

**Livonia Public Schools School District**

**Livonia, Michigan**

**Annual Financial Statements**

**and**

**Auditors' Report**

**June 30, 2011**

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**Livonia Public Schools School District**  
**Members of the Board of Education and Administration**  
**June 30, 2011**

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Members of the Board of Education

Lynda L. Scheel – President

Colleen Burton – Vice President

Robert J. Freeman – Secretary

Mark Johnson – Trustee

Patrice J. Mang – Trustee

Gregory R. Oke – Trustee

Randy Roulier – Trustee

Administration

Dr. Randy A. Liepa – Superintendent

Lisa Abbey – Director of Business Services



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## Independent Auditors' Report

To the Board of Education  
Livonia Public Schools School District  
Livonia, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Livonia Public Schools School District as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Livonia Public Schools School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Entity adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2011, on our consideration of the Livonia Public Schools School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 supplementary 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Livonia Public Schools School District's financial statements as a whole. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 20, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# Livonia Public Schools Management's Discussion & Analysis June 30, 2011

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This section of Livonia Public Schools School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2011. 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 the School District financially as a whole.

The financial statements are organized in two ways: district-wide and by fund. The district-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 long-term view of those finances.

The fund financial 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, and the Building and Repairs Fund with all other funds presented in one column as non-major funds. The basic financial statements contain the following elements:

## **Management's Discussion and Analysis** **Basic Financial Statements**

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Budgetary Information for Major Funds

Other Supplemental Information

The remaining statements, the Internal Service Fund statements of net assets, revenue, expenses, and changes in fund net assets, and cash flows and the statement of fiduciary assets and liabilities, present financial information about activities for which the School District provides services to other funds and acts solely as an agent for the benefit of students and parents.

## ***Reporting the School District as a Whole - District-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 assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole. 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 revenues and expenses are taken into account regardless of when cash is received or paid.



**Livonia Public Schools  
Management's Discussion & Analysis  
June 30, 2011**

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These two statements report the School District's net assets - the difference between assets and liabilities. Over time, increases or decreases in the School District's net assets are one indicator of whether its financial health is improving or deteriorating. It is important to note that while these statements report on the overall financial health of the School District, reviewing activity by fund will be essential to evaluate what is occurring financially to the School District. The fund financial statements highlighted below help to provide this analysis.

***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 (Food Service Fund and Athletic Fund 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 (excluding the Internal Service Fund as described previously) 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 between governmental activities and governmental funds in reconciliation.

***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 and scholarship funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. 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.

**Livonia Public Schools  
Management's Discussion & Analysis  
June 30, 2011**

**The School District as a Whole**

**Summary of Net Assets**

The statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of 2011 and 2010:

Table 1	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and other assets	\$ 54,380,126	\$ 53,236,257
Capital assets	<u>121,966,423</u>	<u>121,158,710</u>
Total assets	<u>176,346,549</u>	<u>174,394,967</u>
<b>Liabilities</b>		
Current liabilities	31,412,532	28,620,222
Long-term liabilities	<u>95,459,253</u>	<u>102,731,490</u>
Total liabilities	<u>126,871,785</u>	<u>131,351,712</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	30,354,860	24,749,300
Restricted	11,663,208	12,953,592
Unrestricted	<u>7,456,696</u>	<u>5,340,363</u>
Total net assets	<u>\$ 49,474,764</u>	<u>\$ 43,043,255</u>

Investments in capital assets at year end were net \$30.4 million. This represents the original cost of property and equipment, less depreciation to date, less the long-term debt used to finance the acquisition of the assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets of \$11.7 million are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The \$7.5 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. This includes all of the different fund types. Thus, it is important to note that not all unrestricted net assets are 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.

School District's net assets were \$49.5 million and \$43.0 million at 2011 and 2010 respectively.

**Livonia Public Schools  
Management's Discussion & Analysis  
June 30, 2011**

**Summary of Statement of Activities**

The results of this year's operations for the School District as a whole are reported in Table 2, which is a summary of the statement of activities. The statement of activities details the changes in net assets for fiscal years 2011 and 2010.

Table 2

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 8,295,829	\$ 8,355,696
Operating grants and contributions	31,678,961	36,984,663
General revenues		
Property taxes	43,226,878	46,321,268
State aid-unrestricted	103,772,162	99,860,658
Other	<u>540,091</u>	<u>650,061</u>
<b>Total revenues</b>	<u>187,513,921</u>	<u>192,172,346</u>
<b>Expenses</b>		
Instruction	105,435,838	117,918,368
Supporting services	63,880,808	62,992,890
Food services	3,669,044	3,815,726
Athletic activities	1,636,244	1,686,357
Community services	2,260,726	2,432,548
Interest on long-term debt	<u>4,148,018</u>	<u>4,103,849</u>
<b>Total expenses</b>	<u>181,030,678</u>	<u>192,949,738</u>
<b>Change in net assets</b>	<u>\$ 6,483,243</u>	<u>\$ (777,392)</u>

As reported in the statement of activities, the cost of all governmental activities this year was \$181 million. The costs for certain activities were partially funded from those who benefited from the programs (\$8.3 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$31.7 million). The remaining "public benefit" portion of our governmental activities was offset by \$43.2 million in taxes, \$103.8 million in state foundation allowance, and \$.5 million from other revenues including interest.

**The School District's Funds**

As 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 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 \$20.1 million, which is a decrease of \$3.5 million from last year. The primary reasons for the decrease were:

- The combined Capital Projects Funds decreased by \$2.5 million primarily as a result of utilizing the School District's Sinking Fund (building and repair) fund balance. Revenues received in the Sinking Fund are from tax receipts as a result of voted millage. The funds are utilized as necessary for repairs, improvements, and upgrades of School District buildings and sites. Projects may vary from year to year as the School District analyzes the short and long-term needs of facilities. These funds are reserved for current obligations and for future facility improvements. Additionally some projects may be approved and initiated in one fiscal year and completed in another fiscal year.

**Livonia Public Schools  
Management's Discussion & Analysis  
June 30, 2011**

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In the General Fund, our principal operating fund, the fund balance increased by approximately \$.4 million to \$7 million. Overall operating costs for items such as health care, mandated retirement contributions, utilities, transportation, and salaries have been increasing each year. Increases in the state foundation allowance, representing over 90 percent of the School District's General Fund revenue source, have been inconsistent from year to year and have not kept pace with increased expenditures. The School District has made budget reductions in each of the past nine years to attempt to closely match revenues to expenditures each year, and it has used existing reserves to cover any deficits rather than reduce additional programs or services.

- Beginning in 2011 reporting of the General Funds in the Governmental Funds Financial Statements will include the General Fund, Funded Projects Fund, Athletic Fund and American Recovery and Reinvestment Act (ARRA) Fund. Each of these funds are accounted for separately on the Districts financial ledger to maintain detailed data on the performance of each of these funds for management and communication purposes. The Athletic Fund was just slightly over budget by \$58,000. Funded Projects and ARRA Funds are utilized to record Local, State and Federal Grants of the District. As a requirement of grant reporting the revenues are equal to the expenditures and no reserves (fund balance) are retained in these funds.
- The fund balance in the Special Education Center Program Fund decreased by \$2.1 million and has a fund balance of approximately \$1.2 million. The monies set aside in this Fund would help provide stability in the programs and offset any future reductions in funding. The School District continues to evaluate the programs and funding annually.

- The Special Revenue Funds indicate a small increase in fund balance of approximately \$100,000. The District continues to draw down the funds available in the maintenance fund, reducing reserves by \$135,000 this year. The Food Service Fund realized an increase in reserves of approximately \$235,000 this year. The School District continues to evaluate the costs and revenues in the Special Revenue Fund programs annually. Specifically, the Food Service Fund which has implemented a new program for 2011-2012 that should increase revenues and provide more choices for students.
- The Debt Service Fund remains stable and reflects a fund balance increase of approximately \$675,000. The 2011 debt service millage rate was 1.99 mills. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. In the past several years the district has experienced reduced taxable values and fluctuations in the amount of delinquent taxes. The School District reserves the Debt Service Fund balances since these funds can only be used to pay debt service obligations.

**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 revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. 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.

There were revisions made to the 2010-2011 General Fund original budgets.

# Livonia Public Schools Management's Discussion & Analysis June 30, 2011

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The original budget for the 2010-2011 school year is prepared and adopted in June of the prior year. The budget is based on estimates for student count, state aid, health care costs, staffing levels, utility expenses, and many other costs. The budget is reviewed in detail during the year to revise estimates based on the best available information. Revenues may change due to any of the following factors: actual student enrollment, state foundation allowance adjustment, property tax value adjustments, state categorical or grant revenue adjustments, local program adjustments, and others.

The budget for revenues and incoming transfers increased by just under \$1.0 million during the 2010-2011 school year. This change was among numerous line items throughout the budget during the year including local, state and federal sources.

During the school year, the estimates for expenditures will also change as required staffing is adjusted, health care costs are adjusted, utility cost rates are analyzed, transportation and special education needs are identified, and other costs are continuously reviewed.

The overall budget for expenditures decreased by just over \$1.3 million. Throughout the year, budgets in all departments are reviewed and, if required, are adjusted with the most current information available. Budgets are adjusted in salary accounts, healthcare costs, payroll taxes, and retirement contributions. Other accounts that may be affected by budget changes throughout the year are utility costs, supply accounts, property tax adjustments, maintenance, capital outlay, and other. Budgets are typically reviewed and amended two-three times per year to reflect the most accurate projections available at that time. Numerous other cost centers were adjusted to reflect the most accurate projections for salaries, health care, special education, and textbooks as well as other miscellaneous adjustments to utilities, supplies, and other costs.

There were variances between the budget and actual for 2010-2011. Overall revenues were slightly higher than anticipated by just under \$200,000. The School District's expenditures were less than anticipated by approximately \$2.1 million. Costs for salary and employee benefits make up approximately 90 percent of the total general fund budget. The actual expenditures in these areas were within 1% of the \$130 million budget for employee salary and benefit costs.

The District realized savings in purchased services costs including utilities, property and casualty insurance, and substitute costs of approximately \$900,000. Expenditures related to property tax refunds and other costs were higher than anticipated by approximately \$500,000. Conservative estimates and less than anticipated spending in other budget areas such as supplies, materials, resulted in budget savings of just under \$400,000.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

At 2011 and 2010 respectively, the school District had \$121.9 and \$121.1 million, respectively, invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, impairments, and depreciation) of \$.8 million. While capital assets increased by \$5.7 million, depreciation also increased by \$4.9 million. Improvements during the year included ongoing construction and renovation of school facilities. Ongoing capital projects will continue in 2011-2012, most notably through an annual sinking fund levy.

