



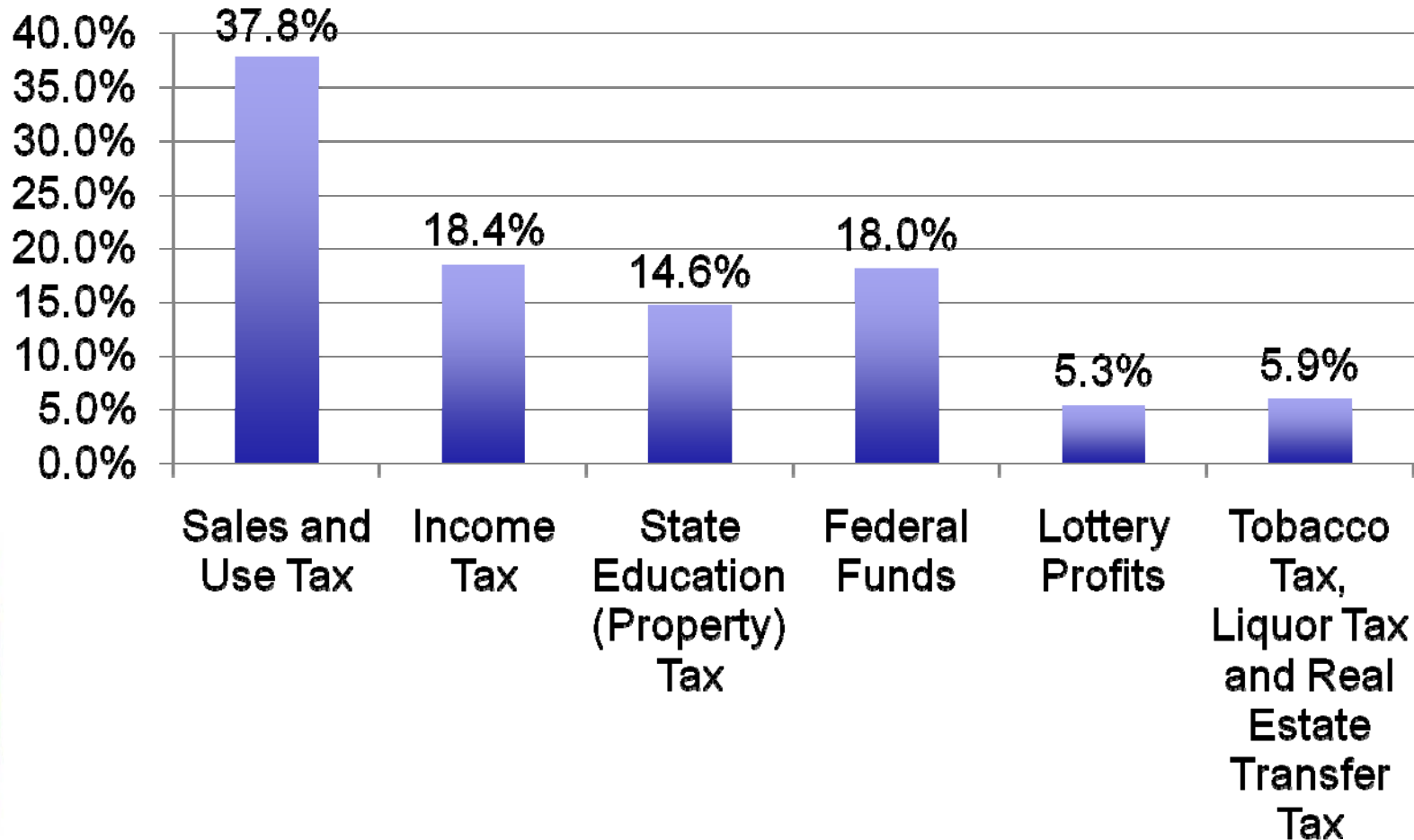
2011-12 Budget

Public Hearing and Presentation
June 22, 2011



The Mission of Lake Orion Community Schools is to provide an exemplary education for all learners.

