

Bloomfield Hills Schools

Public Hearing & Budget Update

June 21, 2018



Outline

- This Year's Final Budget Revisions
- Next Year's Tax Rates &
Original Budget Recommendation
- Board Policy & Forecast through June 30, 2022
- History & Trends



General Fund & Special Revenue Funds Final Budget Revisions Fiscal Year 2017/18



General Fund Budget Projections - Fiscal Year 2017/18

| | Original Budget | Midyear Budget | Final Budget |
|---|---------------------|---------------------|---------------------|
| General Fund - Fund balance, beginning of year | \$20,802,667 | \$20,802,667 | \$20,802,667 |
| Revenues & Transfers In | 88,662,629 | 89,771,459 | 90,999,245 |
| Expenditures & Transfers Out | (88,697,902) | (91,565,631) | (92,194,687) |
| Revenue over (under) expenditures | (35,273) | (1,794,172) | (1,195,442) |
| General Fund - Fund balance, end of year | \$20,767,394 | \$19,008,495 | \$19,607,225 |
| Fund balance as a percent of expenditures | 23.4% | 20.8% | 21.3% |



General Fund – Budget Changes Since Midyear

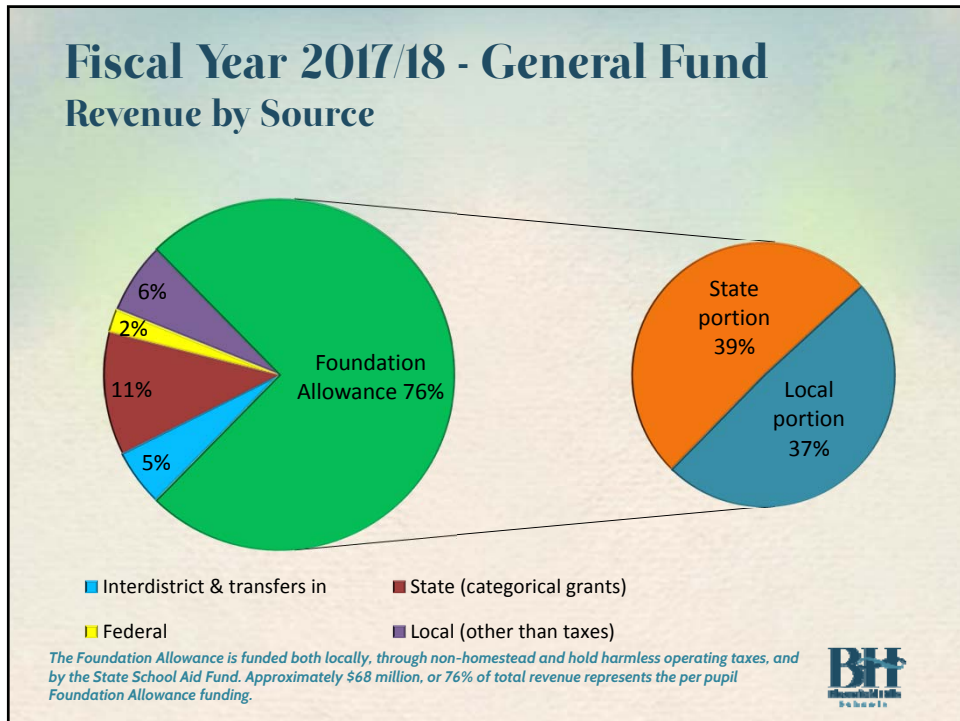
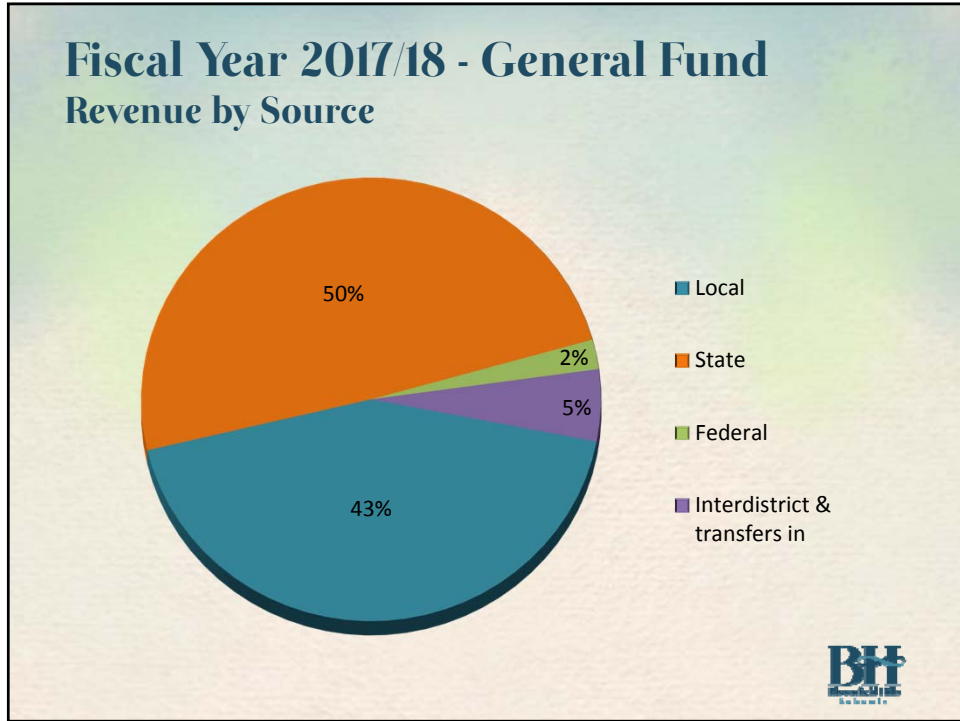
| Description | Impact on Fund Balance Better (Worse) |
|---|---------------------------------------|
| Midyear Budget - Revenue over (under) Expenditures | (\$ 1,794,172) |
| Local revenue changes: | |
| Investment earnings | 130,000 |
| Incoming tuition | 16,644 |
| Preschool/latchkey | 174,797 |
| Facility rentals | 48,951 |
| Athletic/Co-Curricular gate receipts/pay to participate | 60,228 |
| Staff compensation (salaries & benefits), net | 103,281 |
| MPSERS additional funding to offset normal pension costs related to a decrease in the rate of return assumption from 8% to 7.5% | 374,767 |



