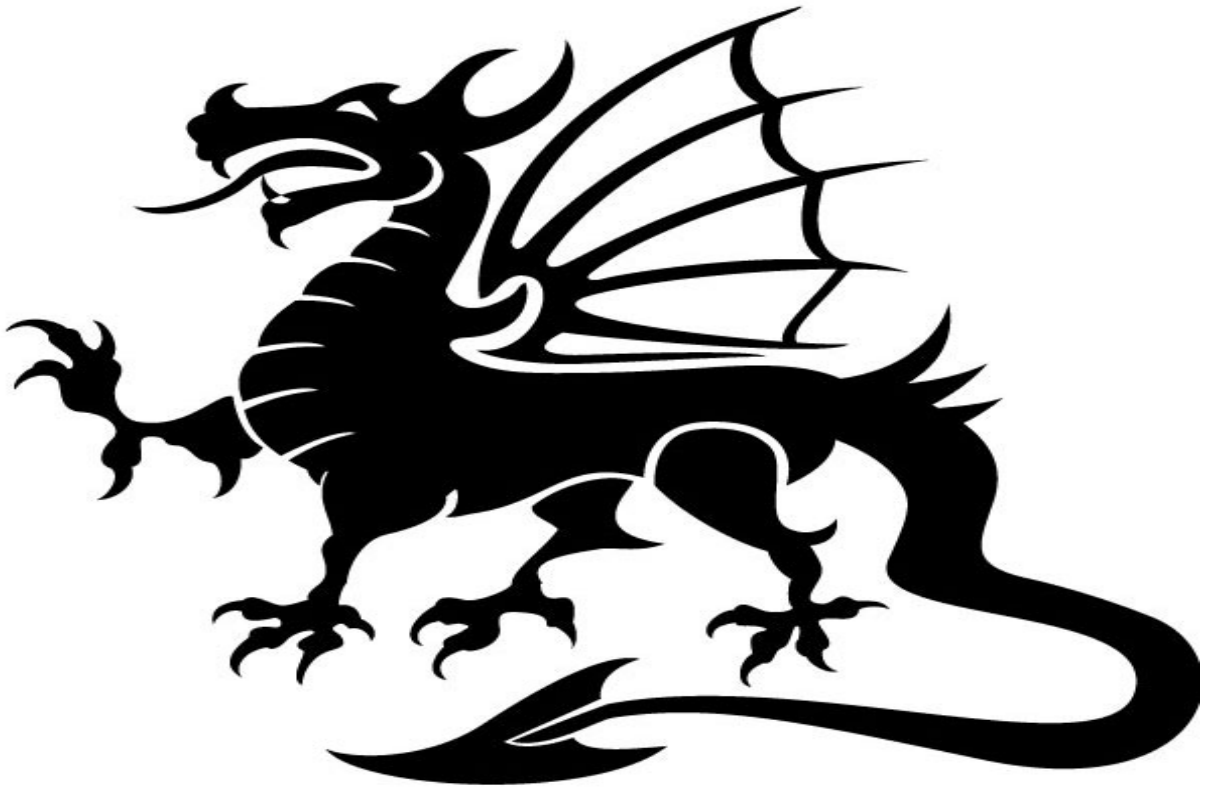


LAKE ORION COMMUNITY SCHOOLS

Enterprise Wide Budgetary Information Fiscal Year 2018

Executive Summary and Budget Development Assumptions



Lake Orion Community Schools Board of Education

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Assistant Superintendent of Business & Finance

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

<u>Tax Base</u>	<u>Purpose</u>	<u>Mills Levied</u>	<u>Est. Tax Revenue</u>
Non-Homestead	General Operating	18.0000	\$ 7,511,075
All Properties	B&S Sinking Fund	1.9800	\$ 3,630,930
All Properties	Debt Retirement	7.4910	\$ 13,737,016

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 six operating elementary schools (as of FY2018 one elementary school facility will not be in use), three middle schools, one high school, one Community Education Resource Center and two operational support facilities serving over 7,500 students. Lake Orion Community Schools is an autonomous, tax-supported public school district governed by Michigan General School Law. The governing body of the district is the Board of Education. The Board 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, and special education programming. The district also provides comprehensive student athletic, music, band, and intramural programs.

