1,644,800	3,352,744	230,439	3,583,183
2036	-	-	-	367,894	4,599	372,493
Total	$ 22,723,877	$ 5,447,029	$ 28,170,906	$ 13,051,483	$ 2,161,797	$ 15,213,280

Bond Refunding

In previous years, the City defeased an advance refunding. As of November 30, 2020, there is still $16,340,000 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, 2020, the City set aside $1,531,874 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	
	2020	2019	2020	2019	2020	2019
Estimated liability - Beginning of year	$ 833,658	$ 671,754	$ 202,396	$ 132,198	$ 486,935	$ 374,565
Estimated claims incurred, including changes in estimates	2,690,495	1,332,145	288,689	528,899	11,516,429	10,546,328
Claim payments	(2,780,467)	(1,170,241)	(371,623)	(458,701)	(11,409,047)	(10,433,958)
Estimated liability - End of year	$ 743,686	$ 833,658	$ 119,462	$ 202,396	$ 594,317	$ 486,935

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
- Police officer members - All members hired on or after November 24, 1998
- Firefighter members - All members hired on or after July 1, 1998

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*	13.00 %	4.50 %	11.00 %	4.50 %
Police lieutenants and sergeants	13.00	5.21	12.00	5.21
Police	13.00	5.00	12.00	5.00
Fire	13.00	4.50	12.00	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.

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.

Note 10 - Defined Contribution Pension Plan (Continued)

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

In accordance with the above requirements, the City contributed $3,768,562 during the current year, and employees contributed $1,511,130.

Note 11 - Pension Plan

Plan Description

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.

Benefits Provided

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).

Note 11 - Pension Plan (Continued)

Average final compensation is the average of the highest annual compensation received during any three 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.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	November 30, 2020
Inactive plan members or beneficiaries currently receiving benefits	554
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	42
Total employees covered by the plan	604

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, 2020, the average active member contribution rate ranged from 3.21 to 7.30 percent of annual pay. The funding policy provides for periodic employer contributions at actuarially determined rates.

Net Pension Liability

The City has chosen to use November 30, 2020 as its measurement date for the net pension liability. The November 30, 2020 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of that date. The November 30, 2020 total pension liability was determined by an actuarial valuation performed as of that date.

Note 11 - Pension Plan (Continued)

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

Changes in Net Pension Liability	Increase (Decrease) Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at November 30, 2019	$ 230,707,147	$ 218,901,337	$ 11,805,810
Changes for the year:			
Service cost	908,315	-	908,315
Interest	16,419,283	-	16,419,283
Differences between expected and actual experience	2,210,334	-	2,210,334
Changes in assumptions	2,035,532	-	2,035,532
Contributions - Employer	-	1,019,900	(1,019,900)
Contributions - Employee	-	212,251	(212,251)
Net investment income	-	22,172,808	(22,172,808)
Benefit payments, including refunds	(19,466,578)	(19,466,578)	-
Administrative expenses	-	(232,019)	232,019
Net changes	2,106,886	3,706,362	(1,599,476)
Balance at November 30, 2020	$ 232,814,033	$ 222,607,699	$ 10,206,334

The plan's fiduciary net position represents 95.6 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, 2020, the City recognized pension expense of $3,103,328.

At November 30, 2020, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 8,089,731

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

Years Ending November 30	Amount
2021	$ (3,499,960)
2022	202,703
2023	(3,461,000)
2024	(1,331,474)

Actuarial Assumptions

The total pension liability in the November 30, 2020 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 4.0 to 11.9 percent, an investment rate of return (net of investment expenses) of 7.30 percent, and the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2018 Generational Improvement.

The actuarial assumptions used in the November 30, 2020 valuation were based on the results of an actuarial experience study for the period from December 1, 2008 through November 30, 2014.

Note 11 - Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.30 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

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.

Asset Class	Long-term Expected Real Rate of Return
Domestic large-cap value stocks	5.80 %
Domestic large-cap growth stocks	5.70
Domestic small-cap value/core stocks	5.90
International stocks	4.70
U.S. core fixed income	1.50
Global fixed income	1.40
High-yield fixed income	3.10
Bank loans	3.10
Real estate (direct)	5.70
Real estate investment trusts	4.70

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.30 percent, as well as what the City's net pension liability (asset) 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 (6.30%)	Current Discount Rate (7.30%)	1 Percentage Point Increase (8.30%)
Net pension liability (asset) of the City	$ 32,567,721	$ 10,206,334	$ (8,737,089)

Assumption Changes

The discount rate was changed from 7.40 to 7.30 percent. Inflation rate was decreased from 4.00 to 2.50 percent.

Note 11 - Pension Plan (Continued)

Investment Policy

The System's policy in regard to the allocation of invested assets is established and may be amended by the System's board of trustees by a majority vote of its members. It is the policy of the System's 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 System'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 System's adopted asset allocation policy as of November 30, 2020:

Asset Class	Target Allocation
Cash	2.00 %
Domestic large-cap value stocks	20.00
Domestic large-cap growth stocks	15.00
Domestic small-cap value/core stocks	10.00
International stocks	10.00
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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.27 percent. 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 plan:

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.

The balances of the reserve accounts at November 30, 2020 are as follows:

	Required Reserve	Amount Funded
Pension reserve fund	$ 192,372,842	$ 192,372,842
Pension savings fund	3,879,443	3,879,443
Pension accumulation fund	-	26,355,414

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, 2020
Inactive plan members or beneficiaries currently receiving benefits	710
Active plan members	582
Total plan members	1,292

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, 2020, the City's average contribution rate was 16.34 percent of covered-employee payroll. Plan members were required to make a contribution of 2 percent beginning on December 1, 2006.

Note 13 - Other Postemployment Benefit Plan (Continued)

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, 2020 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, 2020 measurement date. The November 30, 2020 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, 2019	$ 211,268,799	$ 115,581,878	$ 95,686,921
Changes for the year:			
Service cost	2,753,080	-	2,753,080
Interest	15,505,638	-	15,505,638
Differences between expected and actual experience	(13,380,004)	-	(13,380,004)
Changes in assumptions	538,411	-	538,411
Contributions - Employer	-	5,331,203	(5,331,203)
Contributions - Employee	-	389,287	(389,287)
Net investment income	-	10,638,551	(10,638,551)
Benefit payments, including refunds	(9,135,489)	(9,135,489)	-
Administrative expenses	-	(49,673)	49,673
Net changes	(3,718,364)	7,173,879	(10,892,243)
Balance at November 30, 2020	$ 207,550,435	$ 122,755,757	$ 84,794,678

The plan's fiduciary net position represents 59.1 percent of the total OPEB liability.

At November 30, 2020, the City reported a liability of $84,223,687 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, 2020, the City recognized an OPEB cost recovery of $7,793,684.

