Bloomfield Hills Schools
Board of Education Meeting
June 23, 2022

Public Hearing

2022/23 Original Budget
2022 Tax Rates

& 2021/22 Final Budget Revisions
2022 Property Tax Millage Rates &

2022/23 General Fund Original Budget Recommendation
### 2022 Property Tax Millage Rates

<table>
<thead>
<tr>
<th>Tax Base</th>
<th>Purpose</th>
<th># of Mills</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Primary Residence Exemption Property (Non-PRE)</td>
<td>General Operating</td>
<td>18.0000</td>
<td>No change</td>
</tr>
<tr>
<td>Primary Residence Exemption Property (PRE)</td>
<td>General Operating</td>
<td>5.4820</td>
<td>0.6265 decrease</td>
</tr>
<tr>
<td>Commercial Personal Property</td>
<td>General Operating</td>
<td>11.4820</td>
<td>0.6265 decrease</td>
</tr>
<tr>
<td>All Classifications of Property</td>
<td>Debt Service &amp; Sinking Fund</td>
<td>2.7500</td>
<td>No change</td>
</tr>
</tbody>
</table>

*These rates are estimated in June for the July 1 levy (50%) and finalized in September for the December 1 levy (remaining amount) using the latest enrollment and taxable values.*

*Note: For 2021-22, the State Aid Act closed the Foundation Allowance funding gap, fully funding a target foundation of $8,700 per pupil. For over a decade, the district did not receive the full target foundation (about $119 less per pupil) as a result of the elimination of categorical section 20j funding about a decade ago. With the State now funding the full amount, the locally funded hold harmless amount decreased by the $119 per pupil, beginning with the 2021 tax year, impacting homestead (primary residence exemption) and commercial personal properties.*
The General Fund accounts for the district’s core operations:

- General education
- Special education (non-Center Programs)
- Preschool through 12th grade and beyond, including up to 26 years old for special education students.
## General Fund - Original Budget
### Fiscal Year 2022/23

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong> – Fund balance as of July 1, 2022 (projected)</td>
<td>$19,579,850</td>
</tr>
<tr>
<td>Revenues &amp; Transfers In</td>
<td>102,856,726</td>
</tr>
<tr>
<td>Expenditures &amp; Transfers Out</td>
<td>(103,258,689)</td>
</tr>
<tr>
<td>Revenue over (under) expenditures</td>
<td>(401,963)</td>
</tr>
<tr>
<td><strong>General Fund</strong> – Fund balance as of June 30, 2023 (projected)</td>
<td>$19,177,887</td>
</tr>
<tr>
<td>Fund balance as a percent of expenditures</td>
<td>18.6%</td>
</tr>
</tbody>
</table>
Funding Sources

- The Foundation Allowance comprises two thirds of the General Fund revenue. The formula is:
  
  **Foundation Allowance per pupil x Enrollment**

- Annually, through the State’s budgeting process, a Foundation Allowance per pupil amount is established and not always known before July 1 when the district must have a budget in place.

- The Foundation Allowance is comprised of State and Local sources, including approved operating millages, capped at the State determined Foundation amount.

- This year, the funding gap closed with all districts receiving a Target Foundation of $8,700, not including the hold harmless portion of the Foundation. This eliminates the former “2x” formula where the lowest funded districts received twice the increase of the highest funded districts.

- Since the enactment of Proposal A, school districts have limited revenue raising ability and State funding increases have not kept pace with inflation.
Fiscal Year 2022/23 - General Fund
Revenue by Source

- Local: 36%
- State: 51%
- Federal: 7%
- Interdistrict & transfers in: 6%
The Foundation Allowance is funded both locally, through non-homestead and hold harmless operating taxes, and by the State School Aid Fund. Approximately $68 million, or 66% of total revenue represents the per pupil Foundation Allowance funding.
General Fund Revenue Key Assumptions
2022/23 Original Budget

Many unknown variables exist for the original budget, including the following key considerations that are in process:

• Enrollment includes a net decrease of 67 FTEs is used in next year’s budget for a blended membership of 5271 FTEs

• Foundation Allowance increase of $435 per pupil based on state budget proposals and very conservative given the high revenue estimates presented at the May Consensus Revenue Estimating Conference

• Expenditures in total increased slightly, about $105,000, which includes staff contractual amounts, offset by decreases in pandemic costs experienced this past year related to higher staffing levels for student safety/learning and significant substitute costs. Inflationary increases are expected to continue related to diesel fuel, etc.
Of the total $103.3M expenditures, the largest cost is staffing, totaling about $86.5 million, which comprises around 84% of total General Fund expenditures. Contracted staffing comprises another $3.5 million, about 3.4% of total expenditures.

