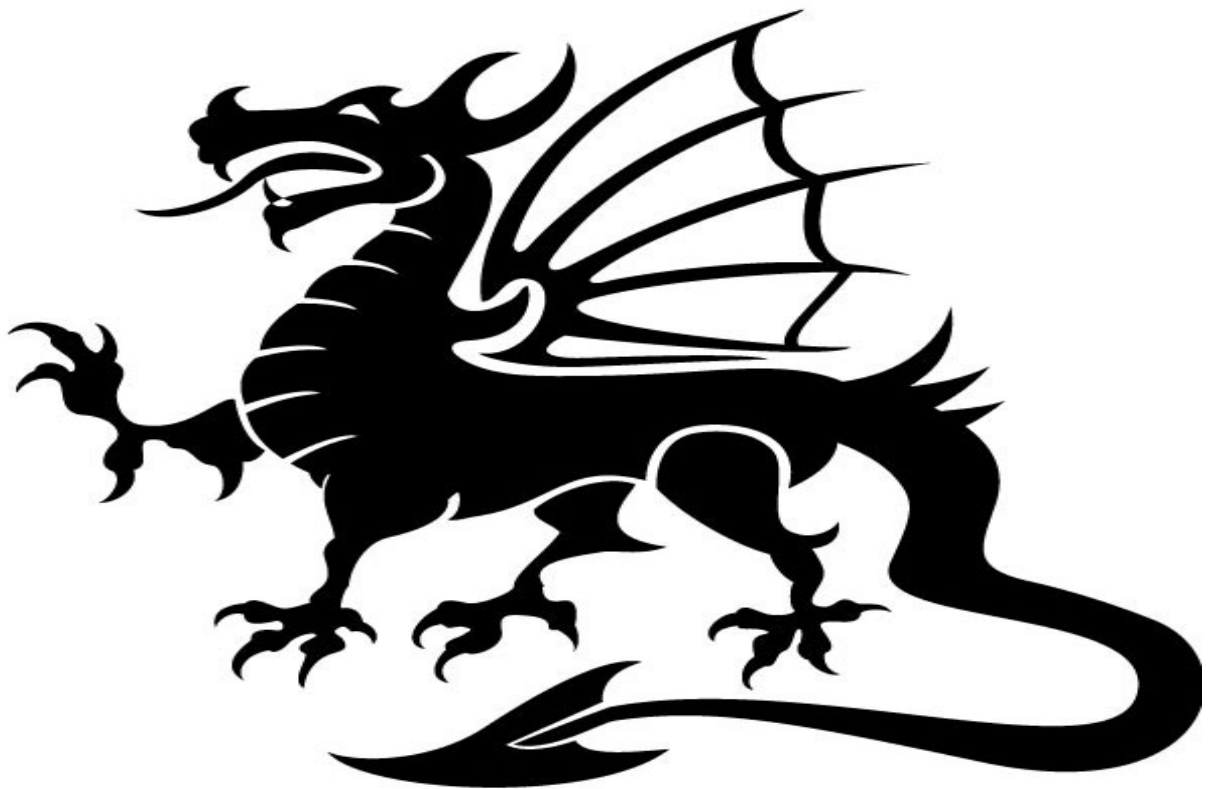


LAKE ORION COMMUNITY SCHOOLS

**Enterprise Wide Budgetary Information
Fiscal Year 2016-17**

**Executive Summary and Budget
Development Assumptions**



Lake Orion Community Schools Board of Education

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Superintendent of Schools
Marion Ginopolis

Assistant Superintendent of Teaching & Learning
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Assistant Superintendent of Business & Finance
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Assistant Superintendent of Human Resources
Rick Arnett

The Uniform Budgeting and Accounting Act require that the District's budget sets forth a statement of the total number of mills of ad valorem property taxes to be levied and the purpose for which the millage is levied. For fiscal year 2016-17, the school district will levy tax mills and generate estimated tax revenue as follows:

<u>Tax Base</u>	<u>Purpose</u>	<u>No of Mills</u>	<u>Est. Tax Revenue</u>
Non-Homestead	General Operating	18.0000	\$ 7,199,100
Commercial Personal Property	General Operating	6.0000	\$ 164,200
All Properties	Debt Retirement	7.4910	\$ 13,150,000

