



School District of the City of Hazel Park

Truth in Taxation Hearing
2018 Taxable Values & Tax Rate Request

June 2018

2018 Non-PRE Taxable Values



	<u>2017</u>	<u>2018</u>	<u>% of Total</u>	<u>Percent Change</u>
City of Hazel Park	\$92,455,743	\$101,220,426	66%	9.5%
City of Ferndale	<u>\$48,448,995</u>	<u>\$52,993,675</u>	<u>34%</u>	9.4%
All Properties	<u>\$140,904,738</u>	<u>\$154,214,101</u>	<u>100%</u>	<u>9.4%</u>

Non-Homestead Operating Millage



6 mills will be levied on all commercial personal property and 17.3559 mills on all other non-homestead property for operations in 2018/2019.

- Millage reduction fractions impacted millage again this year.
 - 18 mills authorized by voters in 2014 have been permanently rolled back to 17.3559.
 - State assumes collections of full 18 mills.
 - Results in lost revenue of \$99,329 for 2018/2019.

Non-Homestead Operating Millage



- Millage will be levied 100% in summer to provide much needed operating cash flows due to deficit financial position.
- This levy provides local portion of state aid at \$820 per pupil.
- State pays balance of foundation allowance in eleven equal payments beginning in October.
- Current millage expires on June 30, 2021.

Extra Voted Millage Debt Retirement Funds



15.00 mills will be levied on all properties for debt service in 2018/2019.

- Millage will be levied 100% in summer 2018.
- Millage broken down as follows:
 - 13.00 mills for Treasury Qualified Debt on 2011 and 2012 Refunding Bonds
 - 2.00 mills for Non-Treasury Qualified 2012 Facility Bonds
 - 15.00 mills total for debt retirement

Extra Voted Millage

Capital Projects Sinking Fund



1.9516 mills will be levied on all properties for Capital Projects Sinking Fund in 2018/2019.

- Millage reduction fractions impacted millage this year.
 - Total property values increased at a rate greater than inflation and millage is rolled back to rate of inflation.
 - Millage permanently reduced by 0.0484 mills to 1.9516 mills.
 - Results in lost revenue of \$12,989 for 2018/2019

Extra Voted Millage

Capital Projects Sinking Fund



1.9516 mills will be levied on all properties for Capital Projects Sinking Fund in 2018/2019.

- Millage will be levied 100% in summer.
- Current ten-year millage was approved in 2016 and expires on June 30, 2027..
- Sinking Fund revenue can only be used for major facility repairs and improvements.



School District of the City of Hazel Park

Budget Hearing
2018/2019 Proposed Budgets

June 2018

2018/2019 Budget Assumptions



Revenue:

- Per pupil foundation allowance of \$7,934, per pupil, an increase of \$100 over 17/18 – Total \$26.6 million
 - \$820 Local taxes on non-homestead properties
 - \$7,114 State school aid
 - \$7,934 Total foundation allowance
- Decrease of 100 students due to large graduating class in 2017-18
- Grants budgeted at same level as in 2017-18
- \$545,165 decrease in MPERS funding.

2018/2019 Budget Assumptions



Revenue (cont.):

- \$542,750 decrease in adult ed funding due to program elimination.
- \$1.46 million budgeted for PA18 special education millage funds from Oakland Schools.
- \$1.15 million in indirect costs and rent from Center Programs.