LOCS Instructional Programs, Services & Other Points of Pride

- Three nationally and 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 neighborhood schools where students attend with those children that are their neighbors and playmates.
- Middle Schools that house grades 6 through 8 where students are assigned to teams for their core academic classes of science, social studies, math, and language arts.
- Middle School students develop new areas of interest through a variety of exploratory and elective classes 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 or other post-secondary programs.

Our Economic Environment & District Forward Planning

Our Board of Education and Administration consider many factors when setting the District's fiscal year 2018 (July 1, 2017 - June 30, 2018) budget. One of the most important factors affecting the budget is the economic condition of the State of Michigan. The fiscal year 2018 budgets will be adopted effective July 1, 2017 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 2018. Our Board of Education and Administration are profoundly aware of the deleterious impact the State's economy and recent legislative changes has had on the State's School Aid Fund and consequently our District. The District's strategic planning goals direct us, in a continuously improving way, to focus, refocus and develop new resources in a manner that directly benefits our student's educational experience.

LOCS Budget Policy, Development Process, Management & Internal Controls

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

Significant Budget Policy

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

Budget Development Process

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

Significant Legal Requirements

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

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

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

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

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

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

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

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

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

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

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

District Budget Management and Internal Controls

The district's budget development and management process comprises a multi-year forecast, two amendment cycles and a structured budget development practice focused on time-line, critical path tasks and valid data. The district maintains a system of budgetary and internal controls designed to assist management in meeting its reporting responsibility. Our system is designed to provide reasonable assurance that assets are safeguarded and transactions are recorded correctly and executed with management's authorization. The financial software system will not allow funds to be encumbered or processed for payment that exceed the total of the budgetary control account. Periodic financial information reporting packages are provided to the Board of Education. Included in the financial reporting packages are an executive summary, "budget to actual" revenue and expenditure reports and analysis for all budgeted funds, cash and investment position information, the district disbursements report, general fund cash flow reporting, and procurement card activity reporting.

BUDGET DEVELOPMENT ASSUMPTIONS

General Fund Revenue Assumptions

Property Tax Revenues

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 **\$7,511,075**.

State Source Revenue

The district's per student state aid foundation allowance is budgeted to increase \$75 per pupil to \$8,198 in fiscal year 2018. We are planning for a modest net decline of 50 Full Time Equivalent (FTE) students resulting in our forecasted overall budgeted student count of 7,560 FTE. This figure includes a planned decline of 125 resident students plus a net gain of 90 schools of choice students (+50) and shared time services pupils (+40). The student count weighting process for fiscal year 2018, at the time of this writing, is expected to be a 90% weight placed on the October 2017 student count plus a 10% weight on the actual February 2017 student count. Section 147c categorical pass through funding (and corresponding expenditures) have been budgeted to remain flat for FY2018 at \$5.5 million.

Federal Source Revenue

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

Other Financing Sources - Other

The Food Service and Community Service Funds both provide indirect costs coverage transfers to the General Fund. The Food Service fund transfer is budgeted at \$140,000 and the Community Services fund transfer is budgeted at \$225,000. The General Fund provides debt service and technology related transfers to the Capital Project Fund44. The State of Michigan's School Bond Loan/Revolving Fund program is expected to provide gap funding to the district in order to meet the district's fiscal year 2018 debt service requirements.

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

FY2018 Phase-II Board Approved Operating and Other Adjustments

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

- Schools of Choice and Shared Time Services revenue enhancements
- Elementary school facility closure
- Universal elementary “neighborhood school” model re-established
- Staff changes resulting from district consolidation
- Redistricting of the elementary and middle school attendance boundaries
- Transportation operational and logistical route restructuring
- Middle School Media program reestablished
- District asset review and sale investigation in process

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

- Reduction of FY2017 insurance work related budgets
- Reduction of severance cost budgets in multiple functions
- Re-classing of secondary lunch aides costs to the Food Service fund
- 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 existing salary/wage base is budgeted for a modest net increase of 1.3% in fiscal year 2018. The salary/wage increase is the result of the implementation of settled contracts and other staff related wage changes. Wage related 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 staff changes as a result of the closure of our Pine Tree elementary school and the subsequent student redistricting. The subsequent student redistricting that has driven the establishment of the new attendance boundaries for the six remaining elementary and three middle schools in fiscal year 2018. Included in the reductions is administrative staff related to the facility closure as well as staff reductions resulting from the district’s consolidation process. These changes are intended to address the organization’s current economic reality.

