

2016-17 Budget Hearing

Lakeview Public Schools

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Director of Business Services

May 17, 2016



Purposes of Budget Hearing

- Comply with Uniform Budgeting and Accounting Act
- Provide summary information on proposed budgets
- Receive input from Board of Education and public



Sequence of Budget Hearing

- Introduction
- Budget Development Process
- Overview of Fund Structure
- Budgets by Fund
- Truth-in-Taxation
- Proposed Millage Rates
- Questions

Introduction

- Board adopts budget at the level of detail provided on summary page of each fund budget
- Budget Managers can make line item adjustments during the year within these parameters

June 3, 2005 Draft
Subject to change

General Fund Summary of Revenues and Expenditures

	2003-04 Actual	2004-05 Adopted 6/29/04	2004-05 Proposed 6/29/05	Change	2005-06 6/29/05 Draft	Change
BEGINNING FUND BALANCE	2,442,550	2,374,254	2,374,254		2,399,254	
REVENUES:						
Local	2,224,817	2,344,800	2,353,000	38,200	2,353,800	(24,400)
State	20,203,969	20,235,500	20,840,800	605,300	21,040,800	200,000
Federal	811,356	576,600	636,300	59,700	640,100	13,800
Incoming Transfers	1,204,810	1,293,100	1,318,100	25,000	1,381,700	63,600
Fund Modifications	0	0	0	0	0	0
TOTAL REVENUE	24,145,450	24,450,000	25,178,000	728,000	25,421,000	250,000
EXPENDITURES:						
Instruction:						
Basic Program	10,756,451	11,594,900	11,589,300	(5,600)	12,895,800	1,301,500
Added Needs	2,797,530	2,838,400	2,893,300	54,900	3,078,500	183,200
Support Services:						
Pupil Services	1,818,287	1,802,300	1,744,100	(58,200)	1,852,700	106,500
Instructional Staff	1,074,110	903,000	949,900	46,900	982,500	41,600
General Administration	501,261	497,000	557,100	60,100	535,300	(21,800)
School Administration	1,827,118	1,917,100	1,872,800	(44,300)	1,932,000	59,200
Business Services	592,003	641,800	627,700	(14,100)	686,700	39,000
Operation and Maintenance	3,250,853	2,818,000	2,853,100	35,100	2,233,400	(418,700)
Security Services	101,856	82,800	77,500	(5,300)	84,500	7,000
Pupil Transportation	429,781	448,700	419,900	(28,800)	220,700	(199,000)
Staff/Personnel Services	184,189	197,800	206,000	8,200	210,400	4,400
Data Processing Services	180,793	150,700	161,500	10,800	185,200	3,700
Community Services:						
Community Recreation	49,053	38,100	33,800	(4,300)	35,400	1,600
Custody & Care of Children	193,506	215,100	178,700	(36,400)	180,800	4,100
Other Community Services	45,355	0	2,000	2,000	0	(2,000)
Outgoing Transfers	14,726	16,100	16,900	800	16,900	0
Site Improvement Services	8,370	0	14,000	14,000	25,000	11,000
Fund Modifications	610,813	460,200	853,600	403,400	810,200	(83,400)
TOTAL EXPENDITURES	24,213,750	24,450,000	24,850,000	400,000	25,725,000	875,000
Revenue Over (or Under) Expenditures	(68,291)	0	328,000		(300,000)	
ENDING FUND BALANCE	2,374,254	2,374,254	2,666,254		2,399,254	
Fund Balance as a % of Total Expenditures of Current Budget	9.8%	9.7%	10.6%		9.3%	
of Next Year's Budget	9.7%	(Avail. June '05)	(Avail. June '05)		(Avail. June '06)	
Data Reported by School Days:						
Operating Cost Per School Day	\$133,043	\$137,360	\$139,607		\$142,917	
Ending Fund Balance in School Days Weeks of school	17.8	17.3	18.3		16.8	
	3.6	3.5	3.9		3.4	

