2019-2020 Budget Hearing

Lakeview Public Schools
Katherine Konon, CPA, CGMA
Director of Business Services
May 21, 2019
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 2019-20 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 2019-20 budgets for the General Fund, Debt Fund and Capital Projects Fund will be presented tonight, May 21, 2019 at the Regular Board Meeting.
# 2019-20 Proposed General Fund Budget

## Summary of Revenue and Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>2019 (REV)</th>
<th>2019 (REV)</th>
<th>2019 (REV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>1,566,613</td>
<td>2,902,904</td>
<td>2,902,904</td>
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<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>3,271,419</td>
<td>3,266,013</td>
<td>3,232,306</td>
</tr>
<tr>
<td>State</td>
<td>37,949,322</td>
<td>38,375,186</td>
<td>38,273,730</td>
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<tr>
<td>Federal</td>
<td>1,023,360</td>
<td>1,066,493</td>
<td>1,103,008</td>
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<tr>
<td>Interdistrict Sources</td>
<td>1,922,993</td>
<td>1,960,320</td>
<td>1,874,674</td>
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<tr>
<td>Am. &amp; Misc.</td>
<td>76,174</td>
<td>72,200</td>
<td>77,485</td>
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<tr>
<td>Fund Modifications/Other Financing Sources</td>
<td>137,325</td>
<td>48,000</td>
<td>50,000</td>
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<tr>
<td>TOTAL REVENUE</td>
<td>44,301,003</td>
<td>44,770,211</td>
<td>45,711,223</td>
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<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Basic Program</td>
<td>22,948,436</td>
<td>23,832,966</td>
<td>23,544,721</td>
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<tr>
<td>Add. of Need</td>
<td>4,832,683</td>
<td>5,013,831</td>
<td>5,197,252</td>
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<tr>
<td>Support Services</td>
<td>3,482,195</td>
<td>3,719,541</td>
<td>3,926,534</td>
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<tr>
<td>Pupil Services</td>
<td>1,353,361</td>
<td>1,452,608</td>
<td>1,550,773</td>
</tr>
<tr>
<td>Instructional Staff</td>
<td>782,404</td>
<td>790,926</td>
<td>822,949</td>
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<tr>
<td>General Administration</td>
<td>2,441,606</td>
<td>2,521,889</td>
<td>2,956,490</td>
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<tr>
<td>School Administration</td>
<td>653,788</td>
<td>614,113</td>
<td>724,867</td>
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<tr>
<td>Business Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Operating Building Services</td>
<td>3,093,002</td>
<td>3,093,650</td>
<td>3,305,369</td>
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<tr>
<td>Pupil Transportation</td>
<td>347,144</td>
<td>388,944</td>
<td>415,672</td>
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<tr>
<td>Personnel of Staff/Technology Sys</td>
<td>431,596</td>
<td>448,132</td>
<td>484,958</td>
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<td>Community Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Community Recreation</td>
<td>62,471</td>
<td>75,949</td>
<td>100,007</td>
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<tr>
<td>Custody of Care of Children</td>
<td>951,903</td>
<td>867,955</td>
<td>913,888</td>
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<tr>
<td>Other Community Services</td>
<td>19,373</td>
<td>21,617</td>
<td>36,143</td>
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<tr>
<td>Total Expenditures</td>
<td>42,534,794</td>
<td>44,162,279</td>
<td>44,969,277</td>
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<tr>
<td>Other Financing Uses</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Outgoing Transfers</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Total Other Financing Uses</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Expenditures and Other Financing Uses</td>
<td>43,034,794</td>
<td>44,412,279</td>
<td>45,219,277</td>
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<tr>
<td>Revenue Over (or Under) Expenditures</td>
<td>1,346,289</td>
<td>355,420</td>
<td>491,946</td>
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<tr>
<td>ENDING FUND BALANCE</td>
<td>2,902,904</td>
<td>3,268,324</td>
<td>3,394,860</td>
</tr>
</tbody>
</table>

