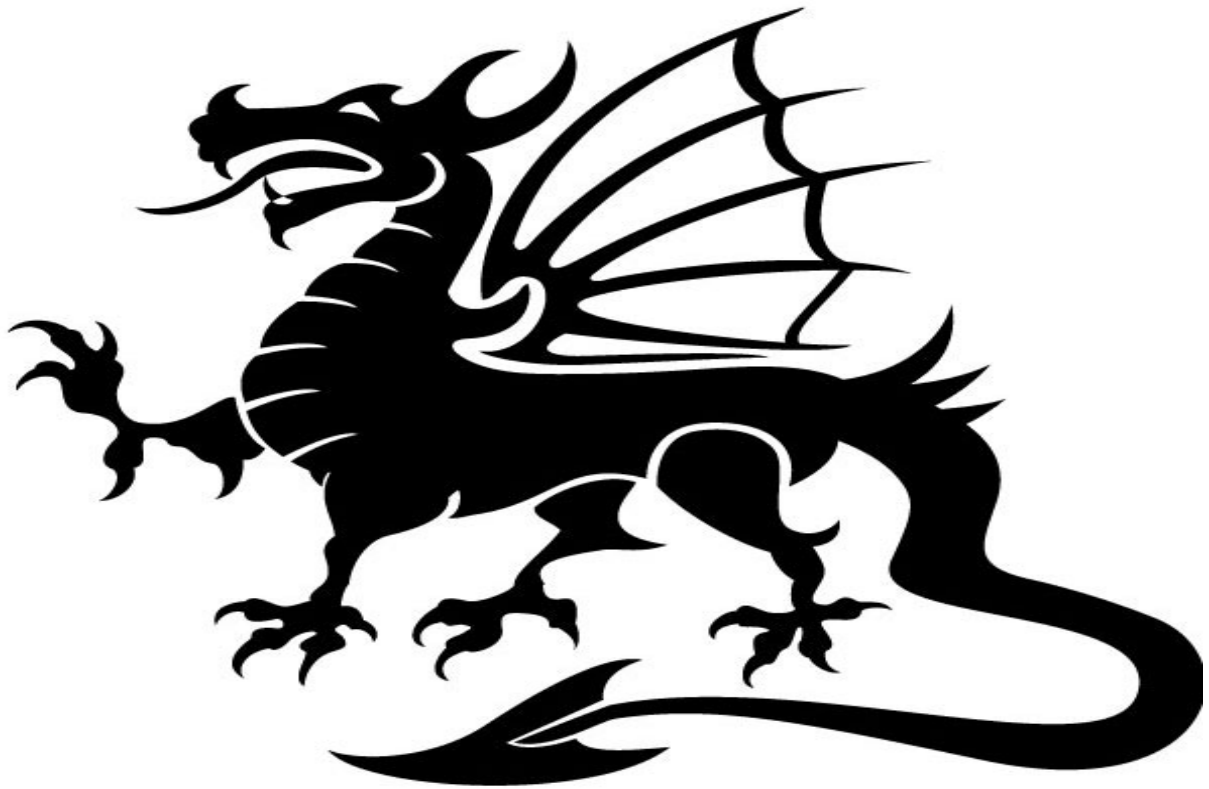


LAKE ORION COMMUNITY SCHOOLS

Enterprise Wide Budgetary Information Fiscal Year 2018-19

Executive Summary and Budget Development Assumptions



Lake Orion Community Schools Board of Education

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Marion Ginopolis

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Assistant Superintendent of Business & Finance
John Fitzgerald

The Uniform Budgeting and Accounting Act require that the District's budget sets forth a statement of the total number of mills of ad valorem property taxes to be levied and the purpose for which the millage is levied. For fiscal year 2018-19, the school district will levy tax mills and generate estimated tax revenue as follows:

<u>Tax Base</u>	<u>Purpose</u>	<u>Mills Levied</u>	<u>Est. Tax Revenue</u>
Non-Homestead	General Operating	18.0000	\$ 7,823,176
All Properties	B&S Sinking Fund	1.9607	\$ 3,783,137
All Properties	Debt Retirement	7.4910	\$ 14,453,756

Lake Orion Community Schools Overview

Lake Orion Community Schools is one of 538 Local Educational Authorities (LEA) in the State of Michigan. LEA's are more commonly referred to as local school districts. Lake Orion Community Schools covers an area of approximately 50 square miles and is located entirely in Oakland County. It is comprised of all of the Village of Lake Orion and portions of the City of Auburn Hills and the townships of Addison, Independence, Oakland, Orion, and Oxford. The district is located in a primarily residential area. The first school building to house Lake Orion students was built in 1893 and served grades K-12. The school district is currently comprised of six elementary schools, three middle schools, one high school, one special needs center program, one Community Education Resource Center and two operational support facilities serving over 7,500 students. Lake Orion Community Schools is an autonomous, tax-supported public school district governed by Michigan General School Law. The governing body of the district is the Board of Education. The Board of Education consists of seven elected members at large for overlapping terms. The Board is responsible for the selection of the Superintendent of Schools, sets policies, develops long-range goals, acts upon recommendations of the Superintendent, and adopts and periodically amends the operating budget in accordance with governing laws.

Our vision

Educating our students for the challenges of today and tomorrow.

Our mission

Providing an exemplary education for all learners.

Our beliefs

We believe:

- Education is the shared responsibility of students, family, school, and community.
- All students can learn, achieve and succeed.
- All learners deserve equity and opportunity in their education.
- High expectations promote achievement, personal growth, curiosity and a desire for success.
- Exemplary education is the result of professional growth and continuous school improvement.
- Every person deserves a learning environment where they are safe, respected and valued.
- Education promotes a healthy sense of self and encourages personal achievement.
- Learning is life-long.
- Vibrant public schools are a cornerstone of the community.