At November 30, 2020, 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	$ -	$ 18,729,915
Changes in assumptions	15,666,070	40,412,921
Net difference between projected and actual earnings on OPEB plan investments	-	678,956
Total	$ 15,666,070	$ 59,821,792

Note 13 - Other Postemployment Benefit Plan (Continued)

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
2021	$ (17,337,073)
2022	(16,956,458)
2023	(9,399,817)
2024	(462,374)

Actuarial Assumptions

The total OPEB liability in the November 30, 2020 actuarial valuation was determined using an inflation assumption of 2.50 percent; an investment rate of return (net of investment expenses) of 7.30 percent; a health care cost trend rate of 5.90 percent for 2020, decreasing 0.1 percent per year to an ultimate rate of 5.00 percent for 2030 and later years; and the Pub-2010 General and Public Safety Public Retirement Plan Mortality Table with MP-2018 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, 2020 was 7.30 percent. This was a change from the discount rate of 7.40 percent used to measure the total OPEB liability at November 30, 2019. 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.

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	5.70
Domestic small-cap value/core	5.90
International stocks	4.70
U.S. core fixed income	1.50
Global fixed income	1.40
High-yield fixed income	3.10
Real estate (direct)	5.70
Real estate investment trusts	4.70

Note 13 - Other Postemployment Benefit Plan (Continued)

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.30 percent, as well as what the City'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 (6.30%)	Current Discount Rate (7.30%)	1 Percentage Point Increase (8.30%)
Net OPEB liability	$ 110,271,527	$ 84,794,678	$ 63,810,539

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

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 5.9 percent, decreasing to 5.0 percent, as well as what the City'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 (4.9%, Decreasing to 4.0%)	Current Health Care Cost Trend Rate (5.9%, Decreasing to 5.0%)	1 Percentage Point Increase (6.9%, Decreasing to 6.0%)
Net OPEB liability	$ 63,775,675	$ 84,794,678	$ 110,091,144

Assumption Changes

The discount rate was changed from 7.40 to 7.30 percent. The inflation rate was changed from 4.00 to 2.50 percent since the last measurement date.

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, 2020:

City of Livonia Retiree Health and Disability Benefits Plan

Asset Class	Target Allocation
Cash	2.00 %
Domestic large-cap value stocks	20.00
Domestic large-cap growth stocks	15.00
Domestic small-cap value/core stocks	10.00
International stocks	10.00
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

Note 13 - Other Postemployment Benefit Plan (Continued)

Rate of Return

For the year ended November 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 8.64 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 plan (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	VEBA
Statement of Net Position		
Cash and investments	$ 222,745,958	$ 122,930,741
Other assets	219,778	1,027,870
Liabilities	358,037	1,202,854
Net position	$ 222,607,699	$ 122,755,757
Statement of Changes in Net Position		
Investment income	$ 22,172,808	$ 10,638,551
Contributions	1,232,151	5,720,490
Benefit payments	(19,466,578)	(9,135,489)
Other decreases	(232,019)	(49,673)
Net change in net position	$ 3,706,362	$ 7,173,879

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, 2020, the City abated $643,082 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, 2020, the City abated $83,533 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, 2020, the City abated $387,576 of taxes under the program. There are no provisions to recapture taxes.

Note 15 - Tax Abatements (Continued)

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, 2020, the Brownfield Redevelopment Authority abated $246,152 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	$ 905,647
State sources - Unavailable	814,541
911 surcharge revenue - Unavailable	223,793
Local Community Stabilization Authority - Unavailable	2,748,951
Grant revenue - Unavailable	177,051
Total deferred inflows	$ 4,869,983

Note 17 - Subsequent Events

Subsequent to November 30, 2020, the City entered into new collective bargaining agreements with the police and fire unions to open a new defined benefit (DB) pension plan. All police and fire employees currently enrolled in the defined contribution (DC) retirement plan will have a one-time irrevocable option to convert to the new DB plan on prospective basis. All future police and fire hires will be automatically enrolled in the new DB plan.

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The City anticipates that it will receive approximately $8.9 million in funding from the ARPA based upon formulas provided by the U.S. Treasury. Funds are to be distributed in two tranches - the first after the U.S. Treasury certifies the proceeds to each jurisdiction and the second approximately one year later. The City is awaiting formal guidelines from the U.S. Treasury before determining how the funds will be used.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule – General Fund

Year Ended November 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Property Taxes	$ 34,064,715	$ 34,064,715	$ 34,212,538	$ 147,823
Licenses and Permits				
Business	193,500	193,500	156,456	(37,044)
Nonbusiness	2,608,000	2,608,000	2,894,339	286,339
Total licenses and permits	2,801,500	2,801,500	3,050,795	249,295
Intergovernmental Revenue				
State and local	11,203,623	11,618,623	11,545,772	(72,851)
Grants	303,690	3,353,511	3,266,476	(87,035)
Total intergovernmental revenue	11,507,313	14,972,134	14,812,248	(159,886)
Charges for Services	4,669,306	4,669,306	4,282,983	(386,323)
Interest and Rents	3,204,664	3,479,664	3,189,096	(290,568)
Fines and Forfeitures	4,303,007	4,303,007	3,023,897	(1,279,110)
Miscellaneous Revenue				
Sale of fixed assets	125,000	125,000	149,206	24,206
Other miscellaneous	1,773,196	1,882,289	856,360	(1,025,929)
Total miscellaneous revenue	1,898,196	2,007,289	1,005,566	(1,001,723)
Total revenue	**$ 62,448,701**	**$ 66,297,615**	**$ 63,577,123**	**$ (2,720,492)**
Expenditures				
General Government				
Legislative:				
City Council	$ 385,428	$ 385,428	$ 357,415	$ 28,013
City Clerk	597,941	582,521	562,705	19,816
Elections	349,819	365,239	354,127	11,112
Total legislative	1,333,188	1,333,188	1,274,247	58,941
Judicial	3,156,993	3,156,993	2,741,658	415,335
Executive - Mayor's office	573,831	598,831	574,310	24,521
Human resources:				
Labor relations	96,500	96,500	69,919	26,581
Civil service	799,291	799,291	651,024	148,267
Total human resources	895,791	895,791	720,943	174,848