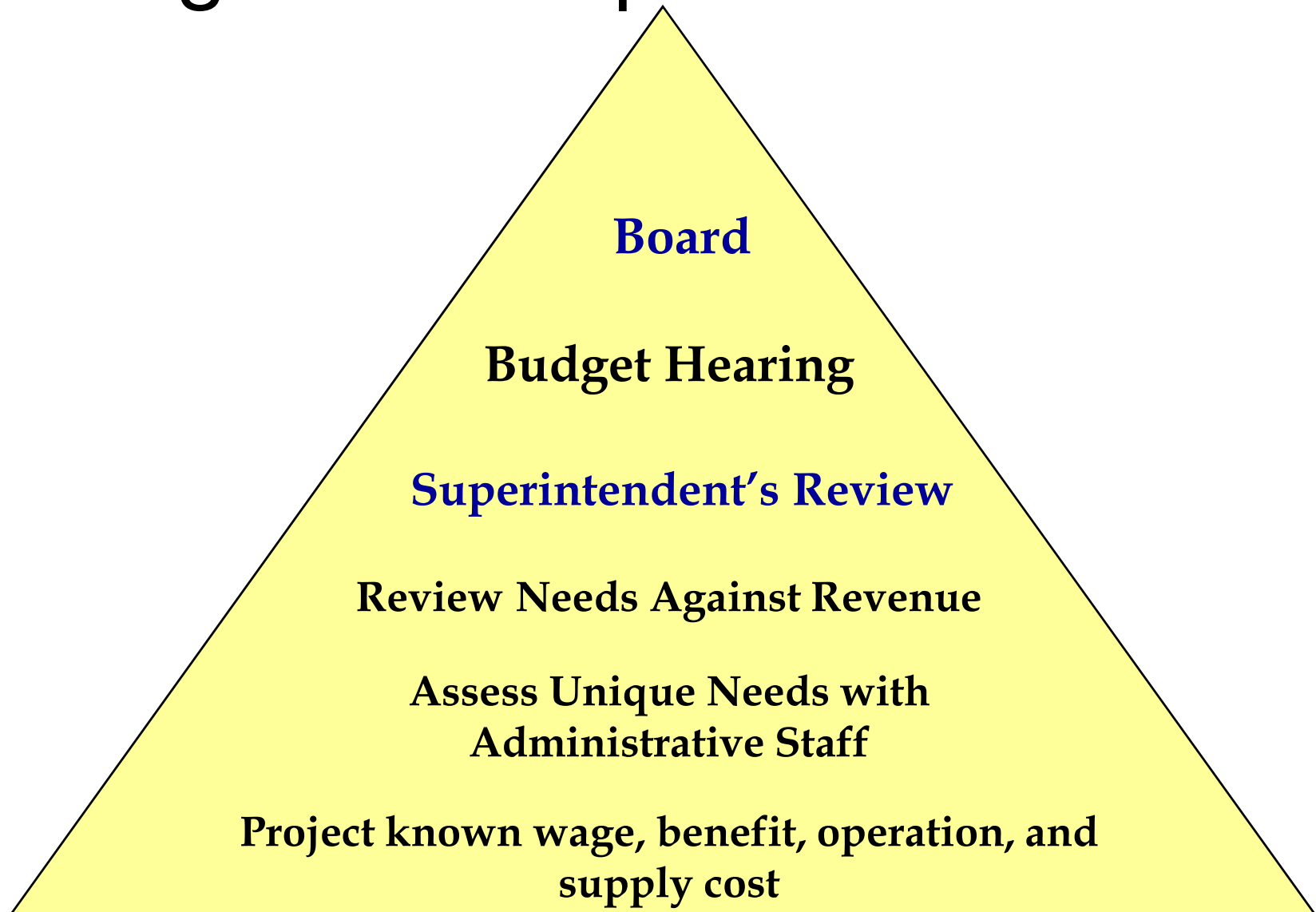
*Nearly \$200,000 of this amount was due to the postponed purchase of elementary school textbooks