What we do

Lake Orion Community Schools provides comprehensive educational programming and services for our students including Pre-K, all day kindergarten, innovative primary and secondary, and special education programming. The district also provides comprehensive student athletic, music, band, and intramural programs.

LOCS Instructional Programs, Services & Other Points of Pride

- Three nationally and nine State of Michigan recognized Blue Ribbon Schools.
- Early Childhood programming that provides enriching experiences for each child using the research based High Scope Curriculum.
- All Elementary and Middle Schools are accredited by the State of Michigan and adhere to the State of Michigan academic guidelines.
- Each elementary building is equipped with networked computers, a technology lab for large group instruction and a mini-lab for student research and technical support.
- Elementary neighborhood schools where students attend with those children that are their neighbors and playmates.
- Middle Schools that house grades 6 through 8 where students are assigned to teams for their core academic classes of science, social studies, math, and language arts.
- Middle School students develop new areas of interest through a variety of exploratory and elective classes including modern language, art, technology and computer applications, life management and physical education.
- Lake Orion High School offers a student centered program for students in grades 9 through 12 and offers a broad based curriculum with numerous options for all students including a service learning graduation requirement.
- The High School facility offers a state of the art auditorium, field house, and natatorium for students and community.
- The district offers a wide range of clubs, team and individual sports programs, and intramural and extracurricular activities.
- The Board of Education's "Lamp of Learning Academic Awards" program that honors and rewards those students who have demonstrated exemplary achievements in the classroom.
- 95+ percent of Lake Orion graduates go on to attend higher education or other post-secondary programs.

Our Economic Environment & District Forward Planning

Our Board of Education and Administration consider many factors when setting the District's fiscal year 2018-19 (July 1, 2018 - June 30, 2019) budget. One of the most important factors affecting the budget is the economic condition of the State of Michigan. The fiscal year 2018-19 budgets will be adopted effective July 1, 2018 and are based on estimated property tax revenues, state aid, and grant funding. State law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations. Since the District's revenue is primarily dependent on property taxes, state funding and the health of the State's School Aid Fund, the actual revenue received depends on the stabilization in the State's taxable value tax base and the State's ability to collect revenues to fund its appropriations to school districts. In recent times, the State of Michigan has issued several executive orders, prorating and reducing, mid-year, the State's funding commitment to the District. This possibility continues to exist. Our Board of Education and Administration are profoundly aware of the deleterious impact the State's economy and recent legislative changes has had on the State's School Aid Fund and consequently our District. The District's strategic planning goals direct us, in a continuously improving way, to focus, refocus and develop new resources in a manner that directly benefits our student's educational experience.

LOCS Budget Policy, Development Process, Management & Internal Controls

Lake Orion Community Schools' budget and fiscal planning policy directs, authorizes and holds responsible the Superintendent (and their designee) for the planning, preparation, and execution of the District's annual operating budgets. The budget documents represent the numerical representation of the District's program and operational priorities. The Board of Education authorizes and funds the operating budgets according to approved district policies, procedures and laws of the State of Michigan. The Board of Education conducts budget hearings and a budget adoption process in accordance with State law. Changes to the original annual operating budgets shall be documented to maintain accurate working budgets and shall be presented through the budget amendment process up to three times each fiscal year for Board of Education review and approval.

Significant Budget Policy

Lake Orion Community Schools' budget policy directs, authorizes and holds responsible the Superintendent for the planning, preparation, and execution of the District's annual operating budgets in accordance with State law. The district's significant budget policies and the complete policy citations are presented below:

Budget Development Process

Budgeting for a public school district is the process of allocating limited resources to the various educational expenditure priorities of the district. The general appropriations act or school board adopted budget represents the legal authority for the school district's administration to spend money. The school board's vote to adopt the budget implies that a set of decisions has been made to allocate the district's limited resources to pay, or not pay, for a certain set of educational items or services. The Lake Orion Community Schools' budget development process operates on a continuous improvement basis. In order for the District's budget preparation to proceed in an orderly fashion, the Superintendent (or designee) annually establishes a budget development calendar. Budget documents, as released each year, will include presentation and operational changes. Accordingly, the proposed new fiscal year budget documents reflect all changes made to our general ledger reporting structure done to maintain compliance with the Michigan Public Schools Accounting Manual (Bulletin 1022). The District has several fiduciary type funds most of which are associated with the student organizations. Fiduciary funds are used to account for assets held by the school district in a trustee capacity or as an agent. These funds are custodial in nature (assets equals liabilities) and do not involve the measurement of results of operations (no budgets). These funds are not presented in this document as the district is not required to formally adopt a budget for these funds. However, information on the Fiduciary funds can be found in the District's most recent Annual Financial Report.

Significant Legal Requirements

The State of Michigan requires local school districts to comply with the following Public Acts and Michigan Compiled Laws:

1. Uniform Budgeting and Accounting Act – Public Act 2 of 1968
2. The General Property Tax Act - Public Act 206 of 1893 (MCL 211.24e)
3. Local Government Fiscal Responsibility - PA 72 of 1990
4. Revised Municipal Finance Act – PA34 2001
5. Budget Hearings of Local Governments – PA 43 of 1963 (MCL 141.412)
6. The Revised School Code - PA 451 of 1976
7. The State School Aid Act - PA of 1979
8. The Michigan School Accounting Manual (Bulletin 1022)

These Public Acts require all school districts to prepare budgets for their funds, which account for the day-to-day operations of the school district; however, fiduciary funds are not required to be budgeted. The budgets are prepared in accordance with generally accepted accounting principles and a specific uniform chart of accounts established by the State of Michigan. The Michigan School Accounting Manual (Bulletin 1022) serves as a mandatory guide to the uniform classification and recording of accounting transactions for Michigan public school

districts. Budgets must be approved and adopted no later than June 30 for the fiscal year beginning July 1, and ending June 30 of the subsequent year. Prior to adoption, the Board must conduct a public hearing and make the budget available for review as well as provide notice of the hearing in accordance with law. Formal adoption of the budget is accomplished through a general appropriations resolution approved by the Board of Education which sets forth the amounts to defray the expenditures by function in each fund and meet the liabilities of the school district as well as a statement of estimated revenues.