**Livonia Public Schools  
Management's Discussion & Analysis  
June 30, 2011**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Land	\$ 4,586,143	\$ 4,586,143
Buildings and additions	199,171,316	192,961,041
Equipment and furniture	15,130,225	15,173,287
Buses and other vehicles	8,216,787	9,354,273
Construction in progress	<u>1,435,001</u>	<u>765,313</u>
Total capital assets	228,539,472	222,840,057
Less accumulated depreciation	<u>106,573,049</u>	<u>101,681,347</u>
Net capital assets	<u>\$ 121,966,423</u>	<u>\$ 121,158,710</u>

This year's major additions included HVAC renovations at Churchill High School and central office. In addition, Stevenson High School pool and gym renovation was completed along with Franklin High School parking lot. There were other building renovations throughout the district including continued door replacements, security equipment and cement upgrades.

A new lease purchase agreement to finance the cost of buses began in 2006-2007 and will continue through May 2012.

There were changes in the valuations of certain properties as a result of Government Accounting Standards Board No. 42, *Impairment of Assets*. Certain properties not currently utilized for original purposes were re-evaluated to reflect market value.

**Debt**

At the end of this year, the School District had \$86 million in Bonds outstanding compared to \$90 million in the previous year. The reduction is due to annual payments made to retire outstanding bonds. Those bonds consisted of the following:

	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 85,845,000	\$ 90,045,000

Bond payments are due annually and extend through the year 2025. The annual property tax levy to extinguish current debt in 2010-2011 is 1.99 mills. This rate will increase slightly to 2.20 mills for 2011-2012.

Other long-term obligations include accrued vacation pay, sick leave, severance pay and the bus purchase loan. We present more detailed information about our long-term liabilities in the notes to the financial statements.

# Livonia Public Schools Management's Discussion & Analysis June 30, 2011

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## Economic Factors and Next Year's Budgets and Rates

Elected officials and administration consider many factors when setting the School District's budget. It begins with an estimate of revenues which allows the School District to determine how much money it will have available to appropriate. Under State of Michigan laws for school funding, the majority of funding for schools is generated by what is termed State Foundation Revenue. The State Foundation Revenue is determined by multiplying a school district's blended student count by the state-determined foundation allowance per pupil. Over 90 percent of total General Fund revenue is generated by the State Foundation Revenue. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. The budget includes a decrease in revenues based on estimated declines in enrollment in the School District, a trend that is continuing throughout the state of Michigan.

After determining the revenues available to appropriate, the Board of Education looks to set its expenditures budget. With employee benefit and other cost increases projected at 5 percent to 10 percent, and required salary increases on the experience salary scales, other expenditures were reduced to be in line with projected revenues. The District also worked with all employee groups to provide savings in salaries and benefits including reduced salary schedules, change to health care benefit plans, changes in health care providers, and changes in employee contributions to health care.

Each year the School District considers critical budget issues including long-range planning, state aid funding, student enrollment, program reductions, and revenue enhancement - cost containment efforts.

Over the past several years, the School District has made budget reductions to try and match as closely as possible expenditures to anticipated revenues. The School District has also used fund equity (reserves) for the past few years to balance the budget and maintain programs and services.

The budget approved by the Board of Education reflects almost \$6.0 million in cost savings actions, and program and service reductions. The projected deficit of \$4.5 million will be absorbed by using fund equity (reserves).

Future year operating budgets will also be challenged as the ability of the State to provide funding for schools is in question due to state budget shortfalls. In addition, student enrollment is projected to continue to decline based on existing demographics. In future budget planning, the School District will also be challenged to continue efforts to provide a balanced budget without depleting all of the School District's fund equity.

## BASIC FINANCIAL STATEMENTS



**Livonia Public Schools School District**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities
<b>Assets</b>	
Cash	\$ 12,292,289
Accounts receivable	289,882
Due from other governmental units	22,312,637
Inventory	469,570
Investments	12,098,645
Prepaid items	65,366
Deposits	6,851,737
Capital assets not being depreciated	6,021,144
Capital assets - net of accumulated depreciation	115,945,279
Total assets	176,346,549
<b>Liabilities</b>	
Accounts payable	6,260,601
State aid anticipation note payable	6,096,500
Due to other governmental units	3,530,885
Payroll deductions and withholdings	252,026
Accrued expenditures	897,262
Accrued salaries payable	14,044,578
Unearned revenue	330,680
Noncurrent liabilities	
Due within one year	5,152,655
Due in more than one year	90,306,598
Total liabilities	126,871,785
<b>Net Assets</b>	
Invested in capital assets, net of related debt	30,354,860
Restricted for:	
Debt service	1,228,761
Capital projects	9,844,564
Food service	395,464
Special maintenance	194,419
Unrestricted	7,456,696
Total net assets	\$ 49,474,764

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 105,435,838	\$ 1,303,209	\$ 18,071,925	\$ -
Supporting services	63,880,808	158,019	11,995,195	-
Food services	3,669,044	1,919,800	1,611,841	-
Athletic activities	1,636,244	884,784	-	-
Community services	2,260,726	4,030,017	-	-
Interest on long-term debt	4,148,018	-	-	-
	<u>181,030,678</u>	<u>8,295,829</u>	<u>31,678,961</u>	<u>-</u>
Total governmental activities				<u>(141,055,888)</u>
General revenues				
Property taxes, levied for general purposes				28,486,064
Property taxes, levied for debt service				9,429,668
Property taxes, levied for sinking fund				5,311,146
State aid - unrestricted				103,772,162
Interest and investment earnings				11,044
Other				<u>529,047</u>
Total general revenues				<u>147,539,131</u>
Change in net assets				6,483,243
Net assets - beginning (as restated)				<u>42,991,521</u>
Net assets - ending				<u>\$ 49,474,764</u>

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2011**

	General Funds	Special Education Center Programs	Building and Repairs Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 12,292,250	\$ -	\$ -	\$ 39	\$ 12,292,289
Accounts receivable	277,466	-	-	12,416	289,882
Due from other funds	187,486	2,064,242	-	967,603	3,219,331
Due from other governmental units	20,629,681	1,656,747	-	26,209	22,312,637
Inventory	346,762	-	-	122,808	469,570
Investments	-	-	8,983,281	3,115,364	12,098,645
Prepaid items	65,366	-	-	-	65,366
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total assets	<u>\$ 33,799,011</u>	<u>\$ 3,720,989</u>	<u>\$ 8,983,281</u>	<u>\$ 4,244,439</u>	<u>\$ 50,747,720</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 696,891	\$ 10,510	\$ 738,368	\$ 299,376	\$ 1,745,145
State aid anticipation note payable	6,096,500	-	-	-	6,096,500
Due to other funds	3,393,100	-	312,586	14,476	3,720,162
Due to other governmental units	2,407,576	1,111,036	-	12,273	3,530,885
Payroll deductions and withholdings	252,026	-	-	-	252,026
Accrued expenditures	165,016	-	-	-	165,016
Accrued salaries payable	12,653,008	1,380,161	-	11,409	14,044,578
Deferred revenue	1,056,320	-	-	16,697	1,073,017
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total liabilities	<u>26,720,437</u>	<u>2,501,707</u>	<u>1,050,954</u>	<u>354,231</u>	<u>30,627,329</u>

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2011**

	<u>General Funds</u>	<u>Special Education Center Programs</u>	<u>Building and Repairs Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance					
Non-spendable					
Inventory	\$ 346,762	\$ -	\$ -	\$ 122,808	\$ 469,570
Prepaid items	65,366	-	-	-	65,366
Restricted for:					
Debt service	-	-	-	1,228,761	1,228,761
Capital projects	-	-	7,932,327	1,912,237	9,844,564
Food service	-	-	-	395,464	395,464
Special maintenance	-	-	-	194,419	194,419
Assigned to:					
Special education programs	-	1,219,282	-	-	1,219,282
Budget appropriations	4,507,510	-	-	-	4,507,510
Capital projects	-	-	-	36,519	36,519
Unassigned	<u>2,158,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,158,936</u>
 Total fund balance	 <u>7,078,574</u>	 <u>1,219,282</u>	 <u>7,932,327</u>	 <u>3,890,208</u>	 <u>20,120,391</u>
 Total liabilities and fund balance	 <u>\$ 33,799,011</u>	 <u>\$ 3,720,989</u>	 <u>\$ 8,983,281</u>	 <u>\$ 4,244,439</u>	 <u>\$ 50,747,720</u>

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets**  
**June 30, 2011**

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<b>Total fund balances for governmental funds</b>	<b>\$ 20,120,391</b>
Total net assets for governmental activities in the statement of net assets is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Property taxes	742,337
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	6,021,144
Capital assets - net of accumulated depreciation	115,945,279
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(732,246)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(3,110,250)
Bonds payable	(91,421,772)
Other loans payable and liabilities	(927,231)
Internal Service Fund assets and liabilities are included in governmental activities in the statement of net assets.	<u>2,837,112</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 49,474,764</u></b>

**Livonia Public Schools School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	General Funds	Special Education Center Programs	Building and Repairs Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local sources	\$ 35,082,759	\$ 6,889	\$ 5,311,157	\$ 11,354,311	\$ 51,755,116
State sources	103,403,307	4,896,656	-	144,091	108,444,054
Federal sources	10,608,018	-	-	1,467,750	12,075,768
Interdistrict sources	209,625	14,677,213	-	-	14,886,838
	<u>149,303,709</u>	<u>19,580,758</u>	<u>5,311,157</u>	<u>12,966,152</u>	<u>187,161,776</u>
<b>Expenditures</b>					
Current					
Education					
Instruction	90,177,558	13,698,315	-	-	103,875,873
Supporting services	57,183,270	5,631,143	-	135,333	62,949,746
Food services	-	-	-	3,524,966	3,524,966
Athletic activities	1,571,992	-	-	-	1,571,992
Community services	2,260,725	-	-	-	2,260,725
Intergovernmental payments	23,582	-	-	-	23,582
Capital outlay	25,203	-	7,328,557	516,982	7,870,742
Debt service					
Principal	189,791	-	-	4,200,000	4,389,791
Interest and other expenditures	-	-	-	4,558,380	4,558,380
	<u>151,432,121</u>	<u>19,329,458</u>	<u>7,328,557</u>	<u>12,935,661</u>	<u>191,025,797</u>
Excess (deficiency) of revenues over expenditures	<u>(2,128,412)</u>	<u>251,300</u>	<u>(2,017,400)</u>	<u>30,491</u>	<u>(3,864,021)</u>

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	General Funds	Special Education Center Programs	Building and Repairs Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	\$ 359,882	\$ -	\$ -	\$ -	\$ 359,882
Transfers in	3,200,000	822,434	-	279,395	4,301,829
Transfers out	(1,066,914)	(3,200,000)	-	(34,915)	(4,301,829)
 Total other financing sources (uses)	 <u>2,492,968</u>	 <u>(2,377,566)</u>	 <u>-</u>	 <u>244,480</u>	 <u>359,882</u>
 Net change in fund balance	 364,556	 (2,126,266)	 (2,017,400)	 274,971	 (3,504,139)
 Fund balance - beginning (as restated)	 <u>6,714,018</u>	 <u>3,345,548</u>	 <u>9,949,727</u>	 <u>3,615,237</u>	 <u>23,624,530</u>
 Fund balance - ending	 <u>\$ 7,078,574</u>	 <u>\$ 1,219,282</u>	 <u>\$ 7,932,327</u>	 <u>\$ 3,890,208</u>	 <u>\$ 20,120,391</u>

