

2017-18 Budget Hearing

Lakeview Public Schools

Katherine Konon, CPA
Director of Business Services
May 16, 2017



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

- The budget hearing is required for the Board to adopt the 2017-18 Original Budget to appropriate district funds for the General Fund.
- Administration can make line item adjustments during the year, within these parameters or have the Board adopt amended budgets, as needed.

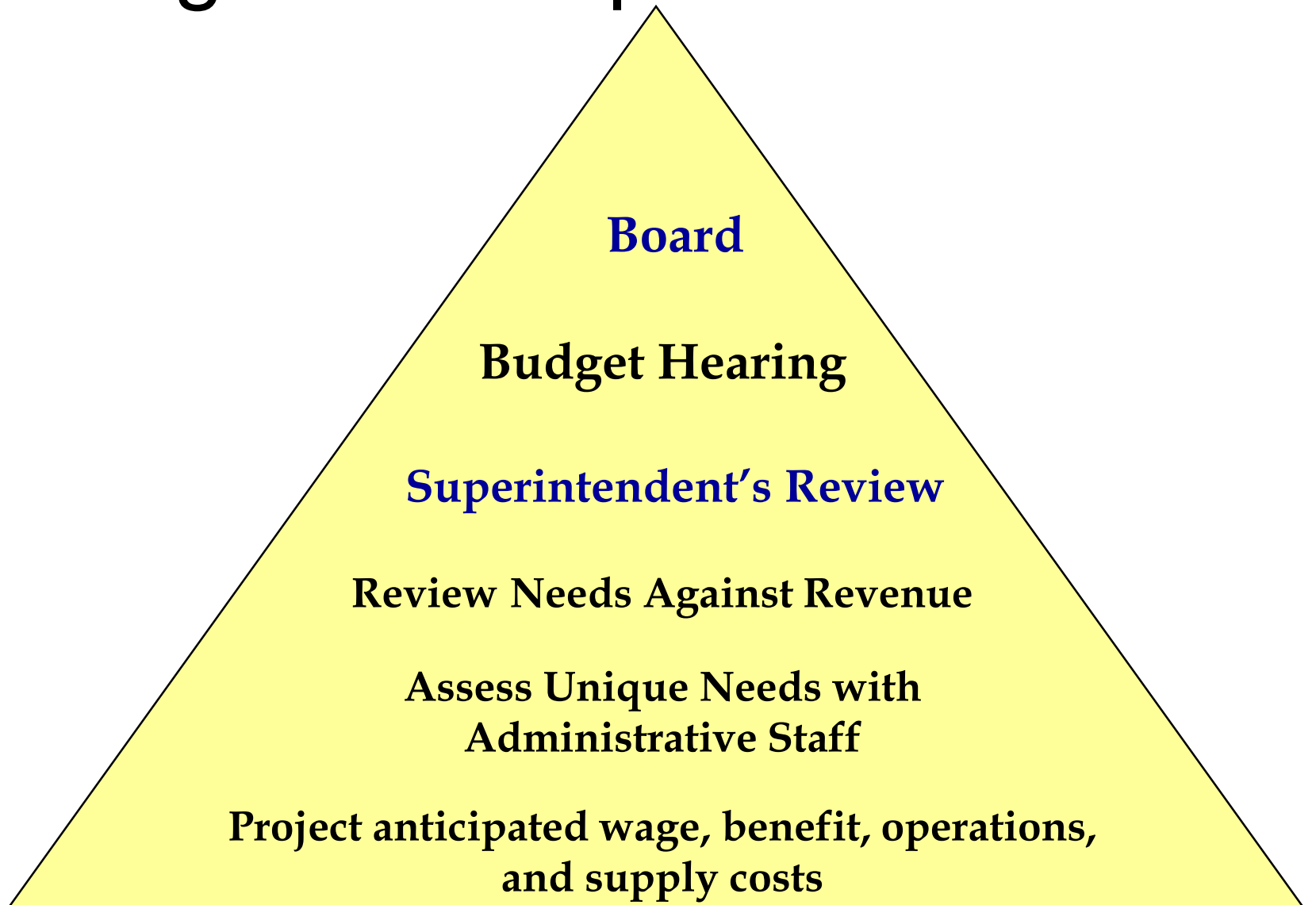
Introduction (cont'd)

