

Livonia Public Schools

Business Services Office

Date: October 29, 2014

To: Randy Liepa, PhD., Superintendent

From: Lisa Abbey, Director of Business Services

Re: 2013-2014 Financial Statements

We would like to present the 2013-2014 financial statements at the Finance Committee meeting on Monday, November 3, 2014 (attached). We would also like to ask the Board of Education to bring the financial statements provided in the Board packet to the meeting on Monday November 3.

By law the financial statements of the District are prepared each year at the end of our fiscal year, June 30. These statements reflect the financial activity for the year completed and cumulative effect over time. These financial statements are then audited by an independent accounting firm.

The audit was completed by Plante Moran, LLC. The firm's responsibility is to express an opinion about whether the financial statements are fairly presented in all material respects, in accordance with generally accepted accounting principles. We are pleased to announce that the District has received an unmodified opinion, which is the highest level of assurance provided.

On Monday, November 3, 2014 Plante Moran will be in attendance to discuss the financial statements in detail. We have included the following documents for the Board of Education to review prior to the meeting:

- Financial Report with Supplemental Information
- Federal Awards Supplemental Information
- Report to Board of Education
- Budget Detail Report (spreadsheet)

Overall we were within our budget projections for both revenues and expenditures, with a variance of less than 1%. Projections for the year included a budget deficit of \$4.1 million and actual results are a deficit of \$2.9 million. The fund balance at June 30, 2014 is \$3.8 million or approximately 2.5% of expenditures.

Revenues were greater than anticipated by approximately \$1.1 million. Better than anticipated revenues were primarily as a result of one time

revenues from prior year tax collections and other local revenues slightly better than projected.

Actual expenditures were very close to projections, in total just \$100,000 under budget. There were areas within the budget where costs were higher than anticipated. The expenditures for fiscal services were greater than the budget by approximately \$280,000. This was primarily due to required property tax refunds higher than projected. Both the operations and transportation expenditures were higher than anticipated by approximately 1%. As we do each year, when we update the budget amendment this fall for 2014/2015, we will closely review the prior year budget to actual results to make sure our projections are as up to date as possible.

We adjusted the amount of the transfer from the Special Education fund to the General fund from \$1.9 million to \$1.6 million. This allowed the Special Education fund to maintain the fund balance anticipated this fiscal year and to maintain resources in the Special Education Fund for future needs.

The results of operation in the other funds of the District were generally as projected, with all funds coming in under budget, (meaning the fund balance is higher than projected).

There is additional information in the Management Discussion and Analysis section of the financial statements that is prepared by District management. This section provides both a broad look at the District as a whole (all funds combined) and also provides details on budget variances and future budget considerations. In addition, the footnotes in the financial statements are an integral part of the statements and provide useful information about how the statements are prepared, the Districts accounting policies and additional detail.

The annual audit of the federal funds was completed and the required report, Federal Awards Supplemental Information details all of the federal funds expended by the District in 2014 including Child Nutrition, Special Education, Title programs, Physical Education Program, and other programs for a total of over \$8 million in expenditures and revenue from federal resources. We are pleased to report there are no financial statement audit findings or federal program audit findings.

The Report to the Board of Education is required communication and the report includes the letter addressed to the Board of Education with the results of the audit. In addition, the report contains accounting recommendations which we will review, and informational items that will assist the District in future planning.

The Budget Detail Report is new this year and prepared by the Business Services Office staff. This spreadsheet was requested by the Board of Education earlier this year. As you can see, we are reporting in detail the results of the general fund operations for the prior year and the current year as compared to all budgets adopted throughout the year. Please let us know if you find this information useful.

We look forward to discussing the 2013-2014 financial statements at the Monday, November 3, 2014 Finance Committee Meeting. Please let us know if there is any additional information that we can provide at this time. Just a second reminder, we would ask the Board of Education to bring these documents to the meeting on Monday night to review with Plante Moran.

LA/kp
Attachments