



# **LAKE ORION COMMUNITY SCHOOLS**

## **BUDGET AMENDMENT-1**

**FISCAL YEAR 2023-24**

**Effective January 10, 2024**



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

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# **LAKE ORION COMMUNITY SCHOOLS**

## **Budget Amendment 1 - Fiscal Year 2023-24**

### **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 \$9,900,645. 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.
- This amendment includes the GASB 87 required capitalization of the district's bus leases resulting in an increase of revenues and expenditure of \$593,795.
- The General Fund's budgeted operating surplus increases by \$112,731 to \$614,212. The General Fund's fund balance is budgeted to be at 9.1% of total budgeted expenditures. The General Fund's fund balance, net of the Section 147c expenditures, is budgeted to be 10.0% expenditures.
- This amendment adjusts multiple funds' operating revenue and expenditure budgets including the General Fund, Community Services Fund, Food Service Fund.

## FUND BALANCE BUDGET CHANGES:

The budgeted fiscal year 2023-24 ending fund balance has been adjusted to reflect the operational revenue and expenditure budget changes included in this document.

### General Fund:

The amended budget establishes an operating surplus of \$614,212 which is an increase of \$112,731 from the adopted budget. The Fund Balance chart below depicts the change process in this amendment. The amendment-1 projected total fund balance represents 9.1% of total budgeted gross expenditures and 10.0% of the total expenditures net of the section 147c related pass-through expenditures. The total amended ending fund balance is budgeted at \$9,560,147.

	Adopted <u>Budget</u>	Amend-1 <u>Budget</u>
Non-spendable Fund Balance:	\$ 352,304	\$ 297,601
Fund Balance:	<u>\$9,316,543</u>	<u>\$9,262,546</u>
Total Fund Balance:	\$9,668,847	\$9,560,147

## **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 \$3,585,366 or 3.52 %. The new total revenue budget is \$105,343,406. 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 \$702,053 to \$12,403,756. Local Source revenue represents 11.8% of the total General Fund revenue. The primary change reflects an increase of \$693,743 in our property tax budget.

#### **State Sources:**

State Source revenue has increased by a net \$2,107,326 to \$79,215,094. State Source revenue represents 75.2% of the total General Fund revenue. The net increase in the State Source revenue budgets primarily reflects a net decrease of \$(917,511) in foundation funding, an increase in the 147c(1) pass through funding of \$1,113,755 and increases of multiple categoricals.

#### **Federal Sources:**

Federal Source revenue has increased by a net \$60,366 to \$4,957,477. Federal Source revenue represents 4.7% of General Fund revenue.

#### **ISD, Medicaid and Lease Sources:**

Intermediate School District (ISD), Medicaid and Lease source revenues have increased by a net \$650,621 from the adopted budget to \$7,995,563. ISD Source revenue represents 7.6% of the total General Fund revenue. The net increase in the revenue budgets primarily reflects the addition of the district's GASB 87 required capitalization of the bus leases resulting in an increase of revenues of \$593,795.

#### **Other Financing Sources:**

Other Financing Source revenue budget increased by a net \$65,000 to \$771,516. Other Financing Source revenue represents 0.76% 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 \$3,472,635 or 3.5% to a new total budget of \$105,343,406. The following information represents the breakdown of significant expenditure budget changes for the General Fund. Included in all the district's operating budgets is a prorated share of the section 147c MPSERS rate stabilization pass through revenue and corresponding expenditure budgets. The General Fund budget contains about 95% of the section 147c budgets. The district's section 147c revenue and expenditure increase over the prior year level is \$1,445,280. Our total General Fund portion of the section 147c pass through revenue and expenditure for FY2024 is now \$9,331,163 and \$9,900,645 in total district wide. 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.

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

The Instruction Basic Programs & Added Needs functional expenditure budgets have increased by a net \$1,076,255 or 1.7% to \$64,362,833. State Aid Categorical section 147c (1) revenue and offsetting expenditure budgets have been adjusted reflecting this year's district allocation of \$9,900,645. 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.

### **Support Services – Pupil Support Services:**

The Pupil Support Services functional expenditure budgets have increased by a net \$445,926 or 4.9% to \$9,449,982. The net increase primarily reflects staffing changes and cost adjustments including section 147c changes; Net wage, retirement and FICA changes reflecting district midyear adjustments; and re-allocated grant funded expenditures plus multiple other expenditure line-item minor adjustments.

### **Support Services – Instruction Staff Support Services:**

The Instruction Staff Support Services functional expenditure budgets have increased by a net \$104,307 to \$2,019,201. The net increase primarily reflects staffing changes and cost adjustments including section 147c changes; Net wage, retirement and FICA changes reflecting district midyear adjustments; and re-allocated grant funded expenditures plus multiple other expenditure line-item minor adjustments.

