

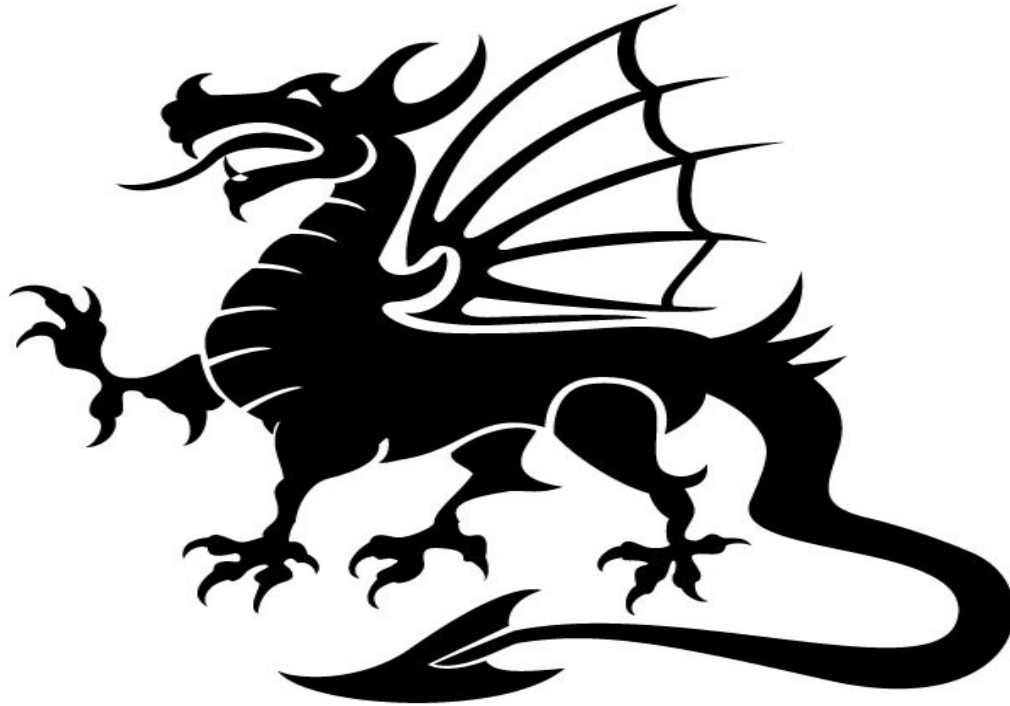


# **LAKE ORION COMMUNITY SCHOOLS**

## **BUDGET AMENDMENT #1**

**FISCAL YEAR 2022-23**

**Effective February 22, 2023**



# **Lake Orion Community Schools Board of Education**

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# **LAKE ORION COMMUNITY SCHOOLS**

## **Budget Amendment #1 - Fiscal Year 2022-23**

### **EXECUTIVE SUMMARY**

**(As Presented by Fund)**

#### **FUNDING SOURCE OVERVIEW INFORMATION:**

Operational funding for Lake Orion Community Schools is categorized into five broad revenue sources. The five types of revenue sources are local source, state source, federal source, payments from other public schools and other financing source revenues. Local source revenues include locally levied property taxes, program-based fees, and investment revenues. State source revenues include state aid foundation allowance funds, categorical funding, and other state funded grants. Federal source revenues are comprised of federally issued grants. Payments from other public schools & governmental entities include public school tuition, ISD collected millage taxes, and Medicaid related revenue. Other financing source revenue examples include operating transfers between funds, indirect revenues, bond proceeds and fund modifications.

#### **EXPENDITURE OVERVIEW INFORMATION:**

Operational expenditures fall into three broad function-based categories as defined by the Michigan Public School Accounting Manual. The first category is Instruction. Instruction includes the activities dealing directly with the teaching of pupils or the interaction between teacher and pupil. The second category is Support Services. Support Services are services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction and to a lesser degree community service. Support services exist as adjuncts for the fulfillment of the objectives of instruction. The third category is Community Services. Community Services consist of those activities that are not directly related to providing education for pupils in a school system. Examples would include services provided by the school system for the community as a whole or some segment of the community, such as community recreation programs, civic activities, public libraries, and programs of custody and care of children, and community welfare activities. Each category of function-based expenditures is further broken down into seven additional cost pools. These include salary & wages, fringe benefits, purchased services, supplies & materials, capital outlay, other expenditures, and outgoing transfers.

