



MEMORANDUM

To: Rob Glass, Superintendent
Board of Education

Date: January 30, 2014

From: Tina Kostiuk, Assistant Superintendent for Business Services

Re: Fiscal Year 2013/14 Midyear Budget Revision

Recommended Motion:

I move that the Board of Education adopt the Midyear Budget Revision for Fiscal Year 2013-14 as detailed in the attachments, including a transfer out of the General Fund to a newly established Capital Equipment Fund that will be used to account for future replacement and other identified needs.

Below is a summary of midyear revisions:

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Net Change in Fund Balance</u>
General Fund	\$ 82,110,877	\$ 84,391,938	(\$ 2,281,061)
Special Revenue Funds	\$ 20,144,289	\$ 20,463,216	(\$ 318,927)

Background Information:

The attached Statement of Revenues and Expenditures for each fund type shows the budget comparison by functional area, comparing the mid-year revision against the original budget adopted before the beginning of the year. In addition, a statement "by object" is provided that shows costs by type such as salaries and fringe benefits. As we know, people are our largest cost.

The budget is based on a set of assumptions that continue to be updated throughout the fiscal year. As these assumptions become known quantities, budget adjustments are required. Similar to last year, no midyear adjustments were made related to medical benefit costs. Being self-insured, we closely review actual claims and adjust our budget accordingly. We had our remaining staff groups implement the new plan on January 1, 2014. You may recall that implementation began November 1, 2012, for many groups with final implementation taking place this calendar year. Given the significant medical plan changes over the past fourteen months, claim history and trends won't normalize for quite some time.

Explanatory comments to the Statement of Revenues and Expenditures are attached for more significant changes. The slide presentation will provide more information.



The newly established Capital Equipment Fund allows us to segregate our capital spending, plan for future replacements based on available funds, and assess sustainability of any new initiatives requiring capital purchases. Our capital replacement and other capital needs vary from year to year, which affects the year to year expenditure comparisons in the General Fund (our main operating fund).

With the new Capital Equipment Fund, a consistent amount will be budgeted in the General Fund each year as a transfer to the Capital Equipment Fund. The transfer is considered a type of expenditure and, therefore, part of the approved General Fund budget. Each year, as part of the budget development and approval process, long-term capital needs will be reviewed and compared to the funds available in the Capital Equipment Fund. The available funds in the Capital Equipment Fund will be assessed against replacement schedules for our various capital items, including vehicles, buses, technology, furniture and equipment.

Bloomfield Hills Schools
FY 2013-14 Midyear Budget Revision
General Fund

	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget	
REVENUES				
Local Sources	36,871,018	37,092,977	221,959	0.6%
Interdistrict Sources	4,055,171	3,990,024	(65,147)	-1.7%
State Sources	39,146,040	38,261,704	(884,336)	-2.4%
Federal Sources	2,558,524	2,766,172	207,648	9.4%
TOTAL REVENUES	<u>82,630,753</u>	<u>82,110,877</u>	<u>(519,876)</u>	-0.6%
BASIC INSTRUCTION				
Elementary School	13,714,801	13,506,441	(208,360)	-1.6%
Middle School	13,119,739	13,383,775	264,036	2.2%
High School	13,507,303	13,277,257	(230,046)	-1.8%
Added Needs	7,663,712	7,398,480	(265,232) A	-4.0%
Other Instruction	900,168	1,107,318	207,150	15.6%
TOTAL BASIC INSTRUCTION	48,905,723	48,673,271	(232,452)	-0.5%
SUPPORT SERVICE				
Pupil Services	5,875,503	5,880,655	5,152	0.1%
Instructional Services	4,316,207	4,301,549	(14,658)	-0.4%
School Administration	4,271,731	4,205,224	(66,507)	-1.5%
General Administration	667,410	708,721	41,311	6.0%
Business Services	1,580,294	1,465,450	(114,844)	-8.1%
Physical Plant Services	7,790,751	7,687,316	(103,435)	-1.4%
Transportation	3,747,866	3,400,575	(347,291) B	-9.3%
Central Services	3,351,016	3,267,747	(83,269)	-2.4%
TOTAL SUPPORT SERVICES	31,600,778	30,917,237	(683,541)	-2.2%
Cocurricular Activities	2,268,194	1,981,644	(286,550) C	-12.7%
Community Service	1,420,886	1,446,517	25,631	1.8%
Repayment of Loans	240,549	177,531	(63,018)	-29.9%
TOTAL EXPENDITURES	84,436,130	83,196,200	(1,239,930)	-1.5%
Transfers Out	-	1,195,738	1,195,738 D	100.0%
TOTAL EXPENDITURES & TRANSFERS OUT	<u>84,436,130</u>	<u>84,391,938</u>	<u>(44,192)</u>	
REVENUE OVER (UNDER) EXPENDITURES	(1,805,377)	(2,281,061)	(475,684)	
Fund Balance - Beginning of Year (audited)	<u>24,189,972</u>	<u>24,189,972</u>		
Fund Balance - End of Year (projected)	<u>22,384,595</u>	<u>21,908,911</u>		