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2011**

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<b>Net change in fund balances - Total governmental funds</b>	\$ (3,504,139)
Total change in net assets reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	28,222
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(5,982,647)
Capital outlay	7,036,901
Sale of capital assets (net book value)	(246,541)
Expenses are recorded when incurred in the statement of activities.	
Interest	2,306
Special termination benefits	2,435,634
Compensated absences	38,756
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Repayments of long-term debt	4,389,791
Amortization of premiums	408,056
Internal Service Fund revenues and expenses are included in governmental activities in the statement of activities	<u>1,876,904</u>
<b>Change in net assets of governmental activities</b>	<b>\$ <u><u>6,483,243</u></u></b>

See Accompanying Notes to Financial Statements



**Livonia Public Schools School District**  
**Proprietary Fund**  
**Internal Service Fund - Health and Welfare Fund**  
**Statement of Net Assets**  
**June 30, 2011**

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**Assets**

Deposits \$ 6,851,737

**Liabilities**

Accounts payable 23,341

Due to other funds 248,684

Estimated claims payable 3,742,600

Total liabilities 4,014,625

**Net Assets**

Unrestricted \$ 2,837,112

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Proprietary Funds**  
**Internal Service Fund - Health and Welfare Fund**  
**Statement of Revenue, Expenses, and Changes in Fund Net Assets**  
**Year Ended June 30, 2011**

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<b>Operating Revenues</b>	
Charges to other funds	<u>\$ 25,052,383</u>
<b>Operating Expenses</b>	
Claims	16,821,525
Premiums	5,166,422
Administrative fees	<u>1,190,978</u>
Total operating expenditures	<u>23,178,925</u>
Operating income	1,873,458
<b>Nonoperating Revenue</b>	
Interest income	<u>3,446</u>
Change in net assets	1,876,904
Net assets - beginning of the year	<u>960,208</u>
Net assets - end of year	<u>\$ 2,837,112</u>

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Proprietary Funds**  
**Internal Service Fund - Health and Welfare Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2011**

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**Cash flows from operating activities**

Receipts from other funds	\$ 26,621,394
Claims, premiums and administrative fees paid	<u>(26,624,840)</u>
Net cash used by operating activities	(3,446)

**Cash flows from investing activities**

Interest received	<u>3,446</u>
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Net increase in cash and cash equivalents	-
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Cash and cash equivalents - beginning of year	<u>-</u>
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<b>Cash and cash equivalents - end of year</b>	<b><u>\$ -</u></b>
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**Reconciliation of operating income to net cash from operating activities**

Operating income	\$ 1,873,458
Adjustments to reconcile operating income to net cash from operating activities - changes in assets and liabilities	
Due from other funds	1,569,011
Deposits	(3,515,975)
Accounts payable	(41,124)
Estimated claims payable	<u>111,184</u>

<b>Net cash used by operating activities</b>	<b><u>\$ (3,446)</u></b>
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**Livonia Public Schools School District**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2011**

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	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash	\$ -	\$ 393,970
Due from other funds	14,123	735,392
Investments	<u>35,088</u>	<u>-</u>
Total assets	<u>49,211</u>	<u>\$ 1,129,362</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 19,988
Due to agency fund activities	<u>-</u>	<u>1,109,374</u>
Total liabilities	<u>-</u>	<u>\$ 1,129,362</u>
<b>Net Assets</b>		
Restricted for scholarships	<u>\$ 49,211</u>	

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Fiduciary Funds**  
**Private Purpose Trust Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2011**

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	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Local sources	\$ 500
<b>Deductions</b>	
Scholarships	<u>3,023</u>
Change in net assets	(2,523)
Net assets - beginning (as restated)	<u>51,734</u>
Net assets - ending	<u>\$ 49,211</u>

See Accompanying Notes to Financial Statements

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**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. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, 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 activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all

long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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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 revenues to be available if they are collected within 60 days, except for property taxes which are 120 days, of the end of the current fiscal period. 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.

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 government.

Proprietary fund and fiduciary fund statements also are 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 health, workers' compensation, disability and life insurance claims. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The School District reports the following major governmental funds:

General Funds – The General Funds are used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds. The School District's General Funds include General Fund, Athletic Activities, ARRA Program, and Funded Projects.

Special Education Center Programs – The Special Education Center Program Fund consists of those activities involved in operating the programs necessary to provide for the education of students identified as needing special education services. The Fund's revenue sources include property taxes, federal and state sources, and inter-governmental reimbursements.

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, construction or repair of school buildings and sites.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Services and Special Maintenance. Operating deficits generated by these activities are generally transferred from 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.

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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Capital Projects Fund – The Improvement and Technology Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, building, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

The Building and Site 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.

Internal Service Fund – The Internal Service Fund accounts for risk management services to include employee health, workers' compensation, disability and life insurance claim obligations 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.

**Assets, Liabilities and Equity**

Cash and investments – Cash and cash equivalents include cash on hand, demand deposits, and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investment income is recorded in the fund for which the investment account was established.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are deemed fully collectible.

Property taxes collected are based upon the approved tax rate for the year of levy. School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 89% of the School District's tax roll lies within the City of Livonia.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by Wayne County and remitted to the School District.

Inventories and Prepaid Items – 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. For such payments in governmental funds the School District follows the consumption method, and they therefore



**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Compensated Absences – The liability for compensated absences reported in the district-wide statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave balances for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Severance Pay – The liability for severance pay reported in the district wide statements is calculated based on years of service multiplied by \$200 per year once employees reach 10 years of service and retirement age of 61 years old.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the District's highest level of decision-making, its board of education. A fund balance commitment may be established, modified, or rescinded by a resolution of the board of education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education. The board of education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standard**

The Government Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which the District adopted effective July 1, 2010. The new standard changes fund balance classifications to depict the relative strength of the spending constraints and clarifies the definitions of various governmental fund types. The standard includes a new definition of special revenue funds, and athletic funds, ARRA program, and funded projects no longer meet that definition and are now combined with the general fund.

In addition, the scholarship fund was moved from special revenue to fiduciary funds – private purpose trust funds.

Changes to fund balance are detailed as follows:

	As Originally Reported	Adjustment	As Restated
Beginning fund balance			
Special Revenue Funds	\$ 51,734	\$ (51,734)	\$ -
Private Purpose Trust Fund	-	51,734	51,734

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Business	\$ 3,434,889	\$ 3,739,391	\$ 304,502
Transfers out	1,883,094	1,905,291	22,197
Athletics Fund	1,539,094	1,597,195	58,101

Budget variances in the Business Function were a result of property tax write-offs higher than anticipated.

**Compliance - Sinking Funds**

The Building and Repairs Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 12,292,289	\$ 393,970	\$ 12,686,259
Investments	12,098,645	35,088	12,133,733
	<u>\$ 24,390,934</u>	<u>\$ 429,058</u>	<u>\$ 24,819,992</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 12,706,760
Investments in securities, mutual funds, and similar vehicles	12,098,645
Petty cash and cash on hand	<u>14,587</u>
Total	<u>\$ 24,819,992</u>

As of year end, the District had the following investments:

Investment	Fair Value	Maturities	Rating	Rating Organization
U.S. Government Money Market Fund Capital Share Class	<u>\$ 12,098,645</u>	Variable	AAAm	S&P

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

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*Credit risk* – 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 an office 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 has designated two banks for the deposit of its funds.

*Concentration of credit risk* – The District has no policy that would limit the amount that may be invested with 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.

*Custodial credit risk – deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the 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. As of year end, all of the District’s bank balances were insured and not exposed to custodial credit.

*Custodial credit risk – investments* – For an investment, this 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 risk states that custodial risk will be minimized by limiting investments to the types of securities allowed by state law; and by pre-qualifying the financial institutions’ broker/dealers, intermediaries, and advisors with which the School

District will do business using the criteria established in the investment policy. As of year end the District’s entire investment balance was held by a counter party in the District’s name and was uninsured and unregistered.

*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 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; 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. The District has no investments held at year end subject to interest rate risk.

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 4 - CAPITAL ASSETS**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 4,586,143	\$ -	\$ -	\$ -	\$ 4,586,143
Construction in progress	765,313	1,435,001	-	(765,313)	1,435,001
<b>Total capital assets not being depreciated</b>	<b>5,351,456</b>	<b>1,435,001</b>	<b>-</b>	<b>(765,313)</b>	<b>6,021,144</b>
Capital assets being depreciated					
Buildings and additions	192,961,041	4,930,803	200,000	1,479,472	199,171,316
Equipment and furniture	15,173,287	671,097	-	(714,159)	15,130,225
Buses and other vehicles	9,354,273	-	1,137,486	-	8,216,787
<b>Total capital assets being depreciated</b>	<b>217,488,601</b>	<b>5,601,900</b>	<b>1,337,486</b>	<b>765,313</b>	<b>222,518,328</b>
Less accumulated depreciation for					
Buildings and additions	86,859,492	4,941,355	180,956	305,075	91,924,966
Equipment and furniture	8,673,667	792,072	-	(525,024)	8,940,715
Buses and other vehicles	6,148,188	469,169	909,989	-	5,707,368
<b>Total accumulated depreciation</b>	<b>101,681,347</b>	<b>6,202,596</b>	<b>1,090,945</b>	<b>(219,949)</b>	<b>106,573,049</b>
<b>Net capital assets being depreciated</b>	<b>115,807,254</b>	<b>(600,696)</b>	<b>246,541</b>	<b>985,262</b>	<b>115,945,279</b>
<b>Net capital assets</b>	<b>\$ 121,158,710</b>	<b>\$ 834,305</b>	<b>\$ 246,541</b>	<b>\$ 219,949</b>	<b>\$ 121,966,423</b>

Depreciation expense was charged to activities of the School District as follows:

Instruction	\$ 3,614,724
Support services	2,190,556
Food services	122,664
Athletic activities	54,703
<b>Total governmental activities</b>	<b>\$ 5,982,647</b>

**Construction Contracts**

As of year end, the School District had the following construction contracts in progress:

	Total Contracts	Remaining Construction Commitment at Year End	Contract Payable at Year End
<b>Project</b>			
Building and Repairs Fund	<u>\$ 6,708,273</u>	<u>\$ 5,186,342</u>	<u>\$ 738,368</u>

All projects are expected to be completed throughout fiscal year 2012.

**Idle Assets**

Buildings with a carrying value of \$2,214,826 are idle at June 30, 2011.

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS**

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 187,486
Special Education Center Programs	General Fund	2,064,242
Nonmajor Governmental Funds	Internal Service Fund	61,198
Nonmajor Governmental Funds	Building and Repairs Fund	312,586
Nonmajor Governmental Funds	General Fund	593,819
Agency Fund	Nonmajor Governmental Funds	14,476
Agency Fund	General Fund	<u>735,039</u>
		<u>\$ 3,968,846</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	<u>Transfers Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Education Center Programs</u>	<u>Nonmajor Governmental Funds</u>	
<b>Transfers in</b>				
General Fund	\$ -	\$ 3,200,000	\$ -	\$ 3,200,000
Special Education Center Programs	822,434	-	-	822,434
Nonmajor governmental funds	244,480	-	34,915	279,395
	<u>\$ 1,066,914</u>	<u>\$ 3,200,000</u>	<u>\$ 34,915</u>	<u>\$ 4,301,829</u>

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. Transfers between the debt funds were to allocate excess fund balance that related to the 2000 bond issue.