The *Michigan Public School Accounting Manual (Bulletin 1022)* was adopted in 1963 with major revisions in 1976, 1988, and 2004. It conforms to the 2003 federal *Financial Accounting for Local and State School Systems*. The *Bulletin 1022*'s primary purpose is to provide a standard framework for reporting financial data to the state. The following is an excerpt taken from the Michigan School Accounting Manual (Bulletin 1022) describing multiple expenditure function codes that create the basis of our expenditure budget.

Instruction - Instruction includes the activities dealing directly with the teaching of pupils or the interaction between teachers and pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital, and other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of classroom aides, teacher assistants, supplies and machines that directly aid in the instructional process. Include the work of group and class sponsors and chaperons at student activities. Include activities associated with instructional field trips.

Basic Programs - Instructional activities including enrichment designed primarily to prepare pupils for activities as citizens, family members, and workers, as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps. Included is the Pre-kindergarten, Elementary, Middle-Junior High and High School programming.

Added Needs - Instructional Classroom Activities designed for pupils added needs, include both regular and summer programs. Special Education - Instructional activities designed primarily to deal with pupils having impairments requiring special accommodations. The special education programs area includes Preprimary, Elementary, Middle/Junior High, and High School services for pupils with mental, emotional, hearing, visual, speech, language, physical and other impairments and learning disabilities. Homebound and hospitalized programs for pupils who are not classified as special education pupils should not be included in this account. Compensatory Education - Instructional activities designed to improve the achievement in basic cognitive skills of pupils who have extraordinary need for assistance to improve their competence in such basic skills as State At Risk, NCLB Title I, and Bilingual. Career and Technical Education - Instructional activities which provide laboratory, simulations or instruction offered at the secondary level, based upon individually designed

learning experiences in a vocational subject preparing the pupil for competencies required in a recognized occupation coded in accordance with recognized and approved Classification of Instructional Programs (CIP) codes. See the identifications found in the State Code for approved CIP codes. Adult/Continuing Education - Learning experiences designed to develop knowledge and skills to meet educational objectives of adults. Programs include activities to develop the fundamental tools of learning; develop skills and appreciation for special interest; or to enrich the aesthetic qualities of life.

Supporting Services - Supporting Services are those services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction and to a lesser degree, community services. Supporting Services exist as adjuncts for the fulfillment of the objectives of instruction. The supporting services expenditure function codes include (but are not limited to) Truancy/Absenteeism Services, Guidance Services, Health Services, Psychological Services, Speech Pathology and Audiology Services, Social Work Services, Visual Aid Services, Teacher Consultant, Other Pupil Support Services, Improvement of Instruction, Educational Media Services, Educational Television, Instruction Related Technology, Supervision and Direction of Instructional Staff, Academic Student Assessment, Other Instructional Staff Services, Support Services-General Administration, Support Service School Administration, Support Services Business, Operations and Maintenance, Pupil Transportation Services, Support Services-Central, Support Service-Other.

The complete Michigan School Accounting Manual (Bulletin 1022) can be found at www.michigan.gov . On the left side panel, select "Offices" then "State Aid & School Finance". Bulletin 1022 can be found under the "Publications" section in the middle of the page.

District Budget Management and Internal Controls

The district's budget development and management process comprises a multi-year forecast, two amendment cycles and a structured budget development practice focused on time-line, critical path tasks and valid data. The district maintains a system of budgetary and internal controls designed to assist management in meeting its reporting responsibility. Our system is designed to provide reasonable assurance that assets are safeguarded and transactions are recorded correctly and executed with management's authorization. Periodic financial information reporting packages are provided to the Board of Education. Included in the financial reporting packages are an executive summary, "budget to actual" revenue and expenditure reports and analysis for all budgeted funds, cash and investment position information, the district disbursements report, general fund cash flow reporting, and procurement card activity reporting.

BUDGET DEVELOPMENT ASSUMPTIONS

General Fund Revenue Assumptions

Property Tax Revenues

The District's tax base is comprised of 75% homestead and 25% non-homestead taxable value classification property. Lake Orion Community Schools levies 18.0 mills on qualifying non-homestead property to partially fund the per student foundation allowance guarantee. The General Fund operating budget for property tax revenue has been budgeted to increase to \$7,823,176.

State Source Revenue

The district's per student state aid foundation allowance is budgeted to increase \$150 per pupil to \$8,362 in fiscal year 2018-19. We are planning for a modest net decline of 50 Full Time Equivalent (FTE) students resulting in our forecasted overall budgeted student count of 7,450 FTE. This figure includes a planned decline of 125 resident students plus a net gain of 50 schools of choice students. The student count weighting process for fiscal year 2018-19, at the time of this writing, is expected to be a 90% weight placed on the October 2018 student count plus a 10% weight on the actual February 2018 student count. Section 147c (1) categorical pass through funding (and corresponding expenditures) have been budgeted to remain flat for FY2018-19 at \$4.9 million and section 147c (2) pass through funding (and corresponding expenditures) of \$1.1 million to be eliminated.

Federal Source Revenue

The Federal source revenue has been budgeted to remain flat at \$2.75 million reflecting our expectations of an uncertain funding future of our grant awards. Our Federal revenue sources are comprised of federally funded grants.