- The 2017-18 fund level budgets for the General Fund, Debt Fund and Capital Projects Fund will be presented tonight, May 16, 2017, at the Regular Board Meeting

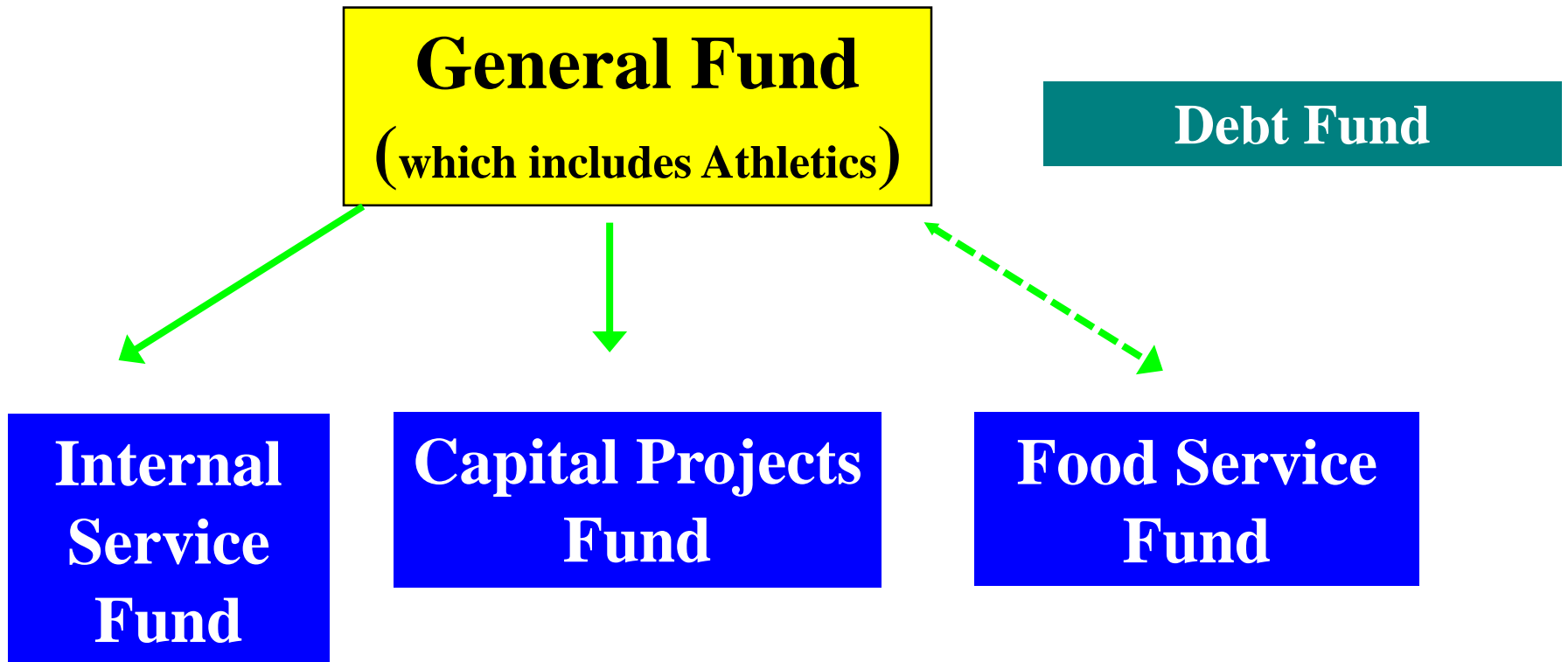
2017-18 Proposed General Fund Budget

Lakeview Public Schools General Fund Summary of Revenue and Expenditures				
	2015-16 AUDITED 06/30/2016	2016-17 ORIGINAL 05/17/2016	2016-17 AMENDMENT 03/07/2017	PROPOSED 2017-18 ORIGINAL 05/16/2017
Beginning Fund Balance	800,922	1,214,163	827,278	842,278
Revenues:				
Local	3,263,962	3,059,343	3,266,543	3,196,843
State	34,794,113	36,205,931	36,109,626	36,594,728
Federal	932,078	963,341	1,031,649	1,029,649
Interdistrict Sources	1,575,306	1,726,549	1,621,022	1,737,822
Athletics	59,634	59,500	64,000	70,000
Fund Modifications	62,378	38,000	60,000	48,000
TOTAL REVENUE	40,687,471	42,052,664	42,152,840	42,677,042
Expenditures:				
Instruction:				
Basic Program	21,979,249	22,094,761	23,023,664	22,916,660
Added Needs	4,402,963	4,654,432	4,601,947	4,573,961
Support Services:				
Pupil Services	2,936,718	3,111,025	3,381,244	3,442,479
Instructional Staff	1,318,899	1,424,719	1,424,425	1,457,106
General Administration	713,180	718,959	721,222	777,817
School Administration	2,362,138	2,387,773	2,380,250	2,402,565
Business Services	495,985	547,999	532,084	610,836
Operating Building Services	3,257,651	3,150,871	2,936,586	2,953,721
Pupil Transportation	394,400	451,200	451,390	451,390
Personnel Svcs/Technology Svcs	388,622	454,127	425,990	442,492
