



Grosse Pointe Public School System

2020 – 2021 Proposed Budget

June 29, 2020

Our Vision: One GP – where *everyone* learns, *every* day

Our Mission: Promote Innovation → Maximize Potential → Embrace Community

Table of Contents

	<u>Page</u>
Board of Education and Administration	1
Budget Parameters 2020 – 2021	2 – 3
Proposed Budget Memorandum	4 – 6
General Fund	7
Special Revenue Funds	
Special Education Center Programs Fund	8
Food Service Fund	9
Community Services Fund	10
Student & School Activity Fund	11
Debt Service Fund	12
Capital Project Funds	
Sinking Fund	13
2019 School Building and Site Bond Fund	14
Budget Resolution – All Funds	15 – 24
Supplemental Information	
Description of District Funds	25
Fund Balance Description	26
Account Code Function Definitions	28

Board of Education

	<u>Term Expiration</u>
Margaret Weertz, President	December 31, 2022
Kathleen Abke, Vice President	December 31, 2020
Christopher Profeta, Secretary	December 31, 2020
Judy Gafa, Treasurer	December 31, 2020
Cindy Pangborn, Trustee	December 31, 2020
Dr. Christopher Lee, Trustee	December 31, 2022
Joseph Herd, Trustee	December 30, 2020

Administration

Dr. Gary Niehaus, Superintendent

Dr. Jon Dean, Deputy Superintendent of Educational Services

Amanda Matheson, Deputy Superintendent of Business Operations

Maureen Bur, Director of Secondary Instruction

Keith Howell, Director of Pre-K and Elementary Instruction

Stefanie Hayes, Director of Special Education

Chris Stanely, Director of Instructional Technology

Dee Ann Irby, Director of Business Operations

Nicole Pilgrim, Director of Human Resources

THE GROSSE POINTE PUBLIC SCHOOL SYSTEM
Grosse Pointe, Michigan

AGENDA NUMBER & TITLE: VI. C. Approval of Budget Parameters 2020-21

BACKGROUND INFORMATION:

Under Policy 6220, the Board of Education is required to adopt a resolution documenting budget parameters in January. The Treasurer drafts the resolution after review of the various financial reports and projections, taking into account the district goals and after receiving input from fellow Board members. The resolution should reflect the preference of the Board in advance of budget development. This allows the community to have a clear view of the budget development process from its inception.

The resolution:

- A. Identify specific financial goals and objectives that the Board requires in regards to specific cost reduction, revenue increases or other financially related objectives for particular budget elements.
- B. Identify particular budget related strategies that the Board prefers the administration to pursue or avoid in their development of the budget.
- C. Be as specific as possible in terms of the objectives, but allow for flexibility in the administration's approach to budget development.

In accordance with this policy, the Board directs the administration to begin preparation of the 2018-19 Budget. The budget shall be consistent with all state and federal laws, the Board's policies, and the District's strategic plan. The budget shall further aid in the achievement of the District's goals, and provide for long-term financial stability. Specific objectives and strategies include:

- 1. Providing resources to achieve the action points identified in the District's strategic plan;
- 2. Not participating in Schools of Choice
- 3. With a greater focus on k-4 administration should seek to adjust class sizes at the elementary level without increasing current class size caps
- 4. Offer expanded programming and options for grades 5-8.
- 5. Expand the ECC program to the south end
- 6. Maintain fund equity at 12% or above

The Board encourages the administration to explore budget alternatives and make proposals. Budget recommendations resulting in significant program or related changes should only be brought to the Board if the administration deems them to be in the best interest of the education of all students. If the administration determines that it cannot achieve any parameter because it conflicts with another parameter, the administration should advise the Board as quickly as possible of the conflict to receive further direction from the Board regarding priorities.

The first draft of the administration's budget recommendations should be presented to the Board by April 30, 2018. For each review or adoption of the budget, the administration shall present all information required under Policy 6220, including updated versions of the following:

1. General Fund Budget Model Utility (or equivalent)
2. Staff Utilization Report
3. Enrollment Projections
4. Class Size Projections
5. Debt Fund budget
6. Sinking Fund and Enhancement Millage budget and proposed projects
7. School Service Fund budget
8. Capital Project Fund budget
9. If not otherwise disclosed, a brief description of how the budget meets the objectives and strategies set forth above.

Any changes to the budget will be made following Board of Education reviews and recommendations. Other changes will also be made based on directives from the State of Michigan. The final budget proposal will be presented for approval by the Board of Education no later than June 30, 2020 including the required Appropriation Act Resolutions for all funds.

REQUEST: That the Board of Education approve the Resolution to Commence 2018-19 Budget Development and Related Parameters.

Submitted by: Judy Gafa
(revised and updated) January 12, 2020



To: Gary Niehaus, Superintendent

From: Amanda Matheson
Deputy Superintendent for Business Operations

Date: June 17, 2020

Subject: 2020-2021 Proposed Budget

The Board of Education is required to adopt a budget prior to the beginning of our fiscal year. Enclosed is the recommended budget for the General, Special Revenue, Debt Service and Capital Project Funds for fiscal year 2020-2021. One change for this budget is the creation of a special revenue fund to account for our special education center programs, resulting in decreases to revenue and expenditures of \$9.8M in the General Fund and a corresponding increase in the special revenue fund.

