MINUTES
BOARD OF EDUCATION
Livonia Public Schools
15125 Farmington Road
Regular Meeting
October 16, 2017

President Burton convened the meeting at 7:01 p.m. in the Board Room, 15125 Farmington Road, Livonia.

Members Present

Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson

Members Absent

None

LPS Points of Pride – Stevenson High School Global Education Program

Stacey Jenkins, administrator of communications, introduced Stevenson High School teacher Judy Bergeski, who oversees the Global Education Program. Mrs. Bergeski gave a PowerPoint presentation of the program and introduced a current global education student, Michael Deeter, and a Stevenson graduate and former global education student, Rachel Zuckerman. Both Michael and Rachel relayed their experiences with global ed and the positive affect the program has had on their lives.

District Update from the Superintendent

Superintendent Oquist shared the following:

- We had a fantastic turnout for middle and high school Parent/Teacher conferences. Thank you to all the parents for attending! A survey will be sent to parents to gather their feedback regarding Parent/Teacher conferences.
- Middle school students had some terrific experiences during the October 3rd National Manufacturing Day at LPS. A big thanks to the Livonia Chamber and Schoolcraft College who made the event possible, as well as the business partners who offered tours: Alpha USA, McLaren Engineering, Roush Performance, CW Bearing USA, Burke Architectural Millworks, SA Engineering, and the Applied Sciences Building at Schoolcraft. The goal of National Manufacturing Day is to expose students to opportunities available in the area of manufacturing.
- Congratulations to LPS middle school students who will be participating in the Wayne State University Middle School Honors Band Day. Students will learn new music, work with music education majors and professors, and perform a concert.
- We would like to acknowledge students who participate in our high school bands. They are extremely dedicated to their

craft, spending countless hours practicing, and putting together some amazing performances!

- Thank you to those who were able to join us for the opening of the new Performing Arts Center at Stevenson High School. We extend our gratitude to the community for supporting the bond, which has enabled us to provide many improvements and greater educational opportunities for our students.

Written Communication

None

Audience Communication

Monica Carignan and Kasey Cervantes addressed the Board regarding transportation for their special education students to attend therapy sessions at other facilities.

Response to Prior Audience Communication

None

Consent Agenda

It was moved by Mrs. Jarvis and supported by Mr. Johnson that the Board of Education of the Livonia Public Schools School District approve the following consent agenda items as recommended by the superintendent:

V.A. Minutes of the Regular Meeting of September 18, 2017
V.B. Minutes of the Special Meeting of September 25, 2017
V.C. Minutes of the Closed Session of September 25, 2017
VI.A. Approval of Adult Education Program of Study

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Presentation of Financial Statements 2016-2017

It was moved by Mrs. Bonifield and supported by Mrs. Jarvis that the Board of Education of the Livonia Public Schools School District accept the 2016-2017 audit report as presented by the audit firm of Plante Moran.

Livonia Public Schools

Federal Awards
Supplemental Information
June 30, 2017

Livonia Public Schools

Contents

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Livonia Public Schools

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated September 21, 2017, which contained unmodified opinions on the financial statements of governmental activities, each major fund, and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to September 21, 2017.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. 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 basic 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.

Plante & Moran, PLLC

September 21, 2017

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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 Auditor's Report

To Management and the Board of Education
Livonia Public Schools

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Livonia Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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 School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Education
Livonia Public Schools

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Livonia Public Schools' financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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September 21, 2017

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Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Education
Livonia Public Schools

Report on Compliance for Each Major Federal Program

We have audited Livonia Public Schools' (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2017. Livonia Public Schools' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Livonia Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above.

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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' 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Livonia Public Schools' compliance.

To the Board of Education
Livonia Public Schools

Opinion on Each Major Federal Program

In our opinion, Livonia Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Livonia Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Livonia Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

September 21, 2017

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Agency Name/Pass-through Agency/Federal Program Title	Grant/Project Number	Federal CFDA Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue as of July 1, 2016	Federal Funds/Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue as of June 30, 2017	Current Year Cash Transferred to Subrecipient
Clusters:									
Child Nutrition Cluster - U.S. Department of Agriculture -									
Passed through the Michigan Department of Education:									
Noncash Assistance (Commodities):									
Entitlement commodities 1617	N/A	10.555	$ 206,057	$ -	$ -	$ 206,057	$ 206,057	$ -	$ -
Entitlement commodities - Bonus 1617	N/A	10.555	-	-	-	-	-	-	-
Total noncash assistance - Entitlement commodities		10.555	206,057	-	-	206,057	206,057	-	-
Cash assistance:									
National School Lunch Program 2015-16	161960	10.555	1,376,336	1,376,336	78,899	78,899	-	-	-
National School Lunch Program 2016-17	171960	10.555	1,390,828	-	-	1,318,668	1,390,828	72,160	-
National School Lunch Program (incl. commodities) subtotal			2,973,221	1,376,336	78,899	1,603,624	1,596,885	72,160	-
National School Breakfast Program 2015-16	161970	10.553	300,144	300,144	19,459	19,459	-	-	-
National School Breakfast Program 2016-17	171970	10.553	326,046	-	-	304,966	326,046	21,080	-
National School Breakfast Program subtotal			626,190	300,144	19,459	324,425	326,046	21,080	-
Summer Food Service Program	171900/170900	10.559	17,740	-	-	17,740	17,740	-	-
Total Child Nutrition Cluster			3,617,151	1,676,480	98,358	1,945,789	1,940,671	93,240	-
Special Education Cluster - U.S. Department of Education -									
Passed through Wayne County RESA:									
IDEA Flowthrough:									
IDEA Flowthrough - Regular 1516	160450	84.027	3,258,552	2,732,807	673,911	1,199,626	525,715	-	-
IDEA Flowthrough - Regular 1617	170450	84.027	3,173,412	-	-	2,321,605	3,020,252	698,647	-
IDEA Flowthrough - Regular subtotal			6,431,964	2,732,807	673,911	3,521,231	3,545,967	698,647	-
IDEA Regular - CPE 1516	160450	84.027	582,720	582,720	105,815	105,815	-	-	-
IDEA Regular - CPE 1617	170450	84.027	627,480	-	-	449,627	627,480	177,853	-
IDEA Regular - CPE subtotal			1,210,200	582,720	105,815	555,442	627,480	177,853	-
IDEA Preschool Incentive:									
IDEA Preschool 1516	160460	84.173	175,564	175,564	11,229	11,229	-	-	-
IDEA Preschool 1617	170460	84.173	181,386	-	-	180,594	181,386	792	-
IDEA Preschool Incentive Subtotal			356,950	175,564	11,229	191,823	181,386	792	-
Total Special Education Cluster			7,999,114	3,491,091	790,955	4,268,496	4,354,833	877,292	-
Medicaid Cluster - U.S. Department of Health and Human Services -									
Passed through Wayne County RESA - Medicaid Outreach 1617		93.778	42,900	-	-	42,900	42,900	-	-
Total cluster programs			11,659,165	5,167,571	889,313	6,257,185	6,338,404	970,532	-