Community Services:				
Community Recreation	83,994	87,933	56,492	60,009
Custody & Care of Children	732,553	848,646	862,671	833,867
Other Community Services	19,810	0	8,403	8,412
Site Improvement Services	0	0	0	0
Long Term Debt	452,172	452,265	457,265	452,114
Athletics	861,736	895,839	854,207	851,834
Total expenditures	40,400,070	41,280,548	42,117,840	42,235,263
Other Financing Uses				
Outgoing Transfers	0	0	0	0
Transfers out	261,045	300,000	20,000	120,000
Total Other Financing Uses	261,045	300,000	20,000	120,000
Total expenditures and other financing uses	40,661,115	41,580,548	42,137,840	42,355,263
Revenue Over (or Under) Expenditures	26,356	472,116	15,000	321,779
ENDING FUND BALANCE	827,278	1,686,279	842,278	1,164,057

Budget Development Process



Governmental Fund Structure



\$ SCHOOL FINANCE-101 \$

- State Education Tax Dollars (6 mills) Goes To Lansing
- Funding Returns in Student Foundation (SFA)
- Federal and State grants expected to stay relatively flat for 2017-18
- No Way to Raise Local Operating Funds
- State Foundation Allowance-A slight increase in revenue is expected-\$50 per pupil
- Expenses are increasing (employee benefits, inflation, utilities, etc.)



2017-18 Budget Highlights

General Fund 2017-18



■ Revenues (\$42,677,042)

- \$50 per pupil increase in Student Foundation Allowance
- State categorical and Federal grants relatively flat
- Assume additional enrollment of 50 FTE's
- New revenue of approximately (\$400,000)

