

Bloomfield Hills Schools

Public Hearing & Budget Update

June 15, 2017

Outline

- This Year's Final Budget Revisions
- Next Year's Tax Rates & Original Budget Recommendation
- Board Policy & Forecast through June 30, 2021
- History & Trends

**General Fund &
Special Revenue Funds
Final Budget Revisions
Fiscal Year 2016/17**

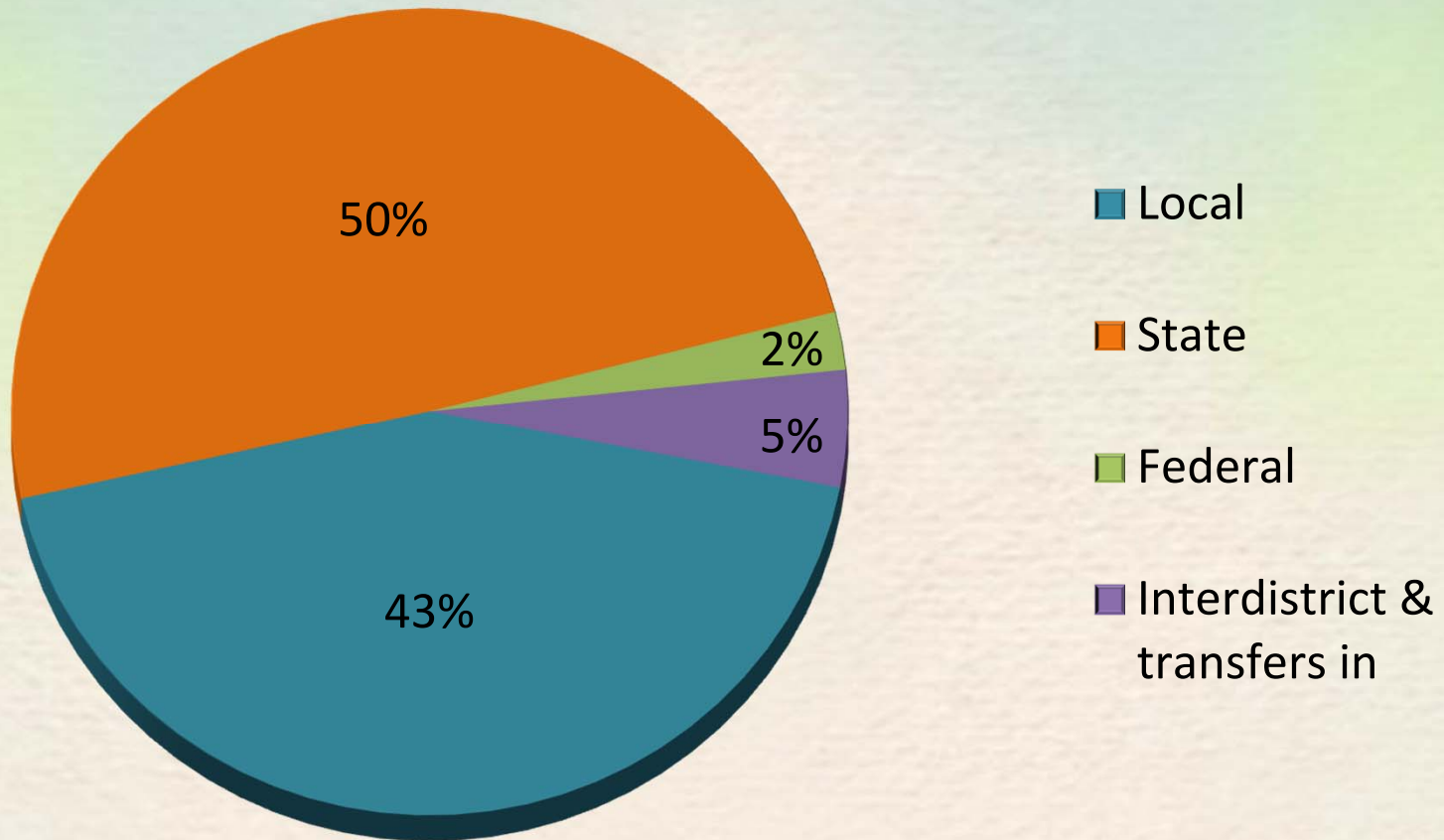
General Fund - Fiscal Year 2016/17

	Original Budget	Midyear Revisions	Final Revisions
General Fund – Fund balance as of July 1, 2016 (projected and actual, respectively)	\$17,683,880	\$18,526,060	\$18,526,060
Revenues & Transfers In	85,521,513	87,641,254	88,192,178
Expenditures & Transfers Out	(85,963,003)	(86,363,793)	(86,469,109)
Revenue over (under) expenditures	(441,490)	1,277,461	1,723,069
General Fund – Fund balance as of June 30, 2017 (projected)	\$17,242,390	\$19,803,521	\$20,249,129
Fund balance as a percent of expenditures	20.1%	22.9%	23.4%

