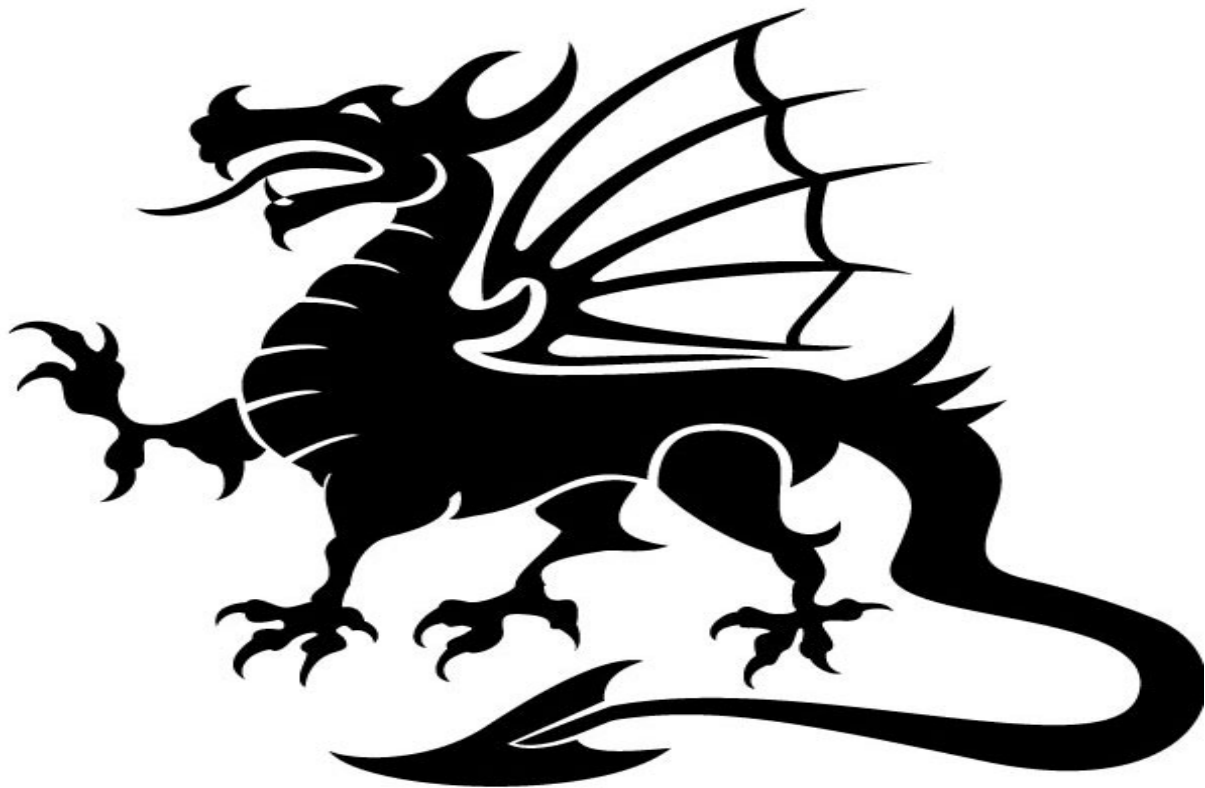


LAKE ORION COMMUNITY SCHOOLS

FINANCIAL REPORTING PACKAGE

August - July

Fiscal Year 2017-18



LAKE ORION COMMUNITY SCHOOLS
Fiscal Year 2017-18

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EXECUTIVE SUMMARY

Economic Update:

Job growth in August came in at 156,000 and the unemployment rate remained unchanged at 4.4%. The “second” estimate of the second quarter estimate of the U.S. GDP shows an increase of 3.0% on an annualized basis. The U.S. economy is forecasted to continue expanding at a moderate pace but also continues to face external headwinds related to trade and the (Federal Reserve driven) rising U.S. interest rates.

State Aid and Legislative Issues:

The Michigan legislature is in recess until September 6, 2017.

General Fund Actual Verses Budget Highlights:

The adopted fiscal year 2017-18 revenue budget totals is \$81,407,996. We have recognized to date \$1,552,742, 1.9% of the budget. Considering how the State Aid funding mechanism operates, in the aggregate, we are on budget. The adopted fiscal year 2017-18 expenditure budget totals is \$80,815,680. We have expended to date \$2,647,570. This represents 3.3% of budget. Considering the point in the fiscal year we are at, in the aggregate, we are on budget.

General Fund Cash Position:

This month’s cash flow analysis portrays a favorable cash flow position for the General Fund. The current General Fund cash position is \$7.4 million with a continued forecast of \$6.6 million at year end.

District Disbursement Activity:

For the month, the district disbursed \$7.2 million via accounts payable check, purchasing card settlement, automated ACH payments and payroll.

COMMENTARY & ANALYSIS

Revenue & Expenditure Operational Overview:

The “Budget to Actual” reports provided herein reflect posted activity for the fiscal year to date. All budgets reflect the Fiscal Year 2017-18 adopted budget as approved by the Board of Education June 28, 2017.

Operational funding for Lake Orion Community Schools is categorized into five broad revenue sources. The five major revenue sources include local, intermediate, state, federal, and other financing source revenues. The local source revenues include locally levied operating property taxes, program based fees, athletic fees, grant revenue

LAKE ORION COMMUNITY SCHOOLS

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and investment income. The “intermediate source” revenues consist of Public Act-18 special education funds and Medicaid program revenues. The “state source” revenue consists of the state portion of the per student foundation allowance, state issued grants and categorical payments. The state aid payment process will run from October of our existing fiscal year to August of our next fiscal year. Federal source revenues are comprised of federally issued grants. Other financing source revenue includes operating transfers-in from other funds.

Operational spending for Lake Orion Community Schools, as presented, is comprised of three broad expenditure categories: salary and wages, fringe benefits and program operations. Program operations consist of purchased services, supplies (including gas and electricity), materials, capital outlay and other miscellaneous expenditures. For the purposes of this report the definition of “expenditure” is the actual expenditure incurred to date.

Economic Overview:

Please see the attached RSQE U.S. Economic Outlook and the Michigan economic forecasts for 2017-2018.

National Economic Dashboard:

The following data set contains indicators that inform the reader about the current and near future national macroeconomic picture:

- US real Gross Domestic Product (GDP) increased at an annualized rate of 3.0% in the second quarter of 2017 according to the “second” estimate of the Bureau of Economic Analysis.
- Total non-farm job payroll increased by 156,000 in August.
- The U.S. unemployment rate was little changed at 4.4%.
- The August civilian labor force participation rate (LFPR) remained at 62.9%. The LFPR peaked at 67.3% in 2000.
- Annualized existing home sales for August decreased by 1.7 percent from the prior month to 5.35 million units.
- Housing starts, defined as single family unit plus multifamily units, for August were at a seasonally adjusted annual pace of 1.18 million units.
- The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent in August to an annualized rate of 1.9 percent before seasonal adjustment.
- Conference Board’s leading economic indicator index increased 0.4 in August to 128.8. This indicator is designed to predict future economic growth or decline six months forward.
- U.S. light vehicle annualized sales for August decreased to 16.034 million units.
- The University of Michigan consumer sentiment index registered a seasonally adjusted 96.8 in August.