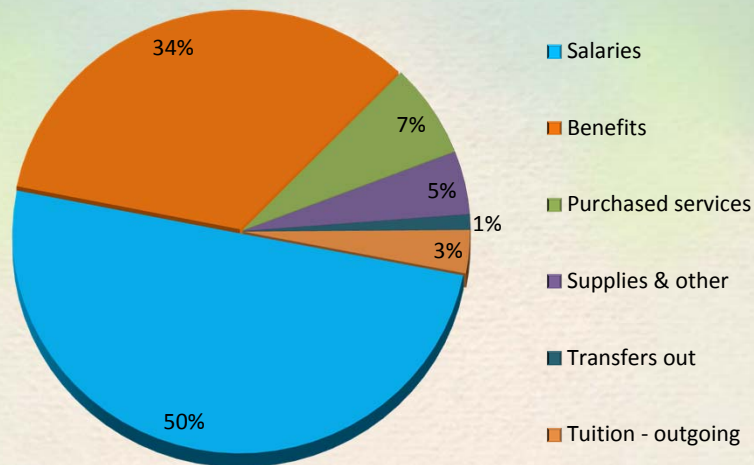
General Fund – Budget Changes Since Midyear

| Description | Impact on Fund Balance Better (Worse) |
|--|---------------------------------------|
| Outgoing tuition costs increased (BHS students attending Center Programs and International Academy) | (24,000) |
| Discretionary budgets, reduction in projected unspent allocations | (85,000) |
| Textbook adoption - math (partial costs, remainder in 2018/19) | (30,000) |
| Non-recurring professional services: Nature Center/Farm strategic planning, legal fees, mediation costs) | (102,000) |
| Other adjustments - Net | (68,938) |
| Final Budget - Revenue over (under) Expenditures | (\$1,195,442) |





Fiscal Year 2017/18 - General Fund Expenditures by Object



Our largest cost is our staff totaling about \$78 million, which comprises around 84% of our total General Fund expenditures.