Other Financing Sources - Other

The Food Service, Community Service and Pine Tree Center Special Revenue Funds all provide indirect costs/rent transfers to the General Fund. The budgeted transfer for the Food Service fund is budgeted at \$100,000, the Community Services fund is budgeted at \$225,000 and the Pine Tree Center fund is budgeted at \$71,400. The General Fund provides debt service and technology related transfers to the Capital Project Fund 440. The State of Michigan's School Bond Loan/Revolving Fund program is expected to provide gap funding to the district in order to meet the district's fiscal year 2018-19 debt service requirements.

Grant Award Funding

Lake Orion Community School's grant funding includes awarded federal, state and local grants plus Michigan Department of Education categorical funding. Grant award revenue and expenditure budgets are part of the consolidated General Fund, Food Service and Community Service Fund budgets.

General Fund Expenditure Assumptions

FY2018-19 Board Approved Operating and Other Adjustments

The Lake Orion Community Schools Board of Education has approved multiple revenue and expenditure adjustments that are to be implemented in fiscal year 2018-19. The following is a summary of the expenditure changes implemented:

- Implementation of the Elementary Science program – phase 1
- Other staff changes resulting from specific administrative restructuring
- Implementation of the Middle School Police Liaison program
- Implementation of LOEA and other employee contract settlements.
- Schools of Choice and Shared Time Services program continuation
- Staff changes resulting from staff retirements and other leaves
- Continuation of the recent sale process of the District's Clarkston Road property. No sales revenue has been budgeted pending final closing.

Other adjustments have been made to the FY2018-19 General Fund operating budget including, but not limited to, several "one-time" adjustments such as:

- Change in the district supported healthcare cost caps
- Reduction of severance cost budgets in multiple functions
- Increase in the district's weighted average retirement rate to 26.125%
- Reduction in the district's Electricity and Natural Gas budgets
- Other year-to-year adjustments made in multiple operating budgets.

Salaries and Wages

Salaries and wages comprise the single largest expenditure category for the district. The existing salary/wage base is budgeted for a net increase of 2.3% in fiscal year 2018-19. The salary/wage increase is the result of the implementation of settled contracts and other staff related wage changes. Additional wage related expenditure budget adjustments will be made after this budget adoption reflecting final implementation of staff and other operational changes. These changes will be addressed via the budget amendment process.

Staffing Changes

The district experiences staff changes every year related to staff retirements and leaves. This year's changes also include the restructuring of the Administrative function at the High School and the staffing changes driven by implementation of the Elementary Science program.

MPSERS Retirement Costs

The district will pay an estimated \$26.125 in base retirement costs for every \$100 of wages paid to our employees in fiscal year 2018-19. The Districts weighted average retirement rate expectation for the year has been increased to 26.1250%. For fiscal year 2018-19, the State Legislature continues to fund the section 147c MPSERS rate stabilization pass through categorical. The district receives funding through this categorical then pays the Office of Retirement Services in a pass through process payment structure. The revenue and expenditure budgets of the General Fund, Food Service Fund and Community Service Fund are “grossed up” by this process and the costs are embedded at all functional levels.

FICA Costs

The district pays an additional \$7.65 in FICA payroll taxes (Medicaid 1.45% plus social security 6.2%) for every \$100 of wages paid our employees. The individual salary base upon which the Social Security element of the FICA payroll tax as levied is capped at a specific IRS determined earnings level on a calendar year basis. The calendar year 2018 social security wage cap has been increased to \$128,700. There is no cap for the Medicaid element of the payroll tax. The FICA rate expectation for fiscal year 2018-19 remains 7.65%.

Summary Employee Benefits Costs

The district incurs, with some exceptions, employee related costs that include MPSERS retirement, FICA, healthcare, dental, vision, long term disability, life, unemployment and workers compensation insurances. Changes included for fiscal year 2018-19 are the increase in MPSERS rate as discussed above and an increase in the District’s healthcare cost coverage caps reflecting amounts equal to the State of Michigan 2017 levels as follows:

- Single Cap \$ 6,344.80
- Two Person Cap \$13,268.93
- Family Cap \$17,304.02

Utility Costs

In spite of recent legislative changes resulting in statewide electric monopoly, the district continues to implement its energy efficiency strategy designed for cost containment. New or updated energy management equipment, recent project based renovations and energy reducing building modifications are driving our strategy. The district continues to monitor electrical and natural gas consumption and expects to reduce overall consumption by continuing to increase employee awareness on energy conservation. Our continued utilization of these cost containment measures are reflected in the fiscal year 2018-19 utility budgets.

- Natural Gas budget \$400,000
- Electric budget \$1,050,000

Proposed Budgets & Fund Equity Assumptions

The comparative budgeted revenue, expenditures and fund equity of the three major operating program funds of the district are highlighted below and are based on our final fiscal year 2017-18 final budgets and the fiscal year 2018-19 assumptions.

General Fund:

	<u>FY2017-18</u>	<u>FY2018-19</u>	<u>Change</u>
Total Revenue Budget:	\$82,312,738	\$82,423,432	\$110,694
Total Expenditure Budget:	\$81,830,144	\$82,115,809	\$285,665
Beginning Fund Balance:	\$7,120,778	\$7,603,372	\$482,594
Operating Surplus/Deficit:	<u>482,594</u>	<u>307,623</u>	<u>(174,971)</u>
Ending Fund Balance:	\$7,603,372	\$7,185,752	\$307,623

The General Fund's budgeted FY2018-19 fund equity, as a percentage of total budgeted expenditures, is 9.6%. Fund equity less the budgeted Section 147c pass through expenditures of \$4,928,330 contained in the expenditure budget is 10.2%.

