

Livonia Public Schools

Business Services Office

Date: October 31, 2012

To: Randy Liepa, PhD., Superintendent

From: Lisa Abbey, Director of Business Services

Re: 2011-2012 Financial Statements

We would like to present the 2011-2012 financial statements at the Finance Committee meeting on Monday, November 5, 2012.

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 unqualified opinion, which is the highest level of assurance provided.

On Monday, November 5, 2012 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

As we discussed in an earlier finance sub-committee meeting, there was an operating surplus of \$1.3 million increasing the fund balance to \$8.4 million in 2012. Revenues exceeded the budget by approximately \$700,000 and expenditures were under budget approximately \$1.0 million, an overall change of just over one percent from the final budget, well within our 2% target. We note

there were two areas in the general fund with higher than anticipated costs in 2012 that we will need to monitor going forward, property tax refunds and security costs.

As a result of the positive variance in the general fund budget in 2012, we adjusted the amount of the transfer from the Special Education fund to the General fund. We reduced the amount from \$2.7 million to \$2.2 million (this information was also reviewed by the finance sub-committee). This allows us 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. There is a new capital projects fund in 2012 as a result of the sale of property with \$138,000 in fund balance. This fund is restricted by board policy to capital outlay expenditures.

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 2012 including Child Nutrition, Special Education, Title programs, ROTC, and other programs for a total of almost \$11 million in expenditures and revenue from federal resources.

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.

We look forward to discussing the 2011-2012 financial statements on Monday. Please let us know if there is any additional information that we can provide at this time.