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State Aid Overview & Legislative Update:

The typical Local Education Agency (LEA), better known as the local school district, receives the majority of its operating revenues from two funding sources, locally levied property taxes and the School Aid Fund. Lake Orion Community School's fiscal year 2017-18 foundation allowance level, net of the permanent reduction of \$470 in fiscal year 2011-12, has increased by \$87 from \$8,123 to \$8,210. The student membership blended count formula is unchanged for fiscal year 2018 from the prior year. The formula continues to use 90% of the current year's October count plus 10% of the prior year's February count to calculate the district's total foundation allowance funding.

Lake Orion's foundation allowance guarantee is funded from two sources. The first source is the district's local tax levy of 18 mills on qualifying non-homestead property only. This levy is expected to generate about \$995 per pupil this year. The second and primary funding source is from the State's School Aid Fund (SAF). The balance of the fiscal year foundation allowance funding comes from the SAF. State aid continues to be paid out over 11 payments based on the state's fiscal year (spanning October through August) and not the school district's fiscal year. The district's fiscal year 2017-18 budget continues to incorporate the \$470 foundation allowance reduction (\$3.6 million annual loss) imposed by the state in fiscal year 2012. The section 147c MPERS unfunded liability rate stabilization categorical has been approved again for 2017-18. This State categorical will provide funding and a corresponding (invoice) expenditure to the district for the Michigan Public Schools Employee Retirement System existing unfunded accrued actuarial liability. The manner in which the State has chosen to fund this categorical and generate the corresponding invoiced expenditure results in a "grossing up" of the district's revenue and expenditure budgets. The growth (grossing up) in the district's revenue and expenditure budgets resulting from this state categorical (section 147c) gives the *very false impression* that the district has received or benefitted from "additional revenue" as a result of this categorical. This state categorical is simply a "pass through" funding mechanism that comes with a bill attached.

General Fund Analysis:

Revenue:

The General Fund revenue budget for the period, as approved in the fiscal year 2017-18 adopted budget, is \$81,407,996.

- Revenue recognized, fiscal year to date is \$1,552,742 or 1.9% of the budget.

The Local Source revenue budget is \$8,739,041 and is 10.7% of the total budget.

- We have recognized \$1,038,948 to date.

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The State Source revenue budget is \$64,552,527 and is 79.3% of the total budget.

- We have recognized \$483,377 to date.
 - State aid (foundation allowance and categorical funds) is paid out over 11 payments beginning in October and is based on the State of Michigan's fiscal year. We expect the last two payments for our fiscal year 2018 state aid to arrive in July and August of 2018, which are the first and second month of our next fiscal year (FY2019).

The Federal Source revenue is grant based funding with a total budget of \$2,496,459 and is 3.0% of the total revenue budget.

- We have recognized \$0 to date.

The ISD and Medicaid source revenue is budgeted at \$5,254,969 and is 6.5% of the total revenue budget.

- We have recognized \$0 to date. PA-18 Special Education funding provided through Oakland Schools is paid out quarterly. The majority of the Medicaid funding is released from Oakland Schools in June of each fiscal year.

The "Other" revenue source are indirect charges assessed to the Food Service and Community Service Special Revenue funds and is currently budgeted at \$365,000.

- We have recognized \$30,417 to date.

Expenditures:

The General Fund expenditure budget is \$80,815,680 as approved in the fiscal year 2017-18 adopted budget. We have expended \$2,647,570 or 3.3% of the budget.

The Salary & Wage expenditure budget of \$41,058,800 represents 50.8% of the budget.

- We have spent \$840,245 or 2.1% of our salary & wage budget to date.

The Benefits expenditure budget of \$27,324,434 represents 33.8% of the budget. **We** have spent \$620,716 or 2.3% of this budget to date.

- This category of expenditure is typically expended in close tandem with the salary & wage budget with a few exceptions.

The Purchased Services budget of \$6,438,624 represents 7.9% of the budget.

- We have spent \$897,233 or 13.9% of this budget to date.

The Supplies expenditure budget of \$3,336,082 represents 4.1% of the budget.

- We have spent \$220,103 or 6.6% of this budget to date.

The Capital Outlay expenditure budget of \$225,316 represents 0.25% of the budget.

- We have spent \$18,249 or 8.1% of this budget to date.

LAKE ORION COMMUNITY SCHOOLS

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The Other Expenditures & Other Financing Uses budget of \$2,219,520 represents 2.7% of the budget.

- We have spent \$0 of these budgets to date.

Community Service Special Revenue Fund Analysis:

Revenue:

The Community Service Special Revenue Fund budget for fiscal year 2017-18 is \$2,254,550. Year to date recognized revenue is at \$270,460 or 12.0% of budget.

The Community Enrichment revenue of \$567,016 comprises 25.2% of the total budget.

- Year to date recognized revenue is \$240,637 or 42.4% of budget.

The Early Childhood revenue is \$1,687,534 and represents 74.8% of the total budget.

- Year to date recognized revenue is \$29,823 or 1.8% of budget.

Expenditures:

The Community Service Special Revenue Fund expenditure budget is \$2,222,029 as approved in the fiscal year 2017-18 budget. We have expended \$266,273 or 12.0% of the total budget.

The Salary & Wage expenditure budget of \$1,040,906 represents 46.8% of the total budget.

- We have spent \$100,874 or 9.7% of this budget to date.

The Benefits expenditure budget of \$547,473 represents 24.6% of the total budget.

- We have spent \$52,563 or 9.6% of our Benefits budget to date.

The remaining expenditure budgets (Purchased Service, Supplies & Materials, Capital Outlay & Other, and Other Financing Uses – Transfer to General Fund) total \$633,650 and represents 28.5% of the total budget.

- We have spent \$112,836 or 17.8% of these budgets.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2017-18

Food Service Special Revenue Fund Analysis:

Revenue:

The Food Service Special Revenue Fund revenue budget as approved in the fiscal year 2017-18 budget is \$2,685,779. We have recognized \$79,726 or 3.0% of the budget.

The Food & Vending Sales revenue budget of \$1,577,587 is 58.7% of the budget.

- Food & Vending Sales recognized to date are \$70,892 or 4.5% of budget.

The Federal Grants revenue budget of \$890,960 is 33.1% of the budget.

- The revenue recognized to date is \$0 or 0.0% of budget.

Expenditures:

The Food Service Special Revenue Fund expenditure budget as approved in the 2017-18 budget is \$2,887,257. We have recognized \$62,208 or 2.2% of the total budget.

The Salary & Wage expenditure budget of \$809,495 represents 29.5% of the budget.

- We have spent \$17,748 or 2.2% of this budget to date.

The Benefits expenditure budget of \$421,562 represents 14.6% of the budget.