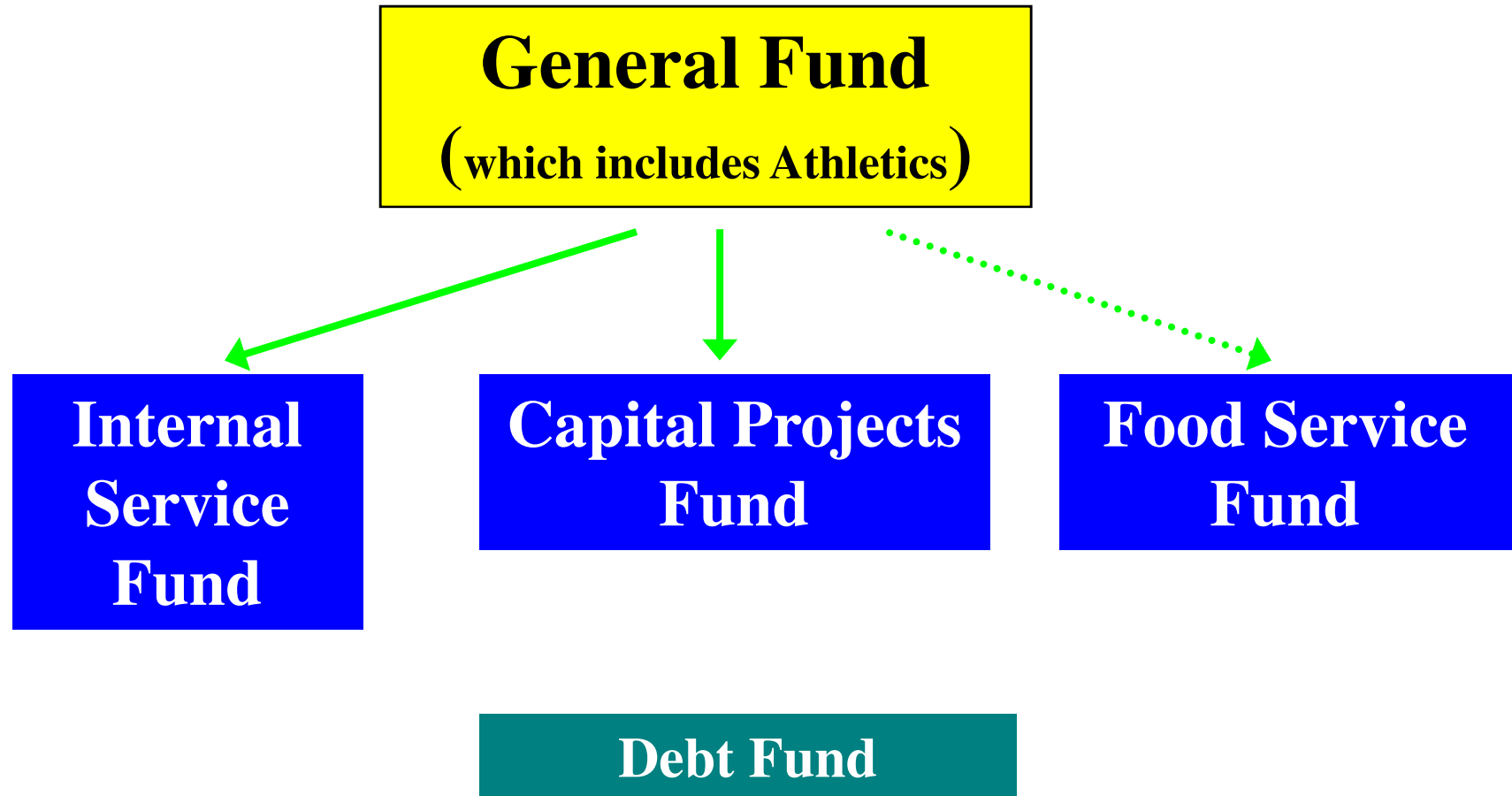
Introduction (cont'd)