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017

Federal Agency Name/Pass-through Agency/Federal Program Title	Grant/Project Number	Federal CFDA Number	Approved Grant Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue as of July 1, 2016	Federal Funds/Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue as of June 30, 2017	Current Year Cash Transferred to Subrecipient
Other federal programs:									
U.S. Department of Education - Direct -									
Carol M. White Physical Education Program:									
PEP 2015-16	S216F130198	84.215	$ 379,926	$ 341,535	$ 14,057	$ 14,057	$ -	$ -	$ -
PEP 2016-17	S216F130198	84.215	97,263	-	-	97,263	97,263	-	-
Total Carol M. White Physical Education Program			477,189	341,535	14,057	111,320	97,263	-	-
U.S. Department of Education - Passed through the Michigan Department of Education:									
Title I, Part A:									
Title I Part A 1516	161530	84.010	1,347,046	1,254,664	100,424	100,424	-	-	-
Title I Part A 1617	171530	84.010	1,376,462	-	-	1,178,272	1,281,815	103,543	-
Total Tile I, Part A			2,723,508	1,254,664	100,424	1,278,696	1,281,815	103,543	-
Title II Part A - Improving Teacher Quality:									
Title II Part A 1516	160520	84.367	421,443	230,584	10,563	10,563	-	-	-
Title II Part A 1617	170520	84.367	506,498	-	-	253,900	274,304	20,404	-
Total Improving Teacher Quaility			927,941	230,584	10,563	264,463	274,304	20,404	-
Title III - English Language Acquisition:									
Title III Immigrant Students 1516	160570	84.365	24,492	24,492	9,225	9,225	-	-	-
Title III Immigrant Students 1617	170570	84.365	20,633	-	-	10,533	17,103	6,570	-
Title III Limited English Proficient Students 1516	160580	84.365	64,327	59,502	12,686	12,686	-	-	-
Title III Limited English Proficient Students 1617	170580	84.365	60,799	-	-	49,643	53,851	4,208	-
Title III Limited English Proficient Students subtotal			170,251	83,994	21,911	82,087	70,954	10,778	-
Adult Learning WIA Core Programs:									
Federal EL Civics 1617	171120	84.002	57,850	-	-	-	33,686	33,686	-
Federal General Instruction 1617	171130	84.002	166,075	-	-	139,645	166,075	26,430	-
Total Adult Learning WIA Core Programs		84.002	223,925	-	-	139,645	199,761	60,116	-
U.S. Department of Education - Passed through Wayne County RESA -									
Carl D. Perkins Career and Technical Education Program:									
Perkins 1516	163520-161225	84.048	251,280	232,668	101,438	101,438	-	-	-
Perkins 1617	173520-171225	84.048	268,472	-	-	226,562	254,187	27,625	-
Total Perkins Career and Technical Education Program		84.048	519,752	232,668	101,438	328,000	254,187	27,625	-
U.S. Department of Agriculture - Passed through Michigan Department of Education -									
Child and Adult Care Food Program:									
CACFP Meals 1516	161920	10.558	5,696	5,696	435	435	-	-	-
CACFP Meals 1617	171920	10.558	5,055	-	-	4,690	5,055	365	-
Total Child and Adult Care Food Program			10,751	5,696	435	5,125	5,055	365	-
Total noncluster programs			5,053,317	2,149,141	248,828	2,209,336	2,183,339	222,831	-
Total federal awards			**$ 16,712,482**	**$ 7,316,712**	**$ 1,138,141**	**$ 8,466,521**	**$ 8,521,743**	**$ 1,193,363**	**$ -**

Livonia Public Schools

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Livonia Public Schools under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Livonia Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Livonia Public Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Livonia Public Schools has elected not to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Livonia Public Schools

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) 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 weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? ______ Yes __X__ No

Identification of major program:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __X__ Yes ______ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Livonia Public Schools

Financial Report
with Supplemental Information
June 30, 2017

Livonia Public Schools

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Livonia Public Schools

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Independent Auditor's Report

To the Board of Education
Livonia Public Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Education
Livonia Public Schools

Opinion

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis, major fund budgetary comparison schedules, schedule of Livonia Public Schools' proportionate share of the net pension liability for MPSERS determined as of the plan year ended September 30, and the schedule of Livonia Public Schools' contributions to MPSERS determined as of the year ended June 30, as identified on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Livonia Public Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

To the Board of Education
Livonia Public Schools

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

Other Reporting Required by *Government Auditing Standards*

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

Plante & Moran, PLLC

September 21, 2017

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

Using this Annual Report

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

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

Basic Financial Statements

Government-wide Financial Statements   Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds
Schedule of Proportionate Share of MPSERS Net Pension Liability
Schedule of MPSERS Contributions

Other Supplemental Information

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

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

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

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

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

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

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

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

The School District as a Whole

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

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

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

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

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

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

Table 2	Governmental Activities	
	Year Ended June 30	
	2017	2016
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 7.9	$ 7.7
Operating grants and contributions	53.8	33.4
General revenue (loss):		
Property taxes	46.7	46.7
State foundation allowance	92.8	99.1
Gain on sale of capital assets	-	0.6
Loss on impairment of capital assets	(1.2)	-
Other	0.8	0.4
Total revenue	200.8	187.9
Functions/Program Expenses		
Instruction	101.3	98.8
Support services	72.2	66.2
Athletics	2.1	1.6
Food services	3.8	3.6
Community services	3.4	2.9
Payments to other public schools	0.1	0.1
Interest on long-term debt	8.9	7.5
Other	0.1	0.7
Total functions/program expenses	191.9	181.4
Increase in Net Position	8.9	6.5
Net Position - Beginning of year	(180.8)	(187.3)
Net Position - End of year	**$ (171.9)**	**$ (180.8)**

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

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

The School District's Funds

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

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

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

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

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

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

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

Capital Assets and Debt Administration

Capital Assets

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

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

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

Debt

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

	2017	2016
General obligation bonds	$ 209,020,000	$ 216,990,000

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

Economic Factors and Next Year's Budgets and Rates

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

Contacting the School District's Management

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

Livonia Public Schools

Statement of Net Position
June 30, 2017

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

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

Livonia Public Schools

Statement of Activities
Year Ended June 30, 2017

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

Livonia Public Schools

Governmental Funds
Balance Sheet
June 30, 2017

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

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

Livonia Public Schools

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

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

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

Livonia Public Schools

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

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

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

Livonia Public Schools

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

Net Change in Fund Balances - Total Governmental Funds		$ (33,708,176)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense	$ (8,290,309)	
Capitalized capital outlay	41,515,538	33,225,229
The net effect of capital asset impairment loss recognized in the current year that decreased net position		(1,183,301)
Revenue is reported in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end		(610,342)
Underwriter's discount/premium and deferred charges reported as expenditures/revenue in the funds and amortized in the statement of activities		1,502,829
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		7,970,000
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		952,007
Revenue in support of pension contributions made subsequent to the measurement date		(869,062)
Change in pension expense related to deferred items		1,681,657
Compensated absences, as well as self-insured liability claims, are recorded when earned in the statement of activities. In the current year, more was paid out than was earned		314,998
Internal service funds are included as part of governmental activities		(353,258)
Change in Net Position of Governmental Activities		**$ 8,922,581**

Livonia Public Schools

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

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

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

Livonia Public Schools

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

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

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

Livonia Public Schools

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

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

Livonia Public Schools

Fiduciary Funds
Statement of Net Position
June 30, 2017

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

Livonia Public Schools

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 1 - Nature of Business and Significant Accounting Policies

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

Reporting Entity

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

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

The School District reports the following major governmental funds:

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

Additionally, the School District reports the following fund types:

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

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

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

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

Assets, Liabilities, and Net Position or Equity

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for the investments in commercial paper, U.S. Treasury bonds, and federal agency bonds, which are valued at amortized cost. Investment income is recorded in the fund for which the investment account was established.

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

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

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

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

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

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

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

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

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

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

Note 2 - Stewardship, Compliance, and Accountability

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

Note 3 - Deposits and Investments

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

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 3 - Deposits and Investments (Continued)

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

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

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

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

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

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

*Investment fair value reported at amortized cost

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 3 - Deposits and Investments (Continued)

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

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

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

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

Assets Measured at Fair Value on a Recurring Basis

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 4 - Fair Value Measurement (Continued)

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

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

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

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

Note 5 - Unavailable/Unearned Revenue

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 6 - Capital Assets

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

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

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 6 - Capital Assets (Continued)

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

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

Note 8 - State Aid Anticipation Note

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

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

Note 9 - Long-term Debt

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

Long-term obligation activity can be summarized as follows:

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 9 - Long-term Debt (Continued)

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

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

Governmental Activities

General obligation bonds consist of the following:

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 10 - Restricted Assets

The balances for the restricted asset accounts are as follows:

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

Note 11 - Risk Management

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 12 - Contingent Liabilities

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

Note 13 - Michigan Public School Employees' Retirement System

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

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

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

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

The range of rates is as follows:

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

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

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

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

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

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00 to 8.00 percent depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

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

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

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

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

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

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

Note 14 - Tax Abatements

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

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

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

Note 15 - Upcoming Accounting Pronouncements

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

Livonia Public Schools

Notes to Financial Statements
June 30, 2017

Note 15 - Upcoming Accounting Pronouncements (Continued)

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

Required Supplemental Information

Livonia Public Schools

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

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

Livonia Public Schools

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

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

Livonia Public Schools

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

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

Livonia Public Schools

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

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

Livonia Public Schools

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

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

Livonia Public Schools

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

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

Livonia Public Schools

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

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

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

Other Supplemental Information

Livonia Public Schools

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

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

Capital Projects Funds			
Technology	2012 Capital Projects	2013 Bond Series I Fund	Total Nonmajor Governmental Funds
$ 831,633	$ -	$ -	$ 831,633
-	-	-	20,114
-	-	-	17,581
-	-	224,800	346,445
-	700,000	-	1,861,786
-	-	-	28,925
18,184	-	-	18,184
-	-	-	1,991,558
$ 849,817	**$ 700,000**	**$ 224,800**	**$ 5,116,226**
$ 78	$ -	$ -	$ 52,864
-	-	-	2,509
-	-	-	1,217
44,078	-	224,800	821,043
44,156	-	224,800	877,633
-	-	-	28,925
18,184	-	-	18,184
-	-	-	2,098,356
-	-	-	605,651
787,477	700,000	-	1,487,477
805,661	700,000	-	4,238,593
$ 849,817	**$ 700,000**	**$ 224,800**	**$ 5,116,226**