- We have spent \$15,067 or 3.6% of our Benefits budget to date.

The Supplies expenditure budget of \$1,143,500 represents 39.6% of the budget.

- We have spent \$5,942 or 0.5% of our Supplies budget to date.

The Purchased Services, Capital Outlay, Other and Other Financing Uses expenditure budgets of \$513,200 represents 17.8% of the budget.

- We have spent \$23,451 or 4.6% of these budgets to date.

Debt Service Funds (Combined):

The revenue and expenditure budgets for all debt service funds are based on our current year debt service requirements. The majority of our debt service payments occur in November and May of each fiscal year. The summary Debt Service Funds adopted revenue and expenditure budgets are:

Total revenue and other financing sources:	\$19,508,945
Total expenditures:	<u>\$19,188,922</u>
Revenues over/(under) expenditures:	\$ 320,023

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Fiscal Year 2017-18

Beginning Fund Balance (budget):	\$ 210,946
Ending Fund Balance:	\$ 530,969

Capital Project Funds (410 & 440):

The summary Capital Projects Funds revenue and expenditure budgets as adopted for fiscal year 2017-18 are:

Total revenue and other financing sources:	\$ 4,389,610
Total expenditures:	\$ 4,425,610
Revenues over/(under) expenditures:	\$ (36,000)
Beginning Fund Balance:	\$ 227,729
Ending Fund Balance:	\$ 191,729

RISK - Internal Service Fund (81):

The summary Internal Service Fund revenue and expense budgets as adopted for fiscal year 2017-18 are:

Total revenue sources:	\$675,000
Total expenses:	<u>\$650,000</u>
Revenues over/(under) expenses :	\$ 25,000
Beginning Net Assets:	\$ 1,165
Total Ending Net Assets:	\$ 26,165
CFR – Dental Claims	\$25,000
CFR – WC:	\$ 1,000
Contingency Reserve – Settlements:	\$ 0
Retained Earnings:	<u>\$ 165</u>
	\$26,165

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Fiscal Year 2017-18

District Cash Position Analysis:

Contained in the enclosed reports are the district's current (as of this report date) cash balances, investment position, and projected cash flow information. The results of this month's review of the current period's information continue to support a favorable cash position for the district. The General Fund current period cash balance is at \$7.4 million. In this month's report we forecast a fiscal year end cash balance of \$6.6 million. The combination of our current fund balance policy, a 100% summer tax levy and collection practice continues to position the district in its most efficient cash management position.

District Disbursement Activity:

The District issued 265 accounts payable checks in an aggregate amount of \$1,426,924, 21 electronic payments in an aggregate amount of \$3,993,785 and completed 2 payroll runs in the net aggregate amount of \$1,769,772 during the period. The District's purchasing card program incurred 557 transactions in the aggregate amount of \$172,760 for an average expenditure per transaction of \$310.16 and generated an estimated program rebate of \$2,073.12 for the period. The district receives a rebate based on card volume activity and receives a 120 basis point (1.20%) rebate. The Summary Disbursements report, Electronic Funds Transfers Activity report, and the District Purchase Card Program Activity report represent the District's cash disbursements summary information for the period. This section of the report is intended to provide district level summary cash disbursements activity. Detail check information will continue to be provided at the first board meeting of each month under the "consent agenda" format and can be found on our website in our Transparency Reporting section. The District's (all funds) total cash out flow for the month, reflecting current operating expenditures, is \$7,190,482.

LAKE ORION COMMUNITY SCHOOLS
Fiscal Year 2017-18

LAKE ORION COMMUNITY SCHOOLS
FUND STRUCTURE INFORMATION

General Fund (Consolidated)

Fund 110 = General Fund Sub-fund

Fund 120 = Special Education Sub-fund

Fund 130 = Local Grants Sub-fund

Fund 140 = State Grants Sub-fund

Fund 150 = Federal Grants (non Special Education) Sub-fund

Fund 170 = Special Education Federal Grants Sub-fund

Fund 180= Shared Time Services

Fund 190 = Athletics Sub-fund

Fund 230 - Community Service Special Revenue Fund

Fund 250 – Food Service Special Revenue Fund

Funds 330 – 390 Debt Service Funds

Fund 410- Building & Site Sinking Fund

Fund 430 – Energy Bond Capital Projects Fund

Fund 440 – District Capital Projects Fund

Fund 610 – Agency Fund - Internal Accounts

Fund 810 – Internal Service Fund



Lake Orion Community Schools
General Fund Financial Analysis
August 31, 2017

Stated by Function	Current Budget	Year-to-Date Actual	% of Budget
<u>REVENUE</u>			
Local	8,739,041	1,038,948	11.89%
State	64,552,527	483,377	0.75%
Federal	2,496,459	-	0.00%
Medicaid and ISD	5,254,969	-	0.00%
Other	365,000	30,417	8.33%
TOTAL REVENUE	81,407,996	1,552,742	1.91%
<u>EXPENDITURES</u>			
<u>Instruction</u>			
Basic Programs	42,171,270	291,728	0.69%
Added Needs	10,527,604	121,094	1.15%
SUB TOTAL	52,698,874	412,822	0.78%
<u>Non-Instruction</u>			
Pupil Services	6,125,590	96,504	1.58%
Instructional Staff Support Services:			
Instruction Improvement	673,675	9,409	1.40%
Educational Media Services	1,082,964	5,936	0.55%
Technology Assisted Instruction	50,570	-	0.00%
Instructional Staff Supervision	801,996	62,049	7.74%
General Administration	1,019,666	163,814	16.07%
School Administration	4,468,480	509,150	11.39%
Business Services	878,586	129,676	14.76%
Operations & Maintenance	5,181,162	607,158	11.72%
Transportation	3,431,172	172,884	5.04%
Communication Services	130,920	-	0.00%
Human Resources	800,859	227,777	28.44%
Technology Services	1,625,304	137,162	8.44%
Athletic Activities	1,137,578	81,276	7.14%
Community Services	296,174	31,951	10.79%
SUB TOTAL	27,704,696	2,234,748	8.07%
<u>Other Financing Uses</u>			
Transfer to Capital Projects	412,110	-	0.00%
TOTAL EXPENDITURES	80,815,680	2,647,570	3.28%
Revenues Over/(Under) Expenditures	592,316	(1,094,828)	
Beginning Fund Balance	6,593,436	6,593,436	100.00%
Projected Ending Fund Balance	7,185,752	5,498,608	76.52%