Special Revenue Funds – Final Budget Fiscal Year 2017/18

| | | |
|--|--------------|--------------|
| Special Revenue Funds – Fund balance as of July 1, 2017 (audited) | | \$ 6,608,621 |
| Revenues & Transfers In | 18,164,067 | |
| Expenditures & Transfers Out | (18,631,015) | |
| Revenue over (under) expenditures | | (466,948) |
| Special Revenue Funds – Fund balance as of June 30, 2018 (projected) | | \$ 6,141,673 |

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



2018 Property Tax Millage Rates and 2018/19 General Fund Original Budget Recommendation



2018 Property Tax Millage Rate Summary

| Tax Base | Purpose | # of Mills |
|---|--------------------------------------|------------|
| Principal Residence (formerly "Homestead") | General Operating (Hold Harmless) | 7.4366* |
| Non-Principal Residence (formerly "Non-homestead") | General Operating | 18.0000 |
| All Classifications of Property | Debt Service | 0.9000 |
| | Sinking Fund | 0.7165 |
| Commercial Personal Property | General Operating | 13.4366* |

*These rates are preliminary based on the latest expected enrollment and taxable value. 50% of this rate will be levied on July 1st. Another review is performed in September using the latest data at that time. The final rate less the levy on July 1st is levied on December 1st.



General Fund Assumptions 2018/19 Original Budget Development

Revenue

- Enrollment – utilizing the projected changes from Plante Moran CRESA, adjusting conservatively where appropriate
- Foundation Allowance
 - \$120 for next year, pending the Governor's signature on the State's final budget
 - \$50-\$75 guesstimate in subsequent years

Expenditures

- Salary/wages in accordance with bargained agreements
- Retirement Rate – gross rate before State UAAL reimbursement is approaching 40%, the net rate is over 26% and approaches 27% in later years
- Health care cost change driven by hard cap inflationary change, using 2%
- Everything else, about \$14M of non-staff costs such as utilities, substitute costs, contracted staff, etc. includes an annual increase of ½ percent
- Impact of budget balancing actions:
FY19 \$1,020,000, FY20 \$640,000, FY21 \$150,000, FY22 \$100,000



General Fund - Original Budget Fiscal Year 2018/19

| | | |
|---|--------------|----------------------|
| General Fund – Fund balance as of July 1, 2018 (projected) | | \$19,607,225 |
| Revenues & Transfers In | 92,155,057 | |
| Expenditures & Transfers Out | (93,036,382) | |
| Revenue over (under) expenditures | | (881,325) |
| General Fund – Fund balance as of June 30, 2019 (projected) | | \$ 18,725,900 |



Special Revenue Funds - Original Budget Fiscal Year 2018/19

| | | |
|---|--------------|---------------------|
| Special Revenue Funds – Fund balance as of July 1, 2018 (projected) | | \$ 6,141,673 |
| Revenues & Transfers In | 18,009,277 | |
| Expenditures & Transfers Out | (18,138,468) | |
| Revenue over (under) expenditures | | (129,191) |
| Special Revenue Funds – Fund balance as of June 30, 2019 (projected) | | \$ 6,012,482 |

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 Years Ending June 30th

| DESCRIPTION | PRIOR | CURRENT | FUTURE PROJECTIONS | | | |
|-------------------------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| UND BALANCE JULY 1 | \$ 18,526,060 | \$ 20,802,667 | \$ 19,607,225 | \$ 18,725,900 | \$ 17,695,716 | \$ 16,424,134 |
| REVENUES | \$ 88,546,335 | \$ 90,999,245 | \$ 92,155,057 | \$ 92,307,980 | \$ 93,147,235 | \$ 93,783,899 |
| EXPENDITURES | \$ 86,269,728 | \$ 92,194,687 | \$ 93,036,382 | \$ 93,338,164 | \$ 94,418,817 | \$ 95,434,635 |
| ANNUAL SURPLUS(DEFICIT) | \$2,276,607 | (\$1,195,442) | (\$881,325) | (\$1,030,184) | (\$1,271,582) | (\$1,650,735) |
| UND BALANCE JUNE 30 | \$20,802,667 | \$19,607,225 | \$18,725,900 | \$17,695,716 | \$16,424,134 | \$14,773,399 |
| RESERVED FUND BALANCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| UNRESTRICTED FUND BALANCE | \$20,802,667 | \$19,607,225 | \$18,725,900 | \$17,695,716 | \$16,424,134 | \$14,773,399 |
| UND BALANCE AS % OF EXPENSES | 24.1% | 21.3% | 20.1% | 19.0% | 17.4% | 15.5% |



Revenue / Expenditures by Fiscal Year