Outgoing tuition details:
- BHS students attending IA, $1.3M
- BHS students attending Wing Lake/DHH, $700K
- BHS students attending other district special education programs, $1.2M
The Board is required to adopt a balanced budget prior to July 1 of each year, to be in place for the ensuing school year. The budget is a formalized statement of anticipated revenues, expenditures of the District, and fund balance and includes all district fund categories that are used to carry-out the District's educational goals and objectives, as required by law. If a five-year forecast provided to the Board shows that the General Fund fund balance would go below 20% of projected expenditures in any year, the matter will be brought to the attention of the Board for discussion at the next scheduled Board meeting or at a special meeting convened sooner. The Board will not approve an annual operating budget that is based on a five-year forecast showing that the General Fund fund balance would go below 15% of projected expenditures in any year, unless the Board contemporaneously passes a separate motion permitting same for that year.

The Superintendent is responsible for preparing the budget and its timely presentation to the Board. Following adoption by the Board, the Superintendent will regularly inform the Board of actual or anticipated variances that may occur during budget implementation and recommend any action that may be required to be taken by the Board.
### June 2022 General Fund Forecast as of 6.14.2022
Years Ending June 30th

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PRIOR 2020-21</th>
<th>PRIOR 2021-22</th>
<th>PRIOR 2022-23</th>
<th>PRIOR 2023-24</th>
<th>PRIOR 2024-25</th>
<th>PRIOR 2025-26</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND BALANCE JULY 1</td>
<td>$20,875,724</td>
<td>$22,478,622</td>
<td>$19,579,850</td>
<td>$19,177,887</td>
<td>$17,207,000</td>
<td>$16,121,330</td>
</tr>
<tr>
<td>REVENUES</td>
<td>$97,076,212</td>
<td>$100,255,047</td>
<td>$102,856,726</td>
<td>$101,098,051</td>
<td>$103,416,541</td>
<td>$104,538,503</td>
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<tr>
<td>EXPENDITURES</td>
<td>$95,473,314</td>
<td>$103,153,819</td>
<td>$103,258,689</td>
<td>$103,068,938</td>
<td>$104,502,211</td>
<td>$103,851,160</td>
</tr>
<tr>
<td>ANNUAL SURPLUS(DEFICIT)</td>
<td>$1,602,898</td>
<td>$(2,898,772)</td>
<td>$(401,963)</td>
<td>$(1,970,887)</td>
<td>$(1,085,670)</td>
<td>$687,344</td>
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</table>

**2020-21 Audited**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PRIOR 2020-21</th>
<th>PRIOR 2021-22</th>
<th>PRIOR 2022-23</th>
<th>PRIOR 2023-24</th>
<th>PRIOR 2024-25</th>
<th>PRIOR 2025-26</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNRESTRICTED FUND BALANCE</td>
<td>$22,478,622</td>
<td>$19,579,850</td>
<td>$19,177,887</td>
<td>$17,207,000</td>
<td>$16,121,330</td>
<td>$16,808,674</td>
</tr>
<tr>
<td>FUND BALANCE AS % OF GF EXPENSES</td>
<td>23.5%</td>
<td>19.0%</td>
<td>18.6%</td>
<td>16.7%</td>
<td>15.4%</td>
<td>16.2%</td>
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</table>
## Special Revenue Funds - Original Budget
### Fiscal Year 2022/23

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Special Revenue Funds</strong></td>
<td>$8,460,483</td>
</tr>
<tr>
<td><strong>Revenues &amp; Transfers In</strong></td>
<td>22,845,380</td>
</tr>
<tr>
<td><strong>Expenditures &amp; Transfers Out</strong></td>
<td>(22,976,830)</td>
</tr>
<tr>
<td><strong>Revenue over (under) expenditures</strong></td>
<td>(131,450)</td>
</tr>
<tr>
<td><strong>Special Revenue Funds</strong></td>
<td>$8,329,033</td>
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</table>