## **WHAT'S NEW?**

The "What's New?" section of this document highlights significant additions, reductions or other changes pertaining to budgetary, financial, and operational structural changes for the district. The following pages will contain fund specific information and data related to the following:

- State Aid Categorical section 147c (1) revenue and offsetting expenditure budgets have been adjusted reflecting this year's district allocation of \$8,455,365. The adopted budget for section 147c (1) was based on the prior year's funding level. Offsetting section 147c (1) MPSERS expenditures have been adjusted in multiple functional expenditure budgets. Salary and wage expenditures drive the allocation of the offsetting costs. Larger allocations of this cost are recognized in the "Basic Programs and Added Needs" functions because of the concentrations of professional salaries contained in these areas.
- The net increase of \$2.4 million in the State Source revenue budgets primarily reflects an increase in the district's foundation allowance funding reflecting an increase in student FTE count recognized in the amended budget over the adopted budget count as well as an increase of \$1.3 million in new categorical section 97, 31aa funding plus increases in At-Risk and other categorical revenue.
- The Basic Programs and Added Needs functions has been increased by a net \$1.8 million primarily reflecting staffing changes, staff cost adjustments and the impact of increased grant funding plus re-allocation of grant funding into these operating areas.
- The General Fund's beginning fund balance has been adjusted to reflect the actual audited ending fund balance on June 30, 2022. The budgeted ending fund balance of the General Fund is now at 9.8% of gross FY2022-23 budgeted expenditures and transfers and 10.69% of the budgeted expenditures and transfers net of the section 147c pass through expenditures.

## **FUND BALANCE BUDGET CHANGES:**

The budgeted fiscal year 2022-23 beginning and ending fund balances have been adjusted to reflect the fiscal year 2021-22 year-end actual audited fund balance plus the operational revenue and expenditure budget changes included in this document. Commentary on fund balance changes between the adopted budgets and the amended budgets are summarized below:

### **General Fund:**

The amendment #1 budget establishes an operating surplus of \$663,357 which is an increase of \$226,830 from the adopted budget. The Fund Balance chart below depicts the change process in this amendment. The amendment #1 projected total fund balance represents 9.8% of total budgeted expenditures and transfers. The total amendment #1 ending fund balance is budgeted at \$9,407,442.

	<u>Adopted Budget</u>	<u>Amend #1 Budget</u>
Non-spendable Fund Balance:	\$ 352,304	\$ 352,304
Fund Balance:	<u>\$9,060,038</u>	<u>\$9,055,138</u>
Total Fund Balance:	\$9,412,342	\$9,407,442

### **REVENUE BUDGET CHANGES:**

During the course of any fiscal year, the district's funds will experience several revenue budget changes. With respect to this "Executive Summary" document and the analysis that has gone into it, we will be presenting discussion on the "significant" budget changes. We continue to define "significant" to mean a change in the revenue line-item total of \$100,000 or more. In addition to the "significant" budget changes, items of particular interest may also be presented regardless of the magnitude of the change.

#### **General Fund (110 – 190):**

The General Fund revenue budget increased by a net \$3,047,1636 or 3.24 %. The new total revenue budget is \$97,100,818. The following information represents the breakdown of the significant changes by revenue source for the General Fund.

#### **Local Sources:**

Local Source revenue has increased by a net \$132,839 to \$11,294,700. Local Source revenue represents 11.6% of the total General Fund revenue. The increase is primarily comprised of an increase in the local property tax revenue budget.

#### **State Sources:**

State Source revenue has increased by a net \$2,430,949 to \$72,862,181. State Source revenue represents 75.1% of the total General Fund revenue. The net increase in the State Source revenue budgets primarily reflects a net increase of \$516,074 in the district's foundation allowance funding driven by an increase of 69 student FTE over the adopted budget count; an increase of \$1,341,313 in categorical funding including section(s) 97 (new), 31aa (new), At-Risk and other existing categorical revenue recognition; the district's FY2022-23 increase in the section 147c pass through revenue of \$554,032.

#### **Federal Sources:**

Federal Source revenue has increased by \$251,936 to \$5,329,202. Federal Source revenue represents 5.5% of General Fund revenue. The net increase in Federal Source revenue primarily reflects a \$147,763 net increase in Head Start and Early Head Start grant funds and a net increase of \$103,633 in the IDEA Federal Source revenue line adjustments.