Required Supplemental Information
Budgetary Comparison Schedule – General Fund (Continued)
Year Ended November 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures (Continued)				
General Government (Continued)				
Financial administration:				
Accounting	$ 238,058	$ 238,058	$ 233,089	$ 4,969
Assessing	549,531	540,531	464,325	76,206
Finance	377,403	383,403	383,263	140
Independent audit	32,707	35,707	35,525	182
Board of review	3,545	3,545	2,433	1,112
Treasurer	571,837	571,837	514,252	57,585
Information systems	984,882	984,882	923,970	60,912
Total financial administration	2,757,963	2,757,963	2,556,857	201,106
Other activities:				
Legal	767,303	801,303	813,791	(12,488)
Utilities and supplies	612,943	487,443	442,931	44,512
Dues and subscriptions	51,000	52,500	52,127	373
Total other activities	1,431,246	1,341,246	1,308,849	32,397
Total general government	10,149,012	10,084,012	9,176,864	907,148
Public Safety				
Police:				
Traffic bureau	1,279,360	1,279,360	927,780	351,580
Administration	2,729,713	2,847,463	2,117,557	729,906
Data processing	960,841	960,841	821,339	139,502
Detective bureau	3,091,443	3,091,443	3,028,508	62,935
Automotive service	556,150	564,134	378,719	185,415
Communications/Records bureau	834,784	834,794	788,241	46,553
Crossing guards	70,723	70,723	31,041	39,682
School liaison	417,455	417,455	398,511	18,944
Office of emergency preparedness	122,616	122,616	104,052	18,564
Reserve police	352,217	352,217	248,412	103,805
Patrol bureau	12,576,226	12,458,476	10,999,961	1,458,515
Intelligence bureau	2,549,019	2,541,035	1,723,176	817,859
Total police	25,540,547	25,540,557	21,567,297	3,973,260
Fire:				
Administration	1,183,585	1,218,372	1,217,187	1,185
Firefighting	13,373,275	13,343,055	12,928,024	415,031
Fire prevention	775,640	771,543	771,239	304
Total fire	15,332,500	15,332,970	14,916,450	416,520

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures (Continued)				
Public Safety (Continued)				
Protective inspection:				
Building Code Board of Appeals	$ 1,431	$ 1,431	$ -	$ 1,431
Inspection	1,515,216	1,514,746	1,341,657	173,089
Total protective inspection	1,516,647	1,516,177	1,341,657	174,520
Other protective - Traffic commission	2,353	2,353	1,216	1,137
Total public safety	42,392,047	42,392,057	37,826,620	4,565,437
Public Works				
Public services - Highways, streets, and maintenance:				
Engineering	20,556	20,556	7,834	12,722
Parks maintenance	1,369,095	1,212,695	1,201,992	10,703
Administration	1,882	8,982	1,674	7,308
Equipment maintenance	157,088	156,788	142,274	14,514
Building maintenance	1,426,602	3,224,560	3,185,442	39,118
Street lighting	205,699	261,699	260,737	962
Maintenance - Streets	343,639	343,339	327,976	15,363
Total public works	3,524,561	5,228,619	5,127,929	100,690
Parks and Recreation and Cultural				
Parks and recreation:				
Administration	394,209	463,709	463,640	69
Recreation facilities	810,081	831,681	831,643	38
Recreation athletics	109,382	58,282	58,231	51
Total parks and recreation	1,313,672	1,353,672	1,353,514	158
Cultural:				
Senior services	472,914	472,214	418,020	54,194
Greenmead and cultural	1,004,100	1,004,800	849,242	155,558
Total cultural	1,477,014	1,477,014	1,267,262	209,752
Total parks and recreation and cultural	2,790,686	2,830,686	2,620,776	209,910
Community and Economic Development				
City Planning Commission	708,047	708,047	610,414	97,633
Zoning Board of Appeals	64,505	64,505	51,344	13,161
Total community and economic development	772,552	772,552	661,758	110,794
Employee Benefits, Insurance, and Other	2,816,405	6,880,319	6,814,789	65,530
Total expenditures	**$ 62,445,263**	**$ 68,188,245**	**$ 62,228,736**	**$ 5,959,509**

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

Year Ended November 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 10,244,037	$ 10,244,037	$ 10,284,708	$ 40,671
State and local revenue	1,128,576	1,128,576	1,286,980	158,404
Charges for services	115,000	115,000	111,223	(3,777)
Interest	200,000	200,000	162,457	(37,543)
Other revenue	25,000	25,000	7,014	(17,986)
Total revenue	11,712,613	11,712,613	11,852,382	139,769
Expenditures - Current services - Public works	11,823,017	12,062,623	11,404,572	658,051
Net Change in Fund Balance	(110,404)	(350,010)	447,810	797,820
Fund Balance - Beginning of year	9,566,877	9,566,877	9,566,877	-
Fund Balance - End of year	**$ 9,456,473**	**$ 9,216,867**	**$ 10,014,687**	**$ 797,820**

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

Year Ended November 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 3,762,823	$ 3,762,823	$ 3,776,636	$ 13,813
State and local revenue	343,181	343,181	391,348	48,167
Interest	75,000	75,000	60,764	(14,236)
Other revenue:				
Transfers in	7,900,000	7,900,000	7,899,996	(4)
Other revenue	-	-	14,996	14,996
Total revenue	12,081,004	12,081,004	12,143,740	62,736
Expenditures - Current services - Public works	12,001,404	12,694,633	10,139,026	2,555,607
Net Change in Fund Balance	79,600	(613,629)	2,004,714	2,618,343
Fund Balance - Beginning of year	1,461,419	1,461,419	1,461,419	-
Fund Balance - End of year	**$ 1,541,019**	**$ 847,790**	**$ 3,466,133**	**$ 2,618,343**

See notes to required supplemental information.

Required Supplemental Information
Schedule of Pension Investment Returns

Last Seven Fiscal Years

Years Ended November 30

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

*Schedule is built prospectively upon implementation of GASB 68

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

Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	$ 908,315	$ 1,645,242	$ 1,655,509	$ 1,721,106	$ 1,644,915	$ 1,530,027	$ 1,647,392
Interest	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	2,210,334	(11,621,805)	990,792	(235,377)	3,014,188	(673,125)	401,554
Changes in assumptions	2,035,532	8,335,763	14,813,206	9,009,758	-	4,763,196	-
Benefit payments, including refunds	(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	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	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	**$ 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	$ 1,019,900	$ 432,885	$ 558,568	$ 336,320	$ 815,291	$ 2,158,913	$ 3,634,058
Contributions - Member	212,251	273,901	308,076	345,164	380,988	386,983	400,503
Net investment income (loss)	22,172,808	25,843,649	(1,636,195)	34,908,239	14,021,405	4,353,881	20,367,342
Administrative expenses	(232,019)	(247,666)	(230,600)	(210,695)	(216,924)	(212,335)	(194,367)
Benefit payments, including refunds	(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	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	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	**$ 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	**$ 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	95.62 %	94.88 %	90.30 %	105.30 %	101.40 %	104.38 %	111.67 %
Covered Payroll	$ 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 as a Percentage of Covered Payroll	255.29 %	257.79 %	353.66 %	(173.89)%	(38.63)%	(100.11)%	(253.65)%

*Schedule is built prospectively upon implementation of GASB 68

Required Supplemental Information
Schedule of Pension Contributions
Pension System

Last Ten Fiscal Years

Years Ended November 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 1,019,901	$ 432,885	$ -	$ 336,320	$ 815,291	$ 2,158,913	$ 3,634,058	$ 2,082,219	$ 747,119	$ -
Contributions in relation to the actuarially determined contribution	1,019,901	432,885	558,568	336,320	815,291	2,158,913	3,634,058	2,082,219	747,119	-
Contribution Excess	**$ -**	**$ -**	**$ 558,568**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 3,997,860	$ 4,579,558	$ 6,446,503	$ 6,682,629	$ 7,625,911	$ 9,070,569	$ 9,312,278	$ 9,870,211	$11,282,045	$12,455,231
Contributions as a Percentage of Covered Payroll	25.51 %	9.45 %	8.66 %	5.03 %	10.69 %	23.80 %	39.02 %	21.10 %	6.62 %	- %

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	N/A
Remaining amortization period	Future working lifetime
Asset valuation method	Five-year smoothed market
Inflation	4.0 percent
Salary increase	4.0 - 11.9 percent, including inflation
Investment rate of return	7.50 percent
Mortality	RP-2000 Combined Healthy Mortality Table projected to 2014

See notes to required supplemental information.