- The 2016-17 Fund Level Budgets for the General Fund, Capital Projects and Debt Funds will be presented tonight May 17, 2016 at the Regular Board Meeting

Budget Development Process



State Required Fund Structure





\$ SCHOOL FINANCE-101 \$

- Local Property Tax Dollars Go To Lansing
- Funding Returns in Student Foundation (SFA)
- Grant Funding remains flat
- No Way to Raise Local Operating Funds
- State Foundation Allowance-A slight increase in revenue is expected
- Expenses are increasing (employee settlements, inflation, etc.)



Various Budget Highlights, 2016-17

Capital Projects Fund

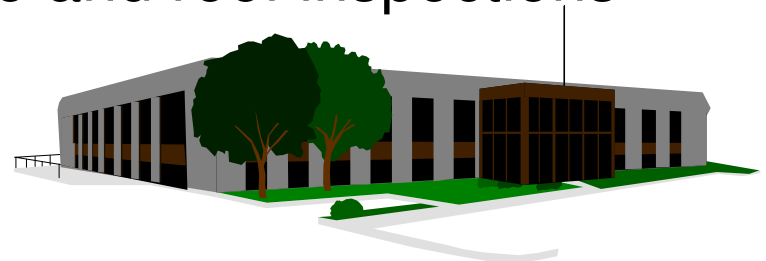
- Fund established in 1996-97
- Purpose: To fund capital projects, maintenance and purchases of significant cost

Revenue 2016-17

- General Fund transfers (\$300,000)

Expenses

- Capital Fund expenditures (\$200,000)
- For 2016-17, maintenance and roof inspections
- Furniture & equipment





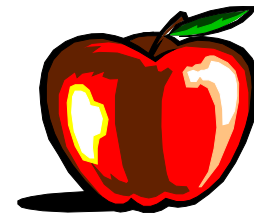
Debt Retirement Fund 2016-17

- 2001/2008 Debt Retirement Fund
- Revenue (\$3,565,716)
- Expenditures (\$3,878,900)
 - The District's repayment of the bond issued
 - Anticipated tax millage rate to be levied for 2016-17 is 7.0000 mills.

Food Service Fund

- Revenue: (\$1,085,142)
 - Anticipating an increase in revenue without a price increase
 - Since the 2008-09 fiscal year the Food Service Fund has experienced a surplus verses a deficit. This is primarily due to an increase in families applying for Free/Reduced Meals and a slight rate increase established by the Board in 2015-16
 - Increase in free/reduced reimbursements from the federal government, which is directly related to participation in the program
- Expenditures: (\$1,171,037)
 - Slight increase in salary and benefits costs (profit sharing)
 - Food cost (inflation etc.)

There will be a reduction to Fund Balance and no subsidy from General Fund to operate this \$1 Million business



General Fund 2016-17



- **Revenues (\$42,052,664)**

- Consist of Student Foundation Allowance, State and Federal grants and categorical
- As well as enrollment remaining the same as last year

