

LAKE ORION COMMUNITY SCHOOLS

FINANCIAL REPORTING PACKAGE

December

Fiscal Year 2022-23



LAKE ORION COMMUNITY SCHOOLS
Fiscal Year 2022-23

Table of Contents:

1. Executive Summary
2. Commentary & Analysis
 - a. Operational Overview
 - b. Economic Information
 - c. State Aid & Legislative Update
 - d. Fund Level Activity Review
 - e. Cash Position and Disbursement Activity
3. "Budget to Actual" Financial Reports:
 - a. General Fund (Funds 110 - 190) Expenditure by Function
 - b. General Fund (Funds 110 - 190) Expenditure by Object
 - c. Community Service Special Revenue Fund (230)
 - d. Food Service Special Revenue Fund (250)
 - e. Pine Tree Center Special Revenue Fund (220, 221)
4. Other Funds Overview
5. District Cash Balance & Investments Report
6. General Fund Basic Cash Flow Report
7. Summary Disbursements Report for the Period
8. Electronic Funds Transfers Activity for the Period (EFT, ACH & Wires)
9. District Purchase Card Program Activity for the Period

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

EXECUTIVE SUMMARY

Economic Update:

Total non-farm job payroll in the nation increased in December by 223,000. The unemployment rate decreased to 3.5%. The “third” estimate of the third quarter 2022 U.S. GDP is 3.2%. In December, the Consumer Price Index for All Urban Consumers increased 0.1 percent, seasonally adjusted, and rose 6.5 percent over the last 12 months. The index for all items less food and energy increased 0.3 percent in October (SA); up 6.3 percent over the year. Expect continued rate hikes by the Federal Reserve Bank. The Fed will continue to raise rates for the next few months while inflation stays their sole concern.

State Aid and Legislative Issues:

The Consensus Revenue Estimating Conference (CREC) was held on Friday, January 13. The Executive Summary is attached to this report.

Representatives of the Administration, House Fiscal Agency (HFA) and the Senate Fiscal Agency (SFA) met for the January 2023 Consensus Revenue Estimating Conference (CREC). This is the meeting that establishes the forecasted revenues available in both the General Fund General Purpose (GF/GP) fund and the School Aid Fund (SAF) for the closing of last fiscal year, the current year, and future years. It marks the beginning of the state budget process. The final agreement on revenues shows significant funding available for both GF/GP and the SAF with minor downward adjustments in FY2023. Overall, the news is good with the SAF estimated to reach an all-time high of over \$18 billion in state funding in FY2025. The numbers include minor adjustments for a forecasted “mild” recession.

General Fund General Purpose (GF/GP)

Greater than anticipated revenues in net income tax, corporate income tax, sales and use taxes account for most of the 16.9% increase in tax revenues for FY2021-22. GF/GP revenue for FY 2022-23 is estimated to decrease 2.8% from FY2021-22. Net GF/GP revenues are expected to be \$15.2 billion in FY2021-22. A forecasted reduction of \$428 million for FY2022-23 brings the amount available to appropriate to \$14.8 billion. FY2023-24 revenues are projected to increase \$314 million and should settle at \$15.1 billion in total. Initial FY2024-25 revenue estimates were set at this consensus and show a 3.0% increase projected from FY2023-24 to FY2024-25 to \$15.5 billion.

School Aid Fund (SAF)

Based on a preliminary estimated HFA balance sheet, the SAF has a similar story. The SAF is expected to end FY2021-22 once finalized with an 11% increase in revenues over the prior year. This produced a total of \$17.8 billion revenues of which \$4.6 billion

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

in carryforward to FY2022-23. A forecasted \$190 million reduction in SAF total revenue for FY2022-23 provides \$17.6 billion. The FY2022-23 ending balance is estimated to be \$4.1 billion to be carried over to FY2023-24. FY2024-25 projects revenue will increase to \$18.3 billion, which will add another \$1.38 billion to the ending balance mostly through lower projected spending. The result, given ongoing appropriations as we know them today, leaves an ending balance in the SAF of \$5.5 billion at the end of FY2023-24!

This week marked the official start of the new legislative session. Democrats took control of both chambers of the legislature for the first time in over 40 years. Also, most of the assignments for the standing committees were announced. Below are members of the major education funding and policy committees:

Senate Education

Democrat: Chair Polehanki, Vice Chair Geiss, Camilleri; Chang; McDonald Rivet
Republican: Minority Vice Chair Damoose, Johnson, R.

Senate School Aid

Democrat: Chair Camilleri, Vice Chair Polehanki, Cavanagh; Hertel, K.; Klinefelt
Republican: Minority Vice Chair Theis, Albert

House Education

Democratic membership are Chair Koleszar, Vice Chair Churches, Conlin; Edwards; Glanville; Shannon; Stone; Wegela. Republican membership includes Minority Vice Chair Greene, Johnsen; Markkanen; Paquette; Wendzel.

House School Aid (Republican members have not been announced)

Democratic membership includes Rep Regina Weiss (D-Oak Park) (Chair), Rep. Jason Morgan (D-Ann Arbor) (MVC), Rep. Natalie Price (D-Berkeley), Rep. Matt Koleszar (D-Plymouth Township), Rep. Phil Skaggs (D-Grand Rapids), Rep. Jimmie Wilson Jr. (D-Ypsilanti) and Rep. Samantha Steckloff (D-Farmington Hills).

Notable Bills Introduced:

SB 1 – Retirement/Pension Benefits (Hertel/Bayer; Moss; McMorrow; Cavanaugh; Shink) Revises limitations and restrictions on deductions of certain retirement or pension benefits and revenue distribution to state school aid fund.

SB 5 – Collective Bargaining (Camilleri/Moss; McMorrow; Chang; Bayer; Shink)
Allows requirement for agency fee for nonunion members in bargaining agreements and as condition of employment in public sector.

SB 6 – Prevailing Wages (Klinefelt/Moss; McMorrow; Cavanaugh; Chang; Bayer; Shink)
Reenacts prevailing wage.

SB 8 – School Aid (Anthony) Provides supplemental appropriations in the school aid act for fiscal years 2021-2022 and 2022-2023.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

SB 12 – Education (Polehanki) Modifies requirements related to the retention of certain grade 3 pupils. Senate Education Chair Polehanki introduced Senate Bill 12 this week to remove the retention requirement currently in place under Michigan’s Read by Third Grade law. The bill does not change the statutory mandated for related to student assessments and interventions.

HB 4001 – Retirement/Pension Benefits (Witwer/Price; Arbit; McFall; Hoskins; Breen; Steckloff; Scott) Revises limitations and restrictions on deductions of certain retirement or pension benefits and revenue distribution to state school aid fund.

HB 4004 – Collective Bargaining (Weiss/ Breen; Hoskins; Scott; Price; McFall Steckloff; Conlin) Allows requirement for agency fee for nonunion members in bargaining agreements and as condition of employment in public sector.

HB 4005 – Collective Bargaining (Weiss) Revises collective bargaining rights to restore former provisions.

HB 4007 – Prevailing Wage (Carter, B./ Breen; Hoskins; Conlin; Scott; Weiss; Price; McFall; Steckloff) Reenact prevailing wage.

HB 4017 – School Aid (Witwer) Provides supplemental appropriations in the school aid act for fiscal years 2021-2022 and 2022-2023.

General Fund Actual Verses Budget Highlights:

The adopted fiscal year 2022-23 revenue budget total is \$94,053,655. We have recognized to date \$33,917,411 which is 36.1% of the budget. Considering how the State Aid funding mechanism operates, taken together, we are on budget. The adopted fiscal year 2022-23 expenditure budget total is \$93,617,128. We have expended to date \$39,223,040 which is 41.9% of the budget. Considering the point in the fiscal year we are at, taken together, we are on budget.

General Fund Cash Position:

This month’s cash flow analysis portrays a favorable cash flow position for the General Fund. The current General Fund cash position is \$5.8 million with a continued forecast of \$8.4 million at year-end.

District Disbursement Activity:

For the month, the district disbursed, including bond project related expenditures and net of investments, \$13.485 million via accounts payable check, purchasing card settlement, automated ACH payments and payroll.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

COMMENTARY & ANALYSIS

Revenue & Expenditure Operational Overview:

The “Budget to Actual” reports provided herein reflect posted activity for the fiscal year to date. All budgets reflect the Fiscal Year 2022-23 adopted budget as approved by the Board of Education June 22, 2022.