**NOTE 6 - DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer 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 deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes	\$ 742,337	\$ -	\$ 742,337
Grant and categorical aid payments received prior to meeting all eligibility requirements	-	46,508	46,508
Summer school tuition	-	249,964	249,964
Other	-	34,208	34,208
	<u>\$ 742,337</u>	<u>\$ 330,680</u>	<u>\$ 1,073,017</u>

**NOTE 7 - STATE AID ANTICIPATION NOTE**

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30<sup>th</sup>.

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 2,167,750	\$ 7,400,000	\$ 3,471,250	\$ 6,096,500

The state aid anticipation note agreement includes an irrevocable set-aside amount of \$1,303,500 at year end that is considered defeased debt and not included in the ending balance.

**NOTE 8 - LONG-TERM DEBT**

The School District issues bonds, notes, 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 compensated absences and termination benefits.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 90,045,000	\$ -	\$ 4,200,000	\$ 85,845,000	\$ 4,570,000
Bus loan	379,582	-	189,791	189,791	189,791
Compensated absences	3,149,006	-	38,756	3,110,250	129,624
Severance pay	768,040	-	30,600	737,440	263,240
Early retirement incentives	2,405,034	-	2,405,034	-	-
Premium on bonds	5,984,828	-	408,056	5,576,772	-
<b>Total</b>	<b>\$ 102,731,490</b>	<b>\$ -</b>	<b>\$ 7,272,237</b>	<b>\$ 95,459,253</b>	<b>\$ 5,152,655</b>

For governmental activities, compensated absences, severance pay and early retirement incentives are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consists of the following:

\$92,570,000 refunding bonds due in annual installments of \$4,060,000 to \$8,385,000 through May 1, 2025, interest at 4.50% to 5.00%	\$ 84,035,000
\$2,350,000 refunding bonds due in annual installments of \$140,000 to \$225,000 through May 1, 2021, interest at 4.35% to 5.00%	<u>1,810,000</u>
<b>Total general obligation bonded debt</b>	<b><u>\$ 85,845,000</u></b>

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
<b>Year Ending June 30,</b>			
2012	\$ 4,570,000	\$ 4,182,735	\$ 8,752,735
2013	4,955,000	3,955,178	8,910,178
2014	5,345,000	3,708,435	9,053,435
2015	5,750,000	3,442,225	9,192,225
2016-2020	34,655,000	12,594,650	47,249,650
2021-2025	30,570,000	4,086,750	34,656,750
<b>Total</b>	<b><u>\$ 85,845,000</u></b>	<b><u>\$ 31,969,973</u></b>	<b><u>\$ 117,814,973</u></b>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$ 1,228,761 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year in the Debt Service Funds were \$ 4,558,380 .

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

**Bus Loan**

The School District has a loan for school buses. Future minimum principal and interest payments are as follows:

Year ending June 30,	Principal	Interest	Total
2012	\$ 189,791	\$ 7,743	\$ 197,534

**Compensated Absences**

Accrued compensated absences at year end, consists of \$1,632,328 of vacation hours earned and vested and \$1,477,922 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

**Severance Pay**

The School District's employee severance pay liability recorded on the government-wide financial statements at June 30, 2011 is \$737,440 . Management estimates that \$263,240 will be due within one year.

**Defeased Debt**

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the

defeased bonds are not included in the School District's financial statements.

The final payment date is May 1, 2022. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

1992 Series I Issue refunded	\$ 3,965,043
1992 Series II Issue refunded	<u>20,245,304</u>
Total	<u>\$ 24,210,347</u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District 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 omission; the School District is self insured for workers' compensation, medical claims, and employee life insurance.

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.

For risk retention situations (other than commercial coverage or risk sharing pools), the School District estimates the liability for workers' compensation, medical claims, and life insurance that have 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.



**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

Change in estimated liabilities for the year is as follows:

	2011	2010
Estimated liability at the beginning of the year	\$ 3,695,881	\$ 3,184,448
Estimated claims incurred including changes in estimates	16,304,704	20,571,118
Claim payments	(16,257,985)	(20,059,685)
Estimated liability end of year	\$ 3,742,600	\$ 3,695,881

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District incurred \$323,468 in unemployment compensation expense for the year. No provision has been made for possible future claims.

**NOTE 10 - PENSION PLANS AND POST EMPLOYMENT BENEFITS**

**Plan Description**

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPSERS), which is a cost-sharing multiple-employer public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPSERS operates within the Michigan Department of Technology, Management and Budget, Office of Retirement Services, who has the authority to establish and amend benefit provisions. The Michigan Department of Technology, Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. The report

provides information for the plan as a whole and information helpful for understanding the scale of the information presented relative to the School. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111 or on the web at <http://www.michigan.gov/orsschools>.

**Funding Policy**

The School is required by the School Finance Reform Act to contribute to MPSERS an actuarially determined percentage of payroll for all participating employees. The School's actual contributions match the required contributions. Additionally, employees participating in the Member Investment Plan contributed 3% to 6.4% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPSERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPSERS pension funding for the three-year period beginning July 1, 2008 through June 30, 2011.

	2011	2010	2009
Funding percentage range	8.63 - 12.16 %	9.73 - 10.13 %	9.73 - 10.17 %
School pension contributions	\$ 12,204,846	\$ 11,038,177	\$ 11,006,983

**Livonia Public Schools School District**  
**Notes to Financial Statements**  
**June 30, 2011**

**Defined Contributions Savings Plan**

For the Pension Plus savings plan, participants are automatically enrolled and 2% of their pay is withheld and deposited into the account. Participants may elect to not contribute, or may elect to increase their personal contribution up to the annual limits established by the IRS. The District matches 50 percent of the employee contributions into the Pension Plus savings plan, up to 1 percent. Participants opting to not contribute receive no employer matching contribution. Contributions by the District and participants during the year ended June 30, 2011, were:

	School District	Participants
Contributions to the Pension Plus Savings Plan	\$ 5,859	\$ 11,179

**Post Employment Benefits**

In addition to the pension benefits described above, the School Finance Reform Act requires the School District to provide post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPSERS). Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health care, dental and vision coverage at the time of receiving the benefits. The School's actual contributions match the required contributions.

The following table discloses pertinent information relative to MPSERS post employment benefits funding for the three-year period beginning July 1, 2008 through June 30, 2011.

	2011	2010	2009
Funding percentage range	6.81 - 8.50 %	6.81%	6.55 - 6.81%
School post employment benefits contributions	\$ 8,342,033	\$ 7,420,531	\$ 7,579,591

**NOTE 11 - CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2011. The School District is a defendant in various lawsuits. Although the outcome of these lawsuits 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.

**NOTE 12 - SUBSEQUENT EVENT**

Subsequent to June 30, 2011, the School District has paid the balance of the \$7,400,000 and accrued interest on the short-term state aid anticipation note borrowed in August 2010 and has subsequently borrowed \$8,800,000 in short-term state aid anticipation notes through the Michigan Municipal Bond Authority. Proceeds from the borrowing will be distributed to the School District August 20, 2011.

## REQUIRED SUPPLEMENTAL INFORMATION

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**Livonia Public Schools School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2011**

	Budgeted Amounts		
	Original	Final	Actual
<b>Revenues</b>			
Local sources	\$ 35,204,334	\$ 34,156,228	\$ 34,180,412
State sources	102,651,574	102,605,640	103,055,992
Federal sources	384,528	2,178,988	1,990,531
Interdistrict sources	21,102	14,000	209,625
	<u>138,261,538</u>	<u>138,954,856</u>	<u>139,436,560</u>
<b>Expenditures</b>			
Instruction			
Basic programs	74,098,866	72,812,110	72,459,297
Added needs	11,833,910	11,363,330	11,236,097
Adult and continuing education	629,483	623,373	592,451
Supporting services			
Pupil	9,003,533	8,886,440	8,739,797
Instructional staff	6,859,588	7,241,736	6,871,375
General administration	1,014,457	1,020,370	861,326
School administration	9,207,983	9,366,383	9,260,814
Business	3,585,311	3,434,889	3,739,391
Operations and maintenance	15,043,650	15,392,971	14,701,674
Pupil transportation services	7,850,334	7,501,747	7,273,119
Central	2,498,967	2,644,408	2,517,156
Community services	2,619,836	2,395,360	2,260,725
Intergovernmental payments	58,000	50,000	23,582
Debt service			
Principal	189,791	189,791	189,791
	<u>144,493,709</u>	<u>142,922,908</u>	<u>140,726,595</u>
Total expenditures	<u>144,493,709</u>	<u>142,922,908</u>	<u>140,726,595</u>
Deficiency of revenues over expenditures	<u>(6,232,171)</u>	<u>(3,968,052)</u>	<u>(1,290,035)</u>

**Livonia Public Schools School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2011**

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	Budgeted Amounts		
	Original	Final	Actual
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	\$ 195,000	\$ 359,923	\$ 359,882
Transfers in	3,448,000	3,494,000	3,200,000
Transfers out	<u>(1,629,393)</u>	<u>(1,883,094)</u>	<u>(1,905,291)</u>
Total other financing sources (uses)	<u>2,013,607</u>	<u>1,970,829</u>	<u>1,654,591</u>
Net change in fund balance	(4,218,564)	(1,997,223)	364,556
Fund balance - beginning	<u>6,714,018</u>	<u>6,714,018</u>	<u>6,714,018</u>
Fund balance - ending	<u><u>\$ 2,495,454</u></u>	<u><u>\$ 4,716,795</u></u>	<u><u>\$ 7,078,574</u></u>

**Livonia Public Schools School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Athletic Activities**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues</b>			
Local sources	\$ 885,201	\$ 867,000	\$ 884,784
<b>Expenditures</b>			
Current			
Education			
Athletic activities	1,388,252	1,506,290	1,571,992
Capital outlay	27,704	32,804	25,203
Total expenditures	<u>1,415,956</u>	<u>1,539,094</u>	<u>1,597,195</u>
Deficiency of revenues over expenditures	<u>(530,755)</u>	<u>(672,094)</u>	<u>(712,411)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	<u>530,755</u>	<u>672,094</u>	<u>712,411</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Livonia Public Schools School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - ARRA Program**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues</b>			
Federal sources	\$ 630,879	\$ 1,574,921	\$ 1,572,399
<b>Expenditures</b>			
Current			
Education			
Instruction	-	390,660	634,205
Supporting services	619,240	1,154,755	908,948
Total expenditures	619,240	1,545,415	1,543,153
Excess of revenues over expenditures	11,639	29,506	29,246
<b>Other Financing Sources (Uses)</b>			
Transfers out	(11,639)	(29,506)	(29,246)
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