**Educational Media Services:**

The Educational Media Services functional expenditure budgets have increased by a net \$166,236 or 12.8% to \$1,462,445. The net increase in the expenditure budget reflects staffing changes and cost adjustments including section 147c changes; net wage, retirement and FICA changes reflecting district midyear adjustments; re-allocated grant funded expenditures plus multiple other expenditure line-item minor adjustments.

**Operations & Maintenance:**

The Operations & Maintenance functional expenditure budgets have increased by a net \$455,327 or 7.1% to \$6,829,992. The net increase in the expenditure budget reflects staffing changes and cost adjustments including section 147c changes; multiple other expenditure line item adjustments, including but not limited to, changes to custodial, utility, contracted services, tools and hardware, etc.

**Transportation Services:**

The Transportation Services functional expenditure budgets have increased by a net \$851,226 or 17.4% to \$5,758,235. The net increase in the expenditure budget primarily reflects staffing changes and cost adjustments including section 147c changes, multiple other expenditure line-item adjustments plus an increase of \$593,795 as a result the district's capitalization of its bus leases as required by GASB statement 87, Leases.

**Human Resources and Athletic Activities:**

The Human Resource and Athletic Activities functional expenditure budgets have increased by a net \$118,273 and \$136,288 respectively. The net increase in the expenditure budget reflects staffing changes and cost adjustments including section 147c changes; net wage, retirement and FICA changes reflecting district midyear adjustments; re-allocated grant funded expenditures plus multiple other expenditure line-item minor 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 \$15,714 to a revised budget of \$3,065,714.
  - Expenditures increased by \$91,486 to a revised budget of \$3,351,486.
  - The Community Services Fund revenue and expenditure budgets have been adjusted to reflect our current expectations.
  
- Food Service Special Revenue Fund – 250
  - Revenue decreased by \$(296,278) to a revised budget of \$2,948,722.
  - Expenditures decreased by \$(58,349) to a revised budget of \$3,118,508.
  - The Food Service Fund revenue and expenditure budgets have been adjusted to reflect our current expectations.



# Lake Orion Community Schools

## General Fund (110 - 190)

### Fiscal Year 2023-24 Budget Amendment 1 - January 10, 2024

	Adopted Budget	Proposed Amendments	Amended Budget	% Chg	Explanations
<b>REVENUE</b>					
Local Revenue	\$ 11,701,703	702,053	\$ 12,403,756	6.00%	A
State Revenue	77,107,768	2,107,326	79,215,094	2.73%	B
Federal Revenue	4,897,111	60,366	4,957,477	1.23%	
ISD and Medicaid Sources	7,344,942	650,621	7,995,563	8.86%	C
Other Revenue	706,516	65,000	771,516	9.20%	
<b>TOTAL REVENUE</b>	<b>101,758,040</b>	<b>3,585,366</b>	<b>105,343,406</b>	<b>3.52%</b>	
<b>EXPENDITURES</b>					
<u>Instruction</u>					
Basic Programs	\$ 48,288,562	515,400	\$ 48,803,962	1.07%	D, E
Added Needs	14,998,016	560,855	15,558,871	3.74%	D, F
<b>SUB TOTAL</b>	<b>63,286,578</b>	<b>1,076,255</b>	<b>64,362,833</b>	<b>1.70%</b>	
<u>Support Services</u>					
Pupil Support Services	\$ 9,004,056	445,926	\$ 9,449,982	4.95%	D, G
Instructional Staff Support Services:					
Instruction Improvement	1,914,894	104,307	2,019,201	5.45%	D, H
Educational Media Services	1,296,209	166,236	1,462,445	12.82%	D, H
Technology Assisted Instruction	70,985	(31,304)	39,681	-44.10%	D
Instructional Staff Supervision	846,123	9,399	855,522	1.11%	D
General Administration	1,614,321	84,982	1,699,303	5.26%	D
School Administration	5,141,040	(17,108)	5,123,932	-0.33%	D
Business Services	1,425,123	(26,689)	1,398,434	-1.87%	D
Operations and Maintenance	6,374,665	455,327	6,829,992	7.14%	D, H
Transportation Services	4,907,009	851,226	5,758,235	17.35%	D, H, I
Communication Services	220,383	24,398	244,781	11.07%	D
Human Resources	1,209,067	118,273	1,327,340	9.78%	D, J
Technology Services	1,992,931	78,396	2,071,327	3.93%	D
Pupil Services	228,056	23,295	251,351	10.21%	D
Athletic Activities	1,431,318	136,288	1,567,606	9.52%	D, H
Community Services	194,345	(26,572)	167,773	-13.67%	D
<b>SUB TOTAL</b>	<b>37,870,525</b>	<b>2,396,380</b>	<b>40,266,905</b>	<b>6.33%</b>	
<b>OPERATING TRANSFERS-OUT</b>					
Community & Debt Service Funds	99,456	-	99,456	0.00%	
<b>TOTAL TRANSFERS</b>	<b>99,456</b>	<b>-</b>	<b>99,456</b>	<b>0.00%</b>	
<b>TOTAL EXPENDITURES</b>	<b>101,256,559</b>	<b>3,472,635</b>	<b>104,729,194</b>	<b>3.43%</b>	
Revenues Over/(Under) Expenditures	501,481	112,731	614,212	22.48%	
Beginning Fund Balance	9,167,366	(221,431)	8,945,935	-2.42%	K
Ending Fund Balance	9,668,847	(108,700)	9,560,147	-1.12%	
Fund Balance as a % of Expenditures	9.5%		9.1%		