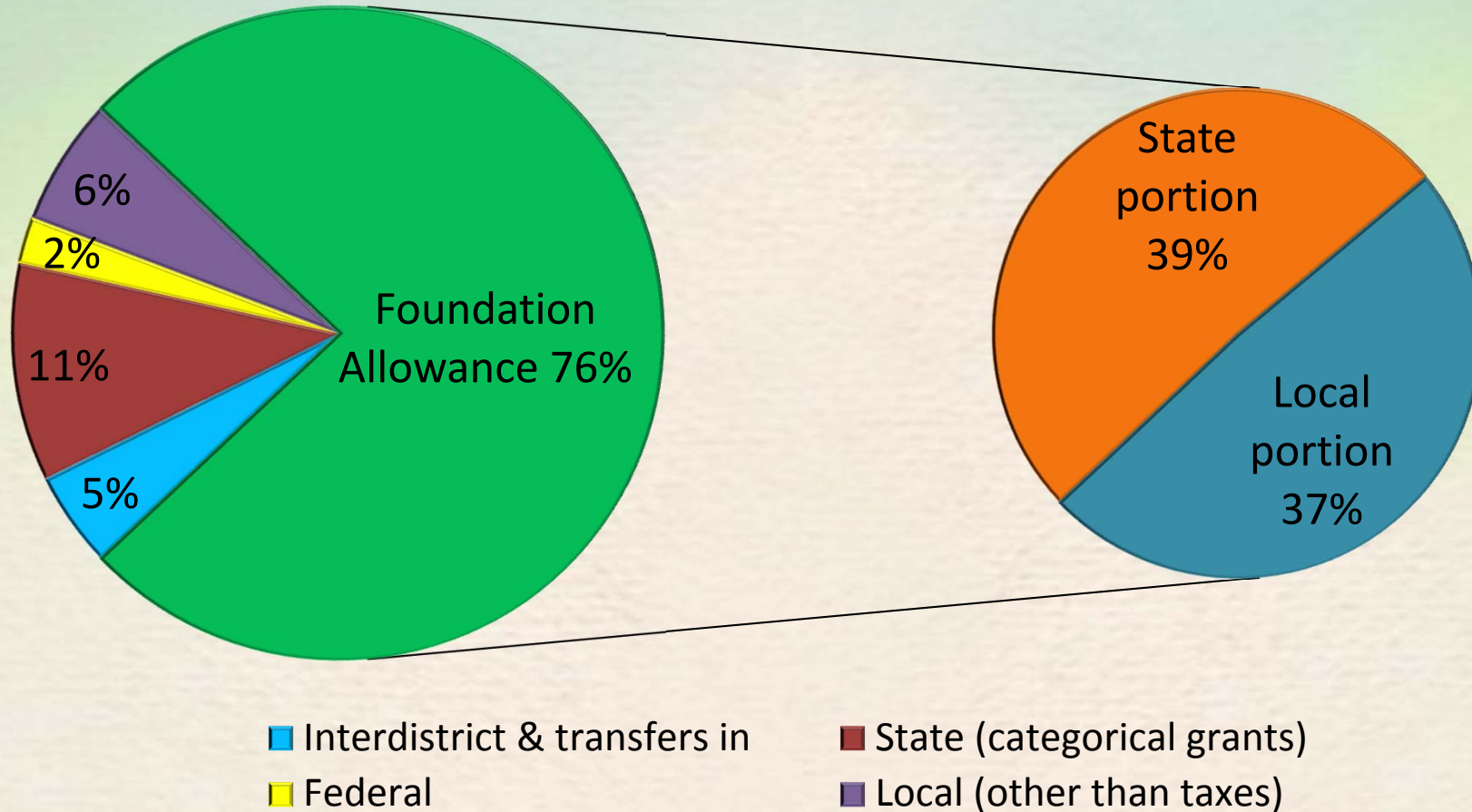
General Fund – Revision Highlights

Description	Impact on Fund Balance Better (Worse)
Midyear Budget – Revenue over Expenditures	\$ 1,277,461
Local revenue, net – Includes preschool, purchasing card rebate, etc.	351,514
Minor enrollment adjustments	64,422
Staff compensation (salaries & benefits), net	110,920
Additional non-recurring PA18 distribution	69,994
Diesel, natural gas and electricity	20,345
Contracted substitutes	(73,668)
Other, net	(97,919)
Final Budget – Revenue over Expenditures	\$ 1,723,069