General Fund

The proposed budget for general fund revenue is \$90,816,901. Four main components of revenue include local, state, federal and interdistrict sources. Local property tax levies comprise 95% of our local revenue. The six municipalities within our District boundaries had taxable value growth of approximately 4.12% for tax year 2020. The hold harmless millage of 5.8046 allows us to collect an additional \$1,893.09 per pupil. The increase in property tax values and hold harmless millage result in an increase of \$1,754,964 in local sources.

State sources has three primary components; assumed local revenue, enrollment and foundation allowance. Assumed local revenue is the amount of money we receive from the 18 mills levied on non-homestead and 6 mills levied on commercial personal property. As our operating millage collections increase due to rising taxable values, the amount of money we receive from the State decreases. Enrollment is based on a blended full-time equivalent (FTE) count; the blend is 90% of the fall count and 10% of the prior year spring count. The enrollment used in our state aid estimate is a reduction of 200 FTE, which is based on the projection prepared by Plante Moran Cresa. Due to the economic downturn attributed to COVID-19, the State School Aid Fund (SAF) has a projected shortfall of \$1.1M for the current fiscal year and another \$962K for the next fiscal year. We are anticipating a portion of the SAF shortfall to be addressed with a reduction to the foundation allowance and as such have budgeted for a reduction of \$600 per pupil. The combination of these factors results in a reduction of \$7,549,233 in state sources.

Interdistrict sources for 2020-2021 is revenue expected from the Countywide Enhancement millage. The reduction of revenue in this category when compared to the 2019-2020 fiscal year is due to the Act 18 special education millage being accounted for in the new special education center based programs fund.

The proposed budget for our general fund expenditures is \$95,025,417. We assumed that school will resume in the fall and increased our budgeted expenditures back to normal operating levels, which resulted in \$1.1M being added to the budget. Other additions to our budget include the cost of steps for the four contracts approved by the Board of Education on May 18, 2020, an increase in our retirement rate from 27.50% to 28.21% and an increase in the unfunded actuarial accrued liability (UAAL) rate from 12.41% to 14.51%; these increases total \$1.2M. The closure of Poupard and Trombly is expected to yield savings of \$1,276,424; this savings comes from utilities, and reduced staffing including school administration, custodial and media personnel. Our declining enrollment warrants a reduction in professional staff that we were able to accomplish through attrition, resulting in savings of \$862K. We also have approximately 26 retirements that will naturally yield a savings of about \$920K. Due to the reconfiguration, we have also added one Assistant Principal and a Middle School Media Specialist at an estimated total cost of \$240K. The largest reduction in general fund expenditures is \$9.8M that is now accounted for in the special education center programs fund.

Overall, the proposed general fund budget includes total revenue of \$90,816,901 and total expenditures of \$95,025,417 resulting in an operating loss of \$4,208,516 and bringing our projected fund balance as of June 30, 2021 to \$10,818,275 or 11.91% of budgeted expenditures.

Special Education Center Programs Fund

Our District operates five special education categorical programs that are funded by the countywide Act 18, special education millage. The five programs are Autism Spectrum Disorder, Deaf & Hard of Hearing, Early Childhood, Moderate Cognitive Impairment, and Visually Impaired. The revenue of \$9,881,991 and corresponding expenditures have simply been moved out of the general fund and placed into a separate special revenue fund, which is the recommended, generally accepted accounting practice for a center-based program.

Food Service Fund

The food service revenue and expenditures have been restored to reflect a normal school year's operation. Local source revenue is money collected from students for meals served. State source revenue is generated based on a formula applied to prior year expenditures by the State. Federal source revenue is the subsidy we receive to cover the cost of free, difference in reduced and a subsidy for full-price meals served. Our food service expenditures are payments to Chartwells for our food service management contract, equipment repairs, and online payment fees.

Community Services Fund

The community services fund accounts for our fee-based programs including Kids Club, Preschool, Safety Town, Camp of Fun and Community Swim. The revenue and expenditures for these programs have been restored to reflect a normal school year's operation. We have also eliminated the transfer to the general fund to allow the programs time to recoup the losses from the COVID-19 shutdown.

Student & School Activity Fund

The student & school activity fund accounts for fundraising and donations received on behalf of student groups such as clubs and sports. Revenue generated for these groups is then spent on behalf of the same group. The 2020-2021 school year will be the second year of operation for this fund. Once the 2019-2020 fiscal year is closed, we will have a better estimate of revenue and expenditures and will assess whether it is necessary to recommend a budget adjustment for this fund.

Debt Fund

The debt fund is used to account for the revenue and expenditures associated with our voter approved bond issues. The revenue is generated from the debt millage levied on all property within our five municipalities. Based on a rate of 3.14 mills assessed on the 2020 tax roll, we will receive approximately \$9.4M. This revenue is used to fulfill our semi-annual debt obligations. During 2020-2021, we will pay \$3,827,850 in interest & paying agent fees and repay \$5,385,000 of principal. Since we only levy taxes in the winter, our ending fund balance has to be enough to cover the debt service payment due in November of the next fiscal year.

Sinking Fund

The sinking fund is used to account for the revenue and expenditures associated with our voter approved building & site sinking fund millage. The rate of .9907 mills is expected to generate \$2,970,366. These funds can be spent on the construction or repair of school buildings, school security improvements and the acquisition or upgrading of technology. Based on current obligations, we estimate spending \$3,354,000 from the sinking fund in the 2020-2021 fiscal year. District administration is working with Plante Moran to develop a more robust and long-term plan for the use of our sinking fund; budget amendments will be proposed according to the timeline established for these projects.