Explanations for amendments greater than \$100,000 are on attached sheet





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

### Fiscal Year 2023-24 Budget Amendment 1 - January 10, 2024

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

A	The net increase of \$702,053 in the Local Source revenue budgets primarily reflects an increase of \$693,743 in the property tax revenue budget reflecting the November State Aid Status report's district taxable value figures.
B	The net increase of \$2,107,326 in the State Source revenue budgets primarily reflects 1) the net decrease of \$(917,511) in the district's foundation allowance funding reflecting the offsetting impact of the change in the related property tax budget; 2) the FY2023-24 increase in the General Fund's section 147c pass through revenue of \$1,113,755; 3) net increase in the section 22L transportation cost reimbursement funding; 4) a net increase(s) in the other categorical revenue sources .
C	The net increase of \$650,621 in the ISD, Medicaid and Lease Source revenue budgets primarily reflects (1) an increase of \$593,795 as a result the district's capitalization of its bus leases as required by GASB statement 87, Leases.
D	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 about 95% of the section 147c budgets. The District's section 147c revenue and expenditure increase over the prior year level is \$1,445,280. Our total General Fund portion of the section 147c pass through revenue and expenditure for FY2024 is now \$9,331,163 and \$9,900,645 in total. Multiple revenue and expenditure budgets have been revised.
E	The net increase of \$515,400 in the Basic Programs expenditure budgets reflects 1) the increase in the section 147c MPERS rate stabilization expenditure; 2) Net wage, retirement and FICA changes reflecting district mid year adjustments; 3) Re-allocated grant funded expenditures plus multiple other expenditure line item minor adjustments.
F	The net increase of \$560,855 in the Added Needs expenditure budgets reflects 1) the increase in the section 147c MPERS rate stabilization expenditure; 2) Net wage, retirement and FICA changes reflecting district mid year adjustments; 3) Re-allocated grant funded expenditures plus multiple other expenditure line item minor adjustments.
G	The net increase of \$445,926 in the Pupil Support services expenditure budgets primarily reflects 1) staffing changes and cost adjustments including section 147c changes; 2) Net wage, retirement and FICA changes reflecting district mid year adjustments; 3) Re-allocated grant funded expenditures plus multiple other expenditure line item minor adjustments.
H	The net increase in the expenditure budget primarily reflects 1) staffing changes and cost adjustments including section 147c changes; 2) Net wage, retirement and FICA changes reflecting district mid year adjustments; 3) Re-allocated grant funded expenditures plus multiple other expenditure line item minor adjustments.



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

### Fiscal Year 2023-24 Budget Amendment 1 - January 10, 2024

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

<b>I</b>	The net increase in the expenditure budget primarily reflects 1) staffing changes and cost adjustments including section 147c changes; 2) Net wage, retirement and FICA changes reflecting district mid year adjustments; 3) Re-allocated grant funded expenditures plus multiple other expenditure line item minor adjustments; 4) an increase of \$593,795 as a result the district's capitalization of its bus leases as required by GASB statement 87, Leases.
<b>J</b>	The net increase in the expenditure budget primarily reflects 1) staffing changes and cost adjustments including section 147c changes; 2) Net wage, retirement and FICA changes reflecting district mid year adjustments; 3) Re-allocated grant funded expenditures plus multiple other expenditure line item minor adjustments; 4) an increase of \$39,600 in the district's workers compensation insurance line item.
<b>K</b>	The change of \$(221,431) in the beginning fund balance line reflects the final audited fund balance as of June 30, 2023.
<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 2023-24 Budget Amendment 1 - January 10, 2024**