Operational funding for Lake Orion Community Schools is categorized into five broad revenue sources. The five major revenue sources include local, intermediate, state, federal, and other financing source revenues. The local source revenues include locally levied operating property taxes, program-based fees, athletic fees, grant revenue and investment income. The “intermediate source” revenues consist of Public Act-18 special education funds and Medicaid program revenues. The “state source” revenue consists of the state portion of the per student foundation allowance, state issued grants and categorical payments. The state-aid payment process runs from October of our existing fiscal year to August of our next fiscal year. Federal source revenues are comprised of federally issued grants. Other financing source revenue includes operating transfers-in from other funds.

Operational spending for Lake Orion Community Schools, as presented, is comprised of three broad expenditure categories: salary and wages, fringe benefits and program operations. Program operations consist of purchased services, supplies (including gas and electricity), materials, capital outlay and other miscellaneous expenditures. For the purposes of this report, the definition of “expenditure” is the actual expenditure incurred to date.

Economic Overview:

Please see the attached reports as provided by Comerica bank.

National Economic Dashboard:

The following data set contains indicators that inform the reader about the current and near future national macroeconomic picture:

- US real gross domestic product (GDP) increased at an annualized rate of 3.2% in the third quarter of 2022 according to the “third” estimate of the Bureau of Economic Analysis.
- Total non-farm job payroll increased in December by 223,000.
- The U.S. unemployment rate decreased to 3.5%.
- The civilian labor force participation rate (LFPR) increased by (0.1)% to 62.3% from the prior month. The LFPR last peaked in 2000 at 67.3%.
- Annual consumer savings rate in December, as a percentage of disposable income saved, was 2.4%.
- Existing home sales in November was 4.09 million units. Sales tailed off 7.7% from October and 35.4% from the previous year.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

- Housing starts, defined as single-family units and multifamily units, for November were at a seasonally adjusted annual pace of 1.427 million units, down 0.5% from the prior month and 16.4% lower than November 2021.
- The Consumer Price Index for All Urban Consumers (CPI-U) decreased in December 0.1% to a seasonally adjusted annualized rate of 6.5 percent.
- Conference Board's Leading Economic Indicator (LEI) index decreased 1.0% in November to 113.5, after declining by 0.5 percent in September. The LEI is now down 3.7 percent over the six-month period between May and November 2022, a much steeper rate of decline than its 0.8 percent contraction over the previous six-month period, between November 2021 and May 2022. This indicator is designed to predict future economic growth or decline six months forward.
- U.S. light vehicle annualized sales for November decreased to 14.131 million units from the prior month.
- The University of Michigan consumer sentiment index for November registered a seasonally adjusted to 56.8, down from the prior month's 59.9.

State Aid Overview:

The typical Local Education Agency (LEA), better known as the local school district, receives most of its operating revenues from two funding sources, locally levied property taxes and the School Aid Fund. Lake Orion Community School's fiscal year 2022-23 foundation allowance level, net of the permanent reduction of \$470 in fiscal year 2011-12, is has been increased to \$9,150. The student membership blended count formula continues to use 90% of the current fiscal year's October count plus 10% of the prior fiscal year's February count to calculate the district's total foundation allowance funding.

Lake Orion's foundation allowance guarantee is funded from two sources. The first source is the district's local tax levy of 18 mills on qualifying non-homestead property only. This levy is expected to generate an estimated about \$1,375 per pupil this year. The second and primary funding source is from the State's School Aid Fund (SAF). The balance of the fiscal year foundation allowance funding comes from the SAF. State aid continues to be paid out over 11 payments based on the state's fiscal year (spanning October through August) and not the school district's fiscal year. The section 147c MPSERS unfunded liability rate stabilization categorical has been approved again for 2022-23. This State categorical will provide funding and a corresponding (invoice) expenditure to the district for the Michigan Public Schools Employee Retirement System existing unfunded accrued actuarial liability. The way the State has chosen to fund this categorical and generate the corresponding invoiced expenditure results in a "grossing up" of the district's revenue and expenditure budgets. The growth ("grossing up") in the district's revenue and expenditure budgets resulting from this state categorical (section 147c) gives the false impression that the district has received or benefitted from "additional revenue" because of this categorical. This state categorical is simply a "pass through" funding mechanism that comes with a bill attached.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

General Fund Analysis:

Revenue:

The General Fund revenue budget for the period, as approved in the fiscal year 2022-23 adopted budget, is \$94,053,655.

- Revenue recognized fiscal year to date is \$33,917,411 or 36.06% of the budget.

The Local Source revenue budget is \$11,161,861 and is 11.8% of the total budget.

- We have recognized \$10,300,529 to date.

The State Source revenue budget is \$70,431,232 and is 74.9% of the total budget.

- We have recognized \$20,085,382 to date.
 - State aid (foundation allowance and categorical funds) is paid out over 11 payments beginning in October and is based on the State of Michigan's fiscal year. We expect the last two payments for our fiscal year 2023 state aid to arrive in July and August of 2023, which are the first and second months of our next fiscal year (FY2024).

The Federal Source revenue is grant based reimbursement funding with a total budget of \$5,077,266 and is 5.4% of the total revenue budget.

- We have recognized \$156,031 to date. Typically, federal grant revenues operate on a "reimbursement" basis which entails the actual spending, filing for, and recognizing the reimbursement in our records.

The ISD and Medicaid source revenue is budgeted at \$6,809,701 and is 7.2% of the total revenue budget.

- We have recognized \$3,092,453 to date. PA-18 Special Education funding provided through Oakland Schools is paid out quarterly. Most of the Medicaid funding is released from Oakland Schools in June of each fiscal year.

The "Other" revenue source are indirect charges assessed to the Food Service, Community Service and Pine Tree Center Special Revenue funds and is currently budgeted at \$573,595. We have recognized \$283,016 to date.

Expenditures:

The General Fund expenditure budget is \$93,617,128 as approved in the fiscal year 2022-23 adopted budget. We have expended \$39,223,040 or 41.9% of the budget.

The Salary & Wage expenditure budget of \$45,579,150 represents 48.7% of the budget.

- We have spent \$17,796,021 or 39.0% of our salary & wage budget to date.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

The Benefits expenditure budget of \$33,214,085 represents 35.5% of the budget. We have spent \$13,162,911 or 39.6% of this budget to date. This category of expenditure is typically expended in close tandem with the salary & wage budget with a few exceptions.

The Purchased Services budget of \$7,637,238 represents 8.1% of the budget.

- We have spent \$4,692,825 or 61.4% of this budget to date.

The Supplies expenditure budget of \$4,231,780 represents 4.5% of the budget.

- We have spent \$1,875,346 or 44.3% of this budget to date.

The Capital Outlay expenditure budget of \$92,039 represents 0.1% of the budget.

- We have spent \$5,654 or 6.1% of this budget to date.

The Other Expenditures & Other Financing Uses budget of \$2,862,836 represents 3.1% of the budget.

- We have spent \$1,691,282 of these budgets to date.

Pine Tree Center Special Revenue Fund Analysis:

Revenue:

The Pine Tree Center Special Revenue Fund revenue budget as approved in the fiscal year 2022-23 budget is \$2,457,280. We have recognized \$678,400 or 38.5 of the budget.

Expenditures:

The Pine Tree Center Special Revenue Fund expenditure budget as approved in the 2022-23 budget is \$2,363,991. We have recognized \$818,460 or 34.6% of the total budget.

Community Service Special Revenue Fund Analysis:

Revenue:

The Community Service Special Revenue Fund budget for fiscal year 2022-23 is \$3,286,357. Year to date recognized revenue is at \$2,567,210 or 78.1% of budget.

The Community Enrichment revenue of \$650,000 comprises 19.8% of the total budget.

- Year to date recognized revenue is \$441,164 or 67.9% of budget.

The Early Childhood revenue is \$2,636,357 and represents 80.2% of the total budget.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

- Year to date recognized revenue is \$2,126,046 or 80.6% of budget.

Expenditures:

The Community Service Special Revenue Fund expenditure budget is \$2,922,778 as approved in the fiscal year 2022-23 budget. We have expended \$1,542,332 or 52.8% of the total budget.

The Salary & Wage expenditure budget of \$1,389,360 represents 47.5% of the total budget.

- We have spent \$717,050 or 51.6% of this budget to date.

