

Livonia Public Schools

**Financial Report
with Supplemental Information
June 30, 2017**

Livonia Public Schools

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Independent Auditor's Report

To the Board of Education
Livonia Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise Livonia Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Education
Livonia Public Schools

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools as of June 30, 2017 and the respective changes in its financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis, major fund budgetary comparison schedules, schedule of Livonia Public Schools' proportionate share of the net pension liability for MPERS determined as of the plan year ended September 30, and the schedule of Livonia Public Schools' contributions to MPERS determined as of the year ended June 30, as identified on 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 Livonia Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

To the Board of Education
Livonia Public Schools

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2017 on our consideration of Livonia Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livonia Public Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 21, 2017

Livonia Public Schools

Management's Discussion and Analysis

This section of Livonia Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2017. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Livonia Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the Special Education Center Program Fund, the Buildings and Repairs Fund, and the 2013 Series II Bond Fund, with all other funds presented in one column as nonmajor funds. One of the remaining statements, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The other remaining statements relate to the School District's internal service fund.

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

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)

Budgetary Information for Major Funds

Schedule of Proportionate Share of MPSERS Net Pension Liability

Schedule of MPSERS Contributions

Other Supplemental Information

Livonia Public Schools

Management's Discussion and Analysis (Continued)

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District's net position - the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

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

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

Livonia Public Schools

Management's Discussion and Analysis (Continued)

Proprietary Fund - Proprietary fund reporting focuses on economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services they provide to the other funds.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table I provides a summary of the School District's net position as of June 30, 2017 and 2016:

Table I

	Governmental Activities	
	June 30	
	2017	2016
	(in millions)	
Assets		
Current and other assets	\$ 126.1	\$ 176.2
Capital assets	226.6	194.6
Total assets	352.7	370.8
Deferred Outflows of Resources - Deferred outflows related to pensions	34.9	29.7
Total assets and deferred outflows of resources	387.6	400.5
Liabilities		
Current liabilities	29.3	45.7
Long-term liabilities	232.4	241.7
Net pension liability	278.5	279.9
Total liabilities	540.2	567.3
Deferred Inflows of Resources		
Deferred charges on bond refunding	3.3	3.8
Deferred inflows related to pensions and revenue contributions	16.0	10.2
Total liabilities and deferred inflows of resources	559.5	581.3
Net Position		
Net investment in capital assets	67.2	54.8
Restricted	0.4	13.9
Unrestricted deficit	(239.5)	(249.5)
Total net position	\$ (171.9)	\$ (180.8)

Livonia Public Schools

Management's Discussion and Analysis (Continued)

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was (\$171.9) million at June 30, 2017. The School District experienced an increase in net position of \$8.9 million. Changes during the year resulted from several changes, including current assets (cash) decreasing \$50.1 million, long-term liabilities (bond debt), including deferred charges on refunding, decreasing \$9.8 million, and net pension liability, including deferred inflows related to pensions and revenue contributions, increasing \$4.4 million. Furthermore, capital assets, net of depreciation, increased approximately \$32 million and current liabilities decreased \$16.4 million.

Net investment in capital assets totaling \$67.2 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position of \$0.4 million is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, (\$239.5) million, was unrestricted.

The (\$239.5) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. This includes all of the different governmental fund types. Thus, it is important to note that not all unrestricted net position is set aside for day-to-day General Fund operations. It includes funds set aside to complete capital projects, provide for food service, and cover special education shortfalls. The negative unrestricted net position balance is attributed to the \$278.5 million net pension liability and pension-related activity arising from the underfunded MPERS pension obligation.

Livonia Public Schools

Management's Discussion and Analysis (Continued)

The change in net position of the School District's governmental activities is discussed below.

Table 2

	Governmental Activities	
	Year Ended June 30	
	2017	2016
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 7.9	\$ 7.7
Operating grants and contributions	53.8	33.4
General revenue (loss):		
Property taxes	46.7	46.7
State foundation allowance	92.8	99.1
Gain on sale of capital assets	-	0.6
Loss on impairment of capital assets	(1.2)	-
Other	0.8	0.4
Total revenue	<u>200.8</u>	<u>187.9</u>
Functions/Program Expenses		
Instruction	101.3	98.8
Support services	72.2	66.2
Athletics	2.1	1.6
Food services	3.8	3.6
Community services	3.4	2.9
Payments to other public schools	0.1	0.1
Interest on long-term debt	8.9	7.5
Other	0.1	0.7
Total functions/program expenses	<u>191.9</u>	<u>181.4</u>
Increase in Net Position	8.9	6.5
Net Position - Beginning of year	<u>(180.8)</u>	<u>(187.3)</u>
Net Position - End of year	<u><u>\$ (171.9)</u></u>	<u><u>\$ (180.8)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$191.9 million. Certain activities were partially funded from those who benefited from the programs with \$7.9 million of charges for services or by other governments and organizations that subsidized certain programs with grants and contributions of \$53.8 million. We paid for the remaining "public benefit" portion of our governmental activities with \$46.7 million in taxes and \$92.8 million in state foundation allowance. The School District incurred a \$1.2 million loss related to impairment of two closed buildings.

Livonia Public Schools

Management's Discussion and Analysis (Continued)

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$95.9 million, which is a decrease of \$33.7 million from last year.

This is primarily the result of expending the proceeds from the 2013 Bond. There was a decrease in fund balance of \$15.3 million for 2013 Bond Series I and \$30.0 million for 2013 Bond Series II. The decrease in these funds was offset by increases in other governmental funds. There was an increase in fund balance of \$8.4 million in the General Fund, \$2.8 million in the sinking fund, and \$0.4 million in other nonmajor governmental funds.

As mentioned above, the 2013 Bond Series I Fund and 2013 Bond Series II Fund balances have decreased by approximately \$15.3 million and \$30.0 million, respectively. This is a result of the continued capital project expenditures that have included major upgrades to school buildings across the district and the continuation of technology infrastructure upgrades throughout the School District. There are plans for the remaining voter-approved bond funds to be expended over the next two years.

The special revenue funds remained comparable to the prior year. The Food Service Fund and Special Education Center Program Fund experienced a \$24,000 increase and \$385,000 decrease, respectively, in fund balance. In addition, indirect costs in the Special Education Fund and Food Service Fund were transferred to the General Fund.

Combined, the Debt Service Funds showed a fund balance increase of approximately \$101,000. The School District millage rates decreased from the prior year to 4.54 mills. The millage rate for debt service results from the Construction Bond of \$195 million approved by the Livonia Public School voters in May 2013 and the 2014 Refunding Bonds of \$65 million refinanced in February 2014. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Funds fund balances are restricted since they can only be used to pay debt service obligations.

Livonia Public Schools

Management's Discussion and Analysis (Continued)

The combined Capital Projects Funds (excluding the 2013 Bond Funds) fund balances have increased approximately \$3.5 million. The sinking fund recognized a \$2.8 million fund balance increase. These funds are so important for the district as they help fund major repair needs throughout the School District. The School District has a plan to utilize these funds in the coming year to address critical needs not addressed by the 2013 Bond. The Technology Fund recognized a \$47,000 decrease in fund balance. The Technology Fund is used to upgrade and replace district technology. Lastly, the Capital Projects Funds saw an increase in fund balance of \$700,000. This is available to cover renovation costs at Garfield Community School, which will begin to house the Work Skills Program and Great Start Readiness Program during the 2017-2018 school year.

General Fund Budgetary Highlights

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

The School District is pleased to report that in the General Fund, our principal operating fund, the fund balance increased from \$8.3 million to \$16.7 million. The presence of a fund balance allows the School District to better manage the impact of a myriad things such as mid-year reductions in funding, declining enrollment, and increased healthcare costs all while avoiding drastic changes in educational programs and/or employee layoffs during the school year.