**Livonia Public Schools School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Funded Projects**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues</b>			
Local sources	\$ 873,393	\$ 804,052	\$ 17,563
State sources	252,181	364,708	347,315
Federal sources	6,976,738	7,638,202	7,045,088
Total revenues	<u>8,102,312</u>	<u>8,806,962</u>	<u>7,409,966</u>
<b>Expenditures</b>			
Current			
Education			
Instruction	5,391,468	5,822,592	5,255,508
Supporting services	2,182,479	2,421,016	2,309,670
Capital outlay	849,063	750,000	-
Total expenditures	<u>8,423,010</u>	<u>8,993,608</u>	<u>7,565,178</u>
Excess of revenues over expenditures	<u>(320,698)</u>	<u>(186,646)</u>	<u>(155,212)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	432,833	310,058	308,989
Transfers out	(112,135)	(123,412)	(153,777)
Total other financing sources (uses)	<u>320,698</u>	<u>186,646</u>	<u>155,212</u>
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**Livonia Public Schools School District**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Special Education Center Programs**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>Revenues</b>			
Local sources	\$ -	\$ -	\$ 6,889
State sources	5,389,587	5,068,471	4,896,656
Interdistrict sources	<u>15,299,644</u>	<u>15,868,208</u>	<u>14,677,213</u>
Total revenues	<u>20,689,231</u>	<u>20,936,679</u>	<u>19,580,758</u>
<b>Expenditures</b>			
Current			
Education			
Instruction	14,017,462	14,383,904	13,698,315
Supporting services	<u>6,137,483</u>	<u>5,997,199</u>	<u>5,631,143</u>
Total expenditures	<u>20,154,945</u>	<u>20,381,103</u>	<u>19,329,458</u>
Excess of revenues over expenditures	<u>534,286</u>	<u>555,576</u>	<u>251,300</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	742,984	830,697	822,434
Transfers out	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>(3,200,000)</u>
Total other financing sources (uses)	<u>(2,457,016)</u>	<u>(2,369,303)</u>	<u>(2,377,566)</u>
Net change in fund balance	(1,922,730)	(1,813,727)	(2,126,266)
Fund balance - beginning	<u>3,345,548</u>	<u>3,345,548</u>	<u>3,345,548</u>
Fund balance - ending	<u>\$ 1,422,818</u>	<u>\$ 1,531,821</u>	<u>\$ 1,219,282</u>

## OTHER SUPPLEMENTAL INFORMATION

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**Livonia Public Schools School District**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2011**

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>Food Service</u>	<u>Special Maintenance</u>	<u>Debt Service Funds</u>	<u>Improvement and Technology Fund</u>	<u>Building and Site</u>	
<b>Assets</b>						
Cash	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ 39
Accounts receivable	12,416	-	-	-	-	12,416
Due from other funds	408,455	49,423	509,725	-	-	967,603
Due from other governmental units	26,209	-	-	-	-	26,209
Inventory	122,808	-	-	-	-	122,808
Investments	-	145,384	719,036	38,586	2,212,358	3,115,364
	<u>-</u>	<u>145,384</u>	<u>719,036</u>	<u>38,586</u>	<u>2,212,358</u>	<u>3,115,364</u>
Total assets	<u>\$ 569,927</u>	<u>\$ 194,807</u>	<u>\$ 1,228,761</u>	<u>\$ 38,586</u>	<u>\$ 2,212,358</u>	<u>\$ 4,244,439</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts payable	\$ 11,276	\$ 388	\$ -	\$ -	\$ 287,712	\$ 299,376
Due to other funds	-	-	-	2,067	12,409	14,476
Due to other governmental units	12,273	-	-	-	-	12,273
Accrued salaries payable	11,409	-	-	-	-	11,409
Deferred revenue	16,697	-	-	-	-	16,697
	<u>51,655</u>	<u>388</u>	<u>-</u>	<u>2,067</u>	<u>300,121</u>	<u>354,231</u>
Total liabilities	<u>51,655</u>	<u>388</u>	<u>-</u>	<u>2,067</u>	<u>300,121</u>	<u>354,231</u>
<b>Fund Balance</b>						
Non-spendable						
Inventory	122,808	-	-	-	-	122,808
Restricted for:						
Debt service	-	-	1,228,761	-	-	1,228,761
Capital projects	-	-	-	-	1,912,237	1,912,237
Food service	395,464	-	-	-	-	395,464
Special maintenance	-	194,419	-	-	-	194,419
Assigned to:						
Capital projects	-	-	-	36,519	-	36,519
	<u>518,272</u>	<u>194,419</u>	<u>1,228,761</u>	<u>36,519</u>	<u>1,912,237</u>	<u>3,890,208</u>
Total fund balance	<u>518,272</u>	<u>194,419</u>	<u>1,228,761</u>	<u>36,519</u>	<u>1,912,237</u>	<u>3,890,208</u>
Total liabilities and fund balance	<u>\$ 569,927</u>	<u>\$ 194,807</u>	<u>\$ 1,228,761</u>	<u>\$ 38,586</u>	<u>\$ 2,212,358</u>	<u>\$ 4,244,439</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>		Total Nonmajor Governmental Funds
	<u>Food Service</u>	<u>Special Maintenance</u>	<u>Debt Service Funds</u>	<u>Improvement and Technology Fund</u>	<u>Building and Site</u>	
<b>Revenues</b>						
Local sources	\$ 1,919,800	\$ 296	\$ 9,432,892	\$ 37	\$ 1,286	\$ 11,354,311
State sources	144,091	-	-	-	-	144,091
Federal sources	1,467,750	-	-	-	-	1,467,750
<b>Total revenues</b>	<u>3,531,641</u>	<u>296</u>	<u>9,432,892</u>	<u>37</u>	<u>1,286</u>	<u>12,966,152</u>
<b>Expenditures</b>						
Current						
Education						
Supporting services	-	135,333	-	-	-	135,333
Food services	3,524,966	-	-	-	-	3,524,966
Capital outlay	14,799	-	-	120,510	381,673	516,982
Debt service						
Principal	-	-	4,200,000	-	-	4,200,000
Interest and other expenditures	-	-	4,558,380	-	-	4,558,380
<b>Total expenditures</b>	<u>3,539,765</u>	<u>135,333</u>	<u>8,758,380</u>	<u>120,510</u>	<u>381,673</u>	<u>12,935,661</u>
Excess (deficiency) of revenues over expenditures	<u>(8,124)</u>	<u>(135,037)</u>	<u>674,512</u>	<u>(120,473)</u>	<u>(380,387)</u>	<u>30,491</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	244,480	-	34,915	-	-	279,395
Transfers out	-	-	(34,915)	-	-	(34,915)
<b>Total other financing sources (uses)</b>	<u>244,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,480</u>
<b>Net change in fund balance</b>	<u>236,356</u>	<u>(135,037)</u>	<u>674,512</u>	<u>(120,473)</u>	<u>(380,387)</u>	<u>274,971</u>
Fund balance - beginning (as restated)	<u>281,916</u>	<u>329,456</u>	<u>554,249</u>	<u>156,992</u>	<u>2,292,624</u>	<u>3,615,237</u>
Fund balance - ending	<u>\$ 518,272</u>	<u>\$ 194,419</u>	<u>\$ 1,228,761</u>	<u>\$ 36,519</u>	<u>\$ 1,912,237</u>	<u>\$ 3,890,208</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Funds**  
**Combining Balance Sheet**  
**June 30, 2011**

	<u>General Fund</u>	<u>Athletic Activities</u>	<u>ARRA Program</u>	<u>Funded Projects</u>	<u>Total</u>
<b>Assets</b>					
Cash	\$ 12,292,250	\$ -	\$ -	\$ -	\$ 12,292,250
Accounts receivable	277,466	-	-	-	277,466
Due from other funds	-	34,264	123,222	30,000	187,486
Due from other governmental units	18,866,663	-	-	1,763,018	20,629,681
Inventory	346,762	-	-	-	346,762
Prepaid items	65,366	-	-	-	65,366
	<u>31,848,507</u>	<u>34,264</u>	<u>123,222</u>	<u>1,793,018</u>	<u>33,799,011</u>
Total assets	<u>\$ 31,848,507</u>	<u>\$ 34,264</u>	<u>\$ 123,222</u>	<u>\$ 1,793,018</u>	<u>\$ 33,799,011</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ 657,242	\$ 190	\$ 5,775	\$ 33,684	\$ 696,891
State aid anticipation note payable	6,096,500	-	-	-	6,096,500
Due to other funds	2,262,555	-	-	1,130,545	3,393,100
Due to other governmental units	2,392,837	14,739	-	-	2,407,576
Payroll deductions and withholdings	252,026	-	-	-	252,026
Accrued expenditures	165,016	-	-	-	165,016
Accrued salaries payable	11,933,945	19,335	117,447	582,281	12,653,008
Deferred revenue	1,009,812	-	-	46,508	1,056,320
	<u>24,769,933</u>	<u>34,264</u>	<u>123,222</u>	<u>1,793,018</u>	<u>26,720,437</u>
Total liabilities	<u>24,769,933</u>	<u>34,264</u>	<u>123,222</u>	<u>1,793,018</u>	<u>26,720,437</u>
<b>Fund Balance</b>					
<b>Non-spendable</b>					
Inventory	346,762	-	-	-	346,762
Prepaid items	65,366	-	-	-	65,366
<b>Assigned to:</b>					
Budget appropriations	4,507,510	-	-	-	4,507,510
Unassigned	2,158,936	-	-	-	2,158,936
	<u>7,078,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,078,574</u>
Total fund balance	<u>7,078,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,078,574</u>
Total liabilities and fund balance	<u>\$ 31,848,507</u>	<u>\$ 34,264</u>	<u>\$ 123,222</u>	<u>\$ 1,793,018</u>	<u>\$ 33,799,011</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Athletic Activities</u>	<u>ARRA Program</u>	<u>Funded Projects</u>	<u>Total</u>
<b>Revenues</b>					
Local sources	\$ 34,180,412	\$ 884,784	\$ -	\$ 17,563	\$ 35,082,759
State sources	103,055,992	-	-	347,315	103,403,307
Federal sources	1,990,531	-	1,572,399	7,045,088	10,608,018
Interdistrict sources	209,625	-	-	-	209,625
	<u>139,436,560</u>	<u>884,784</u>	<u>1,572,399</u>	<u>7,409,966</u>	<u>149,303,709</u>
<b>Expenditures</b>					
Current					
Education					
Instruction	84,287,845	-	634,205	5,255,508	90,177,558
Supporting services	53,964,652	-	908,948	2,309,670	57,183,270
Food services	-	-	-	-	-
Athletic activities	-	1,571,992	-	-	1,571,992
Community services	2,260,725	-	-	-	2,260,725
Intergovernmental payments	23,582	-	-	-	23,582
Capital outlay	-	25,203	-	-	25,203
Debt service					
Principal	189,791	-	-	-	189,791
	<u>140,726,595</u>	<u>1,597,195</u>	<u>1,543,153</u>	<u>7,565,178</u>	<u>151,432,121</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>(1,290,035)</u>	<u>(712,411)</u>	<u>29,246</u>	<u>(155,212)</u>	<u>(2,128,412)</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