Lake Orion Community Schools Overview

Lake Orion Community Schools is one of 540 Local Educational Authorities (LEA) in the State of Michigan. LEA's are more commonly referred to as local school districts. Lake Orion Community Schools covers an area of approximately 50 square miles and is located entirely in Oakland County. It is comprised of all of the Village of Lake Orion and portions of the City of Auburn Hills and the townships of Addison, Independence, Oakland, Orion, and Oxford. The district is situated in a primarily residential area. The first building to house Lake Orion students was built in 1893 and served grades K-12. The school district is currently comprised of seven elementary schools, three middle schools, one high school, one Community Education Resource Center and two operational support facilities serving over 7,500 K-12 students. Lake Orion Community Schools is an autonomous, tax-supported public school district governed by Michigan General School Law. The governing body of the district is the Board of Education. The Board consists of seven members who are elected at large for overlapping terms. The Board is responsible for the selection and appointment of the Superintendent of Schools, sets or amends policies, develops long range educational goals, acts upon recommendations of the Superintendent, and adopts and periodically amends the operating budget in accordance with governing laws.

Our vision

Educating our students for the challenges of tomorrow.

Our mission

Providing an exemplary education for all learners.

Our beliefs

We believe:

- Education is the shared responsibility of students, family, school, and community.
- All students can learn.
- All learners deserve equity and opportunity in their education.
- High expectations promote success.
- Exemplary education is the result of professional growth and continuous school improvement.
- All learners are entitled to a safe learning environment.
- Education promotes a healthy sense of self and encourages personal achievement.
- Learning is life-long.

What we do

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

LOCS Instructional Programs, Services & Other Points of Pride

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

Our Economic Environment & District Forward Planning

Our Board of Education and Administration consider many factors when setting the District's fiscal year 2016-17 (June 30, 2017) budget. One of the most important factors affecting the budget is the economic condition of the State of Michigan. The fiscal year 2016-17 budgets will be adopted effective July 1, 2016 and are based on estimated property tax revenues, state aid, and grant funding. State law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations. Since the District's revenue is primarily dependent on property taxes, state funding and the health of the State's School Aid Fund, the actual revenue received depends on the stabilization in the State's taxable value tax base and the State's ability to collect revenues to fund its appropriations to school districts. In recent times, the State of Michigan has issued several executive orders, prorating and reducing, mid-year, the State's funding commitment to the District. This possibility continues to exist for fiscal year 2016-17. Our Board of Education and Administration are profoundly aware of the deleterious impact the State's economy and recent legislative changes has had on the State's School Aid Fund and consequently our District. The District's strategic planning goals direct us, in a continuously improving way, to focus, refocus and develop new resources in a manner that directly benefits our student's educational experience.

LOCS Budget Policy, Development Process, Management & Internal Controls

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

Significant Budget Policy

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

Budget Development Process

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

Significant Legal Requirements

The State of Michigan requires Local School Districts to comply with the following Public Acts and Michigan Compiled Laws:

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

These Public Acts require all school districts to prepare budgets for their funds, which account for the day-to-day operations of the school district; however, fiduciary funds are not required to be budgeted. The budgets are prepared in accordance with generally accepted accounting principles and a specific uniform chart of accounts established by the State of Michigan. The Michigan School Accounting Manual (Bulletin 1022) serves as a mandatory guide to the uniform classification and recording of accounting transactions for Michigan public school districts. Budgets must be approved and adopted no later than June 30 for the fiscal year beginning July 1, and ending June 30 of the subsequent year. Prior to adoption, the Board must conduct a public hearing and make the budget

available for review as well as provide notice of the hearing in accordance with law. Formal adoption of the budget is accomplished through a general appropriations resolution approved by the Board of Education which sets forth the amounts to defray the expenditures by function in each fund and meet the liabilities of the school district as well as a statement of estimated revenues.

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

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

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

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

identifications found in the State Code for approved CIP codes. Adult/Continuing Education - Learning experiences designed to develop knowledge and skills to meet educational objectives of adults. Programs include activities to develop the fundamental tools of learning; develop skills and appreciation for special interest; or to enrich the aesthetic qualities of life.

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

Community Services - Community Services consist of those activities that are not directly related to providing education for pupils in a school system. These 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, programs of custody and care of children, and community welfare activities.

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

District Budget Management and Internal Controls

The district maintains a system of budgetary and internal controls designed to assist management in meeting its responsibility for reporting reliable information. The system is designed to provide reasonable assurance that assets are safeguarded and transactions are recorded correctly and executed with management's authorization. The financial software system will not allow funds to be encumbered or processed for payment that exceed the total of the budgetary control account. During the fiscal year, periodic financial information reporting packages are provided to the Board of Education. Included in the financial reporting packages are "budget to actual" revenue and expenditure reports for all budgeted funds, cash and investment position information, the district disbursements report, general fund cash flow reporting, procurement card activity report and a district grant award activity report.

