



# 2012-13 Budget

Presentation  
June 27, 2012



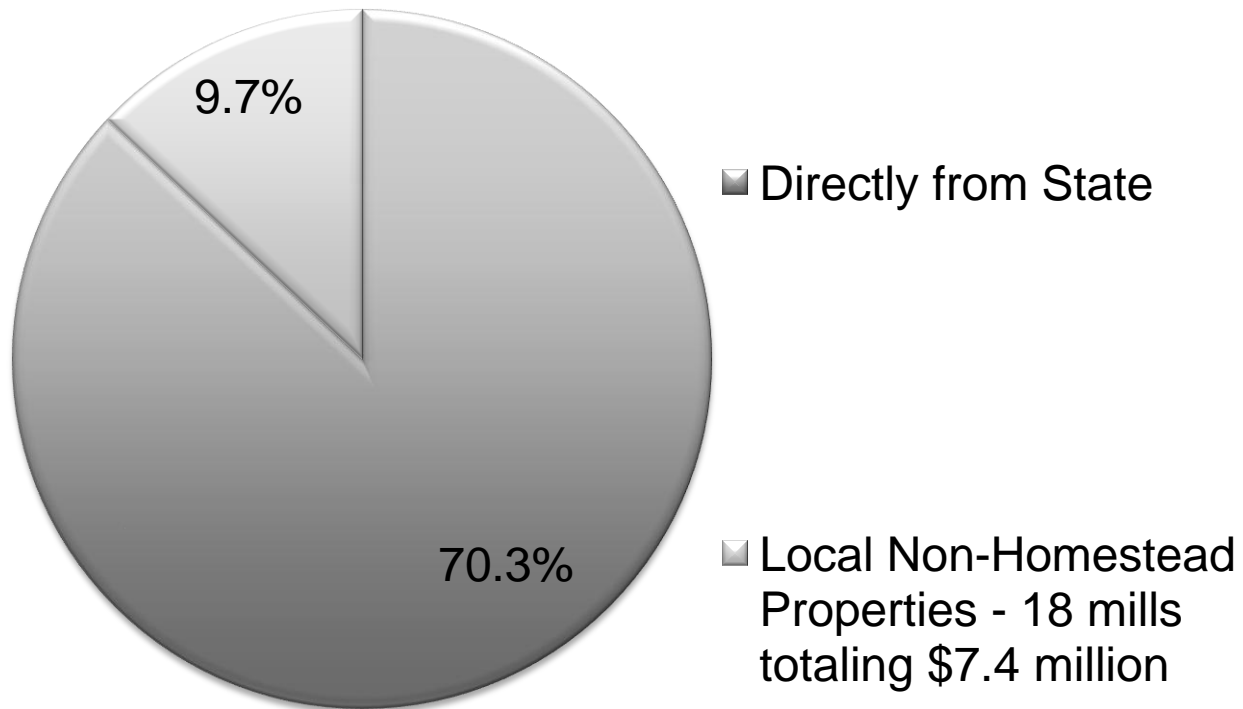
**District Vision:** Educating our students for the challenges of tomorrow  
**District Mission:** Providing an exemplary education for all learners