**ISD and Medicaid Sources - Payments from other Public Schools:**

Intermediate School District (ISD) and Medicaid source revenues have increased by a net \$156,439 from the adopted budget to \$6,966,140. ISD Source revenue represents 7.2% of the total General Fund revenue. The net increase in the revenue budgets reflects an increase of \$150,534 in the district's allocation of PA18 revenue.

**Other Financing Sources:**

Other Financing Source revenue budget increased by a net \$75,000 from the adopted budget to \$648,595. Other Financing Source revenue represents 0.66% of the total General Fund revenue.

**EXPENDITURE BUDGET CHANGES:**

During the course of any fiscal year the district's funds will experience several expenditure budget changes. With respect to this "Executive Summary" document and the analysis that has gone into it, we will be presenting discussion on the "significant" budget changes. We continue to define "significant" to mean a change in the revenue line-item total of \$100,000 or more. In addition to the "significant" budget changes, items of particular interest may also be presented regardless of the magnitude of the change.

**General Fund (110 – 190):**

Total budgeted expenditures and operating transfers-out have increased by a net \$2,820,333 or 3.0% to a new total budget of \$96,437,461. The following information represents the breakdown of significant expenditure budget changes for the General Fund.

**Instruction – Basic Programs & Added Needs:**

The Instruction Basic Programs & Added Needs functional expenditure budgets have increased by a net \$1,742,194 or 2.99% to \$60,066,960. The increases in the expenditure budgets primarily reflect a net increase in the section 147c MPSERS rate stabilization expenditures, an increase of \$132,000 in the International Academy budget line item, net increase in staffing cost changes and adjustments, a net increase of \$104,405 in healthcare insurance budget lines, the re-allocation of grant funded expenditures and multiple other expenditure line-item adjustments.

**Support Services – Pupil Support Services:**

The Pupil Support Services functional expenditure budgets have increased by a net \$873,610 or 11.1% to \$8,779,070. The net increase primarily reflects staffing changes, cost adjustments and the increase in section 147c expenditures.

**Support Services – Instruction Improvement:**

The Instruction Improvement functional expenditure budgets have increased by a net \$108,423 or 6.6% to \$1,740,394. The net increase primarily reflects the staffing changes and cost adjustments and other multiple line item changes.

**School Administration:**

The School Administration functional expenditure budgets have increased by a net \$154,745 or 3.2% to \$4,963,650. The net increase in the School Administration function reflects changes in multiple expenditure accounts including wage, benefit, and purchase service, supplies, dues, and fees line items.

**Business Services:**

The Business Services functional expenditure budgets have increased by a net \$134,747 or 13.9% to \$1,098,782. The net increase primarily reflects the added cost of our Shared Time Services partner fees.

**Operations & Maintenance:**

The Operations & Maintenance functional expenditure budgets have increased by a net \$260,339 or 4.3% to \$6,292,569. The net increase primarily reflects a \$140,000 increase in purchased services budgets, a \$116,000 increase in the natural gas budget and multiple other minor expenditure line-item adjustments.

**Transportation Services:**

The Transportation Services functional expenditure budgets have decreased by a net \$(663,466) or (13.6)% to \$4,227,426. The net decrease in the Transportation function primarily reflects the redistribution of grant funded expenditures from the Transportation function to other budgeted functions, staffing cost adjustments, an increase of \$100,000 in the fuel budget line item, a \$(127,560) reduction in the lease budget line item, and multiple other minor expenditure line-item adjustments.

**Technology Services:**

The Technology Services functional expenditure budgets have increased by a net \$192,465 or 10.0% to \$2,113,391. The net increase primarily reflects a net increase of \$115,000 in a grant funded software maintenance line item and multiple other minor expenditure line-item adjustments.

**Other District Funds in this Amendment:**

The following District funds' revenue and expenditure budgets have been adjusted to reflect year-end final expectations:

- Community Services Special Revenue Fund – 230
  - Revenue increased by \$663,493 to a revised budget of \$3,949,850
  - Expenditures increased by \$230,919 to a revised budget of \$3,153,697
  - The Food Service Fund revenue and expenditure budgets have been adjusted to reflect our current expectations for the balance of the year.
  
- Food Service Special Revenue Fund – 250
  - Revenue increased by \$20,200 to a revised budget of \$2,674,700
  - Expenditures increased by \$90,763 to a revised budget of \$3,056,413
  - The Food Service Fund revenue and expenditure budgets have been adjusted to reflect our current expectations for the balance of the year.