The Benefits expenditure budget of \$906,718 represents 31.0% of the total budget.

- We have spent \$482,591 or 53.2% of our Benefits budget to date.

The remaining expenditure budgets (Purchased Service, Supplies & Materials, Capital Outlay & Other, and Other Financing Uses – Transfer to General Fund) total \$626,700 and represents 21.4% of the total budget.

- We have spent \$342,691 or 54.7% of these budgets.

Food Service Special Revenue Fund Analysis:

Revenue:

The Food Service Special Revenue Fund revenue budget as approved in the fiscal year 2022-23 budget is \$2,654,500. We have recognized \$1,205,559 or 45.4% of the budget.

The Food & Vending Sales revenue budget of \$1,450,000 is 54.6% of the budget.

- Food & Vending Sales recognized to date are \$578,306.

The Federal Grants revenue budget of \$1,000,000 is 37.7% of the budget.

- The revenue recognized to date is \$594,424.

Expenditures:

The Food Service Special Revenue Fund expenditure budget as approved in the 2022-23 budget is \$2,965,650. We have recognized \$1,163,127 or 39.2% of the total budget.

The Salary & Wage expenditure budget of \$732,375 represents 24.7% of the budget.

- We have spent \$335,020 of this budget to date.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

The Benefits expenditure budget of \$488,775 represents 16.5% of the budget.

- We have spent \$227,923 of our Benefits budget to date.

The Supplies expenditure budget of \$1,265,000 represents 42.7% of the budget.

- We have spent \$324,873 of our Supplies budget to date.

The Purchased Services, Capital Outlay, Other and Other Financing Uses expenditure budgets of \$479,500 represents 16.1% of the budget.

- We have spent \$275,312 of these budgets to date.

School Activity Special Revenue Fund Analysis:

Revenue:

The School Activity Special Revenue Fund revenue budget as approved in the fiscal year 2022-23 budget is \$1,250,000.

- We have recognized \$773,898.

Expenditures:

The School Activity Special Revenue Fund expenditure budget as approved in the 2022-23 budget is \$1,350,000.

- We have recognized \$622,084.

Debt Service Funds (Combined):

The revenue and expenditure budgets for all our debt service funds are based on our current year debt service requirements. Most of our debt service payments occur in November and May of each fiscal year. The summary Debt Service Funds approved revenue and expenditure budgets are:

Total revenue and other financing sources:	\$19,718,710
Total expenditures:	<u>\$19,678,541</u>
Revenues over/(under) expenditures:	\$ 40,169
Beginning Fund Balance (budget):	\$ 321,796
Ending Fund Balance:	\$ 361,965

LAKE ORION COMMUNITY SCHOOLS
Fiscal Year 2022-23

Capital Project Funds (410, 420, 440 & 490):

The summary Capital Projects Funds revenue and expenditure budgets as approved for fiscal year 2022-23 are:

Total revenue and other financing sources:	\$ 5,577,786
Total expenditures:	\$ <u>48,942,258</u>
Revenues over/(under) expenditures:	\$ (43,364,472)
Beginning Fund Balance:	\$ 58,765,210
Ending Fund Balance:	\$ 15,400,738

RISK - Internal Service Fund (81):

The summary Internal Service Fund revenue and expense budgets as approved for fiscal year 2022-23 are:

Total revenue sources:	\$900,000
Total expenses:	\$ <u>900,000</u>
Revenues over/(under) expenses :	\$ 0
Beginning Net Assets:	\$159,520
Total Ending Net Assets:	\$159,520

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

District Cash Position Analysis:

Contained in the enclosed reports are the district's current (as of this report date) cash balances, investment position, and projected cash flow information. The results of this month's review of the current period's information continue to support a favorable cash position for the district. The General Fund current period cash balance is at \$5.8 million. In this month's report, we forecast a fiscal year end cash balance of \$8.4 million. The combination of our current fund balance policy, a 100% summer tax levy, temporary grant funding and our collection practice continue to position the district in its most efficient cash management position.

District Disbursement Activity:

The district issued 209 accounts payable checks in an aggregate amount of \$1,906,550, 25 electronic payments in an aggregate amount of \$7,306,649 and completed 3 payroll runs in the net aggregate amount of \$4,272,180 during the period. The district's purchasing card program incurred 899 transactions in the aggregate amount of \$146,651 for an average expenditure of \$163.13 generating an estimated rebate of \$1,759.81 for the period. The district receives a rebate based on card spending and receives a 120-basis point (1.20%) rebate. The Summary Disbursements, Electronic Funds Transfers Activity, and the District Purchase Card Program Activity reports represent the district's cash disbursements summary information for the period. Detail check information will continue to be provided at the first board meeting of each month under the "consent agenda" format and can be found on our website in our Transparency Reporting section. The district's (all funds) total cash out flow for the month, reflecting current operating expenditures net of investments, is \$13,485,379.87.

LAKE ORION COMMUNITY SCHOOLS

Fiscal Year 2022-23

LAKE ORION COMMUNITY SCHOOLS FUND STRUCTURE INFORMATION

General Fund (Consolidated)

Fund 110 = General Fund Sub-fund

Fund 120 = Special Education Sub-fund

Fund 130 = Local Grants Sub-fund

Fund 140 = State Grants Sub-fund

Fund 150 = Federal Grants (non-Special Education) Sub-fund

Fund 170 = Special Education Federal Grants Sub-fund

Fund 180= Shared Time Services

Fund 190 = Athletics Sub-fund

Fund 220 - 221 Pine Tree Center Special Revenue Fund

Fund 230 - Community Service Special Revenue Fund

Fund 250 – Food Service Special Revenue Fund

Fund 290 – School Activity Special Revenue Fund

Funds 330 – 390 Debt Service Funds

Fund 410 - Building & Site Sinking Fund

Fund 420 - Capital Projects Series 2 - 2019

Fund 440 – District Capital Projects Fund

Fund 490 – Capital Projects Series 1 - 2019

Fund 810 – Internal Service Fund



Lake Orion Community Schools
General Fund (110 - 190) Financial Analysis
December 31, 2022

Presented by Function	<u>Current Budget</u>	<u>Year-to-Date Actual</u>	<u>% of Budget</u>
<u>REVENUE</u>			
Local Sources	\$ 11,161,861	10,300,529	92.28%
State Sources	70,431,232	20,085,382	28.52%
Federal Sources	5,077,266	156,031	3.07%
ISD and Other Sources	6,809,701	3,092,453	45.41%
Other Revenue	573,595	283,016	49.34%
TOTAL REVENUE	<u>94,053,655</u>	<u>33,917,411</u>	<u>36.06%</u>
<u>EXPENDITURES</u>			
<u>Instruction</u>			
Basic Programs	44,907,144	16,568,966	36.90%
Added Needs	13,417,622	5,556,798	41.41%
SUB TOTAL	<u>58,324,766</u>	<u>22,125,764</u>	<u>37.94%</u>
<u>Non-Instruction</u>			
Pupil Services	\$ 7,905,460	3,189,689	40.35%
Instructional Staff Support Services:			
Instruction Improvement	1,631,971	703,252	43.09%
Educational Media Services	1,362,638	439,190	32.23%
Technology Assisted Instruction	144,281	44,531	30.86%
Instructional Staff Supervision	769,343	350,844	45.60%
General Administration	1,542,118	817,927	53.04%
School Administration	4,808,905	2,430,944	50.55%
Business Services	1,158,624	795,622	68.67%
Operations & Maintenance	6,032,230	2,843,890	47.14%
Transportation	4,890,892	2,502,212	51.16%
Communication Services	221,720	118,564	53.47%
Human Resources	1,196,389	667,382	55.78%
Technology Services	1,920,926	1,242,381	64.68%
Athletic Activities	1,340,725	752,508	56.13%
Community Services	167,227	98,883	59.13%
SUB TOTAL	<u>35,093,449</u>	<u>16,997,819</u>	<u>48.44%</u>
<u>Other Financing Uses</u>			
Transfer to Capital Projects	198,913	99,457	50.00%
TOTAL EXPENDITURES	<u>93,617,128</u>	<u>39,223,040</u>	<u>41.90%</u>
Revenues Over/(Under) Expenditures	<u>436,527</u>	<u>(5,305,629)</u>	
Beginning Fund Balance*	8,975,815	8,975,815	100.00%
Projected Ending Fund Balance	<u>9,412,342</u>	<u>3,670,186</u>	<u>38.99%</u>



