



Livonia Public Schools

Finance Office

Date: October 10, 2024

To: Andrea Oquist, Superintendent

From: Alison Smith, Chief Financial Officer

Re: Financial Update

The external audit of the district's accounting records for the 2023-2024 school year is wrapping up and financial statements are in the process of being finalized. I have invited representatives from the school district's auditing firm Plante Moran to join us at the Board of Education Finance Committee meeting on Monday, October 14, 2024, to go over highlights of the financial statements and explain the audit process that took place.

Plante Moran conducted their audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards. In performing an audit in accordance with GAAS and Government Auditing Standards, Plante Moran:

- Exercises professional judgment and maintains professional skepticism throughout the audit.
- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, and designs and performs audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtains an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluates the overall presentation of the financial statements.
- Concludes whether, in their judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

Attached is a packet of information prepared by Plante Moran that contains key reports from the financial statements that they will review with the Board of Education on Monday. In these materials is a Budgetary Comparison Schedule for the General Fund like what was reviewed with the Board at this week's study session. As discussed, the budget-to-actual analysis showcases our precision in financial planning and execution. General Fund revenue came in favorably by 0.3% of what was budgeted, and General Fund expenditures came in favorably by 1.1% of what was budgeted.

In the 2024-2025 adopted budgeted, we planned for a positive budget variance of \$1.0 million. We budgeted to start the 2024-2025 school year with a \$31.7 million or 17.1% fund balance. During the first budget amendment, I will reflect an actual beginning fund balance of \$33.5 million or 18.8%. We also planned for a \$241 per pupil foundation allowance increase. The School Aid budget signed by the Governor after we adopted our budget included a \$0 per pupil foundation allowance increase. Instead, the legislators created a new categorical line item (Section 147a4) to reimburse the district 5.75% of our MPERS costs. This new categorical is estimated to be more than what would have been generated by a \$241 per pupil increase. This change will be reflected in our first budget amendment in December.

Please include this agenda item for the Monday, October 14, 2024, Board of Education Finance Committee meeting. As always, please contact me if you have any questions.

Attachment

c: Board of Education