# Lake Orion Community Schools

## General Fund (110 - 190)

### Fiscal Year 2022-23 Budget Amendment 1 - February 22, 2023

	<u>Adopted Budget</u>	<u>Proposed Amendments</u>	<u>Amended Budget</u>	<u>% Chg</u>	<u>Explanations</u>
<b>REVENUE</b>					
Local Revenue	\$ 11,161,861	132,839	\$ 11,294,700	1.19%	A
State Revenue	70,431,232	2,430,949	72,862,181	3.45%	B
Federal Revenue	5,077,266	251,936	5,329,202	4.96%	C
ISD and Medicaid Sources	6,809,701	156,439	6,966,140	2.30%	D
Other Revenue	573,595	75,000	648,595	13.08%	
<b>TOTAL REVENUE</b>	<u>94,053,655</u>	<u>3,047,163</u>	<u>97,100,818</u>	<u>3.24%</u>	
<b>EXPENDITURES</b>					
<u>Instruction</u>					
Basic Programs	\$ 44,907,144	1,077,797	\$ 45,984,941	2.40%	E, F
Added Needs	13,417,622	664,397	14,082,019	4.95%	E, G
SUB TOTAL	<u>58,324,766</u>	<u>1,742,194</u>	<u>60,066,960</u>	<u>2.99%</u>	
<u>Support Services</u>					
Pupil Support Services	\$ 7,905,460	873,610	\$ 8,779,070	11.05%	E, H
Instructional Staff Support Services:					
Instruction Improvement	1,631,971	108,423	1,740,394	6.64%	E, I
Educational Media Services	1,362,638	(69,378)	1,293,260	-5.09%	E
Technology Assisted Instruction	144,281	(84,356)	59,925	-58.47%	E
Instructional Staff Supervision	769,343	(5,783)	763,560	-0.75%	E
General Administration	1,542,118	65,411	1,607,529	4.24%	E
School Administration	4,808,905	154,745	4,963,650	3.22%	E, J
Business Services	1,158,624	97,953	1,256,577	8.45%	E
Operations and Maintenance	6,032,230	260,339	6,292,569	4.32%	E, K
Transportation Services	4,890,892	(663,466)	4,227,426	-13.57%	E, L
Communication Services	221,720	(7,463)	214,257	-3.37%	E
Human Resources	1,196,389	5,707	1,202,096	0.48%	E
Technology Services	1,920,926	192,465	2,113,391	10.02%	E, M
Athletic Activities	1,340,725	68,086	1,408,811	5.08%	E
Community Services	167,227	(13,154)	154,073	-7.87%	E
SUB TOTAL	<u>35,093,449</u>	<u>983,139</u>	<u>36,076,588</u>	<u>2.80%</u>	
<b>OPERATING TRANSFERS-OUT</b>					
Community & Debt Service Funds	\$ 198,913	95,000	\$ 293,913	47.76%	
<b>TOTAL TRANSFERS</b>	<u>198,913</u>	<u>95,000</u>	<u>293,913</u>	<u>47.76%</u>	
<b>TOTAL EXPENDITURES</b>	<u>93,617,128</u>	<u>2,820,333</u>	<u>96,437,461</u>	<u>3.01%</u>	
Revenues Over/(Under) Expenditures	<u>436,527</u>	<u>226,830</u>	<u>663,357</u>	<u>51.96%</u>	
Beginning Fund Balance	8,975,815	(231,730)	8,744,085	-2.58%	N
Ending Fund Balance	<u>9,412,342</u>	<u>(4,900)</u>	<u>9,407,442</u>	<u>-0.05%</u>	
Fund Balance as a % of Expenditures	<u>10.1%</u>		<u>9.8%</u>		