Lake Orion Community Schools
General Fund Financial Analysis
August 31, 2017

Stated by Object	Current Budget	Year-to-Date Actual	% of Budget
<u>REVENUE</u>			
Local	8,739,041	1,038,948	11.89%
State	64,552,527	483,377	0.75%
Federal	2,496,459	-	0.00%
Medicaid and ISD	5,254,969	-	0.00%
Other	365,000	30,417	8.33%
TOTAL REVENUE	81,407,996	1,552,742	1.91%
<u>EXPENDITURES</u>			
Salaries	41,058,800	840,245	2.05%
Benefits	27,324,434	620,716	2.27%
Purchased Services	6,438,624	897,233	13.94%
Supplies	3,336,082	220,103	6.60%
Capital Outlay	225,316	18,249	8.10%
Dues, Fees & Other	212,904	51,024	23.97%
	78,596,160	2,647,570	3.37%
<u>Other Financing Uses</u>			
Outgoing Transfers and Other	2,219,520	-	0.00%
TOTAL EXPENDITURES	80,815,680	2,647,570	3.28%
Revenues Over/(Under) Expenditures	592,316	(1,094,828)	
Beginning Fund Balance	6,593,436	6,593,436	100.00%
Projected Ending Fund Balance	7,185,752	5,498,608	76.52%

LAKE ORION COMMUNITY SCHOOLS
FINANCIAL REPORT - ANALYSIS EXPLANATIONS
August 31, 2017

Expected % of Budget To Date

The percentage in this column is based solely on passage of time or events (i.e. 3 out of 12 months or 5 out of 26 paychecks). While this percentage can be an accurate benchmark, it doesn't allow for normal fluctuations in spending (i.e. a majority of educational supplies are purchased at the beginning of the year).

Prior Year % of Budget To Date

The percentage in this column shows the percentage of budget spent in the prior year. This percentage is good benchmark, as it allows for the normal fluctuations in spending. However, it can be misleading if there was an extraordinary event in either the current or prior year (i.e. purchase of a bus in one year).

Explanation of Analysis

Since both of these benchmarks have their strengths and weaknesses, the "Percentage of Budget To Date" for the current year will be compared to both of the benchmarks. If this percentage is aligned with at least one of the benchmarks, no further analysis will be done. If the "Percentage of Budget To Date" is not aligned with either benchmark, an explanation will appear on this sheet.

- A** Variance due to August's Food Service and Community Services transfers not posted as of 8/31/17. Considering this, the percentage is reasonable.

- B** Technology Assisted Instruction is low due to no software purchases made to date. Considering this, the percentage is reasonable.

- C** Communications Services is low due to the Director Of Communications salary not posted here yet. Considering this, the percentage is reasonable.

- D** Technology Services is low due to the Oakland Schools monthly contract payment not posted as of 8/31/17. Considering this, the percentage is reasonable.

LAKE ORION COMMUNITY SCHOOLS
FINANCIAL REPORT - ANALYSIS
August 31, 2017

	<u>2016-17 Budget</u>	<u>Year-to-Date Actual</u>	<u>Percentage of Budget To Date</u>	<u>Expected % of Budget To Date</u>	<u>Prior Year % of Budget To Date</u>	<u>Explanations</u>	<u>Variance A vs. E</u>	<u>Variance CY v. PY</u>
REVENUE								
Local	8,739,041	1,038,948	11.89%	8.45%	9.07%		3.44%	2.82%
State	64,552,527	483,377	0.75%	0.49%	0.77%		0.26%	-0.02%
Federal	2,496,459	-	0.00%	0.00%	0.00%		0.00%	0.00%
Medicaid and ISD	5,254,969	-	0.00%	5.41%	0.03%		-5.41%	-0.03%
Other	365,000	30,417	8.33%	16.67%	16.67%	A	-8.34%	-8.34%
TOTAL REVENUE	81,407,996	1,552,742	1.91%	6.20%	5.31%		-2.01%	-1.11%
EXPENDITURES								
<u>Instruction</u>								
Basic Programs	42,171,270	291,728	0.69%	4.13%	0.52%		-3.44%	0.17%
Added Needs	10,527,604	121,094	1.15%	4.13%	0.66%		-2.98%	0.49%
SUB TOTAL	52,698,874	412,822	0.78%	4.13%	0.59%		-3.35%	0.19%
<u>Non-Instruction</u>								
Pupil Services	6,125,590	96,504	1.58%	4.08%	1.05%		-2.50%	0.53%
Instructional Staff Support Services:								
Instruction Improvement	673,675	9,409	1.40%	0.00%	1.91%		1.40%	-0.51%
Educational Media Services	1,082,964	5,936	0.55%	3.85%	0.15%		-3.30%	0.40%
Technology Assisted Instruction	50,570	-	0.00%	10.83%	21.83%	B	-10.83%	-21.83%
Instructional Staff Supervision	801,996	62,049	7.74%	10.83%	15.15%		-3.10%	-7.41%
General Administration	1,019,666	163,814	16.07%	16.67%	16.54%		-0.60%	-0.47%
School Administration	4,468,480	509,150	11.39%	13.46%	11.44%		-2.07%	-0.05%
Business Services	878,586	129,676	14.76%	16.67%	20.30%		-1.91%	-5.54%
Operations & Maintenance	5,181,162	607,158	11.72%	16.67%	13.50%		-4.95%	-1.78%
Transportation	3,431,172	172,884	5.04%	9.67%	5.12%		-4.63%	-0.08%
Communications Services	130,920	-	0.00%	16.67%	22.16%	C	-16.67%	-22.16%
Human Resources	800,859	227,777	28.44%	16.67%	25.74%		11.77%	2.70%
Technology Services	1,625,304	137,162	8.44%	16.67%	31.48%	D	-8.23%	-23.04%
Athletic Activities	1,137,578	81,276	7.14%	10.83%	10.67%		-3.69%	-3.53%
Community Services	296,174	31,951	10.79%	13.75%	12.01%		-2.96%	-1.22%
SUB TOTAL	27,704,696	2,234,748	8.07%	11.04%	13.94%		-2.98%	-5.87%
<u>Other Financing Uses</u>								
Transfer to Capital Projects	412,110	-	0.00%	0.00%	20.96%		0.00%	-20.96%
TOTAL EXPENDITURES	80,815,680	2,647,570	3.28%	6.48%	4.17%		-3.21%	-0.89%

Explanations for variances greater than 5% in both columns are on attached "Financial Report - Analysis Explanations".



Lake Orion Community Schools
Community Services Fund Financial Analysis
August 31, 2017

	<u>Current Budget</u>	<u>Year-to-Date Actual</u>	<u>% of Budget</u>
<u>REVENUE</u>			
Community Enrichment	567,016	240,637	42.44%
Early Childhood	1,687,534	29,823	1.77%
TOTAL REVENUE	<u>2,254,550</u>	<u>270,460</u>	<u>12.00%</u>
<u>EXPENDITURES</u>			
Salaries	1,040,906	100,874	9.69%
Benefits	547,473	52,563	9.60%
Purchased Services	292,355	85,152	29.13%
Supplies	56,945	1,840	3.23%
Capital Outlay/Other	59,350	7,094	11.95%
TOTAL EXPENDITURES	<u>1,997,029</u>	<u>247,523</u>	<u>12.39%</u>
<u>Other Financing Uses</u>			
Transfer to General Fund	225,000	18,750	8.33%
TOTAL EXPENDITURES	<u>2,222,029</u>	<u>266,273</u>	<u>11.98%</u>
Revenues Over/(Under) Expenditures	<u>32,521</u>	<u>4,187</u>	
Beginning Fund Balance	717,369	717,369	100.00%
Projected Ending Fund Balance	<u>749,890</u>	<u>721,556</u>	<u>96.22%</u>