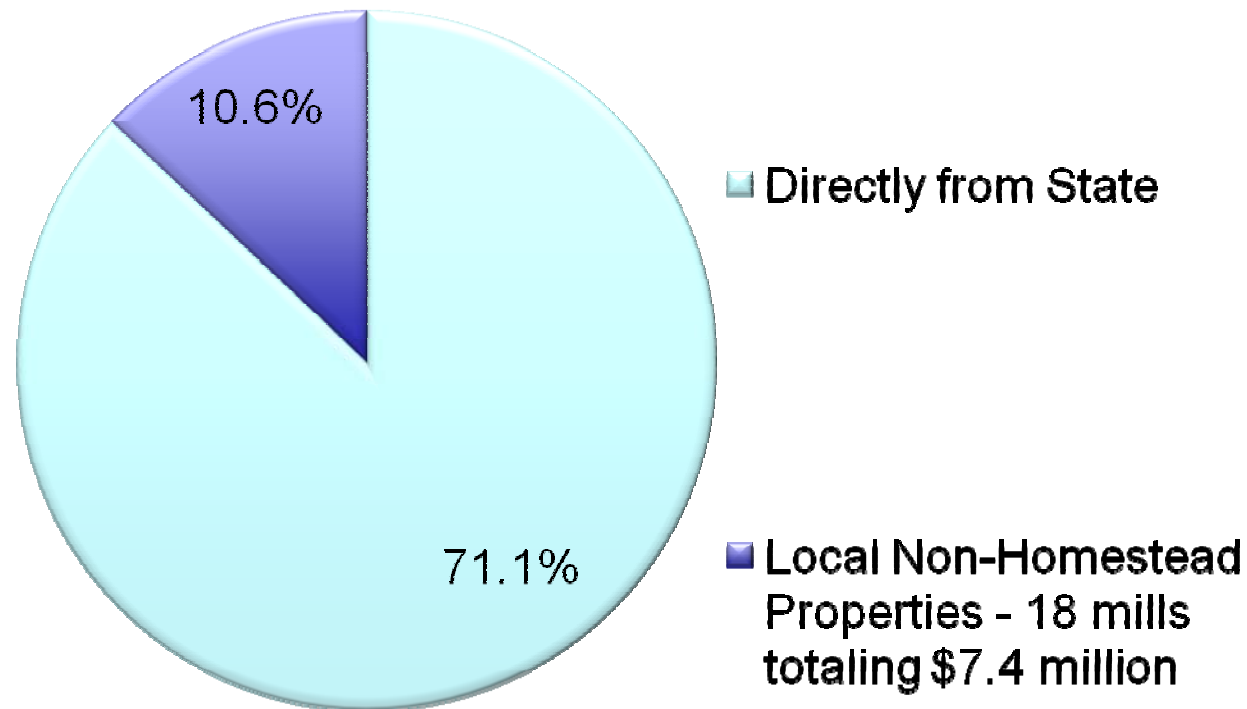
How does the State fund schools?



as reported by MDE - 2010

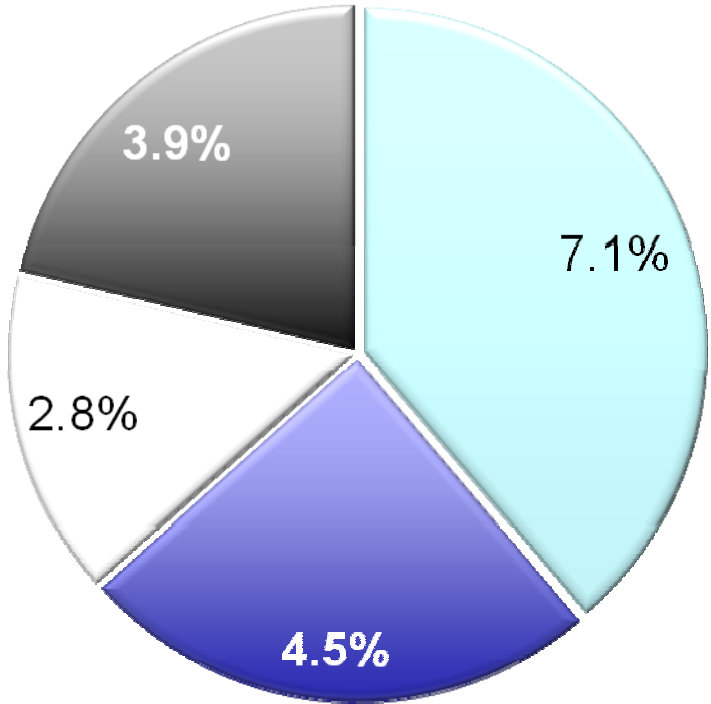
Lake Orion funding sources

State Formula 81.7%
Foundation Allowance multiplied by
number of students



Lake Orion funding sources

(continued)