Required Supplemental Information
Schedule of OPEB Investment Returns

Last Four Fiscal Years

Years Ended November 30

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

*Schedule built prospectively upon implementation of GASB 74/75

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

Last Four Fiscal Years

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	$ 2,753,080	$ 5,782,551	$ 5,181,469	$ 4,381,818
Interest	15,505,638	14,135,767	12,715,690	12,061,649
Differences between expected and actual experience	(13,380,004)	(14,440,265)	(14,191,268)	9,974,080
Changes in assumptions	538,411	(74,592,646)	51,279,390	24,668,349
Benefit payments, including refunds	(9,135,489)	(8,075,351)	(7,708,963)	(7,037,118)
Net Change in Total OPEB Liability	(3,718,364)	(77,189,944)	47,276,318	44,048,778
Total OPEB Liability - Beginning of year	211,268,799	288,458,743	241,182,425	197,133,647
Total OPEB Liability - End of year	**$ 207,550,435**	**$ 211,268,799**	**$ 288,458,743**	**$ 241,182,425**
Plan Fiduciary Net Position				
Contributions - Employer	$ 5,331,203	$ 4,924,890	$ 4,499,324	$ 5,087,462
Contributions - Active and inactive plan members not yet receiving benefits	389,287	426,231	473,346	484,737
Net investment income (loss)	10,638,551	12,365,868	(1,556,473)	15,195,332
Administrative expenses	(49,673)	(48,875)	(58,229)	(35,971)
Benefit payments, including refunds	(9,135,489)	(8,075,351)	(7,708,963)	(7,037,118)
Net Change in Plan Fiduciary Net Position	7,173,879	9,592,763	(4,350,995)	13,694,442
Plan Fiduciary Net Position - Beginning of year	115,581,878	105,989,115	110,340,110	96,645,668
Plan Fiduciary Net Position - End of year	**$ 122,755,757**	**$ 115,581,878**	**$ 105,989,115**	**$ 110,340,110**
Net OPEB Liability - Ending	**$ 84,794,678**	**$ 95,686,921**	**$ 182,469,628**	**$ 130,842,315**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	59.15 %	54.71 %	36.74 %	45.75 %
Covered Payroll	$ 36,744,168	$ 35,774,188	$ 36,890,435	$ 34,729,209
Net OPEB Liability as a Percentage of Covered Payroll	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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 3,251,858	$ 4,054,515	$ 4,018,307	$ 4,517,014	$ 5,108,040	$ 5,907,902	$ 7,066,283	$ 7,078,024	$ 7,086,251	$ 6,647,609
Contributions in relation to the actuarially determined contribution	5,331,203	4,924,890	4,499,324	5,087,462	4,665,664	5,361,926	6,388,086	6,443,612	6,399,781	6,105,568
Contribution Excess (Deficiency)	**$ 2,079,345**	**$ 870,375**	**$ 481,017**	**$ 570,448**	**$ (442,376)**	**$ (545,976)**	**$ (678,197)**	**$ (634,412)**	**$ (686,470)**	**$ (542,041)**
Covered Payroll	$ 36,744,168	$ 35,774,188	$ 36,890,435	$ 34,729,209	$ 31,408,000	$ 30,560,000	$ 30,964,000	$ 32,871,000	$ 34,062,000	$ 36,981,000
Contributions as a Percentage of Covered Payroll	14.51 %	13.77 %	12.20 %	14.65 %	14.86 %	17.55 %	20.63 %	19.60 %	18.79 %	16.51 %

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, two years prior to the end of 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 percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	4.0 percent
Health care cost trend rates	6.0 percent for the year of valuation, decreasing 0.1 percent per year to 5.0 percent
Salary increase	4.0 percent
Investment rate of return	7.50 percent
Mortality	RP-2000 Combined Healthy Annuitant Mortality Tables, projected to 2014

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	$ 63,577,123	$ 55,174,592
Operating transfers budgeted as expenditures	-	7,054,144
Amounts per budget statement	$ 63,577,123	$ 62,228,736

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	$ 4,243,744	$ 10,139,026
Operating transfers budgeted as revenue	7,899,996	-
Amounts per budget statement	$ 12,143,740	$ 10,139,026