2018/2019 Budget Assumptions



Expenditures:

- Elimination of Early On\Pre-school Academy – 10.5 positions
- Elimination of Adult Education Program – 10 positions
- Elimination of Elementary Tutoring Program
- Elimination of Elementary Summer School
- Elimination of After School Tutoring Program
- Elimination of JH Summer Bridge Program
- Staffing Reductions
 - Elementary – 7 positions
 - Junior High – 2.7 positions
 - High School – 4 positions
 - Central Office – 1 position
 - Other staffing - 3 positions
- MPSERS rates at 37.94% of salaries (26.62% for normal pension + 11.32% for UAAL).
- Health benefits budgeted according to hard cap limits and updated insurance rates.
- Reduction in Debt Service Payments – debt paid off in 2017-18
- Budget for Technology\Vehicle\Equipment Purchases
 - Purchase of 2 used busses - \$116,000
 - Maintenance Equipment - \$30,000
 - Technology Equipment - \$50,000

2017/2018 Budget Assumptions



	2017-18 <u>Approved Budget</u>	2017-18 <u>Final Budget</u>	Changes <u>2018/19</u>	Budget <u>2018/2019</u>
Revenue	\$37,732,350	\$38,666,717	(\$3,324,183)	\$35,342,534
Expenditures	<u>\$39,186,250</u>	<u>\$37,655,339</u>	<u>(\$2,751,925)</u>	<u>\$34,903,414</u>
Budget Surplus (Deficit)	(\$1,453,900)	\$1,011,378		\$439,120
Beginning Fund Balance (Deficit)	<u>(\$5,632,331)</u>	<u>(\$5,632,331)</u>		<u>(\$4,620,953)</u>
Estimated Ending Fund Balance (Deficit)	<u>(\$7,086,231)</u>	<u>(\$4,620,953)</u>		<u>(\$4,181,833)</u>

Factors that will Affect 2018/2019 General Fund Budget



- This budget recommendation is based on a series of assumptions
 - Actual outcomes may vary from these assumptions.
 - There are many variables that could impact budget assumptions and final budget numbers.
- Budget to be finalized by legislature.
- Impact of MPSERS changes.
- Actual student enrollment.
- Staffing changes between budget preparation and when school starts and staffing changes throughout the school year.
- Budget must be adopted by June 30, 2017.

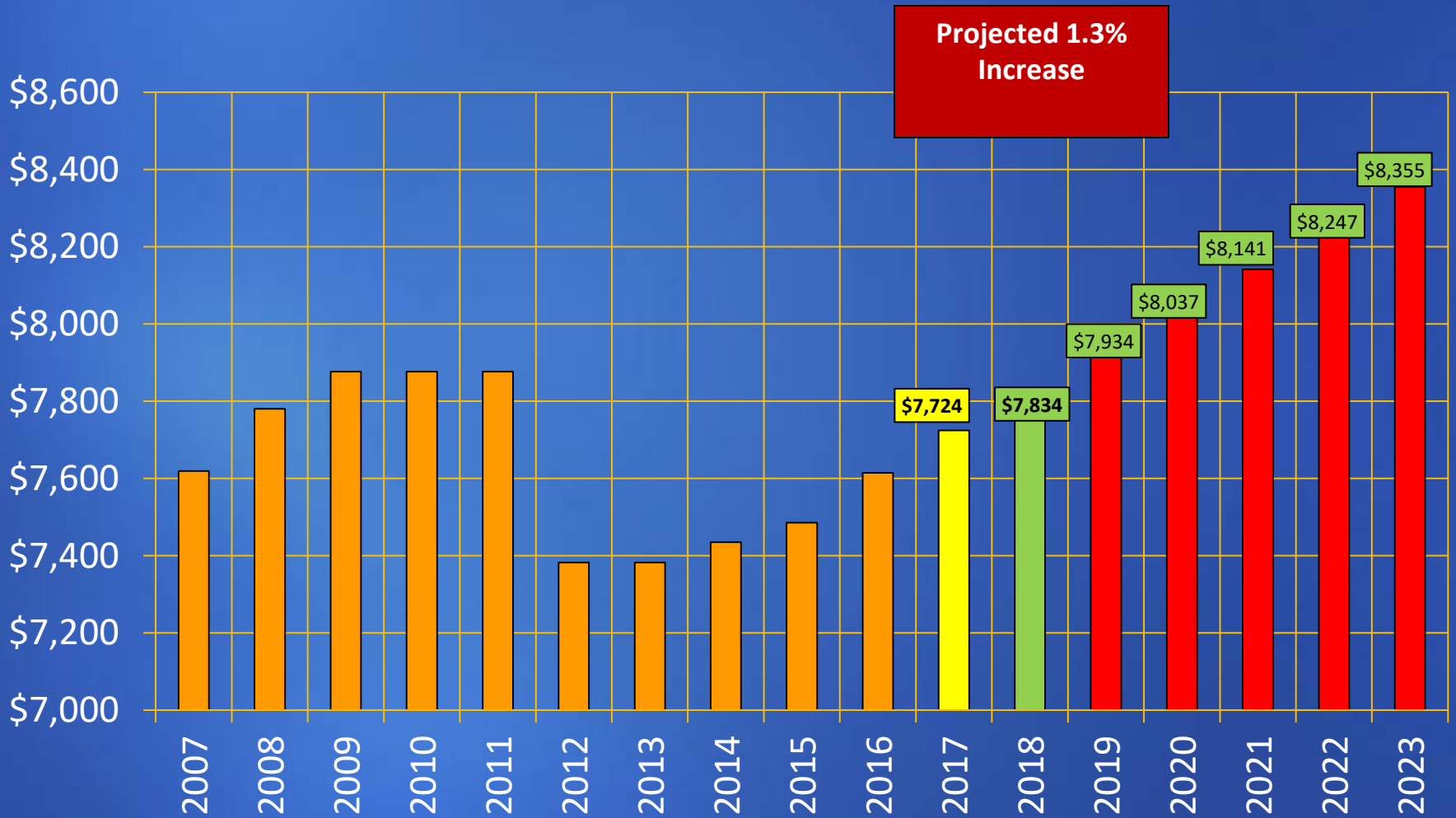
Financial Forecast for Deficit Elimination (amounts in millions of dollars)