2019 School Building & Site Bond Fund

The 2019 school building & site bond fund is a capital project fund used to track our expenditures on the first series of bonds issued following voter approval on November 6, 2018. Local revenue is from investment earnings that is estimated to generate \$771,540. Based on the original construction draw schedule, we expect to spend \$38,427,275. A recommendation to amend this budget will occur throughout the year as we receive updated information from our Owner's Representative and Construction Manager regarding the timing of projects.

**Grosse Pointe Public School System
General Fund
Fiscal Year 2021 Original Budget
June 29, 2020**

	2019-2020 Amendment #2 May 18, 2020	2019-2020 Amendment #2 vs 2020-2021 Proposed	2020-2021 Proposed Original Budget	% of Revenue or Expenditure
Revenue				
Local sources	\$ 23,140,494	\$ 1,754,964	\$ 24,895,458	27.41%
State sources	67,710,314	(7,549,233)	60,161,081	66.25%
Federal sources	3,060,362	-	3,060,362	3.37%
Interdistrict sources	11,300,091	(8,600,091)	2,700,000	2.97%
Other Financing Sources	-	-	-	
Total Revenue	\$ 105,211,261	\$ (14,394,360)	\$ 90,816,901	100.00%
Expenditures				
Instructional Services				
Basic Programs	\$ 47,801,979	\$ (444,511)	\$ 47,357,468	49.83%
Added Needs	15,267,934	(7,026,894)	8,241,040	8.67%
Total Instruction Services	63,069,913	(7,471,405)	55,598,508	58.50%
Instructional Support Services				
Pupil	8,584,719	(2,175,135)	6,409,584	6.75%
Instructional Staff	5,122,204	(242,701)	4,879,503	5.13%
School Administration	6,457,360	(52,666)	6,404,694	6.74%
Athletics	1,783,561	133,957	1,917,518	2.02%
Total Instructional Support Services	21,947,844	(2,336,545)	19,611,299	20.64%
Non-Instructional Support Services				
General Administration	1,057,032	22,893	1,079,925	1.14%
Business Services	1,858,707	10,258	1,868,965	1.97%
Operations & Maintenance	11,090,357	(675,587)	10,414,770	10.96%
Transportation	873,212	226,274	1,099,486	1.16%
Central	3,431,034	121,601	3,552,635	3.74%
Total Non-Instructional Support Services	18,310,342	(294,561)	18,015,781	18.97%
Community Activities	737,094	60,243	797,337	0.84%
Other Financing Uses	1,108,617	(106,125)	1,002,492	1.05%
Total Expenditures	\$ 105,173,810	\$ (10,148,393)	\$ 95,025,417	100.00%
Revenue Over (Under) Expenditures	37,451	(4,245,967)	(4,208,516)	
Fund Balance - Beginning of Year	14,989,340	37,451	15,026,791	
Fund Balance - End of Year	\$ 15,026,791	\$ (4,208,516)	\$ 10,818,275	
Fund Balance as a Percent of Revenue	14.28%		11.91%	
Fund Balance as a Percent of Expenditures	14.29%		11.38%	

**Grosse Pointe Public School System
Special Revenue - Special Education Center Programs Fund
Fiscal Year 2021 Original Budget
June 29, 2020**

	2019-2020 Amendment #2 May 18, 2020	2019-2020 Amendment #2 vs 2020-2021 Proposed	2020-2021 Proposed Original Budget	% of Revenue or Expenditure
Revenue				
State sources	\$ -	\$ 1,281,900	\$ 1,281,900	12.97%
Interdistrict sources	-	8,600,091	8,600,091	87.03%
Total Revenue	\$ -	\$ 9,881,991	\$ 9,881,991	100.00%
Expenditures				
Added Needs	-	6,995,991	6,995,991	70.80%
Pupil Support Services	-	2,251,541	2,251,541	22.78%
Instructional Staff Support Services	-	634,459	634,459	6.42%
Total Expenditures	\$ -	\$ 9,881,991	\$ 9,881,991	100.00%
Revenue Over (Under) Expenditures	-	-	-	
Fund Balance - Beginning of Year	-	-	-	
Fund Balance - End of Year	\$ -	\$ -	\$ -	
Fund Balance as a Percent of Revenue			0.00%	
Fund Balance as a Percent of Expenditures			0.00%	

**Grosse Pointe Public School System
Special Revenue - Food Service Fund
Fiscal Year 2021 Original Budget
June 29, 2020**

	2019-2020 Amendment #2 May 18, 2020	2019-2020 Amendment #2 vs 2020-2021 Proposed	2020-2021 Proposed Original Budget	% of Revenue or Expenditure
Revenue				
Local sources	\$ 507,505	\$ 166,821	\$ 674,326	51.55%
State sources	57,268	(71)	57,197	4.37%
Federal sources	477,450	99,107	576,557	44.08%
Total Revenue	\$ 1,042,223	\$ 265,857	\$ 1,308,080	100.00%
Expenditures				
Food Service	1,071,770	198,492	1,270,262	100.00%
Total Expenditures	\$ 1,071,770	\$ 198,492	\$ 1,270,262	100.00%
Revenue Over (Under) Expenditures	(29,547)	67,365	37,818	
Fund Balance - Beginning of Year	335,865	(29,547)	306,318	
Fund Balance - End of Year	\$ 306,318	\$ 37,818	\$ 344,136	
Fund Balance as a Percent of Revenue	29.39%		26.31%	
Fund Balance as a Percent of Expenditures	28.58%		27.09%	