MPERS 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 2017. The weighted average retirement rate budgeted expectation for fiscal year 2018 is being held flat at 26.00%. For fiscal year 2018 the Legislature continues to fund the section 147c MPERS rate stabilization pass through 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 2017 wage cap has been increased to \$127,200. There is no cap for the Medicaid element of the payroll tax. The FICA rate expectation for fiscal year 2017-18 remains 7.65%.

Summary Employee Benefits Costs

The district incurs, with some exceptions, employee related costs that include MPERS retirement, FICA, healthcare, dental, vision, long term disability, life, unemployment and workers compensation insurances. Changes included for fiscal year 2018 is the increase in the District’s healthcare cost cap to amounts equal to the State of Michigan 2015 levels:

- Single Cap \$5,992.30
- Two Person Cap \$12,531.75
- Family Cap \$16,342.66

Utility Costs

In spite of recent legislative changes resulting in statewide electric monopoly, the district continues to implement its energy efficiency strategy designed for cost containment. Newly installed or updated energy management equipment, the energy efficiencies associated with recent project based renovations and energy reducing building modifications are driving our strategy. 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. Our continued utilization of these cost containment measures are reflected in the fiscal year 2018 utility budgets.

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

Proposed Budgets & Fund Equity Assumptions

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

General Fund:

	<u>FY2017</u>	<u>FY2018</u>	<u>Change</u>
Total Revenue Budget:	\$81,158,718	\$81,407,996	\$249,278
Total Expenditure Budget:	\$80,558,066	\$80,815,680	\$257,614
Beginning Fund Balance:	\$5,992,784	\$6,593,436	\$600,652
Operating Surplus/Deficit:	<u>600,652</u>	<u>592,316</u>	<u>(8,336)</u>
Ending Fund Balance:	\$6,593,436	\$7,185,752	\$592,316

The General Fund's budgeted FY2018 fund equity as a percentage of total budgeted expenditures is 8.9%. Fund equity less the budgeted Section 147c pass through expenditures of \$5,360,649 contained in the expenditure budget is 9.5%.

Food Service Fund:

	<u>FY2017</u>	<u>FY2018</u>	<u>Change</u>
Total Revenue Budget:	\$2,753,730	\$2,685,779	\$ (67,951)
Total Expenditure Budget:	\$2,592,981	\$2,887,257	\$ 294,276
Beginning Fund Balance:	\$740,878	\$ 901,627	\$ 160,749
Operating Surplus/Deficit:	<u>160,749</u>	<u>(201,478)</u>	<u>(362,227)</u>
Ending Fund Balance:	\$901,627	\$ 700,149	\$(201,478)

The Food Service Fund's budgeted fund equity decline represents a planned use of fund equity designed to reduce the fund balance into compliance with Federal guidelines. The spending plan is focused around key capital replacement needs and operational renovations. The Food Service Fund is budgeted to contribute \$140,000 as indirect funding to the General Fund. The indirect funding is an estimation of the costs covered by the General Fund (custodial, payroll, HR, and other "overhead" costs) on behalf of the Food Service Fund operations.

Community Service Fund:

	<u>FY2017</u>	<u>FY2018</u>	<u>Change</u>
Total Revenue Budget:	\$2,238,256	\$2,254,550	\$ 16,294
Total Expenditure Budget:	\$2,206,865	\$2,222,029	\$ 15,164
Beginning Fund Balance:	\$685,978	\$ 717,369	\$ 31,391
Operating Surplus/Deficit:	<u>31,391</u>	<u>32,521</u>	<u>1,130</u>
Ending Fund Balance:	\$717,369	\$ 749,890	\$ 32,521

The Community Service Fund's budgeted FY2018 revenue, expenditure and fund equity encompassed two major program operations; Early Childhood and Community Enrichment. Both programs are operating in the "black" and are producing positive cash flow. The Community Service Fund is budgeted to contribute \$225,000 as indirect funding to the General Fund. The indirect funding is an estimation of the costs covered by the General Fund (custodial, payroll, HR, and other "overhead" costs) on behalf of the Community Service Fund operations.