Special Revenue Funds include: Center Programs, International Academy, Recreation/Community Services Food Services, Hills Activities, Co-Curricular Endowment
General Fund & Special Revenue Funds

Final Budget Revisions
Fiscal Year 2021/22
# General Fund Budget Projections
## Fiscal Year 2021/22

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Midyear Budget</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong> – Fund balance, beginning of year (audited)</td>
<td>$22,478,622</td>
<td>$22,478,622</td>
<td>$22,478,622</td>
</tr>
<tr>
<td><strong>Revenues &amp; Transfers In</strong></td>
<td>94,513,420</td>
<td>97,497,547</td>
<td>100,255,047</td>
</tr>
<tr>
<td><strong>Expenditures &amp; Transfers Out</strong></td>
<td>97,114,857</td>
<td>99,709,825</td>
<td>103,153,819</td>
</tr>
<tr>
<td>Revenue over (under) expenditures</td>
<td>(2,601,437)</td>
<td>(2,212,278)</td>
<td>(2,898,772)</td>
</tr>
<tr>
<td><strong>General Fund</strong> – Fund balance, end of year (projected)</td>
<td>$19,877,185</td>
<td>$20,266,344</td>
<td>$19,579,850</td>
</tr>
<tr>
<td>Fund balance as a percent of expenditures</td>
<td>20.5%</td>
<td>20.3%</td>
<td>19.0%</td>
</tr>
</tbody>
</table>
## Special Revenue Funds – Final Budget Fiscal Year 2021/22

### Special Revenue Funds – Fund balance as of July 1, 2021

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues &amp; Transfers In</td>
<td>$22,109,702</td>
</tr>
<tr>
<td>Expenditures &amp; Transfers Out</td>
<td>$(21,559,927)</td>
</tr>
<tr>
<td>Revenue over (under) expenditures</td>
<td>$549,775</td>
</tr>
</tbody>
</table>

### Special Revenue Funds – Projected fund balance as of June 30, 2022

<table>
<thead>
<tr>
<th>Revenue Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues &amp; Transfers In</td>
<td>$22,109,702</td>
</tr>
<tr>
<td>Expenditures &amp; Transfers Out</td>
<td>$(21,559,927)</td>
</tr>
<tr>
<td>Revenue over (under) expenditures</td>
<td>$549,775</td>
</tr>
</tbody>
</table>

Special Revenue Funds include: Center Programs, International Academy, Recreation/Community Services, Food Services, Co-Curricular Endowment and Hills Activities.
General Fund
History & Trends
Beginning 2012-13, Revenue and Expenditures include the State funding and corresponding retirement cost related to the unfunded accrued actuarial liability (UAAL), which drives up the total revenue and expenditures each year by:

Fiscal Year & Amount:
- 2012-2013 $1.1M
- 2013-2014 $2.7M
- 2014-2015 $4.5M
- 2015-2016 $6.0M
- 2016-2017 $6.4M
- 2017-2018 $7.4M
- 2018-2019 $6.8M
- 2019-2020 $6.5M
- 2020-2021 $7.7M
- 2021-2022 $9.3M

Revenue / Expenditures by Fiscal Year
### Cumulative Foundation Allowance Changes Compared to Consumer Price Index Since 1994/95