Food Service Fund:

	<u>FY2017-18</u>	<u>FY2018-19</u>	<u>Change</u>
Total Revenue Budget:	\$2,680,807	\$2,684,365	\$ 3,558
Total Expenditure Budget:	\$2,585,282	\$3,068,542	\$ 483,260
Beginning Fund Balance:	\$916,103	\$1,011,628	\$ 95,525
Operating Surplus/Deficit:	<u>95,525</u>	<u>(384,177)</u>	<u>(479,702)</u>
Ending Fund Balance:	\$1,011,628	\$ 627,451	\$(384,177)

The Food Service Fund's budgeted fund equity decline represents a planned use of fund equity designed to reduce the fund balance into compliance with Michigan Department of Education guidelines. The spending plan is focused around key capital replacement needs and operational renovations. The Food Service Fund is budgeted to contribute \$100,000 as indirect funding to the General Fund.

Community Service Fund:

	<u>FY2017-18</u>	<u>FY2018-19</u>	<u>Change</u>
Total Revenue Budget:	\$2,211,108	\$2,303,718	\$ 92,610
Total Expenditure Budget:	\$2,290,827	\$2,248,493	\$(42,334)
Beginning Fund Balance:	\$804,794	\$ 725,075	\$(79,719)
Operating Surplus/Deficit:	<u>(79,719)</u>	<u>55,225</u>	<u>134,944</u>
Ending Fund Balance:	\$725,075	\$ 780,300	\$ 55,225

The Community Service Fund's budgeted FY2018-19 revenue, expenditure and fund equity encompassed two major program operations; Early Childhood and Community Enrichment. Both programs are operating in the "black" and are producing positive cash flow. The Community Service Fund is budgeted to contribute \$225,000 as indirect funding to the General Fund.

Other Included Information:

The following schedules identify, in more detail, all of the district's proposed fund level budgets for the following funds in fiscal year 2018-19.

- General Fund (110 – 190)
- Community Services Special Revenue Fund (230)
- Food Services Special Revenue Fund (250)
- Pine Tree Center Special Revenue Fund (220)
- Debt Service Funds (voted debt) (360, 370, 380)
- Building & Site Sinking Fund (410)
- District Capital Projects Fund (440)
- RISK Internal Service Fund (810)

Also included is the district's three year (3) General Fund budget forecast. The district uses a multi-year forecasting process modeling the General Fund's operations in order to improve the planning process for the district operations. Like all forecasts, ours is designed to identify near future trends to be managed around as opposed to an exact prediction of operational outcomes.

The fiscal year 2018-19, the General Fund, Food Service Fund, and Community Service Fund budgets incorporate all the major revenue and expenditure assumptions identified by the district. The fund level budgets, as incorporated into this document, were presented for approval and adoption to the Lake Orion Community Schools Board of Education at the June 13, 2018 public meeting.



Lake Orion Community Schools
Three Year General Fund Budget Plan
June 13, 2018

Actual FY 2016-17	Final Amend FY 2017-18	Proposed FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21
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REVENUES:

Local Source Revenue:	8,591,646	8,938,044	9,237,372	9,512,633	9,765,670
State Source Revenue:	64,289,026	64,970,500	64,657,187	64,469,507	64,661,017
ISD Source Revenue:	5,523,331	5,327,906	5,381,185	5,556,074	5,736,646
Federal Source Revenue:	2,450,743	2,751,288	2,751,288	2,806,314	2,862,440
Other Financing Sources:	299,000	325,000	396,400	421,400	421,400
TOTAL REVENUES:	81,153,746	82,312,738	82,423,432	82,765,927	83,447,173

EXPENDITURES:

Personnel Expenditures:	67,004,264	68,454,978	69,333,850	69,731,094	70,416,461
Operating Expenditures:	13,021,488	13,375,166	12,781,959	12,715,959	12,692,959
TOTAL EXPENDITURES:	80,025,752	81,830,144	82,115,809	82,447,053	83,109,420

OPERATING EXCESS (DEFICIT):	1,127,994	482,594	307,623	318,875	337,753
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FUND BALANCES:

Beginning of Year:	5,992,784	7,120,778	7,603,372	7,910,995	8,229,870
End of Year:	7,120,778	7,603,372	7,910,995	8,229,870	8,567,623
Fund Balance % of Total Expenditures	8.9%	9.3%	9.6%	10.0%	10.3%

LAKE ORION COMMUNITY SCHOOLS

GENERAL FUND - (110, 120, 130, 140, 150, 170, 180, 190)

FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018



	FINAL ACTUAL 2016-17	FINAL BUDGET 2017-18	PROPOSED BUDGET 2018-19	Year to Year \$ Variance	Year to Year % Variance	
REVENUES						
Local Sources	\$ 8,591,646	\$ 8,938,044	\$ 9,237,372	\$ 299,328	3.3%	A
State Sources	64,289,026	64,970,500	64,657,187	(313,313)	-0.5%	B, C
Federal Sources	2,450,743	2,751,288	2,751,288	-	0.0%	
ISD and Other Sources	5,523,331	5,327,906	5,381,185	53,279	1.0%	
Other Revenue	299,000	325,000	396,400	71,400	22.0%	
TOTAL REVENUES	\$ 81,153,746	\$ 82,312,738	\$ 82,423,432	\$ 110,694	0.1%	
EXPENDITURES						
INSTRUCTION						
Basic Programs	\$ 41,086,495	\$ 41,410,915	\$ 41,704,355	293,440	0.7%	
Added Needs	10,313,927	11,083,781	11,280,949	197,168	1.8%	
TOTAL INSTRUCTION	\$ 51,400,422	\$ 52,494,696	\$ 52,985,304	\$ 490,608	0.9%	C, D
SUPPORT SERVICES						
Pupil Support Services	\$ 6,125,150	\$ 6,296,649	\$ 6,381,489	84,840	1.3%	
Instructional Staff Support Services:						
Instruction Improvement	520,573	561,507	568,931	7,424	1.3%	
Educational Media Services	971,204	1,211,304	1,234,065	22,761	1.9%	
Technology Assisted Instruction	55,345	25,100	25,100	-	0.0%	
Instructional Staff Supervision	730,949	855,061	862,681	7,620	0.9%	
General Administration	1,054,489	1,057,090	1,055,952	(1,138)	-0.1%	
School Administration	4,657,441	4,639,771	4,667,982	28,211	0.6%	
Business Services	848,884	901,170	854,238	(46,932)	-5.2%	
Operation and Maintenance	5,228,114	5,483,135	5,422,481	(60,654)	-1.1%	
Transportation Services	2,928,904	3,568,177	3,590,610	22,433	0.6%	
Communication Services	86,673	141,646	142,942	1,296	0.9%	
Human Resources	916,633	845,345	849,045	3,700	0.4%	
Technology Services	1,574,653	1,869,549	1,628,821	(240,728)	-12.9%	E
Athletic Activities	1,179,468	1,204,616	1,177,328	(27,288)	-2.3%	
Community Services	282,205	263,218	256,730	(6,488)	-2.5%	
TOTAL SUPPORT SERVICES	\$ 27,160,685	\$ 28,923,338	\$ 28,718,395	\$ (204,943)	-0.7%	
OUTGOING TRANSFERS						
District CP & DS Funds	\$ 1,464,645	\$ 412,110	\$ 412,110	-	0.0%	
TOTAL TRANSFERS	\$ 1,464,645	\$ 412,110	\$ 412,110	\$ -	0.0%	
TOTAL EXPENDITURES	\$ 80,025,752	\$ 81,830,144	\$ 82,115,809	\$ 285,665	0.3%	
Beginning Fund Balance	\$ 5,992,784	\$ 7,120,778	\$ 7,603,372	\$ 482,594	6.8%	
Revenues over/(under) Expenditures	1,127,994	482,594	307,623	\$ (174,971)	-36.3%	
Ending Fund Balance	\$ 7,120,778	\$ 7,603,372	\$ 7,910,995	\$ 307,623	4.0%	



LAKE ORION COMMUNITY SCHOOLS
General Fund Budget Analysis Explanations

FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018

Explanations are provided below for significant prior year variances	
A	The \$299,328 net increase in Local Source funding is primarily comprised of (1) an increase of \$241,843 in local property taxes over last fiscal year.
B	The \$(313,313) net decrease in State Source funding is primarily comprised of (1) net increase in the district's budgeted aggregate state aid foundation allowance funding of \$157,802 based on an increase of \$150 per pupil less the decline in the student count; (2) a modest net increase of \$203,518 in section 51c special education funding over last year's funding level; (3) An increase in Shared Time Services state aid funding; (4) an increase in section 147a(2) "MPSERS normal cost offset" funding of \$200,000 based on the projected increase in state wide funding of 80%.
C	A reduction in State Aid revenue of \$(1,051,339) section 147c(2) "MPSERS one time deposit" categorical funding in FY2019. A corresponding amount of expenditures, totaling \$(1,051,339), have been removed from all functional expenditure budgets for FY2019 as well. The Basic Program and Added Needs functions contain the majority of the district's wage budgets. Therefore, the majority of 147c(2) related reductions will be found in these functional budgets.
D	The net cost increase of \$490,608 primarily reflects (1) the implementation of year 1 of the LOEA contract settlement including the cost of step movement and health insurance cap changes. The Basic Program and Added Needs functions contain the majority of the district's LOEA wage budgets; (2) staff and other changes related to the phase one of the Elementary Science program implementation; (3) net cost change resulting from staff retirement and replacement.
E	The net cost decrease of \$(240,000) primarily reflects (1) a reduction in employee severance costs; (2) the reduction of several capital outlay expenditure budgets.

LAKE ORION COMMUNITY SCHOOLS

FOOD SERVICE FUND - (250)

FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018



	FINAL ACTUAL 2016-17	FINAL BUDGET 2017-18	PROPOSED BUDGET 2018-19	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Food & Vending Machine Sales	\$ 1,548,422	1,581,587	1,585,145	\$ 3,558	0.2%
Interest and Rebates	1,981	12,500	12,500	-	0.0%
Catering Services	38,900	37,000	37,000	-	0.0%
STATE SOURCES	172,343	158,760	158,760	-	0.0%
FEDERAL SOURCES	939,335	890,960	890,960	-	0.0%
TOTAL REVENUES	\$ 2,700,981	\$ 2,680,807	\$ 2,684,365	\$ 3,558	0.1%
EXPENDITURES					
Salaries	\$ 701,772	776,231	775,567	\$ (664)	-0.1%
Benefits	401,731	421,451	430,375	8,924	2.1%
Purchased Services	61,723	74,600	78,100	3,500	4.7%
Supplies	1,183,112	1,148,400	1,144,900	(3,500)	-0.3%
Capital Outlay	35,031	25,000	500,000	475,000	1900.0%
Other	43,386	39,600	39,600	-	0.0%
TOTAL EXPENDITURES	\$ 2,426,755	\$ 2,485,282	\$ 2,968,542	\$ 483,260	19.4%
OUTGOING TRANSFERS					
General Fund	99,000	100,000	100,000	-	0.0%
TOTAL TRANSFERS	\$ 99,000	\$ 100,000	\$ 100,000	\$ -	0.0%
TOTAL EXPENDITURES	\$ 2,525,755	\$ 2,585,282	\$ 3,068,542	\$ 483,260	18.7%
Beginning Fund Balance	\$ 740,878	\$ 916,103	\$ 1,011,628	\$ 95,525	10.4%
Revenues over/(under) Expenditures	175,225	95,525	(384,177)	(479,702)	502.2%
Ending Fund Balance	\$ 916,103	\$ 1,011,628	\$ 627,451	\$ (384,177)	-38.0%