**Note:** The above table shows the comparison of revenues and expenditures for the years 2018 and 2019, with specific details for each category. The ending fund balance is also provided for both years.
Budget Development Process

Board

Budget Hearing

Superintendent’s Review

Review Needs Against Revenue

Assess Unique Needs with Administrative Staff

Project anticipated wage, benefit, operations, and supply costs
Governmental Fund Structure

General Fund (Includes Athletics)

- Special Revenue Funds
- Capital Projects Fund
- Internal Service Fund
- Debt Service Fund

Student/Activities Fund
(previously reported as a fiduciary fund-GASB 84)

Food Service Fund
$ SCHOOL FINANCE-101 $

- State Education Tax Dollars (6 mills) goes to Lansing.
- Funding Returns in Student Foundation Allowance (SFA).
- Federal and State grant allocations unknown for 2019-20, but expected to increase in areas such as Special Education and CTE.
- No Way to raise Local Operating Funds.
- State Foundation revenue is budgeted conservatively, to increase-$50 per pupil, 50 additional FTE’s.
- Expenses are increasing (wages, employee benefits, utilities, etc.).
General Fund 2019-20

Revenues ($46,709,820)

- Built budget, conservatively, based on $50 per pupil increase in Student Foundation Allowance.
- State categorical and Federal grants relatively stable; MPSERS offsets continued for retirement $546,067.
- Assume additional enrollment of 50 FTE’s.
- New revenue of approximately $591,000 for additional students and foundation allowance increase.
- Projected increases in other revenues of about $400,000, such as property taxes, preschool and latch key.
General Fund 2019-20 cont.

- **Expenditures ($46,256,582)**
  - Slight increase in employee health benefits and retirement rate increase.
  - Addition of 4 staff positions approximately $265,000 plus related benefits.
  - Small increase to instructional materials with a total of about $215,000 for new textbook adoptions and replacements.
  - Capital Projects transfer of $400,000 for technology upgrades and building improvements to aging facilities.

- **Bottom Line – Board**
  - Projected growth to Fund Balance of approximately $453,000.
  - Continue program offerings to enhance student success.
  - Continued expected growth in enrollment.
Lakeview Public Schools
History of Funded K-12th Student FTE

Funded enrollment has grown 48% since 2008, a reflection of quality programs and services that appeal to families.
<table>
<thead>
<tr>
<th>Date</th>
<th>Balance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual June 30, 2009</td>
<td>$2,875,836</td>
<td>(9.8%)</td>
</tr>
<tr>
<td>Actual June 30, 2010</td>
<td>$3,335,623</td>
<td>(10.7%)</td>
</tr>
<tr>
<td>Actual June 30, 2011</td>
<td>$3,547,946</td>
<td>(10.8%)</td>
</tr>
<tr>
<td>Actual June 30, 2012</td>
<td>$3,745,541</td>
<td>(10.7%)</td>
</tr>
<tr>
<td>Actual June 30, 2013</td>
<td>$3,116,353</td>
<td>(8.4%)</td>
</tr>
<tr>
<td>Actual June 30, 2014</td>
<td>$2,558,756</td>
<td>(6.6%)</td>
</tr>
<tr>
<td>Actual June 30, 2015</td>
<td>$800,922</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>Actual June 30, 2016</td>
<td>$827,278</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>Actual June 30, 2017</td>
<td>$1,556,613</td>
<td>(3.6%)</td>
</tr>
<tr>
<td>Actual June 30, 2018</td>
<td>$2,902,904</td>
<td>(6.6%)</td>
</tr>
<tr>
<td>Estimated June 30, 2019*</td>
<td>$3,394,850</td>
<td>(7.5%)</td>
</tr>
<tr>
<td>Estimated June 30, 2020*</td>
<td>$3,848,088</td>
<td>(8.3%)</td>
</tr>
</tbody>
</table>
General Fund Revenue Details

State Aid:

- The state legislature and Governor have not approved the 2019-20 state budget.
  - Lakeview’s actual foundation allowance amount is still unknown for the budget the Board will approve at the Regular Board Meeting tonight, May 21, 2019.