# How does the State fund schools?

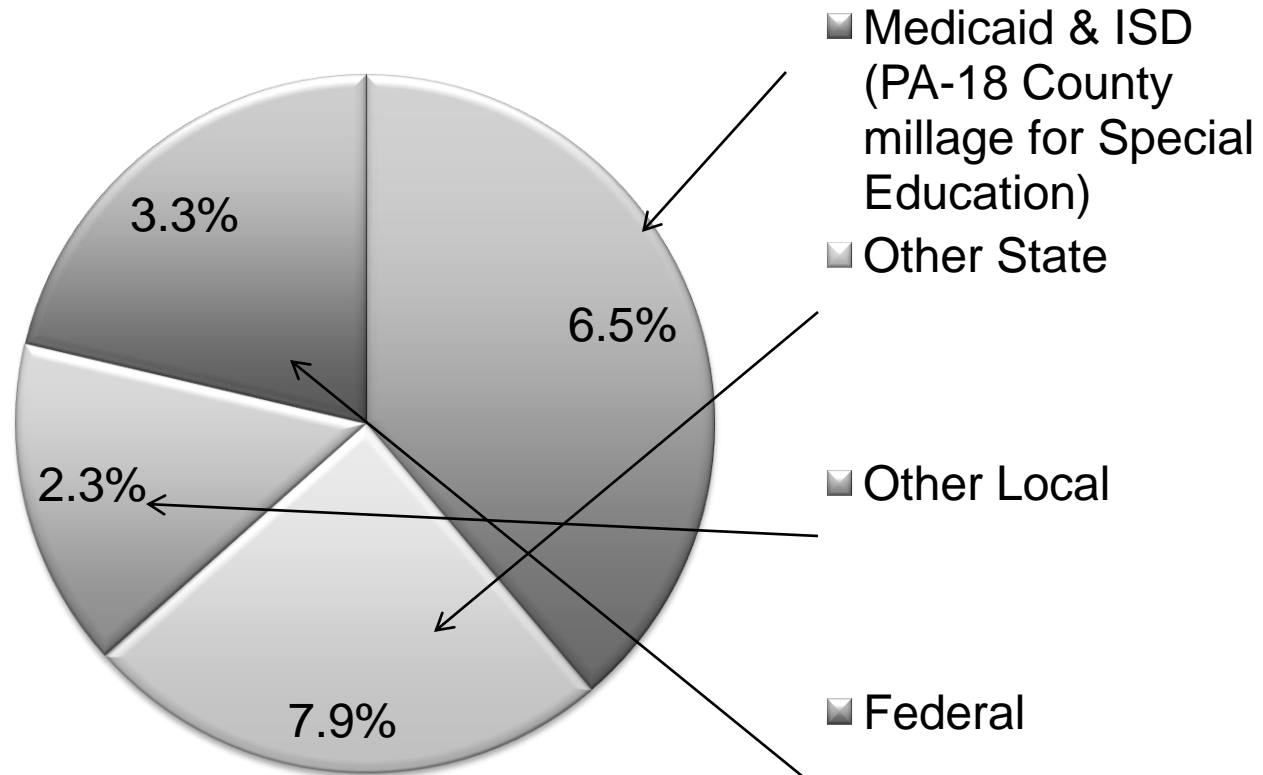
- FY 2012 total SAF \$10.8 Billion
  - Sales & use taxes – 50.2%
  - Income taxes – 19.6%
  - State education taxes – 16.9%
  - Lottery proceeds – 6.7%
  - Tobacco taxes – 3.4%
  - Real estate transfer taxes – 1.2%
  - Casino & other taxes – 2.0%
- Plus federal funds of \$1.7 billion (FY12)

# Lake Orion funding sources

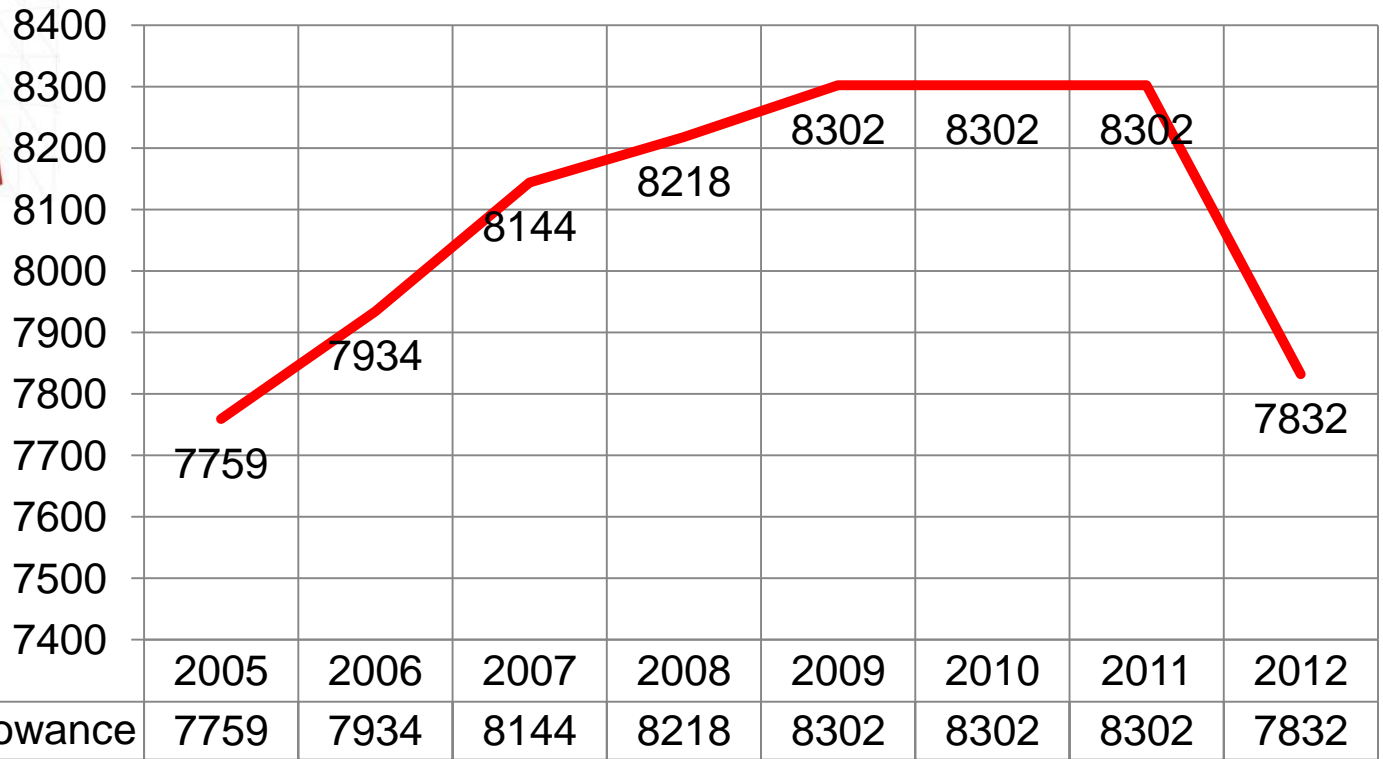
**State Formula - 80.0%**  
**Foundation Allowance multiplied by**  
**number of students**