Livonia Public Schools

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

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

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

Livonia Public Schools

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

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

Livonia Public Schools

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

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

Livonia Public Schools

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

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

Livonia Public Schools

Report to the Board of Education

June 30, 2017

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To the Board of Education
Livonia Public Schools

We have recently completed our audit of the basic financial statements of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2017. In addition to our audit report, we are providing the following results of the audit, other recommendations, and informational items which impact the School District:

We are grateful for the opportunity to be of service to Livonia Public Schools. We would also like to extend our thanks to Alison Smith and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

September 21, 2017

Results of the Audit

plante moran

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September 21, 2017

To the Board of Education
Livonia Public Schools

We have audited the financial statements of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2017 and have issued our report thereon dated September 21, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 25, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Livonia Public Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, grant agreements, certain instances of error or fraud, illegal acts applicable to government agencies, and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated September 21, 2017 regarding our consideration of the 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 21, 2017.

To the Board of Education
Livonia Public Schools

September 21, 2017

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District are described in Note 1 to the financial statements. As described in Note 1, the School District changed accounting policies related to financial statement disclosure of tax abatements impacting the School District in accordance with GASB 77 requirements.

We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 School District's share of the MPSERS pension plan net pension liability recorded on the government-wide statements for the implementation of GASB Statement No. 68. The School District's estimate as of June 30, 2017 is $278,547,083, based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements relate to potential contingent liabilities.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

For the purpose 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 auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

To the Board of Education
Livonia Public Schools

September 21, 2017

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The School District omitted a disclosure from the financial statements which was requested to be disclosed for a potential range of loss on a lawsuit. Management has determined that its effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and business plans and strategies that may affect the risks of material misstatement with management each year prior to our retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the School District. The results of that audit are provided to the board in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 200 dated September 21, 2017.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2017.

Management Consultations with Other Independent 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 School 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.

This information is intended solely for the use of the Board of Education and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

Lisa Vargo

Lisa Vargo

Other Recommendations

Livonia Public Schools

Other Recommendations

Food Service Fund Balance

We noted that the fund balance of the Food Services Fund continues to grow toward the U.S. Department of Education's maximum allowance of three months' worth of operating expenditures. The School District should use this opportunity to upgrade or replenish equipment utilized by the food service department in order to reduce the fund balance in that fund. Furthermore, we would like to remind the School District that School Food Authorities (SFAs) are required to obtain prior written approval of its awarding agency before incurring the cost of a capital expenditure. For the purpose of obtaining prior approval, equipment is defined as any item of nonexpendable personal property with a useful life of one year or longer and an acquisition cost which equals or exceeds the federal per-unit capitalization threshold of $5,000, or a lower threshold set by the State or local level regulations. However, to help mitigate the burden of the approval process, a pre-approved list of assets has been provided by the USDA which do not require separate written approval.

Informational Items

Livonia Public Schools

Informational Items

State Aid Funding

State Aid and the Foundation Allowance

State of Michigan funding for public schools continued to focus on several recurring themes for the fiscal year ended June 30, 2017: limited increases in the foundation allowance, additional funding boosts for districts at the minimum foundation, continued student count blending formula, and additional resources dedicated to assisting with funding the district's retirement/postretirement healthcare obligation (MPSERS). One change worth noting was the increase in the number of required school days to 180, up from 175 days, but without a change in the number of required hours of instruction. Many districts were already providing 180 days of instruction, and for those districts, the change did not have an impact.

2016-2017 Foundation: For the 2016-2017 fiscal year, the base foundation increased by $60, from $8,169 to $8,229. The State continued its use of the "2X" formula, providing districts at the minimum foundation with an increase of $120 per pupil to $7,511. The School District's foundation allowance was increased to $8,229. For comparison purposes, the School District's foundation prior to the $470 cut was $8,277, meaning the current foundation is $48 per pupil below the 2011 foundation allowance. In the 2016-2017 State Aid Act, a minimum funding provision continued (Section 20f). This section recognizes that the funding shift toward paying the growing MPSERS expense could significantly harm some districts. Just as in 2015-2016, this categorical guarantees at least a $25 per pupil increase after giving account to the funding changes. For many districts, the increase in the per pupil foundation was significantly offset by the previous elimination of best practice and performance funding. The School District's net increase exceeded the $25 minimum and no additional funding was provided under this section. This provision continues for 2017-2018.

2017-2018 Foundation: For the 2017-2018 fiscal year, the base foundation, once again, increases by $60, from $8,229 to $8,289. Additionally, using the "2X formula," the minimum foundation allowance increases by $120 per pupil to $7,631. Based on these changes, your School District will receive a $60 increase in its foundation allowance, representing an increase of 1 percent. New for 2017-2018, an additional per pupil allocation, Section 22n, was created for students counted in high school. For those students, a new categorical providing additional funding of $25 per pupil was created. This funding is not rolled into the foundation calculation.

Pupil Membership Blend for 2016-2017 and 2017-2018: The method for counting students was the same for 2016-2017 and for 2017-2018. The funding formula uses calendar year counts with a weighting of 90 percent of the fall count and 10 percent of the February count. 2016 calendar year counts were used for the 2016-2017 fiscal year funding and 2017 calendar year counts are used for the 2017-2018 fiscal year funding. One significant change for 2017-2018 was an enrollment count cap of .75 for students enrolled in a shared-time program. As a result, the district cannot generate more than a .75 FTE for a student participating in a shared-time program.

At-Risk Funding: For 2017-2018, several changes were made to the funding and use of At-Risk funds. A few key items include: an increase of about $120 million allocated to At-Risk (approximately a 30 percent increase), use of funds to support third grade reading proficiency and eighth grade math proficiency, definition of eligible pupils expanded to include all pupils considered economically disadvantaged, and inclusion of Hold Harmless and Out-of-Formula districts in the At-Risk funding formula for the first time, but at 30 percent of the funding that what would otherwise be available.

Livonia Public Schools

Informational Items (Continued)

MPSERS Cost Support: Retirement system contributions are a significant part of a district's labor costs. The contribution rate the School District is required to pay continues to rise, though the growth rate has slowed. The School District has no ability to influence the rate and no choice regarding its participation in the program. To aid a district in meeting its obligation, the 2016-2017 State Aid Act continued to include funding to help pay for some of the increased cost. The categorical aid is formula driven using the School District's MPSERS payroll participation data. This funding is provided in two separate sections of the State Aid Act: Section 147a and Section 147c. The School District received a total of $1,311,020 of 147a and $11,617,921 of 147c categorical aid to help offset the impact of its retirement costs. Section 147c was designed to fund approximately 10 percent of covered payroll and does not increase district resources. Instead, the funding is recognized as revenue and then returned directly to the retirement system. In general terms, this means that the total cost of the retirement system contributions in 2016-2017, representing approximately 36 percent of covered payroll, is recognized as an expenditure in the School District's financial statements along with related revenue that was previously considered state support to the system. The net effect is that the School District is responsible for approximately a 26 percent contribution to the retirement system. The School District budgeted for additional state revenue and additional retirement expenditures in order to accommodate this funding mechanism, but may encounter some budget variances due to the fact the state revenue provided is based on prior year School District payroll information.

This retirement funding approach will continue into 2017-2018. However, there are key changes that will impact retirement contributions. The first is the fact that the assumed rate of return within the retirement plan will be decreasing to 7.5 from 8 percent. When this assumption is reduced, it has the net effect of increasing the value of the retirement obligation for the plan. This then increases the required contributions to fund the plan. A total of $48 million has been provided in 147a to pay school districts to offset the impact of this change. Second, for staff hired on or after February 1, 2018, the default employee election will be into a defined contribution (DC) plan; however, an employee can elect the hybrid plan within a specified timeframe. District contributions and state support are also modified for employees electing the DC plan. This will create a change in the district's cost of the benefit for employees new to the retirement system in February 2018. Additional funding is provided under a new State Aid Act, Section147e, to help support the shift to the new design.