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	<u>General Fund</u>	<u>Athletic Activities</u>	<u>ARRA Program</u>	<u>Funded Projects</u>	<u>Total</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	\$ 359,882	\$ -	\$ -	\$ -	\$ 359,882
Transfers in	3,200,000	712,411	-	308,989	4,221,400
Transfers out	<u>(1,905,291)</u>	<u>-</u>	<u>(29,246)</u>	<u>(153,777)</u>	<u>(2,088,314)</u>
 Total other financing sources (uses)	 <u>1,654,591</u>	 <u>712,411</u>	 <u>(29,246)</u>	 <u>155,212</u>	 <u>2,492,968</u>
 Net change in fund balance	 364,556	 -	 -	 -	 364,556
 Fund balance - beginning	 <u>6,714,018</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>6,714,018</u>
 Fund balance - ending	 <u>\$ 7,078,574</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 7,078,574</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenue from local sources</b>			
Property tax levy	\$ 29,154,634	\$ 28,768,518	\$ 28,457,842
Tuition	1,417,631	1,265,510	1,303,209
Transportation fees	160,000	115,000	158,019
Earnings on investments	69,000	6,000	6,190
Student activities	49,000	24,000	11,425
Other local revenues	<u>4,354,069</u>	<u>3,977,200</u>	<u>4,243,727</u>
Total revenues from local sources	<u>35,204,334</u>	<u>34,156,228</u>	<u>34,180,412</u>
<b>Revenues from state sources</b>			
Grants - unrestricted	98,124,549	98,903,008	99,330,841
Grants - restricted	<u>4,527,025</u>	<u>3,702,632</u>	<u>3,725,151</u>
Total revenues from state sources	<u>102,651,574</u>	<u>102,605,640</u>	<u>103,055,992</u>
<b>Revenues from federal sources</b>			
Grants	<u>384,528</u>	<u>2,178,988</u>	<u>1,990,531</u>
<b>Interdistrict sources</b>			
Tuition	-	14,000	13,363
Transportation	<u>21,102</u>	<u>-</u>	<u>196,262</u>
Total interdistrict sources	<u>21,102</u>	<u>14,000</u>	<u>209,625</u>
<b>Other financing sources</b>			
Proceeds from sale of capital assets	195,000	359,923	359,882
Transfers in	<u>3,448,000</u>	<u>3,494,000</u>	<u>3,200,000</u>
Total other financing sources	<u>3,643,000</u>	<u>3,853,923</u>	<u>3,559,882</u>
Total revenue and other financing sources	<u>\$ 141,904,538</u>	<u>\$ 142,808,779</u>	<u>\$ 142,996,442</u>



**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Basic program - elementary</b>			
Salaries	\$ 21,696,095	\$ 21,231,415	\$ 21,234,446
Employee benefits	10,497,874	10,690,120	10,690,254
Purchased services	627,508	324,715	300,182
Supplies and materials	<u>263,920</u>	<u>263,040</u>	<u>247,923</u>
Total elementary	<u>33,085,397</u>	<u>32,509,290</u>	<u>32,472,805</u>
<b>Basic program - middle school</b>			
Salaries	7,472,216	7,517,024	7,457,538
Employee benefits	3,628,351	3,725,199	3,672,753
Purchased services	192,972	158,130	146,646
Supplies and materials	<u>80,357</u>	<u>87,418</u>	<u>77,390</u>
Total middle school	<u>11,373,896</u>	<u>11,487,771</u>	<u>11,354,327</u>
<b>Basic program - high school</b>			
Salaries	18,167,495	17,627,561	17,586,878
Employee benefits	8,548,593	8,539,303	8,545,520
Purchased services	351,399	267,175	234,383
Supplies and materials	546,623	394,836	363,662
Other	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total high school	<u>27,624,110</u>	<u>26,838,875</u>	<u>26,740,443</u>
<b>Basic program - pre-school</b>			
Salaries	474,300	404,340	389,936
Employee benefits	181,704	121,130	117,649
Purchased services	200	6,200	5,267
Supplies and materials	<u>6,206</u>	<u>7,206</u>	<u>7,119</u>
Total pre-school	<u>662,410</u>	<u>538,876</u>	<u>519,971</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual
<b>Basic program - summer school</b>			
Salaries	\$ 831,281	\$ 861,500	\$ 826,654
Employee benefits	478,092	488,053	474,044
Purchased services	12,000	56,065	52,594
Supplies and materials	28,680	28,680	18,262
Capital outlay	3,000	3,000	197
	<u>1,353,053</u>	<u>1,437,298</u>	<u>1,371,751</u>
<b>Added needs - special education</b>			
Salaries	5,642,933	5,603,172	5,572,411
Employee benefits	3,006,930	3,133,864	3,121,394
Purchased services	73,405	141,690	133,983
Supplies and materials	15,431	14,431	10,371
	<u>8,738,699</u>	<u>8,893,157</u>	<u>8,838,159</u>
<b>Added needs - compensatory education</b>			
Salaries	753,780	263,693	255,929
Employee benefits	509,466	269,819	259,847
Purchased services	82	1,082	772
Supplies and materials	1,440	1,440	-
	<u>1,264,768</u>	<u>536,034</u>	<u>516,548</u>
<b>Added needs - career and technical education</b>			
Salaries	1,123,779	1,173,500	1,171,003
Employee benefits	599,307	631,374	627,525
Purchased services	10,927	21,300	13,027
Supplies and materials	94,965	94,965	69,835
Capital outlay	1,465	13,000	-
	<u>1,830,443</u>	<u>1,934,139</u>	<u>1,881,390</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Adult and continuing education - basic</b>			
Salaries	\$ 29,906	\$ 52,000	\$ 45,163
Employee benefits	7,354	14,461	12,611
Purchased services	-	-	73
Supplies and materials	3,350	7,395	5,751
	<u>40,610</u>	<u>73,856</u>	<u>63,598</u>
<b>Adult and continuing education - secondary</b>			
Salaries	22,198	76,500	69,279
Employee benefits	8,745	28,030	25,514
Purchased services	-	500	317
Supplies and materials	3,800	2,000	1,318
	<u>34,743</u>	<u>107,030</u>	<u>96,428</u>
<b>Adult and continuing education - occupational training</b>			
Salaries	276,520	226,891	234,638
Employee benefits	77,617	64,044	59,014
Purchased services	187,291	138,850	134,760
Supplies and materials	12,702	12,702	4,013
	<u>554,130</u>	<u>442,487</u>	<u>432,425</u>
<b>Pupil - guidance services</b>			
Salaries	2,986,346	3,354,070	3,346,054
Employee benefits	1,617,280	1,856,739	1,854,403
Purchased services	650	16,650	16,190
	<u>4,604,276</u>	<u>5,227,459</u>	<u>5,216,647</u>
<b>Pupil - health services</b>			
Purchased services	35,800	23,000	16,764
Supplies and materials	6,734	6,734	3,896
	<u>42,534</u>	<u>29,734</u>	<u>20,660</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual
<b>Pupil - psychological services</b>			
Salaries	\$ 343,331	\$ 255,000	\$ 245,832
Employee benefits	154,632	161,229	149,520
Purchased services	1,625	1,625	813
Total psychological services	<u>499,588</u>	<u>417,854</u>	<u>396,165</u>
<b>Pupil - speech services</b>			
Salaries	1,317,290	1,240,000	1,231,568
Employee benefits	619,126	602,720	600,590
Purchased services	-	200	1,049
Total speech services	<u>1,936,416</u>	<u>1,842,920</u>	<u>1,833,207</u>
<b>Pupil - social work services</b>			
Salaries	440,399	340,000	336,578
Employee benefits	218,303	174,476	172,662
Purchased services	1,875	3,375	2,126
Total social work services	<u>660,577</u>	<u>517,851</u>	<u>511,366</u>
<b>Pupil - teacher consultant</b>			
Salaries	346,958	122,300	119,785
Employee benefits	188,431	82,652	79,207
Purchased services	-	200	1,265
Total teacher consultant	<u>535,389</u>	<u>205,152</u>	<u>200,257</u>
<b>Pupil - other support services</b>			
Salaries	424,601	374,638	315,828
Employee benefits	291,034	256,023	234,232
Purchased services	8,609	14,809	11,435
Supplies and materials	509	-	-
Total other pupil support services	<u>724,753</u>	<u>645,470</u>	<u>561,495</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Instructional staff - improvement of education</b>			
Salaries	\$ 1,141,892	\$ 1,517,248	\$ 1,402,042
Employee benefits	577,473	721,138	674,915
Purchased services	172,180	205,320	147,671
Supplies and materials	16,424	16,111	11,147
Other	3,890	3,890	310
	<u>1,911,859</u>	<u>2,463,707</u>	<u>2,236,085</u>
<b>Instructional staff - educational media services</b>			
Salaries	2,191,000	1,907,183	1,891,973
Employee benefits	937,500	911,925	904,907
Purchased services	1,918	21,225	15,558
Supplies and materials	59,824	46,950	37,882
Other	154	154	125
	<u>3,190,396</u>	<u>2,887,437</u>	<u>2,850,445</u>
<b>Instructional staff - technology assisted instruction</b>			
Salaries	9,980	9,980	-
Employee benefits	5,617	2,775	-
Purchased services	328	-	34,079
Supplies and materials	499	-	90
	<u>16,424</u>	<u>12,755</u>	<u>34,169</u>
<b>Instructional staff - supervision and direction of instructional staff</b>			
Salaries	639,729	772,476	760,137
Employee benefits	319,696	368,645	357,755
Purchased services	5,425	3,850	2,975
Supplies and materials	16,627	11,627	2,318
Other	7,100	7,100	1,605
	<u>988,577</u>	<u>1,163,698</u>	<u>1,124,790</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Instructional staff - academic student assessment</b>			
Salaries	\$ 2,170	\$ 3,433	\$ 2,807
Employee benefits	1,162	708	417
Supplies and materials	<u>71,479</u>	<u>121,485</u>	<u>100,160</u>
Total academic student assessment	<u>74,811</u>	<u>125,626</u>	<u>103,384</u>
<b>Instructional staff - other services</b>			
Salaries	386,260	316,158	296,544
Employee benefits	177,341	142,957	131,056
Purchased services	98,914	115,842	92,368
Supplies and materials	9,973	8,823	2,134
Other	<u>2,613</u>	<u>2,613</u>	<u>400</u>
Total other instructional staff services	<u>675,101</u>	<u>586,393</u>	<u>522,502</u>
<b>General administration - board of education</b>			
Salaries	35,374	35,374	14,400
Purchased services	303,625	313,625	226,774
Supplies and materials	1,213	1,213	111
Other	<u>5,200</u>	<u>5,200</u>	<u>140</u>
Total board of education	<u>345,412</u>	<u>355,412</u>	<u>241,425</u>
<b>General administration - executive administration</b>			
Salaries	430,030	424,719	413,134
Employee benefits	171,374	177,717	168,952
Purchased services	2,845	4,520	4,076
Supplies and materials	22,596	23,132	12,032
Other	<u>42,200</u>	<u>34,870</u>	<u>21,707</u>
Total executive administration	<u>669,045</u>	<u>664,958</u>	<u>619,901</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual
<b>School administration - office of the principal</b>			
Salaries	\$ 6,010,528	\$ 6,115,354	\$ 6,068,481
Employee benefits	3,008,795	3,085,583	3,065,493
Purchased services	95,576	63,819	58,591
Supplies and materials	57,515	61,331	36,986
Other	30,000	30,000	21,030
	<u>9,202,414</u>	<u>9,356,087</u>	<u>9,250,581</u>
<b>School administration - other</b>			
Salaries	4,490	8,056	8,056
Employee benefits	1,079	2,240	2,177
	<u>5,569</u>	<u>10,296</u>	<u>10,233</u>
<b>Business - fiscal services</b>			
Salaries	537,273	613,512	612,491
Employee benefits	245,377	300,717	296,701
Purchased services	24,337	44,800	34,135
Supplies and materials	11,072	10,172	8,104
Other	350,450	275,800	316,337
	<u>1,168,509</u>	<u>1,245,001</u>	<u>1,267,768</u>
<b>Business - internal services</b>			
Salaries	275,231	259,166	258,018
Employee benefits	140,345	135,945	131,777
Purchased services	105,572	85,572	68,188
Supplies and materials	7,530	6,930	21,645
	<u>528,678</u>	<u>487,613</u>	<u>479,628</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual
<b>Business - other</b>			
Salaries	\$ 171,075	\$ 147,279	\$ 132,380
Employee benefits	94,408	111,096	111,570
Purchased services	774,550	692,550	606,783
Supplies and materials	2,176	1,000	-
Other	845,915	750,350	1,141,262
	<u>1,888,124</u>	<u>1,702,275</u>	<u>1,991,995</u>
Total other business			
<b>Operations and maintenance - operating building services</b>			
Salaries	5,739,737	5,979,943	5,939,250
Employee benefits	3,267,322	3,425,952	3,261,038
Purchased services	5,173,589	4,885,566	4,348,597
Supplies and materials	306,068	399,857	371,533
Capital outlay	-	25,000	17,245
Other	2,845	2,845	3,781
	<u>14,489,561</u>	<u>14,719,163</u>	<u>13,941,444</u>
Total operating building services			
<b>Operations and maintenance - security services</b>			
Salaries	103,919	101,444	93,164
Employee benefits	44,585	42,734	39,939
Purchased services	404,130	520,830	620,034
Supplies and materials	880	6,500	4,563
Capital outlay	-	1,300	1,418
Other	575	1,000	1,112
	<u>554,089</u>	<u>673,808</u>	<u>760,230</u>
Total security services			
<b>Pupil transportation services</b>			
Salaries	3,946,208	3,781,660	3,679,061
Employee benefits	2,662,818	2,456,377	2,421,230
Purchased services	287,727	368,381	340,941
Supplies and materials	1,025,321	1,008,605	970,782
Other	(71,740)	(113,276)	(138,895)
	<u>7,850,334</u>	<u>7,501,747</u>	<u>7,273,119</u>
Total transportation services			