## Lake Orion Community Schools General Fund (110 - 190)

### Fiscal Year 2022-23 Budget Amendment 1 - February 22, 2023

**Explanations are provided below for amendments by function resulting in a net increase or decrease of \$100,000.**

<b>A</b>	The net increase of \$132,839 in the Local Source revenue budgets primarily reflects 1) An increase of the property tax revenue budget reflecting the January State Aid Status report's district taxable value figures.
<b>B</b>	The net increase of \$2,430,949 in the State Source revenue budgets primarily reflects 1) the net increase of \$516,074 in the district's foundation allowance funding reflecting an increase of 69 student FTE over the adopted budget count; 2) the FY2022-23 increase in the General Fund's section 147c pass through revenue of \$506,652; 3) a net increase of \$1,341,313 reflecting Section 97, 31aa, At-Risk and other categorical revenue recognition.
<b>C</b>	The \$251,396 net increase in Federal Source revenue primarily reflects 1) a \$147,763 net increase in Head Start and Early Head Start grant funds; 2) a net increase of \$103,633 reflecting the increase in the IDEA Federal Source revenue line adjustments.
<b>D</b>	The net increase of \$156,439 in the ISD and Medicaid Source revenue budgets primarily reflects (1) an increase of \$150,534 in the district's allocation of PA18 revenue.
<b>E</b>	Included in all of the district's operating budgets is a prorated share of the section 147c MPERS rate stabilization pass through revenue and corresponding expenditure budgets. The General Fund budget contains 94% of the section 147c budgets. The District's section 147c revenue and expenditure increase over the prior year level is \$554,032.15. Our total section 147c pass through revenue and expenditure for FY2022 is now \$8,455,365. Multiple revenue and expenditure budgets have been revised.
<b>F</b>	The net increase of \$1,077,797 in the Basic Programs expenditure budgets reflects 1) the increase in the section 147c MPERS rate stabilization expenditure; 2) a net increase of \$132,000 in the International Academy line item; 3) Net wage, retirement and FICA changes reflecting district mid year adjustments; 4) Re-allocated grant funded expenditures plus multiple other expenditure line item adjustments.
<b>G</b>	The net increase of \$664,397 in the Added Needs expenditure budgets reflects 1) the increase in the section 147c MPERS rate stabilization expenditure; 2) a net increase of \$425,545 in staffing cost changes; 3) a net increase of \$104,405 in healthcare insurance; 4) Re-allocated grant funded expenditures plus multiple other expenditure line item adjustments.
<b>H</b>	The net increase of \$873,610 in the Pupil Support services expenditure budgets primarily reflects 1) staffing changes and cost adjustments including section 147c changes; 2) multiple purchase services, supplies and materials, and other changes.
<b>I</b>	The net increase of \$108,423 in the Instruction Improvement budgets primarily reflects staffing changes and cost adjustments and other multiple line item changes.
<b>J</b>	The net increase of \$154,745 in the School Administration function reflecting changes in multiple expenditure accounts.



## Lake Orion Community Schools General Fund (110 - 190)

### Fiscal Year 2022-23 Budget Amendment 1 - February 22, 2023

Explanations are provided below for amendments by function resulting in a net increase or decrease of \$100,000.

<b>K</b>	The net increase of \$260,339 in the Operations & Maintenance function primarily reflects (1) \$140,000 increase in purchased services budgets; 2) \$116,000 increase in the natural gas budget; 3) multiple other minor expenditure line item adjustments.
<b>L</b>	The net decrease of \$(663,466) in the Transportation function primarily reflects (1) redistribution of grant funded expenditures from the Transportation function to other budgeted functions; 2) staffing cost adjustments; 3) an increase of \$100,000 in the fuel budget line item; 4) a \$(127,560) reduction in the lease budget line item; 5) multiple other minor expenditure line item adjustments.
<b>M</b>	The net increase of \$192,465 in the Technology function primarily reflects (1) a net increase of \$115,000 in a grant funded software maintenance line item; 2) multiple other minor expenditure line item adjustments.
<b>N</b>	The change of \$(231,731) in the beginning fund balance line reflects the final audited fund balance as of June 30, 2022.
<b>General Note</b>	Included in the General Fund budget, impacting multiple functional expenditure budgets, are the corresponding section 147c state pass-through categorical changes expenditures. Those functional budgets with higher concentrations of wages will carry a larger amount of the 147c corresponding expenditure changes.