Lake Orion Community Schools
Food Service Fund Financial Analysis
August 31, 2017

	Current Budget	Year-to-Date Actual	% of Budget
<u>REVENUE</u>			
Food and Vending Sales	1,577,587	70,892	4.49%
Interest and Rebates	12,500	7,626	61.00%
Catering Services	37,000	1,208	3.26%
State Revenue	167,732	-	0.00%
Federal Revenue	890,960	-	0.00%
TOTAL REVENUE	2,685,779	79,726	2.97%
<u>EXPENDITURES</u>			
Salaries	809,495	17,748	2.19%
Benefits	421,562	15,067	3.57%
Purchased Services	58,600	7,114	12.14%
Supplies	1,143,000	5,942	0.52%
Capital Outlay	275,000	-	0.00%
Other	39,600	4,670	11.79%
TOTAL EXPENDITURES	2,747,257	50,541	1.84%
<u>Other Financing Uses</u>			
Transfer to General Fund	140,000	11,667	8.33%
TOTAL EXPENDITURES	2,887,257	62,208	2.15%
Revenues Over/(Under) Expenditures	(201,478)	17,518	
Beginning Fund Balance	901,627	901,627	100.00%
Projected Ending Fund Balance	700,149	919,145	131.28%

LAKE ORION COMMUNITY SCHOOLS

Cash Balance Report

As of August 31, 2017

Institution	Funding Source	Type of Investment	Acquisition Date	Maturity Date	Days Duration	Rate	Principal Amt/Bal
PNC Bank	General Fund (11 - 19)	Corporate Business Acct	na	na	na	0.050%	\$ 3,405,865
PNC Bank	Debt Service Funds	Corporate Business Acct	na	na	na	0.050%	1,170,814
PNC Bank	Internal Agency Funds	Corporate Business Acct	na	na	na	0.050%	944,263
PNC Bank	Food Service Fund	Corporate Business Acct	na	na	na	0.050%	933,890
PNC Bank	Community Service Fund	Corporate Business Acct	na	na	na	0.050%	985,411
PNC Bank	IPA #1 & #2	Premium Business MMA	na	na	na	0.300%	57,403
PNC Bank	Building & Site Sinking Fund	Corporate Business Acct	na	na	na	0.050%	3,036,122
PNC Bank	General Fund (11 - 19)	Premium Business MMA	na	na	na	0.250%	4,023,450
Business Account Totals:							14,557,218
MILAF	General Fund	Cash+/Max funds	na	na	na	0.670%	\$ 134
MILAF	Debt Service Fund	Cash+/Max funds	na	na	na	0.670%	\$ 522,452
Comerica Bank	Flex Spending	Business Int. Chk	na	na	na	0.100%	35,876
Other Totals:							\$ 558,462
Total Cash/Investments							\$ 15,115,680

GENERAL FUND CASH FLOW TRACKING MODEL

	July	August	September	October	November	December
Beginning cash/investments	5,963,355	6,038,853	7,429,449	3,825,046	6,386,775	6,745,943
Cash basis revenues:						
Property taxes	109,056	732,104	3,989,102	2,240,519	75,000	50,000
State aid (cash basis)	5,806,970	5,844,701	-	5,875,473	5,897,074	5,875,473
LOC Proceeds	-	-	-	-	-	-
Operating transfers in	-	30,417	60,834	30,417	30,417	30,417
Other income	44,362	334,061	1,165,937	850,000	959,912	1,382,134
Total revenue (sources of CF):	5,960,388	6,941,283	5,215,873	8,996,409	6,962,403	7,338,024
Total available resources:	11,923,743	12,980,136	12,645,322	12,821,455	13,349,178	14,083,966
Cash basis expenditures:						
Accounts payable	1,263,699	929,496	1,813,490	1,813,490	1,813,490	1,813,490
Payroll	4,621,191	4,621,191	6,931,786	4,621,191	4,621,191	4,621,191
Operating transfers out	-	-	75,000	-	168,555	-
LOC Repayment				-		
Total expenditures (uses of CF):	5,884,890	5,550,687	8,820,276	6,434,680	6,603,235	6,434,680
Ending cash/investments	6,038,853	7,429,449	3,825,046	6,386,775	6,745,943	7,649,286
Ending available resources	6,038,853	7,429,449	3,825,046	6,386,775	6,745,943	7,649,286

GENERAL FUND CASH FLOW TRACKING MODEL

	January	February	March	April	May	June
Beginning cash/investments	7,649,286	7,651,112	7,399,960	5,758,773	6,189,720	5,815,467
Cash basis revenues:						
Property taxes	105,000	10,321	-	-	200,000	-
State aid (cash basis)	5,875,473	5,875,473	5,875,473	5,875,473	5,875,473	5,875,473
LOC Proceeds	-	-	-	-	-	-
Operating transfers in	30,417	30,417	30,417	30,417	30,417	30,413
Other income	425,616	267,318	1,198,198	959,738	123,092	1,268,999
Total revenue (sources of CF):	6,436,506	6,183,529	7,104,088	6,865,628	6,228,982	7,174,885
Total available resources:	14,085,792	13,834,640	14,504,048	12,624,400	12,418,702	12,990,351
Cash basis expenditures:						
Accounts payable	1,813,490	1,813,490	1,813,490	1,813,490	1,813,490	1,813,490
Payroll	4,621,191	4,621,191	6,931,786	4,621,191	4,621,191	4,621,191
Operating transfers out	-	-	-	-	168,555	-
LOC Repayment						
Total expenditures (uses of CF):	6,434,680	6,434,680	8,745,276	6,434,680	6,603,235	6,434,680
Ending cash/investments	7,651,112	7,399,960	5,758,773	6,189,720	5,815,467	6,555,671
Ending available resources	7,651,112	7,399,960	5,758,773	6,189,720	5,815,467	6,555,671



**Lake Orion Community Schools
Cash Disbursement Detail
August 1 - August 31, 2017**

Checks Issued

Check Range	Number of Checks Written	Total Amount of Checks Issued
307123 - 307387	265	\$ 1,426,924.35

Payroll

Payroll Dates Range	Number of Pay Periods	Total Amount of Net Payroll
8/4/2017 - 8/18/2017	2	\$ 1,769,772.10

Electronic Payments

Number of Electronic Payments	Total Amount of Electronic Payments
21	\$ 3,993,785.82

Total Cash Disbursements **\$ 7,190,482.27**

Approval:

9/13/2017
Board of Education
Workshop



Lake Orion Community Schools Electronic Payment Detail August 1 - August 31, 2017