There were revisions made to the 2016-2017 General Fund original budget. The major change was an increase in revenue of \$4.7 million due to the passage of the Wayne County Enhancement Millage in November 2016.

The final budgeted General Fund revenue increased \$5.3 million from the original budgeted amount. The two main sources of the increased budgeted revenue were the Wayne County Enhancement Millage (\$4.7 million) and a one-time payment made by Wayne County RESA to offset Special Education Transportation costs (\$783,000).

There were a few variances between the final budget and actual amounts received in revenue. The School District recorded an additional \$1.6 million in revenue over what we anticipated during the preparation of our final budget amendment. The two main reasons for the variance are an additional \$800,000 in property taxes (due largely to a decreasing trend in delinquent taxes) and an additional \$400,000 in state revenue.

There were adjustments to the original expenditure budget of \$800,000. This is primarily a result of decrease in budgeted staffing costs. The original budget was adopted before actual staffing levels were known and the budget for staffing was adjusted as additional information became available.

Livonia Public Schools

Management's Discussion and Analysis (Continued)

There were variances between the final budget and the actual expenditures. Overall expenditures were \$1.2 million less than anticipated. Salaries and benefits came in very close to what was budgeted. Salary and benefits were only \$54,000 less than budgeted. Purchased services came in \$268,000 less than budgeted. Supplies and equipment expenditures were \$426,000 less than budgeted. Other expenditures came in \$414,000 less than anticipated.

The revenue and expenditures coming in better than budgeted will have a positive impact on the 2017-2018 budget as the beginning fund balance will be \$2.8 million higher than we anticipated. This will be reflected during our first budget amendment of the 2017- 2018 school year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2017, the School District had \$362.7 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$32.0 million, or 16.5 percent, from last year.

	2017	2016
Land	\$ 6,603,825	\$ 6,603,825
Construction in progress	27,985,647	38,238,677
Buildings and building improvements	292,801,660	249,048,184
Furniture and equipment	24,478,031	22,166,173
Buses and other vehicles	10,807,044	8,968,766
Total capital assets	362,676,207	325,025,625
Less accumulated depreciation	136,059,734	130,451,080
Net capital assets	<u>\$ 226,616,473</u>	<u>\$ 194,574,545</u>

This year's net additions of \$32.0 million included primarily building renovations. This year marked the fourth year of major expenditures of the 2013 bond proceeds. Phase 3 projects that were completed in beginning of the school year included major renovation and upgrades to five schools: Grant, Hoover, and Randolph Elementary Schools, Johnson Upper Elementary School, and Holmes Middle School. Another ongoing Phase 3 project included Stevenson High School, which will be completed at the beginning of the 2017-2018 school year. Also continued this fiscal year were transportation purchases including the purchase of additional school buses and security cameras for buses as well as district-wide technology purchases. We present more detailed information about our capital assets in the notes to the financial statements.

Livonia Public Schools

Management's Discussion and Analysis (Continued)

Debt

At the end of this year, the School District had \$209.0 million in bonds outstanding versus \$217.0 million in the previous year - a change of 3.7 percent. Those outstanding bonds consist of the following:

	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 209,020,000	\$ 216,990,000

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$209.0 million is significantly below the statutorily imposed limit. Bond payments are due annually and extend through the year 2045. The annual property tax levy to extinguish current debt in 2016-2017 is \$4.54 mills. Other long-term obligations include accrued vacation pay, sick leave, and severance pay. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2017-2018 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2018 fiscal year is 10 percent and 90 percent of the February 2017 and October 2017 student counts, respectively. The 2017-2018 budget was adopted in June 2017, based on an estimate of students that will be enrolled in September 2017. Almost 81 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2017-2018 school year, we anticipate that the fall student count will be less than the estimates used in creating the 2017-2018 budget. Once the final student count and related per-pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations. The School District amends the budget throughout the year to reflect the most accurate projections in revenue including state aid, local revenue, or other resources. We also analyze the budget for potential changes in staffing, healthcare costs, utilities, and other costs.

Contacting the School District's Management

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

Livonia Public Schools

Statement of Net Position June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 3)	\$ 25,458,121
Receivables	24,324,022
Inventories	141,271
Prepaid costs and other assets	207,718
Restricted assets (Notes 3 and 10)	75,939,991
Capital assets - Net (Note 6)	<u>226,616,473</u>
Total assets	352,687,596
Deferred Outflows of Resources -	
Deferred outflows related to pensions (Note 13)	<u>34,918,807</u>
Total assets and deferred outflows of resources	387,606,403
Liabilities	
Accounts payable	7,617,255
Accrued payroll-related liabilities	10,813,246
Accrued interest	1,709,890
Due to other governmental units	6,522,429
Claims payable (Note 11)	783,970
Unearned revenue (Note 5)	1,827,235
Long-term liabilities (Note 9):	
Due within one year	10,363,910
Due in more than one year	222,007,136
Net pension liability (Note 13)	<u>278,547,083</u>
Total liabilities	540,192,154
Deferred Inflows of Resources	
Deferred charges on refunding (Note 9)	3,339,567
Deferred inflows related to pensions and revenue contributions (Note 13)	<u>15,984,981</u>
Total deferred inflows of resources	<u>19,324,548</u>
Total liabilities and deferred inflows of resources	<u>559,516,702</u>
Net Position	
Net investment in capital assets	67,189,759
Restricted - Debt service	388,466
Unrestricted deficit	<u>(239,488,524)</u>
Total net position	<u><u>\$ (171,910,299)</u></u>

Livonia Public Schools

Statement of Activities Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government - Governmental activities:				
Instruction	\$ 101,374,977	\$ 582,794	\$ 30,170,090	\$ (70,622,093)
Support services	72,188,111	71,250	21,472,722	(50,644,139)
Athletics	2,109,623	939,758	-	(1,169,865)
Food services	3,778,829	1,846,159	2,093,996	161,326
Community services	3,396,203	4,407,396	-	1,011,193
Payments to other public schools (ISDs, LEAs)	47,131	-	-	(47,131)
Interest on long-term debt	8,859,213	-	-	(8,859,213)
Other	46,839	-	-	(46,839)
Total primary government	\$ 191,800,926	\$ 7,847,357	\$ 53,736,808	(130,216,761)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				23,752,426
Property taxes, levied for debt service				18,273,449
Property taxes, levied for capital projects				4,641,405
State aid not restricted to specific purposes				92,817,111
Interest and investment earnings				611,719
Loss on the impairment of capital assets (Note 6)				(1,183,301)
Other sources				226,533
Total general revenue				139,139,342
Change in Net Position				8,922,581
Net Position - Beginning of year				(180,832,880)
Net Position - End of year				\$ (171,910,299)

