

School District of the City of Royal Oak
MEMORANDUM

TO: Thomas L. Moline

FROM: John R. Schwartz

DATE: April 8, 2010

SUBJECT: 2009-10 Budget Amendment
General Fund

General Fund budget amendments for the 2009-10 fiscal year will be recommended for Board of Education approval on April 15. A critical component of budget management is the continual monitoring of the status of the current budget. Changes occur almost daily and incorporating these changes into the budget through the amendment process is essential. As a point of reference, this is the third budget amendment to the General Fund for fiscal 2009-10. The following is a summary of the most significant budget changes:

Revenue

Overall, budgeted revenue is projected to increase by \$954,183. The significant revenue changes are comprised of adjustments in the following:

- Property tax revenue is projected to increase by \$100,000 to reflect revised taxable valuation amounts.
- Revenue from State sources is expected to increase by \$782,500. This is primarily the result of the announced \$127 per pupil proration that was later rescinded. As a result, this proration has been removed from the current budget.
- Federal revenue is expected to increase by \$113,082 to reflect revised grant awards and the approval of carryover amounts. A corresponding increase in federal grant expenditures is also included in the expenditure amendments.
- Numerous other changes were made to various revenue line item accounts to reflect year-to-date and anticipated activity for the balance of the year.

Expenditures

Overall, budgeted expenditures are expected to decrease by \$658,743. The most significant changes are summarized below:

- Adjustments have been made to salary and fringe benefit accounts to reflect current staffing levels and fringe benefit participation. All unused unallocated teaching positions have been eliminated. Additionally, FICA and retirement costs have been recalculated to reflect all budgetary wage changes.
- Federal grant expenditures were increased as a result of revised grant awards and carryover amounts.
- Utility costs were adjusted to reflect current rates, year-to-date activity and anticipated usage for the balance of the year.
- Severance pay and the early notification incentive amounts were revised to correspond with the receipt of thirty-four (34) ROEA retirements. This resulted in a budgetary increase of \$395,000.
- Numerous other changes were made to various expenditure line item accounts to reflect year-to-date and anticipated activity for the balance of the year.

Fund Balance

The projected fund balance after consideration of the amendments is projected to be \$5,497,236.

	<u>Budgeted Amount</u>
General Fund Revenue	\$58,746,712
General Fund Expenditures	<u>62,330,527</u>
Revenues Over (Under) Expenditures	\$(3,583,815)
Favorable Budget Variance	1,000,000
Anticipated Expenditure Carryover	1,750,000
Fund Equity at June 30, 2009	<u>6,331,051</u>
Fund Equity at June 30, 2010	<u>\$5,497,236</u>

As always, if Board of Education members have any questions, they should feel free to contact me.

/bls