**Grosse Pointe Public School System
Special Revenue - Community Services Fund
Fiscal Year 2021 Original Budget
June 29, 2020**

	2019-2020 Amendment #2 May 18, 2020	2019-2020 Amendment #2 vs 2020-2021 Proposed	2020-2021 Proposed Original Budget	% of Revenue or Expenditure
Revenue				
Kids Club	\$ 473,360	\$ 220,640	\$ 694,000	29.49%
Preschool	1,100,000	245,000	1,345,000	57.16%
Safety Town	14,325	4,675	19,000	0.81%
Camp of Fun	185,000	35,000	220,000	9.35%
Community Swim	40,000	35,000	75,000	3.19%
Total Revenue	\$ 1,812,685	\$ 540,315	\$ 2,353,000	100.00%
Expenditures				
Kids Club	534,252	55,390	589,642	28.42%
Preschool	1,458,274	(240,656)	1,217,618	58.69%
Safety Town	9,981	10,019	20,000	0.96%
Camp of Fun	179,464	(6,754)	172,710	8.32%
Community Swim	60,600	14,400	75,000	3.61%
Transfer to General Fund	300,000	(300,000)	-	0.00%
Total Expenditures	\$ 2,542,571	\$ (467,601)	\$ 2,074,970	100.00%
Revenue Over (Under) Expenditures	(729,886)	1,007,916	278,030	
Fund Balance - Beginning of Year	1,124,534	(729,886)	394,648	
Fund Balance - End of Year	\$ 394,648	\$ 278,030	\$ 672,678	
Fund Balance as a Percent of Revenue	21.77%		28.59%	
Fund Balance as a Percent of Expenditures	15.52%		32.42%	

**Grosse Pointe Public School System
Special Revenue - Student & School Activity Fund
Fiscal Year 2021 Original Budget
June 29, 2020**

	2019-2020 Amendment #2 May 18, 2020	2019-2020 Amendment #2 vs 2020-2021 Proposed	2020-2021 Proposed Original Budget	% of Revenue or Expenditure
Revenue				
Local sources	\$ 2,400,000	\$ -	\$ 2,400,000	100.00%
Total Revenue	\$ 2,400,000	\$ -	\$ 2,400,000	100.00%
Expenditures				
Student & School Activities	2,400,000	-	2,400,000	100.00%
Total Expenditures	\$ 2,400,000	\$ -	\$ 2,400,000	100.00%
Revenue Over (Under) Expenditures	-	-	-	
Fund Balance - Beginning of Year	-	-	-	
Fund Balance - End of Year	\$ -	\$ -	\$ -	
Fund Balance as a Percent of Revenue	0.00%		0.00%	
Fund Balance as a Percent of Expenditures	0.00%		0.00%	

**Grosse Pointe Public School System
Debt Service Fund
Fiscal Year 2021 Original Budget
June 29, 2020**

	2019-2020 Amendment #2 May 18, 2020	2019-2020 Amendment #2 vs 2020-2021 Proposed	2020-2021 Proposed Original Budget	% of Revenue or Expenditure
Revenue				
Local Sources	\$ 8,970,129	\$ 444,380	\$ 9,414,509	100.00%
State Sources	10,880	(10,880)	-	0.00%
Transfer In	1,600,000	(1,600,000)	-	0.00%
Total Revenue	\$ 10,581,009	\$ (1,166,500)	\$ 9,414,509	100.00%
Expenditures				
Principal	4,630,000	755,000	5,385,000	58.45%
Interest & Other	4,611,769	(783,919)	3,827,850	41.55%
Total Expenditures	\$ 9,241,769	\$ (28,919)	\$ 9,212,850	100.00%
Revenue Over (Under) Expenditures	1,339,240	(1,137,581)	201,659	
Fund Balance - Beginning of Year	1,122,484	1,339,240	2,461,724	
Fund Balance - End of Year	\$ 2,461,724	\$ 201,659	\$ 2,663,383	

**Grosse Pointe Public School System
Capital Project - Sinking Fund
Fiscal Year 2021 Original Budget
June 29, 2020**

	2019-2020 Amendment #2 May 18, 2020	2019-2020 Amendment #2 vs 2020-2021 Proposed	2020-2021 Proposed Original Budget	% of Revenue or Expenditure
Revenue				
Local sources	\$ 2,700,000	\$ 270,366	\$ 2,970,366	100.00%
Total Revenue	\$ 2,700,000	\$ 270,366	\$ 2,970,366	100.00%
Expenditures				
Capital Projects	850,000	2,504,000	3,354,000	100.00%
Total Expenditures	\$ 850,000	\$ 2,504,000	\$ 3,354,000	100.00%
Revenue Over (Under) Expenditures	1,850,000	(2,233,634)	(383,634)	
Fund Balance - Beginning of Year	2,175,027	1,850,000	4,025,027	
Fund Balance - End of Year	\$ 4,025,027	\$ (383,634)	\$ 3,641,393	