Date	Payment To	Description	Amount
8/2/2017	Office of Retirement Services	Retirement Payment	454,412.26
8/3/2017	Office of Retirement Services	Retirement Payment	504,303.07
8/4/2017	EduStaff	Contracted Staffing	24,965.44
8/4/2017	Health Equity	Transfer for HSA Deductions	14,561.06
8/4/2017	Comerica	Transfer for FSA Deductions	8,512.54
8/4/2017	OMNI	403B Contributions	68,827.58
8/4/2017	State of Michigan	Payroll taxes	48,513.68
8/4/2017	IRS	Payroll taxes	354,748.18
8/8/2017	National Processing Company	Processing service charges	88.14
8/8/2017	PNC	Credit card charges	63,285.10
8/15/2017	Office of Retirement Services	Retirement Payment	467,411.79
8/18/2017	EduStaff	Contracted Staffing	24,909.98
8/18/2017	Health Equity	Transfer for HSA Deductions	14,860.71
8/18/2017	Comerica	Transfer for FSA Deductions	8,377.93
8/18/2017	State of Michigan	Payroll taxes	47,620.51
8/18/2017	IRS	Payroll taxes	348,031.80
8/18/2017	OMNI	403B Contributions	68,050.58
8/23/2017	MILAF	Debt Investment Transfer	500,000.00
8/25/2017	Office of Retirement Services	Retirement Payment	459,566.29
8/28/2017	IOS Capital	Copier Leases	7,881.32
8/31/2017	Office of Retirement Services	Retirement Payment	504,857.86
Total Electronic Payments			\$ 3,993,785.82

Lake Orion Community Schools Purchasing Card - 8/1/17-8/31/17 (PNC VISA)

Name	School/Dept	Title	Last 4 Acct #	Credit Limit	No. of Trans.	Total Spent	Average Trans.
Abbasse, Darin	High School	Administrator	9219	5,000	1	80.50	80.50
Abbott, David	Waldon MS	Teacher	9235	1,000			
Abeel, Zac	Waldon MS	Teacher	8567	1,000			
Anderson, Gwen	Waldon MS-St Council	Teacher	9367	1,000			
Anderson, Kerri	Board Office	Director of Curriculum	9342	11,000	12	10,226.59	852.22
Barry, Lisa	Stadium Drive Elementary	Secretary	8112	5,000	24	2,659.77	110.82
Bell, Chris	High School	Administrator	0483	15,000	34	8,583.93	252.47
Blizzard, Ann	Carpenter Elementary	Interession Coord.	8963	4,000			
Bowers, Laurie	Scripps MS	Teacher	8618	750			
Budreau, Sarah	High School	Administrator	1775	5,000			
Coffman, Brenda	Admin Asst-HR	Secretary	9052	3,000	10	1,651.25	165.13
Crissman, Jeannine	Carpenter Elementary	Media Specialist	7891	2,500			
Cubitt, Brent	High School	Teacher	9263	1,500			
Dalrymple, Julia	High School - School Store	Teacher	9557	5,000	1	37.22	37.22
Deutsch, Wendy	Scripps MS	Teacher	8534	1,000			
Ernst, Marla	Food Service	Director	8195	5,000	5	3,813.05	762.61
Eveland, Kathy	Paint Creek Elementary	Secretary	6967	5,000	10	3,672.95	367.30
Falls, Joyce	Oakview MS	Secretary	9540	5,000	18	1,430.41	79.47
Fitzgerald, John	Board Office	Asst. Superintendent	9532	5,000	4	4,046.80	1,011.70
Ginopolis, Marion	Board Office	Superintendent	8179	2,500	2	52.98	26.49
Goethals, Jennifer	Blanche Sims Elementary	Administrator	9482	5,000	5	154.73	30.95
Goodman, Wes	Ops & Mtce	Director	8542	20,000	18	867.32	48.18
Green, Chris	Bldgs & Grounds	Supervisor	9094	2,500	3	314.87	104.96
Groya, Randy	Waldon MS	Administrator	8286	7,500	1	11.65	11.65
Gutman, Julie	Special Ed	Director	9573	6,000	56	4,449.84	79.46
Haas, Dan	Scripps MS	Administrator	9177	5,000	7	1,583.06	226.15
Hammerl, Heather	High School-Principal Office	Secretary	9383	8,000	17	7,533.73	443.16
Harris, Stephanie	Oakview MS	Teacher	8435	1,000			
Hawley, Stephen	High School-Principal Office	Administrator	8443	30,000	4	28,972.95	7,243.24
Hetzel, Bonnie	Oakview MS	Teacher	9037	1,000			
Hogan, Lori	High School - St Leadership	Teacher	8138	5,000			
Howe, Jennifer	High School - World Lang.	Teacher	9490	5,000	13	4,579.42	352.26
Hunter, Dan	Waldon MS	Teacher	9193	1,000			
Jones, Janette	High School - Voc Ed	Coordinator	9466	20,000	14	5,625.89	401.85
King, Pam	Transportation	Dispatcher	5792	20,000	24	4,728.30	197.01
Kowalski, Ashley	High School - Lifeskills	Teacher	8989	1,000	3	49.46	16.49
Larsen, Jason	Oakview MS	Administrator	9474	5,000	3	395.55	131.85
Lazzara, Marci	Waldon MS	Teacher	9824	1,000	1	16.93	16.93
Malone, Robyne	Scripps MS	Teacher	8328	500			
Manzo, Sarah	Oakview MS	Administrator	8369	5,000	3	1,374.51	458.17
Marcoux, Paula	Scripps MS	Teacher	8260	500			
McGraw, Lori	Community Services/GAP	Assistant	8153	8,000	35	7,419.61	211.99
McKay, David	Scripps MS	Administrator	2161	6,000	4	1,209.81	302.45
McLean, Kim	Early Childhood	Director	8088	3,500	4	1,308.43	327.11
Mercer, Heidi	Board Office	Asst. Superintendent	0322	20,000	41	15,665.59	382.09
Meteyer, Kyle	High School	Assistant Principal	8719	5,000	1	31.79	31.79
Middleton, Melissa	High School - Media	Media Specialist	8229	13,000	9	1,576.13	175.13
Mundie, Kathy	Scripps MS	Teacher	7957	1,000			
Murray, Robert	Stadium Drive Elementary	Administrator	8310	9,000	8	1,091.89	136.49
Nuss, Ken	Orion Oaks Elementary	Administrator	8062	7,000	3	601.51	200.50
Olko, Julie	Board Office	Exec. Assistant	9565	3,000	7	1,563.12	223.30
Paulson, Kris	Bldgs & Grounds	Bldgs & Grounds	0809	1,500	5	428.30	85.66
Perry, Beth	Scripps MS	Teacher	9029	1,000			
Perry, Sarah	Waldon MS	Administrator	8385	5,000			
Roeher, David	Bldgs & Grounds	Bldgs & Grounds	9276	1,500	2	117.91	58.96
Romito, Tom	High School - Social Studies	Teacher	8500	5,000	1	382.05	382.05
Rutledge, Heather	High School - Sp Ed	Teacher	9391	2,000	2	88.00	44.00
Schoon, Craig	Waldon MS	Teacher	9144	1,000	1	0.79	0.79
Silwinski, Kristin	Learning Options	Director	0398	2,500	12	718.52	59.88
Smith, Roger	High School	Teacher - Broadcasting	8926	5,000	4	552.85	138.21
Smith, Lauren	Paint Creek Elementary	Administrator	8104	5,000	3	1,889.94	629.98
Snyder, Mark	Communications Director		1557	5,000	4	3,157.47	789.37
Sprenger, Gloria	Webber Elementary	Secretary	9359	3,500	14	1,432.50	102.32
Thompson, Bryce	High School - Music	Teacher	5190	2,000	2	34.00	17.00
Thornton, Karen	Scripps MS	Teacher	9581	500			
Tighe, Steve	High School - Science	Teacher	8450	4,000	10	1,169.09	116.91
Towlerton, Andrew	Pine Tree Elementary	Administrator	8922	5,000	9	1,286.05	142.89
Turney, Susan	Technology/Mtce	Secretary - OP&MTCE	8476	30,000	11	12,429.11	1,129.92
Turney, Susan	Technology/Mtce	Secretary - Technology	2299	30,000	33	15,603.26	472.83
Weldon, Adam	Carpenter Elementary	Administrator	2229	5,000	12	1,702.33	141.86
Whitaker, David	Phys Ed	Teacher	9292	3,000	9	2,467.96	274.22
Wilson, Melissa	High School-Art	Teacher	8245	2,500	13	829.93	63.84
Young, Ryan	Bldgs & Grounds	Bldgs & Grounds	8351	1,000	2	117.80	58.90
Zach, Tina	Blanche Sims Elementary	Secretary	8492	3,500	3	971.04	323.68