General Fund Revenue and Expenditures
Explanatory Comments for Variances of \$250,000 or more and 3%
Fiscal Year 2013-14 Midyear Budget Revision

- A. Added Needs:** Added Needs' 4.0% reduction is mainly due to adjustments to outgoing tuition for special needs students.
- B. Transportation:** Transportation declined by 9.3 % due to the transfer of the budget for school bus replacements being moved to Transfers Out. (See Comment D)
- C. Cocurricular Activities:** The 12.7% decrease in Cocurricular Activities reflects the reduction of coaching & trainer staffing due to the consolidation of the high schools.
- D. Transfers Out:** The Transfers Out category represents a reclassification of the current year's bus, vehicle, and technology capital expenditures to the newly established Capital Equipment Fund.

Bloomfield Hills Schools
 FY 2013-14 Midyear Budget Revision
 General Fund - By Object

	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget	
REVENUES				
Local Sources	36,871,018	37,092,977	221,959	0.6%
Interdistrict Sources	4,055,171	3,990,024	(65,147)	-1.7%
State Sources	39,146,040	38,261,704	(884,336)	-2.4%
Federal Sources	<u>2,558,524</u>	<u>2,766,172</u>	<u>207,648</u>	9.4%
TOTAL REVENUES	<u><u>82,630,753</u></u>	<u><u>82,110,877</u></u>	<u><u>(519,876)</u></u>	-0.6%
EXPENDITURES				
Salaries	44,807,826	45,021,678	213,852	0.5%
Fringe Benefits	24,511,438	24,590,191	78,753	0.4%
Purchased Services	4,549,838	4,519,471	(30,367)	-0.7%
Supplies and Other	5,298,828	4,969,683	(329,145)	-6.3%
Capital Outlay	1,272,644	513,972	(758,672)	-57.7%
Debt Service	240,549	177,531	(63,018)	-29.9%
Tuition - Other Transactions	<u>3,755,007</u>	<u>3,403,674</u>	<u>(351,333)</u>	-9.6%
TOTAL EXPENDITURES	84,436,130	83,196,200	(1,239,930)	
Transfers Out	<u>-</u>	<u>1,195,738</u>	<u>1,195,738</u>	100.0%
TOTAL EXPENDITURES & TRANSFERS OUT	<u><u>84,436,130</u></u>	<u><u>84,391,938</u></u>	<u><u>(44,192)</u></u>	-0.1%
REVENUE OVER (UNDER) EXPENDITURES	(1,805,377)	(2,281,061)	(475,684)	
Fund Balance - Beginning of Year (audited)	<u>24,189,972</u>	<u>24,189,972</u>		
Fund Balance - End of Year (projected)	<u><u>22,384,595</u></u>	<u><u>21,908,911</u></u>		

Bloomfield Hills Schools
 FY 2013-14 Midyear Budget Revision
 Special Revenue Funds