Livonia Public Schools

Governmental Funds Balance Sheet June 30, 2017

	General Fund	Special Education Center Programs	Buildings and Repairs Fund	2013 Bond Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments (Note 3)	\$ 24,158,637	\$ -	\$ -	\$ 467,851	\$ 831,633	\$ 25,458,121
Receivables:						
Taxes receivable	16,228	-	5,258	-	20,114	41,600
Accounts receivable	106,603	-	-	148,358	17,581	272,542
Due from other governmental units	22,971,944	688,491	-	3,000	346,445	24,009,880
Due from other funds (Note 7)	44,640	5,890,731	2,607,906	225,450	1,861,786	10,630,513
Inventory	112,346	-	-	-	28,925	141,271
Prepaid assets	13,515	219	-	-	18,184	31,918
Restricted assets (Note 10)	-	-	14,265,549	59,682,884	1,991,558	75,939,991
Total assets	\$ 47,423,913	\$ 6,579,441	\$ 16,878,713	\$ 60,527,543	\$ 5,116,226	\$ 136,525,836
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 899,585	\$ 18,531	\$ 186,893	\$ 3,707,965	\$ 52,864	\$ 4,865,838
Accrued payroll-related liabilities	10,090,888	719,849	-	-	2,509	10,813,246
Due to other governmental units	2,113,749	4,407,463	-	-	1,217	6,522,429
Due to other funds (Note 7)	15,439,453	-	-	-	821,043	16,260,496
Unearned revenue (Note 5)	1,827,235	-	-	-	-	1,827,235
Total liabilities	30,370,910	5,145,843	186,893	3,707,965	877,633	40,289,244
Deferred Inflows of Resources -						
Unavailable revenue (Note 5)	365,443	-	-	-	-	365,443
Total liabilities and deferred inflows of resources	30,736,353	5,145,843	186,893	3,707,965	877,633	40,654,687
Fund Balances						
Nonspendable:						
Inventory	112,346	-	-	-	28,925	141,271
Prepaid assets	13,515	219	-	-	18,184	31,918
Restricted:						
Capital projects	-	-	16,691,820	56,819,578	-	73,511,398
Debt service	-	-	-	-	2,098,356	2,098,356
Food service	-	-	-	-	605,651	605,651
Assigned:						
Capital projects	-	-	-	-	1,487,477	1,487,477
Center Program	-	1,433,379	-	-	-	1,433,379
Unassigned	16,561,699	-	-	-	-	16,561,699
Total fund balances	16,687,560	1,433,598	16,691,820	56,819,578	4,238,593	95,871,149
Total liabilities, deferred inflows of resources, and fund balances	\$ 47,423,913	\$ 6,579,441	\$ 16,878,713	\$ 60,527,543	\$ 5,116,226	\$ 136,525,836

Livonia Public Schools

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2017

Fund Balance Reported in Governmental Funds	\$	95,871,149
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of capital assets	\$	362,676,207
Accumulated depreciation	<u>(136,059,734)</u>	226,616,473
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		365,443
Deferred outflows related to pension payments made subsequent to the measurement date		30,925,952
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:		
Bonds payable including premium	(228,378,952)	
Compensated absences	<u>(3,992,094)</u>	(232,371,046)
Accrued interest payable is not included as a liability in governmental funds		(1,709,890)
Deferred inflows of resources (deferred interest) that do not benefit the current period are not reported in the governmental funds		(3,339,567)
Deferred outflows related to pensions		3,992,855
Internal Service Fund assets and liabilities are included in governmental activities in the statement of net position		2,270,396
Net pension obligations do not present a claim on current financial resources and are not reported as fund liabilities		(278,547,083)
Deferred inflows related to pensions and revenue contributions are not reported in the governmental funds		<u>(15,984,981)</u>
Net Position of Governmental Activities	\$	<u>(171,910,299)</u>

Livonia Public Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	Special Education Center Programs	Buildings and Repairs Fund	2013 Bond Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Local sources	\$ 30,436,499	\$ 14,466	\$ 4,699,507	\$ 477,694	\$ 20,814,684	\$ 56,442,850
State sources	115,258,737	5,154,578	-	-	684,600	121,097,915
Federal sources	6,581,072	-	-	-	1,940,671	8,521,743
Interdistrict sources	5,958,283	11,298,827	-	-	-	17,257,110
Total revenue	158,234,591	16,467,871	4,699,507	477,694	23,439,955	203,319,618
Expenditures						
Current:						
Instruction	89,987,733	11,837,324	-	-	-	101,825,057
Support services	54,366,476	4,009,337	123,208	291,511	350,755	59,141,287
Athletics	1,981,261	-	-	-	-	1,981,261
Food services	-	-	-	-	3,771,743	3,771,743
Community services	3,432,908	-	-	-	-	3,432,908
Debt service:						
Principal	-	-	-	-	7,970,000	7,970,000
Interest	-	-	-	-	11,318,865	11,318,865
Other	-	-	-	-	46,839	46,839
Capital outlay	520,676	26,535	1,774,363	30,203,970	15,038,569	47,564,113
Payments to other public schools (ISDs, LEAs)	47,131	-	-	-	-	47,131
Total expenditures	150,336,185	15,873,196	1,897,571	30,495,481	38,496,771	237,099,204
Excess of Revenue Over (Under) Expenditures	7,898,406	594,675	2,801,936	(30,017,787)	(15,056,816)	(33,779,586)
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	66,594	-	-	-	-	66,594
Transfers in (Note 7)	1,820,000	720,780	-	-	700,000	3,240,780
Transfers out (Note 7)	(1,420,780)	(1,700,000)	-	-	(120,000)	(3,240,780)
Other	4,816	-	-	-	-	4,816
Total other financing sources (uses)	470,630	(979,220)	-	-	580,000	71,410
Net Change in Fund Balances	8,369,036	(384,545)	2,801,936	(30,017,787)	(14,476,816)	(33,708,176)
Fund Balances - Beginning of year	8,318,524	1,818,143	13,889,884	86,837,365	18,715,409	129,579,325
Fund Balances - End of year	\$ 16,687,560	\$ 1,433,598	\$ 16,691,820	\$ 56,819,578	\$ 4,238,593	\$ 95,871,149

The Notes to Financial Statements are an
Integral Part of this Statement.

Livonia Public Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (33,708,176)

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:

Depreciation expense	\$ (8,290,309)	
Capitalized capital outlay	<u>41,515,538</u>	33,225,229

The net effect of capital asset impairment loss recognized in the current year that decreased net position (1,183,301)

Revenue is reported in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end (610,342)

Underwriter's discount/premium and deferred charges reported as expenditures/revenue in the funds and amortized in the statement of activities 1,502,829

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 7,970,000

Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 952,007

Revenue in support of pension contributions made subsequent to the measurement date (869,062)

Change in pension expense related to deferred items 1,681,657

Compensated absences, as well as self-insured liability claims, are recorded when earned in the statement of activities. In the current year, more was paid out than was earned 314,998

Internal service funds are included as part of governmental activities (353,258)

Change in Net Position of Governmental Activities **\$ 8,922,581**

Livonia Public Schools

Proprietary Fund Internal Service Fund - Health and Welfare Fund Statement of Net Position June 30, 2017

Assets - Current assets	
Due from other funds (Note 7)	\$ 4,726,878
Prepaid costs and other assets	<u>175,800</u>
Total assets	4,902,678
Liabilities - Current liabilities	
Accounts payable	1,848,312
Claims payable (Note 11)	<u>783,970</u>
Total liabilities	<u>2,632,282</u>
Net Position - Unrestricted	<u>\$ 2,270,396</u>

Livonia Public Schools

Proprietary Fund Internal Service Fund - Health and Welfare Fund Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2017

Operating Revenue	
Employee contributions	\$ 4,766,043
Employee contributions - Purchased insurance	410,267
Charges for services	<u>15,763,759</u>
Total operating revenue	20,940,069
Operating Expenses	
Cost of insurance claims	642,439
Premiums	19,594,115
Employee premiums - Purchased insurance	385,649
Administrative costs	<u>671,124</u>
Total operating expenses	<u>21,293,327</u>
Change in Net Position	(353,258)
Net Position - Beginning of year	<u>2,623,654</u>
Net Position - End of year	<u><u>\$ 2,270,396</u></u>