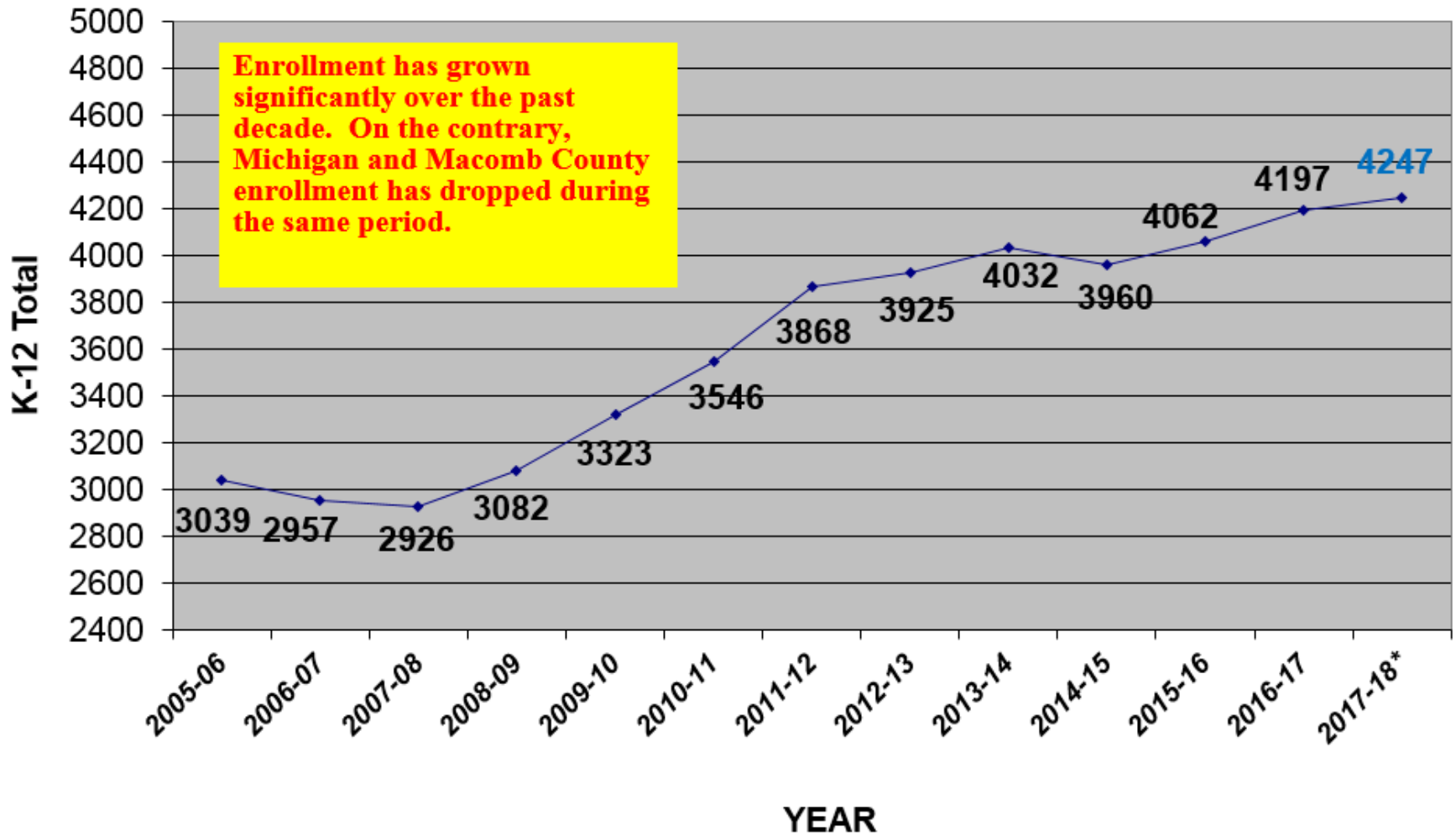
■ Expenditures (\$42,355,263)

- No change in employee benefits due to increase in employee contributions to health care expenditures (hard cap implementation required by law)
- Reduction of a few staff FTE's through restructuring
- Capital Projects transfer of \$120,000

■ Bottom Line – Board

- Projected growth to Fund Balance of approximately \$321,000
- Continue program offerings to enhance student success
- Continued expected growth in enrollment

Lakeview Funded FTE Enrollment History w/ Projection



Enrollment has grown significantly over the past decade. On the contrary, Michigan and Macomb County enrollment has dropped during the same period.

Fund Balance-General Fund

■ Actual June 30, 2007	\$ 3,406,451 (12%)
■ 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 (2.0%)
■ Actual June 30, 2016	\$ 827,278 (2.0%)
■ <i>Estimated June 30, 2017</i>	<i>\$ 842,278 (2.0%)</i>
■ <i>Estimated June 30, 2018</i>	<i>\$ 1,164,057 (2.7%)</i>

General Fund Revenue Notes

■ State Aid:

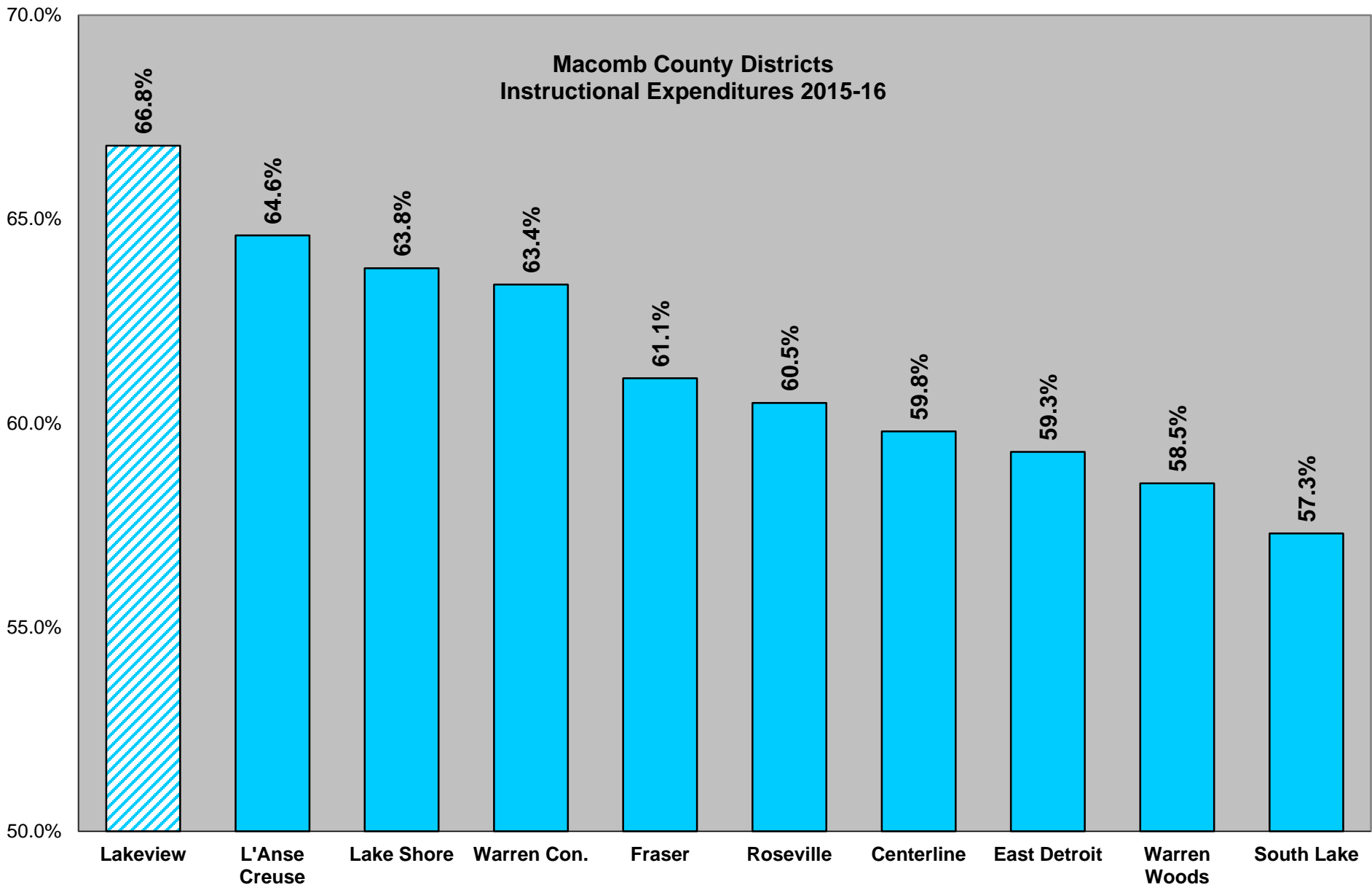
- The state legislature and Governor have not approved the 2017-18 state budget
 - Lakeview's foundation allowance amount is still unknown for the budget the Board will approve at the Regular Board Meeting on May 16, 2017
- State Aid (Student Foundation Allowance) is received for Resident AND adjusted for Schools of Choice students
- State Aid is the District's primary source of revenue (accounts for approx. 85% of total)
- We project State Aid for 2017-18 to increase by \$50 per FTE
- We anticipate having growth to the fund balance for 2017-18 minimally of approximately \$321,000