# Lake Orion funding sources



# Foundation allowance (per pupil)



Foundation Allowance	7759	7934	8144	8218	8302	8302	8302	7832
----------------------	------	------	------	------	------	------	------	------

Year	2005	2006	2007	2008	2009	2010	2011	2012
\$ Change	0	175	210	74	84	0	0	(470)
% Increase (decrease)	0.0%	2.3%	2.6%	0.9%	1.0%	0.0%	0.0%	(5.7%)

# Enrollment history

Year	Blended Count	Blended Change	% Change
2006	7,835	81	0.20%
2007	7,866	31	0.40%
2008	7,853	-13	-0.17%
2009	7,834	-19	-0.24%
2010	7,838	4	0.05%
2011	7,797	-41	-0.52%
2012	7,729	-68	-0.87%
*2013	7,709	-20	-0.26%

\*Information for 2013 is an estimate

# General Fund Budget

## Budgeted Revenue

Revenue	2011-2012 Final Amend	2012-2013 Proposed
Local Revenue	9,116,868	8,700,150
State Revenue	59,378,498	59,126,358
Federal Revenue	3,078,084	2,470,662
ISD Sources	5,901,617	4,857,269
Other Revenue	405,000	300,000
<b>Total Revenue</b>	<b>\$77,880,067</b>	<b>\$75,454,439</b>

# Impact of decreased revenue per student

2011-12=\$77,880,067

2012-13=\$75,454,439

(\$ 2,425,628)

ISD (\$1.0m), Fed (\$600k), SA (\$250K), Local (\$410K)

**\$314.69 less per student**



# Budget reductions 2000-2012



YEAR	AMOUNT REDUCED/SAVINGS
1999-2000	690,333
2000-01	2,221,581
2002-03	357,500
2003-04	3,526,157
2004-05	3,326,265
2006-07	1,796,260
2007-08	1,918,854
2009-10	130,000
2010-11	2,025,100
2011-12	3,023,184
<b>TOTAL</b>	<b>19,015,234</b>

# Cost containment and efficiency efforts



- Support services outsourcing
- Facility and energy management systems
- Restructuring of bus fleet & trans routes
- Shared personnel & services (county, districts...)
- Employee concessions/contributions to health care
- Operational streamlining (HR position, print shop operations, facility operations, district newsletter...)
- Financial and HR systems/technology infrastructure



# Continuing cost pressures

- Retirement rate (MPERS) increased 11.9%
  - FY13 rate is increasing to 27.37% from 24.46%
  - FY14 rate is increasing to 31.21% from 27.37%
  - Averaging 12% increase over last five years
- Salary & wages
- Common core curriculum costs
- Instructional & infrastructural technology
- Facility capital projects