Livonia Public Schools

Proprietary Fund Statement of Cash Flows Year Ended June 30, 2017

Cash Flows from Operating Activities	
Receipts from interfund services and reimbursements	\$ 21,303,184
Claims, premiums, and administrative fees paid	<u>(21,303,184)</u>
Net Change in Cash and Cash Equivalents - Net cash used in operating activities	-
Cash and Cash Equivalents - Beginning of year	<u>-</u>
Cash and Cash Equivalents - End of year	<u><u>\$ -</u></u>
Reconciliation of Change in Net Position to Net Cash from Operating Activities	
Change in net position	\$ (353,258)
Adjustments to reconcile change in net position to net cash from operating activities - Changes in assets and liabilities:	
Due from others	363,115
Prepaid and other assets	(57,622)
Accounts payable	(176,879)
Claims payable	<u>224,644</u>
Net cash used in operating activities	<u><u>\$ -</u></u>

Livonia Public Schools

Fiduciary Funds Statement of Net Position June 30, 2017

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 35,088	\$ 486,183
Due from other funds (Note 7)	-	903,667
Total assets	35,088	<u>\$ 1,389,850</u>
Liabilities		
Accounts payable	-	\$ 7,489
Due to agency fund activities	-	1,382,361
Due to other funds (Note 7)	562	-
Total liabilities	562	<u>\$ 1,389,850</u>
Net Position - Restricted for endowments	<u>\$ 34,526</u>	

Livonia Public Schools

Fiduciary Funds Statement of Changes in Net Position Year Ended June 30, 2017

	Private Purpose Trust Funds
Additions - Local sources	\$ 500
Deductions - Scholarships awarded	<u>3,054</u>
Change in Net Position	(2,554)
Net Position - Beginning of year	<u>37,080</u>
Net Position - End of year	<u><u>\$ 34,526</u></u>

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of Livonia Public Schools (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the School District's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the School District. Based on the application of the criteria, the School District does not contain any component units.

Government-wide and Fund Financial Statements

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

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. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

Note I - Nature of Business and Significant Accounting Policies (Continued)

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 are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

When an expense is incurred for the purpose for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for the purpose for which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes, unrestricted state aid, and unrestricted federal funds.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Note I - Nature of Business and Significant Accounting Policies (Continued)

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

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

The School District reports the following major governmental funds:

General Fund - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund. The School District's general funds include the General Fund, athletic activities, and funded projects.

Special Education Center Program Fund - The Special Education Center Program Fund is a special revenue fund used to account for the proceeds of revenue sources that are restricted for special education center program expenditures. Any operating deficit generated by these activities is the responsibility of the General Fund.

Building and Repairs Fund - The Building and Repairs Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically designated for acquiring new school sites and construction or repair of school buildings and sites.

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

Note I - Nature of Business and Significant Accounting Policies (Continued)

Additionally, the School District reports the following fund types:

Special Revenue Fund - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or assigned to expenditures for specified purposes. The School District's special revenue fund includes the Food Service Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.

Debt Service Funds - Debt service funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term bond debt.

Capital Projects Funds - The Technology Fund was used to record Durant plaintiff court settlement proceeds and other revenue. Disbursements are specifically for acquiring capital improvements, technology replacement, or other improvements determined by the Board of Education. The fund operates until the purpose for which it was created is accomplished.

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

The 2012 Capital Projects Fund is used to account for the proceeds derived from the sale of real estate. These proceeds will be held in trust in a special capital project fund identified separately from any other capital project funds, which shall be used for purchasing other real estate for the School District and/or for renovating, replacing, or developing real estate, facilities, or capital equipment as authorized by the Board of Education.

Internal Service Fund - Internal service funds account for risk management services provided to other departments of the School District on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Private Purpose Trust Fund is used to account for resources legally held in trust, including contributions received by the School District to be awarded in the form of scholarships. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity

Cash and Investments - Cash and investments 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 except for the investments in commercial paper, U.S. Treasury bonds, and federal agency bonds, which are valued at amortized cost. Investment income is recorded in the fund for which the investment account was established.

Receivables and Payables - In general, outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories and Prepaid Costs - 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 costs in both government-wide and fund financial statements.

Restricted Assets - The unspent bond proceeds and related interest of the Capital Projects Funds require amounts to be set aside for construction. In addition, the unspent property taxes levied in the Debt Service Funds, Building and Repairs Fund, and Capital Projects Fund are required to be set aside for future bond principal and interest, school building construction or repair, and capital projects, respectively. These amounts have been classified as restricted assets.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Note I - Nature of Business and Significant Accounting Policies (Continued)

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

Buildings and building additions	20 to 50 years
Buses and other vehicles	5 to 10 years
Furniture and other equipment	5 to 10 years

Employee-related Liabilities - The employment-related liabilities reported in the government-wide statements consist of earned but unused accumulated vacation, sick leave benefits, and early retirement benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability for compensated absences has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included. The early retirement benefits consist of early retirement incentive cash payments provided to 40 employees over a three-year period. The cost of the obligation is reported in long-term debt.

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

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the 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 reported as debt service expenditures.

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

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position reports deferred outflows of resources, which represents a consumption of net position or fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports deferred outflows related to the pension plan.

Note I - Nature of Business and Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position reports deferred inflows of resources, which represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three types of deferred inflows of resources. The first arises only under a modified accrual basis of accounting, and is therefore only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other two types of deferred inflows of resources relate to deferred bond charges on refunding and the pension plan and revenue contributions. These are reported only in the statement of net position.

Fund Balance - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education, superintendent, or finance committee, which is authorized by resolution approved by the Board of Education to make assignments
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Comparative Data/Reclassifications - Comparative data is not included in the School District's financial statements.

Pensions - 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 Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, Special Revenue Funds, Debt Retirement Funds, Capital Project Funds, and the Internal Service Fund, except that capital outlay expenditures are budgeted in other expenditure categories. All annual appropriations lapse at fiscal year end.

The General Fund budget is presented consistent with the original and amended budgets adopted. The budgets for funded projects and athletics were adopted separately and separate budgets for each of these activities have been presented accordingly. Capital outlay is budgeted and included in the functions for budget purposes and reported separately on the statement of revenue, expenditures, and changes in fund balances at the fund level.

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

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds - The School District did not have significant expenditure budget variances.

Note 3 - Deposits and Investments

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

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

There are no limitations or restrictions on participant withdrawals for approximately \$738,000 of the investment pools that are recorded at amortized costs except for a minimum one-day investment period.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$28,916,584 had \$28,378,072 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The following investment securities were uninsured and unregistered and held in the following manner:

Investment Type	Carrying Value	How Held
U.S. Treasury notes	\$ 5,512,236	Held by counterparty

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

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
U.S. Government Money Market Fund Capital Share Class*	\$ 17,088,729	N/A	AAAmf	Moody's
Commercial paper*	12,434,713	Less than 1 year	P-1	Moody's
Michigan Liquid Asset Fund - Investment Pool*	738,453	Less than 1 year	AAA	S & P
Michigan Liquid Asset Fund - Term Fund Investment Pool	2,100,000	Less than 1 year	AAA	S & P
U.S. Treasury notes	5,512,236	Less than 1 year	Aaa	Moody's
Federal Agency Bond	38,898,414	Less than 1 year	AAA	Moody's
Total investments	<u>\$ 76,772,545</u>			

*Investment fair value reported at amortized cost

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk - The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are in two separate federal agency notes; these investments collectively are 24.8 percent of the School District's total investments.

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

Note 4 - Fair Value Measurements

The School District 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

The School District has the following recurring fair value measurements as of June 30, 2017:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	\$ 5,512,236	\$ -	\$ 5,512,236	\$ -
Federal agency securities	38,898,414	-	38,898,414	-
Total debt securities	44,410,650	\$ -	\$ 44,410,650	\$ -
Investments measured at net asset value (NAV) - Michigan Liquid Asset Fund - Term Fund Investment Pool	2,100,000			
Total investments measured at fair value	\$ 46,510,650			

Note 4 - Fair Value Measurement (Continued)

The fair value of U.S. Treasuries and federal agency securities at June 30, 2017 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Investments in Entities that Calculate Net Asset Value per Share

The School District 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.