■ Medicaid & ISD
(PA-18 County millage for Special Education)

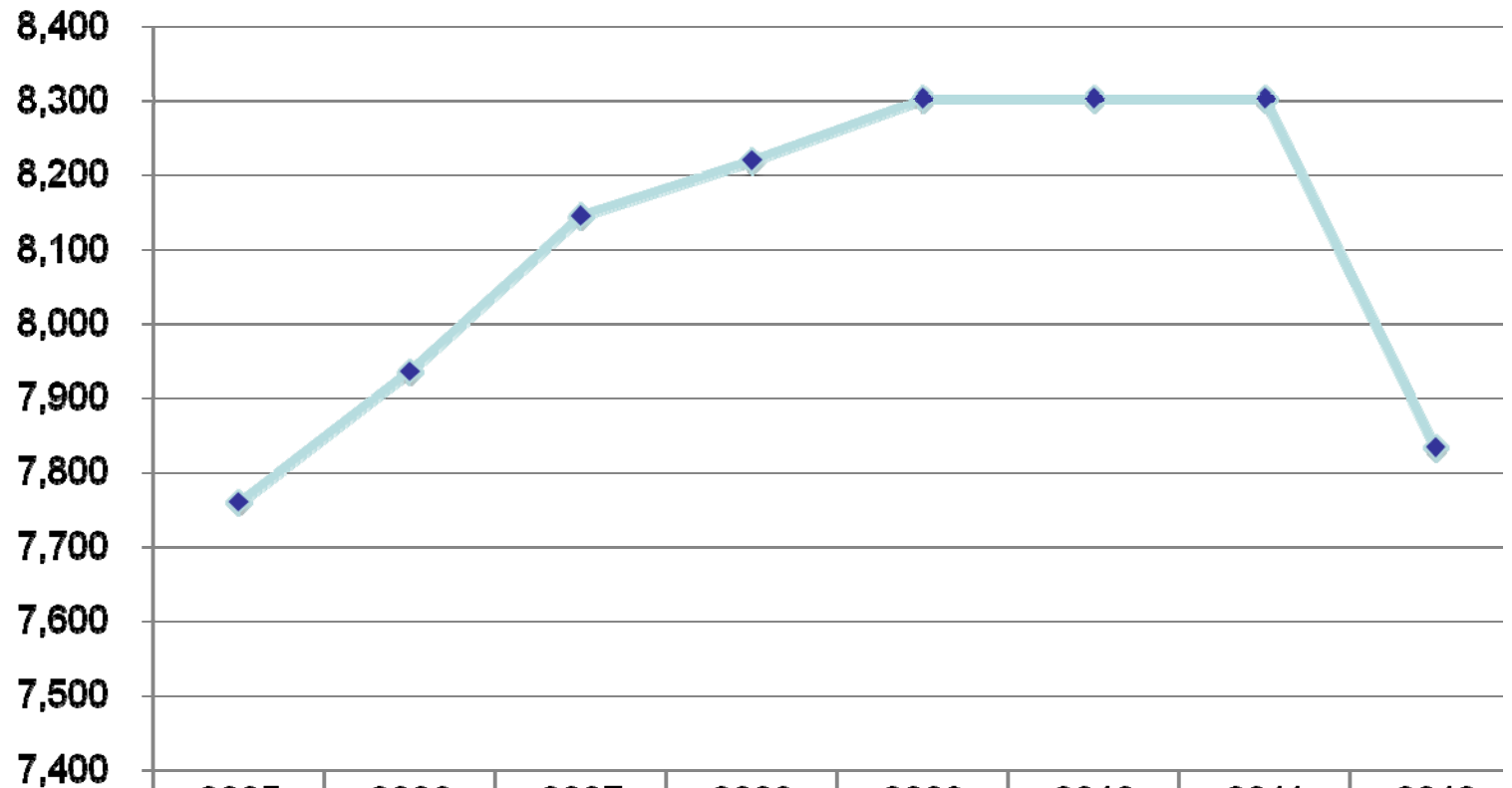
■ Other State

■ Other Local

■ Federal



Foundation allowance



	2005	2006	2007	2008	2009	2010	2011	2012
Foundation Allowance	7,759	7,934	8,144	8,218	8,302	8,302	8,302	7,832

