

Livonia Public Schools

Business Services Office

Date: March 2, 2016

To: Andrea L. Oquist, Superintendent

From: Lisa Abbey, Assistant Superintendent of Business Services

Re: 2015-2016 Second Budget Amendment

Each year we amend the budget to reflect the most current information available. We have reviewed our projected revenues and expenditures for the year and made adjustments on various line items. We would like to discuss the 2015-16 Second Budget Amendment at the March 7, 2016 Finance Committee Meeting.

Attached please find the General Fund Budget with the changes in revenue, expenditures and fund balance for this amendment. Overall, we are projecting revenues to increase by \$3.3 million, expenditures to increase by approximately \$900,000 for an overall increase to fund balance of \$2.4 million. The projected fund balance for June 30, 2016 is \$4.1 million or 2.85% fund balance.

We have also attached a report that provides the Summary Changes for revenues, expenditures and fund balance for this amendment. The details are discussed below:

Changes in revenues of \$3.3 million have increased primarily as a result of the increase in State Aid of \$2.2 million for retirement (UAAL). This amount is offset by retirement cost increases of approximately \$1.5 million. We will continue to monitor this funding source throughout the year as salary changes in other funds may affect the final balance.

A new source of revenue in this budget is from Wayne County RESA. They have provided \$856,375 for reimbursement of special education transportation costs. The source of these funds is the Wayne County Act 18 special education budget. We understand presently, this is a one-time revenue resource. RESA will be reviewing the overall Act 18 budgets for future resources to local Districts. Other significant changes in revenue include an increase in At Risk funding of just over \$200,000 based on actual expenditures.

Changes in expenditures reflect a net increase of \$900,000 in this budget amendment. As indicated above, this is a result of an increase in the retirement costs for UAAL of \$1.5 million. This increase is offset by decreases in other projected expenditures in the budget. We have adjusted estimates for salaries and benefits which resulted in a decrease of \$116,000. Based on this year's weather and economic factors we have decreased the budget for utilities, fuel, and tax refunds for a total of \$560,000. These are budget areas we will continue to monitor as well.

The change in Fund balance of \$2.4 million reflects the net result of the revenue and expenditure changes. As you can see, the net change from retirement and the RESA funds make up \$1.5 million of the fund balance increase. The balance of \$247,000 in revenue increases and \$638,000 of expenditure decreases reflect a more typical change in fund balance from changes in estimates and assumptions for the budget amendment.

As we indicated above, there are some uncertain areas in the budget we will continue to monitor throughout the spring for the final budget amendment. Specifically, we will monitor whether utility and fuel costs continue to decline. Tax refunds reflect the amount from the previous year; however this trend has been declining. Unfortunately, we do not know our final amounts until year end. Other local revenues or state aid may also have adjustments based on final year end projections.

Please let me know if there are any questions or concerns. Thank you very much.

Attachments
LA/kp