**Grosse Pointe Public School System
Capital Project - 2019 School Building and Site Bond Fund
Fiscal Year 2021 Original Budget
June 29, 2020**

	2019-2020 Amendment #2 May 18, 2020	2019-2020 Amendment #2 vs 2020-2021 Proposed	2020-2021 Proposed Original Budget	% of Revenue or Expenditure
Local Revenue				
Investment earnings	\$ 1,200,000	\$ (428,460)	\$ 771,540	100.00%
Total Local Revenue	\$ 1,200,000	\$ (428,460)	\$ 771,540	100.00%
Expenditures				
Capital Projects	10,400,000	28,027,275	38,427,275	100.00%
Transfer to Debt Service - Capitalized Interest	1,600,000		-	0.00%
Total Expenditures	\$ 12,000,000	\$ 28,027,275	\$ 38,427,275	100.00%
Revenue Over (Under) Expenditures	(10,800,000)	(28,455,735)	(37,655,735)	
Fund Balance - Beginning of Year	67,703,920	(10,800,000)	56,903,920	
Fund Balance - End of Year	\$ 56,903,920	\$ (39,255,735)	\$ 19,248,185	

**Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020**

RESOLVED, that this resolution shall be the general appropriations of Grosse Pointe Public School System for the 2020-2021 fiscal year; a resolution to make appropriations; to provide for the expenditure of the appropriations; and to provide for the disposition of all revenue received by the Grosse Pointe Public School System.

BE IT FURTHER RESOLVED that the total revenues and unappropriated fund balance estimated to be available for appropriation in the *general fund* of the school district for fiscal year 2020-2021 is as follows:

Revenues	
Local Sources	\$ 24,895,458
State Sources	60,161,081
Federal Sources	3,060,362
Incoming Transfers & Other Sources	<u>2,700,000</u>
Total Revenue	\$ 90,816,901
Fund balance, July 1, 2020 (projected)	<u>15,026,791</u>
Total available to appropriate	<u>\$ 105,843,692</u>

BE IT FURTHER RESOLVED, that **\$95,025,417** of the total available to appropriate in the *general fund* is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Basic Programs	\$ 47,357,468
Added Needs	8,241,040
Pupil Services	6,409,584
Instructional Staff	4,879,503
General Administration	1,079,925
School Administration	6,404,694
Business Services	1,868,965
Operations & Maintenance	10,414,770
Transportation	1,099,486
Central	3,552,635
Athletics	1,917,518
Community Activities	797,337
Other Financing Uses	<u>1,002,492</u>
Total Expenditures	\$ 95,025,417
Fund Balance Projection, June 30, 2021	\$ 10,818,275
Total Appropriated	<u>\$ 105,843,692</u>

Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020

Note: The total taxable base generated for operational purposes by an ad valorem property tax is \$2,998,251,059. The tax is comprised of Primary Residential tax and Non-Residence tax. The Primary Residential tax will pay 5.8046 hold harmless mills and is expected to generate \$14,419,354. The Commercial Personal Property taxed at 6 mills will generate \$130,596. The remaining Non-Primary Real and Personal Property taxed at 18 mills will generate \$9,254,258. The estimated revenues earned from the combined property tax revenue will be \$23,804,208.

**Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020**

BE IT FURTHER RESOLVED that the total revenues and unappropriated fund balance estimated to be available for appropriation in the *special education center programs fund* of the school district for fiscal year 2020-2021 is as follows:

Revenues	
State sources	\$ 1,281,900
Interdistrict sources	<u>8,600,091</u>
Total Revenue	\$ 9,881,991
Fund balance, July 1, 2020	<u> -</u>
Total available to appropriate	<u>\$ 9,881,991</u>

BE IT FURTHER RESOLVED, that **\$9,881,991** of the total available to appropriate in the *special education center programs fund* is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Added Needs	\$ 6,995,991
Pupil Support Services	2,251,541
Instructional Staff Support Services	<u>634,459</u>
Total Expenditures	\$ 9,881,991
Fund Balance Projection, June 30, 2021	\$ -
Total Appropriated	<u>\$ 9,881,991</u>

**Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020**

BE IT FURTHER RESOLVED that the total revenues and unappropriated fund balance estimated to be available for appropriation in the *food service fund* of the school district for fiscal year 2020-2021 is as follows:

Revenues	
Local Sources	\$ 674,326
State Sources	57,197
Federal Sources	<u>576,557</u>
Total Revenue	\$ 1,308,080
Fund balance, July 1, 2020 (projected)	<u>306,318</u>
Total available to appropriate	<u>\$ 1,614,398</u>

BE IT FURTHER RESOLVED, that **\$1,270,262** of the total available to appropriate in the *food service fund* is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Food Service	\$ 1,270,262
Fund Balance Projection, June 30, 2021	\$ 344,136
Total Appropriated	<u>\$ 1,614,398</u>

**Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020**

BE IT FURTHER RESOLVED that the total revenues and unappropriated fund balance estimated to be available for appropriation in the *community services fund* of the school district for fiscal year 2020-2021 is as follows:

Revenues	
Kids Club	\$ 694,000
Preschool	1,345,000
Safety Town	19,000
Camp of Fun	220,000
Community Swim	<u>75,000</u>
Total Revenue	\$ 2,353,000
Fund balance, July 1, 2020 (projected)	<u>394,648</u>
Total available to appropriate	<u>\$ 2,747,648</u>