Other State Aid Act Changes Impacting 2017-2018

The amendments to the State Aid Act made several other changes impacting school districts. Several changes we identified that could impact the School District include the following:

Partnership Model - Section 21h provides new funding to assist districts assigned by the MDE to participate in a partnership to improve student achievement, including funds for professional development, increased instructional time, mentors, and other costs impacting student achievement.

MEAP/M-STEP - The MDE is required to make the Kindergarten Entry Assessment (KEA) available to districts in 2017-2018.

Enrollment after Fall Count Day - After the 2016-2017 school aid amendments were passed, which eliminated the ability to prorate a pupil enrolled after the count day, a supplemental appropriation (HB 5291) was passed, reinstating the opportunity to prorate a student added after the count day. For 2017-2018, the ability to prorate student count for pupils added after the count day continues.

Livonia Public Schools

Informational Items (Continued)

Transparency Reporting Requirements - These content posting requirements continue and include, but are not limited to, deficit elimination plans, enhanced deficit elimination plans, district credit card information, budget information, procurement and reimbursement policies, and out-of-state travel information. Transparency reports must be updated on the district's website within 15 days of the change.

Adult Education - Several changes were made to the funding formula and eligibility requirements. From now to 2019-2020, funding will shift toward allocations to prosperity regions and subregions. As a result, for districts with significant adult education programs, a careful review of the changes will be important for planning future operations.

State Aid Planning Considerations for 2018-2019 and Beyond

Michigan's economy is steady, but based on Revenue Estimating Conference predictions, there are financial challenges ahead for the State. As we have seen by the School Aid Fund, revenue continues to grow at a slow pace, but the General Fund projections are at a slower pace. The governor's executive recommendations and legislative actions have provided some increases for general operations, but for many districts, actual increases to support general school operations have been at or below inflation rates. In the last few years, increases have been concentrated in early childhood, At-Risk, and in funding for the increasing retirement obligation. While the final State Aid Act amendments provided additional funds for operations in 2017-2018, because of the elimination of performance funding and best practices, for many the net increase in funding was $25/pupil from the levels in place when best practice and performance were provided. In addition, since the 2017-2018 amendments to the State Aid Act were not signed until July 2018, it is possible the revenue estimates used in the initial 2017-2018 school district budget may need to be revised. As the legislature and governor continue to modify tax policy, plan for State General Fund resource needs, modify the retirement system benefits, and revisit School Aid Fund resource allocations, the growth and availability of School Aid Fund resources to fund K-12 operations is likely to continue to be less than the rate of inflation.

Clearly, the key issue facing the future of school funding is the need to cover the cost of the retirement system. For 2017-2018, modifications to the retirement system have projected to create significant increased costs. While it appears the legislature has provided resources through the School Aid Fund to cover the cost, it means those resources are not available to fund other K-12 operations. The funding theme in the future will likely continue to be how to use School Aid Fund resources to cover the retirement obligation. Funding this obligation will continue to impact the School District's ability to receive additional resources to fund general education initiatives, and monitoring legislative action in this area will be important in predicting future resource available for the School District.

Careful planning will continue to be key for the School District to create a cost structure that is sustainable. The use of budget modeling will be essential, especially as the district looks to determine actual state funding available to fund operations. In addition, it is important to segregate resources required to fund specific activities, such as federal funding, special education, or At-Risk, when assessing the resources available to fund continuing operations. We recommend the School District fully analyze the projected revenue available to fund operations when entering into multi-year expenditure agreements.

Livonia Public Schools

Informational Items (Continued)

School Aid Fund Dynamics

In the last six years, public education has seen more change in the substance of school funding than in the last 14 years. Proposal A, as passed, was a K-12 funding mechanism. Prior to 2011, there were a series of small changes to the funding model. Some activities, previously funded with the State's General Fund, were moved to school aid. General Fund earmarks for the School Aid Fund have been reduced since 1994. Prorations became commonplace as the School Aid Fund's ability to generate new revenue slowed. Over time, some categorical revenue was eliminated and some was created. During the downturn, federal funds were added on a temporary basis to supplement state funding shortfalls. Essentially, the changes were viewed as incremental modifications.

Beginning with the 2011-2012 amendments to the State Aid Act, we experienced a redefinition of the funding model. Districts experienced a $470 per-pupil funding cut which actually "revalued" the foundation and created a new base. Along with the governor's education initiatives, the concepts of "best practice" and "rewarding" student performance were entered into the funding scheme, and then removed. Furthermore, the increased cost of the retirement system diverted funds that would have been available to fund operations. And most significantly, the funding for higher education was moved from the General Fund into the School Aid Fund along with a restructuring of tax policy. This comprehensive view and approach to the management and funding of education created a new definition of reality for Michigan schools. This new reality continued into the amendments to the State Aid Act for 2017-2018.

Implications from the restructure of the State's funding approach are substantial and impact how a district will be able to generate additional state funding into the future. The additional revenue identified after the May 2017 Revenue Estimating Conference created a 2X funding formula increase of $60-$120 per pupil, similar to the previous year. As part of the restructure, a funding floor categorical allocation was added. It provides a minimum per-pupil increase of $25 per pupil. Once again, more funds were also set aside to provide additional contributions to the retirement system. It is clear, based on future projections from the retirement system, including the implications from the restructure of the hybrid plan and the reduction in the assumed rate of return, that the increased costs of the system will absorb significant resources from the School Aid Fund or from district operating budgets. Based on the funding priorities from this legislative session, it appears the focus will continue to be on the costs of the retirement system, and real dollar increases to fund general operations are likely to be limited.

As the School District continues to evaluate and select its operational and educational initiatives, it will be increasingly important to monitor the implications from legislative action. As the governor and legislature move forward with their education agenda and attempt to balance it with growing General Fund needs, it is likely there will be new elements producing a significant impact on the funds received by the School District from the State. The key question will continue to be "what resources will be available for the district to fund its recurring operations?"

Transparency Reporting

Public Act 5 of 2015 requires the following transparency reporting on the School District's website:

- Budgets and budget amendments must be posted within 15 days of their adoption (formerly 30 days)
- The School District's written policy governing procurement of supplies, materials, and equipment
- The School District's written policy establishing specific categories of reimbursable expenses

Livonia Public Schools

Informational Items (Continued)

- The School District's accounts payable check register for the most recent fiscal year or a statement of the total amount of expenses incurred by board members of School District employees that were reimbursed by the School District for the most recent fiscal year
- Any deficit elimination or enhanced deficit elimination plan the School District was required to submit
- Identification of all credit cards maintained by the School District as School District credit cards, the identity of all individuals authorized to use each credit card, the credit limit on each credit card, and the dollar limit, if any, for each individual's authorized use of the credit card.

In addition, the School District is also required to provide the following:

- Pie charts for personnel expenditures and district expenditures
- Links to collective bargaining agreements, healthcare plans, bids, and financial statement audit report
- Compensation and benefits for the superintendent and employees with salaries over $100,000
- Amounts for dues, lobbying, out-of-state travel

Noncompliance with the requirements could result in withholding of 10 percent of state aid otherwise owned to the district. The Michigan Department of Education regularly reviews district websites to determine if the requirements are met. Maintaining this information requires the district to maintain additional processes and commit or redirect staff resources.

Early Warning Legislation

"Early Warning Legislation," a 10-bill package of bills, was enacted in 2015. This legislation is designed to identify districts that may be showing signs of fiscal distress, creates a system of reporting this situation sooner than in the past, and requires those districts deemed to be in distress to remit more frequent financial data to Treasury. The entire early warning system is under the supervision of Treasury to monitor and assist local districts and charter schools.

One key item was the identification of those districts and charter schools whose total General Fund balance was less than 5 percent of General Fund revenue in each of the last two years. The definition of revenue for the purpose of this test focuses on General Fund unrestricted revenue. Districts that meet this criteria are required to remit the budgetary assumption and expenditure per-pupil information to CEPI as the first step in the process. For 2017, this information was due by July 7, 2017, requiring affected districts to compute certain information only one week after their fiscal year ends.

Once remitted, the state treasurer, through the Office of School Review and Fiscal Accountability (OSRFA), may conclude that the potential for fiscal stress may exist. At that time, the School District may conclude to contract with the ISD (or the authorizing body for charter schools) to review the School District's financial records and offer recommendations to avoid a deficit. The review would need to be concluded within 90 days of entering into the contract, and requires quarterly reporting to Treasury on the status of implementation of the recommendations.