Other Information:

The following schedules identify in more detail all of the district's proposed fund level budgets for fiscal year 2018. Also included is the district's annual three year General Fund budget forecast. The district uses a multi-year forecasting process for the General Fund in order to better plan for the district operations. Like all forecasts ours is designed to identify near future trends to manage around as opposed to an exact prediction of operational outcomes.

The fiscal year 2018, 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 28, 2017 public meeting.



Lake Orion Community Schools
Three Year General Fund Budget Plan
June 28, 2017

Actual FY 2016	Final FY 2017	Proposed FY 2018	Forecast FY 2019	Forecast FY 2020
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REVENUES:

Local Source Revenue:	8,844,583	8,648,916	8,739,041	8,883,556	9,021,808
State Source Revenue:	62,907,109	64,338,349	64,552,527	64,796,526	65,072,436
ISD Source Revenue:	5,008,695	5,334,994	5,254,969	5,386,343	5,521,002
Federal Source Revenue:	2,458,965	2,496,459	2,496,459	2,521,424	2,546,638
Other Financing Sources:	388,000	340,000	365,000	368,650	372,337
TOTAL REVENUES:	79,607,352	81,158,718	81,407,996	81,956,498	82,534,220

EXPENDITURES:

Personnel Related Expenditures:	69,102,616	67,705,729	68,383,234	68,970,510	69,661,631
Operating Expenditures:	12,114,132	12,852,337	12,432,446	12,432,446	12,432,446
TOTAL EXPENDITURES:	81,216,747	80,558,066	80,815,680	81,402,956	82,094,077

OPERATING EXCESS (DEFICIT):	(1,609,395)	600,652	592,316	553,542	440,143
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FUND BALANCES:

Beginning of Year:	7,602,179	5,992,784	6,593,436	7,185,752	7,739,294
End of Year:	5,992,784	6,593,436	7,185,752	7,739,294	8,179,437

Fund Balance % of Total Expenditures	7.4%	8.2%	8.9%	9.5%	10.0%
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LAKE ORION COMMUNITY SCHOOLS