	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget		
REVENUES					
Local Sources	3,315,704	3,367,635	51,931		1.5%
Interdistrict Sources	13,702,550	13,185,853	(516,697)	A	-3.7%
State Sources	3,257,014	3,215,670	(41,344)		-1.2%
Federal Sources	375,131	375,131	-		0.0%
Transfers In	8,546	-	(8,546)		-88.7%
TOTAL REVENUES AND TRANSFERS IN	<u>20,658,945</u>	<u>20,144,289</u>	<u>(514,656)</u>		-2.4%
BASIC INSTRUCTION					
High School	3,861,724	3,675,859	(185,865)	B	-5.2%
Added Needs	7,496,594	7,038,391	(458,203)	C	-6.3%
TOTAL BASIC INSTRUCTION	11,358,318	10,714,250	(644,068)		-6.0%
SUPPORT SERVICE					
Pupil Services	2,451,277	2,372,329	(78,948)	D	-3.4%
Instructional Services	800,840	821,521	20,681		2.6%
School Administration	677,978	654,563	(23,415)		-3.6%
Business Services	-	-	-		
Physical Plant Services	1,915,154	1,827,597	(87,557)	E	-4.7%
Transportation	64,460	63,384	(1,076)		-1.9%
Central Services	-	694	694		48.5%
TOTAL SUPPORT SERVICES	5,909,709	5,740,088	(169,621)		-3.0%
Community Service	1,558,707	1,547,814	(10,893)		-0.8%
Food Service Fund	2,181,044	2,166,064	(14,980)		-0.6%
Repayment of Loans	295,000	295,000	-		0.0%
TOTAL EXPENDITURES	21,302,778	20,463,216	(839,562)		-4.1%
Transfers Out	8,546	-	(8,546)		-88.7%
TOTAL EXPENDITURES & TRANSFERS OUT	<u>21,311,324</u>	<u>20,463,216</u>	<u>(848,108)</u>		-4.1%
REVENUE OVER (UNDER) EXPENDITURES	(652,379)	(318,927)	333,452		
Fund Balance - Beginning of Year (audited)	<u>8,190,768</u>	<u>8,190,768</u>			
Fund Balance - End of Year (projected)	<u><u>7,538,389</u></u>	<u><u>7,871,841</u></u>			

**Special Revenue Fund Revenue and Expenditures
Explanatory Comments for Variances of \$75,000 or more and 3%
Midyear Budget Revision for Fiscal Year 2013-14**

- A. Interdistrict Sources:** Interdistrict Sources' 3.7% decrease reflects the tuition adjustment for Center Program students based on the revised budgets due to student counts and needs. The 6.3% reduction in Added Needs and the 3.4% reduction in Pupil Services reflect the center programs reduced instructional and support staffing costs based on enrollment, which directly affects the revenues received.
- B. High School:** The 5.2% decline in High School reflects the reduction in teacher costs, fringe benefits, retirement and fica and supplies for the International Academy.
- C. Added Needs:** Added Needs' 6.3% reduction includes adjustments to instructional staffing costs based on student enrollment in the center programs.
- D. Pupil Services:** The 3.4% decline in Pupil Services reflects the reduction in support staffing costs for the center programs based on enrollment and student needs. These reductions also include a decrease in psychological services at the International Academy.
- E. Physical Plant Services:** This functional area decreased by 4.7%. The lower center program costs which resulted in a \$52,628 reduction in indirect costs and a reduction of anticipated facility costs at the International Academy were the key contributors.