Livonia Public Schools

Informational Items (Continued)

In their oversight role, OSRFA uses a fiscal projection model to historical financial information database (FID) data. The projection model incorporates four key financial indicators, which are enrollment, revenue, expenditures, and fund balance. School districts are sent a communication to determine if a corrective action plan had been implemented, or if there was an explanation for a decrease in General Fund fund balance. OSRFA reviews each school district's response and financial data to determine whether potential fiscal stress existed in the school district. If fiscal stress is not declared, then they follow up on the district's corrective actions. If fiscal stress is declared, the district and others are notified, and the district may contract with the ISD for an administrative review. As of January 2017, there were 15 districts labeled with potential fiscal stress.

For the years ended June 30, 2017 and 2016, the General Fund fund balance was 10.55 and 5.49 percent of unrestricted General Fund revenue, respectively. The School District should continue to monitor this figure closely so any required reporting can be done in accordance with the required timelines.

Food Service Fund Bad Debt Policy Requirements

The School District should ensure that its policies include guidelines on the treatment of bad debt in the School Meals Program. Per 2 CFR §200.426, bad debts arising from uncollectible accounts are unallowable costs. Given that these costs are unallowable, any bad debts should be transferred out of the Nonprofit School Food Service Fund.

The Michigan Department of Education has clarified its position on this topic in Administrative Policy No. 6 (school year 2016-2017). A distinction is made between delinquent debt and bad debt. An account is deemed to be bad debt when it is uncollectable at the end of the school year in which the debt was incurred. Any costs incurred to collect on these bad debts would also be unallowable. On the other hand, delinquent accounts that occur periodically during the year are not considered bad debt until an assessment is done at the end of the school year. With this definition of bad debt, an adjustment to the School Food Service Fund is not needed until the end of each fiscal year.

Once an account is determined to be bad debt, a nonfederal funding source must reimburse the School Food Service Fund for the total amount of the bad debt. The district has discretion on how it will handle the bad debt once it is transferred out of the School Food Service Fund. Additional collection procedures may take place, but they cannot be at the expense of food service. Any future collections on the bad debt would belong to the fund into which it was transferred (i.e., the General Fund). The district should also make sure the point of sale system reflects any adjustments for bad debt transferred.

The School District should have a written policy to address food service bad debt. This should be included in the School District's meal charge policy as required under the Healthy, Hunger-Free Kids Act of 2010. Additional guidance can be found in *USDA Memo SP 46-2016 Unpaid Meal Charged: Local Meal Charge Policies*.

Livonia Public Schools

Informational Items (Continued)

Fund Balance

During the 2016-2017 fiscal year. the School District faced continued financial challenges due to declining enrollment and inflationary cost pressures. The outlook for 2017-2018 and beyond suggests future funding increases for operations will not be significant. This continues to put substantial pressure on districts' operating budgets and fund equity.

During the 2016-2017 school year, the School District's General Fund revenue exceeded expenditures by approximately $8.4 million. This resulted in increasing the General Fund equity to approximately $16.7 million at June 30, 2017. We feel that it is important for the School District to maintain its fund equity at an appropriate level. The benefit to the School District of maintaining appropriate fund equity is the ability to meet unforeseen circumstances, like the implementation of state aid proration, without significantly affecting the level of programs for the year. This gives the School District time to work out financial changes without the need for sudden or drastic reactions to adverse circumstances. The need for fund equity will continue to be important due to the funding caps imposed by school finance reform, increasing retirement and healthcare costs, other cost pressures the School District is facing, and cash flow needs due to the fact about 18 percent of the School District's state aid is received after the school year has ended, as well as concerns over the allocation of resources within the School Aid Fund in the future, and the fact that the State is increasing its monitoring of each school district's financial health, including implications from the Early Warning requirements.

Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2016 (excluding Detroit) is approximately 11.37 percent of expenditures (excluding transfers out). Fund equity of 5.5 percent of expenditures would approximately equal the School District's average accounts payable and payroll for a three-week period, while 11 percent would approximately equal six weeks. The School District's fund equity percentage is 11.11 percent and equals approximately six weeks of operation. Given the continued uncertainties with state funding and lack of significant growth in per pupil school aid funding, budget planning and fund balance management will continue to be essential elements for the School District's success.

Budgeting for Sustainability

With stagnant revenue and costs that have already been cut and revised year after year, it becomes increasingly more difficult to budget for sustainability. The State has put an emphasis on striving for sustainability. Through the Early Warning legislation, any indicators in decline, even in budgets, are being closely scrutinized by the State Treasury. Many districts continue to use fund balance, an unsustainable practice. Looking forward, districts must evaluate long-term plans, including technology plans, capital plans, staff contract plans, and what needs the district will have. It must then be assessed with revenue projections, based on facts as we know them, to determine if the district will be able to address these needs. In order to maintain a healthy fund balance, the district must be proactive and plan strategically in managing contracts, offering programs to attract students, and investing in technology and infrastructure. Districts are faced with the challenge of thinking outside the box in order to find ways to compose sustainable budgets for the future. As the School District pursues its financial management, we encourage a continued focus on sustainability.

Livonia Public Schools

Informational Items (Continued)

GASB Statement No. 75 - Postemployment Benefits Other Than Pensions (OPEB)

Effective for the School District's June 30, 2018 financial statements is GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This upcoming GASB addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the government-wide financial statements its proportionate share of the net OPEB liability related to its participation in the MPSERS plan. The statement is expected to have a similar impact on the statement of net position as did GASB No. 68 when it was adopted in 2015. Just like GASB No. 68, it is not expected to have an impact on the modified accrual funds (General Fund), and should not impact the School District's budget process. The statement also enhances accountability and transparency through revised note disclosures and required supplementary (or supplemental) information (RSI).

GASB Statement No. 77- Tax Abatement Disclosures

GASB Statement No. 77, *Tax Abatements*, is effective for the first time in the School District's June 30, 2017 financial statements. GASB No. 77 is unique in that there will be no accounting impact to the district's financial statements; however, there will be a new disclosure in the notes to the financial statements. The disclosure focuses on the amount of property tax revenue that was forgone due to tax abatements that were entered into by the taxing authorities within the boundaries of the district. The district will have to work with the local taxing authorities in order to obtain the taxable value of the properties within district boundaries for which a tax abatement may apply and then it will be up to the district to calculate the impact on property tax revenue. The district is also required to disclose whether any of the lost property tax revenue will be reimbursed by other governmental agencies.

IT ITEMS

Cyber Security

Public schools are not exempt from cyberattacks in which systems and critical data are compromised. School systems store personal information of staff, underage students, and students' parents in addition to other confidential data. It is important that schools protect themselves from both external and internal threats whether they are intentional or accidental threats. For example, ransomware attacks are on the rise and gain media attention with their ability to cripple an organization, including schools and universities. It may be the hacks of large, multimillion dollar companies that we see exposed on the evening news, but public schools can be an enticing target with the amount of data and limited budget to protect themselves.

Here are some questions to think about regarding cybersecurity issues:

- Do you receive a lot of junk email?
- Are you allowed to access risky or unsafe websites?
- Have you attended any security awareness trainings?
- In the event of an incident, are you familiar with who should be contacted?
- Is there a plan in place in the event of a breach and student records are lost?

Because of the many access points within a school district's IT environment, continued assessment of cybersecurity issues is an essential part of the district's overall data security assessment.

Livonia Public Schools

Informational Items (Continued)

Electronic Cash Receipts

Managing cash collections has always been a challenge for school districts. During the year, cash is collected in multiple locations for a myriad of purposes. Insuring the cash is collected, receipted, deposited, and applied to the correct activity is time consuming and can yield inaccuracies. It also presents a unique fraud risk that can leave the district vulnerable to theft. More and more schools have been looking for methods to improve this process. Online payment systems provide a real opportunity for schools in this area.

Since the internet has become accessible to more people, schools have been looking to further enhance their communication distribution channel. Many districts now allow users to make payments to the district online. Using this technology, the district can increase the speed of collection, improve recordkeeping, reduce the burden at the service delivery site, improve accountability, provide user access to payment history, and utilize a single system for electronic receipts.

Online payment systems can be used for numerous functions within the district; potential uses for the system include the following:

- Breakfast and lunch payments
- Athletic gate receipts
- Field trip fees
- Schools store purchases
- After-school program fees
- And many more

Several deployment options exist for online payment systems. These solutions can be integrated into the district's website and directly managed by the district's IT department, provided as a stand-alone solution via a third-party vendor, or provided via an integrated module as a component of the district's student information system or financial management system. Additional complexity is presented when determining the environment in which the solution is run, specifically whether it operates on the district's infrastructure or in the cloud. Regardless of the solution and deployment model, certain key factors must be given consideration:

- **Security:** Any organization handling payment card transactions has a responsibility to ensure that the solution is compliant with payment card industry (PCI) standards and that transactional data is secure. The specifics of that responsibility vary based on the solution and model with which it has been deployed. In a model where the online payment system is running in the district's environment, the district must ensure that not only is the system itself secure, but any elements of technical infrastructure that will handle transactional data are also appropriately secure. In a cloud-based solution, the responsibility for compliance is transitioned to the vendor providing the solution; however, the district still has a responsibility to perform the due diligence necessary to ensure that the vendor is compliant with PCI standards.