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

<u>Changes in Assumptions</u>

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

<u>Changes in Assumptions</u>

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 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
Assets										
Cash and investments	$ 2,594,603	$ 911,488	$ 5,651,109	$ 266,053	$ 761,936	$ 930,746	$ 4,844,327	$ 4,314,353	$ 2,197,396	$ 1,002,993
Accounts receivable:										
Property taxes	-	-	9,312	-	-	-	9,588	-	-	5,928
Special assessments	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	1,239,147	470,841	160,074	373,182	-	-	165,878	-	-	105,317
Other	6,994	-	-	154,498	-	-	-	223,793	97,896	26,648
Total assets	**$ 3,840,744**	**$ 1,382,329**	**$ 5,820,495**	**$ 793,733**	**$ 761,936**	**$ 930,746**	**$ 5,019,793**	**$ 4,538,146**	**$ 2,295,292**	**$ 1,140,886**
Liabilities										
Accounts payable	$ 4,709	$ 34	$ 142,591	$ 250,146	$ -	$ 3,972	$ 97,378	$ 106,328	$ 5,324	$ 4,418
Due to other governmental units	-	-	-	-	-	-	-	-	163,160	-
Accrued and other liabilities	-	-	563,874	22,711	-	8,271	84,113	3,079	-	8,621
Unearned revenue	-	-	439,853	354,995	-	-	-	-	-	-
Due to fiduciary funds	-	-	-	-	-	-	26,601	-	-	-
Total liabilities	4,709	34	1,146,318	627,852	-	12,243	208,092	109,407	168,484	13,039
Deferred Inflows of Resources - Unavailable revenue	-	-	169,169	175,996	-	-	175,250	223,793	-	107,686
Total liabilities and deferred inflows of resources	4,709	34	1,315,487	803,848	-	12,243	383,342	333,200	168,484	120,725
Fund Balances (Deficit)										
Restricted:										
Streets, roads, and sidewalks	3,836,035	1,382,295	-	-	-	-	-	-	-	-
Adjudicated forfeitures	-	-	-	-	-	-	-	-	2,126,808	-
Capital improvements	-	-	-	-	-	-	-	-	-	-
Community recreation	-	-	4,505,008	-	-	-	-	-	-	-
Street lighting	-	-	-	-	761,936	-	-	-	-	-
Library	-	-	-	-	-	-	4,636,451	-	-	-
Public safety communication	-	-	-	-	-	-	-	4,204,946	-	-
Community transit	-	-	-	-	-	-	-	-	-	1,020,161
Designated purpose	-	-	-	-	-	-	-	-	-	-
Committed:										
Cable access television	-	-	-	-	-	918,503	-	-	-	-
Arts Commission	-	-	-	-	-	-	-	-	-	-
Historical Commission	-	-	-	-	-	-	-	-	-	-
Assigned:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Golf course capital improvements	-	-	-	-	-	-	-	-	-	-
Building improvements	-	-	-	-	-	-	-	-	-	-
Court building improvements	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(10,115)	-	-	-	-	-	-
Total fund balances (deficit)	3,836,035	1,382,295	4,505,008	(10,115)	761,936	918,503	4,636,451	4,204,946	2,126,808	1,020,161
Total liabilities, deferred inflows of resources, and fund balances (deficit)	**$ 3,840,744**	**$ 1,382,329**	**$ 5,820,495**	**$ 793,733**	**$ 761,936**	**$ 930,746**	**$ 5,019,793**	**$ 4,538,146**	**$ 2,295,292**	**$ 1,140,886**

November 30, 2020

	Special Revenue Funds			Debt Service Funds			Capital Project Funds					
	Designated Purpose	Historical Commission	Arts Commission Fund	2015 MBA Refunding	2016 MBA Refunding	2017 MBA Refunding	Golf Course Capital Improvement	Capital Improvement	Special Assessments	Court Building Improvements	Building Improvement Fund	Total Nonmajor Governmental Funds
	$ 454,995	$ 259,153	$ 84,063	$ -	$ -	$ -	$ 187,487	$ 8,425,471	$ 1,541,245	$ 694,666	$ 3,310,897	$ 38,432,981
	-	-	-	-	-	-	-	-	-	-	-	24,828
	-	-	-	-	-	-	-	-	196,767	-	-	196,767
	-	-	-	-	-	-	-	-	-	-	-	2,514,439
	585	-	-	-	-	-	-	-	-	-	-	510,414
	$ 455,580	**$ 259,153**	**$ 84,063**	**$ -**	**$ -**	**$ -**	**$ 187,487**	**$ 8,425,471**	**$ 1,738,012**	**$ 694,666**	**$ 3,310,897**	**$ 41,679,429**
	$ 6,580	$ 5,884	$ -	$ -	$ -	$ -	$ -	$ 183,033	$ 437,772	$ -	$ -	$ 1,248,169
	-	-	-	-	-	-	-	-	-	-	-	163,160
	156,105	20,973	-	-	-	-	-	-	-	-	-	867,747
	-	-	-	-	-	-	-	-	-	-	-	794,848
	-	-	-	-	-	-	-	-	-	-	-	26,601
	162,685	26,857	-	-	-	-	-	183,033	437,772	-	-	3,100,525
	-	-	-	-	-	-	-	-	166,368	-	-	1,018,262
	162,685	26,857	-	-	-	-	-	183,033	604,140	-	-	4,118,787
	-	-	-	-	-	-	-	-	-	-	-	5,218,330
	-	-	-	-	-	-	-	-	-	-	-	2,126,808
	-	-	-	-	-	-	-	7,745,699	1,133,872	-	-	8,879,571
	-	-	-	-	-	-	-	-	-	-	-	4,505,008
	-	-	-	-	-	-	-	-	-	-	-	761,936
	-	-	-	-	-	-	-	-	-	-	-	4,636,451
	-	-	-	-	-	-	-	-	-	-	-	4,204,946
	-	-	-	-	-	-	-	-	-	-	-	1,020,161
	292,895	-	-	-	-	-	-	-	-	-	-	292,895
	-	-	-	-	-	-	-	-	-	-	-	918,503
	-	-	84,063	-	-	-	-	-	-	-	-	84,063
	-	232,296	-	-	-	-	-	-	-	-	-	232,296
	-	-	-	-	-	-	-	496,739	-	-	-	496,739
	-	-	-	-	-	-	187,487	-	-	-	-	187,487
	-	-	-	-	-	-	-	-	-	-	3,310,897	3,310,897
	-	-	-	-	-	-	-	-	-	694,666	-	694,666
	-	-	-	-	-	-	-	-	-	-	-	(10,115)
	292,895	232,296	84,063	-	-	-	187,487	8,242,438	1,133,872	694,666	3,310,897	37,560,642
	$ 455,580	**$ 259,153**	**$ 84,063**	**$ -**	**$ -**	**$ -**	**$ 187,487**	**$ 8,425,471**	**$ 1,738,012**	**$ 694,666**	**$ 3,310,897**	**$ 41,679,429**

	Special Revenue Funds									
	Major Streets	Local Streets	Community Recreation	Grants	SAD Street Lighting	Cable Television	Library	Public Safety Communication	Adjudicated Forfeitures	Community Transit
Revenue										
Property taxes	$ -	$ -	$ 3,336,249	$ -	$ -	$ -	$ 3,433,604	$ -	$ -	$ 614,614
Special assessments	-	-	-	-	1,318,858	-	-	-	-	-
Intergovernmental:										
Federal revenue	-	-	-	638,260	-	-	-	-	24,342	-
State and local revenue	7,833,884	2,967,271	524,425	492,896	-	-	653,328	-	-	333,873
Charges for services	-	-	1,183,382	-	-	-	9,986	410,730	-	19,971
Fines and forfeitures	-	-	-	-	-	-	15,884	-	278,009	-
Interest	40,895	18,439	87,646	-	5,412	10,091	59,137	45,253	20,320	11,042
Other revenue	-	-	76,452	-	-	401,970	42,843	-	-	11,756
Total revenue	7,874,779	2,985,710	5,208,154	1,131,156	1,324,270	412,061	4,214,782	455,983	322,671	991,256
Expenditures										
Current services:										
Public safety	-	-	-	708,262	-	-	-	305,019	161,178	-
Public works	1,954,536	2,291,377	-	-	1,147,010	-	-	-	-	-
Community and economic development	-	-	-	829,878	-	-	-	-	-	-
Recreation and culture	-	-	3,765,798	-	-	410,375	3,189,110	-	-	611,660
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,954,536	2,291,377	3,765,798	1,538,140	1,147,010	410,375	3,189,110	305,019	161,178	611,660
Excess of Revenue Over (Under) Expenditures	5,920,243	694,333	1,442,356	(406,984)	177,260	1,686	1,025,672	150,964	161,493	379,596
Other Financing Sources (Uses)										
Transfers in	-	6,600,000	-	17,591	-	-	-	-	-	-
Transfers out	(6,600,000)	(7,899,996)	(2,177,821)	-	-	-	-	-	-	-
Total other financing (uses) sources	(6,600,000)	(1,299,996)	(2,177,821)	17,591	-	-	-	-	-	-
Net Change in Fund Balances	(679,757)	(605,663)	(735,465)	(389,393)	177,260	1,686	1,025,672	150,964	161,493	379,596
Fund Balances - Beginning of year, as restated	4,515,792	1,987,958	5,240,473	379,278	584,676	916,817	3,610,779	4,053,982	1,965,315	640,565
Fund Balances (Deficit) - End of year	**$ 3,836,035**	**$ 1,382,295**	**$ 4,505,008**	**$ (10,115)**	**$ 761,936**	**$ 918,503**	**$ 4,636,451**	**$ 4,204,946**	**$ 2,126,808**	**$ 1,020,161**