Fiscal Year 2016/17 - General Fund Revenue by Source

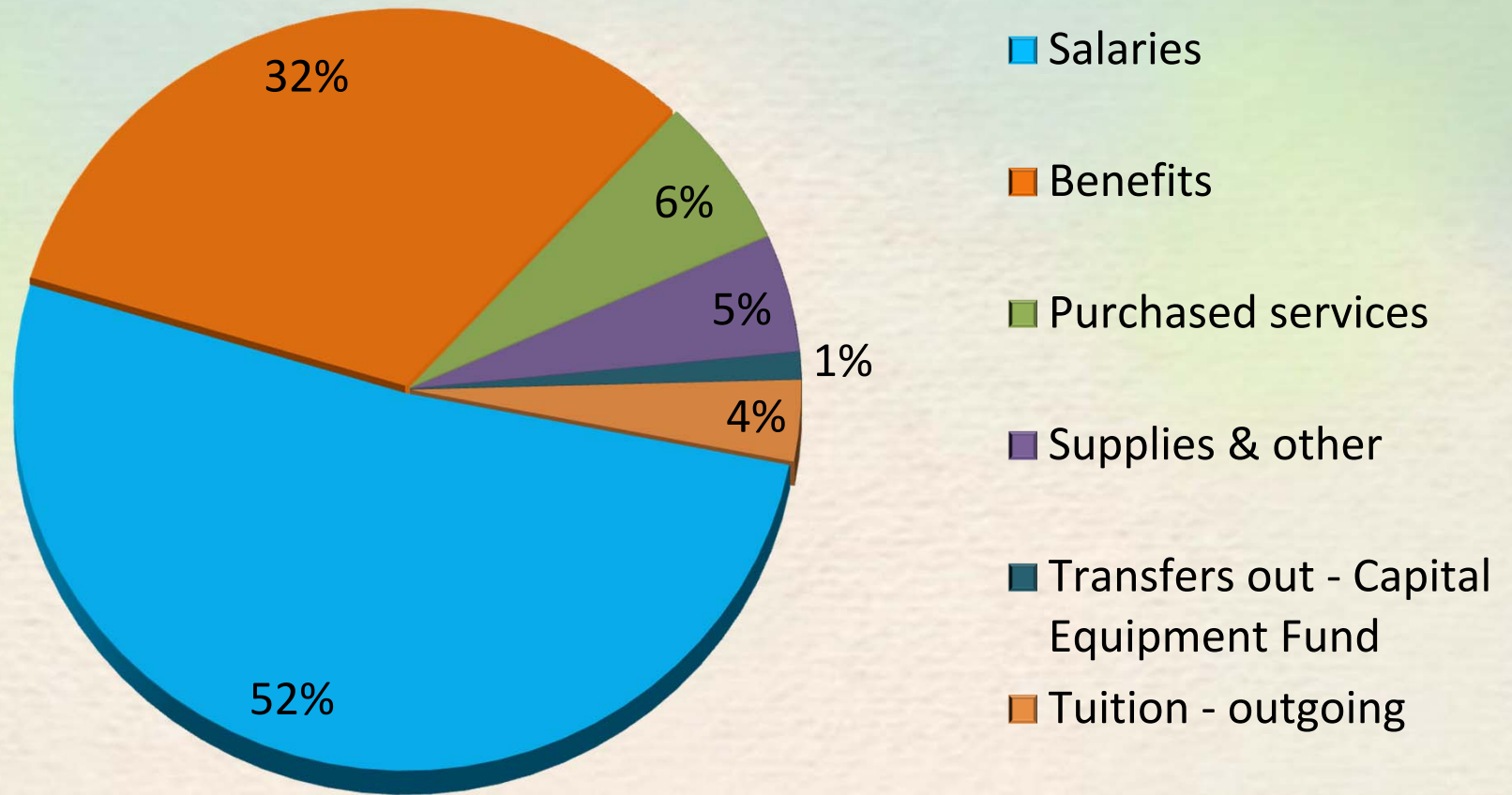


Fiscal Year 2016/17 - General Fund Revenue by Source



The Foundation Allowance is funded both locally, through non-homestead and hold harmless operating taxes, and by the State School Aid Fund. Approximately \$67 million, or 76% of total revenue represents the per pupil Foundation Allowance funding.

Fiscal Year 2016/17 - General Fund Expenditures by Object



Our largest cost is our staff totaling about \$72.5 million, which comprises around 84% of our total General Fund expenditures.