  Costs: The various deployment options for online payment systems present different cost structures that must be considered. Purchasing a solution often represents a higher initial cost with lower long-term maintenance costs, while cloud solutions typically require lower initial costs and higher long-term costs.

- **Integration:** Regardless of the solution and deployment model selected, integration into the district's financial management system is also a key consideration to ensure that receipts are applied to the correct activity or account.

Livonia Public Schools

Informational Items (Continued)

While it is unlikely the remote location cash receipts can be eliminated, it is likely that once implemented, an online payment system can significantly reduce staff burden and accounting risks inherent in the cash collection process.

We understand the School District is actively reviewing online payment system options. We compliment the School District for its efforts thus far and believe a well-implemented strategy will yield the benefits discussed above.

Multi-line Phone Systems and Enhanced 911

For the past several years, the State of Michigan has been seeking to adopt legislation regarding the capabilities of multi-line telephone systems (MLTS) to provide location information on where calls originate from when calling 911 for emergency services. Under the new legislation, any call placed to 911 must include specific location information to emergency dispatchers, beyond the basic address information that has been provided in the past. This information is to include detail on the location of the origination of the call within the building from which it was dialed. An example follows:

	Requirement Prior to New Legislation	**Requirement Under New Legislation**
Originating Number	Main Phone Number (248)555-1000	Actual Originating Number or Extension (248)555-1234 or (248)555-1000 ext. 1234
Customer's Name	Anytown School District	Anytown School District
Address	Address of Primary Switching Equipment 123 Main St.	Address of Call Origination 123 Main St. - Building B
Location	Not Required	Physical Location of Originating Phone West Wing, 2nd Floor, Room 201
City and State	City and State of Primary Switching Equipment Anytown, MI 12345	City and State of Originating Phone Anytown, MI 12345

Livonia Public Schools

Informational Items (Continued)

This example highlights a critical challenge that many districts are facing, in particular those districts that operate aging phone systems. Many older phone systems are not capable of storing specific location information for all phones, nor are they capable of automatically sending that information to emergency dispatchers when a 911 call is placed, resulting in districts being compelled to invest in new phone systems.

The new legislation is currently planned to be enforced beginning December 31, 2019. While enforcement has already been deferred several times, this is a critical item that should be included in your budget planning to ensure that the School District is compliant.

ORS 3 Percent Healthcare Contribution

Effective July 1, 2010, Public Act 75 required school districts withhold 3 percent from each employee's compensation and forward it to the Michigan Office of Retirement Services (ORS) for deposit into a healthcare trust. In 2012, the Michigan legislature passed Public Act 300, which changed employee retirement and retiree medical alternatives. Under the retiree medical alternative, an employee could elect to continue the 3 percent contribution.

Initially, there was much uncertainty regarding the taxation and withholding requirements related to the 3 percent contribution. Law firms have provided guidance that the required contribution is not subject to federal, state, or FICA taxation, and therefore is not subject to withholding; Plante & Moran, PLLC supports this conclusion. However, many districts withheld FICA taxes as a result of the tax treatment uncertainty. Some of these districts have filed FICA refund claims with the IRS, and some have not. Some districts continue to withhold FICA taxes pending (1) final conclusion of the appeals process related to the constitutionality of the withholding, and (2) IRS determination of the 3 percent contribution tax treatment through a private letter ruling request. At this time, each district's tax treatment of the 3 percent contributions should generally have merit and support; the basis for the district's decision on this issue should be documented in their files.

In April 2011, the Michigan Court of Claims ruled withholding of the 3 percent contribution, required under Public Act 75, is unconstitutional. However, the court required districts to continue withholding and forwarding the funds to ORS, but provided that the funds were to be placed in a special escrow account and the funds cannot currently be used to pay benefits. In August 2012, the Michigan Court of Appeals affirmed the decision by the Court of Claims. This decision was appealed to the Michigan Supreme Court.

Also, Public Act 300 was challenged in the Michigan courts. In January 2014, the Michigan Court of Appeals ruled that the Public Act 300 changes made to employee contribution options under MPSERS did not interfere with teacher union contracts. This decision was appealed to the Michigan Supreme Court. On April 8, 2015, the Michigan Supreme Court upheld the constitutionality of Public Act 300 and the 3 percent retiree healthcare contributions made by public school employees beginning with the first payroll in February 2013.

On June 30, 2015, the Michigan Supreme Court remanded the Public Act 75 issue to the Michigan Court of Appeals with direction to reconsider Public Act 75 in light of the Supreme Court's ruling on Public Act 300. In June 2016, the Michigan Court of Appeals ruled Public Act 75 was unconstitutional and ordered return of the 3 percent contributions, with interest, to employees. On July 19, 2016, the State of Michigan filed a request with the Michigan Supreme Court to hear an appeal of the June 2016 decision by the Michigan Court of Appeals. On May 31, 2017, the Michigan Supreme Court agreed to hear the State's appeal. Consequently, the constitutional status of 3 percent contributions made prior to the first payroll in February 2013 remains unclear.

Livonia Public Schools

Informational Items (Continued)

During 2016, the Internal Revenue Service (IRS) flip-flopped on the tax treatment of the 3 percent contributions. During the first few months of 2016, the IRS informed some Michigan school districts the Public Act 300 3 percent contributions were subject to income and FICA tax withholding. By August 2016, the IRS reversed its position and was regularly issuing refunds of FICA taxes paid on 3 percent contributions. We are aware the IRS has consistently refunded FICA taxes on 3 percent contributions for the period from the first payroll in 2013 through December 31, 2015. Also, some school districts have applied for and received FICA tax refunds for 3 percent contributions withheld in 2016. The IRS denied a request by the State of Michigan for a private letter ruling on the taxation of the 3 percent contributions under both Public Act 75 and Public Act 300 because the State was not the employer of employees subject to the 3 percent contributions. Consequently, a Michigan school district is requesting an IRS private letter ruling on the taxation of the 3 percent contributions. Also, the IRS has informed some districts a decision about taxation of Public Act 75 3 percent contributions will be held in abeyance pending final resolution of the validity of these contributions in the Michigan courts.

Districts had until April 15, 2017 to file amended Forms 941 to recoup 2013 FICA tax collected and paid to the IRS, if necessary. Alternatively, a district can file a protective claim to extend the deadline for filing a refund request for FICA collected. Protective claims for 2013 were required to be filed with the IRS by April 15, 2017. A protective claim for FICA paid in 2014 is required to be filed with the IRS by April 15, 2018. There are specific steps required to claim these refunds, so we recommend the School District ask for assistance, if necessary.

Cost Saving Observations and Suggestions

As part of the audit process, we attempt to identify opportunities to help the School District optimize its resources. The following are some areas of potential benefit to the School District:

Cost Containment - Privatization and Consolidation of Services

With little effective change in state funding provided to fund district operations, we believe that the School District should continue to explore strategies for reducing and/or containing costs. While difficult to implement, privatization of support services (food service, transportation, and custodial) is an option that many districts have implemented. Privatization of transportation services typically results in savings of 20 - 25 percent; privatization of custodial services typically results in savings of 40 to 50 percent. Typical sources of savings include a reduction in benefits including retirement, lower pay rates for custodial staff, and, less frequently, increased efficiencies. Privatization may also allow the School District to tap into unique skills and leverage technology. An example is the use of an employee benefit administrative service including an employee-driven website to manage their benefits. By using resources like these, the School District can reallocate internal staff resources and potentially simplify administration of the activity. When considering cost containment, the School District should include privatization in the list of options discussed. Similarly, the consolidation of services can provide significant cost savings to districts. The goals of service consolidation include leveraging district resources, collaboration, reducing staff burden, spreading the cost of asset/service acquisition, talent sharing, and cost containment. Like privatization, service consolidation requires a cost benefit analysis. If, based on that analysis, the School District can either save or improve the use of resources while meeting School District goals, it is likely worth further pursuit.