BUDGET DEVELOPMENT ASSUMPTIONS

General Fund Revenue Assumptions

Property Tax Revenues

We are expecting the commercial and residential real estate markets across the district to continue to improve resulting in increased tax revenues. The District's tax base is comprised of 76% homestead and 24% non-homestead taxable value classification property. Lake Orion Community Schools levies 18.0 mills on qualifying non-homestead property to partially fund the per student foundation allowance guarantee. The General Fund operating budget property taxes have been budgeted to increase by 1.5% over the prior fiscal year to \$7,363,300.

State Source Revenue

The district's per student state aid foundation allowance is budgeted to increase a \$60 per pupil to \$8,093 in fiscal year 2017. We are planning for a modest net decline of 55 Full Time Equivalent (FTE) students resulting in our overall budgeted student count of 7,530 FTE. This figure includes a planned decline in resident students of 125 plus a net gain of 50 schools of choice students. The student count weighting process for fiscal year 2017, at the time of this writing, is expected to be a 75% weight placed on the October 2016 student count plus a 25% weight on the actual February 2016 student count. Section 147c categorical pass through funding (and corresponding expenditures) has been budgeted to remain flat for FY2017 at \$4.6 million.

Federal Source Revenue

The Federal source revenues have been increased reflecting our expectations of a modest increase in grant awards. Our Federal revenue sources are comprised of federally funded grant.

Other Financing Sources - Other

The Food Service and Community Service Funds both provide transfers to the General Fund. The Food Service fund transfer is budgeted at \$140,000 and the Community Services fund transfer is budgeted at \$175,000. The General Fund provides debt service related transfers to the Capital Project Fund44 and the Energy Bond Debt Service Fund33. The State of Michigan's School Bond Loan/Revolving Fund program is expected to provide gap funding to the district in order to meet the district's fiscal year 2017 debt service requirement.

Grant Award Funding

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

General Fund Expenditure Assumptions

FY2017 Phase-I Board Approved Operating and Other Adjustments

The Lake Orion Board of Education has approved multiple revenue and expenditure adjustments to be implemented in fiscal year 2016-17. The following is a summary of the changes implemented:

- Schools of Choice and Shared Time Services revenue enhancements
- Campus monitor functions outsourced
- Transportation departmental reorganization and reductions
- Athletic programming restructuring and reductions
- Technology departmental functions outsourced and reorganized
- Middle School partial program model and staff restructuring
- Additional district wide personnel and compensation reductions

Other adjustments have been made to the FY2017 General Fund operating budget including, but not limited to, several “one-time” adjustments such as:

- Reductions in property & casualty liability insurance cost
- Reductions in early retirement incentive costs associated with the program the district offered in fiscal year 2013-14.
- Reduction in dental insurance costs as a result of the district moving to a self-insured funding program model.
- Other year to year adjustments made in multiple operating budgets as is done every year.

Salaries and Wages

Salaries and wages comprise the single largest expenditure category for the district. The net change in the existing salary/wage base is budgeted for a small decline for fiscal year 2016-17. This is a result contract changes, staff reductions and other operational changes. Expenditure budget adjustments will be made after adoption reflecting final implementation of reductions and operational changes and will be addressed via the budget amendment process.

Staffing Changes

The district has made material changes impacting staffing that will be implemented for fiscal year 2016-17. Included are direct staff lay-off changes as well as group wide wage reductions intended to address the organization’s recognition of our current economic reality. The resulting staff adjustments are intended to better meet our service priorities and manage our operating costs.

MPSERS Retirement Costs

The district pays, with some exceptions, an estimated additional \$26.00 in base retirement costs for every \$100 of wages paid to our employees in fiscal year 2015-16. The weighted average retirement rate budgeted expectation for fiscal year 2016-17 is flat 26.00%. For fiscal year 2016-17 the Legislature continues to fund the section 147c MPSERS rate stabilization pass through payment categorical. The district is funded through this categorical then turns around and pays the Office of Retirement Services in a pass through process payment structure. The revenue and expenditure budgets of the General Fund, Food Service Fund and Community Service Fund are “grossed up” by this process and the costs are embedded at all functional levels.