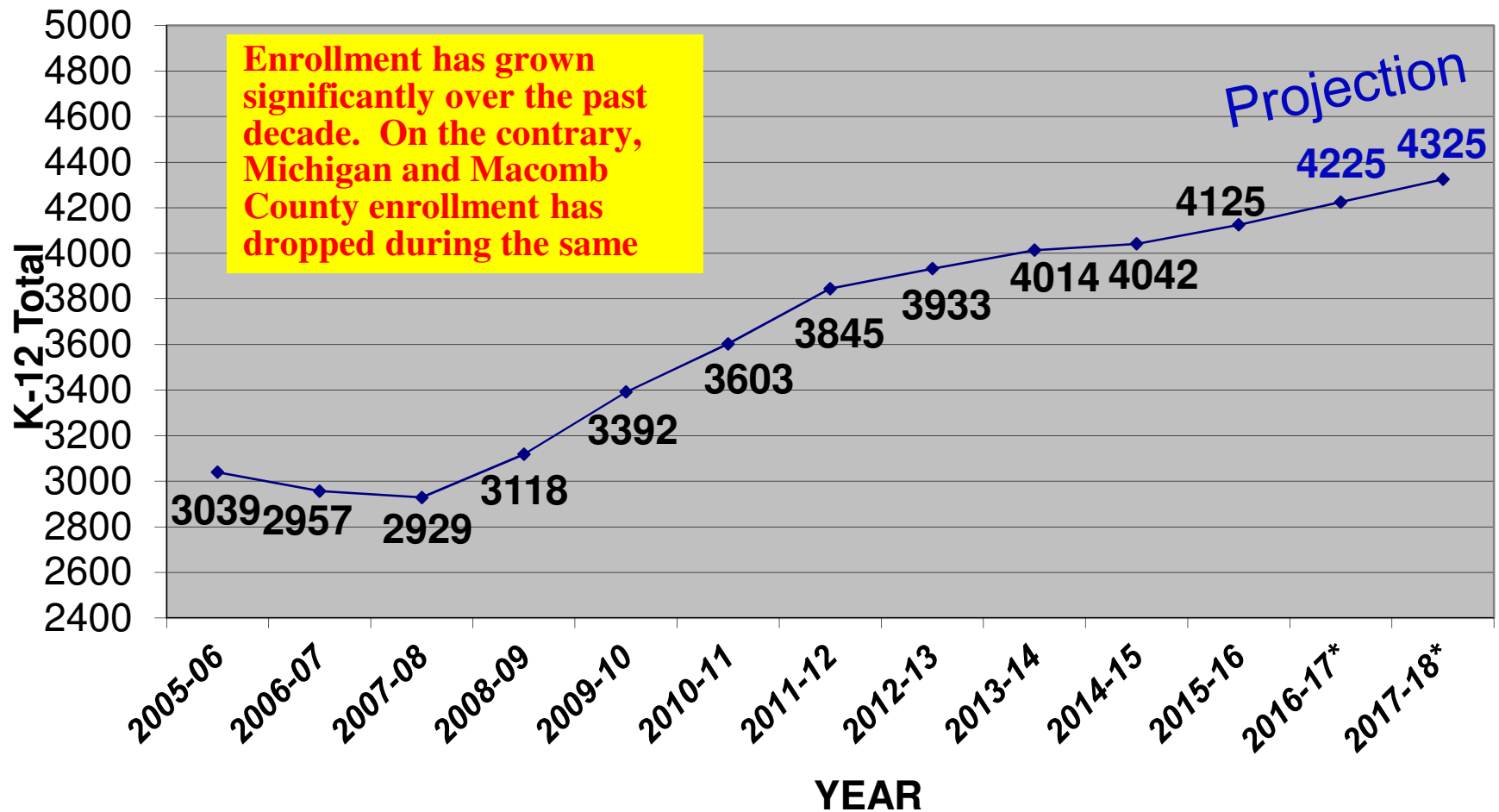
- **Expenditures (\$41,580,547)**

- Settled Contracts with all union groups
- Employees contributing to health care expenditures (hard cap implementation required by law)
- Reducing some positions affiliated with Restricted State funding
- Capital Projects transfer

- **Bottom Line – Board**

- Balanced budget and continue all programming
- Improve fund balance status

Lakeview K-12th Enrollment History w/ Projection





Fund Balance-General Fund

■ Actual June 30, 2008	\$ 2,667,369 (10%)
■ Actual June 30, 2009	\$ 2,875,836 (9.8%)
■ Actual June 30, 2010	\$ 3,335,623 (10.7%)
■ Actual June 30, 2011	\$ 3,547,946 (10.8%)
■ Actual June 30, 2012	\$ 3,745,541 (10.7%)
■ Actual June 30, 2013	\$ 3,116,353 (8.4%)
■ Actual June 30, 2014	\$ 2,558,756 (6.6%)
■ Actual June 30, 2015	\$ 800,922 (1.9%)
■ <i>Estimated June 30, 2016</i>	<i>\$ 1,214,163 (3.0%)</i>
■ <i>Estimated June 30, 2017</i>	<i>\$ 1,686,280 (4.1%)</i>