Livonia Public Schools

Informational Items (Continued)

Energy Costs

School districts are continuously monitoring energy costs and reviewing different opportunities to reduce these costs. School districts continue to face challenges in managing energy usage and reducing energy costs. Effective April 20, 2017, Act No. 341 was passed which could inhibit the School District's ability to utilize Electric Choice, which has proven to be a significant cost saver to the School District. The act keeps a 10 percent cap on energy choice and establishes a 15 percent renewable requirement by 2021. The School District should evaluate if this act will have a significant impact on its energy costs and continue to look for ways to reduce energy costs.

Allowable Use of School Funds

In April 2015, a new law was passed on the allowable use of school funds. This law defines items that the School District cannot expend its funds on. It states a person shall not use district funds or other public funds for purchasing alcoholic beverages, jewelry, gifts, fees for golf, or any item the purchase or possession of which is illegal. However, this does not prohibit the use of funds for a trophy or plaque for award recognition of an employee, as long as the purchase does not exceed $100. Violation of this law is a misdemeanor. Often, school districts are requesting clarification on the types of transactions the district is allowed to execute. This law serves to answer some of those questions, but likely not all. The School District should carefully review this law to ensure it is in compliance with its requirements.

Sinking Funds

In November 2016, a long-awaited amendment to the Sinking Fund Law was approved by the governor, and took effect in March 2017. The State of Michigan Sinking Fund legislation (Sec 1212) was amended to expand what levied dollars are authorized to pay for, as well as placing new limits on the number of mills allowed and the duration those mills can be levied.

Authorized purchases under the law now include:

1) Acquisition or upgrading of technology (consistent with the definition of technology under 1351a bond programs)
2) School security improvement, which includes capital improvements, as well as mobile telephone applications to provide the capability for personnel to communicate on-site and connect to 911

The tax levied cannot exceed 3 mills (was 5 mills), and the levy cannot exceed 10 years (was 20 years).

This was exciting news for districts that are planning to put sinking fund millage requests out to their community for vote. Unfortunately, the law amendment is not retroactive and the attractive amendments apply only on a prospective basis (new sinking funds approved by voters after March 2017). Districts that already have a sinking fund in place have an opportunity to potentially layer on an additional sinking fund and take advantage of the new authorized purchases. If you are considering the School District's ability to utilize a sinking fund in the future, or want to strategize how a new sinking fund may work best in conjunction with an existing one, please contact us.

Livonia Public Schools

Informational Items (Continued)

Federal Programs

Written Procedures for Grants - Required for District Federal Grant Participation

As part your annual single audit, we are required to assess the written procedures that exist related to the specific compliance requirements for the federal programs that are selected for testing. The Federal Uniform Guidance, which was effective during the 2014-2015 school year, outlines various requirements related to written procedures and policies. It is important for the School District to be aware of the comprehensive list of required written (board) policies and (administrative) procedures required for federal grant participation. These requirements are described in 2 CFR Part 200 and include the following:

- Written Cash Management Procedures [§200.302(b)(6)]: To implement the requirements of §200.305 payment
- Written Allowability Procedures [§200.302(b)(7)]: To determine the allowability of costs in accordance with Subpart E- Cost Principles
- Written Travel Policy [§200.474(b)]: To ensure costs incurred by employees for travel are reasonable and allowable
- Written Conflict of Interest Policy [§200.318(c)]*: To maintain standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts
- Written Procurement Procedures [§200.319(c)]*: To ensure that all solicitations include the following requirements:
    i. Incorporate clear and accurate descriptions of technical requirements for the material product or service to be procured
    ii. Identify all requirements which must be fulfilled
    iii. Ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition
- Written Procedures for Conducting Technical Evaluations of Proposals and Selecting Participants [§200.320(d)(3)]*: To maintain a method for evaluation proposals received

  *In the Federal Register published on September 10, 2015 (Vol. 80, No. 175), the procurement procedures noted above were formally delayed via an initial two-year grace period. On May 17, 2017, the OMB extended the delay of implementation for an additional year. Therefore, the School District is not required to implement these requirements until July 1, 2018. However, if the extended delay is elected, the School District must document this in writing.

The School District should be aware that the aforementioned requirements for written procedures are more extensive in nature than those required for a financial statement audit, which focuses on key controls related to grants management. The Michigan Department of Education has indicated that districts that do not have the requisite written policies and procedures in place may be excluded from future participation in the grants program. In addition, absence of policies and procedures required under the Uniform Guidance could result in single audit findings.

Livonia Public Schools

Informational Items (Continued)

We encourage the School District to review its policies and procedures to ensure that the items listed above have been addressed and are easily accessible for use and in the event of a fiscal monitoring. Many, if not all, of the items may already be addressed in various forms throughout the School District's policies and procedures; however, it is important the School District be aware of where the written documentation resides. If any items are not currently addressed, we recommend the School District establish the required procedures and document them accordingly.

If you would like further guidance on the requirements related to written policies and procedures, please let us know; we would be happy to provide you with some guidance and resources. Additionally, a group consisting of personnel from various districts throughout the state, audit firms, and MDE representatives was formed to update the model procedures manual. Once completed, the manual will be available on the Michigan School Business Officials website. This tool will provide information about the changes required and how to utilize the manual to assist with customizing your existing policies and procedures.

Procurement Methods

Procurement reform under the Uniform Guidance requires revisions to district purchasing policies and practices when using federal funds. In addition, the Uniform Guidance requires districts to maintain standards of conduct covering conflicts of interest and to maintain specific written procedures for procurement transactions and bid evaluation. The new procurement standards include the following five methods as outlined in 2 CFR Part 200:

- Micro-purchases [§200.320(a)]: Acquisition of supplies or services that does not exceed the Micro-Purchase Threshold (outlined in §200.67 Micro-purchase)
- Small purchases [§200.320(b)]*: Procurement of services, supplies, or other property that does not exceed the Simplified Acquisition Threshold (outlined in §200.88 Simplified Acquisition Threshold)
- Sealed bids [§200.320(c)]*: Bids are publicly solicited for a fixed price contract and awarded to the lowest bidder

  In order for sealed bidding to be feasible, the following conditions should be present [§200.320(c)(1)]:

  i. A complete, adequate, and realistic specification or purchase description is available
  ii. Two or more responsible bidders are willing and able to compete effectively for the business
  iii. The procurement lends itself to a firm fixed-price contract and the selection of the successful bidder can be made principally on the basis of price.

  If sealed bids are used, the following requirements apply [§200.320(c)(2)]:

  i. Bids must be solicited from an adequate number of known suppliers and the invitation for bids must be publicly advertised.
  iv. The invitation for bids must define the items or services and include any specifications and pertinent attachments.
  v. All bids will be opened at the time and place prescribed in the invitation for bids.
  vi. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder.
  vii. Any or all bids may be rejected if there is a sound documented reason.

Livonia Public Schools

Informational Items (Continued)

- Competitive proposals [§200.320(d)]*: Offers are solicited for either a fixed-price or cost-reimbursement contract. This method is typically used when it is not appropriate to use the sealed bids methods. The following requirements apply to this method:
  - i. Requests for proposals must be publicized and identify all evaluation factors.
  - ii. Proposals must be solicited from an adequate number of qualified sources.
  - iii. The nonfederal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
  - iv. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.
  - v. The nonfederal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected.
- Noncompetitive proposals [§200.320(f)]: Procurement through solicitation of a proposal from only one source. This method may be used only when one or more of the following circumstances apply:
  - i. The item is available only from a single source.
  - ii. The public exigency or emergency for the requirement will not permit a delay.
  - iii. Authorized by the federal awarding agency or pass-through in response to a written request.
  - iv. After solicitation of a number of sources, competition is determined inadequate.

  * Purchases made using either the small purchase, sealed bids, or competitive proposals methods should also consider any state and local purchasing requirements. The State of Michigan Bid Threshold (MCL 380.1274) would apply to purchases of goods. The School District cannot increase the mandated thresholds; however, school district polices could be more restrictive than the federal requirements. The School District should ensure that all relevant thresholds are considered when drafting and implementing policy revisions.