FICA Costs

The district pays an additional \$7.65 in FICA payroll taxes (Medicaid 1.45% plus social security 6.2%) for every \$100 of wages paid our employees. The individual applicable salary base upon which the Social Security element of the FICA payroll tax as levied is capped at a specific IRS determined earnings level on a calendar year basis. The calendar year 2016 wage cap remains \$118,500. The FICA rate expectation for fiscal year 2016-17 remains 7.65%.

Summary Employee Benefits Costs

The district incurs, with some exceptions, employee related costs that include MPSERS retirement, FICA, healthcare, dental, vision, long term disability, life, unemployment and workers compensation insurances. Changes included for fiscal year 2017 is the expectation of adding multiple newly eligible employees to our healthcare insurance program and the district moving to a self-funded dental insurance model.

Utility Costs

The district continues to implement its energy efficiency strategy to ensure cost containment. Newly installed or updated energy management systems, the energy efficiencies associated with recent project based renovations and energy reducing building modifications are assisting with these measures. In addition to the above, the district continues to monitor electrical and natural gas consumption and expects to reduce overall consumption by continuing to increase employee awareness on energy conservation. Continued utilization of these cost containment measures are reflected in the fiscal year 2016-17 utility budgets for the fiscal year.

Fund Equity Assumptions & Proposed Budgets

The comparative budgeted fund equity schedules of the three program operating funds of the district are highlighted below based on our assumptions for fiscal year 2016-17.

The General Fund's budgeted fund equity as a percentage of total budgeted expenditures is 7.36%. Fund equity less the Section 147c pass through expenditures of \$4,598,585 contained in the expenditure budget is 7.81%.

General Fund – Fund Equity

	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Change</u>
Beginning fund balance	7,602,179	5,702,666	(1,899,513)
Operating surplus/(deficit)	<u>(1,899,513)</u>	<u>155,936</u>	<u>2,055,449</u>
Ending fund balance	5,702,666	5,858,602	155,936

Food Service Fund - Fund Equity

	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Change</u>
Beginning fund balance	591,025	691,948	100,923
Operating surplus/(deficit)	<u>100,923</u>	<u>43,257</u>	<u>(57,666)</u>
Ending fund balance	691,948	735,205	43,257

Community Service Fund – Fund Equity

	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Change</u>
Beginning fund balance	581,665	525,480	(56,185)
Operating surplus/(deficit)	<u>(56,185)</u>	<u>(88,982)</u>	<u>(32,797)</u>
Ending fund balance	525,480	436,468	(88,982)

The fiscal year 2016-17, the General Fund, Food Service Fund, and Community Service Fund budgets incorporate all the major revenue and expenditure assumptions identified by the district. The fund level budgets, as incorporated into this document, were presented for approval and adoption to the Lake Orion Community Schools Board of Education at the June 22, 2016 public meeting.

LAKE ORION COMMUNITY SCHOOLS
GENERAL FUND - (11, 12, 13, 14, 15, 17, 19)



FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016

	FINAL ACTUAL 2014-15	FINAL BUDGET 2015-16	PROPOSED BUDGET 2016-17	Year to Year \$ Variance	Year to Year % Variance	
REVENUES						
Local Sources	\$ 8,597,794	\$ 8,890,411	\$ 8,923,236	\$ 32,825	0.4%	
State Sources	61,653,340	63,208,484	63,010,696	(197,788)	-0.3%	A
Federal Sources	2,270,191	2,495,229	2,495,229	-	0.0%	
ISD and Other Sources	5,416,132	4,995,043	4,995,043	-	0.0%	
Other Revenue	445,000	415,000	315,000	(100,000)	-24.1%	B
TOTAL REVENUES	\$ 78,382,457	\$ 80,004,167	\$ 79,739,204	\$ (264,963)	-0.3%	
EXPENDITURES						
INSTRUCTION						
Basic Programs	\$ 39,392,019	\$ 41,189,380	\$ 40,838,506	(350,874)	-0.9%	C, D
Added Needs	10,571,251	10,469,049	10,481,199	12,150	0.1%	
TOTAL INSTRUCTION	\$ 49,963,270	\$ 51,658,429	\$ 51,319,705	\$ (338,724)	-0.7%	
SUPPORT SERVICES						
Pupil Support Services	\$ 6,503,103	\$ 6,718,577	\$ 6,313,626	(404,951)	-6.0%	C, D
Instructional Staff Support Services:						
Instruction Improvement	483,971	568,149	568,149	-	0.0%	
Educational Media Services	1,221,046	1,280,827	1,013,618	(267,209)	-20.9%	C, D
Technology Assisted Instruction	405,542	456,491	25,900	(430,591)	-94.3%	C, D, E
Instructional Staff Supervision	645,513	651,293	648,309	(2,984)	-0.5%	
General Administration	933,594	1,065,184	1,054,194	(10,990)	-1.0%	
School Administration	4,690,640	4,768,537	4,697,963	(70,574)	-1.5%	
Business Services	846,496	958,164	911,807	(46,357)	-4.8%	
Operation and Maintenance	5,643,610	5,234,294	4,931,594	(302,700)	-5.8%	C, D
Transportation Services	3,679,978	3,507,127	2,986,767	(520,360)	-14.8%	C, D
Communication Services	119,646	95,473	95,473	-	0.0%	
Human Resources	676,985	943,582	871,239	(72,343)	-7.7%	
Technology Services	1,158,069	1,301,221	1,547,729	246,508	18.9%	C, D, E
Athletic Activities	1,041,366	1,216,192	1,117,055	(99,137)	-8.2%	C, D
Community Services	265,596	271,992	271,992	-	0.0%	
TOTAL SUPPORT SERVICES	\$ 28,315,155	\$ 29,037,103	\$ 27,055,415	\$ (1,981,688)	-6.8%	
OUTGOING TRANSFERS						
District CP & DS Funds	\$ 875,615	\$ 1,208,148	\$ 1,208,148	-	0.0%	
TOTAL TRANSFERS	\$ 875,615	\$ 1,208,148	\$ 1,208,148	\$ -	0.0%	
TOTAL EXPENDITURES	\$ 79,154,040	\$ 81,903,680	\$ 79,583,268	\$ (2,320,412)	-2.8%	
Beginning Fund Balance	\$ 8,373,762	\$ 7,602,179	\$ 5,702,666	\$ (1,899,513)	-25.0%	
Revenues over/(under) Expenditures	(771,583)	(1,899,513)	155,936	\$ 2,055,449	-108.2%	
Ending Fund Balance	\$ 7,602,179	\$ 5,702,666	\$ 5,858,602	\$ 155,936	2.7%	



LAKE ORION COMMUNITY SCHOOLS
General Fund Budget Analysis Explanations

FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016

Explanations are provided below for significant prior year variances	
A	The \$197,788 net decrease in State Source Funding is primarily comprised of (1) the district's per student state aid foundation allowance is budgeted to increase \$60 per pupil to \$8,093 in fiscal year 2017; (2) a modest net decline of 55 Full Time Equivalent (FTE) students resulting in our overall budgeted student count of 7,530 FTE. This figure includes a planned decline in resident students of 125 plus a net gain of 50 schools of choice students. (3) The student count weighting process for fiscal year 2017 at the time of this writing is expected to be a 75% weight placed on the October 2016 student count plus a 25% weight on the actual February 2016 student count; (4) the reduction of two "one time" state categorical grant opportunities.
B	The \$100,000 decrease in the Other Revenue reflects a reduction in the Community Services Fund transfer to the General Fund. The Community Services Fund transfer has been reduced to \$175,000 for fiscal year 2016-17 from the prior year's level. The reduction reflects the operating programs preparation for the full implementation of the Affordable Care Act (ACA).
C	Phase 1 adjustments, as approved by the Board of Education, include: <ul style="list-style-type: none"> • Schools of Choice and Shared Time Services revenue enhancements • Campus monitor functions outsourced • Transportation departmental reorganization and reductions • Athletic programming restructuring and reductions • Technology departmental functions outsourced and reorganized • Middle School partial program model and staff restructuring • Additional district wide personnel and compensation reductions
D	Other adjustments have been made to the FY2017 General Fund operating budget including, but not limited to, several "one-time" adjustments such as: <ul style="list-style-type: none"> • Reductions in property & casualty liability insurance cost as a result of a recent RFP • Reductions in early retirement incentive costs associated with a program the district offered in fiscal year 2013-14. • Reduction in dental insurance costs as a result of the district moving to a self-insured funding program model. • Other year to year adjustments made in multiple operating budgets as is done every year.
E	As part of the Phase 1 restructuring authorized by the Board of Education, the district's technology functions have been outsourced to Oakland Schools. Under the new technology operating model LOCS has signed an intergovernmental operating agreement with Oakland Schools. As a result of this change how we pay for the technology services will be changing from "payroll checks to employees" to an inter-district payment from LOCS to Oakland Schools. From an accounting and budgeting recognition perspective almost all of the costs will now be centralized in the "Technology Function" and not in the Technology Assisted Instruction function.