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

FISCAL YEAR 2017-18 ADOPTED BUDGET - June 28, 2017



	FINAL ACTUAL 2015-16	FINAL BUDGET 2016-17	PROPOSED BUDGET 2017-18	Year to Year \$ Variance	Year to Year % Variance	
REVENUES						
Local Sources	\$ 8,844,583	\$ 8,648,916	\$ 8,739,041	\$ 90,125	1.0%	A
State Sources	62,907,109	64,338,349	64,552,527	214,178	0.3%	B
Federal Sources	2,458,965	2,496,459	2,496,459	-	0.0%	
ISD and Other Sources	5,008,695	5,334,994	5,254,969	(80,025)	-1.5%	C
Other Revenue	388,000	340,000	365,000	25,000	7.4%	
TOTAL REVENUES	\$ 79,607,352	\$ 81,158,718	\$ 81,407,996	\$ 249,278	0.3%	
EXPENDITURES						
INSTRUCTION						
Basic Programs	\$ 40,806,555	\$ 41,599,335	\$ 42,171,270	571,935	1.4%	D
Added Needs	10,372,213	10,291,539	10,527,604	236,065	2.3%	D
TOTAL INSTRUCTION	\$ 51,178,768	\$ 51,890,874	\$ 52,698,874	\$ 808,000	1.6%	
SUPPORT SERVICES						
Pupil Support Services	\$ 6,725,988	\$ 6,106,517	\$ 6,125,590	19,073	0.3%	D
Instructional Staff Support Services:						
Instruction Improvement	534,452	671,629	673,675	2,046	0.3%	
Educational Media Services	1,259,745	955,539	1,082,964	127,425	13.3%	D, E
Technology Assisted Instruction	432,977	50,570	50,570	-	0.0%	
Instructional Staff Supervision	610,137	804,712	801,996	(2,716)	-0.3%	
General Administration	1,024,352	1,033,676	1,019,666	(14,010)	-1.4%	
School Administration	4,720,452	4,689,259	4,468,480	(220,779)	-4.7%	F
Business Services	955,672	882,324	878,586	(3,738)	-0.4%	
Operation and Maintenance	5,325,239	5,132,816	5,181,162	48,346	0.9%	
Transportation Services	3,478,409	3,030,240	3,431,172	400,932	13.2%	G
Communication Services	95,029	96,000	130,920	34,920	36.4%	
Human Resources	931,561	911,699	800,859	(110,840)	-12.2%	H
Technology Services	1,275,279	1,625,304	1,625,304	-	0.0%	
Athletic Activities	1,222,685	1,169,377	1,137,578	(31,799)	-2.7%	
Community Services	253,355	296,174	296,174	-	0.0%	
TOTAL SUPPORT SERVICES	\$ 28,845,332	\$ 27,455,836	\$ 27,704,696	\$ 248,860	0.9%	
OUTGOING TRANSFERS						
District CP & DS Funds	\$ 1,192,647	\$ 1,211,356	\$ 412,110	(799,246)	-66.0%	I
TOTAL TRANSFERS	\$ 1,192,647	\$ 1,211,356	\$ 412,110	\$ (799,246)	-66.0%	
TOTAL EXPENDITURES	\$ 81,216,747	\$ 80,558,066	\$ 80,815,680	\$ 257,614	0.3%	
Beginning Fund Balance	\$ 7,602,179	\$ 5,992,784	\$ 6,593,436	\$ 600,652	10.0%	
Revenues over/(under) Expenditures	(1,609,395)	600,652	592,316	\$ (8,336)	-1.4%	
Ending Fund Balance	\$ 5,992,784	\$ 6,593,436	\$ 7,185,752	\$ 592,316	9.0%	



LAKE ORION COMMUNITY SCHOOLS
General Fund Budget Analysis Explanations

FISCAL YEAR 2017-18 ADOPTED BUDGET - June 28, 2017

Explanations are provided below for significant prior year variances

A	The \$90,125 net increase in Local Source funding is primarily comprised of (1) an increase of \$111,000 in local property taxes over last fiscal year.
B	The \$214,178 net increase in State Source funding is primarily comprised of (1) the district's state aid foundation allowance is budgeted to increase \$75 per pupil to \$8,198 in fiscal year 2018; (2) the budget is based on a modest net decline of 50 Full Time Equivalent (FTE) students resulting in our overall budgeted student count of 7,560 FTE. This figure includes a planned decline in resident students of 125 plus a net gain of 50 schools of choice students plus an increase in shared timed services (STS) students of 40 FTE (totaling 93 FTE). (3) The State Aid change is a combination of the net decline in resident and SOC total students resulting in a \$300,000 decline, the net increase of STS students adds \$300,000, an increase in Special Education funding of \$125,000, and the addition of one "one time" \$25 per high school student (estimated at \$57,000) state aid payment.
C	The \$80,025 net decrease in ISD and Other Source funding is primarily comprised of (1) an estimated decline in the PA-18 distribution compared to the FY2017 final distribution.
D	Cost increases primarily reflect (1) the implementation of the LOEA contract settlement including the costs of step movement; (2) the restoration of the FY2017 one-time wage reductions; (3) the staff changes resulting from the closure of Pine Tree Elementary; (4) the staff changes resulting from the redistricting of the elementary and middle school attendance boundaries.
E	Cost increase primarily reflects (1) the restoration of the Middle School Media program.
F	Cost decrease primarily reflects (1) the reduction of the Pine Tree Elementary school administration including the Principal and Secretarial positions.
G	Net cost increase primarily reflects (1) the establishment in the Transportation function (274) of the bus lease program annual cost of \$600,000. The prior year bus IPA cost was funded at \$506,000 and was funded from the 644 function; (2) Estimated cost \$200,000 reduction related to route restructuring.
H	Net cost decrease primarily reflects (1) the reduction of FY2017 workers compensation settlement budget funding. No settlements are forecast for FY2018; (2) Tuition budget line item reduced by \$12,340.
I	Cost decrease reflects the reduction in the "transfers out" funding to the Capital Projects fund (440) related the Bus installment purchase agreement and the energy bond debt service funding.