Provisions of the Uniform Guidance allowed entities to elect a delay in the adoption of the procurement provisions and for school districts, the required implementation date is July 1, 2018. The School District has elected the delay and is working to finalize policy and procedure revisions to comply with the new requirements.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Approval of Bulk Salt Purchase

It was moved by Mrs. Frank and supported by Mrs. Bonifield that the Board of Education of the Livonia Public Schools School District approve the purchase of bulk road salt from the Morton Salt Company, through the State of Michigan MiDEAL Extended Purchasing Program, for a total cost of $46,455.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Furniture for Skill Center Students at Garfield Community School

It was moved by Mr. Johnson and supported by Mrs. Bradford that the Board of Education of the Livonia Public Schools School District approve the purchase of student furniture from Interior Environments in Novi, Michigan, through The Cooperative Purchasing Network (TCPN) contract for a total cost of $31,039.85.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Approval of Bid Results for Webster LMC Air Conditioning

It was moved by Mr. Centers and supported by Mrs. Jarvis that the Board of Education of the Livonia Public Schools School District approve the purchase and installation of an air conditioning unit from Contrast Mechanical, Macomb Township, Michigan for a total cost of $27,500.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Approval of Teacher

It was moved by Mrs. Bradford and supported by Mrs. Bonifield that the Board of Education of the Livonia Public Schools School District accept the recommendation of the superintendent and offer employment for the 2017-18 school year to the following teacher:

Tamadher Al-Wishah **1.0 Science Teacher, Franklin High School**

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

Resignation

The Board was informed that, as authorized in the Board of Education motion of June 26, 2017, a resignation has been accepted by the superintendent for **Royoko Uechi**, effective September 29, 2017.

Retirements

It was moved by Mrs. Jarvis and supported by Mr. Johnson that the Board of Education of the Livonia Public Schools School District adopt resolutions of appreciation for the services rendered by:

Fredericka Bahoora, who will retire from the district on November 24, 2017 and will have devoted 24.3 years of dedicated, loyal, and outstanding service to the students throughout the District as a facilitator with the Academic Services Department.

Georgia Bledsoe-Beneicke, who will retire from the district on January 26, 2018 and will have devoted 33.5 years of dedicated, loyal, and outstanding service to the students throughout the District as a teacher of the visually impaired with the Student Services Department.

Konstantinos Bosside, who will retire from the district on October 27, 2017 and will have devoted 31.4 years of dedicated, loyal, and outstanding service to the Livonia Public Schools as a custodian at Stevenson High School, Franklin High School, and the Livonia Career Technical Center.

Carim Calkins, who will retire from the district on October 18, 2017, and, will have devoted 14.2 years of dedicated, loyal, and outstanding service to the students of Frost Middle School as a teacher.

Ayes: Bonifield, Bradford, Burton, Centers, Frank, Jarvis, Johnson
Nays: None

First Reading of Board Policies

Superintendent Oquist stated that the following policy revisions were reviewed by the Board during the September 25 Study Session and are on the agenda for a first reading. These policies will be on the agenda of the next regular meeting for a second reading and potential Board approval.

BYLAWS OF THE BOARD **ABCC**
DISTRICT ORGANIZATION **~~JUNE 4, 2012~~**
BOARD MEMBER TERM OF OFFICE

Members of the Board of Education shall be elected biennially during even year general elections (the first Tuesday after the first Monday in November) to serve for a term of four years on a rotation basis. The term shall commence on January 1 of the year immediately following the election and continue through December 31 of the fourth year. ~~following the bi-annual school election held on the first Tuesday after the first Monday in November of even years and continue until their successors are elected/appointed and qualified.~~

BYLAWS OF THE BOARD **AFC/~~EBBD~~**
DISTRICT ORGANIZATION **~~June 20, 1988~~**
EMERGENCY CLOSINGS OF SCHOOLS

In the event an emergency should prevent schools from following the regular schedules, school personnel, parents/guardians, and students ~~should~~ will be notified. This can be accomplished through ~~the use of~~ radio, television, phone, ~~facilities, and telephones~~ email, social media, and the District website. School personnel, parents/guardians, and students ~~should listen during questionable time for~~ shall be attentive to announcements of possible irregular schedules for school.

Generally, the procedure for handling a ~~system~~ school-wide emergency is as follows:

1. Should school open later than usual in the morning due to an emergency, the students will still be dismissed at the regular time in the afternoon.
2. Should it become necessary for schools to be dismissed because of an emergency, the principals will be notified by administration. ~~the superintendent's office.~~
3. Once an official decision has been reached to close schools, the administration will establish a schedule with their staffs for protecting the buildings and checking the condition of the buildings on a regularly scheduled basis.

BYLAWS OF THE BOARD **BGA**
BOARD OPERATIONS **~~JUNE 20, 1988~~**
MEMBERSHIP IN ASSOCIATIONS **Reviewed 12/2013**

The Board of Education recognizes the value and importance of membership in and affiliation with organized associations through which problems of current and mutual interest and concern are discussed and solutions sought, group action can be made more effectively, relations improved with many governmental and public agencies, advisory services provided, and printed materials obtained.

The Board considers development in effectiveness a continuing process for the Board members and provides opportunities through attendance at district, county, state, and national conferences, workshops, seminars, legislative hearings and conventions. The Board will annually renew membership in the Wayne County Association of School Boards and the Michigan Association of School Boards~~, and the National School Board Association~~. The superintendent will present to the Board, when available each year, the schedule of conventions for these associations and other related groups, such as the American Association of School Administrators, and the Board may designate delegates to attend. Attendance will be limited to two national conventions each fiscal year per Board member if the budget permits.

BOARD POLICY **DFG**
FISCAL MANAGEMENT **~~JUNE 20, 1988~~**
FEES, PAYMENTS, AND RENTALS

The rental of school property and use of buildings by outside agencies shall conform to school building use policies. Livonia Public Schools School District is permitted to charge appropriate fees for the use of its facilities.

The first priority for the use of school property is for District purposes.

BOARD POLICY **EBH**
BUSINESS MANAGEMENT **~~JUNE 20, 1988~~**
LEASING AND RENTING

The Board of Education may enter into agreements to:

1. lease school property or buildings to outside agencies and organizations; or
2. lease buildings or real property for use by the School District

BOARD POLICY **KG**
GENERAL PUBLIC RELATIONS **~~JUNE 20, 1988~~**
COMMUNITY USE OF SCHOOL FACILITIES

The Board of Education recognizes that the schools belong to and should be available for use by the community consistent with applicable law and administrative regulations. Livonia Public Schools School District is permitted to charge appropriate fees for the use of its facilities.

The first priority for the use of school property is for District purposes.

BOARD POLICY **KI**
GENERAL PUBLIC RELATIONS **~~JUNE 20, 1988~~**
MATERIAL DISTRIBUTION IN SCHOOLS

The distribution of non-school material must have the prior approval of the superintendent or designee.

Only authorized information and materials are to be distributed. ~~given to students to carry home.~~

BOARD POLICY **KM**
GENERAL PUBLIC RELATIONS **~~JUNE 20, 1988~~**
VISITS TO SCHOOLS

Parents and other visitors having legitimate business to conduct are welcome in the schools. For the protection of the health, safety, and welfare of the students, all visitors shall first report to the school's main ~~principal's~~ office for visitation approval.

Visitors from other school systems should make appropriate arrangements in advance through the office of the superintendent or his/her designee.

Visits to classrooms by parents and other citizens ~~must~~ should be arranged in advance, have the approval of the building principal/administrator, and ~~must~~ not disrupt the educational process.

BOARD POLICY **KN**
GENERAL PUBLIC RELATIONS **~~AUGUST 17, 2015~~**
PUBLIC COMPLAINTS

~~The Board of Education believes that c~~Complaints, including those concerning instructional matters and employees, are best handled and resolved as close to their origin as possible. The Board acts as a source of final appeal concerning complaints where specifically required by law or outlined in Board policy.

BOARD POLICY **LDAJA**
INTERORGANIZATIONAL RELATIONS **~~NOVEMBER 20, 2000~~**
SECURITY FOOTAGE
~~CAMERA VIDEOTAPE RETENTION~~

In the interest of the safety and security of~~,~~ individuals and property, security cameras may be present on ~~the premises of school buildings~~ School District premises and buses.

Security footage ~~videotapes~~ will be kept, ~~and~~ used, or routinely erased, as determined by ~~the~~ administration. ~~Otherwise, security videotapes will be routinely erased.~~ In the event that the District preserves footage, ~~a tape, the~~ administration will retain it until it is no longer needed or required. The administration will tender such footage ~~a tape~~ to the proper authorities if warranted or necessary. Signs will be posted notifying the public that school premises are monitored by ~~video~~ cameras.

BOARD POLICY **MK**
RELATIONS WITH OTHER EDUCATIONAL AGENCIES **JUNE 20, 1988**
ACCREDITATION

The Board of Education shall seek to maintain accreditation status with both the State Accrediting Commission and the North Central Association of Colleges and Schools for each of the senior high schools in the district.

Livonia Public Schools School District will maintain accreditation status through AdvancED or a current accreditation provider.

Adjournment President Burton adjourned the meeting at 9:19 p.m.

Off/Supt/jw