LAKE ORION COMMUNITY SCHOOLS

FOOD SERVICE FUND - (25)

FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016



	FINAL ACTUAL 2014-15	FINAL BUDGET 2015-16	PROPOSED BUDGET 2016-17	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Food & Vending Machine Sales	\$ 1,484,427	\$ 1,621,000	\$ 1,667,350	\$ 46,350	2.9%
Interest and Rebates	13,356	13,000	12,700	(300)	-2.3%
Catering Services	54,754	35,000	35,000	-	0.0%
STATE SOURCES	137,997	170,605	170,605	-	0.0%
FEDERAL SOURCES	856,527	881,740	872,818	(8,922)	-1.0%
TOTAL REVENUES	\$ 2,547,062	\$ 2,721,345	\$ 2,758,473	\$ 37,128	1.4%
EXPENDITURES					
Salaries	\$ 735,774	\$ 756,789	\$ 830,785	\$ 73,996	9.8%
Benefits	426,675	435,294	460,531	25,237	5.8%
Purchased Services	52,614	61,239	56,800	(4,439)	-7.2%
Supplies	1,144,881	1,159,500	1,159,500	-	0.0%
Capital Outlay	33,799	28,000	28,000	-	0.0%
Other	37,618	39,600	39,600	-	0.0%
TOTAL EXPENDITURES	\$ 2,431,361	\$ 2,480,422	\$ 2,575,216	\$ 94,794	3.8%
OUTGOING TRANSFERS					
General Fund	139,224	140,000	140,000	-	
TOTAL TRANSFERS	\$ 139,224	\$ 140,000	\$ 140,000	\$ -	0.0%
TOTAL EXPENDITURES	\$ 2,570,585	\$ 2,620,422	\$ 2,715,216	\$ 94,794	3.6%
Beginning Fund Balance	\$ 614,549	\$ 591,025	\$ 691,948	\$ 100,923	17.1%
Revenues over/(under) Expenditures	(23,524)	100,923	43,257	(57,666)	57.1%
Ending Fund Balance	\$ 591,025	\$ 691,948	\$ 735,205	\$ 43,257	6.3%

LAKE ORION COMMUNITY SCHOOLS
COMMUNITY SERVICES FUND - (23)
FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016



	FINAL ACTUAL 2014-15	FINAL BUDGET 2015-16	PROPOSED BUDGET 2016-17	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
Community Enrichment	\$ 698,078	\$ 689,082	\$ 674,382	\$ (14,700)	-2.1%
Early Childhood	1,482,779	1,490,811	1,515,639	24,828	1.7%
Other	-	-			
TOTAL REVENUES	\$ 2,180,857	\$ 2,179,893	\$ 2,190,021	\$ 10,128	0.5%
EXPENDITURES					
Salaries	\$ 1,022,185	\$ 1,048,975	\$ 1,058,431	\$ 9,456	0.9%
Benefits	458,525	509,271	650,395	141,124	27.7%
Purchased Services	273,185	300,389	293,734	(6,655)	-2.2%
Supplies	56,324	56,350	57,850	1,500	2.7%
Capital Outlay & Other	50,045	46,093	43,593	(2,500)	-5.4%
TOTAL EXPENDITURES	\$ 1,860,264	\$ 1,961,078	\$ 2,104,003	\$ 142,925	7.3%
OUTGOING TRANSFERS					
General Fund	300,000	275,000	175,000	(100,000)	-36.4%
TOTAL TRANSFERS	\$ 300,000	\$ 275,000	\$ 175,000	\$ (100,000)	-36.4%
TOTAL EXPENDITURES	\$ 2,160,264	\$ 2,236,078	\$ 2,279,003	\$ 42,925	1.9%
Beginning Fund Balance	\$ 561,072	\$ 581,665	\$ 525,480	\$ (56,185)	-9.7%
Revenues over/(under) Expenditures	20,593	(56,185)	(88,982)	(32,797)	58.4%
Ending Fund Balance	\$ 581,665	\$ 525,480	\$ 436,498	\$ (88,982)	-16.9%