LAKE ORION COMMUNITY SCHOOLS

FOOD SERVICE FUND - (250)

FISCAL YEAR 2017-18 ADOPTED BUDGET - June 28, 2017



	FINAL ACTUAL 2015-16	FINAL BUDGET 2016-17	PROPOSED BUDGET 2017-18	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Food & Vending Machine Sales	\$ 1,521,671	\$ 1,669,510	\$ 1,577,587	\$ (91,923)	-5.5%
Interest and Rebates	12,242	12,700	12,500	(200)	-1.6%
Catering Services	31,733	35,000	37,000	2,000	5.7%
STATE SOURCES	180,570	161,624	167,732	6,108	3.8%
FEDERAL SOURCES	929,980	874,896	890,960	16,064	1.8%
TOTAL REVENUES	\$ 2,676,196	\$ 2,753,730	\$ 2,685,779	\$ (67,951)	-2.5%
EXPENDITURES					
Salaries	\$ 740,915	\$ 715,180	\$ 809,495	\$ 94,315	13.2%
Benefits	417,729	434,401	421,562	(12,839)	-3.0%
Purchased Services	53,007	58,800	58,600	(200)	-0.3%
Supplies	1,158,559	1,157,000	1,143,000	(14,000)	-1.2%
Capital Outlay	4,552	48,000	275,000	227,000	472.9%
Other	38,580	39,600	39,600	-	0.0%
TOTAL EXPENDITURES	\$ 2,413,343	\$ 2,452,981	\$ 2,747,257	\$ 294,276	12.0%
OUTGOING TRANSFERS					
General Fund	113,000	140,000	140,000	-	0.0%
TOTAL TRANSFERS	\$ 113,000	\$ 140,000	\$ 140,000	\$ -	0.0%
TOTAL EXPENDITURES	\$ 2,526,343	\$ 2,592,981	\$ 2,887,257	\$ 294,276	11.3%
Beginning Fund Balance	\$ 591,025	\$ 740,878	\$ 901,627	\$ 160,749	21.7%
Revenues over/(under) Expenditures	149,853	160,749	(201,478)	(362,227)	225.3%
Ending Fund Balance	\$ 740,878	\$ 901,627	\$ 700,149	\$ (201,478)	-22.3%

LAKE ORION COMMUNITY SCHOOLS
COMMUNITY SERVICES FUND - (230)

FISCAL YEAR 2017-18 ADOPTED BUDGET - June 28, 2017



	FINAL ACTUAL 2015-16	FINAL BUDGET 2016-17	PROPOSED BUDGET 2017-18	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
Community Enrichment	\$ 737,341	668,222	567,016	\$ (101,206)	-15.1%
Early Childhood	1,501,687	1,570,034	1,687,534	117,500	7.5%
Other	-	-	\$ -		
TOTAL REVENUES	\$ 2,239,028	\$ 2,238,256	\$ 2,254,550	\$ 16,294	0.7%
EXPENDITURES					
Salaries	\$ 998,358	\$ 1,035,614	\$ 1,040,906	\$ 5,292	0.5%
Benefits	465,341	555,720	547,473	(8,247)	-1.5%
Purchased Services	281,706	302,423	292,355	(10,068)	-3.3%
Supplies	59,624	58,065	56,945	(1,120)	-1.9%
Capital Outlay & Other	54,686	55,043	59,350	4,307	7.8%
TOTAL EXPENDITURES	\$ 1,859,715	\$ 2,006,865	\$ 1,997,029	\$ (9,836)	-0.5%
OUTGOING TRANSFERS					
General Fund	275,000	200,000	225,000	25,000	12.5%
TOTAL TRANSFERS	\$ 275,000	\$ 200,000	\$ 225,000	\$ 25,000	12.5%
TOTAL EXPENDITURES	\$ 2,134,715	\$ 2,206,865	\$ 2,222,029	\$ 15,164	0.7%
Beginning Fund Balance	\$ 581,665	\$ 685,978	\$ 717,369	\$ 31,391	4.6%
Revenues over/(under) Expenditures	104,313	31,391	32,521	1,130	3.6%
Ending Fund Balance	\$ 685,978	\$ 717,369	\$ 749,890	\$ 32,521	4.5%