At year end, the net asset value of the School District's investment in the MILAF Term Fund Investment Pool was \$2,100,000. The investment pool had no unfunded commitments. The MILAF Term Fund Investment Pool allows for the School District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted, but an early redemption fee would apply.

The investment pool includes investments in pools which the School District does not control. The investment pool invests primarily in high-quality money market instruments, including certificates of deposits, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity. The fair value of the investment pool has been estimated using the net asset value per share of the investment pool.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned and unavailable revenue are as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 365,443	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	1,450,768
Program fees and tuition	-	332,200
Other	-	44,267
Total	<u>\$ 365,443</u>	<u>\$ 1,827,235</u>

Livonia Public Schools

Notes to Financial Statements June 30, 2017

Note 6 - Capital Assets

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

	Balance July 1, 2016	Additions and Adjustments	Disposals and Adjustments	Balance June 30, 2017
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 6,603,825	\$ -	\$ -	\$ 6,603,825
Construction in progress	38,238,677	27,985,647	38,238,677	27,985,647
Subtotal	44,842,502	27,985,647	38,238,677	34,589,472
Capital assets being depreciated:				
Buildings and improvements	249,048,184	47,618,432	3,864,956	292,801,660
Furniture and equipment	22,166,173	2,311,858	-	24,478,031
Buses and other vehicles	8,968,766	1,838,278	-	10,807,044
Subtotal	280,183,123	51,768,568	3,864,956	328,086,735
Accumulated depreciation:				
Buildings and improvements	113,364,304	6,713,509	2,681,655	117,396,158
Furniture and equipment	12,105,015	1,242,361	-	13,347,376
Buses and other vehicles	4,981,761	334,439	-	5,316,200
Subtotal	130,451,080	8,290,309	2,681,655	136,059,734
Net capital assets being depreciated	149,732,043	43,478,259	1,183,301	192,027,001
Net capital assets	\$ 194,574,545	\$ 71,463,906	\$ 39,421,978	\$ 226,616,473

Depreciation expense was charged to activities of the School District (primary government) as follows:

Governmental activities:	
Instruction	\$ 360,012
Support services	7,825,014
Athletics	105,283
Total governmental activities	<u>\$ 8,290,309</u>

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

	Total Contracts	Remaining Commitment
Building and Repairs Fund	\$ 706,065	\$ 567,714
2013 Bond Fund - Series I and II	91,521,908	25,585,336
Total	<u>\$ 92,227,973</u>	<u>\$ 26,153,050</u>

Livonia Public Schools

Notes to Financial Statements June 30, 2017

Note 6 - Capital Assets (Continued)

Asset Impairment - Program expenses in the governmental activities include an impairment loss of \$1,183,301 due to pending building closure and subsequent demolition for two buildings expected to occur during the 2017-2018 school year. The impaired assets had no remaining carrying value as of June 30, 2017.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	Private Purpose Trust Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 562	\$ 44,078	\$ 44,640
Special Education Center Programs	5,890,731	-	-	5,890,731
Buildings and Repairs Fund	2,607,906	-	-	2,607,906
2013 Bond Fund Series II	650	-	224,800	225,450
Internal Service Fund	4,726,878	-	-	4,726,878
Agency Fund	903,667	-	-	903,667
Nonmajor governmental funds	1,309,621	-	552,165	1,861,786
Total	\$ 15,439,453	\$ 562	\$ 821,043	\$ 16,261,058

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

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

Fund Transferred To	Fund Transferred From			Total
	General Fund	Special Education Center Program	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 1,700,000	\$ 120,000	\$ 1,820,000
Special Education Center Program	720,780	-	-	720,780
Nonmajor governmental funds	700,000	-	-	700,000
Total	\$ 1,420,780	\$ 1,700,000	\$ 120,000	\$ 3,240,780

Livonia Public Schools

Notes to Financial Statements June 30, 2017

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

Interfund transfers were made during the year between the General Fund and the Special Education Center Program to cover indirect costs and to transfer the State's portion of LRE (least restrictive environment) paraprofessional costs. A transfer was made from the Food Service Fund to the General Fund to pay for indirect costs. Transfers were also made from the General Fund to the 2012 Capital Projects Fund for ongoing building renovations at one school.

Note 8 - State Aid Anticipation Note

On August 20, 2015, the School District borrowed \$6,500,000 in a state aid anticipation note with an interest rate of 1.03 percent. The note was due and paid in full on August 22, 2016.

On September 30, 2016, the School District borrowed \$3,500,000 in a state aid anticipation note with an interest rate of 4.00 percent. The note was due and paid in full on January 31, 2017.

Note 9 - Long-term Debt

The School District issues bonds and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include employment-related liabilities. Qualified bonds are fully guaranteed by the State of Michigan.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government obligation bonds	\$ 216,990,000	\$ -	\$ 7,970,000	\$ 209,020,000	\$ 8,315,000
Employee-related liabilities	4,307,092	-	314,998	3,992,094	972,409
Premium on bonds	20,435,453	-	1,076,501	19,358,952	1,076,501
Deferred inflows - Deferred charges on bond refunding	3,765,895	-	426,328	3,339,567	426,328
Total governmental entities	<u>\$ 245,498,440</u>	<u>\$ -</u>	<u>\$ 9,787,827</u>	<u>\$ 235,710,613</u>	<u>\$ 10,790,238</u>

Livonia Public Schools

Notes to Financial Statements June 30, 2017

Note 9 - Long-term Debt (Continued)

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 8,315,000	\$ 10,315,400	\$ 18,630,400
2019	8,755,000	9,926,450	18,681,450
2020	9,220,000	9,496,950	18,716,950
2021	9,680,000	9,044,450	18,724,450
2022	10,160,000	8,560,450	18,720,450
2023-2027	33,340,000	36,917,100	70,257,100
2028-2032	31,375,000	29,362,500	60,737,500
2033-2037	37,075,000	20,955,000	58,030,000
2038-2042	43,400,000	11,070,000	54,470,000
2043-2045	17,700,000	1,506,250	19,206,250
Total	<u>\$ 209,020,000</u>	<u>\$ 147,154,550</u>	<u>\$ 356,174,550</u>

Governmental Activities

General obligation bonds consist of the following:

\$65,025,000 refunding bonds due in annual installments of \$4,125,000 to \$7,810,000 through May 1, 2025; interest at 4.00 to 5.00 percent	\$ 47,990,000
\$103,330,000 school building and site bonds due in annual installments of \$800,000 to \$5,500,000 through May 1, 2043; interest at 3.00 to 5.00 percent	85,850,000
\$76,180,000 school building and site bonds due in annual installments of \$1,080,000 to \$4,175,000 through May 1, 2045; interest at 4.00 to 5.00 percent	<u>75,180,000</u>
Total bonded debt	<u>\$ 209,020,000</u>

In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2017, \$14,489,905 of bonds outstanding are considered defeased.

Livonia Public Schools

Notes to Financial Statements June 30, 2017

Note 10 - Restricted Assets

The balances for the restricted asset accounts are as follows:

	<u>Governmental Activities</u>
Unspent bond proceeds and related interest	\$ 59,685,254
Unspent sinking fund property taxes levied	14,265,549
Unspent debt service property taxes levied	<u>1,989,188</u>
Total restricted assets	<u>\$ 75,939,991</u>

Note 11 - Risk Management

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

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

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

	<u>2017</u>	<u>2016</u>
Estimated liability - Beginning of year	\$ 559,326	\$ 629,452
Estimated claims incurred - Including changes in estimates	642,439	238,734
Claim payments	<u>(417,795)</u>	<u>(308,860)</u>
Unpaid claims - End of year	<u>\$ 783,970</u>	<u>\$ 559,326</u>

Note 12 - Contingent Liabilities

The School District is a defendant in claims related to alleged abuse of students. The School District is vigorously defending these claims and does not believe that there will be any liability to the School District. The School District is also a defendant in various other claims. Although the outcome of these claims is not presently determinable, in the opinion of the School District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the School District. The School District has not accrued for any potential losses related to these claims.