Year Ended November 30, 2020

Special Revenue Funds			Debt Service Funds			Capital Projects Funds					
Designated Purpose	Historical Commission	Arts Commission Fund	2015 MBA Refunding	2016 MBA Refunding	2017 MBA Refunding	Golf Course Capital Improvement	Capital Improvement	Special Assessments	Court Building Improvements	Building Improvement Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,508,717	$ -	$ -	$ -	$ 8,893,184
-	-	-	-	-	-	-	-	124,037	-	-	1,442,895
-	-	-	-	-	-	-	-	-	-	-	662,602
-	-	-	-	-	-	-	-	-	-	-	12,805,677
-	1,659	-	-	-	-	113,744	-	-	-	-	1,739,472
-	-	-	-	-	-	-	-	-	289,767	-	583,660
-	3,175	763	-	-	-	1,422	92,046	33,807	10,876	14,346	454,670
112,931	15,147	620	-	-	-	-	-	12,838	-	-	674,557
112,931	19,981	1,383	-	-	-	115,166	1,600,763	170,682	300,643	14,346	27,256,717
-	-	-	-	-	-	-	-	-	-	-	1,174,459
-	-	-	-	-	-	-	-	-	-	-	5,392,923
-	-	-	-	-	-	-	-	-	-	-	829,878
122,853	30,889	212	-	-	-	-	-	-	-	-	8,130,897
-	-	-	-	-	-	98,034	2,661,544	149,719	-	-	2,909,297
-	-	-	160,000	320,000	1,330,000	-	-	-	-	-	1,810,000
-	-	-	23,471	229,100	664,350	-	-	-	-	-	916,921
122,853	30,889	212	183,471	549,100	1,994,350	98,034	2,661,544	149,719	-	-	21,164,375
(9,922)	(10,908)	1,171	(183,471)	(549,100)	(1,994,350)	17,132	(1,060,781)	20,963	300,643	14,346	6,092,342
-	-	-	183,471	549,100	1,994,350	-	3,066,238	-	-	2,031,957	14,442,707
-	-	-	-	-	-	-	-	-	(549,100)	-	(17,226,917)
-	-	-	183,471	549,100	1,994,350	-	3,066,238	-	(549,100)	2,031,957	(2,784,210)
(9,922)	(10,908)	1,171	-	-	-	17,132	2,005,457	20,963	(248,457)	2,046,303	3,308,132
302,817	243,204	82,892	-	-	-	170,355	6,236,981	1,112,909	943,123	1,264,594	34,252,510
$ 292,895	**$ 232,296**	**$ 84,063**	**$ -**	**$ -**	**$ -**	**$ 187,487**	**$ 8,242,438**	**$ 1,133,872**	**$ 694,666**	**$ 3,310,897**	**$ 37,560,642**

Other Supplemental Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds

November 30, 2020

	Pension and Other Employee Benefit Trust Funds			Custodial Funds				
	Employees Retirement System	VEBA	Total	Special Trust Fund	Undistributed Tax Fund	Special Operation Team	District Court Fund	Total
Assets								
Cash and cash equivalents	$ 455,996	$ 167,866	$ 623,862	$ 105,650	$ 2,635,467	$ 62,910	$ 953,457	$ 3,757,484
Investments:								
U.S. government securities	3,668,602	8,172,747	11,841,349	-	-	-	-	-
Collateralized mortgage obligations	4,428,044	3,554,308	7,982,352	-	-	-	-	-
Common stocks	120,753,838	54,710,512	175,464,350	-	-	-	-	-
Corporate bonds	8,243,863	10,168,519	18,412,382	-	-	-	-	-
Real estate investment trust	3,822,921	760,695	4,583,616	-	-	-	-	-
Foreign bonds	173,708	1,002,652	1,176,360	-	-	-	-	-
Mutual funds	81,198,986	44,393,442	125,592,428	-	-	-	-	-
Accounts receivable	47,231	912,778	960,009	13,000	-	1,525	-	14,525
Due from primary government	172,547	115,092	287,639	-	-	-	-	-
Total assets	222,965,736	123,958,611	346,924,347	118,650	2,635,467	64,435	953,457	3,772,009
Liabilities								
Accounts payable	321,115	1,202,854	1,523,969	16,207	-	-	-	16,207
Due to other governmental units	36,922	-	36,922	-	2,635,467	750	65,280	2,701,497
Bonds and other deposits	-	-	-	102,443	-	-	170,394	272,837
Total liabilities	358,037	1,202,854	1,560,891	118,650	2,635,467	750	235,674	2,990,541
Net Position								
Restricted:								
Pension	222,607,699	-	222,607,699	-	-	-	-	-
Postemployment benefits other than pension	-	122,755,757	122,755,757	-	-	-	-	-
Individuals, organizations, and other governments	-	-	-	-	-	63,685	717,783	781,468
Total net position	**$ 222,607,699**	**$ 122,755,757**	**$ 345,363,456**	**$ -**	**$ -**	**$ 63,685**	**$ 717,783**	**$ 781,468**