Lake Orion Community Schools
General Fund (110 - 190) Financial Analysis
December 31, 2022

Presented by Object

	Current Budget	Year-to-Date Actual	% of Budget
<u>REVENUE</u>			
Local Sources	\$ 11,161,861	\$ 10,300,529	92.28%
State Sources	70,431,232	20,085,382	28.52%
Federal Sources	5,077,266	156,031	3.07%
ISD and Other Sources	6,809,701	3,092,453	45.41%
Other Revenue	573,595	283,016	49.34%
TOTAL REVENUE	94,053,655	33,917,411	36.06%
<u>EXPENDITURES</u>			
Salaries	45,579,150	17,796,021	39.04%
Benefits	33,214,085	13,162,911	39.63%
Purchased Services	7,637,238	4,691,825	61.43%
Supplies	4,231,780	1,875,346	44.32%
Capital Outlay	92,039	5,654	6.14%
Dues, Fees and Other	288,668	279,848	96.94%
	91,042,960	37,811,605	41.53%
<u>Other Financing Uses</u>			
Outgoing Transfers and Other	2,574,168	1,411,434	54.83%
TOTAL EXPENDITURES	93,617,128	39,223,040	41.90%
Revenues Over/(Under) Expenditures	436,527	(5,305,629)	
Beginning Fund Balance*	8,975,815	8,975,815	100.00%
Projected Ending Fund Balance	9,412,342	3,670,186	38.99%

LAKE ORION COMMUNITY SCHOOLS
FINANCIAL REPORT - ANALYSIS EXPLANATIONS
December 31, 2022

Expected % of Budget To Date

The percentage in this column is based solely on passage of time or events (i.e. 3 out of 12 months or 5 out of 26 paychecks). While this percentage can be an accurate benchmark, it doesn't allow for normal fluctuations in spending (i.e. a majority of educational supplies are purchased at the beginning of the year).

Prior Year % of Budget To Date

The percentage in this column shows the percentage of budget spent in the prior year. This percentage is good benchmark, as it allows for the normal fluctuations in spending. However, it can be misleading if there was an extraordinary event in either the current or prior year (i.e. purchase of a bus in one year).

Explanation of Analysis

Since both of these benchmarks have their strengths and weaknesses, the "Percentage of Budget To Date" for the current year will be compared to both of the benchmarks. If this percentage is aligned with at least one of the benchmarks, no further analysis will be done. If the "Percentage of Budget To Date" is not aligned with either benchmark, an explanation will appear on this sheet.

- A** Instruction Improvement expenses are slightly higher than expected and prior year due to the timing of purchasing/payments. Considering this, the percentage is reasonable.
- B** Technology expenses are higher due to the timing of purchasing/payments. Considering this, the percentage is reasonable.
- C** Community Services expenses are higher due to the timing of purchasing/payments. Considering this, the percentage is reasonable.

LAKE ORION COMMUNITY SCHOOLS
FINANCIAL REPORT - ANALYSIS
December 31, 2022

	<u>2022-23 Budget</u>	<u>Year-to-Date Actual</u>	<u>Percentage of Budget To Date</u>	<u>Expected % of Budget To Date</u>	<u>Prior Year % of Budget To Date</u>	<u>Explanations</u>	<u>Variance A vs. E</u>	<u>Variance CY v. PY</u>
<u>REVENUE</u>								
Local	11,161,861	10,300,529	92.28%	86.66%	93.66%		5.62%	-1.38%
State	70,431,232	20,085,382	28.52%	27.24%	30.87%		1.28%	-2.35%
Federal	5,077,266	156,031	3.07%	11.61%	0.45%		-8.54%	2.62%
Medicaid and ISD	6,809,701	3,092,453	45.41%	44.90%	45.72%		0.51%	-0.31%
Other	573,595	283,016	49.34%	47.62%	41.48%		1.72%	7.86%
TOTAL REVENUE	94,053,655	33,917,411	36.06%	43.61%	37.37%		0.12%	1.29%
<u>EXPENDITURES</u>								
<u>Instruction</u>								
Basic Programs	44,907,144	16,568,966	36.90%	36.59%	35.68%		0.31%	1.22%
Added Needs	13,417,622	5,556,798	41.41%	36.59%	39.02%		4.83%	2.39%
SUB TOTAL	58,324,766	22,125,764	37.94%	36.59%			1.35%	37.94%
<u>Non-Instruction</u>								
Pupil Services	7,905,460	3,189,689	40.35%	36.59%	39.28%		3.76%	1.07%
Instructional Staff Support Services:								
Instruction Improvement	1,631,971	703,252	43.09%	36.59%	34.91%	A	6.51%	8.18%
Educational Media Services	1,362,638	439,190	32.23%	36.59%	34.23%		-4.36%	-2.00%
Technology Assisted Instruction	144,281	44,531	30.86%	36.59%	26.73%		-5.72%	4.13%
Instructional Staff Supervision	769,343	350,844	45.60%	46.15%	44.05%		-0.55%	1.55%
General Administration	1,542,118	817,927	53.04%	46.15%	52.87%		6.89%	0.17%
School Administration	4,808,905	2,430,944	50.55%	46.15%	46.47%		4.40%	4.08%
Business Services	1,158,624	795,622	68.67%	50.00%	65.63%		18.67%	3.04%
Operations & Maintenance	6,032,230	2,843,890	47.14%	50.00%	44.81%		-2.86%	2.33%
Transportation	4,890,892	2,502,212	51.16%	46.15%	55.44%		5.01%	-4.28%
Communications Services	221,720	118,564	53.47%	50.00%	60.23%		3.47%	-6.76%
Human Resources	1,196,389	667,382	55.78%	50.00%	60.16%		5.78%	-4.38%
Technology Services	1,920,926	1,242,381	64.68%	50.00%	43.08%	B	14.68%	21.60%
Athletic Activities	1,340,725	752,508	56.13%	46.25%	53.32%		9.88%	2.81%
Community Services	167,227	98,883	59.13%	46.15%	48.88%	C	12.98%	10.25%
SUB TOTAL	35,093,449	16,997,819	48.44%	43.83%	46.33%		4.60%	2.11%
<u>Other Financing Uses</u>								
Transfer to Capital Projects	198,913	99,457	50.00%	50.00%	50.00%		0.00%	0.00%
TOTAL EXPENDITURES	93,617,128	39,223,040	41.90%	39.33%	40.10%		2.57%	1.80%

Explanations for variances greater than 5% in both columns are on attached "Financial Report - Analysis Explanations".



Lake Orion Community Schools
Pine Tree Center Fund (220/221) Financial Analysis
December 31, 2022

	Current Budget	Year-to-Date Actual	% of Budget
<u>REVENUE</u>			
Local Sources	-	-	0.00%
State Sources	695,312	-	0.00%
Federal Sources	-	-	0.00%
ISD and Other Sources	1,761,968	678,400	38.50%
TOTAL REVENUE	2,457,280	678,400	27.61%
<u>EXPENDITURES</u>			
Salaries	1,158,564	349,586	30.17%
Benefits	791,032	295,280	37.33%
Purchased Services	258,150	94,428	36.58%
Supplies	9,500	9,175	96.58%
Capital Outlay	-	-	0.00%
Other	-	400	0.00%
TOTAL EXPENDITURES	2,217,246	748,870	33.77%
<u>Other Financing Uses</u>			
Indirect Costs/Transfer to GF	146,745	69,590	47.42%
TOTAL EXPENDITURES	2,363,991	818,460	34.62%
Revenues Over/(Under) Expenditures	93,289	(140,060)	
Beginning Fund Balance	(138,276)	(138,276)	100.00%
Projected Ending Fund Balance	(44,987)	(278,336)	618.70%



Lake Orion Community Schools
Community Services Fund (230) Financial Analysis
December 31, 2022