Notes: There was a \$165 11(d) categorical reduction in 2010

There was a \$154 11(d) categorical reduction in 2011



Foundation allowance

Year	2005	2006	2007	2008	2009	2010	2011	2012
\$ Change	0	175	210	74	84	0	0	(470)
% Increase (decrease)	0.0%	2.3%	2.6%	0.9%	1.0%	0.0%	0.0%	(5.7%)

Notes: There was a \$165 11(d) categorical reduction in 2010

There was a \$154 11(d) categorical reduction in 2011



Enrollment history

Year	Blended	Blended Change	September to February Change	% Change
2005	7,754	203	(44)	-0.6%
2006	7,835	81	(19)	-0.2%
2007	7,866	31	(39)	-0.5%
2008	7,853	(13)	(41)	-0.5%
2009	7,834	(19)	(17)	-0.2%
2010	7,838	4	(26)	-0.3%
2011	7,798	(40)	(13)	-0.2%
2012	7,777	(21)	N/A	N/A

Information for 2012 is an estimate



General fund budget

Revenues

Revenue	2010-2011	2011-2012
Local Revenue	9,831,681	9,275,468
State Revenue	58,657,142	57,841,710
Federal Revenue	5,892,326	2,934,654
Medicaid and ISD Sources	5,254,840	5,379,417
Other Revenue	100,000	330,000
Total Revenue	79,735,989	75,761,249

Impact of decreased revenue per student

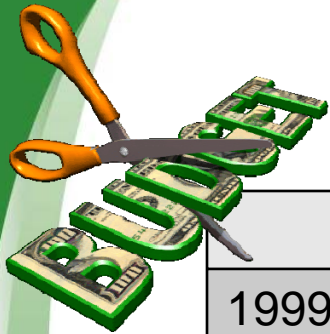
2010-11=\$79,735,989

2011-12=\$75,761,249

(\$ 3,974,740)

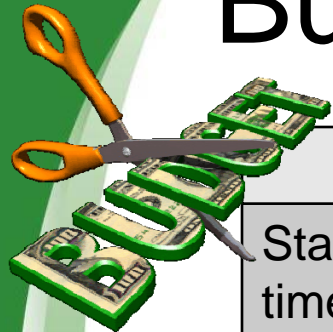
\$483.47 less per student

Budget reductions 2000-2011



YEAR	AMOUNT REDUCED
1999-2000	690,333
2000-01	2,221,581
2002-03	357,500
2003-04	3,526,157
2004-05	3,326,265
2006-07	1,796,260
2007-08	1,918,854
2009-10	130,000
2010-11	2,025,100
Total reductions	\$15,992,050

Budget reduction plan 2011-12



	AMOUNT
Staff reductions (40.6 positions + time/days/salaries includes 17.6 teachers)	1,833,938
Non-staff reductions (operational, supplies, maintenance...)	657,400
Increased revenue (food service indirect, athletic pay-to-participate increase)	80,000
Additional savings from expenses incurred in 2010-11 which will not be incurred in 2011-12	
STAFF	196,714
NON-STAFF	75,132
Additional revenue unrelated to budget decisions (Early Childhood repayment to general fund)	180,000
Total amount	\$3,023,184

Budget reductions



2000-2011

16.0

2011-2012

3.0

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Cost containment efforts



- Instituted an energy management program
- Coordinated transportation routes
- Shared services
 - Clarkston Schools
 - Director of Operations
 - Director of Food Services (new 2011-12)
 - Oakland Schools and other districts
- Employee concessions



Increased expenses

- Health insurance rates increased 7.9% for 2011-12
 - A 10% contribution was negotiated with the LOEA and negotiations with the other bargaining units are moving in the same direction
- Retirement rate (MPERS) increased 18.4%
 - Rate is increasing to 24.46% from 20.66%