Number of Transactions	557		
Total Purchases		\$172,760.44	
Average Cost Per Transaction			\$310.16



Gabriel M. Ehrlich, Director

George A. Fulton & Saul H. Hymans,
Directors Emeritus

rsqe.econ.lsa.umich.edu
For Release: 9/19/2017

The U.S. Economic Outlook for 2017–2019 Executive Summary: September 2017

Steady, or Not

The second estimate of real GDP growth in 2017q2 was 3 percent at an annual rate. While this was the strongest reading since 2015q1, it was mainly a rebound from a lackluster first quarter. Real GDP growth in the first half of 2017 averaged 2.1 percent—on par with the average from 2010 to 2016. Relative to the past three years, the first half of 2017 saw slower consumption growth and experienced a significant drag from slow inventory investment, but benefited from an improved trade balance and strong business fixed investment growth. The consumption weakness was largely due to slowing new vehicle sales, while the boost to fixed business investment was brought on by the long-awaited recovery in oil exploration activity.

In recent weeks, Hurricanes Harvey and Irma struck the continental United States in quick succession, which will likely cause sizeable near-term swings in key monthly economic data. The hurricanes' impact on GDP, however, is likely to be quite muted. The GDP effects of Hurricanes Katrina and Sandy suggest that inventory investment will be affected the most. Rebuilding efforts will likely boost GDP somewhat in the coming quarters, but those effects will be hard to disentangle from regular growth.

Crossover Takeover

The light vehicle sector has had a mixed year so far, with light truck sales holding up fairly well but car sales taking a beating. Even taking into account a possible drag on the annualized light vehicle sales pace due to Hurricane Harvey, the August reading of 16 million units was the weakest since early 2014. Major manufacturers' restraint in incentive growth, willingness to control inventory via production cuts, and reduced emphasis on fleet sales are likely behind the recent vehicle sales slowdown.

We do not expect vehicle sales to linger too low for much longer. We expect the sales pace to approach 17 million in the fourth quarter, as buyers who delayed their purchases because of the hurricanes and those who are looking to replace damaged cars help the market. The light truck share rises from 60.6 percent in 2016 to 64.1 percent in 2017.

OPEC Shenanigans

Oil prices have remained stubbornly low despite production cuts by OPEC members. Recent news reports suggest that OPEC members cut production to meet their quotas, but they did not reduce exports. In July, Saudi Arabia announced it would decrease its oil exports, and urged other members to follow. The upcoming partial privatization of Saudi Aramco, the state-owned oil company, is likely to make Saudi Arabia push harder for higher oil prices.

Wageless and Price-less Recovery

Labor markets continue to improve, but at a slower pace as the economy has approached full employment. The unemployment rate has remained at 4.3–4.4 percent in every month since April. The civilian labor force participation rate has fluctuated in a narrow band between 62.7 and 63.0 percent since January. After reaching 2.8 percent in February, the year-over-year growth of average private hourly earnings stalled around 2.5 percent in recent months.

Inflationary pressures have diminished recently. Year-over-year inflation in the overall PCE price index peaked at 2.2 percent in February and has decelerated since then to the latest reading of 1.4 percent in July. Core PCE inflation, excluding food and energy, has also decelerated from its recent peak of 1.9 percent year-over-year in January to 1.4 percent in July. As labor markets tighten and resource utilization picks up, we expect inflationary pressures to build in the medium term and approach the Fed's 2 percent target.

Ready, Set,... Normal?

The first phase of monetary policy normalization began in December 2015, when the FOMC first raised the federal funds rate from the zero lower bound. The second phase of normalization will involve the implementation of the Fed's balance sheet normalization plan, which we expect will begin in October 2017.

We expect a measured pace of two interest rate hikes per year in 2018–19, with the next hike slated for March 2018. While not impossible, we consider a December hike unlikely due to continuing weakness in

measures of inflation and some deceleration in labor market improvement.

The composition of the FOMC and hence the conduct of monetary policy is in flux. There will be only three governors in place at the October/November meeting of the FOMC. Consequently, the five voting regional Fed presidents will have the greatest weight in the conduct of monetary policy in decades. There have been three FOMC meetings since 1936 at which only eight members voted – in 1937, 1949, and 1950.

Back to the Drawing Board

Eight months into the Trump presidency, the Affordable Care Act is still the law of the land. Despite the dramatic collapse of the repeal-and-replace attempt in late July, Senate Republicans are currently making one last go at ACA repeal before the end of September. We think a repeal is unlikely and that the ACA will stay for the duration of our forecast.

Up until Hurricane Harvey made landfall in Texas in late August, the September legislative session was shaping up to be quite contentious for the U.S. Congress and the odds of a government shutdown were high. In a surprise move, President Trump negotiated a deal with congressional Democrats that authorized disaster relief funds, funded the federal government roughly at fiscal 2017 levels through early December 2017, and suspended the debt ceiling for the same period all at once. Raising the debt ceiling will likely become necessary again sometime in the spring of 2018.

The 2017–2019 Outlook

All major components of domestic final demand make positive contributions to growth over our forecast horizon, with consumption being the primary driver of growth. Real GDP is expected to grow at a 2.6 percent pace in 2018 and a 2.2 percent pace in 2019.

Weak multi-family housing starts in the South in June and July, along with the effects of Hurricanes Harvey and Irma, imply softness in multi-family housing starts in 2017q2 to 2017q4. As rebuilding gains traction, annual housing starts increase from 1.20 million units in 2017 to 1.31 million in 2018 and 1.33 million in 2019.