Special Revenue Funds – Final Budget Fiscal Year 2016/17

Special Revenue Funds – Fund balance as of July 1, 2016 (audited)		\$ 6,227,041
Revenues & Transfers In	17,704,017	
Expenditures & Transfers Out	(17,566,693)	
	Revenue over expenditures	137,324
Special Revenue Funds – Fund balance as of June 30, 2017 (projected)		\$ 6,364,365

Special Revenue Funds include: Center Programs, International Academy, Recreation/Community Services, and Food Services



**2017 Property Tax Millage Rates
and
2017/18 General Fund
Original Budget Recommendation**

2017 Property Tax Millage Rate Summary

Tax Base	Purpose	# of Mills
Principal Residence	General Operating (Hold Harmless)	7.7598
Non-Principal Residence	General Operating	18.0000
All Classifications of Property	Debt Service Sinking Fund	0.9500 0.7165
Commercial Personal Property	General Operating	13.7598

** The authorized rate of .7400 is subject to rollback under the Headlee Amendment. Headlee requires a rollback of the rate when annual growth on existing property is greater than the rate of inflation. Based on the latest taxable values, the reduction in revenue this year is approximately \$82,000.*



General Fund Assumptions

2017/18 Original Budget Development

Revenue

- Enrollment – conservatively, using half (50) of the projected increase from CRESA
- Foundation Allowance -
 - \$50 included for next year (recently heard the State budget is expected to include \$60)
 - \$25 estimated for subsequent years
- At Risk funding estimated at \$100,000 per year ---new for hold harmless districts

Expenditures

- Salary/wages include recent tentative agreement that is pending Board approval
- Retirement Rate – gross rate before State UAAL reimbursement is almost 37%, the net rate is 26%
- Health care cost change driven by hard cap inflationary change, using 2-2.25%
- Everything else, about \$14M of non-staff costs, includes an annual increase of 1%
- Impact of budget balancing actions & non-recurring costs (still in process):

FY18 \$530,000, FY19 \$520,000, FY20 \$470,000, FY21 \$140,000

General Fund - Original Budget

Fiscal Year 2017/18

General Fund – Fund balance as of July 1, 2017 (projected)		\$ 20,249,129
Revenues & Transfers In	88,662,629	
Expenditures & Transfers Out	(88,697,902)	
Expenditures over revenue		(35,273)
General Fund – Fund balance as of June 30, 2018 (projected)		\$ 20,213,856

Special Revenue Funds - Original Budget

Fiscal Year 2017/18

Special Revenue Funds – Fund balance as of July 1, 2017 (projected)		\$ 6,771,649
Revenues & Transfers In	17,858,624	
Expenditures & Transfers Out	(17,884,896)	
Expenditures over revenue		(26,272)
Special Revenue Funds – Fund balance as of June 30, 2018 (projected)		\$ 6,745,377

Special Revenue Funds include: Center Programs, International Academy, Recreation/Community Services Food Services, and Co-Curricular Endowment



Board of Education Policy 3110

Annual Operating Budget and Fund Balance

The Superintendent shall provide the public and the Board of Education ("the Board") with a balanced operating budget each year.

The annual operating budget will be subject to the review of the Board prior to submitting it for general distribution, publication and public hearing.

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.

General Fund Forecast as of June 1st Through Fiscal Year Ending 2021

DESCRIPTION	PRIOR	CURRENT	FUTURE PROJECTIONS			
	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	2020-21
FUND BALANCE JULY 1	\$ 19,371,689	\$ 18,526,060	\$ 20,249,129	\$ 20,213,856	\$ 19,653,955	\$ 18,881,323
REVENUES	\$ 84,470,813	\$ 88,192,178	\$ 88,662,629	\$ 88,877,514	\$ 89,283,002	\$ 89,962,789
EXPENDITURES	\$ 85,316,442	\$ 86,469,109	\$ 88,697,903	\$ 89,437,415	\$ 90,055,634	\$ 91,138,769
ANNUAL SURPLUS(DEFICIT)	(\$845,629)	\$1,723,069	(\$35,273)	(\$559,901)	(\$772,632)	(\$1,175,980)
FUND BALANCE JUNE 30	\$18,526,060	\$20,249,129	\$20,213,856	\$19,653,955	\$18,881,323	\$17,705,343
RESERVED FUND BALANCE	\$0	\$0	\$0	\$0	\$0	\$0
UNRESTRICTED FUND BALANCE	\$18,526,060	\$20,249,129	\$20,213,856	\$19,653,955	\$18,881,323	\$17,705,343
FUND BALANCE AS % OF GF EXPENSES	21.7%	23.4%	22.8%	22.0%	21.0%	19.4%

Foundation Allowance Levels

Cumulative Change by Year