	Current Budget	Year-to-Date Actual	% of Budget
<u>REVENUE</u>			
Community Enrichment	650,000	441,164	67.87%
Early Childhood	1,604,038	1,722,291	107.37%
Other (ECC Grant)	1,032,319	403,755	39.11%
TOTAL REVENUE	3,286,357	2,567,210	78.12%
<u>EXPENDITURES</u>			
Salaries	1,389,360	717,050	51.61%
Benefits	906,718	482,591	53.22%
Purchased Services	320,500	179,329	55.95%
Supplies	36,200	21,930	60.58%
Capital Outlay/Other	45,000	28,932	64.29%
TOTAL EXPENDITURES	2,697,778	1,429,832	53.00%
<u>Other Financing Uses</u>			
Transfer to General Fund	225,000	112,500	50.00%
TOTAL EXPENDITURES	2,922,778	1,542,332	52.77%
Revenues Over/(Under) Expenditures	363,579	1,024,878	
Beginning Fund Balance	477,725	477,725	100.00%
Projected Ending Fund Balance	841,304	1,502,603	178.60%



Lake Orion Community Schools
Food Service Fund (250) Financial Analysis
December 31, 2022

	Current Budget	Year-to-Date Actual	% of Budget
<u>REVENUE</u>			
Food and Vending Sales	1,450,000	578,306	39.88%
Interest and Rebates	22,000	7,424	33.75%
Catering Services	32,500	11,233	34.56%
State Revenue	150,000	14,171	9.45%
Federal Revenue	1,000,000	594,424	59.44%
TOTAL REVENUE	2,654,500	1,205,559	45.42%
<u>EXPENDITURES</u>			
Salaries	732,375	335,020	45.74%
Benefits	488,775	227,923	46.63%
Purchased Services	69,500	25,321	36.43%
Supplies	1,265,000	324,873	25.68%
Capital Outlay	300,000	195,751	65.25%
Other	10,000	4,242	42.42%
TOTAL EXPENDITURES	2,865,650	1,113,129	38.84%
<u>Other Financing Uses</u>			
Transfer to General Fund	100,000	49,998	50.00%
TOTAL EXPENDITURES	2,965,650	1,163,127	39.22%
Revenues Over/(Under) Expenditures	(311,150)	42,432	
Beginning Fund Balance	924,485	924,485	100.00%
Projected Ending Fund Balance	613,335	966,917	157.65%

LAKE ORION COMMUNITY SCHOOLS

Cash and Investment Report

As of December 31, 2022

Institution	Funding Source	Type of Investment	Acquisition Date	Maturity Date	Days Duration	Rate	Principal Amt/Bal
PNC Bank	General Fund (11 - 19)	Corporate Business Acct	na	na	na	2.220%	\$ 4,742,942
PNC Bank	General Fund (11 - 19)	Sweep Investment Account	na	na	na	0.000%	\$ -
PNC Bank	2019 Bond Series 1 Checking	Corporate Business Acct	na	na	na	1.260%	\$ -
PNC Bank	2019 Bond Series 2 Checking	Corporate Business Acct	na	na	na	2.120%	\$ 1,377,652
PNC Bank	Debt Service Funds	Corporate Business Acct	na	na	na	2.030%	\$ 1,265,862
PNC Bank	School Activity / Internal Funds	Corporate Business Acct	na	na	na	2.030%	\$ 750,383
PNC Bank	Food Service Fund	Corporate Business Acct	na	na	na	2.030%	\$ 1,532,356
PNC Bank	Community Service Fund	Corporate Business Acct	na	na	na	2.180%	\$ 2,186,216
PNC Bank	Building & Site Sinking Fund	Corporate Business Acct	na	na	na	2.180%	\$ 2,027,503
PNC Bank	LOCS ORS 3% Refund Escrow	Escrow Account	na	na	na	1.390%	\$ 1,742
Business Account Totals:							13,884,656
MILAF	General Fund	Cash+/Max funds	na	na	na	4.250%	\$ 1,011,178
MILAF	Debt Service Fund	Cash+/Max funds/Term	na	na	na	4.670%	\$ 13,010,982
MILAF	School Activity Fund	Cash+/Max funds	na	na	na	4.250%	\$ 505,592
MILAF	Bond Proceeds - Series 2	Cash+/Max funds/Other	na	na	na	2.710%	\$ 32,860,191
Other Totals:							\$ 47,387,944
Total Cash/Investments							\$ 61,272,600

GENERAL FUND CASH FLOW TRACKING MODEL

	July	August	September	October	November	December
Beginning cash/investments	7,988,489	2,930,086	8,982,962	6,327,915	9,160,044	10,730,334
Cash basis revenues:						
Property taxes	1,190	1,498,754	1,998,607	4,566,695	1,016,139	117,728
State aid (cash basis)	5,404,308	6,280,986	-	5,529,196	7,608,043	6,489,167
LOC Proceeds						
Operating transfers in	47,800	47,800	47,800	47,800	47,800	47,800
Other cash income	97,484	5,031,860	1,756,895	451,289	275,500	935,456
Total revenue (sources of CF):	5,550,782	12,859,400	3,803,302	10,594,980	8,947,482	7,590,151
Total available resources:	13,539,271	15,789,486	12,786,264	16,922,895	18,107,526	18,320,485
Cash basis expenditures:						
Accounts payable/fund transfers	2,615,487	2,379,586	1,844,492	2,434,303	1,976,770	2,343,339
Payroll	7,993,698	4,426,938	4,613,857	5,328,548	5,400,422	10,123,569
Debt Payments	-	-		-	-	99,457
Transfers to Other Funds				-		
Total expenditures (uses of CF):	10,609,185	6,806,524	6,458,349	7,762,851	7,377,192	12,566,365
Ending cash/investments	2,930,086	8,982,962	6,327,915	9,160,044	10,730,334	5,754,120
Ending available resources	2,930,086	8,982,962	6,327,915	9,160,044	10,730,334	5,754,120

GENERAL FUND CASH FLOW TRACKING MODEL

	January	February	March	April	May	June
Beginning cash/investments	5,754,120	7,043,485	7,382,850	7,722,215	8,912,124	9,251,489
Cash basis revenues:						
Property taxes						434,988
State aid (cash basis)	6,519,921	6,519,921	6,519,921	6,519,921	6,519,921	6,519,927
LOC Proceeds						
Operating transfers in	47,800	47,800	47,800	47,800	47,800	47,795
Other cash income	1,308,721	358,721	358,721	1,308,721	358,721	1,172,638
Total revenue (sources of CF):	7,876,442	6,926,442	6,926,442	7,876,442	6,926,442	8,175,348
Total available resources:	13,630,562	13,969,927	14,309,292	15,598,657	15,838,566	17,426,837
Cash basis expenditures:						
Accounts payable/fund transfers	1,757,587	1,757,587	1,757,587	1,757,587	1,757,587	1,757,585
Payroll	4,829,490	4,829,490	4,829,490	4,829,490	4,829,490	7,244,236
Debt Payments	-	-	-	99,456	-	-
Transfers to Other Funds						
Total expenditures (uses of CF):	6,587,077	6,587,077	6,587,077	6,686,533	6,587,077	9,001,820
Ending cash/investments	7,043,485	7,382,850	7,722,215	8,912,124	9,251,489	8,425,017
Ending available resources	7,043,485	7,382,850	7,722,215	8,912,124	9,251,489	8,425,017



Lake Orion Community Schools
General Fund Cash Disbursement Detail
December 1 - December 31, 2022

Checks Issued

Check Range	Number of Checks Written	Total Amount of Checks Issued
321537 - 321745	209	\$ 1,906,550.67

Payroll

Payroll Dates Range	Number of Pay Periods	Total Amount of Net Payroll
12/2/2022 - 12/30/2022	3	\$ 4,272,179.67

Electronic Payments

Number of Electronic Payments	Total Amount of Electronic Payments
25	\$ 7,306,649.53

Total Cash Disbursements \$ 13,485,379.87

Approval:

1/11/2023
Board of Education
Regular Meeting



Lake Orion Community Schools
General Fund Electronic Payment Detail
December 1 - December 31, 2022