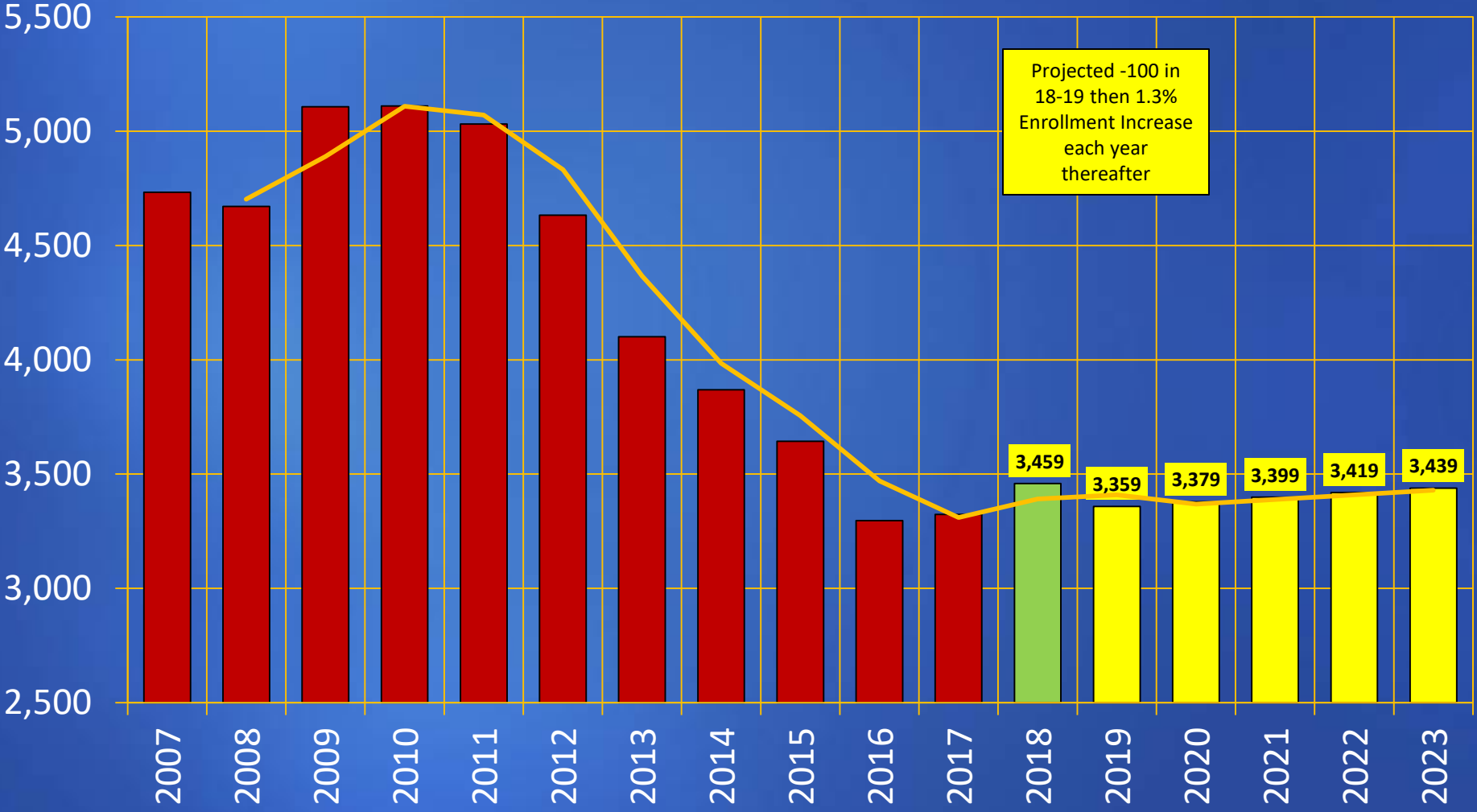
	14/15	15/16	16/17	<u>17/18</u>	<u>17/18</u> Final Budget	<u>18/19</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Approved</u>	<u>Budget</u>	<u>Proposed</u>
Revenue	\$41.4	\$36.8	\$36.6	\$37.7	\$38.7	\$35.3
Expenditures	\$43.2	\$34.8	\$36.3	\$39.1	\$37.6	\$34.9
Budget Surplus (Deficit)	(\$1.8)	\$2.0	\$0.3	(\$1.4)	\$1.1	\$0.4
Beginning Fund Balance (Deficit)	<u>(\$6.2)</u>	<u>(\$8.0)</u>	<u>(\$6.0)</u>	<u>(\$5.7)</u>	<u>(\$5.7)</u>	<u>(\$4.6)</u>
Estimated Ending Fund Balance (Deficit)	<u>(\$8.0)</u>	<u>(\$6.0)</u>	<u>(\$5.7)</u>	<u>(\$7.1)</u>	<u>(\$4.6)</u>	<u>(\$4.2)</u>