**LAKE ORION COMMUNITY SCHOOLS
ENERGY BOND - DEBT SERVICE FUND - (33)**



FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016

	FINAL ACTUAL 2014-15	FINAL BUDGET 2015-16	PROPOSED BUDGET 2016-17	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Other	-	-	-	-	0.0%
TOTAL REVENUE	\$ -	\$ -	\$ -	\$ -	0.0%
EXPENDITURES					
Principal	\$ 190,000	\$ 195,000	\$ 205,000	\$ 10,000	5.1%
Interest	173,013	169,213	165,313	(3,900)	-2.3%
Other	250	250	250	-	0.0%
TOTAL DEBT SERVICE	\$ 363,263	\$ 364,463	\$ 370,563	\$ 6,100	1.7%
OTHER FINANCING SOURCES (USES)					
Operating Transfer-in (GF)	363,263	364,463	370,563	6,100	1.7%
TOTAL OTHER FINANCING SOURCES (USES)	\$ 363,263	\$ 364,463	\$ 370,563	\$ 6,100	1.7%
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	0.0%
Revenues over/(under) Expenditures	-	-	-	-	0.0%
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	0.0%

LAKE ORION COMMUNITY SCHOOLS
DEBT SERVICE FUNDS - (35,36,37,38,39)



FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016

	FINAL ACTUAL 2014-15	FINAL BUDGET 2015-16	PROPOSED BUDGET 2016-17	Year to Year \$ Variance	Year to Year % Variance
<u>REVENUES</u>					
LOCAL SOURCES					
2005 Debt	5,597,394	-	-	-	0.0%
2006 Debt	2,726,070	3,112,050	-	(3,112,050)	-100.0%
2012 Debt	3,839,516	4,386,200	3,027,300	(1,358,900)	-31.0%
2015-A Debt	-	5,267,750	4,117,300	(1,150,450)	-21.8%
2015-B Debt	-	-	5,177,300	5,177,300	100.0%
2016 Debt	-	-	902,300	902,300	100.0%
TOTAL REVENUE	\$ 12,162,980	\$ 12,766,000	\$ 13,224,200	\$ 458,200	3.6%
<u>EXPENDITURES</u>					
Principal	\$ 9,735,000	8,645,000	\$ 14,575,000	\$ 5,930,000	68.6%
Interest	5,556,088	4,364,121	4,184,416	(179,705)	-4.1%
Other	197,085	137,100	137,050	(50)	0.0%
TOTAL DEBT SERVICE	\$ 15,488,173	\$ 13,146,221	\$ 18,896,466	\$ 5,750,245	43.7%
OTHER FINANCING SOURCES (USES)					
School Bond Loan Funds	\$ 2,325,558	765,201	\$ 5,331,700	\$ 4,566,499	596.8%
Payment to Escrow Agent	(28,285,000)	(81,895,402)	-	81,895,402	0.0%
Face Value of debt issued	26,165,000	76,095,000	-	(76,095,000)	0.0%
Premium on debt issued	2,884,334	5,804,927	-	(5,804,927)	0.0%
TOTAL OTHER FINANCING SOURCES (USES)	\$ 3,089,892	\$ 769,726	\$ 5,331,700	\$ 4,561,974	592.7%
Beginning Fund Balance	576,392	341,091	730,596	389,505	114.2%
Revenues over/(under) Expenditures	\$ (235,301)	\$ 389,505	\$ (340,566)	\$ (730,071)	100.0%
Ending Fund Balance	\$ 341,091	\$ 730,596	\$ 390,030	\$ (340,566)	-46.6%

LAKE ORION COMMUNITY SCHOOLS
ENERGY BOND CAPITAL PROJECTS FUND (43)
FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016



	FINAL ACTUAL 2014-15	FINAL BUDGET 2015-16	PROPOSED BUDGET 2016-17	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Interest	2,461	50	-	(50)	-100.0%
TOTAL REVENUES	\$ 2,461	\$ 50	\$ -	\$ (50)	-100.0%
EXPENDITURES					
Capital Outlay	4,153,999	22,175	-	(22,175)	-100.0%
Other	80,051	-	-	-	0.0%
TOTAL EXPENDITURES	\$ 4,234,050	\$ 22,175	\$ -	\$ (22,175)	-100.0%
Other Financing Sources(Uses)					
Proceeds from Bond Issuance	-	-	-	-	
TOTAL TRANSFERS	\$ -	\$ -	\$ -	\$ -	0.0%
TOTAL EXPENDITURES	\$ 4,234,050	\$ 22,175	\$ -	\$ (22,175)	-100.0%
Revenues over/(under) Expenditures	(4,231,589)	(22,125)	-	22,125	100.0%
Beginning Fund Balance	\$ 4,253,714	\$ 22,125	\$ -	\$ (22,125)	-100.0%
Committed Fund Balance	-	-	-	-	0.0%
Total Ending Fund Balance	\$ 22,125	\$ -	\$ -	\$ -	0.0%

