

Minutes of Finance Committee Meeting

The Board of Trustees Lake Orion Community Schools

A Finance Committee Meeting of the Board of Trustees of Lake Orion Community Schools was held Monday, December 2, 2024, beginning at 5:00 PM.

Attendees: Susan Flaherty, Birgit McQuiston, Jake Singer, Andrea Curtis, Heidi Mercer

A. Discussion Items

1. Sinking Fund Update

Committee members reviewed and discussed the 10-year forecast for the sinking fund budget.

2. Fund Balance Policy

Committee members reviewed the current fund balance policy, system of accounting policy, and discussed possible revisions to be discussed with all board members.

3. Review 2024-25 Budget Amendment 1

Committee members reviewed and discussed the General Fund first budget amendment.

B. Public Participation

No public participation

The meeting concluded at 6:38 PM.

Secretary, Board of Education

SINKING FUND

	Summer 2023 FY 2024		Summer 2024 FY 2025		Summer 2025 FY 2026		Summer 2026 FY 2027	
Balance Forward	145,064	Balance Forward	-	Balance Forward	230,200	Balance Forward	379,923	
Estimated Levy	4,857,650	Estimated Levy	5,239,100	Estimated Levy	5,396,273	Estimated Levy	5,450,236	
Interest	41,203	Interest	42,000	Interest	42,000	Interest	42,000	
Est. Available	5,043,917	Est. Avail	5,239,100	Est. Avail	5,626,473	Est. Avail	5,830,159	
LED Loan	176,539	LED Loan	29,423	Carpenter Property	156,000			
Refunding 2021-A	939,988	Refunding 2021-A	943,126	Refunding 2021-A	939,800			
		Limited Tax Bond	75,882	Limited Tax Bond	563,000	Limited Tax Bond	563,000	
Tax Fees/Abatements	11,456	Tax Fees/Abatements	14,000	Tax Fees/Abatements	14,000	Tax Fees/Abatements	14,000	
Misc. Repairs	-	Misc. Repairs	420,000	Misc. Repairs	300,000	Misc. Repairs	300,000	
Misc. Repairs Actual	517,165	Misc. Repairs Actual	2,434	Misc. Repairs Actual	-			
TOTAL Dedicated	1,645,148	TOTAL Dedicated	1,484,865	TOTAL Dedicated	1,816,800	TOTAL Dedicated	877,000	
Planned Projects		Planned Projects		Planned Projects		Planned Projects		
Blanche Sims	1,503,978	Stadium Drive	24,000	High School		High School		
Bleachers	62,544	High School	154,620	Roofing	1,000,000	Auditorium Seating	176,000	
LED - OO Administration	3,620	Pine Tree	12,000	Paint Creek		Tennis Courts	850,000	
LED - Pool Lights	30,120	B&G Truck	110,000	Boilers	65,400	Steps to HS from CERC	30,000	
Monument Signs	149,978	Monument Signs	102,251	Roofing	125,000	CERC		
Pine Tree Center	102,174	Fiber Relocation	15,000	Flooring/Carpet	159,350	Boilers	240,000	
Retention Pond Cleaning	34,602	Waldon		Paving & Concrete	80,000	Chiller	159,135	
High School Concrete	42,100	Boilers	120,000	Bus Inventory	2,000,000	Flooring/Carpet	263,000	
		Chiller	168,826			Foundation Repairs	80,000	
		Roofing	200,000			Chimney Demo	30,000	
		Paving/ Concrete	200,000			ADMIN/ Moose Tree	-	
		Flooring	283,804			Transportation		
		Running Track	300,000			Boilers	50,000	
		Field Improvements	100,000			Roofing	50,000	
		Electrical Improv.	25,000			Paving & Concrete	140,000	
		Oakview				Operations	1,000,000	
		Boilers	123,000			Technology	1,000,000	
		Roofing	125,000			Total Projects	4,068,135	
		Paving & Concrete	-					
		Flooring	280,000					
		Track	300,000					
		Lighting Controls	50,000					
		Flag Pole Relocation	15,000					
Controls work Budget		Controls work Budget						
Billings 7/1 through 12/31	623,863	Remaining Work Committed	815,534					
Remaining Work Committed	845,790							
Total Projects	3,398,769	Total Projects	3,524,035	Total Projects	3,429,750	Total Projects	4,068,135	
Grand Total	5,043,917	Grand Total	5,008,900	Grand Total	5,246,550	Grand Total	4,945,135	
Revenue Over (Under) Budget	-	Revenue Over (Under) Budget	230,200	Revenue Over (Under) Budget	379,923		885,024	