BE IT FURTHER RESOLVED, that **\$2,074,970** of the total available to appropriate in the *school service fund* is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Kids Club	\$ 589,642
Preschool	1,217,618
Safety Town	20,000
Camp of Fun	172,710
Community Swim	<u>75,000</u>
Total Expenditures	\$ 2,074,970
Fund Balance Projection, June 30, 2021	\$ 672,678
Total Appropriated	<u>\$ 2,747,648</u>

**Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020**

BE IT FURTHER RESOLVED that the total revenues and unappropriated fund balance estimated to be available for appropriation in the *student & school activity fund* of the school district for fiscal year 2020-2021 is as follows:

Revenues	
Local Sources	\$ 2,400,000
Fund balance, July 1, 2020 (projected)	_____ -
Total available to appropriate	<u>\$ 2,400,000</u>

BE IT FURTHER RESOLVED, that **\$2,400,000** of the total available to appropriate in the *student & school activity fund* is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Student & School Activities	\$ 2,400,000
Fund Balance Projection, June 30, 2021	\$ _____ -
Total Appropriated	<u>\$ 2,400,000</u>

**Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020**

BE IT FURTHER RESOLVED that the total revenues and unappropriated fund balance estimated to be available for appropriation in the *debt service fund* of the school district for fiscal year 2020-2021 is as follows:

Revenues	
Local Sources	\$ 9,414,509
Fund balance, July 1, 2020 (projected)	<u>2,461,724</u>
Total available to appropriate	<u>\$ 11,876,233</u>

BE IT FURTHER RESOLVED, that **\$9,088,725** of the total available to appropriate in the *debt service fund* is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Principal	\$ 5,385,000
Interest & Other	<u>3,827,850</u>
Total Expenditures	\$ 9,212,850
Fund Balance Projection, June 30, 2021	\$ 2,663,383
Total Appropriated	<u>\$ 11,876,233</u>

**Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020**

BE IT FURTHER RESOLVED that the total revenues and unappropriated fund balance estimated to be available for appropriation in the *sinking fund* of the school district for fiscal year 2020-2021 is as follows:

Revenues	
Local Sources	\$ 2,970,366
Fund balance, July 1, 2020 (projected)	<u>4,025,027</u>
Total available to appropriate	<u>\$ 6,995,393</u>

BE IT FURTHER RESOLVED, that **\$3,354,000** of the total available to appropriate in the *sinking fund* is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Capital Projects	\$ 3,354,000
Fund Balance Projection, June 30, 2021	\$ 3,641,393
Total Appropriated	<u>\$ 6,995,393</u>

**Grosse Pointe Public School System
Resolution for Adoption by the Board of Education
June 29, 2020**

BE IT FURTHER RESOLVED that the total revenues and unappropriated fund balance estimated to be available for appropriation in the *2019 school building & site fund* of the school district for fiscal year 2020-2021 is as follows:

Revenues	
Local Sources	\$ 771,540
Fund balance, July 1, 2020 (projected)	<u>56,903,920</u>
Total available to appropriate	<u>\$ 57,675,460</u>

BE IT FURTHER RESOLVED, that **\$38,427,275** of the total available to appropriate in the *2019 school building & site fund* is hereby appropriated in the amounts and for the purposes set forth below:

Expenditures	
Capital Projects	\$ 38,427,275
Fund Balance Projection, June 30, 2021	\$ 19,248,185
Total Appropriated	<u>\$ 57,675,460</u>

BE IT FURTHER RESOLVED, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to appropriations made by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board. Changes in the amount appropriated by the Board shall require approval by the Board.

BE IT FURTHER RESOLVED, that, for purposes of meeting the needs of the school district, the Superintendent or his/her designee is permitted to implement adjustments and/or transfers within line items of the budget adopted by the Board subject to later authorization of the Board of Education. When the Superintendent or Deputy Superintendent of Business Operations make a transfer of appropriations as permitted by this resolution, all such adjustments and/or transfers which alter the budget at the function level shall be reported on a regular basis to the Board at a scheduled meeting. Authorization for such adjustments and/or transfers shall be included in the Budget Amendments of the General Appropriations Act, as needed.

BE IT FURTHER RESOLVED, that the Superintendent and Deputy Superintendent of Business Operations are hereby charged with general supervision of the execution of the Budget adopted by the Board and shall hold the department heads responsible for performance of their responsibilities within the amounts appropriated by the Board of Education and in keeping with the budgetary policy statement hitherto adopted by the Board.

This act is to take effect July 1, 2020.

Supplemental Information Description of District Funds

General Fund – primary operating fund that accounts for all financial resources of the School District other than those specifically assigned to another fund.

Special Revenue Funds – account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Special Education Center Programs Fund – account for the five special education categorical programs that are funded by the countywide Act 18, special education millage and State categorical funding. The five programs are Autism Spectrum Disorder, Deaf & Hard of Hearing, Early Childhood, Moderate Cognitive Impairment, and Visually Impaired.

Food Service Fund – account for the operations of a School District’s food service program. Receipts come from food sales and federal reimbursement of student meals served.

Community Services Fund – accounts for the fee-based programs offered by the School District. Receipts come from tuition collected for Kids Club, Preschool, Safety Town, Camp of Fun and Community Swim.

Student & School Activity Fund – accounts for fundraising and donations received on behalf of student groups such as clubs and sports.