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

Year Ended November 30, 2020

	Pension and Other Employee Benefit Trust Funds			Custodial Funds				
	Employees Retirement System	VEBA	Total	Special Trust Fund	Undistributed Tax Fund	Special Operation Team	District Court Fund	Total
Additions								
Investment income (loss):								
Interest and dividends	$ 4,529,686	$ 2,952,646	$ 7,482,332	$ -	$ 22,699	$ 951	$ 2,041	$ 25,691
Net increase in fair value of investments	18,189,866	7,993,708	26,183,574	-	-	-	-	-
Investment costs	(546,744)	(307,803)	(854,547)	-	-	-	-	-
Net investment income	22,172,808	10,638,551	32,811,359	-	22,699	951	2,041	25,691
Contributions:								
Employer	1,019,900	5,331,203	6,351,103	-	-	-	-	-
Employee	212,251	389,287	601,538	-	-	-	-	-
Total contributions	1,232,151	5,720,490	6,952,641	-	-	-	-	-
Collections for other governments	-	-	-	132,368	143,035,332	77,000	-	143,244,700
Fines and fees	-	-	-	-	-	-	1,026,877	1,026,877
Bond receipts	-	-	-	-	-	-	615,564	615,564
Restitutions, judgments, and other	-	-	-	-	-	-	282,618	282,618
Volunteer work program and civil drug fund	-	-	-	-	-	-	221,655	221,655
Total additions	23,404,959	16,359,041	39,764,000	132,368	143,058,031	77,951	2,148,755	145,417,105
Deductions								
Pension benefit payments	18,823,771	-	18,823,771	-	-	-	-	-
Medical benefit payments	-	8,949,761	8,949,761	-	-	-	-	-
Disability benefit payments	-	185,728	185,728	-	-	-	-	-
Refunds of contributions	642,807	-	642,807	-	-	-	-	-
Administrative expenses	232,019	49,673	281,692	-	-	-	-	-
Disbursements to other governments	-	-	-	132,368	143,058,031	49,527	1,027,214	144,267,140
Bond forfeitures	-	-	-	-	-	-	615,564	615,564
Restitutions, judgments, and other refunds	-	-	-	-	-	-	282,618	282,618
Volunteer work program and civil drug fund	-	-	-	-	-	-	286,497	286,497
Total deductions	19,698,597	9,185,162	28,883,759	132,368	143,058,031	49,527	2,211,893	145,451,819
Net Increase (Decrease) in Fiduciary Net Position	3,706,362	7,173,879	10,880,241	-	-	28,424	(63,138)	(34,714)
Net Position - Beginning of year, as restated	218,901,337	115,581,878	334,483,215	-	-	35,261	780,921	816,182
Net Position - End of year	**$ 222,607,699**	**$ 122,755,757**	**$ 345,363,456**	**$ -**	**$ -**	**$ 63,685**	**$ 717,783**	**$ 781,468**

City of Livonia, Michigan

End of Audit Communications

Year ended November 30, 2020

plante moran | Audit. Tax. Consulting.

PRAXITY™ Empowering Business Globally

plante moran | Audit. Tax. Consulting.

May 20, 2021

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, 2020 and have issued our report thereon dated May 20, 2021. 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

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 February 1, 2021, 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 20, 2021 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 February 11, 2021.

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.

During the year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which is further described in Note 1 to the financial statements.

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. We obtained audited financial statements for the investment funds as of December 31, 2019 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 audit. We also performed limited analytical procedures on the revenue and expenses reported by funds from January 1, 2020 to November 30, 2020. 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 pension and OPEB liabilities recorded are based on an actuarial valuations that include 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 asset and liability recorded 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 requirements, 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 dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. 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 aggregate, to be immaterial to the financial statements as a whole.

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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 20, 2021.

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, 2020, General Fund revenue exceeded General Fund expenditures by approximately $1.3 million. Actual spending in the General Fund was approximately $6.0 million less than the amended budget, while actual revenue in the General Fund was approximately $2.7 million less than the amended budget.

We commend the City for the swift actions taken following the onset of the COVID-19 pandemic. While the City saw decreases in recreation fees, investment income, and fines and forfeitures, the largest revenue sources - property taxes, state-shared revenue, Act 51 funding for roads, and water and sewer revenue - were not significantly impacted. The General Fund likely would have used fund balance in 2020 if not for the $2.9 million of CARES Act funds received.

The City will also receive an award from the American Rescue Plan passed by the federal government in March 2021. The funds must be obligated by the end of 2024, and the details regarding how they can be used are expected to be released soon. Given the one-time nature of this award and the limitations on how it can be spent, the City will need to be strategic in planning for its uses.

Legacy Costs - Pension

Legacy costs and the challenge of funding them continue to be a topic of discussion. GASB pronouncements have placed even more focus on the net long-term liability arising from these benefit promises. The City’s defined benefit pension system is 95.6 percent funded as of November 30, 2020 based on the GASB Statement No. 68 actuarial valuation. To the extent that you have been able to make some gains in terms of your funded status, the funded status is dependent on a number of assumptions (how long participants live, investment performance, etc.).

For a number of years, employer contributions to the pension system were not actuarially required. In fiscal years 2012 through 2020, 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 2020 were approximately $11.3 million. During fiscal year 2020, the City contributed the actuarially determined amount of approximately $1 million. The required contributions calculated by the actuary for fiscal year 2021 are approximately $1.9 million; however, this amount is an estimate based on a funding valuation completed prior to public safety employees becoming eligible for the defined benefit plan once again.

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 growing 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, 2020, approximately $122.8 million in net position for these costs. The City's defined benefit postemployment health care system (VEBA) is 59.2 percent funded as of November 30, 2020 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, 2020 amounted to $84.8 million.

The City has been completing actuarial valuations for VEBA funding purposes and making an annual contribution for many years. During fiscal year 2020, the required contribution was approximately $3.3 million, and the City contributed $5.3 million. Going forward, the VEBA has instructed the actuary to calculate the contributions required to fully fund the plan within 28 years. As a result of this assumption, required contributions are expected to increase to over $7 million per year going forward.

Section III - Legislative and Informational Items

COVID-19 Resource Center

Plante & Moran, PLLC has assembled a COVID-19 task force of leaders across the firm to monitor, address, and mitigate risks presented by the virus. We understand the unique challenges our local governments are facing in providing essential services to protect communities during the COVID-19 crisis, while going forward, they face seemingly impossible choices around staffing, capital projects, pension obligations, and dozens of other items in the face of an uncertain revenue outlook. We are sharing our insights within our government COVID-19 resource center at https://www.plantemoran.com/explore-our-thinking/areas-of-focus/covid-19-government-resource-center. We will keep you updated with relevant economic analyses, crisis management guidelines, notices of changing regulations, and more to keep the City running as smoothly as possible amidst uncertainty and unprecedented disruption.

We are also sharing Coronavirus Aid, Relief, and Economic Security (CARES) Act-specific insights within our CARES Act COVID-19 resource center at https://www.plantemoran.com/explore-our-thinking/areas-of-focus/cares-act-resource-center. Have questions about the CARES Act? Submit them at https://www.plantemoran.com/campaigns/firm/cares-act by simply providing your contact information and agreeing to our terms and conditions, and an expert from our task force will contact you within 24 hours.

Want to receive relevant content directly to your email? Subscribe at https://www.plantemoran.com/subscribe where you can customize your subscription preferences based on your specific interests and industry selection.

Cybersecurity and Information Technology

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.