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Minimum foundation</td>
<td>$4,200</td>
<td>$7,316</td>
<td>$7,162</td>
<td>$7,146</td>
<td>$6,846</td>
<td>$6,966</td>
<td>$7,026</td>
<td>$7,126</td>
<td>$7,391</td>
<td>$7,511</td>
<td>$7,631</td>
<td>$7,871</td>
<td>$8,111</td>
<td>$8,111</td>
<td>$8,700</td>
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<tr>
<td>Increase (decrease)</td>
<td>112</td>
<td>(154)</td>
<td>(16)</td>
<td>(300)</td>
<td>120</td>
<td>60</td>
<td>100</td>
<td>265</td>
<td>120</td>
<td>120</td>
<td>240</td>
<td>240</td>
<td>-</td>
<td>589</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent change</td>
<td>1.55%</td>
<td>-2.10%</td>
<td>-0.22%</td>
<td>-4.20%</td>
<td>1.75%</td>
<td>0.86%</td>
<td>1.42%</td>
<td>3.72%</td>
<td>1.62%</td>
<td>1.60%</td>
<td>3.15%</td>
<td>3.05%</td>
<td>0.00%</td>
<td>7.26%</td>
<td></td>
<td></td>
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<tr>
<td>Minimum Cumulative % Change</td>
<td>74%</td>
<td>71%</td>
<td>70%</td>
<td>63%</td>
<td>66%</td>
<td>67%</td>
<td>70%</td>
<td>76%</td>
<td>79%</td>
<td>82%</td>
<td>87%</td>
<td>93%</td>
<td>93%</td>
<td>107%</td>
<td></td>
<td></td>
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<tr>
<td>Basic foundation allowance</td>
<td>$5,000</td>
<td>$12,443</td>
<td>$12,170</td>
<td>$12,154</td>
<td>$11,854</td>
<td>$11,884</td>
<td>$11,934</td>
<td>$12,004</td>
<td>$12,064</td>
<td>$12,124</td>
<td>$12,244</td>
<td>$12,364</td>
<td>$12,364</td>
<td>$12,364</td>
<td>$12,535</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease)</td>
<td>56</td>
<td>(273)</td>
<td>(16)</td>
<td>(300)</td>
<td>-</td>
<td>30</td>
<td>50</td>
<td>70</td>
<td>60</td>
<td>60</td>
<td>120</td>
<td>120</td>
<td>-</td>
<td>171</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent change</td>
<td>0.45%</td>
<td>-2.19%</td>
<td>-0.13%</td>
<td>-2.47%</td>
<td>0.00%</td>
<td>0.25%</td>
<td>0.42%</td>
<td>0.59%</td>
<td>0.50%</td>
<td>0.99%</td>
<td>0.98%</td>
<td>0.00%</td>
<td>1.38%</td>
<td></td>
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<tr>
<td>BHS Cumulative % Change</td>
<td>19%</td>
<td>16%</td>
<td>16%</td>
<td>13%</td>
<td>13%</td>
<td>14%</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
<td>16%</td>
<td>17%</td>
<td>18%</td>
<td>18%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bloomfield Hills Schools (BHS)</td>
<td>$10,454</td>
<td>$12,443</td>
<td>$12,170</td>
<td>$12,154</td>
<td>$11,854</td>
<td>$11,884</td>
<td>$11,934</td>
<td>$12,004</td>
<td>$12,064</td>
<td>$12,124</td>
<td>$12,244</td>
<td>$12,364</td>
<td>$12,364</td>
<td>$12,364</td>
<td>$12,535</td>
<td></td>
</tr>
<tr>
<td>GDP* Price Deflator (State &amp; Local Gov)</td>
<td>56.6</td>
<td>92.0</td>
<td>94.0</td>
<td>97.1</td>
<td>99.3</td>
<td>102.6</td>
<td>105.3</td>
<td>105.8</td>
<td>105.5</td>
<td>107.6</td>
<td>111.9</td>
<td>114.6</td>
<td>116.2</td>
<td>120.5</td>
<td>122.7</td>
<td></td>
</tr>
<tr>
<td>Percent change</td>
<td>0.14%</td>
<td>2.13%</td>
<td>3.35%</td>
<td>2.19%</td>
<td>3.33%</td>
<td>2.64%</td>
<td>0.48%</td>
<td>-0.23%</td>
<td>2.00%</td>
<td>3.99%</td>
<td>2.37%</td>
<td>1.40%</td>
<td>3.74%</td>
<td>1.80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cumulative % Change</td>
<td>63%</td>
<td>66%</td>
<td>72%</td>
<td>75%</td>
<td>81%</td>
<td>86%</td>
<td>87%</td>
<td>87%</td>
<td>90%</td>
<td>98%</td>
<td>103%</td>
<td>105%</td>
<td>113%</td>
<td>117%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*From fiscal years 1995 through 2022, the School District had an average annual growth in per pupil revenue of .74 percent compared with the Gross Domestic Product Deflator for State and Local Government purchases of 4.33 percent during the same 25 year period under Proposal A.*
Please visit bloomfield.org for more information