**LAKE ORION COMMUNITY SCHOOLS
CAPITAL PROJECTS FUND (44)**



FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016

	FINAL ACTUAL 2014-15	FINAL BUDGET 2015-16	PROPOSED BUDGET 2016-17	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Interest	\$ -	\$ 500	\$ 500	\$ -	0.0%
Other	102,232	-	-	-	#DIV/0!
STATE SOURCES	96,951	75,000	-	(75,000)	-100.0%
TOTAL REVENUES	\$ 199,183	\$ 75,500	\$ 500	\$ (75,000)	-99.3%
EXPENDITURES					
Purchased Services	\$ 36,336	5,000	\$ -	\$ (5,000)	-100.0%
Capital Outlay	1,313,705	317,000	80,000	(237,000)	-74.8%
Other	-	-	-	-	0.0%
Principal	742,746	759,849	777,342	17,493	2.3%
Interest	100,939	83,836	66,342	(17,494)	-20.9%
TOTAL EXPENDITURES	\$ 2,193,726	\$ 1,165,685	\$ 923,684	\$ (242,001)	-20.8%
Other Financing Sources(Uses)					
Proceeds from issuance of IPA(s)	\$ -	\$ -	\$ -	\$ -	0.0%
Operating Transfer-in	506,576	843,684	843,684	-	0.0%
TOTAL OTHER FINANCING SOURCES	\$ 506,576	\$ 843,684	\$ 843,684	\$ -	0.0%
TOTAL EXPENDITURES	\$ 2,193,726	\$ 1,165,685	\$ 923,684	\$ (242,001)	-20.8%
Revenues over/(under) Expenditures	\$ (1,487,967)	\$ (246,501)	\$ (79,500)	\$ 167,001	67.7%
Beginning Fund Balance	\$ 1,877,737	\$ 389,770	\$ 143,269	\$ (246,501)	0.0%
Technology Replacement Reserve	-	-	-	-	0.0%
Unassigned Fund Balance	389,770	143,269	63,769	(79,500)	-55.5%
Total Ending Fund Balance	\$ 389,770	\$ 143,269	\$ 63,769	\$ (79,500)	-55.5%

**LAKE ORION COMMUNITY SCHOOLS
RISK - INTERNAL SERVICE FUND (81)**



FISCAL YEAR 2016-17 ADOPTED BUDGET - June 22, 2016

	FINAL ACTUAL 2014-15	FINAL BUDGET 2015-16	PROPOSED BUDGET 2016-17	Year to Year \$ Variance	Year to Year % Variance
Net Assets, Beginning of Year					
CFR - Workers Comp. Ins.	\$ -	\$ -	\$ -	\$ -	0.0%
Contingency Reserve - W/C Settlements	50,000	1,000	1,000	-	0.0%
Retained Earnings	65	165	148	(17)	-10.3%
Total Net Assets, Beginning of Year	50,065	1,165	1,148	(17)	-1.5%
<u>REVENUES</u>					
LOCAL SOURCES					
Workers Compensation Contribution	\$ (49,000)	\$ -	\$ -	\$ -	0.0%
Interest	81	-	-	-	0.0%
TOTAL REVENUE	\$ (48,919)	\$ -	\$ -	\$ -	0.0%
<u>EXPENDITURES</u>					
Workers Compensation Claims	\$ -	\$ -	\$ -	\$ -	0.0%
Workers Compensation Settlements	-	-	-	-	0.0%
Other	-	-	-	-	0.0%
TOTAL EXPENSES	\$ -	\$ -	\$ -	\$ -	0.0%
REVENUES OVER(UNDER) EXPENSES	\$ (48,919)	\$ -	\$ -	\$ -	0.0%
Net Assets, End of Year					
CFR - Workers Comp. Ins.	\$ -	\$ -	\$ -	\$ -	0.0%
Contingency Reserve - W/C Settlements	50,000	1,000	1,000	-	0.0%
Retained Earnings	-	165	148	(17)	-10.3%
Total Net Assets, End of Year	\$ 1,146	\$ 1,165	\$ 1,148	\$ (17)	-1.5%