<u>Date</u>	<u>Payment To</u>	<u>Description</u>	<u>Amount</u>
12/1/2022	Office of Retirement Services	Retirement Payment	738,709.32
12/1/2022	Isabella Bank	IPA Debt Payment	99,456.47
12/2/2022	EduStaff	Contracted Staffing	68,041.94
12/2/2022	Health Equity	Transfer for HSA Deductions	13,006.32
12/2/2022	OMNI	403B Contributions	86,892.97
12/2/2022	IRS	Payroll Taxes	619,799.07
12/2/2022	State of Michigan	Payroll Taxes	90,213.67
12/5/2022	Office of Retirement Services	Retirement Payment	1,537,185.43
12/6/2022	National Processing Company	Credit Card Processing Fees	219.55
12/8/2022	PNC	Credit Card Charges	201,894.19
12/13/2022	Office of Retirement Services	Retirement Payment	844,421.96
12/16/2022	Health Equity	Transfer for HSA Deductions	13,240.52
12/16/2022	EduStaff	Contracted Staffing	91,021.85
12/16/2022	OMNI	403B Contributions	86,061.15
12/16/2022	IRS	Payroll Taxes	430,022.61
12/16/2022	State of Michigan	Payroll Taxes	64,489.60
12/20/2022	State of Michigan	Food Service Sales Tax	84.96
12/23/2022	IRS	FICA Deferral	920,830.15
12/27/2022	Office of Retirement Services	Retirement Payment	733,413.07
12/29/2022	OMNI	403B Contributions	83,137.32
12/30/2022	Health Equity	Transfer for HSA Deductions	13,225.32
12/30/2022	EduStaff	Contracted Staffing	73,713.99
12/30/2022	IRS	Payroll Taxes	421,854.14
12/30/2022	State of Michigan	Payroll Taxes	63,238.72
12/30/2022	BASIC	Transfer for FSA Deductions-December	12,475.24
Total Electronic Payments			\$ 7,306,649.53

Lake Orion Community Schools Purchasing Card - December 2022

Name	School/Dept	Title	Last 4 Acct #	Credit Limit	No. of Trans.	Total Spent	Average Trans.
Anderson, Gwen	Waldon MS-St Council	Teacher	2629	500			
Anderson, Kerri	Board Office	T&L Director-Elementary	5369	30,000	27	4,401.92	163.03
Anker, Mary	Board Office	Admin Assistant T&L	9791	1,000	12	561.32	46.78
Arnett, Rick	Board Office	Asst Superintendent HR	2904	2,500	1	400.00	400.00
Barry, Lisa	Board Office	Admin Assistant - HR	0643	8,000	3	364.76	121.59
Beadles, Kayann	Webber Elementary	Secretary	7494	7,000	31	6,165.98	198.90
Booker, Vincent	Lake Orion HS	Dept. Head - Phys Ed	2719	2,500	-	-	-
Bell, Chris	High School	Athletic Director	1125	20,000	26	13,961.27	536.97
Burden, Vernon	High School	Asst Principal	4144	2,000	2	116.48	58.24
Burke, Carol	ESL/CERC	ESL Director	7676	4,000	6	339.51	56.59
Choduba, Nikole	Orion Oaks Elementary	Secretary	2125	5,000	21	739.84	35.23
Colwell, Nicholas	Scripps MS	Robotics Advisor/Teacher	7915	2,000	2	801.03	400.52
Cotton, Monica	High School	Art Teacher - Dept Head-NEW	6637	10,000	17	1,326.68	78.04
Crissman, Jeannine	Carpenter Elementary	Media Specialist	7891	1,500	-	-	-
Cubitt, Brent	High School	Teacher	9263	3,000	-	-	-
Dalrymple, Julia	High School - School Store	Teacher	0698	30,000	36	3,982.95	110.64
Eaglen, Tari	Food Service	Food Service - Waldon	4889	3,000	1	17.98	17.98
Evans, Jamie	Pine Tree Center	Director	4646	5,000	25	1,701.78	68.07
Eveland, Kathy	Paint Creek Elementary	Secretary	1999	8,800	21	2,232.75	106.32
Everitt, Rosa	High School - Voc Ed	Voc Ed Director/Teacher	7380	40,000	32	8,130.63	254.08
Fitzgerald, John	Board Office	Asst. Superintendent	9151	15,000	7	3,135.66	447.95
Glynn, Kelsey	High School	World Lang Dept Head/Teacher	2151	2,000	2	765.98	382.99
Goethals, Jennifer	Webber Elementary	Principal	1557	12,000	7	896.75	128.11
Goodman, Wes	Ops & Mtce	Director	2860	10,000	12	249.49	20.79
Green, Chris	Bldgs & Grounds	Supervisor	9094	5,000	3	174.31	58.10
Groya, Randy	Waldon MS	Administrator	0971	10,000	21	2,554.25	121.63
Gutman, Julie	Special Ed	Director	2888	20,000	52	7,490.55	144.05
Haas, Dan	High School	Principal	5954	5,000	4	1,659.42	414.86
Hammerl, Heather	High School-Principal Office	Secretary	7986	6,000	-	-	-
Harlowe, Veronica	Oakview MS	Secretary	6221	7,500	27	4,096.48	151.72
Hawley, Stephen	High School-Principal Office	Administrator - Principal	6824	4,000	-	-	-
Hogan, Lori	High School - St Leadership	Teacher	4036	16,000	26	15,594.23	599.78
Hunter, Dan	Waldon MS	Teacher	9193	2,000			
Hynes, Gretchen	Stadium Drive Elementary	Principal	5599	13,000	15	1,250.66	83.38
Kaplan, Monica	Food Service	Director	4563	3,000	6	308.56	51.43
Kempski, Melissa	Oakview MS	Media Specialist	3242	1,000	-	-	-
Kind, Jonathan	High School Drama	Teacher	4093	500	-	-	-
King, Pam	Transportation	Director	5792	12,000	21	4,006.15	190.77
Kinser, Jaime	Stadium Drive Elementary	Secretary	9447	11,000	35	4,065.26	116.15
Kirby, Ben	Board Office	Superintendent	3388	8,000	4	639.98	160.00
Knapp, Jillian	Orion Oaks Elementary	Principal	0703	7,000	12	434.31	36.19
Kopec, Kevin	Lake Orion HS	Dept Head - Social Studies	2727	2,500	1	500.00	500.00
Kowalski, Ashley	High School - Lifeskills	Teacher	9166	1,500	7	470.63	67.23
Larsen, Jason	High School	Administrator - AP	9474	2,000	-	-	-
Lentz, Erica	Blanche Sims Elementary	Secretary	0246	3,000	16	391.11	24.44
Lowe, Rebecca	Scripps MS	Media Specialist	4085	1,500	4	494.29	123.57
McGraw, Lori	Community Services/GAP	Program Director	3686	6,000	28	3,650.02	130.36
McKay, David	Scripps MS	Principal	6150	5,000	26	2,606.18	100.24
McLean, Kim	Early Childhood	Director	1024	6,000	47	5,697.12	121.22
McVety, Charlene	Early Childhood	Headstart Director	8252	4,000	11	3,254.08	295.83
Mercer, Heidi	Board Office	Asst. Superintendent	5939	7,000	7	876.05	125.15
Middleton, Melissa	High School - Media	Media Specialist	4818	15,000	49	4,481.92	91.47
Montei, Katherine	Waldon MS Media	Media Specialist	7274	5,000	7	2,103.87	300.55
Nuss, Ken	Blanche Sims Elementary	Principal	6181	5,000	4	1,030.00	257.50
Ohlrich, Jennifer	Lake Orion HS	Teacher	0104	5,000	-	-	-
Olko, Julie	Board Office	Exec. Assistant	5501	8,000	5	689.14	137.83
O'Meara, Chris	Lake Orion HS	Theatre Director	1593	3,000	15	1,724.10	114.94
Orlowski, Alisa	Scripps MS	Assistant Principal	0337	3,000	12	916.69	76.39
Palmeri, Anthony	High School	AP	3605	2,000	-	-	-
Paulson, Kris	Bldgs & Grounds	Bldgs & Grounds	0185	2,000	1	42.96	42.96
Perry, Sarah	Oakview MS	Principal	3298	3,000	6	265.57	44.26
Roeher, David	Bldgs & Grounds	Bldgs & Grounds	9276	1,000	-	-	-
Rosen, Sharon	Athletic Secretary	Secretary	1713	7,000	3	451.16	150.39
Rutledge, Heather	High School - Sp Ed	Teacher	9391	6,500	1	95.04	95.04
Schmidt, Dana	SP ED CERC	Secretary	7024	10,000	22	4,186.17	190.28
Schoon, Craig	District Tech Coordinator	T&L Coach/Teacher	4378	25,000	5	913.54	182.71
Sliwinski, Kristin	Learning Options	Director	0398	5,000	5	213.40	42.68
Smith, Roger	High School	Teacher - Broadcasting	2783	7,000	2	165.88	82.94
Smith, Lauren	Paint Creek Elementary	Principal	8104	4,000	1	24.07	24.07
Smith Matthew	High School	Choir Teacher	5656	6,000	8	1,610.81	201.35
Snyder, Mark	Board Office	Communications Director	1557	3,000	5	342.77	68.55
Spencer, Sharon	LOHS Robotics	Teacher/Advisor	9035	7,000	1	10.00	10.00
Thebo, Amy	Lake Orion HS	Secretary	0527	5,000	14	1,430.57	102.18
Tighe, Steve	High School - Science	Teacher	1650	8,000	6	1,192.67	198.78
Towlerton, Andrew	Board Office	T&L Director Secondary	3048	6,000	14	3,162.83	225.92
Turney, Susan	Technology	Secretary - Technology	0796	15,000	3	951.28	317.09
Turney, Susan	Ops & Mtce	Secretary - Ops/Mtce	8458	20,000	8	6,530.31	816.29
Weldon, Adam	Carpenter Elementary	Administrator	0870	5,000	17	3,415.66	200.92
Wendland, Sarah	Waldon MS	Asst. Principal	9210	3,000	20	170.92	8.55
Young, Ryan	Bldgs & Grounds	Bldgs & Grounds	8351	3,000	1	23.80	23.80