Note 13 - Michigan Public School Employees' Retirement System

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

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

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

The School District's contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by ORS.

The range of rates is as follows:

School District

October 1, 2015 - September 30, 2016	14.56 to 18.95 percent
October 1, 2016 - June 30, 2017	15.27 to 19.03 percent

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The School District's required and actual contributions to the plan for the year ended June 30, 2017 was \$26,833,867, of which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual contributions include an allocation of \$8,467,141 revenue received from the State of Michigan and remitted to the System to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2017.

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

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

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

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

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

Livonia Public Schools

Notes to Financial Statements June 30, 2017

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability, Deferrals, and Pension Expense - At June 30, 2017, the School District reported a liability of \$278,547,083 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015, which used update procedures to roll forward the estimated liability to September 30, 2016. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2016, the School District's proportion was 1.116458 percent.

For the year ended June 30, 2017, the School District recognized pension expense of \$24,687,293, inclusive of payments to fund the MPSERS UAAL Stabilization Rate. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,471,432	\$ 660,164
Changes of assumptions	4,354,866	-
Net difference between projected and actual earnings on pension plan assets	4,629,451	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	389,566	6,857,676
The School District's contributions subsequent to the measurement date	<u>22,073,492</u>	<u>-</u>
Total	<u>\$ 34,918,807</u>	<u>\$ 7,517,840</u>

The table above excludes deferred inflows of resources of \$8,467,141 resulting from revenue in support of pension contributions made subsequent to the plan year measurement date.

Livonia Public Schools

Notes to Financial Statements June 30, 2017

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Years Ending June 30	Amount
2018	\$ 331,817
2019	(32,425)
2020	4,926,664
2021	101,419
Total	<u>\$ 5,327,475</u>

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

Actuarial Assumptions - The total pension liability as of September 30, 2016 is based on the results of an actuarial valuation date of September 30, 2015 and rolled forward:

Actuarial cost method	Entry age normal cost actuarial cost method
Investment rate of return	7.00 to 8.00 percent, net of investment expenses based on the groups
Salary increases percent	3.50 to 12.30 percent, including wage inflation of 3.50
Mortality basis	RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost-of-living pension adjustments	3.00 percent annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00 to 8.00 percent depending on the plan option. 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 employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for 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.

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.0 %	5.9 %
Private equity pools	18.0	9.2
International equity pools	16.0	7.2
Fixed-income pools	10.5	0.9
Real estate and infrastructure pools	10.0	4.3
Real return, opportunistic, and absolute pool	15.5	6.0
Short-term investment pools	2.0	-
Total	100.0 %	

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent. As a result, the actuarial computed employer contributions and the net pension liability will increase for the measurement period ending September 30, 2017.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the School District calculated using the discount rate of 7.0 - 8.0 percent, depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1.0 percentage point lower (6.0 - 7.0 percent) or 1.0 percentage point higher (8.0 - 9.0 percent) than the current rate:

1.00 Percent Decrease (6.0 - 7.0 Percent)	Current Discount Rate (7.0 - 8.0 Percent)	1.00 Percent Increase (8.0 - 9.0 Percent)
\$ 358,698,531	\$ 278,547,083	\$ 210,971,707

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan - At June 30, 2017, the School District reported a payable of \$3,531,440 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Postemployment Benefits Other Than Pensions (OPEB) - Under the MPSERS act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 6.40 to 6.83 percent of covered payroll for the period from July 1, 2016 to September 30, 2016, and from 5.69 to 5.91 percent of covered payroll for the period from October 1, 2016 through June 30, 2017, dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403(b) account.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2017, 2016, and 2015 were \$5,837,700, \$5,410,024, and \$3,683,053, respectively. In addition, a portion ranging from 35 to 100 percent of the the MPERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate is considered a contribution to the retiree healthcare plan.

Note 14 - Tax Abatements

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

For the fiscal year ended June 30, 2017, the School District's property tax revenue was reduced by \$1,548,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties, from the State of Michigan under the School Aid formula. The School District received approximately \$1,085,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages. There are no abatements made by the School District.

Note 15 - Upcoming Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MPERS plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2018.

Note 15 - Upcoming Accounting Pronouncements (Continued)

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2020.

Required Supplemental Information

Livonia Public Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 28,321,089	\$ 28,378,555	\$ 29,439,007	\$ 1,060,452
State sources	112,436,875	112,861,904	113,258,297	396,393
Federal sources	41,700	47,082	47,955	873
Interdistrict sources	319,000	5,956,539	5,958,283	1,744
Total revenue	<u>141,118,664</u>	<u>147,244,080</u>	<u>148,703,542</u>	<u>1,459,462</u>
Expenditures				
Current:				
Instruction:				
Basic program	73,101,112	72,473,842	72,232,813	(241,029)
Added needs	11,099,519	11,356,497	11,311,934	(44,563)
Total instruction	<u>84,200,631</u>	<u>83,830,339</u>	<u>83,544,747</u>	<u>(285,592)</u>
Support services:				
Pupil	10,540,223	10,303,651	10,228,722	(74,929)
Instructional staff	6,100,596	5,549,016	5,530,051	(18,965)
General administration	803,662	875,561	856,295	(19,266)
School administration	10,029,900	9,578,508	9,576,649	(1,859)
Business	3,556,836	3,654,789	3,394,515	(260,274)
Operations and maintenance	14,279,278	13,690,791	13,661,381	(29,410)
Pupil transportation services	7,100,541	7,098,995	6,855,885	(243,110)
Central	3,156,627	2,941,403	2,939,694	(1,709)
Total support services	<u>55,567,663</u>	<u>53,692,714</u>	<u>53,043,192</u>	<u>(649,522)</u>
Community services	2,926,299	3,344,810	3,204,869	(139,941)
Payments to other public schools (ISDs, LEAs)	50,000	50,000	47,131	(2,869)
Total expenditures	<u>142,744,593</u>	<u>140,917,863</u>	<u>139,839,939</u>	<u>(1,077,924)</u>
Excess of Revenue (Under) Over Expenditures	(1,625,929)	6,326,217	8,863,603	2,537,386
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	12,000	30,539	66,594	36,055
Transfers in	2,664,376	1,866,086	1,930,465	64,379
Transfers out	(1,540,978)	(2,580,378)	(2,496,442)	83,936
Other	900	4,816	4,816	-
Total other financing sources (uses)	<u>1,136,298</u>	<u>(678,937)</u>	<u>(494,567)</u>	<u>184,370</u>
Net Change in Fund Balance	(489,631)	5,647,280	8,369,036	2,721,756
Fund Balance - July 1, 2016	<u>8,318,524</u>	<u>8,318,524</u>	<u>8,318,524</u>	<u>-</u>
Fund Balance - June 30, 2017	<u>\$ 7,828,893</u>	<u>\$ 13,965,804</u>	<u>\$ 16,687,560</u>	<u>\$ 2,721,756</u>