Bloomfield Hills Schools
 FY 2013-14 Midyear Budget Revision
 Special Revenue Funds - By Object

	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget	
REVENUES				
Local Sources	3,315,704	3,367,635	51,931	1.5%
Interdistrict Sources	13,702,550	13,185,853	(516,697)	-3.7%
State Sources	3,257,014	3,215,670	(41,344)	-1.2%
Federal Sources	375,131	375,131	-	0.0%
Transfers In	<u>8,546</u>	<u>-</u>	<u>(8,546)</u>	-88.7%
TOTAL REVENUES AND TRANSFERS IN	<u><u>20,658,945</u></u>	<u><u>20,144,289</u></u>	<u><u>(514,656)</u></u>	-2.4%
EXPENDITURES				
Salaries	10,762,616	10,451,550	(311,066)	-3.0%
Fringe Benefits	5,880,042	5,496,283	(383,759)	-6.9%
Purchased Services	1,720,018	1,704,076	(15,942)	-1.0%
Supplies and Other	1,667,876	1,586,922	(80,954)	-4.8%
Capital Outlay	56,781	61,718	4,937	74.4%
Indirect Costs	920,445	867,667	(52,778)	-6.0%
Debt Service	<u>295,000</u>	<u>295,000</u>	<u>-</u>	0.0%
TOTAL EXPENDITURES	21,302,778	20,463,216	(839,562)	-4.1%
Transfers Out	<u>8,546</u>	<u>-</u>	<u>(8,546)</u>	-88.7%
TOTAL EXPENDITURES & TRANSFERS OUT	<u><u>21,311,324</u></u>	<u><u>20,463,216</u></u>	<u><u>(848,108)</u></u>	
REVENUE OVER (UNDER) EXPENDITURES	(652,379)	(318,927)	333,452	
Fund Balance - Beginning of Year (audited)	<u>8,190,768</u>	<u>8,190,768</u>		
Fund Balance - End of Year (projected)	<u><u>7,538,389</u></u>	<u><u>7,871,841</u></u>		

Bloomfield Hills Schools
FY 2013-14 Proposed Budget
Special Revenue Funds

	CENTER PROGRAMS			RECREATION/COMMUNITY SERVICES			RECREATION MILLAGE		
	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget
REVENUES									
Local Sources	-	-	-	1,191,431	1,195,020	3,589	67	67	-
Interdistrict Sources	8,703,594	8,112,190	(591,404)	-	-	-	-	-	-
State Sources	3,174,746	3,133,402	(41,344)	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	8,546	-	(8,546)	-	-	-
TOTAL REVENUES	11,878,340	11,245,592	(632,748)	1,199,977	1,195,020	(4,957)	67	67	-
BASIC INSTRUCTION									
High School	-	-	-	-	-	-	-	-	-
Added Needs	7,496,594	7,038,391	(458,203)	-	-	-	-	-	-
TOTAL BASIC INSTRUCTION	7,496,594	7,038,391	(458,203)	-	-	-	-	-	-
SUPPORT SERVICE									
Pupil Services	2,209,880	2,153,562	(56,318)	-	-	-	-	-	-
Instructional Services	612,742	616,593	3,851	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-	-
Business Services	-	-	-	-	-	-	-	-	-
Physical Plant Services	1,384,117	1,331,095	(53,022)	53,339	53,126	(213)	48,926	57,684	8,758
Transportation	4,000	3,000	(1,000)	-	-	-	-	-	-
Central Services	-	-	-	-	-	-	-	-	-
TOTAL SUPPORT SERVICES	4,210,739	4,104,250	(106,489)	53,339	53,126	(213)	48,926	57,684	8,758
Community Service	-	-	-	1,115,180	1,110,436	(4,744)	8,970	8,970	-
Food Service Fund	-	-	-	-	-	-	-	-	-
Repayment of Loans	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	11,707,333	11,142,641	(564,692)	1,168,519	1,163,562	(4,957)	57,896	66,654	8,758
Transfers Out	-	-	-	-	-	-	8,546	-	(8,546)
TOTAL EXPENDITURES & TRANSFERS OUT	11,707,333	11,142,641	(564,692)	1,168,519	1,163,562	(4,957)	66,442	66,654	212
REVENUE OVER (UNDER) EXPENDITURES	171,007	102,951	(68,056)	31,458	31,458	-	(66,375)	(66,587)	(212)
Fund Balance - Beginning of Year (audited)	5,696,964	5,696,964		383,677	383,677		66,644	66,644	
Fund Balance - End of Year (projected)	5,867,971	5,799,915		415,135	415,135		269	57	