Number of Transactions

899

Total Purchases

146,651.53

Average Cost Per Transaction

163.13

Consensus Revenue Agreement Executive Summary January 13, 2023

Economic and Revenue Forecasts Fiscal Years 2023, 2024 and 2025



Principals

**Rachael Eubanks
State Treasurer**

**Kathryn Summers, Director
Senate Fiscal Agency**

**Mary Ann Cleary, Director
House Fiscal Agency**

Staff

**Eric Bussis
Michigan Department of Treasury**

**David Zin
Senate Fiscal Agency**

**Jim Stansell
House Fiscal Agency**

Table 1
Consensus Economic Forecast

January 2023

	Calendar 2021 Actual	Percent Change from Prior Year	Calendar 2022 Estimated	Percent Change from Prior Year	Calendar 2023 Forecast	Percent Change from Prior Year	Calendar 2024 Forecast	Percent Change from Prior Year	Calendar 2025 Forecast	Percent Change from Prior Year
United States										
Real Gross Domestic Product (Billions of Chained 2012 Dollars)	\$19,610	5.9%	\$19,982	1.9%	\$20,022	0.2%	\$20,183	0.8%	\$20,627	2.2%
Implicit Price Deflator GDP (2012 = 100)	118.9	4.5%	127.3	7.1%	133.2	4.6%	136.8	2.7%	139.9	2.3%
Consumer Price Index (1982-84 = 100)	270.970	4.7%	292.655	8.0%	306.095	4.6%	315.374	3.0%	323.937	2.7%
Consumer Price Index - Fiscal Year (1982-84 = 100)	266.616	3.3%	287.723	7.9%	303.535	5.5%	313.133	3.2%	321.536	2.7%
Personal Consumption Deflator (2012 = 100)	115.6	4.0%	122.9	6.3%	127.9	4.1%	131.4	2.7%	134.5	2.4%
3-month Treasury Bills Interest Rate (percent)	0.1		2.1		5.5		5.2		4.4	
Unemployment Rate - Civilian (percent)	5.3		3.6		4.0		4.5		4.2	
Wage and Salary Employment (millions)	146.124	2.8%	152.115	4.1%	153.788	1.1%	153.481	-0.2%	154.555	0.7%
Housing Starts (millions of starts)	1.601	16.0%	1.544	-3.6%	1.218	-21.1%	1.210	-0.7%	1.330	9.9%
Light Vehicle Sales (millions of units)	14.9	3.3%	13.8	-7.7%	14.9	8.0%	15.6	4.7%	16.4	5.1%
Passenger Car Sales (millions of units)	3.4	-1.5%	2.9	-13.4%	3.0	3.4%	3.0	0.0%	3.1	3.3%
Light Truck Sales (millions of units)	11.6	4.8%	10.9	-6.0%	11.9	9.2%	12.6	5.9%	13.3	5.6%
Big 3 Share of Light Vehicles (percent)	35.9		38.9		38.8		38.1		37.6	
Michigan										
Wage and Salary Employment (thousands)	4,194	3.8%	4,332	3.3%	4,367	0.8%	4,388	0.5%	4,428	0.9%
Unemployment Rate (percent)	5.9		4.3		4.7		4.8		4.5	
Personal Income (millions of dollars)	\$567,807	5.6%	\$568,375	0.1%	\$594,520	4.6%	\$619,490	4.2%	\$644,270	4.0%
Real Personal Income (millions of 1982-84 dollars)	\$229,135	1.3%	\$211,984	-7.5%	\$212,196	0.1%	\$214,726	1.2%	\$217,665	1.4%
Wages and Salaries (millions of dollars)	\$261,812	7.9%	\$283,542	8.3%	\$298,286	5.2%	\$308,130	3.3%	\$320,147	3.9%
Detroit Consumer Price Index (1982-84 = 100)	247.805	4.3%	268.121	8.2%	280.175	4.5%	288.503	3.0%	295.992	2.6%
Detroit CPI - Fiscal Year (1982-84 = 100)	244.089	2.9%	263.397	7.9%	277.938	5.5%	286.591	3.1%	294.221	2.7%

Table 2
January 2023 Consensus Forecast
(millions)

Net Revenue Estimates								
	FY 2022		FY 2023		FY 2024		FY 2025	
	Preliminary	May 2022 Consensus	Jan 2023 Consensus	Change From Consensus	May 2022 Consensus	Jan 2023 Consensus	Change From Consensus	Jan 2023 Consensus
	Net GF-GP Revenue	\$15,205.5	\$13,973.5	\$14,777.9	\$804.4	\$14,228.9	\$15,092.2	\$863.3
Percent Growth	16.9%	-1.5%	-2.8%		1.8%	2.1%		3.0%
Dollar Growth	\$2,201.8		(\$427.7)			\$314.3		\$453.3
Net SAF Revenue	\$17,825.2	\$17,195.3	\$17,635.1	\$439.8	\$17,444.9	\$17,846.0	\$401.1	\$18,257.6
Percent Growth	11.0%	-0.8%	-1.1%		1.5%	1.2%		2.3%
Dollar Growth	\$1,768.8		(\$190.0)			\$210.9		\$411.6
Combined	\$33,030.7	\$31,168.8	\$32,413.0	\$1,244.2	\$31,673.8	\$32,938.2	\$1,264.4	\$33,803.1
Percent Growth	13.8%	-1.1%	-1.9%		1.6%	1.6%		2.6%
Dollar Growth	\$3,970.6		(\$617.7)			\$525.2		\$864.9

Revenue Limit Calculation				
	FY 2022	FY 2023	FY 2024	FY 2025
Personal Income	\$530,809	\$567,807	\$568,375	\$594,520
Ratio	9.49%	9.49%	9.49%	9.49%
Revenue Limit	\$50,373.8	\$53,884.9	\$53,938.8	\$56,419.9
Revenue Subject to Limit	\$43,267.5	\$42,884.4	\$43,573.0	\$44,614.0
Amount Under (Over) Limit	\$7,106.3	\$11,000.5	\$10,365.8	\$11,805.9

Note: CY 2020 Personal Income is used for the FY 2022 revenue limit calculation, CY 2021 for FY 2023, CY 2022 for FY 2024, and CY 2023 for FY 2025.

Long Term Revenue Trend		
	FY 2026	FY 2027
Net GF-GP Revenue	\$15,907.3	\$16,224.7
Growth	2.3%	2.0%
Net SAF Revenue	\$18,687.8	\$19,205.8
Growth	2.4%	2.8%
Combined GF-GP/SAF	\$34,595.1	\$35,430.5
Growth	2.3%	2.4%

Income Tax Rate Under MCL 206.51(1)

*As of the January 2023 Consensus Revenue Estimating Conference, the Annual Comprehensive Financial Report has not been published. A determination of the comparison between capped GF/GP revenue and actual revenue can not yet be made as prescribed under MCL 206.51(1). The determination calculation and rate determination will be made after publication of the ACFR.