- 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 built the budget for State Aid for 2019-20 to increase by $50 per FTE and 50 additional FTE’s.

- We anticipate having growth to the fund balance for 2019-20, as of the budget presented tonight, of approximately $453,000.
General Fund Expenditures

- Anticipated addition of 2 teaching staff positions; 1 At Risk Counselor; special education supervisor
- Employee Cost (83% of spending): **ASSUMPTIONS**
  - Currently in negotiations with three union groups; paraprofessionals and principals have settled.
  - We assume salary grids will be subject to increases or decreases based on new revenue and pre-established triggers for calendar year 2020.
  - Approximate benefit increases of 5% due to industry trends; however, increased employee contributions (hard cap benefits rule), plan changes and decrease in employees on benefits will offset the majority of the increase.
  - Employer contribution retirement rate (MPSERS) increase of 1.32% increase.
- Added additional funding for curriculum adoptions for a total available of $215,000.
- Minimal modifications to address cost increases and approvals.
- Transfer of $400,000 to Capital Projects Fund for technology upgrades and building improvements
Macomb County Comparable
Percent of Budget - Instruction
2017-18

Money goes to our Mission!
Capital Projects Fund

- Fund established in 1996-97

Revenue

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

Expenses

- For 2019-20, projected for continued technology upgrades and building improvements for our aging buildings.
Debt Retirement Fund 2019-20

- 2001, 2007 bonds approved by voters, and multiple years of Bond Refunding
  - The District’s repayment of the bond issued; these debt payments total $3,960,750 for the 2019-20 year.
  - Anticipated tax millage rate to be levied for 2019-20 is maintained at 7.9900 mills.
Current Unknowns

- **2018-19**
  - Actual amount spent in each account (finalized during summer)
  - Actual fund balance on June 30, 2019
  - The district expects to finish better than our last budget amendment that was approve in March 2019.

- **2019-20**
  - Actual fall 2019 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, which another renewal will need to go to the voters sometime in fall 2019 or spring 2020.
Truth-in-Taxation (cont’d)

- Legal notice requirements…

  - Publish a legal notice announcing tonight’s hearing (this year published May 10, 2019 in Macomb Daily).

  - Notice must state that the proposed millage rate will be a topic of the budget hearing.

  - Potential revenue loss **without** tonight’s truth-in-taxation hearing.
Proposed 2019 Millage Rates
**Proposed 2019 Debt Retirement Millage Rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt Millage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>4.4700 mills (2007 voted new bond)</td>
</tr>
<tr>
<td>2009</td>
<td>4.4700 mills</td>
</tr>
<tr>
<td>2010</td>
<td>5.4700 mills</td>
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<tr>
<td>2011</td>
<td>7.8900 mills</td>
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<tr>
<td>2012</td>
<td>6.7400 mills</td>
</tr>
<tr>
<td>2013</td>
<td>7.7400 mills</td>
</tr>
<tr>
<td>2014</td>
<td>7.7400 mills</td>
</tr>
<tr>
<td>2015</td>
<td>7.9900 mills</td>
</tr>
<tr>
<td>2016</td>
<td>7.0000 mills</td>
</tr>
<tr>
<td>2017</td>
<td>7.9900 mills</td>
</tr>
<tr>
<td>2018</td>
<td>7.9900 mills</td>
</tr>
<tr>
<td>2019</td>
<td>7.9900 mills</td>
</tr>
</tbody>
</table>

No millage rate increase for 2019-20
Proposed 2019 Millage Rates

Homestead Property

State levy: 6.0000 mills
Debt retirement 7.9900 mills (est)

Total 13.9900 mills
Proposed 2019 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 21, 2019 (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

- 2019-20 General Fund, Debt Retirement Fund and Capital Projects Fund budgets
Thank-you

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