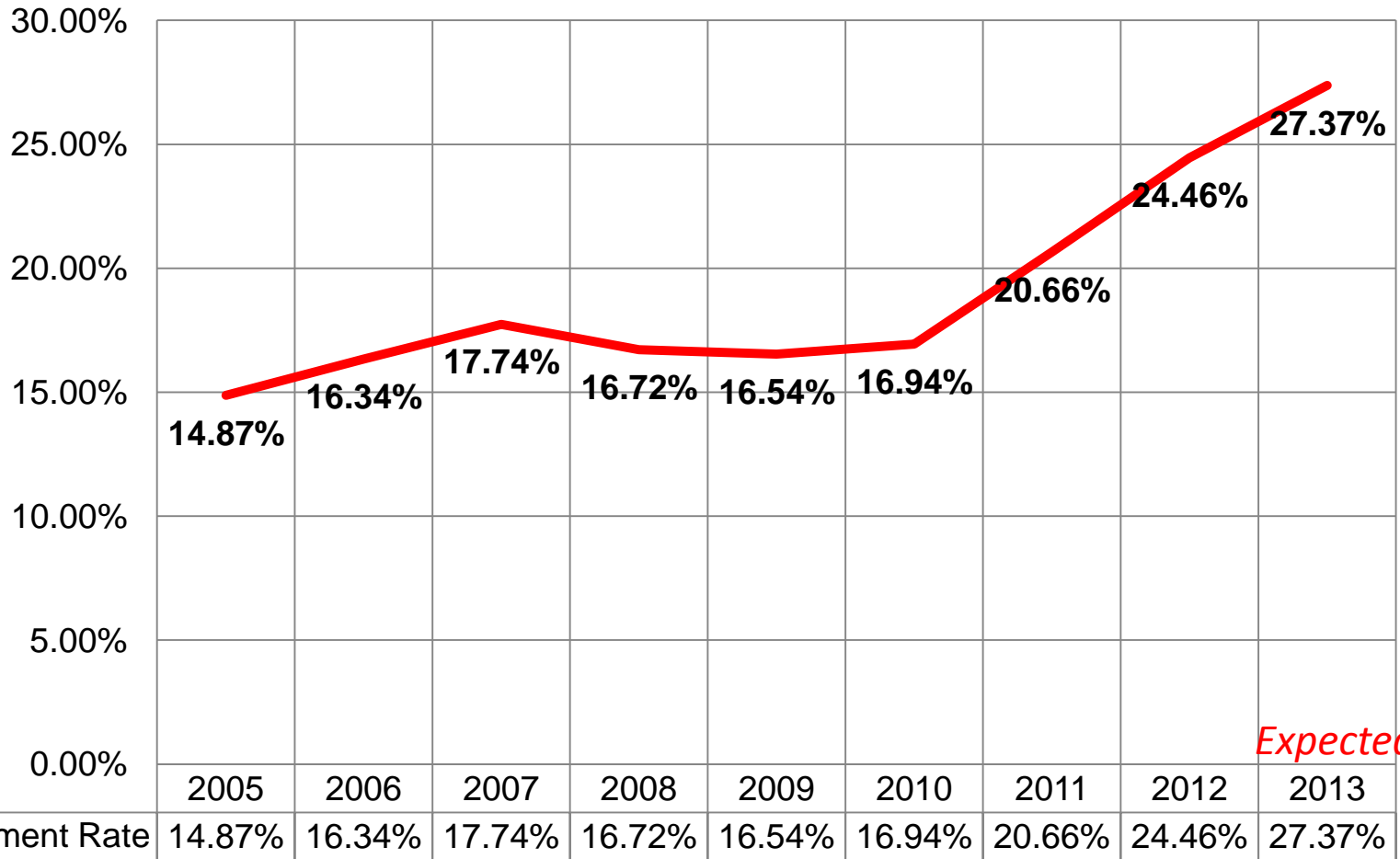


# Retirement rate history

Year	Retirement Rate	Retirement Amount	Total Expenditures	Retirement as a % of Expenditures
2005	14.87	5,752,370	70,976,606	8.1%
2006	16.34	6,834,177	75,975,985	9.0%
2007	17.74	7,740,484	76,666,402	10.1%
2008	16.72	7,362,084	77,009,100	9.6%
2009	16.54	7,561,608	76,454,936	9.9%
2010	16.94	7,935,250	83,274,629	9.5%
2011	20.66	8,730,756	78,697,132	11.1%
2012*	24.46	9,957,572	81,387,503	12.2%
2013*	27.37	10,855,618	77,237,274	14.1%

\*Information (other than the Retirement Rate) for 2012 and 2013 are estimates

# \*Retirement rate history



# Proposed 2012-2013 budgets

- General Fund
  - Includes Special Education and Athletics
    - Previously were separate funds
    - GASB 54, effective 7/1/10, defined Special Revenue funds and these two funds may no longer be independent
- Special Revenue Funds
  - Community Services
  - Food Service
  - Debt Service