**Lake Orion Community Schools**  
**Community Service Special Revenue Fund (230)**  
**Fiscal Year 2022-23 Budget Amendment 1 - February 22, 2023**

	<b>Adopted Budget</b>	<b>Proposed Amendments</b>	<b>Amended Budget</b>	<b>% Chg</b>	<b>Explanations</b>
<b>REVENUE</b>					
Community Enrichment	\$ 650,000	18,000	\$ 668,000	2.77%	
Early Childhood	1,604,038	237,462	1,841,500	14.80%	
Other Revenue	1,032,319	408,031	1,440,350	100.00%	
<b>TOTAL REVENUE</b>	<b>3,286,357</b>	<b>663,493</b>	<b>3,949,850</b>	<b>20.19%</b>	<b>A</b>
<b>EXPENDITURES</b>					
Salaries	\$ 1,389,360	82,895	\$ 1,472,255	5.97%	
Benefits	906,718	79,474	986,192	8.77%	
Purchased Services	320,500	(35,750)	284,750	-11.15%	
Supplies	36,200	11,400	47,600	31.49%	
Capital Outlay and Other	45,000	17,900	62,900	39.78%	
<b>TOTAL EXPENDITURES</b>	<b>2,697,778</b>	<b>155,919</b>	<b>2,853,697</b>	<b>5.78%</b>	
<b>OUTGOING TRANSFERS</b>					
General Fund - Indirect Costs	225,000	75,000	300,000	33.33%	
<b>TOTAL TRANSFERS</b>	<b>225,000</b>	<b>75,000</b>	<b>300,000</b>	<b>33.33%</b>	
<b>TOTAL EXPENDITURES</b>	<b>2,922,778</b>	<b>230,919</b>	<b>3,153,697</b>	<b>7.90%</b>	
Revenues Over/(Under) Expenditures	363,579	432,574	796,153	118.98%	
Beginning Fund Balance	477,725	663,491	1,141,216	138.89%	
Ending Fund Balance	841,304	1,096,065	1,937,369	130.28%	



## Lake Orion Community Schools Community Service Special Revenue Fund (230)

### Fiscal Year 2022-23 Budget Amendment 1 - February 22, 2023

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**Explanations are provided below for any significant amendments**

- A** The Early Childhood program was awarded the Childcare Stabilization grant. Program revenue growth reflects inflation driven tuition changes.



**Lake Orion Community Schools**  
**Food Service Special Revenue Fund (250)**  
**Fiscal Year 2022-23 Budget Amendment 1 - February 22, 2023**

	<u>Adopted Budget</u>	<u>Proposed Amendments</u>	<u>Amended Budget</u>	<u>% Chg</u>	<u>Explanations</u>
<b>REVENUE</b>					
<b>LOCAL SOURCES</b>					
Food & Vending Machine Sales	1,450,000	20,000	1,470,000	1.38%	
Interest and Rebates	22,000	200	22,200	0.91%	
Catering Services	32,500	-	32,500	0.00%	
<b>STATE SOURCES</b>					
	150,000	-	150,000	0.00%	
<b>FEDERAL SOURCES</b>					
	1,000,000	-	1,000,000	0.00%	
<b>TOTAL REVENUE</b>	<u>2,654,500</u>	<u>20,200</u>	<u>2,674,700</u>	<u>0.76%</u>	
<b>EXPENDITURES</b>					
Salaries	732,375	9,625	742,000	1.31%	
Benefits	488,775	4,916	493,691	1.01%	
Purchased Services	69,500	800	70,300	1.15%	
Supplies	1,265,000	-	1,265,000	0.00%	
Capital Outlay	300,000	70,622	370,622	23.54%	
Other	10,000	4,800	14,800	48.00%	
<b>TOTAL FOOD SERVICE</b>	<u>2,865,650</u>	<u>90,763</u>	<u>2,956,413</u>	<u>3.17%</u>	
<b>OUTGOING TRANSFERS</b>					
General Fund	100,000	-	100,000	0.00%	
<b>TOTAL TRANSFERS</b>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>0.00%</u>	
<b>TOTAL EXPENDITURES</b>	<u>2,965,650</u>	<u>90,763</u>	<u>3,056,413</u>	<u>3.06%</u>	
Revenues Over/(Under) Expenditures	<u>(311,150)</u>	<u>(70,563)</u>	<u>(381,713)</u>	<u>N/A</u>	
Beginning Fund Balance	<u>924,485</u>	<u>562,327</u>	<u>1,486,812</u>	<u>60.83%</u>	
Ending Fund Balance	<u>613,335</u>	<u>491,764</u>	<u>1,105,099</u>	<u>80.18%</u>	



**Lake Orion Community Schools  
Food Service Special Revenue Fund (250)**

**Fiscal Year 2022-23 Budget Amendment 1 - February 22, 2023**

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**Explanations are provided below for any significant amendments**

- A** The Food Service Fund revenue and expenditure budgets have been adjusted to reflect current expectations for the year.