**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Central - planning, research development and evaluation</b>			
Salaries	\$ 77,220	\$ 80,400	\$ 75,840
Employee benefits	40,460	42,816	41,042
Purchased services	6,736	6,736	4,001
Other	48	48	-
	<u>124,464</u>	<u>130,000</u>	<u>120,883</u>
<b>Central - communication services</b>			
Salaries	231,019	247,684	245,230
Employee benefits	125,997	149,663	147,795
Purchased services	71,505	63,505	27,760
Supplies and materials	4,400	4,400	3,693
Other	450	450	-
	<u>433,371</u>	<u>465,702</u>	<u>424,478</u>
<b>Central - staff/personnel services</b>			
Salaries	373,512	406,011	402,159
Employee benefits	230,733	214,882	199,450
Purchased services	57,300	93,700	76,449
Supplies and materials	3,376	9,376	8,362
Other	855	855	520
	<u>665,776</u>	<u>724,824</u>	<u>686,940</u>
<b>Central - support services technology</b>			
Salaries	50,273	56,750	56,497
Employee benefits	27,869	30,186	29,985
Purchased services	3,800	3,800	208
	<u>81,942</u>	<u>90,736</u>	<u>86,690</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Central - pupil accounting</b>			
Salaries	\$ 628,811	\$ 620,711	\$ 604,719
Employee benefits	230,852	301,554	296,203
Purchased services	305,825	259,191	257,650
Supplies and materials	27,736	17,000	6,936
Capital outlay	-	34,500	32,459
Other	190	190	198
	<u>1,193,414</u>	<u>1,233,146</u>	<u>1,198,165</u>
<b>Community services - custody and care of children</b>			
Salaries	1,899,104	1,722,200	1,624,030
Employee benefits	621,481	575,517	542,170
Purchased services	2,525	2,525	672
Supplies and materials	89,536	87,928	93,864
Capital outlay	-	-	(11)
Other	190	190	-
	<u>2,612,836</u>	<u>2,388,360</u>	<u>2,260,725</u>
<b>Community services - other</b>			
Purchased services	<u>7,000</u>	<u>7,000</u>	<u>-</u>
<b>Intergovernmental payments</b>			
Payments to other public schools	<u>58,000</u>	<u>50,000</u>	<u>23,582</u>
<b>Debt service</b>			
Principal	<u>189,791</u>	<u>189,791</u>	<u>189,791</u>
<b>Other financing uses</b>			
Transfers out	<u>1,629,393</u>	<u>1,883,094</u>	<u>1,905,291</u>
<b>Total expenditures and financing uses</b>	<u>\$ 146,123,102</u>	<u>\$ 144,806,002</u>	<u>\$ 142,631,886</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds - Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2011**

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	<u>2004-A Refunding</u>	<u>2004-B Refunding</u>	<u>Total</u>
<b>Assets</b>			
Due from other funds	\$ 495,867	\$ 13,858	\$ 509,725
Investments	<u>699,486</u>	<u>19,550</u>	<u>719,036</u>
Total assets	<u>\$ 1,195,353</u>	<u>\$ 33,408</u>	<u>\$ 1,228,761</u>
<b>Fund Balance</b>			
Restricted for debt service	<u>\$ 1,195,353</u>	<u>\$ 33,408</u>	<u>\$ 1,228,761</u>

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**Nonmajor Governmental Funds - Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2011**

	<u>2000</u>	<u>2004-A Refunding</u>	<u>2004-B Refunding</u>	<u>Total</u>
<b>Revenues</b>				
Local sources	\$ -	\$ 9,176,424	\$ 256,468	\$ 9,432,892
<b>Expenditures</b>				
Debt service				
Principal	-	4,060,000	140,000	4,200,000
Interest and other expenditures	-	4,459,580	98,800	4,558,380
 Total expenditures	 -	 8,519,580	 238,800	 8,758,380
 Excess of revenues over expenditures	 -	 656,844	 17,668	 674,512
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	33,966	949	34,915
Transfers out	(34,915)	-	-	(34,915)
 Total other financing sources (uses)	 (34,915)	 33,966	 949	 -
 Net change in fund balance	 (34,915)	 690,810	 18,617	 674,512
Fund balance - beginning	34,915	504,543	14,791	554,249
Fund balance - ending	\$ -	\$ 1,195,353	\$ 33,408	\$ 1,228,761

**Livonia Public Schools School District**  
**Other Supplemental Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2011**

Year Ending June 30,	2004 Refunding Issue - Series A	2004 Refunding Issue - Series B	Total
2012	\$ 4,425,000	\$ 145,000	\$ 4,570,000
2013	4,800,000	155,000	4,955,000
2014	5,185,000	160,000	5,345,000
2015	5,585,000	165,000	5,750,000
2016	5,985,000	175,000	6,160,000
2017	6,405,000	185,000	6,590,000
2018	6,775,000	190,000	6,965,000
2019	7,105,000	200,000	7,305,000
2020	7,425,000	210,000	7,635,000
2021	7,685,000	225,000	7,910,000
2022	8,385,000	-	8,385,000
2023	4,785,000	-	4,785,000
2024	4,750,000	-	4,750,000
2025	4,740,000	-	4,740,000
	<u>\$ 84,035,000</u>	<u>\$ 1,810,000</u>	<u>\$ 85,845,000</u>
Principal payments due the first day of	May	May	
Interest payments due the first day of	May and November	May and November	
Interest rate	2.000 - 5.000%	4.350 - 5.000%	
Original issue	<u>\$ 92,570,000</u>	<u>\$ 2,350,000</u>	

**Livonia Public Schools School District**

**Livonia, Michigan**

**Single Audit Report**

**June 30, 2011**

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**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Members of the Board of Education  
Livonia Public Schools School District  
Livonia, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools School District as of and for the year ended June 30, 2011, which collectively comprise Livonia Public Schools School District's basic financial statements and have issued our report thereon dated November 1, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Livonia Public Schools School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Livonia Public Schools School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Livonia Public Schools School District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Livonia Public Schools School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management others within the district and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 20, 2011

**Independent Auditors' Report on Compliance With  
Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

Members of the Board of Education  
Livonia Public Schools School District  
Livonia, Michigan

**Compliance**

We have audited Livonia Public Schools School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Livonia Public Schools School District's major federal programs for the year ended June 30, 2011. Livonia Public Schools School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Livonia Public Schools School District's management. Our responsibility is to express an opinion on Livonia Public Schools School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Livonia Public Schools School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Livonia Public Schools School District's compliance with those requirements.

In our opinion, Livonia Public Schools School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of Livonia Public Schools School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Livonia Public Schools School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133,

but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Livonia Public Schools School District's internal control over compliance.