# General Fund Budget

## Expenditures

<b>Expenditures</b>	<b>2011-2012</b>	<b>2012-2013</b>
Basic Programs	36,287,860	36,959,753
Added Needs	11,237,254	10,805,635
Pupil Support Services	5,911,563	6,238,670
Instruction Improvement	431,147	282,141
Educational Media Services	945,294	1,031,119
Technology Assisted Instruction	700,011	392,296
Instructional Staff Supervision	670,191	663,645
General Administration	786,089	793,577

# General Fund Budget

## Expenditures

Expenditures	2011-2012	2012-2013
School Administration	4,215,170	4,222,213
Business Services	2,194,257	1,182,862
Operations and Maintenance	7,940,700	6,280,088
Transportation Services	4,326,944	4,427,452
Human Resources	824,090	774,906
Technology Services	3,341,946	1,726,836
Athletic Activities	1,134,225	1,126,625
Community Services	440,762	329,456
<b>Total Expenditures</b>	<b>81,387,503</b>	<b>77,237,274</b>



# 2012-13 Major Expenditure Changes

## INCREASES

- Wages
- MPSERS Rate
- Math Curriculum updating

## DECREASES

- Technology & Facility Project costs
- Other Capital Outlay changes (Net decrease)
- Healthcare Insurance (Net decrease)
- Utility costs
- Custodial RFP implementation cost
  - Wages, FICA, Retirement, Health Care (decrease)
  - Purchase Services & Terminal Costs (increase)

# Food Service Fund Budget

Revenue	2011-2012	2012-2013
Local Sources		
Food & Vending Machine Sales	\$1,609,500	\$1,575,200
Interest and Rebates	10,200	10,700
Catering Services	22,500	19,000
State Sources	87,350	87,400
Federal Sources	805,000	805,000
<b>Total Revenues</b>	<b>\$2,534,550</b>	<b>\$2,497,300</b>

# Food Service Fund Budget

<b>Expenditures</b>	<b>2011-2012</b>	<b>2012-2013</b>
Salaries	\$710,950	\$710,550
Benefits	371,182	366,698
Purchased Services	43,404	58,300
Supplies	1,083,100	1,084,900
Capital Outlay	189,888	120,000
Other	23,800	170,000
<b>Total Expenditures</b>	<b>\$2,422,324</b>	<b>\$2,510,448</b>

# Community Services Fund Budget

<b>Revenue</b>	<b>2011-2012</b>	<b>2012-2013</b>
Community Enrichment	\$576,868	\$578,200
Early Childhood	1,286,520	1,287,200
Total Revenue	\$1,863,388	\$ 1,865,400

<b>Expenditures</b>	<b>2011-2012</b>	<b>2012-2013</b>
Salaries	\$950,536	\$971,800
Benefits	371,275	401,300
Purchased Services	217,901	201,950
Supplies	57,938	57,195
Capital Outlay and Other	351,522	199,750
Total Expenditures	\$1,949,172	\$1,831,995

# Fund Balance



- The District has intentionally added to Fund Balance over the last several years
- Beginning with 2008-2009, the Board began to use those funds to facilitate the balancing of the budget
- The reasons for a Fund Balance have not changed
  - Cash flow
  - Uncertainty of revenues
  - Unanticipated expenditures
  - Allows for proactive approach to programming
  - Auditor recommendation
- Existing Policy targets 10% to 15% Fund Balance

# History of general fund balance as a percentage of expenses

Year	Fund Balance	Change	% of Total Expenditures
2004	9,336,160	2,497,012	14.3%
2005	11,680,024	2,343,864	17.1%
2006	12,555,641	875,617	17.1%
2007	14,925,450	2,369,809	20.2%
2008	18,532,625	3,607,175	24.6%
2009	18,494,693	(37,932)	23.7%
2010	13,591,832	(4,902,861)	16.3%
2011	14,250,656	658,824	18.1%
2012	10,743,220	(3,507,436)	13.2%

Information is estimated for 2012

# FY13 GF Budget Conclusions

- Expected Operating Deficit - \$1,782,835
  - FY12 Est. BP Carry Over - \$390,000
  - One-time Charges of RFP - \$500,000
  - One-time Charge Math Curriculum - \$250,000
  - Balance of Deficit as Presented - \$642,835
- Expected Fund Balance \$8,960,385
  - Based on FY12 Amendment #3 Ending FB
  - Fund Balance is 11.6% of Expenditure Budget