General Fund Revenue Notes

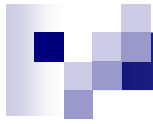
■ State Aid:

- The state legislature and Governor have not approved the 2016-17 state budget
 - Lakeview's foundation allowance amount is still unknown for the budget the Board will approve at the Regular Board Meeting on May 17, 2016
- State Aid (Student Foundation Allowance) is received for Resident AND Schools of Choice students
- State Aid is the District's primary source of revenue (approx. 82%)
- We project State Aid for 2016-17 to increase slightly
 - Enrollment
 - Per Pupil Foundation Allowance
- The bottom line is we anticipate having a balanced budget

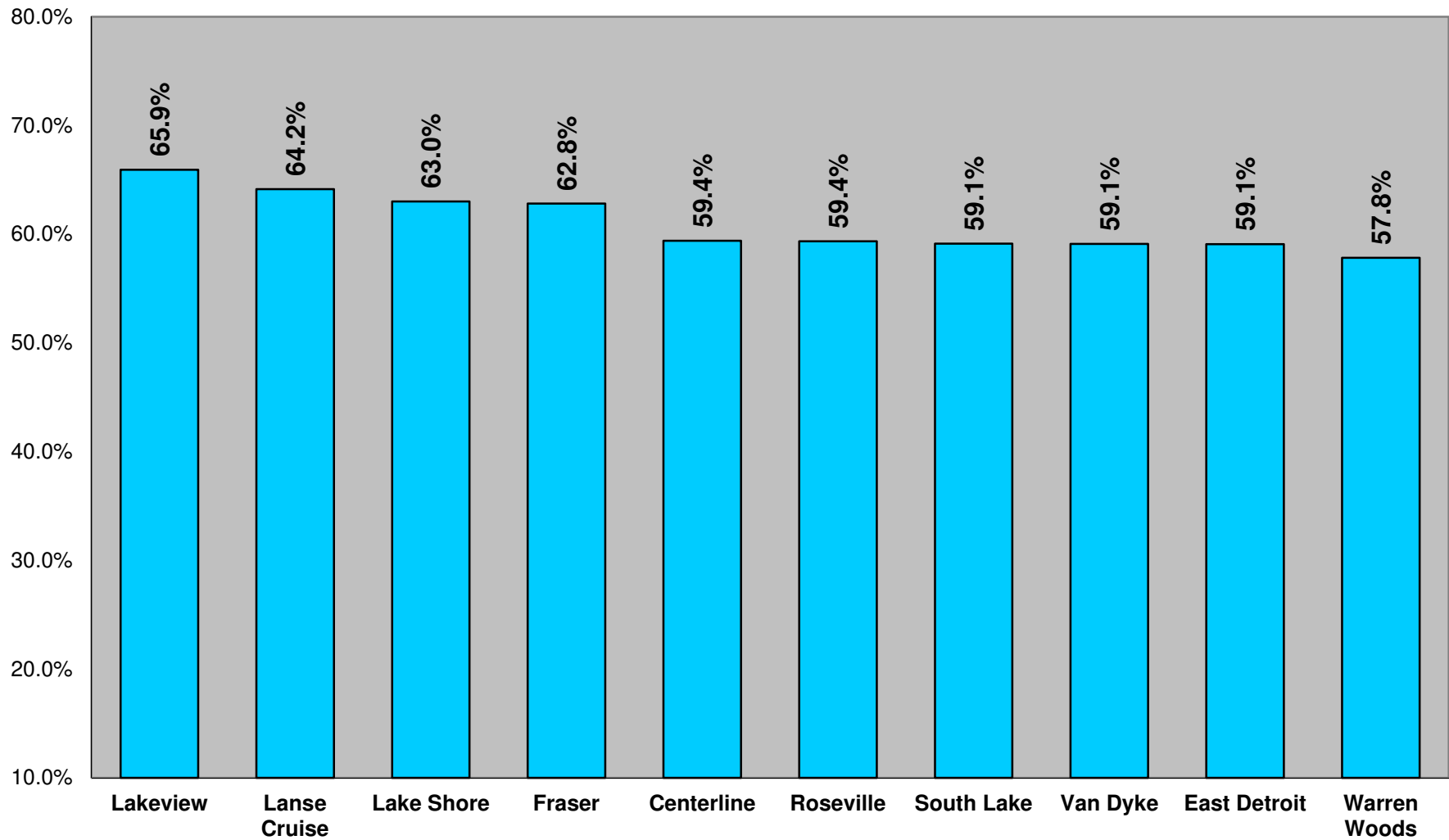


General Fund Expenditures

- Known teacher & staff retirements and resignations
- Employee Cost (82%): **ASSUMPTIONS**
 - Settled contracts with all Union Groups through 2018-19
 - Salary increases/decrease are directly tied to State Foundation Allowance and student enrollment revenue the District receives from the State
 - Benefit cost are offset by employee contributions (hard cap)
- Energy cost increases will be limited because we purchase these through consortium contract for gas and electricity (Metro Bureau Services). We have also installed energy efficient lighting systems and many systems with automated shut-offs
- Service contracts will remain flat because they extend beyond the 2016-17 fiscal year
- Anticipating a few layoffs of non-professional staff due to restricted dollars, however, this will not have an impact on any of the programs we offer



Macomb County Districts Instructional Expenditures 2015-16





Current Unknowns

- **2015-16**

- Actual amount spent in each account (finalized during summer)
- Actual fund balance on June 30, 2016

- **2016-17**

- Actual fall 2016 enrollment
- Actual state aid per pupil and Grant awards

- State Budget Year is Oct 1 → Sept 30

- School Budget Year is July 1 → June 30



Truth-in-Taxation

■ Overview

- Law requires local units of government to roll back their millage rate proportionate to the increase in property values
- Required if a truth-in-taxation hearing is **not** held
- Lakeview voters supported a ten year renewal of Headlee override in Aug. 2010 that will expire in 2020.



Truth-in-Taxation (cont'd)

- Legal notice requirements...
 - Publish a legal notice announcing tonight's hearing (this year published April 28, 2016 in Macomb Daily)
 - Notice must state that the proposed millage rate will be a topic of the budget hearing