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

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

#### **Schedule of Expenditure of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools School District as of and for the year ended June 30, 2011, and have issued our report thereon dated October 20, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Livonia Public Schools School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, others within the district and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

Saginaw, Michigan  
October 20, 2011

**Livonia Public Schools School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2011**

Federal Grantor Pass Through Grantor <u>Program Title Grant Number</u>	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2010	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2011
Clusters								
U.S. Department of Agriculture								
Child Nutrition Cluster								
Passed through Michigan Department of Education								
Non-cash assistance (commodities)								
National School Lunch Program								
Entitlement	10.555	\$ 158,818	\$ -	\$ -	\$ 158,818	\$ 158,818	\$ -	\$ -
Bonus		2,549	-	-	2,549	2,549	-	-
			-		161,367	161,367	-	-
Cash assistance								
National School Lunch Breakfast	10.553	184,038	11,305	-	195,343	184,038	-	-
National School Lunch Program	10.555	1,122,345	70,527	-	1,192,872	1,122,345	-	-
			81,832		1,388,215	1,306,383	-	-
<b>Total Child Nutrition Cluster</b>			<b>81,832</b>		<b>1,549,582</b>	<b>1,467,750</b>	<b>-</b>	<b>-</b>
U.S. Department of Education								
Special Education Cluster								
Passed through the Wayne County Regional Educational Service Agency								
100450-0910 IDEA Flowthrough - Regular	84.027A	3,305,770	1,194,996	3,181,565	1,319,201	124,205	-	-
110450-1011 IDEA Flowthrough - Regular		3,182,493	-	-	2,371,455	2,915,826	-	544,371
100450-0910 IDEA Regular - CPE		711,942	306,159	711,942	306,159	-	-	-
110450-1011 IDEA Regular - CPE		889,646	-	-	794,507	889,646	-	95,139
100460 0910 IDEA Preschool	84.173	268,151	50,245	260,824	57,572	7,327	-	-
110460 1011 IDEA Preschool		208,114	-	-	81,306	117,575	-	36,269
100455-0910 ARRA - IDEA Regular - CPE	84.391A	599,199	341,784	599,199	341,784	-	-	-
100455-1011 ARRA - IDEA Regular - CPE		237,021	-	-	201,376	237,021	-	35,645
100455 0910 ARRA - IDEA Flow Through		2,359,073	811,511	2,359,073	811,511	-	-	-
100455-1011 ARRA - IDEA Flow Through		1,045,416	-	-	783,365	1,045,416	-	262,051
100455 0910 Positive Behavior Support		8,500	5,237	5,237	5,237	-	-	-
100465 0910 ARRA - IDEA Preschool Grants	84.392A	80,942	29,129	80,942	29,129	-	-	-
100465-1011 ARRA - IDEA Preschool Grants		227,207	-	-	183,515	227,207	-	43,692
<b>Total Special Education Cluster</b>			<b>2,739,061</b>		<b>7,286,117</b>	<b>5,564,223</b>	<b>-</b>	<b>1,017,167</b>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Livonia Public Schools School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2011**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2010	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2011
<b>Title I Cluster</b>								
Passed through Michigan Department of Education								
101530-0910 Title I Part A	84.010	\$ 1,585,193	\$ 555,394	\$ 1,585,192	\$ 555,394	\$ -	\$ -	\$ -
111530-1011 Title I Part A		1,775,737	-	-	1,381,871	1,671,930	-	290,059
101520-0910 Title I Part A		3,000	1,500	3,000	1,500	-	-	-
111520-1011 Title I Part A		9,000	-	-	4,500	9,000	-	4,500
101535-0910 ARRA Title I Part A	84.389	925,612	307,121	925,611	307,121	-	-	-
111535-1011 ARRA Title I Part A		49,687	-	-	34,337	49,687	-	15,350
<b>Total Title I Cluster</b>			<u>864,015</u>		<u>2,284,723</u>	<u>1,730,617</u>	<u>-</u>	<u>309,909</u>
<b>Other Federal Programs</b>								
U.S. Department of Education								
Passed through Michigan Department of Education								
101120 105497 Federal Adult Ed English	84.002A	12,000	3,000	12,000	3,000	-	-	-
101130 101497 Federal Adult Ed English		230,000	97,597	230,000	97,597	-	-	-
111120 105497 Federal Adult Ed English		10,800	-	-	9,904	10,800	-	896
111130 101497 Federal Adult Ed English		180,000	-	-	179,013	180,000	-	987
			<u>100,597</u>		<u>289,514</u>	<u>190,800</u>	<u>-</u>	<u>1,883</u>
Passed through Michigan Department of Education								
102860 0910 Safe and Drug Free School	84.186	50,981	14,919	41,303	14,919	-	-	-
112860 1011 Safe and Drug Free School		10,572	-	-	8,456	10,572	-	2,116
			<u>14,919</u>		<u>23,375</u>	<u>10,572</u>	<u>-</u>	<u>2,116</u>
Passed through Michigan Department of Education								
104290-0910 Title II Part D	84.318	979	274	979	274	-	-	-
104295-0910 ARRA Title II Part D	84.386	17,160	15,002	17,160	15,002	-	-	-
114295-1011 ARRA Title II Part D		15,590	-	-	8,960	13,068	-	4,108
			<u>15,276</u>		<u>24,236</u>	<u>13,068</u>	<u>-</u>	<u>4,108</u>

**Livonia Public Schools School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2011**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2010	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2011
Passed through Michigan Department of Education								
100570-0910 Title III Immigrant student	84.365A	\$ 32,248	\$ 14,022	\$ 31,134	\$ 14,022	\$ -	\$ -	\$ -
100580-0910 Title III Immigrant student		47,670	15,068	38,123	15,068	-	-	-
110570-1011 Title III Immigrant student		34,560	-	-	15,562	24,057	-	8,495
110580-1011 Title III Immigrant student		48,411	-	-	29,190	35,281	-	6,091
			<u>29,090</u>		<u>73,842</u>	<u>59,338</u>	<u>-</u>	<u>14,586</u>
Passed through Michigan Department of Education								
100520-0910 Title II Part A	84.367	488,456	109,935	362,976	109,935	-	-	-
110520-1011 Title II Part A		564,677	-	-	403,611	487,225	-	83,614
			<u>109,935</u>		<u>513,546</u>	<u>487,225</u>	<u>-</u>	<u>83,614</u>
Passed through Michigan Department of Education								
112525-1011 ARRA - State Fiscal Stabilization Fund	84.394	1,941,908	-	-	1,941,908	1,941,908	-	-
↳ Total noncluster programs passed through the Michigan Department of Education			<u>269,817</u>		<u>2,866,421</u>	<u>2,702,911</u>	<u>-</u>	<u>106,307</u>
Passed through the Wayne County Regional Education Service								
Agency - Vocational Education - Special needs - Perkins								
103520 101225	84.048A	246,226	192,067	246,226	192,067	-	-	-
113520 111225		238,255	-	-	72,341	237,136	-	164,795
			<u>192,067</u>		<u>264,408</u>	<u>237,136</u>	<u>-</u>	<u>164,795</u>
Direct								
Carol M. White Physical Education Program								
Q215F090231-09	84.215F	250,551	11,893	250,551	11,893	-	-	-
Q215F090231-10		188,944	-	-	126,709	159,293	-	32,584
			<u>11,893</u>		<u>138,602</u>	<u>159,293</u>	<u>-</u>	<u>32,584</u>
Passed through MCISD - Vocational Education - Tech Prep								
113540 111425	84.243A	27,668	-	-	7,445	27,424	-	19,979
Total U.S. Department of Education			<u>203,960</u>		<u>410,455</u>	<u>423,853</u>	<u>-</u>	<u>217,358</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Livonia Public Schools School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2011**

Federal Grantor Pass Through Grantor <u>Program Title Grant Number</u>	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2010	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments	Accrued (Deferred) Revenue June 30, 2011
Other federal awards								
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
101920 CACFP Meals	10.558	\$ 4,935	\$ 960	\$ 4,223	\$ 1,672	\$ 712	\$ -	\$ -
111920 CACFP Meals		3,293	-	-	2,515	3,293	-	778
Total U.S. Department of Agriculture noncluster programs			960		4,187	4,005	-	778
Other federal awards								
U.S. Department of the Treasury - Direct Programs								
JROTC - Department of the Navy								
2009-2010	21.000	64,236	16,749	64,236	16,749	-	-	-
2010-2011		67,170	-	-	50,335	67,169	-	16,834
			16,749		67,084	67,169	-	16,834
∞								
Other federal awards								
U.S. Department of the Treasury - Direct Programs								
JROTC - Department of the Air Force								
2009-2010	21.000	67,822	5,851	67,822	5,851	-	-	-
2010-2011		70,622	-	-	64,702	70,622	-	5,920
			5,851		70,553	70,622	-	5,920
Total U.S. Department of the Treasury - Direct Programs			22,600		137,637	137,791	-	22,754
U.S. Department of Health and Human Services								
Passed through the Wayne County ISD								
Medicaid Outreach	93.778	44,618	-	-	44,618	44,618	-	-
			\$ 4,182,245		\$ 14,583,740	\$ 12,075,768	\$ -	\$ 1,674,273

**Livonia Public Schools School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2011**

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1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2011.
3. The federal amounts reported on the Forms Grant Auditor Report are in agreement with the Schedule of Expenditures of Federal Awards.
4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.



**Livonia Public Schools School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2011**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes      X   no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
84.027, 84.173, 84.391 and 84.392	Special Education Cluster
84.367	Title II Part A
84.394	ARRA – State Fiscal Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 362,273

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

**Livonia Public Schools School District**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2011**

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**SECTION II - GOVERNMENT AUDITING STANDARDS FINDINGS**

There were no audit findings for the year ended June 30, 2011.

**SECTION III - FEDERAL AWARD FINDINGS**

There were no audit findings for the year ended June 30, 2011.

**SECTION IV - PRIOR AUDIT FINDINGS**

**Finding 2010-1 Material Weakness – Capital Assets**

Capital assets in the District Wide financial statements were understated by \$1,829,241. Accordingly, a prior period adjustment was reported.

2011 Status – Resolved.

**Finding 2010-2 Noncompliance - Eligibility**

The School District improperly classified an application; effect was that the School District received \$72 more in reimbursement revenue than it was entitled and the parent of the student did not pay the reduced price for the student's meals.

2011 Status – Resolved.



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October 20, 2011

Management and the Board of Education  
Livonia Public Schools School District  
Livonia, Michigan

We have completed our audit of the financial statements of Livonia Public Schools School District as of and for the year ended June 30, 2011 and have issued our report dated October 20, 2011. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Auditors' Communication of Significant Matters with Those Charged with Governance

II Management Comments

We discussed these matters with various personnel in the district during the audit and have already met with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of the Board of Education, management and others within the District, and are not intended to be and should not be used by anyone other than those specified parties.

*Yeo & Yeo, P.C.*

Saginaw, Michigan

Appendix I  
Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated April 25, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 of the financial statements. The District has adopted Government Accounting Standards Board Statement No. 54 effective July 1, 2010. The new standard changes fund balance classifications to depict the relative strength of the spending constraints and clarifies the definitions of various governmental fund types. The standard includes a new definition of special revenue funds, and athletic funds, ARRA program, and funded projects no longer meet that definition and are now combined with the general fund. In addition, the scholarship fund was moved from special revenue to fiduciary funds – private purpose trust funds. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements was the incurred but not reported claims, which is based on historical trends, current year knowledge and information provided by third party administrators for estimated claims. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Disclosures in the financial statements are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. No adjustments were identified during the audit other than the compensated absences adjustment.

In addition, there were no uncorrected misstatements that were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We had no disagreements with management during the audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

### *Management's Consultations with Other Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Reports*

Other information that is required to be reported to you is included in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

*Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements of the financial statements themselves.

## Appendix II Management Comments

In planning and performing our audit of the financial statements of Livonia Public Schools School District as of and for the year ended June 30, 2011, we considered Livonia Public Schools' internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness on the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, our comments and recommendations regarding a matter is noted below. This letter does not affect our report dated October 20, 2011, on the financial statements of Livonia Public Schools.

### **COMPENSATED ABSENCES**

During our current year audit we noted all current year retirees were included in both the retiree liability on the fund statements and the compensated absences liability for the district-wide statements. Therefore, the current year retirees were double counted for accumulated sick and vacation liabilities.

We recommend the finance department develop a process to verify that the compensated absences listing for the district-wide statements is both complete and does not include employees that have been terminated. In addition, we recommend management review the final compensated absences listing in order to verify listing is accurate and the liabilities are properly recorded on the general ledger.