	<u>Adopted Budget</u>	<u>Proposed Amendments</u>	<u>Amended Budget</u>	<u>% Chg</u>	<u>Explanations</u>
<b>REVENUE</b>					
Community Enrichment	850,000	5,714	855,714	0.67%	
Early Childhood	1,950,000	260,000	2,210,000	13.33%	
Other Revenue	250,000	(250,000)	-	100.00%	
<b>TOTAL REVENUE</b>	<u>3,050,000</u>	<u>15,714</u>	<u>3,065,714</u>	<u>0.52%</u>	<b>A</b>
<b>EXPENDITURES</b>					
Salaries	1,525,000	1,270	1,526,270	0.08%	
Benefits	995,000	(34)	994,966	0.00%	
Purchased Services	275,000	45,650	320,650	16.60%	
Supplies	50,000	2,600	52,600	5.20%	
Capital Outlay and Other	65,000	17,000	82,000	26.15%	
<b>TOTAL EXPENDITURES</b>	<u>2,910,000</u>	<u>66,486</u>	<u>2,976,486</u>	<u>2.28%</u>	
<b>OUTGOING TRANSFERS</b>					
General Fund - Indirect Costs	350,000	25,000	375,000	7.14%	
<b>TOTAL TRANSFERS</b>	<u>350,000</u>	<u>25,000</u>	<u>375,000</u>	<u>7.14%</u>	
<b>TOTAL EXPENDITURES</b>	<u>3,260,000</u>	<u>91,486</u>	<u>3,351,486</u>	<u>2.81%</u>	
Revenues Over/(Under) Expenditures	<u>(210,000)</u>	<u>(75,772)</u>	<u>(285,772)</u>	<u>36.08%</u>	
Beginning Fund Balance	<u>1,891,491</u>	<u>(214,987)</u>	<u>1,676,504</u>	<u>-11.37%</u>	<b>B</b>
Ending Fund Balance	<u>1,681,491</u>	<u>(290,759)</u>	<u>1,390,732</u>	<u>-17.29%</u>	



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

### Fiscal Year 2023-24 Budget Amendment 1 - January 10, 2024

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

- A** The adopted budget for the Early Childhood program contain funding related to the Childcare Stabilization grant. Subsequently, the Childcare Stabilization grant will not be awarded. Program revenue growth reflects inflation driven tuition changes.
- B** The change of \$(218,614) in the beginning fund balance line reflects the final audited fund balance as of June 30, 2023.



**Lake Orion Community Schools**  
**Food Service Special Revenue Fund (250)**  
**Fiscal Year 2023-24 Budget Amendment 1 - January 10, 2024**

	<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	1,400,000	(585,000)	815,000	-41.79%	
Interest and Rebates	45,000	-	45,000	0.00%	
Catering Services	25,000	-	25,000	0.00%	
<b>STATE SOURCES</b>	275,000	314,770	589,770	114.46%	
<b>FEDERAL SOURCES</b>	1,500,000	(26,048)	1,473,952	-1.74%	
<b>TOTAL REVENUE</b>	<u>3,245,000</u>	<u>(296,278)</u>	<u>2,948,722</u>	<u>-9.13%</u>	
<b>EXPENDITURES</b>					
Salaries	860,855	(62,820)	798,035	-7.30%	
Benefits	590,602	(58,529)	532,073	-9.91%	
Purchased Services	85,600	-	85,600	0.00%	
Supplies	1,375,000	23,000	1,398,000	1.67%	
Capital Outlay	150,000	-	150,000	0.00%	
Other	14,800	-	14,800	0.00%	
<b>TOTAL FOOD SERVICE</b>	<u>3,076,857</u>	<u>(98,349)</u>	<u>2,978,508</u>	<u>-3.20%</u>	
<b>OUTGOING TRANSFERS</b>					
General Fund	100,000	40,000	140,000	40.00%	
<b>TOTAL TRANSFERS</b>	<u>100,000</u>	<u>40,000</u>	<u>140,000</u>	<u>40.00%</u>	
<b>TOTAL EXPENDITURES</b>	<u>3,176,857</u>	<u>(58,349)</u>	<u>3,118,508</u>	<u>-1.84%</u>	
Revenues Over/(Under) Expenditures	<u>68,143</u>	<u>(237,929)</u>	<u>(169,786)</u>	<u>N/A</u>	
Beginning Fund Balance	<u>924,485</u>	<u>748,392</u>	<u>1,672,877</u>	<u>80.95%</u>	
Ending Fund Balance	<u>992,628</u>	<u>510,463</u>	<u>1,503,091</u>	<u>51.43%</u>	



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

**Fiscal Year 2023-24 Budget Amendment 1 - January 10, 2024**

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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.