Budget Stabilization Fund Calculation	
FY 2023 Calculations	NO PAY-IN OR PAY-OUT
FY 2024 Calculations	NO PAY-IN OR PAY-OUT
FY 2025 Calculations	NO PAY-IN OR PAY-OUT

School Aid Index		
	FY 2024	FY 2025
Revenue Adjustment Factor	1.0067	1.0182
Pupil Membership Factor	1.0043	1.0037
School Aid Index	1.0110	1.0220



Comerica Economic Weekly, January 6, 2023

Bill Adams, Waran Bhahirethan



The Week in Review

The U.S. economy added 223,000 jobs in December; combining this job growth with a 28,000 downward revision to jobs in October and November, the net monthly change in payrolls was close to economists' consensus forecast for a 200,000 increase. The unemployment rate fell to 3.5%, matching a half-century low and below the 3.7% consensus. Wages rose 0.3% on the month and were up 4.6% from a year-ago. 2022 was a blockbuster year for the labor market with 4.5 million jobs added. However, the pace of job gains slowed significantly in the second half of the year, averaging 307,000 per month after 444,000 in the first half, and job growth increasingly skewed to part-time and second jobs.

The ISM Manufacturing PMI held in contractionary territory below 50 for the second consecutive month in December, edging down to 48.4 from 49.0 in November. The ISM Services PMI plunged to 49.6 from 56.5. In addition to a softening economy, the surveys report cooling inflation, fewer delays of supplier deliveries, and slower inflation across the private sector. There is a huge disconnect between recessionary data like the ISM surveys on the one hand and the strong jobs report on the other hand.

The Job Openings and Labor Turnover Survey (JOLTS) showed 10.5 million job openings in November, little changed from October and better than the consensus forecast for a drop to 10 million. The hires rate edged down to 3.9% from an upwardly-revised 4.0% in October, while the quits rate edged up to 2.7% from 2.6% and matched its July and August level. The layoffs and discharges rate held steady at 0.9%, around where it has been for a year.

The Federal Open Market Committee (FOMC) used the minutes of their December meeting to reinforce that they see "ongoing" interest rate increases as necessary to cool inflation. Furthermore, the minutes state that no FOMC policymaker anticipated rate cuts would be appropriate in 2023—a somewhat odd statement since FOMC members usually don't discuss hypothetical rate cuts while they are hiking. This framing emphasizes the Fed's resolve to keep interest rates high enough for long enough. Financial markets are discounting the Fed's rhetoric. They do price in rate hikes in the first half of 2023, but then a shift to cuts in the second half of 2023 as a recession cools the economy and inflation.

Triangulating between recent conflicting economic data, the economy is probably near stall speed. Even so, the labor market is still very tight, so the Federal Reserve will continue to hike rates near term.

Preview of the Week Ahead

Thursday's CPI report will be the week's most important economic release. CPI will likely continue to slow from mid-2022 peak, with a 10%-plus monthly drop in gasoline prices partially offset by higher food prices, especially eggs (Avian flu outbreak). Core inflation will likely post another large monthly increase due to continued rapid increases in shelter costs, with prices of new and used cars and other durable goods probably down on the month. Sticky prices set by small businesses, like car repairs, private music lessons, and veterinarian services, will likely show trend inflation is gradually slowing.

01/09/2023 – 01/13/2023

	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 01/09	Consumer Credit (Nov)	\$27.08 bn	\$25.0 bn	\$26.0bn
Tue 01/10	NFIB Small Business Optimism (Dec)	91.9	91.3	92.0
	Wholesale Trade Sales (Nov)	0.4% M/M		0.1% M/M
Wed 01/11	--	--	--	--
Thu 01/12	Consumer Price Index (Dec)	0.1% M/M 7.1% Y/Y	0.0% M/M 6.7% Y/Y	0.3% M/M 6.8% Y/Y
	Core Consumer Price Index (Dec)	0.2% M/M 6.0% Y/Y	0.3% M/M 5.9% Y/Y	0.4% M/M 5.8% Y/Y
	Initial Jobless Claims (Week of 1/7)	204,000	--	215,000
	Continued Jobless Claims (Week of 12/31)	1.694 million	--	1.730 million
Fri 01/13	Michigan Consumer Sentiment (Jan)	59.7	60.5	61.0
	Michigan 1-Yr Consumer Inflation Expectations (Jan Preliminary)	4.4%	--	4.4%
	Michigan 5-10 Yr Consumer Inflation Expectations (Jan Preliminary)	2.9%	--	2.9%

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Comerica Economic Weekly, January 13, 2023

Bill Adams, Waran Bhahirethan



The Week in Review

CPI cooled sharply at the close of 2022, matching the consensus with a 0.1% monthly decline, slowing annual headline inflation to 6.5% in December from 7.1% in November and over 9% at its peak at mid-year. Core inflation, which excludes volatile energy and food components, was up 0.3% in December and also matched consensus estimates. Sharp declines in energy prices, particularly gasoline, which fell 9.4% last month, contributed to slower headline inflation. Food prices rose 0.3%, the slowest increase in nearly two years. Service inflation continues to remain high, however, with shelter, which accounts for roughly a third of the index, continuing to rise at a rapid pace, up 0.8%. The persistence of inflation in sticky services prices will likely keep inflation from slowing to the Fed's target in 2023.

With lower inflation, household inflation expectations are falling, too. One-year-ahead inflation expectations fell by 0.2% to 5.0% in December, the lowest level since July 2021, according to New York Fed's Survey of Consumer Expectations. Three-year-ahead inflation expectations were unchanged at 3%, roughly in line with their pre-pandemic average. Five-year-ahead inflation expectations rose slightly by 0.1% to 2.4% in December, but were well below the 2.9% average reading in the first half of last year.

Consumer credit rose by \$27.9 billion in November, above consensus forecasts for a \$25 billion increase. Revolving credit—mostly credit card loans—jumped at a 16.9% annualized pace and accounted for roughly 60% of the monthly increase. Nonrevolving credit—mainly auto and student loans—rose at a more subdued 3.9% annualized pace. Interest rates on credit card loans were up more than 4 percentage points in November from the fourth quarter of last year, while interest on new car loans are up 2 percentage points. Consumer credit growth should slow in the coming months as interest rates remain high.

The NFIB Small Business Optimism Index fell for the 12th consecutive month by 2.1 points to 89.8 in December. Business Expectations fell sharply. While inflation remains the foremost concern among small business owners, the share of business owners planning price increases fell sharply, though it was still historically high.

Preview of the Week Ahead

Housing data dominate next week's economic calendar. With lower mortgage rates, optimism that the Fed is nearing the end of its tightening cycle, and comparison against the typical seasonal slowdown in the winter, housing indicators could surprise a bit to the upside, though still indicate broad-based weakness. Retail sales likely fell further in December on weak vehicle sales, and general softness of holiday sales after accounting for inflation. Industrial production and capacity utilization likely dipped in December as well, as signaled by the month's PMI surveys. Producer price inflation should ease further on the back of declining commodity prices.

	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 01/16	Holiday – Martin Luther King, Jr. Day	--	--	--
Tue 01/17	Empire Manufacturing Index (Jan)	-11.2	-8.3	-11
Wed 01/18	PPI – Final Demand (Dec)	7.4% Y/Y 0.3% M/M	6.8% Y/Y -0.1% M/M	6.9% Y/Y 0.0% M/M
	PPI – Final Demand Excluding Food, Energy, and Trade Services (Dec)	4.9% Y/Y 0.3% M/M	4.6% Y/Y 0.2% M/M	4.6% Y/Y 0.1% Y/Y
	Retail Sales (Dec)	-0.6% M/M	-0.8% M/M	-0.8% M/M
	Core (Control) Retail Sales (Dec)	-0.2% M/M	-0.4% M/M	-0.5% M/M
	Industrial Production (Dec)	2.5% Y/Y -0.2% M/M	-0.1% M/M	-0.2% M/M
	Capacity Utilization (Dec)	79.7%	79.6%	79.5%
Thu 01/19	NAHB Housing Market Index (Dec)	31	31	32
	Building Permits (Dec)	1.351 million -10.6% M/M	1.370 million 1.4% M/M	1.385 million 2.5% M/M
	Housing Starts (Dec)	1.427 million -0.5% M/M	1.358 million -4.8% M/M	1.380 million -3.3% M/M
	Initial Jobless Claims (Week of 1/14)	205,000	212,000	215,000
Fri 01/20	Continued Jobless Claims (Week of 1/7)	1.634 million	--	1.700 million
	Existing Home Sales (Dec)	4.09 million -7.7% M/M	3.95 million -3.4% M/M	4.03 million -1.5% M/M

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