LAKE ORION COMMUNITY SCHOOLS
COMMUNITY SERVICES FUND - (230)
FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018



	FINAL ACTUAL 2016-17	FINAL BUDGET 2017-18	PROPOSED BUDGET 2018-19	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
Community Enrichment	\$ 664,064	\$ 677,916	\$ 677,916	\$ -	0.0%
Early Childhood	1,574,034	1,533,192	1,625,802	92,610	6.0%
Other	-	-	-		
TOTAL REVENUES	\$ 2,238,098	\$ 2,211,108	\$ 2,303,718	\$ 92,610	4.2%
EXPENDITURES					
Salaries	\$ 995,603	\$ 1,015,500	\$ 1,016,600	\$ 1,100	0.1%
Benefits	534,081	583,213	584,081	868	0.1%
Purchased Services	277,398	303,336	298,336	(5,000)	-1.6%
Supplies	50,547	64,675	61,300	(3,375)	-5.2%
Capital Outlay & Other	61,652	99,103	63,176	(35,927)	-36.3%
TOTAL EXPENDITURES	\$ 1,919,282	\$ 2,065,827	\$ 2,023,493	\$ (42,334)	-2.0%
OUTGOING TRANSFERS					
General Fund	200,000	225,000	225,000	-	0.0%
TOTAL TRANSFERS	\$ 200,000	\$ 225,000	\$ 225,000	\$ -	0.0%
TOTAL EXPENDITURES	\$ 2,119,282	\$ 2,290,827	\$ 2,248,493	\$ (42,334)	-1.8%
Beginning Fund Balance	\$ 685,978	\$ 804,794	\$ 725,075	\$ (79,719)	-9.9%
Revenues over/(under) Expenditures	118,816	(79,719)	55,225	134,944	-169.3%
Ending Fund Balance	\$ 804,794	\$ 725,075	\$ 780,300	\$ 55,225	7.6%

LAKE ORION COMMUNITY SCHOOLS

PINE TREE CENTER FUND - (220)

FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018



	FINAL ACTUAL 2016-17	FINAL BUDGET 2017-18	PROPOSED BUDGET 2018-19	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES	-	124,700	1,408	(123,292)	-98.9%
INTERMEDIATE SOURCES	-	-	877,582	877,582	100.0%
STATE SOURCES	-	-	304,962	304,962	100.0%
FEDERAL SOURCES	-	-	25,090	25,090	100.0%
TOTAL REVENUES	\$ -	\$ 124,700	\$ 1,209,042	\$ 1,084,342	869.6%
EXPENDITURES					
Salaries	\$ -	\$ -	\$ 549,079	\$ 549,079	100.0%
Benefits	-	-	436,649	436,649	100.0%
Purchased Services	-	-	10,700	10,700	100.0%
Supplies	-	124,700	3,500	(121,200)	-97.2%
Capital Outlay	-	-	-	-	0.0%
Other	0	-	67,859	67,859	100.0%
TOTAL EXPENDITURES	\$ -	\$ 124,700	\$ 1,067,787	\$ 943,087	756.3%
OUTGOING TRANSFERS					
General Fund	-	-	71,400	71,400	100.0%
TOTAL TRANSFERS	\$ -	\$ -	\$ 71,400	\$ 71,400	100.0%
TOTAL EXPENDITURES	\$ -	\$ 124,700	\$ 1,139,187	\$ 1,014,487	813.5%
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	0.0%
Revenues over/(under) Expenditures	-	-	69,855	69,855	100.0%
Ending Fund Balance	\$ -	\$ -	\$ 69,855	\$ 69,855	100.0%

**LAKE ORION COMMUNITY SCHOOLS
DEBT SERVICE FUNDS - (360,370,380)**



FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018

	FINAL ACTUAL 2016-17	FINAL BUDGET 2017-18	PROPOSED BUDGET 2018-19	Year to Year \$ Variance	Year to Year % Variance
<u>REVENUES</u>					
LOCAL SOURCES					
Other local source	51,543	107,560	-	(107,560)	0.0%
2012 Debt	4,124,449	3,146,000	-	(3,146,000)	-100.0%
2015-A Debt	890,245	4,034,000	4,032,598	(1,402)	0.0%
2015-B Debt	5,189,564	5,367,000	6,908,895	1,541,895	100.0%
2016 Debt	3,027,540	1,315,000	3,512,263	2,197,263	100.0%
TOTAL REVENUE	\$ 13,283,340	\$ 13,969,560	\$ 14,453,756	\$ 484,196	3.5%
<u>EXPENDITURES</u>					
Principal	\$ 14,575,000	15,460,000	\$ 15,945,000	\$ 485,000	3.1%
Interest	4,064,992	3,787,492	3,499,064	(288,428)	-7.6%
Other	104,307	108,990	110,000	1,010	0.9%
TOTAL DEBT SERVICE	\$ 18,744,299	\$ 19,356,482	\$ 19,554,064	\$ 197,582	1.0%
OTHER FINANCING SOURCES (USES)					
School Bond Loan Funds	\$ 4,908,033	5,573,097	\$ 5,000,000	\$ (573,097)	-10.3%
TOTAL OTHER FINANCING SOURCES (USES)	\$ 4,908,033	\$ 5,573,097	\$ 5,000,000	\$ (573,097)	-10.3%
Beginning Fund Balance	764,670	211,745	397,920	186,175	87.9%
Revenues over/(under) Expenditures	\$ (552,925)	\$ 186,175	\$ (100,308)	\$ (286,483)	100.0%
Ending Fund Balance	\$ 211,745	\$ 397,920	\$ 297,612	\$ (100,308)	-25.2%