We project light vehicle sales to decrease to 16.9 million units in 2017 and then to stay flat in 2018–19. The share of foreign-made vehicles stays roughly flat over the forecast, averaging 22.3 percent.

Employment and Inflation

The unemployment rate falls slowly from 4.5 percent in 2017 to 4.1 percent in 2019. As the economy approaches full employment, average monthly nonfarm payroll job gains slow from 182,000 jobs in 2017 to 173,000 in 2018 and 157,000 in 2019.

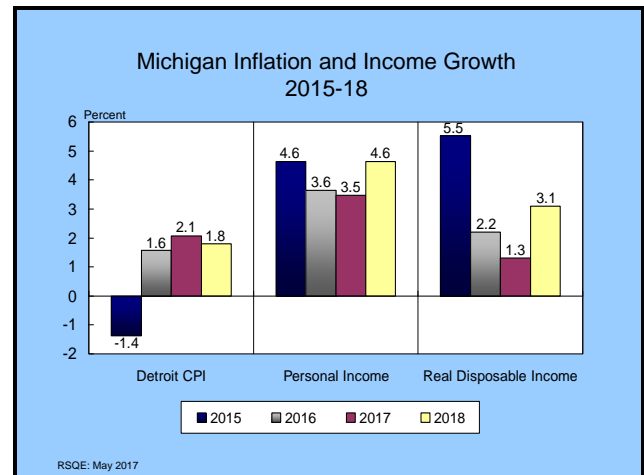
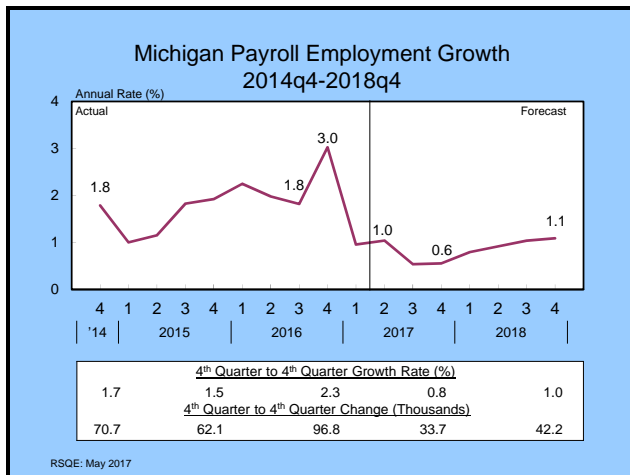
We expect low oil prices to keep headline CPI inflation muted in 2017. As energy prices pick up slowly, headline inflation increases from 1.5 percent in 2018 to 2.0 percent in 2019. Core inflation remains slightly above the headline figure through our forecast horizon.

	Actual	RSQE Forecast		
	2016	2017	2018	2019
GDP (billions of current \$)	18624.5	19349.0	20186.1	21047.1
Real GDP (billions of chained 2009 \$)	16716.2	17081.9	17519.8	17904.3
% change: year-over-year	1.5	2.2	2.6	2.2
% change: 4th-qtr-to-4th-qtr	1.8	2.4	2.3	2.1
Nonfarm payroll employment (millions)	144.3	146.5	148.6	150.4
Civilian unemployment rate (%)	4.9	4.5	4.3	4.1
Capacity utilization, total industry (%)	75.7	76.4	77.0	78.0
Inflation (private nonfarm GDP deflator, % change)	1.3	1.7	1.7	2.0
Inflation (CPI-U, % change)	1.3	1.9	1.5	2.0
Inflation (core CPI, % change)	2.2	1.8	1.7	2.1
Light vehicle sales (millions)	17.5	16.9	16.9	16.9
Private housing starts (thousands)	1177.3	1202.5	1305.1	1332.0
3-month Treasury bill rate (%)	0.3	0.9	1.5	2.0
10-year Treasury note rate (%)	1.8	2.3	2.7	3.2
Conventional mortgage rate (%)	3.6	4.0	4.4	4.8
Real disposable income (billions of chained 2009 \$)	12608.7	12806.1	13207.1	13632.5
% change	1.4	1.6	3.1	3.2
Corporate profits after tax (billions of current \$)	1687.9	1798.4	1954.1	2138.0
Value of U.S. \$ (FRB broad index), % appreciation	4.7	–0.6	–2.9	–0.1
Current account balance (NIPA basis, billions of current \$)	–460.9	–506.2	–544.6	–598.7
Federal surplus (FY, NIPA basis, billions of current \$)	–660.8	–673.3	–774.0	–901.6

Gabriel M. Ehrlich, Director
 George A. Fulton & Saul H. Hymans
 Directors Emeriti

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Some highlights from the most recent RSQE Michigan forecast, released on May 26, 2017:



Michigan’s economic recovery has seemed unstoppable lately, with 28 straight quarters of payroll job growth through the first quarter of this year. The 96,800 job additions during 2016 came close to matching 2011 for the highest annual total during the recovery. Michigan’s employment growth rate of 2.3 percent in 2016 well exceeded the national rate of 1.6 percent.

We see job growth moderating over the next two years. Employment growth slowed to a 1.0 percent annual rate in the first quarter of 2017, and we are anticipating a 0.8 percent pace for the full year. Growth rebounds slightly to run at 1 percent during 2018. That path translates into gains of 33,700 jobs during 2017 and 42,200 in 2018. Those are smaller job additions than we’ve seen recently, consistent with a tighter local labor market and a slowdown in Detroit Three vehicle sales.

The top job producers over the next two years are: professional and business services; construction; private education and health services; and leisure and hospitality. Manufacturing employment declines modestly over the forecast, reflecting the slowdown in the light vehicle sector. Government employment, which grew by a surprising 14,600 jobs in 2016 after declining for thirteen consecutive years, grows modestly over the next two years.

After falling by 1.4 percent in 2015, local prices, as measured by the Detroit CPI, rebounded to rise 1.6 percent in 2016. We anticipate a further increase to 2.1 percent in 2017, owing to a rebound in energy prices and the increase in Michigan’s gasoline and diesel fuel taxes that took effect at the beginning of the year. Local inflation dips back to 1.8 percent in 2018 as energy prices stabilize.

Personal income growth slowed from 4.6 percent in 2015 to 3.6 percent in 2016, as wages and other labor income decelerated. Personal income growth stays at roughly the same level in 2017 as in 2016, before rising to 4.6 percent in 2018. That acceleration is driven by a pickup in the growth of wages, other labor income, property income, and transfer payments.

Real disposable income rose 5.5 percent in 2015, as solid nominal income growth was buoyed by the decline in local prices. Growth decelerated to 2.2 percent in 2016, with the sharp rebound in inflation and slower nominal income growth. It slows further, to 1.3 percent, in 2017, as inflation ticks up and federal personal taxes take a larger bite out of incomes. Real income growth rises to 3.1 percent in 2018, with a modest decline in inflation, faster nominal income growth, and slower growth in federal personal taxes.