SINKING FUND

	<i>Summer 2027</i>		<i>Summer 2028</i>		<i>Summer 2029</i>		<i>Summer 2030</i>		<i>Summer 2031</i>	
	FY 2028		FY 2029		FY 2030		FY 2031		FY 2032	
Balance Forward	885,024	Balance Forward	263,762	Balance Forward	699,547	Balance Forward	438,931	Balance Forward	733,718	
Estimated Levy	5,504,738	Estimated Levy	5,559,785	Estimated Levy	5,615,383	Estimated Levy	5,671,537	Estimated Levy	5,728,253	
Interest	42,000	Interest	42,000	Interest	42,000	Interest	42,000	Interest	42,000	
Est. Avail	6,389,762	Est. Avail	5,823,547	Est. Avail	6,314,931	Est. Avail	6,110,468	Est. Avail	6,461,970	
Limited Tax Bond	562,000	Limited Tax Bond	560,000	Limited Tax Bond	562,000	Limited Tax Bond	562,750	Limited Tax Bond	562,250	
Tax Fees/Abatements	14,000	Tax Fees/Abatements	14,000	Tax Fees/Abatements	14,000	Tax Fees/Abatements	14,000	Tax Fees/Abatements	14,000	
Misc. Repairs	300,000	Misc. Repairs	300,000	Misc. Repairs	300,000	Misc. Repairs	300,000	Misc. Repairs	300,000	
TOTAL Dedicated	876,000	TOTAL Dedicated	874,000	TOTAL Dedicated	876,000	TOTAL Dedicated	876,750	TOTAL Dedicated	876,250	
Planned Projects		Planned Projects		Planned Projects		Planned Projects		Planned Projects		
Buses	2,000,000	Buses	1,000,000	Buses	2,000,000	Buses	1,000,000	Buses	2,000,000	
Operations	1,000,000	Operations	1,000,000	Operations	1,000,000	Operations	1,000,000	Operations	1,000,000	
Technology	1,000,000	Technology	1,000,000	Technology	1,000,000	Technology	1,000,000	Technology	1,000,000	
Building Specific TBD	1,250,000	Building Specific TBD	1,250,000	Building Specific TBD	1,000,000	Building Specific TBD	1,500,000	Building Specific TBD	1,250,000	
Total Projects	5,250,000	Total Projects	4,250,000	Total Projects	5,000,000	Total Projects	4,500,000	Total Projects	5,250,000	
Grand Total	6,126,000	Grand Total	5,124,000	Grand Total	5,876,000	Grand Total	5,376,750	Grand Total	6,126,250	
	263,762		699,547		438,931		733,718		335,720	

Book	Policy Manual
Section	6000 Finances
Title	FISCAL PLANNING - FUND BALANCE
Code	po6215
Status	Active
Adopted	September 28, 2011
Last Revised	May 9, 2018

6215 - FISCAL PLANNING - FUND BALANCE

Fund balance measures the net current financial resources available to finance expenditures of future periods. Fund balance is the difference between assets and liabilities reported in a governmental fund. The purpose of the District's Fund Balance is to provide sufficient financial resources to provide a high level of stability in the financial operation of the Schools District.

The Board realizes its responsibility under law to maintain a balanced, non-deficit, financial condition for the District. A fund balance provides flexibility in dealing with unanticipated budget emergencies such as mid-year reductions in state funding. In addition, a fund balance will help to avoid cash flow borrowing. It is recognized that it will not always be possible to avoid borrowing to provide cash flow.

To this end, the Board will strive to maintain an appropriated and budgeted fund balance which properly considers known actual or estimated liabilities of each fund and the risk in the operating and state and local economic environment.

The administration shall, in developing each year's budget, utilize a minimum ending fund balance equal to ten percent (10%) of the General Fund's expected total expenditures and transfers. As part of the budgeting process, the Board shall annually pursue opportunities to increase the fund balance beyond the minimum ten percent (10%) threshold. If the District's General Fund fund balance falls below ten percent (10%), Administration will develop a plan to restore the established minimum fund balance. Following adoption by the Board, the Superintendent will regularly inform the Board of actual or anticipated variances that may occur during budget implementation and recommend any action that may be required to achieve the plan to be taken by the Board.

This policy has been adopted by the Board of Education, in part, to address the implications of Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*.