Livonia Public Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Funded Projects Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 50,203	\$ 177,392	\$ 57,734	\$ (119,658)
State sources	1,246,709	2,315,669	2,000,440	(315,229)
Federal sources	6,270,874	7,062,045	6,533,117	(528,928)
Total revenue	7,567,786	9,555,106	8,591,291	(963,815)
Expenditures - Current				
Instruction	5,929,590	7,082,824	6,681,665	(401,159)
Support services	1,428,642	2,098,194	1,571,122	(527,072)
Community services	64,994	232,183	228,039	(4,144)
Total expenditures	7,423,226	9,413,201	8,480,826	(932,375)
Excess of Revenue Over Expenditures	144,560	141,905	110,465	(31,440)
Transfers Out	(144,560)	(141,905)	(110,465)	31,440
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2016	-	-	-	-
Fund Balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Livonia Public Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Athletic Activities Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Over (Under) <u>Final Budget</u>
Revenue - Local sources	\$ 930,100	\$ 936,700	\$ 939,758	\$ 3,058
Expenditures - Athletics	<u>1,639,078</u>	<u>1,924,700</u>	<u>2,015,420</u>	<u>90,720</u>
Excess of Expenditures Over Revenue	(708,978)	(988,000)	(1,075,662)	(87,662)
Other Financing Sources - Transfers in	<u>708,978</u>	<u>988,000</u>	<u>1,075,662</u>	<u>87,662</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Livonia Public Schools

Required Supplemental Information Budgetary Comparison Schedule - Special Revenue Fund Special Education Center Program Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources	\$ 8,000	\$ 15,481	\$ 14,466	\$ (1,015)
State sources	4,744,550	5,027,960	5,154,578	126,618
Interdistrict sources	<u>11,700,394</u>	<u>12,484,163</u>	<u>11,298,827</u>	<u>(1,185,336)</u>
Total revenue	16,452,944	17,527,604	16,467,871	(1,059,733)
Expenditures - Current				
Instruction	11,748,228	13,001,470	11,863,385	(1,138,085)
Support services	<u>4,093,324</u>	<u>4,053,868</u>	<u>4,009,811</u>	<u>(44,057)</u>
Total expenditures	<u>15,841,552</u>	<u>17,055,338</u>	<u>15,873,196</u>	<u>(1,182,142)</u>
Excess of Revenue Over Expenditures	611,392	472,266	594,675	122,409
Other Financing Sources (Uses)				
Transfers in	726,932	900,000	720,780	(179,220)
Transfers out	<u>(1,200,000)</u>	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>-</u>
Total other financing uses	<u>(473,068)</u>	<u>(800,000)</u>	<u>(979,220)</u>	<u>(179,220)</u>
Net Change in Fund Balance	138,324	(327,734)	(384,545)	(56,811)
Fund Balance - Beginning of year	<u>1,818,143</u>	<u>1,818,143</u>	<u>1,818,143</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,956,467</u>	<u>\$ 1,490,409</u>	<u>\$ 1,433,598</u>	<u>\$ (56,811)</u>

Livonia Public Schools

Required Supplemental Information Schedule of Livonia Public Schools' Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System Determined as of the Plan Year Ended September 30

	2016	2015	2014
School District's proportion of the net pension liability (asset)	1.11646 %	1.14578 %	1.15492 %
School District's proportionate share of the net pension liability (asset)	\$ 278,547,083	\$ 279,856,068	\$ 254,389,073
School District's covered employee payroll	93,062,218	95,140,276	96,119,058
School District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	299.31 %	294.15 %	264.66 %
Plan fiduciary net position as a percentage of the total pension liability	63.01 %	62.92 %	66.20 %

Livonia Public Schools

Required Supplemental Information Schedule of Livonia Public Schools' Contributions Michigan Public School Employees' Retirement System Determined as of the Year Ended June 30

	<u>2017</u>		<u>2016</u>		<u>2015</u>
Statutorily required contribution	\$ 26,551,658	\$	26,167,534	\$	20,507,422
Contributions in relation to the statutorily required contribution	26,551,658		26,167,534		20,507,422
School District's covered employee payroll	95,901,095		92,940,215		93,694,674
Contributions as a percentage of covered employee payroll	27.69 %		28.16 %		21.89 %

Livonia Public Schools

Note to Pension Required Supplemental Information Schedules Plan Year Ended September 30, 2016

Benefit Changes - There were no changes of benefit terms for the plan year ended September 30, 2016.

Changes in Assumptions - There were no changes of benefit assumptions for the plan year ended September 30, 2016.

Other Supplemental Information

Livonia Public Schools

	Special Revenue			
	Fund	Debt Service Funds		
	Food Service	2013 Bond	2014 Refunding	2016 Bond
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Taxes receivable	-	6,293	9,550	4,271
Accounts receivable	17,581	-	-	-
Due from other governmental units	121,645	-	-	-
Due from other funds	522,937	86,684	155,362	396,803
Inventory	28,925	-	-	-
Prepaid assets	-	-	-	-
Restricted assets	-	1,000,892	988,296	2,370
Total assets	\$ 691,088	\$ 1,093,869	\$ 1,153,208	\$ 403,444
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 52,786	\$ -	\$ -	\$ -
Accrued payroll - Salaries payable	2,509	-	-	-
Due to other governmental units	1,217	-	-	-
Due to other funds	-	552,165	-	-
Total liabilities	56,512	552,165	-	-
Fund Balances				
Nonspendable:				
Inventory	28,925	-	-	-
Prepaid assets	-	-	-	-
Restricted:				
Debt service	-	541,704	1,153,208	403,444
Food service	605,651	-	-	-
Assigned - Capital projects	-	-	-	-
Total fund balances	634,576	541,704	1,153,208	403,444
Total liabilities and fund balances	\$ 691,088	\$ 1,093,869	\$ 1,153,208	\$ 403,444

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017**

Capital Projects Funds			Total Nonmajor Governmental Funds
Technology	2012 Capital Projects	2013 Bond Series I Fund	
\$ 831,633	\$ -	\$ -	\$ 831,633
-	-	-	20,114
-	-	-	17,581
-	-	224,800	346,445
-	700,000	-	1,861,786
-	-	-	28,925
18,184	-	-	18,184
-	-	-	1,991,558
\$ 849,817	\$ 700,000	\$ 224,800	\$ 5,116,226

\$ 78	\$ -	\$ -	\$ 52,864
-	-	-	2,509
-	-	-	1,217
44,078	-	224,800	821,043
44,156	-	224,800	877,633
-	-	-	28,925
18,184	-	-	18,184
-	-	-	2,098,356
-	-	-	605,651
787,477	700,000	-	1,487,477
805,661	700,000	-	4,238,593
\$ 849,817	\$ 700,000	\$ 224,800	\$ 5,116,226

Livonia Public Schools

	Special	Debt Service Fund		
	Revenue Fund			
	Food Service	2013 Bond	2014 Refunding	2016 Bond
Revenue				
Local sources	\$ 1,846,159	\$ 4,681,275	\$ 8,332,597	\$ 5,891,915
State sources	153,325	-	531,275	-
Federal sources	1,940,671	-	-	-
Total revenue	3,940,155	4,681,275	8,863,872	5,891,915
Expenditures - Current				
Support services	-	-	-	-
Food services	3,771,743	-	-	-
Debt service:				
Principal	-	850,000	6,120,000	1,000,000
Interest	-	4,276,250	2,561,250	4,481,365
Other	-	18,848	20,885	7,106
Capital outlay	24,296	-	-	-
Total expenditures	3,796,039	5,145,098	8,702,135	5,488,471
Excess of Revenue Over (Under) Expenditures	144,116	(463,823)	161,737	403,444
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(120,000)	-	-	-
Total other financing (uses) sources	(120,000)	-	-	-
Net Change in Fund Balances	24,116	(463,823)	161,737	403,444
Fund Balances - Beginning of year	610,460	1,005,527	991,471	-
Fund Balances - End of year	\$ 634,576	\$ 541,704	\$ 1,153,208	\$ 403,444

**Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2017**

Capital Projects Funds			Total Nonmajor Governmental Funds
Technology	2012 Capital Projects	2013 Bond Series I	
\$ 3,195	\$ -	\$ 59,543	\$ 20,814,684
-	-	-	684,600
-	-	-	1,940,671
3,195	-	59,543	23,439,955
46,221	-	304,534	350,755
-	-	-	3,771,743
-	-	-	-
-	-	-	7,970,000
-	-	-	11,318,865
-	-	-	46,839
3,997	-	15,010,276	15,038,569
50,218	-	15,314,810	38,496,771
(47,023)	-	(15,255,267)	(15,056,816)
-	700,000	-	700,000
-	-	-	(120,000)
-	700,000	-	580,000
(47,023)	700,000	(15,255,267)	(14,476,816)
852,684	-	15,255,267	18,715,409
\$ 805,661	\$ 700,000	\$ -	\$ 4,238,593

Livonia Public Schools

Other Supplemental Information Combining Balance Sheet General Fund June 30, 2017

	General Fund	Athletic Activities	Funded Projects	Total
Assets				
Cash and cash equivalents	\$ 24,158,637	\$ -	\$ -	\$ 24,158,637
Receivables:				
Taxes receivable	16,228	-	-	16,228
Accounts receivable	106,603	-	-	106,603
Due from other governmental units	21,481,196	-	1,490,748	22,971,944
Due from other funds	44,640	-	-	44,640
Inventory	112,346	-	-	112,346
Prepaid assets	12,067	-	1,448	13,515
	<u>\$ 45,931,717</u>	<u>\$ -</u>	<u>\$ 1,492,196</u>	<u>\$ 47,423,913</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 527,426	\$ 40,428	\$ 331,731	\$ 899,585
Accrued payroll-related liabilities	9,671,913	23,190	395,785	10,090,888
Due to other governmental units	2,113,300	-	449	2,113,749
Due to other funds	15,476,973	(63,618)	26,098	15,439,453
Unearned revenue	1,089,102	-	738,133	1,827,235
	<u>28,878,714</u>	<u>-</u>	<u>1,492,196</u>	<u>30,370,910</u>
Deferred Inflows of Resources -				
Unavailable revenue	365,443	-	-	365,443
	<u>365,443</u>	<u>-</u>	<u>-</u>	<u>365,443</u>
Total liabilities and deferred inflows of resources	29,244,157	-	1,492,196	30,736,353
Fund Balances				
Nonspendable:				
Inventory	112,346	-	-	112,346
Prepaid assets	12,067	-	1,448	13,515
Unassigned	16,563,147	-	(1,448)	16,561,699
	<u>16,687,560</u>	<u>-</u>	<u>-</u>	<u>16,687,560</u>
Total fund balances	16,687,560	-	-	16,687,560
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,931,717</u>	<u>\$ -</u>	<u>\$ 1,492,196</u>	<u>\$ 47,423,913</u>

Livonia Public Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances General Fund Year Ended June 30, 2017

	General Fund	Athletic Activities	Funded Projects	Total
Revenue				
Local sources	\$ 29,439,007	\$ 939,758	\$ 57,734	\$ 30,436,499
State sources	113,258,297	-	2,000,440	115,258,737
Federal sources	47,955	-	6,533,117	6,581,072
Interdistrict sources	5,958,283	-	-	5,958,283
	<u>148,703,542</u>	<u>939,758</u>	<u>8,591,291</u>	<u>158,234,591</u>
Total revenue	148,703,542	939,758	8,591,291	158,234,591
Expenditures				
Current:				
Instruction:				
Basic program	72,232,813	-	823,687	73,056,500
Added needs	11,311,934	-	5,341,110	16,653,044
Adult/Continuing education	-	-	278,189	278,189
Support services:				
Pupil	10,228,722	-	83,599	10,312,321
Instructional staff	5,530,051	-	1,181,815	6,711,866
General administration	856,295	-	-	856,295
School administration	9,576,649	-	176,311	9,752,960
Business	3,383,351	-	19,997	3,403,348
Operations and maintenance	13,476,424	-	-	13,476,424
Pupil transportation services	6,855,885	-	14,233	6,870,118
Central	2,933,059	-	50,085	2,983,144
Athletics	-	1,981,261	-	1,981,261
Community services	3,204,869	-	228,039	3,432,908
Capital outlay	202,756	34,159	283,761	520,676
Payments to other public schools (ISDs, LEAs)	47,131	-	-	47,131
	<u>139,839,939</u>	<u>2,015,420</u>	<u>8,480,826</u>	<u>150,336,185</u>
Total expenditures	139,839,939	2,015,420	8,480,826	150,336,185
Excess of Revenue Over (Under) Expenditures	8,863,603	(1,075,662)	110,465	7,898,406
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	66,594	-	-	66,594
Transfers in	1,930,465	1,075,662	-	3,006,127
Transfers out	(2,496,442)	-	(110,465)	(2,606,907)
Other	4,816	-	-	4,816
	<u>(494,567)</u>	<u>1,075,662</u>	<u>(110,465)</u>	<u>470,630</u>
Total other financing (uses) sources	(494,567)	1,075,662	(110,465)	470,630
Net Change in Fund Balances	8,369,036	-	-	8,369,036
Fund Balances - Beginning of year	8,318,524	-	-	8,318,524
Fund Balances - End of year	<u>\$ 16,687,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,687,560</u>

Livonia Public Schools

Other Supplemental Information Schedule of Bonded Indebtedness Year Ended June 30, 2017

June 30	2013 Issue - Series I	2014 Refunding	2013 Issue - Series II	Total
2018	\$ 800,000	\$ 6,435,000	\$ 1,080,000	\$ 8,315,000
2019	825,000	6,755,000	1,175,000	8,755,000
2020	850,000	7,095,000	1,275,000	9,220,000
2021	900,000	7,405,000	1,375,000	9,680,000
2022	900,000	7,810,000	1,450,000	10,160,000
2023	1,175,000	4,185,000	1,850,000	7,210,000
2024	1,325,000	4,125,000	1,975,000	7,425,000
2025	1,475,000	4,180,000	2,075,000	7,730,000
2026	3,200,000	-	2,175,000	5,375,000
2027	3,325,000	-	2,275,000	5,600,000
2028	3,450,000	-	2,375,000	5,825,000
2029	3,575,000	-	2,475,000	6,050,000
2030	3,700,000	-	2,575,000	6,275,000
2031	3,825,000	-	2,675,000	6,500,000
2032	3,950,000	-	2,775,000	6,725,000
2033	4,075,000	-	2,875,000	6,950,000
2034	4,200,000	-	2,975,000	7,175,000
2035	4,325,000	-	3,075,000	7,400,000
2036	4,475,000	-	3,175,000	7,650,000
2037	4,625,000	-	3,275,000	7,900,000
2038	4,775,000	-	3,375,000	8,150,000
2039	4,925,000	-	3,475,000	8,400,000
2040	5,075,000	-	3,600,000	8,675,000
2041	5,225,000	-	3,725,000	8,950,000
2042	5,375,000	-	3,850,000	9,225,000
2043	5,500,000	-	3,950,000	9,450,000
2044	-	-	4,075,000	4,075,000
2045	-	-	4,175,000	4,175,000
Total principal	<u>\$ 85,850,000</u>	<u>\$ 47,990,000</u>	<u>\$ 75,180,000</u>	<u>\$ 209,020,000</u>
Principal payments due	May	May	May	
Interest payments due	May and November	May and November	May and November	
Interest rate	3.00 to 5.00%	4.00 to 5.00%	4.00 to 5.00%	
Original issue	<u>\$ 103,330,000</u>	<u>\$ 65,025,000</u>	<u>\$ 76,180,000</u>	<u>\$ 244,535,000</u>