- Proposed 18/19 budget begins 12 year plan to eliminate deficit.
- 12 year plan eliminates deficit by June 30, 2029. Plan will be presented to Treasury for approval on June 26th.

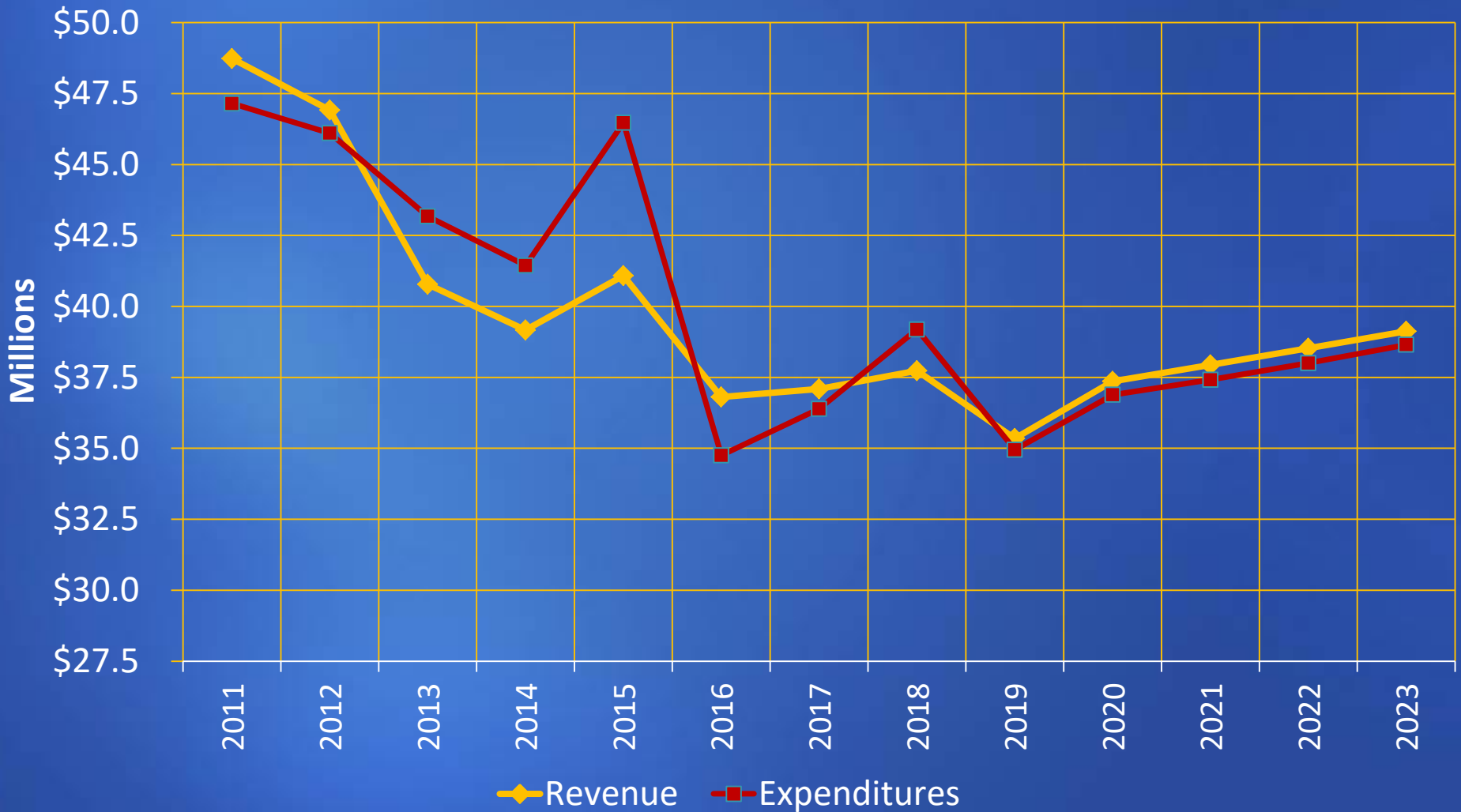
State Aid Per Student



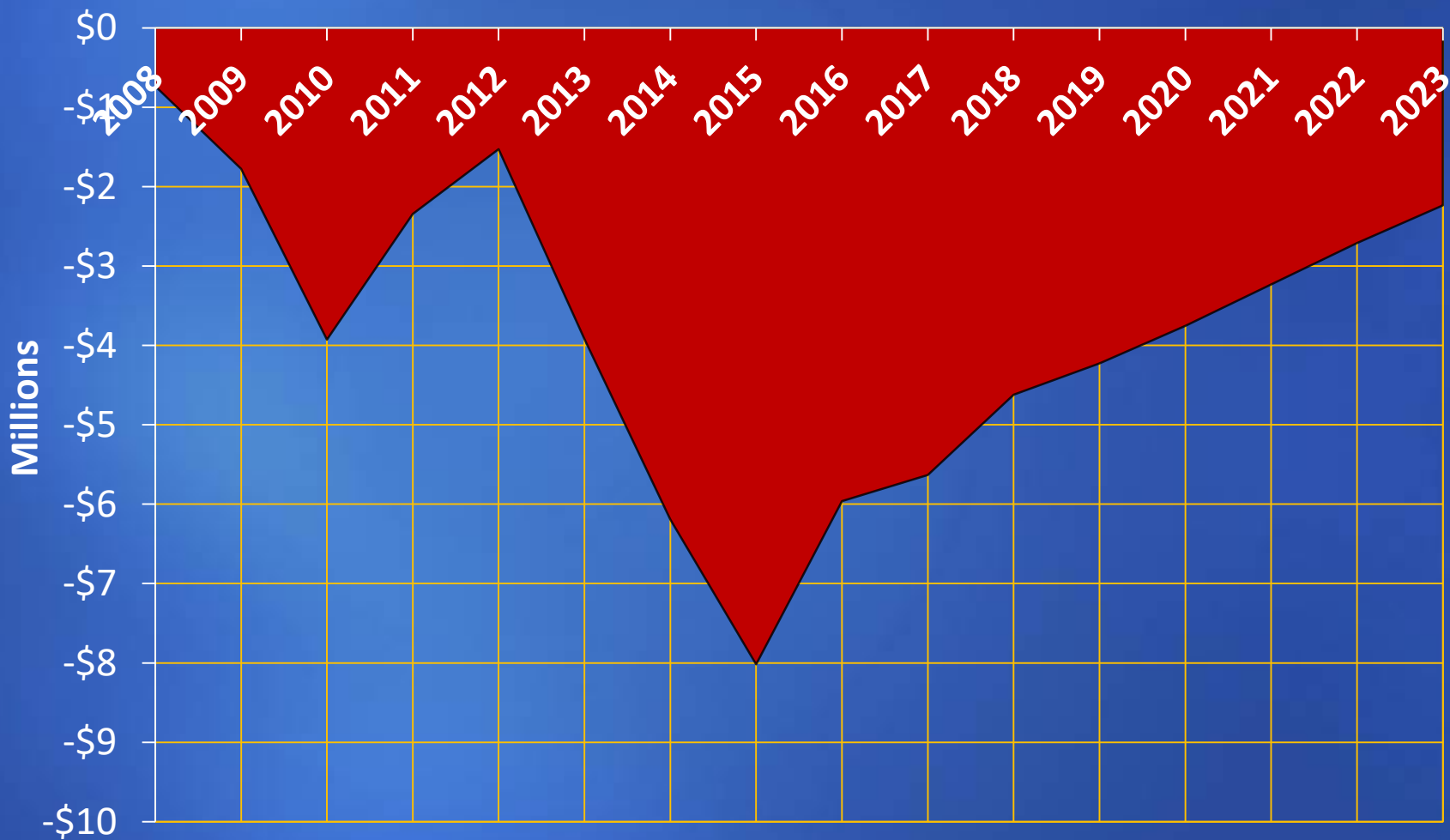
Enrollment



General Fund Revenue & Expenditures



General Fund Deficit



School Service Funds

2018/2019 Proposed Budgets



	Special Ed Center Fund	Child Care Fund	Food Service Fund	Total School Service
Revenue	\$8,263,050	\$112,000	\$1,228,163	\$9,603,213
Expenditures	\$8,259,781	\$111,667	\$1,207,974	\$9,579,422
Budget Surplus (Deficit)	\$3,269	\$333	\$20,189	\$23,791
Beginning Fund Balance	<u>\$235,331</u>	<u>\$732</u>	<u>\$1,086</u>	<u>\$237,149</u>
Ending Fund Balance	<u>\$238,600</u>	<u>\$1,065</u>	<u>\$21,275</u>	<u>\$260,940</u>

- Special Ed Center Fund includes \$1.1 million transfer to General Fund for building rent and indirect costs.
- Food Service Fund reflects budget for 3rd year of in-house operations by Chartwells.



Questions & Discussion