Fund type definitions. The following definitions will be used in reporting activity in **governmental funds** across the district. The District may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

- A. The **General Fund** is used to account for all financial resources not accounted for and reported in another fund.
- B. **Special Revenue Funds** are used to account and report the proceeds of *specific revenue sources* that are *restricted or committed* to expenditure for *specific purposes* other than debt service or capital projects.
- C. **Debt Service Funds** are used to account for all financial resources restricted, committed or assigned to expenditure for principal, interest and applicable fees.
- D. **Capital Projects Funds** are used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.
- E. **Permanent Funds** are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's purposes.

Fund Balance Reporting in governmental funds. Fund balance will be reported in governmental funds under the following categories using the definitions provided by GASB statement No. 54:

- A. Nonspendable fund balance – Amounts that are not in a spendable form (such as inventory, pre-pays and non-current receivables) or are required to be maintained intact (such as the corpus of an endowment fund)
- B. Restricted fund balance – Amounts that can be spent only for the specific purposes stipulated by external resource providers, laws, or regulations. This would include, but is not limited to, grants, dedicated millages, bonded capital project funds, debt service funds, food service funds, special education funds or community service funds.
- C. Committed fund balance - Amounts constrained to specific purposes by formal action of the Board of Education. To be reported as committed, amounts cannot be used for any other purpose unless the Board of Education takes the same highest-level action to remove or change the constraint. Creation, amendment or modification must be approved by formal action of the Board of Education by the end of the fiscal year. The actual amount committed may be computed subsequent to year end using prescribed methodologies.
- D. Assigned fund balance – Amounts *intended* to be used by the School District for specific purposes. Intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. The Board of Education authorizes the Superintendent or designee to determine the assigned fund balance(s) on an annual basis for the year-end financial reporting. These can include, but are not limited to, the following:
 - 1. Long term obligations including, but not limited to, employee compensated absences, self insurance;
 - 2. Cash Flow requirements for the next fiscal year to limit borrowing needs;
 - 3. Building and department carry over budgets;
 - 4. Budgeted use of fund balance for next fiscal year;
 - 5. Other items allowable under Generally Accepted Accounting Principles.
- E. Unassigned fund balance – is the residual classification of the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

For purposes of fund balance classification, expenditures are to be presented from Restricted Fund Balance first (when appropriate), followed in order by Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

The Board of Education delegates to the Superintendent or his/her designee, the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Legal

M.C.L. 141.1201; 141.1231-1244; 141.2101; 380.1211-1227.

Book	Policy Manual
Section	6000 Finances
Title	SYSTEM OF ACCOUNTING
Code	po6800
Status	Active
Adopted	September 12, 2001
Last Revised	December 4, 2019

6800 - **SYSTEM OF ACCOUNTING**

It is the policy of the Board of Education that a chart of accounts be established in accordance with the requirements of the State Department of Education for the accounting of all District funds. The Superintendent is responsible for an accounting of all capital assets to protect the financial investment of the District against catastrophic loss. Further, the Superintendent will establish procedures and regulations necessary to properly account for capital assets and comply with generally accepted accounting principles (GAAP) and ensure that the District's capital assets are properly insured.

GASB 84

The District's system of accounting shall comply with all applicable requirements of the Governmental Accounting Standards Board, Statement No. 84 (GASB 84). In accordance with GASB 84, the District will report applicable fiduciary activities as identified in either the private purpose trust fund or the custodial fund. Typically, these activities include recognized student and school-related activity funds held in a bank account maintained by the District. These funds shall be subject to the accounting and requirements specified in the Michigan Public Schools Accounting Manual. An activity not identified as a fiduciary activity under GASB 84 will be deemed a governmental activity and will be reported in a governmental fund.

GASB 54

The District's system of accounting shall comply with all requirements of the Governmental Accounting Standards Board, Statement No. 54 (GASB 54). In accordance with GASB 54, the District will report its fund balances in the following categories:

- *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance*—amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.
- *Assigned fund balance*—amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund.

The Superintendent or designee shall be responsible for the proper accounting of all District funds.

The Superintendent or designee is responsible to implement procedures and practices that will determine: 1) Capitalization policies for District assets (i.e., which assets will be capitalized and depreciated over their estimated useful life versus which assets will be expensed in year of purchase); 2) Methods for calculating annual and accumulated depreciation expense for assets including estimates for asset lives, residual asset values, and depreciation methodology; 3) Procedures for recording gain or loss on sale of capital assets and proceeds from the sale of capital assets in compliance with GAAP Reporting of estimated cash values or replacement values to District insurance providers.

A report of the revenues and expenditures in the General Fund shall be made to the Board on a periodic basis.

Revised 11/13/02

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Legal

M.C.L. 41.422 et seq., 141.421 et seq.

A.C. Rule R340.351 et seq.

GASB #34