Debt Service Fund – accounts for the activity associated with the retirement of debt issued by the sale of bonds. Revenue is primarily generated by a debt millage levied on taxable values, which is then used to make principal and interest payments until the debt is repaid in full.

Capital Project Funds – account for acquiring or constructing new school sites, buildings, equipment and major remodeling and repairs.

Sinking Fund – accounts for revenue collected from levying a sinking fund millage approved by the voters in November 2019. These funds can be spent on the construction or repair of school buildings, school security improvements and the acquisition or upgrading of technology.

2019 School Building and Site Bond Fund – accounts for the interest earnings and expenditures associated with the first series of bonds issued following voter approval on November 6, 2018. Expenditures are limited to projects specifically identified in the ballot language.

Supplemental Information Fund Balance Description

The following information is information on the establishment and use of what is commonly referred to as a “fund balance” or fund equity.

A typical fund balance in a school district is composed of three components:

1. Cash on hand – these funds may be in short term, highly liquid investments or in a checking or savings account. These funds are available for district use.
2. Accounts receivable – because of a timing difference between a school district’s fiscal year (which ends June 30) and the state’s fiscal year (which ends September 30) there are two payments out of the eleven state aid payments that are actually received after the district’s fiscal year has ended. Using accrual accounting the payments are “booked” at the end of the school district’s fiscal year and included in calculating fund balance. These funds are not available to the school district until they are actually received in July and August.
3. Inventory and pre-paid assets – includes teaching, custodial and office supplies. These are typically modest amounts and are obviously not available to expend.

Other considerations regarding fund balance include:

- A. The level of non-homestead tax base in the district. The 18 mill levy is only on non-homestead property. Since the main sources of funding for a district comes from local property taxes and state aid the level of non-homestead property in the district determines the amount received locally. If the district has a low non-homestead tax base it will result in greater funds received from the state which means the district will probably have to borrow funds to operate if their fund balance isn’t sufficient.
- B. The tax collection practice of the school district. A 100% summer collection allows a district to receive the local share of its funding up front with the July tax levy. A 50/50 collection allows the district to receive half of the local taxes in the summer and half in the winter collection. A 100% winter collection means the local taxes are collected during the winter only. Grosse Pointe Public School System (GPPSS) levies 100% of taxes in the winter.
- C. The trend of the fund balance level. Districts spending more than they receive can create a structural deficit, which eventually has to be addressed. The reason for the deficit will determine the level of concern necessary. For example if fund balance is used to purchase a capital asset (technology) that is preferable to spending the fund balance on recurring costs (salaries & benefits).
- D. Future obligations that will require a greater level of spending such as opening a new building, districts can build up fund balance in order to meet the increase obligations of a larger operation.

- E. Declining enrollment presents a myriad of problems for a school district. The presence of a fund balance allows the district to better manage the decline.
- F. The absence of sufficient fund balance will likely result in borrowing to meet cash flow needs. If a district borrows money it will pay a related interest cost, which is charged to the general operating budget.
- G. The bond rating agencies views the presence of a reasonable fund balance along with a stable trend in the level of fund balance favorably. This benefits local taxpayers with lower interest costs on bonds when issued.
- H. Fund balance provides flexibility in dealing with unanticipated emergencies such as mid-year reductions in state funding.

The current GPPSS Board Policy prescribes the minimum fund balance as 10 percent of expenditures in the General Fund and Community Services Fund. In simple terms, this level of fund balance is necessary to minimize borrowing during the two-month period between the August and October State Aid payments. Additionally it is important to have a sufficient fund balance to allow a school district to absorb cuts in state funding such as those that have occurred in the past and are likely to occur again in 2021 fiscal year. Having a financial cushion allows a district to avoid drastic changes in educational programs and/or employee layoffs during the school year.

Supplemental Information Account Code Function Definitions

Instructional Services - These are instructional activities dealing directly with the teaching of pupils or the interaction between teacher and pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital and other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides, assistants of any type, supplies and machines that assist directly in the instructional process.

Basic Programs - Instructional activities including enrichment designed primarily to prepare pupils for activities as citizens, family members, and workers, as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps. Included are Pre-School, Elementary, Middle School, and High School and other basic programs such as summer school and enrichment programs.

Costs that can be attributed to direct classroom/student expenses are charged under the categories noted above. Examples include:

- classroom teacher salaries and benefits
- classroom teacher assistant salaries and benefits
- substitute teachers
- teacher hourly salaries
- field trips
- instructional supplies and materials, textbooks, repair of classroom equipment, new and replaced equipment, printing, periodicals, subscriptions, and other
- contracted services, workshops & conferences/travel

Added Needs - Instructional activities for pupils' added needs such as special education, vocational education and compensatory education. Expenditures during the regular school year and the summer program should be included under this function number. Compensatory education costs are related to programs such as Title I.

Costs that can be attributed to direct special education, vocational education, compensatory education and other added needs' classroom/student expenses are charged here. Examples include:

- classroom teacher salaries and benefits
- classroom teacher assistant salaries and benefits
- substitute teachers
- teacher hourly salaries
- field trips
- instructional supplies and materials, textbooks, repair of classroom equipment, new and replaced equipment, printing, periodicals, subscriptions, and other AV materials, library books, etc.
- contracted services, workshops & conferences/travel

Support Services - These are services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction. Supporting Services supplements the fulfillment of the objectives of instruction.