LAKE ORION COMMUNITY SCHOOLS
DEBT SERVICE FUNDS - (360,370,380,390)



FISCAL YEAR 2017-18 ADOPTED BUDGET - June 28, 2017

	FINAL ACTUAL 2015-16	FINAL BUDGET 2016-17	PROPOSED BUDGET 2017-18	Year to Year \$ Variance	Year to Year % Variance
<u>REVENUES</u>					
LOCAL SOURCES					
Other local source	-	42,545	42,545	-	0.0%
2006 Debt	3,116,257	-	-	-	0.0%
2012 Debt	4,391,885	3,031,730	3,117,500	85,770	2.8%
2015-A Debt	5,274,924	4,130,160	3,997,700	(132,460)	-3.2%
2015-B Debt	-	5,196,750	5,318,100	121,350	100.0%
2016 Debt	-	891,480	1,303,900	412,420	100.0%
TOTAL REVENUE	\$ 12,783,066	\$ 13,292,665	\$ 13,779,745	\$ 487,080	3.7%
<u>EXPENDITURES</u>					
Principal	\$ 8,645,000	14,575,000	\$ 15,460,000	\$ 885,000	6.1%
Interest	4,365,727	4,044,817	3,614,492	(430,325)	-10.6%
Other	716,586	114,430	114,430	-	0.0%
TOTAL DEBT SERVICE	\$ 13,727,313	\$ 18,734,247	\$ 19,188,922	\$ 454,675	2.4%
OTHER FINANCING SOURCES (USES)					
School Bond Loan Funds	\$ 766,808	4,887,858	\$ 5,729,200	\$ 841,342	17.2%
Payment to Escrow Agent	(81,596,147)	-	-	-	0.0%
Face Value of debt issued	76,095,000	-	-	-	0.0%
Premium on debt issued	6,102,165	-	-	-	0.0%
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,367,826	\$ 4,887,858	\$ 5,729,200	\$ 841,342	17.2%
Beginning Fund Balance	341,091	764,670	210,946	(553,724)	-72.4%
Revenues over/(under) Expenditures	\$ 423,579	\$ (553,724)	\$ 320,023	\$ 873,747	100.0%
Ending Fund Balance	\$ 764,670	\$ 210,946	\$ 530,969	\$ 320,023	151.7%

LAKE ORION COMMUNITY SCHOOLS
BUILDING & SITE SINKING FUND (410)



FISCAL YEAR 2017-18 ADOPTED BUDGET - June 28, 2017

	FINAL ACTUAL 2015-16	FINAL BUDGET 2016-17	PROPOSED BUDGET 2017-18	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Property tax revenue	\$ -	\$ 3,400,000	\$ 3,600,000	\$ 200,000	5.9%
Interest	-	-	12,000	12,000	-100.0%
TOTAL REVENUES	\$ -	\$ 3,400,000	\$ 3,612,000	\$ 212,000	-100.0%
EXPENDITURES					
Purchased Services	-	-	-		
Capital Outlay	-	3,000,000	3,050,000	50,000	1.7%
Principal	-	-	215,000	215,000	100.0%
Interest	-	-	161,213	161,213	100.0%
Other	-	250,000	224,000	(26,000)	-10.4%
TOTAL EXPENDITURES	\$ -	\$ 3,250,000	\$ 3,650,213	400,213	-100.0%
Other Financing Sources(Uses)					
Proceeds from Bond Issuance	-	-	-	-	
TOTAL TRANSFERS	\$ -	\$ -	\$ -	\$ -	0.0%
TOTAL EXPENDITURES	\$ -	\$ 3,250,000	\$ 3,650,213	\$ 400,213	-100.0%
Revenues over/(under) Expenditures	-	150,000	(38,213)	(188,213)	100.0%
Beginning Fund Balance	\$ -	\$ -	\$ 150,000	\$ 150,000	-100.0%
Committed Fund Balance	-	150,000	111,787	-	0.0%
Total Ending Fund Balance	\$ -	\$ 150,000	\$ 111,787	\$ -	0.0%