Click the transparency icon on the home page or visit the Finance web pages under Departments

<table>
<thead>
<tr>
<th>Year</th>
<th>Data Status</th>
<th>Indicator Score</th>
<th>Enrollments</th>
<th>Foundation Allowances</th>
<th>Fund Balances</th>
<th>Taxable Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>Amended Budget</td>
<td>2</td>
<td>5,334</td>
<td>$12,535</td>
<td>$20,266,344</td>
<td>$4,079,862,685</td>
</tr>
<tr>
<td>2021</td>
<td>Historic</td>
<td>0</td>
<td>5,510</td>
<td>$12,364</td>
<td>$22,478,621</td>
<td>$3,977,488,738</td>
</tr>
<tr>
<td>2020</td>
<td>Historic</td>
<td>0</td>
<td>5,555</td>
<td>$12,364</td>
<td>$20,875,722</td>
<td>$3,834,046,000</td>
</tr>
<tr>
<td>2019</td>
<td>Historic</td>
<td>0</td>
<td>5,505</td>
<td>$12,244</td>
<td>$20,399,860</td>
<td>$3,657,510,341</td>
</tr>
<tr>
<td>2018</td>
<td>Historic</td>
<td>0</td>
<td>5,609</td>
<td>$12,124</td>
<td>$20,422,121</td>
<td>$3,500,227,339</td>
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<tr>
<td>2017</td>
<td>Historic</td>
<td>1</td>
<td>5,548</td>
<td>$12,016</td>
<td>$20,002,671</td>
<td>$3,395,089,160</td>
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<tr>
<td>2016</td>
<td>Historic</td>
<td>2</td>
<td>5,409</td>
<td>$12,004</td>
<td>$84,447,225</td>
<td>$85,292,854</td>
</tr>
<tr>
<td>2015</td>
<td>Historic</td>
<td>2</td>
<td>5,349</td>
<td>$11,934</td>
<td>$82,232,047</td>
<td>$84,906,750</td>
</tr>
</tbody>
</table>

- Budget and Salary / Compensation Transparency Reporting
  - Fiscal Year 2021-2022 Board Approved Budget
  - Fiscal Year 2020-2021 Board Approved Budget
  - Fiscal Year 2019-2020 Board Approved Budget
  - Fiscal Year 2018-2019 Board Approved Budget
  - Fiscal Year 2017-2018 Board Approved Budget
  - Fiscal Year 2016-2017 Board Approved Budget
  - Fiscal Year 2015-2016 Board Approved Budget
  - Fiscal Year 2014-2015 Board Approved Budget
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  - Expense Reimbursement Policy
  - Accounts Payable Check Register
  - Employee Compensation Information
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  - District Paid Lobbying Costs
  - Approved Deficit Elimination Plan
  - District Credit Card Information
  - District Paid Out-of-State Travel Information
  - COVID-19 Reconfirmation of Extended Learning Plan
  - COVID-19 Information
  - District Educational Goals and Reports
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  - MI School Data
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- Budget & Finances
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    - 2021 Financial Audit by Plante Moran
    - 2020 Financial Audit by Plante Moran
    - 2019 Financial Audit by Plante Moran
    - 2018 Financial Audit by Plante Moran
    - 2017 Financial Audit by Plante Moran
    - 2016 Financial Audit by Plante Moran

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  - Budget Public Hearing June 21, 2018 - slides
  - Budget Public Hearing June 15, 2017 - video
  - Budget Public Hearing June 15, 2017 - slides

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  - Midyear Budget Update February 26, 2021
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  - Midyear Budget Update January 30, 2020
  - Midyear Budget Update February 21, 2019
  - Midyear Budget Update February 18, 2018
  - Midyear Budget Update February 16, 2017
  - Final_Budget_Update_June_2_2016
  - Midyear Budget Update: February 18, 2016
  - Midyear Budget & Forecast Preview February 16 2014
  - Midyear Budget Progress December 19 2013
  - Midyear Budget Update February 7 2013

- School Finance Information