Pupil Support - Services which are designed to assess and improve the well-being of pupils and to supplement the teaching process. Services under this category are: Attendance Services, Guidance Services, Health Services, Psychological Services, Speech and Audiology Services, Social Work Services, Visual Aid Services, Teacher Consultant and Other Pupil Services, including noon supervision.

Examples of costs that can be attributed under these categories include:

- salaries and benefits for auxiliary services staff such as: psychologist, social worker, speech therapist, teacher consultant, guidance counselor, occupational therapist
- hourly salaries for noon supervisors and monitors
- supplies and materials, repair of equipment, new and replaced equipment, printing, periodical and subscriptions, psychological testing supplies.
- contracted services, workshops & conferences/travel

Instructional Staff Support - Consists of activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

Examples of costs that can be attributed under these categories include:

- salaries and benefits for curriculum coordinators and staff development personnel, directors and supervisors of programs, and librarians
- salaries and benefits for secretaries in staff development, curriculum office, directors' offices
- hourly salaries for teacher clerks and library clerks
- supplies and materials, repair of equipment, new and replaced equipment, printing, periodical and subscriptions, psychological testing supplies
- contracted services, workshops & conferences/travel

School Administration: Consists of those activities concerned with overall administrative responsibility for a single school.

Examples of costs that can be attributed under this category include:

- Principals, assistant principals, class principals, and secretaries' salaries and benefits
- Principals' office supplies and materials, equipment and repair
- Summer school principals' hourly cost and their hourly help
- Postage, office supplies and materials
- Office equipment, printing
- Workshops, conferences, travel, membership fees

Athletics and Activities - Activities of any supporting service or classification of services, general in nature, which cannot be classified in the preceding service areas. These consist of those activities concerned with financing the interscholastic athletic programs and pupil organizations under the supervision of the school.

Costs attributed under this category:

- Salaries, and benefits for sponsors/heads of student groups and activities
- Salaries and benefits for athletic directors, coaches
- Referee and game worker services, athletic supplies and materials, athletic transportation

General Administration - Consists of those activities concerned with establishing policy, operating schools and the school system, and providing the essential facilities and services for the staff and pupils.

Examples of costs that can be attributed under this category include:

- salaries and benefits for administrative staff such as: Superintendent, Deputy Superintendent, certain Directors and their office staff
- Board secretary's salary and benefits
- Election costs, audit fees, and legal expenses
- Board stipends, meeting expenses
- workshops/conferences and membership costs
- office supplies and materials, repair and maintenance of equipment, new and replacement of equipment

Business Services - Consists of those activities concerned with the fiscal and business operations of the school system. Included are budgeting, receiving and disbursing, financial accounting, payroll, purchasing, inventory control, and internal auditing.

Examples of costs attributed under this category may include:

- Salaries and benefits of finance staff such as: Director of Business Services, payroll, accounts payable and accounting staff
- Supplies and materials, maintenance and repair of equipment
- New and replacement equipment
- Printing, postage, membership dues, subscriptions
- Contracted services
- Banking interest and fees

Operations and Maintenance - Consists of those activities concerned with keeping the physical plant open, clean and safe for use, and keeping the grounds, buildings, and equipment in an effective working condition and state of repair. This includes activities of maintaining safety in buildings, on the grounds and in the vicinity of schools.

Examples of costs attributed under this category may include:

- Contracted custodial and maintenance services
- Salaries and benefits of Facilities Director, security monitor and engineer positions
- Maintenance of heavy equipment, repair, replacement of equipment and new equipment
- Electricity, telephone, sewer, natural gas, water and trash removal
- Custodial, grounds and maintenance supplies and materials
- Security guards and alarm systems
- Property and liability insurance

Transportation - Consists of those activities concerned with the transporting of pupils to and from school, as provided by state law. It includes trips between home and school or trips to school activities. All direct costs related to pupil transportation should be included under this function

Examples of costs attributed under this category may include:

- Contracted costs for transportation services
- Student ridership passes for public transportation

Central - Activities other than general administration, which support each of the other instructional and supporting service programs.

Costs attributed under this category:

- Salaries and benefits for Information Technology, Pupil Accounting, Communications, Human Resources and respective staff
- Supplies and materials, postage, printing, local travel, workshop and conferences
- Repair and maintenance of computers, copiers and audio visual equipment, new and replacement of equipment
- Consultant services

Community Services - Consists of those activities that are not directly related to providing education for pupils in a school system. These include services provided by the school system for the community as a whole or some segment of the community, such as community recreation programs, civic activities, programs of custody and care of children, and non-public school pupils. Services to pupils attending a school established by an agency other than the state, subdivision of the state, or the federal government, which usually is supported primarily by other than public funds, may consist of such activities as providing instructional services, attendance and social work services, health services, professional development and are primarily grant-funded costs.

Examples of costs attributed under this category include:

- Salaries and benefits for performing arts
- Homeless set aside and parental involvement activities as required by federal grant awards
- Professional development, curriculum materials for non-public schools as provided in conjunction with grant awards

Other Financing Uses – Payments to other governmental and non-profit organizations, facilities acquisitions, construction and site improvements

Examples of costs attributed under this category include:

- Infrastructure improvements
- Construction for facility and site improvements
- Safety and security grant awards