General Fund Expenditures

- Known staffing additions/reductions due to restructuring
- Employee Cost (84% of spending): **ASSUMPTIONS**
 - Current contracts apply; negotiations to begin for 2018-19
 - Salary grids subject to increases/decreases based on new revenue and pre-established triggers
 - Benefit costs are higher due to increased utilization; however, employee contributions will also increase in an offset to the expense (hard cap benefits rule)
- Energy cost increases will be limited because we purchase these through a consortium contract for gas and electricity (Metro Bureau). We have also installed energy efficient lighting systems and many heat and a/c systems with auto controls
- Budget increased for expected necessary costs such as new copy/print/fax, website, water & sewer rate changes



Macomb County Districts Instructional Expenditures 2015-16



Capital Projects Fund

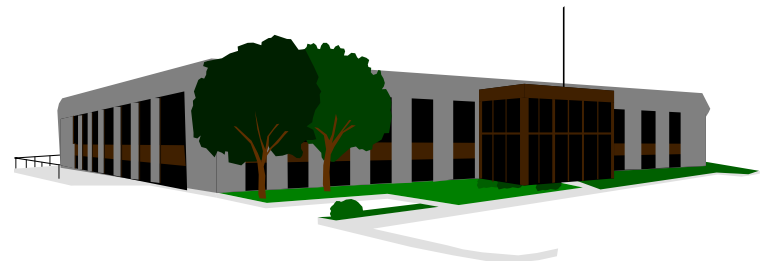
- Fund established in 1996-97

Revenue

- General Fund transfers
- Purpose: To fund capital projects and technology improvements

■ Expenses

- For 2017-18, projected for building maintenance per the deferred maintenance plan.



Debt Retirement Fund 2017-18

- 2001, 2007 bonds approved by voters, and multiple years of Bond Refunding
 - The District's repayment of the bond issued; these debt payments total \$3,997,350
 - Anticipated tax millage rate to be levied for 2017-18 is 7.9900 mills.

Current Unknowns

■ 2016-17

- Actual amount spent in each account (finalized during summer)
- Actual fund balance on June 30, 2017

■ 2017-18

- Actual fall 2017 enrollment
 - Actual state aid per pupil and Grant awards after school starts in September
- 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 August of 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 May 1, 2017 in Macomb Daily)
 - Notice must state that the proposed millage rate will be a topic of the budget hearing

Truth-in-Taxation (cont'd)

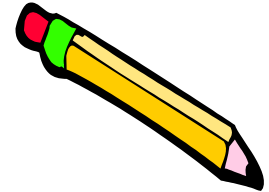
- Potential revenue loss *without* tonight's truth-in-taxation hearing

Proposed 2017 Millage Rates



Proposed 2017 Debt Retirement Millage Rate

<u>Year</u>	<u>Debt Millage</u>
2006	4.4700 mills
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
2017	7.9900 mills



As property values dropped, the mills had to increase to generate the collection needed to make payments.

NOTE: The 2017-18 increase is required to pay the bond debt as the voters approved in 2001, 2007 and multiple years of bond refunding. The rate was reduced previously to reduce the level of the excess fund balance.

Proposed 2017 Millage Rates

Homestead Property

State levy: 6.0000 mills

Debt retirement 7.9900 mills (est)

Total 13.9900 mills

Proposed 2017 Millage Rates

Non-homestead Property

State levy: 6.0000 mills

Debt retirement: 7.9900 mills (est.)

Operating millage 18.0000 mills

Total 31.9900 mills

What's Next?

Regular Board Meeting May 16, 2017 (7:30pm)

Board approval will be requested for...

■ **Tax Rate Levy for:**

Debt Retirement = 7.9900 (est.)