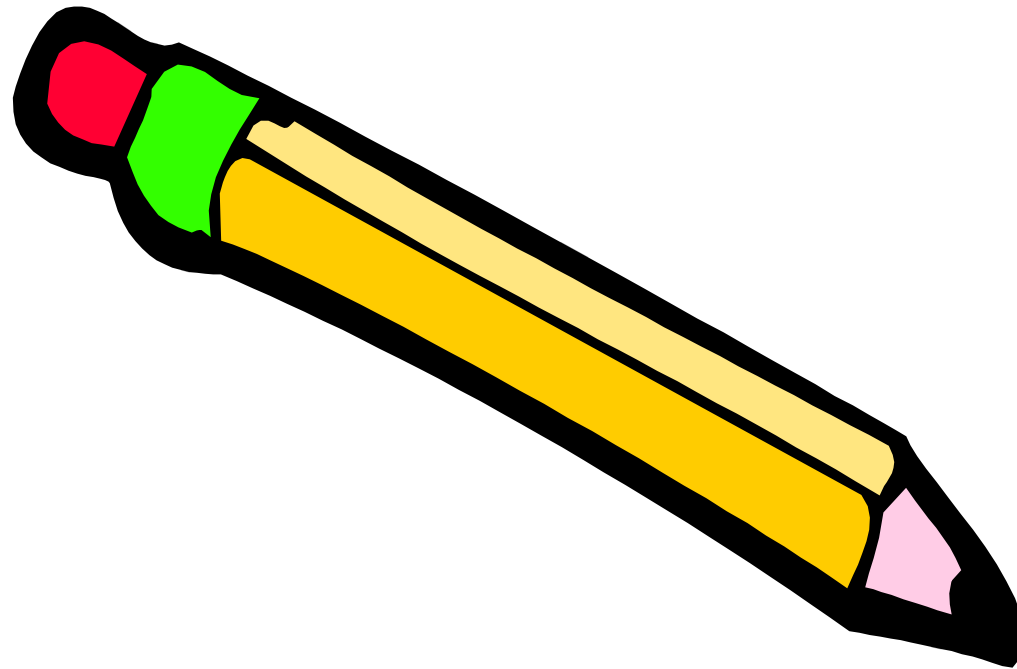


Truth-in-Taxation (cont'd)

- Potential revenue loss *without* tonight's truth-in-taxation hearing



Proposed 2016 Millage Rates

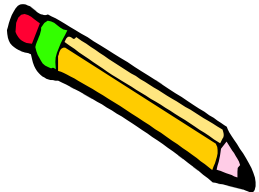




Proposed 2016 Debt Retirement Millage Rate

<u>Year</u>	<u>Debt Millage</u>
2007	4.4700 mills
2008	4.4700 mills (2007 voted new bond)
2009	4.4700 mills
2010	5.4700 mills
2011	7.8900 mills
2012	6.7400 mills
2013	7.7400 mills
2014	7.7400 mills
2015	7.9900 mills
2016	7.0000 mills

NOTE: Increasing property values for the past couple of years and the refunding of bonds have yielded the need to reduce the Debt Millage to 7.0000 mills.





Proposed 2016 Millage Rates

Homestead Property

State levy: 6.0000 mills

Debt retirement 7.0000 mills (est)

Total 13.0000 mills



Proposed 2016 Millage Rates

Non-homestead Property

State levy: 6.0000 mills

Debt retirement: 7.0000 mills (est.)

Operating millage 18.0000 mills

Total 31.0000 mills

What's Next?

Regular Board Meeting May 17, 2016 (7:30pm)

- **Board approval will be requested for...**
 - Tax Rate Levy for:
 - Debt Retirement = 7.0000 mills (est.)
 - Operating Mills = 18.0000 mills
 - State Required = 6.0000 mills
 - 100% Summer Collection
 - 2016-17 General Fund and Debt Retirement Fund budgets

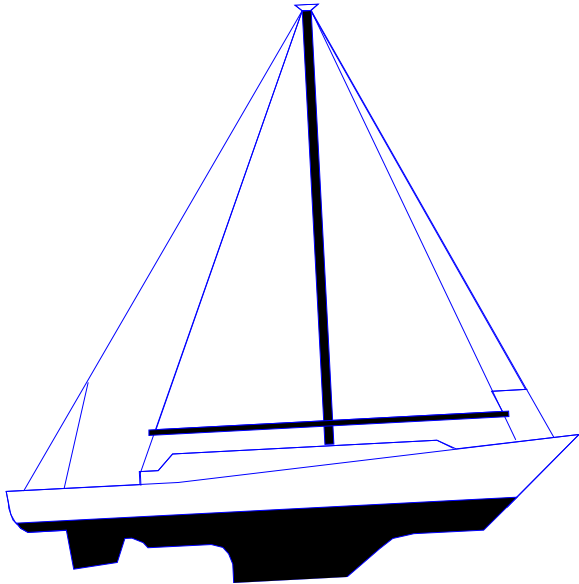


Your questions are welcomed





Thank-you



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The End