LAKE ORION COMMUNITY SCHOOLS
BUILDING & SITE SINKING FUND (410)
FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018



	FINAL ACTUAL 2016-17	FINAL BUDGET 2017-18	PROPOSED BUDGET 2018-19	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Property tax revenue	\$ 3,512,921	\$ 3,707,500	\$ 3,783,137	\$ 75,637	2.0%
Interest	2,723	12,000	12,000	-	-100.0%
TOTAL REVENUES	\$ 3,515,644	\$ 3,719,500	\$ 3,795,137	\$ 75,637	-100.0%
EXPENDITURES					
Purchased Services	-	-	-		
Capital Outlay	1,085,968	4,800,000	3,977,152	(822,848)	-17.1%
Principal	-	215,000	225,000	10,000	100.0%
Interest	-	161,213	156,913	(4,300)	100.0%
Other	9,400	33,900	35,000	1,100	3.2%
TOTAL EXPENDITURES	\$ 1,095,368	\$ 5,210,113	\$ 4,394,065	(816,048)	-100.0%
Other Financing Sources(Uses)					
Proceeds from Bond Issuance	-	-	-	-	
TOTAL TRANSFERS	\$ -	\$ -	\$ -	\$ -	0.0%
TOTAL EXPENDITURES	\$ 1,095,368	\$ 5,210,113	\$ 4,394,065	\$ (816,048)	-100.0%
Revenues over/(under) Expenditures	2,420,276	(1,490,613)	(598,928)	891,685	100.0%
Beginning Fund Balance	\$ -	\$ 2,420,276	\$ 929,663	\$ (1,490,613)	-100.0%
Committed Fund Balance	-	929,663	330,735	-	0.0%
Total Ending Fund Balance	\$ 2,420,276	\$ 929,663	\$ 330,735	\$ -	0.0%

LAKE ORION COMMUNITY SCHOOLS
CAPITAL PROJECTS FUND (440)
FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018



	FINAL ACTUAL 2016-17	FINAL BUDGET 2017-18	PROPOSED BUDGET 2018-19	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Interest	\$ 254	\$ 769	\$ 500	\$ (269.00)	-35.0%
Other	-	326,306	-	(326,306)	0.0%
STATE SOURCES	70,974	70,000	70,000	-	0.0%
TOTAL REVENUES	\$ 71,228	\$ 397,075	\$ 70,500	\$ (326,575)	-82.2%
EXPENDITURES					
Purchased Services	\$ -	5,400	\$ -	\$ (5,400)	0.0%
Capital Outlay	90,032	209,764	145,000	(64,764)	-30.9%
Other	-	-	-	-	0.0%
Principal	777,342	535,400	291,495	(243,905)	-45.6%
Interest	66,342	55,231	45,614	(9,617)	-17.4%
TOTAL EXPENDITURES	\$ 933,716	\$ 805,795	\$ 482,109	\$ (323,686)	-40.2%
Other Financing Sources(Uses)					
Operating Transfer-in	1,094,082	412,110	412,110	-	0.0%
TOTAL OTHER FINANCING SOURCES	\$ 1,094,082	\$ 412,110	\$ 412,110	\$ -	0.0%
TOTAL EXPENDITURES	\$ 933,716	\$ 805,795	\$ 482,109	\$ (323,686)	-40.2%
Revenues over/(under) Expenditures	\$ 231,594	\$ 3,390	\$ 501	\$ (2,889)	85.2%
Beginning Fund Balance	\$ 139,252	\$ 370,846	\$ 374,236	\$ 3,390	0.0%
Technology Replacement Reserve	-	-	-	-	0.0%
Unassigned Fund Balance	370,846	374,236	374,737	501	0.1%
Total Ending Fund Balance	\$ 370,846	\$ 374,236	\$ 374,737	\$ 501	0.1%

**LAKE ORION COMMUNITY SCHOOLS
RISK - INTERNAL SERVICE FUND (810)**



FISCAL YEAR 2018-19 ADOPTED BUDGET - June 13, 2018

	FINAL ACTUAL 2016-17	FINAL BUDGET 2017-18	PROPOSED BUDGET 2018-19	Year to Year \$ Variance	Year to Year % Variance
Net Assets, Beginning of Year					
Reserve - Dental Claims	\$ -	\$ 19,978	\$ 44,978	\$ 25,000	0.0%
Reserve - Workers Comp. Ins.	-	100,000	100,000	-	0.0%
Retained Earnings	1,149	-	-	-	0.0%
Total Net Assets, Beginning of Year	1,149	119,978	144,978	25,000	20.8%
REVENUE					
LOCAL SOURCES					
Dental Claims Contributions	\$ 728,075	675,000	\$ 675,000	\$ -	0.0%
Workers Compensation Contributions	\$ 100,000	\$ -	\$ -	\$ -	0.0%
Interest	-	-	-	-	0.0%
TOTAL REVENUE	\$ 828,075	\$ 675,000	\$ 675,000	\$ -	0.0%
EXPENSES					
Dental Claims	\$ 709,246	\$ 650,000	\$ 650,000	\$ -	0.0%
Workers Compensation Claims	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL EXPENSES	\$ 709,246	\$ 650,000	\$ 650,000	\$ -	0.0%
REVENUES OVER(UNDER) EXPENSES	\$ 118,829	\$ 25,000	\$ 25,000	\$ -	0.0%
Net Assets, End of Year					
Reserve - Dental Claims	\$ 19,978	\$ 44,978	\$ 69,978	\$ 25,000	0.0%
Reserve - Workers Comp. Ins.	100,000	100,000	100,000	-	0.0%
Retained Earnings	-	-	-	-	0.0%
Total Net Assets, End of Year	\$ 119,978	\$ 144,978	\$ 169,978	\$ 25,000	17.2%