Bloomfield Hills Schools
FY 2013-14 Proposed Budget
Special Revenue Funds

	FOOD SERVICES			INTERNATIONAL ACADEMY			TOTAL ALL SPECIAL REVENUE FUNDS			
	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget	2013-14 Original Budget	2013-14 Midyear Budget	Variance from Original Budget	
REVENUES										
Local Sources	1,586,149	1,636,941	50,792	538,057	535,607	(2,450)	3,315,704	3,367,635	51,931	1.5%
Interdistrict Sources	-	-	-	4,998,956	5,073,663	74,707	13,702,550	13,185,853	(516,697)	-3.7%
State Sources	82,268	82,268	-	-	-	-	3,257,014	3,215,670	(41,344)	-1.2%
Federal Sources	375,131	375,131	-	-	-	-	375,131	375,131	-	0.0%
Transfers In	-	-	-	-	-	-	8,546	-	(8,546)	-88.7%
TOTAL REVENUES	2,043,548	2,094,340	50,792	5,537,013	5,609,270	72,257	20,658,945	20,144,289	(514,656)	-2.4%
BASIC INSTRUCTION										
High School	-	-	-	3,861,724	3,675,859	(185,865)	3,861,724	3,675,859	(185,865)	-5.2%
Added Needs	-	-	-	-	-	-	7,496,594	7,038,391	(458,203)	-6.3%
TOTAL BASIC INSTRUCTION	-	-	-	3,861,724	3,675,859	(185,865)	11,358,318	10,714,250	(644,068)	-6.0%
SUPPORT SERVICE										
Pupil Services	-	-	-	241,397	218,767	(22,630)	2,451,277	2,372,329	(78,948)	-3.4%
Instructional Services	-	-	-	188,098	204,928	16,830	800,840	821,521	20,681	2.6%
School Administration	-	-	-	677,978	654,563	(23,415)	677,978	654,563	(23,415)	-3.6%
Business Services	-	-	-	-	-	-	-	-	-	0.0%
Physical Plant Services	-	-	-	428,772	385,692	(43,080)	1,915,154	1,827,597	(87,557)	-4.7%
Transportation	50,821	53,276	2,455	9,639	7,108	(2,531)	64,460	63,384	(1,076)	-1.9%
Central Services	-	-	-	-	694	694	-	694	694	48.5%
TOTAL SUPPORT SERVICES	50,821	53,276	2,455	1,545,884	1,471,752	(74,132)	5,909,709	5,740,088	(169,621)	-3.0%
Community Service	-	-	-	434,557	428,408	(6,149)	1,558,707	1,547,814	(10,893)	-0.8%
Food Service Fund	2,181,044	2,166,064	(14,980)	-	-	-	2,181,044	2,166,064	(14,980)	-0.6%
Repayment of Loans	-	-	-	295,000	295,000	-	295,000	295,000	-	0.0%
TOTAL EXPENDITURES	2,231,865	2,219,340	(12,525)	6,137,165	5,871,019	(266,146)	21,302,778	20,463,216	(839,562)	-4.1%
Transfers Out	-	-	-	-	-	-	8,546	-	(8,546)	-88.7%
TOTAL EXPENDITURES & TRANSFERS OUT	2,231,865	2,219,340	(12,525)	6,137,165	5,871,019	(266,146)	21,311,324	20,463,216	(848,108)	-4.1%
REVENUE OVER (UNDER) EXPENDITURES	(188,317)	(125,000)	63,317	(600,152)	(261,749)	338,403	(652,379)	(318,927)	333,452	
Fund Balance - Beginning of Year (audited)	44,439	44,439		1,999,044	1,999,044		8,190,768	8,190,768		
Fund Balance - End of Year (projected)	<u>(143,878)</u>	<u>(80,561)</u>		<u>1,398,892</u>	<u>1,737,295</u>		<u>7,538,389</u>	<u>7,871,841</u>		