LAKE ORION COMMUNITY SCHOOLS
CAPITAL PROJECTS FUND (440)



FISCAL YEAR 2017-18 ADOPTED BUDGET - June 28, 2017

	FINAL ACTUAL 2015-16	FINAL BUDGET 2016-17	PROPOSED BUDGET 2017-18	Year to Year \$ Variance	Year to Year % Variance
REVENUES					
LOCAL SOURCES					
Interest	\$ 482	\$ 400	\$ 500	\$ 100.00	25.0%
Other	-	-	295,000	295,000	0.0%
STATE SOURCES	-	70,974	70,000	(974)	-1.4%
TOTAL REVENUES	\$ 482	\$ 71,374	\$ 365,500	\$ 294,126	412.1%
EXPENDITURES					
Purchased Services	\$ 4,979	-	\$ -	\$ -	0.0%
Capital Outlay	246,019	130,006	185,000	54,994	42.3%
Other	-	-	-	-	0.0%
Principal	759,849	777,342	541,953	(235,389)	-30.3%
Interest	83,837	66,342	48,444	(17,898)	-27.0%
TOTAL EXPENDITURES	\$ 1,094,684	\$ 973,690	\$ 775,397	\$ (198,293)	-20.4%
Other Financing Sources(Uses)					
Operating Transfer-in	843,684	840,793	412,110	(428,683)	-51.0%
TOTAL OTHER FINANCING SOURCES	\$ 843,684	\$ 840,793	\$ 412,110	\$ (428,683)	-51.0%
TOTAL EXPENDITURES	\$ 1,094,684	\$ 973,690	\$ 775,397	\$ (198,293)	-20.4%
Revenues over/(under) Expenditures	\$ (250,518)	\$ (61,523)	\$ 2,213	\$ 63,736	103.6%
Beginning Fund Balance	\$ 389,770	\$ 139,252	\$ 77,729	\$ (61,523)	0.0%
Technology Replacement Reserve	-	-	-	-	0.0%
Unassigned Fund Balance	139,252	77,729	79,942	2,213	2.8%
Total Ending Fund Balance	\$ 139,252	\$ 77,729	\$ 79,942	\$ 2,213	2.8%

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



FISCAL YEAR 2017-18 ADOPTED BUDGET - June 28, 2017

	FINAL ACTUAL 2015-16		FINAL BUDGET 2016-17		PROPOSED BUDGET 2017-18		Year to Year \$ Variance	Year to Year % Variance
Net Assets, Beginning of Year								
Reserve - Dental Claims	\$	-	\$	-	\$	-	\$	- 0.0%
Reserve - Workers Comp. Ins.		-		1,000		1,000		- 0.0%
Retained Earnings		1,146		165		165		- 0.0%
Total Net Assets, Beginning of Year		1,146		1,165		1,165		- 0.0%
REVENUE								
LOCAL SOURCES								
Dental Claims Contributions	\$	-	\$	692,833	\$	675,000	\$	(17,833) 0.0%
Workers Compensation Contributions	\$	-	\$	-	\$	-	\$	- 0.0%
Interest		3		-		-		- 0.0%
TOTAL REVENUE	\$	3	\$	692,833	\$	675,000	\$	(17,833) 0.0%
EXPENSES								
Dental Claims	\$	-	\$	692,833	\$	650,000	\$	(42,833) 0.0%
Workers Compensation Claims		-		-		-		- 0.0%
Other		-		-		-		- 0.0%
TOTAL EXPENSES	\$	-	\$	692,833	\$	650,000	\$	(42,833) 0.0%
REVENUES OVER(UNDER) EXPENSES	\$	3	\$	-	\$	25,000	\$	25,000 0.0%
Net Assets, End of Year								
Reserve - Dental Claims	\$	-	\$	-	\$	25,000	\$	25,000 0.0%
Reserve - Workers Comp. Ins.		-		1,000		1,000		- 0.0%
Retained Earnings		-		165		165		- 0.0%
Total Net Assets, End of Year	\$	1,149	\$	1,165	\$	26,165	\$	25,000 2145.9%