Updated Uniform Chart of Accounts

In April 2017, the State released an updated Uniform Chart of Accounts. Originally, local units of government were expected to comply with the changes beginning with June 30, 2018 year ends. However, the State has extended the deadline for compliance. On April 20, 2020, the State issued a memo that sets an implementation date for fiscal years ending on October 31, 2022 and thereafter. The State has committed to releasing various tools to help local units with implementation, including FAQs and clarification on which accounts should be used when implementing GASB 84. A final release of the chart of accounts was issued in November 2020 and is available at this link: https://www.michigan.gov/documents/uniformchart_24524_7.pdf. This final version follows various exposure drafts and revisions in order to comply with changing GASB standards and statutory changes and reformats the document to make it more user-friendly. The Treasury will provide alerts for any guidance and resources, and local units can sign up for alerts at this link:

https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp=MITREAS_1.

Revenue Sharing

The fiscal year 2021 governor's budget recommendation includes $1.4 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 2021, 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 Standard Requiring Preparation

GASB Statement No. 87 - Leases

While there are a number of new standards effective over the coming years, GASB 87 has the potential to be most impactful to the City. This new accounting pronouncement will be effective for fiscal year 2022. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

We recommend beginning to accumulate information now related to all significant lease agreements in order to more efficiently implement this new standard once it becomes effective.

Plante & Moran, PLLC will be providing trainings and other resources to our clients in the coming months to help prepare for the implementation of this new standard. In the interim, please reach out to your engagement team for assistance in getting started.

City of Livonia, Michigan

Federal Awards Supplemental Information

November 30, 2020

Contents

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

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 City of Livonia, Michigan (the "City") as of and for the year ended November 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 20, 2021, which contained an unmodified opinion on the 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 20, 2021.

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

Plante & Moran, PLLC

May 20, 2021

PRAXITY™
Empowering Business Globally

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

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, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Livonia, Michigan'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Livonia, Michigan'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.*

PRAXITY™
Empowering Business Globally

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 20, 2021

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

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

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

PRAXITY™
Empowering Business Globally

To the City Council
City of Livonia, Michigan

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

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

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

Plante & Moran, PLLC

May 20, 2021

Schedule of Expenditures of Federal Awards

Year Ended November 30, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA 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	$ -	$ 63,790
U.S. Department of Housing and Urban Development:				
Community Development Block Grant - Entitlement Grants Cluster:				
Program year 2020	14.218	B05 MC-26-0020	560	261,318
Program year 2019	14.218	B05 MC-26-0019	24,800	294,650
COVID-19 - CDBG Entitlement Grant	14.218	N/A	-	161,617
Total CDBG Entitlement Grants			25,360	717,585
Passed through Wayne County, Michigan - HOME Investment Partnership Program - Program year 2019	14.239	M-19-HOME	-	112,294
Total U.S. Department of Housing and Urban Development			25,360	829,879
U.S. Department of Justice:				
Federal Equitable Sharing Program	16.922	N/A	-	90,925
Bulletproof Vest Partnership Program	16.607	BUBX-16080626	-	2,664
U.S. Marshals - Detroit Fugitive Apprehension Task Force	16.unknown	N/A	-	10,592
Drug Enforcement Agency - Drug Enforcement Task Force	16.unknown	N/A	-	3,583
Federal Bureau of Investigation - Drug Enforcement Task Force	16.unknown	N/A		3,708
Federal Bureau of Investigation - Detroit Major Crimes Task Force	16.unknown	88A-DE-C98253	-	11,230
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	N/A	-	22,004
Passed through Wayne County, Michigan - 2017 Edward Byrne Memorial Justice Assistance Grant	16.738	H218636-MI DJ	-	8,996
Total U.S. Department of Justice			-	153,702
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	-	2,846
Highway Planning and Construction Cluster - Passed through SEMCOG - Highway Planning and Construction	20.205	FHWA-PL112	-	538
Total U.S. Department of Transportation			-	3,384
U.S. Department of Treasury - Passed through Michigan Department of Treasury - Coronavirus Aid, Relief, and Economic Security Act:				
COVID-19 - Coronavirus Relief Fund (FRHPPP)	21.019	N/A	-	211,000
COVID-19 - Coronavirus Relief Fund (PSPHPRP)	21.019	N/A	-	2,392,511
COVID-19 - Coronavirus Relief Fund (CRLGG)	21.019	N/A	-	254,860
Total U.S. Department of Treasury			-	2,858,371

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended November 30, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
National Endowment For The Humanities - Passed through the Michigan Department of Education COVID-19 - Grants to States	45.310	N/A	$ -	$ 1,054
U.S. Department of Environmental Protection Agency - Passed through the Michigan Department of Environmental Quality - Drinking Water State Revolving Fund Cluster - Capitalization Grants for Drinking Water State Revolving Funds	66.468	7452-01	-	1,068,263
U.S. Election Assistance Commission - Passed through Michigan Department of State - COVID-19 - 2018 HAVA Election Security Grants	90.404	N/A	-	39,396
U.S. Department of Homeland Security - Passed through the Michigan Department of State Police - 2020 Emergency Management Performance Grant	97.042	N/A	-	30,223
Total federal awards			**$ 25,360**	**$ 5,048,062**

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, 2020

Revenue from federal sources - As reported on financial statements (includes all funds)	$ 3,520,973
Program income in excess of expenditures	(27,866)
Add value of noncash assistance	63,790
Federal expenditures in excess of current year revenue	304,447
Funds to be reported on FY 2021 SEFA per the compliance supplement	(58,596)
Add value of loans received	1,068,263
Deferred revenue not reported for year ended November 30, 2020	177,051
Federal expenditures per the schedule of expenditures of federal awards	**$ 5,048,062**

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, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of 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 with the exception of the expenditures related to CFDA 66.468, *Capitalization Grants for Drinking Water State Revolving Funds (DWSRF) program*. The DWSRF expenditures are reported on cash basis in accordance with the subrecipient reporting guidelines outlined in the 2020 OMB Compliance Supplement for CFDA 66.468.

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, except for expenditures related to CFDA 21.019, *Coronavirus Relief Fund (CRF)*. CRF does not apply 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*, but rather applies the U.S. Department of Treasury’s guidance. Pass-through entity identifying numbers are presented where available.

The City of Livonia, Michigan 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, 2020 that is included in the schedule of expenditures of federal awards:

Federal Program	CFDA Number	Description	Amount
U.S. Department of Agriculture - Passed through Wayne Metropolitan Community Services Agency	10.569	USDA Food Distribution	$ 63,970

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ______ Yes __X__ None reported

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
21.019	U.S. Department of Treasury - COVID-19 - Coronavirus Relief Fund (CRF)
66.468	U.S. Department of Environmental Protection Agency - Drinking Water State Revolving Fund

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

Auditee qualified as low-risk auditee? __X__ Yes ______ No

Schedule of Findings and Questioned Costs (Continued)

Year Ended November 30, 2020

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	