Operating Mills = 18.0000

State Required = 6.0000

■ **100% Summer Collection**

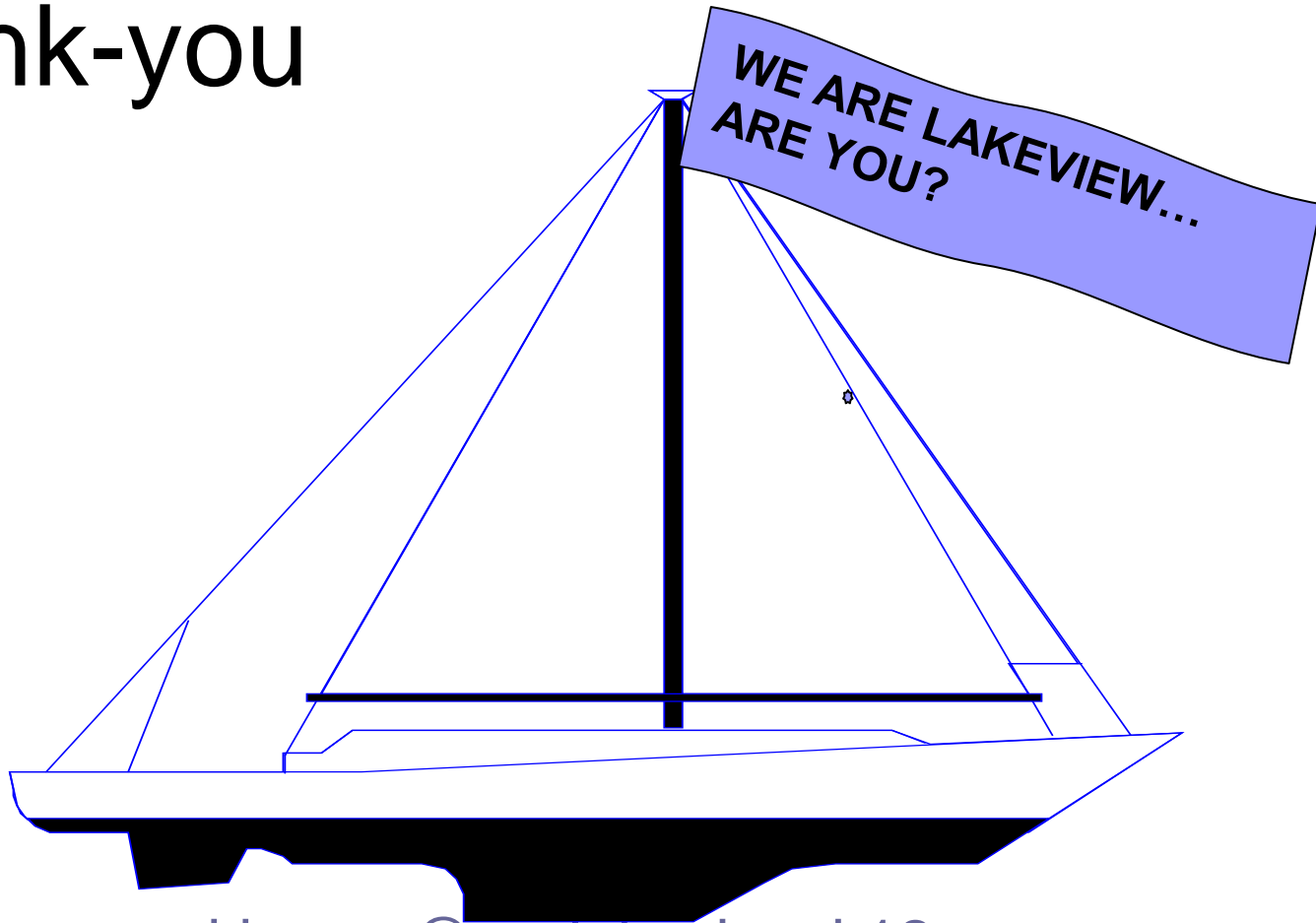
■ **2017-18 General Fund and Debt Retirement Fund and Capital Projects Fund budgets**



Questions?



Thank-you



kkonon@scslakeview-k12.com
586-445-4000 Ext. 2510