Retirement rate history

Year	Retirement Rate	Retirement Amount	Total Expenditures	Retirement as a % of Expenditures
2005	14.87	5,752,370	70,976,606	8.1%
2006	16.34	6,834,177	75,975,985	9.0%
2007	17.74	7,740,484	76,666,402	10.1%
2008	16.72	7,362,084	77,009,100	9.6%
2009	16.54	7,561,608	76,454,936	9.9%
2010	16.94	7,935,250	83,686,942	9.5%
2011	20.66	8,230,441	80,266,321	10.3%
2012	24.46	8,543,198	80,173,093	10.7%

Information (other than the Retirement Rate) for 2011 and 2012 are estimates

Proposed 2011-2012 budgets

- General Fund
 - Includes Special Education and Athletics
 - Previously were separate funds
 - GASB* 54, effective 7/1/10, defined Special Revenue funds and these two funds may no longer be independent
- Special Revenue Funds
 - Community Services
 - Food Service



*Governmental Accounting Standards Board

General fund budget

Expenditures

Expenditures	2010-2011	2011-2012
Basic Programs	36,959,006	36,573,070
Added Needs	11,532,385	11,613,458
Pupil Support Services	5,935,551	5,624,879
Instruction Improvement	719,966	397,603
Educational Media Services	1,103,522	935,659
Technology Assisted Instruction	472,558	372,558
Instructional Staff Supervision	778,892	689,804
General Administration	1,081,917	966,643

Continued on next slide



General fund budget

Expenditures (continued)

Expenditures	2010-2011	2011-2012
School Administration	4,401,348	4,278,359
Business Services	1,256,467	1,324,161
Operations and Maintenance	7,968,775	7,983,527
Transportation Services	4,499,279	4,269,702
Human Resources	563,167	636,699
Technology Services	1,419,781	3,013,220
Athletic Activities	1,206,768	1,123,625
Community Services	366,939	370,126
Total Expenditures	\$80,266,321	\$80,173,093



Community services fund budget

Revenue	2010-2011	2011-2012
Community Enrichment	516,175	553,675
Early Childhood	1,183,270	1,211,120
Total Revenue	1,699,445	1,764,795

Expenditures	2010-2011	2011-2012
Salaries	961,234	934,284
Benefits	353,993	384,475
Purchased Services	244,104	207,975
Supplies	54,293	59,658
Capital Outlay and Other	46,492	46,292
Total Expenditures	1,660,116	1,632,684



Food service fund budget

Revenues

Revenue	2010-2011	2011-2012
Local Sources		
Food & Vending Machine Sales	1,514,800	1,590,200
Interest and Rebates	6,000	10,200
Catering Services	27,000	22,500
State Sources	99,312	65,000
Federal Sources	738,000	730,000
Total Revenues	2,385,112	2,417,900

Food service fund budget

Expenditures

Expenditures	2010-2011	2011-2012
Salaries	739,225	739,200
Benefits	371,414	417,690
Purchased Services	41,057	41,357
Supplies	1,019,300	1,044,600
Capital Outlay	184,228	74,500
Other	23,000	17,000
Total Expenditures	2,378,224	2,334,347



Fund balance



- The District has intentionally added to Fund Balance over the last several years
- Beginning with 2008-2009, the Board began to use those funds to facilitate the balancing of the budget
- The reasons for a Fund Balance have not changed
 - Cash flow
 - Uncertainty of revenues
 - Unanticipated expenditures
 - Allows for proactive approach to programming
 - Auditor recommendation

History of general fund balance as a percentage of expenses

Year	Fund Balance	Change	% of Total Expenditures
2004	9,336,160	2,497,012	14.5%
2005	11,680,024	2,343,864	17.4%
2006	12,555,641	875,617	17.5%
2007	14,925,450	2,369,809	20.7%
2008	18,532,625	3,607,175	25.5%
2009	18,494,693	(37,932)	24.2%
2010	13,591,832	(4,902,861)	15.0%
2011	13,061,500	(530,332)	16.3%
2012	8,649,656	(4,411,844)	10.8%

Information is estimated for 2011 and 2012





CONCLUSIONS

The Mission of Lake Orion Community Schools is to provide an exemplary education for all learners.

To ensure that we continue to strive towards our mission statement, we must...

- Increase cost containment measures
- Address employee concessions
- Explore revenue enhancing methods
- Revise strategic plan
- Develop short term and long term financial plans