



GENESEE INTERMEDIATE SCHOOL DISTRICT

LEADERSHIP ♦ SERVICE ♦ INNOVATION *Partnering for success!*

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October 18, 2016

Paul G. Connors
Office of School Review and Fiscal Accountability
State of Michigan Department of Treasury
430 West Allegan Street
Lansing, Michigan 48922

Dear Mr. Connors,

Following this correspondence is the second (Fall 2016) administrative review of Fenton Area Public Schools (FAS), conducted July - September 2016. This report was presented to the Fenton Board of Education at its regular meeting of October 17, 2016. Genesee Intermediate School District worked closely with Fenton Schools to gather data.

As of this writing, audited financial reports (not yet released) confirm the district is adding to its fund balance and has made great strides in reducing expenditures. Financial statements for the school year ending June 30, 2016, show an increase of \$558,662 in general fund balance to \$831,627.

Genesee Intermediate School District will continue to monitor and assist Fenton Area School District in improving the fiscal health of the district.

Respectfully Submitted,

Lisa Hagel, Ed.D.
Superintendent

cc: Lewis & Knopf, CPAs
Fenton Area Public Schools

Cindy A. Gansen, President ♦ Dr. Paul D. Newman, Vice President ♦ Dale A. Green, Secretary ♦ Lawrence P. Ford, Treasurer ♦ Jerry G. Ragsdale, Trustee



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Administrative Review

Fall 2016 REVIEW

UPDATE

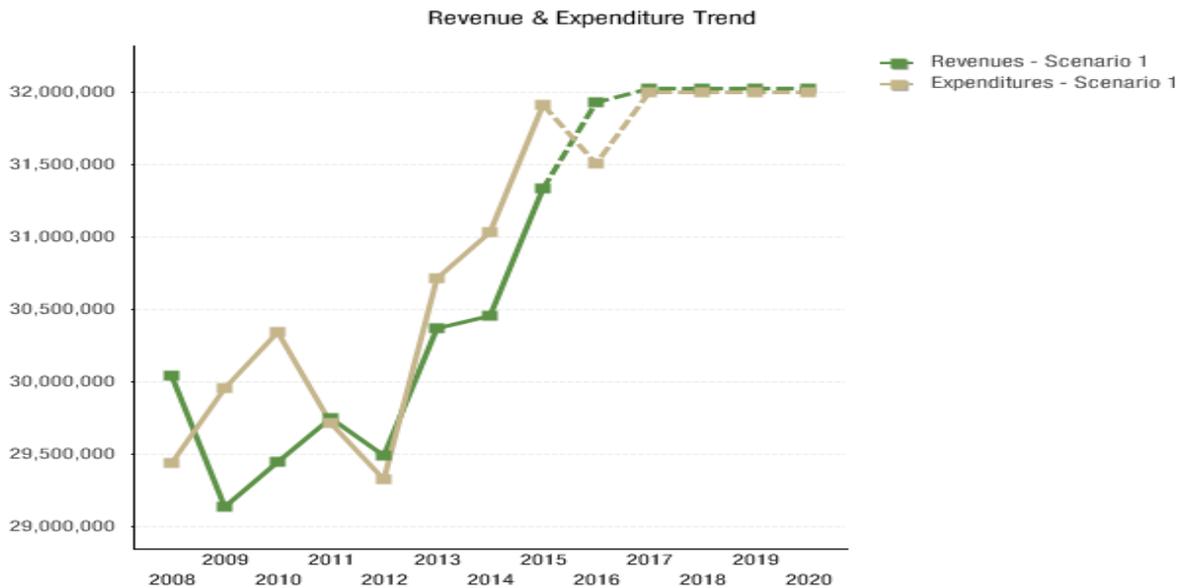
The Genesee Intermediate School District recognizes and commends the Fenton Area School District in containing operating costs for the 15-16 school year. Audited financial statements (not yet released) indicate the district will add more than \$500,000 to the general fund balance at year end.

[Financial practices](#)

The district adopted a 2016-2017 budget in June 2016 which projects an extremely modest addition to fund balance at the end of June 2017. There are indications the November amendment will project a larger addition to fund balance for the year. Fenton Area Schools appears to be moving in the right direction. The graph below depicts the significant increase in fund balance expected in 15/16 using financial data provided by the district.

The district follows the Uniform Budgeting and Accounting Act requirements and accurately uses the financial reporting system to prepare monthly reports for the Board of Education finance committee.

FUND BALANCE PROJECTIONS – BASED ON 15/16 FINAL AND 16/17 ORIGINAL BUDGETS



[Staffing review](#)

As school districts are educational service providers, personnel costs are the greatest share of cost for the industry. The district is reporting several support positions have been outsourced including a secretarial position, half of the custodial staff, and two health attendant positions. Additionally, the board and administration has confirmed a commitment to reduce costs for support positions in the future by eliminating or outsourcing to the extent possible and reasonable.

Costs for professional staff have also been reduced, including eliminating an elementary principal position, settling the teaching contract with minimal off-schedule increases and containing health care

costs by restructuring the deductibles paid by employees. Additionally, several high cost teachers retired at the end of the FY16 school year and were either not replaced or replaced by teachers on the lower end of the pay scale.

[Building student capacity](#)

No changes have been made to facility occupancy as of this writing.

[Non-instructional costs by function code](#)

As noted above, non-instructional costs are being reduced by outsourcing and eliminating positions to the extent reasonable and possible.

The district continues to carefully monitor and control expenditures for purchased services, supplies, materials and capital outlay items. Significant bond issues have provided funding for technology, buses and large-scale capital projects. The district has a sinking fund (expires 12/2019) which provides funding for large capital projects.

[Enrollment projections](#)

Although the district conservatively budgeted a 30 student decrease in the original 2016-2017 budget adoption, preliminary data shows a 12 student increase over the October 2015 student count. This projected 42 student swing could increase revenue by over \$300,000.

[Pupil transportation costs](#)

The district's transportation costs continue to be budgeted at less than peer districts. This is primarily due to a bond issue used to purchase buses and a small, non-rural geographic footprint.

[Collective bargaining agreements](#)

The district has reported settling the teacher contract with a "minimal off schedule increase which is cost neutral". The support contract was settled with no increase.

[Opportunities – fiscal options](#)

The original recommendations should still be evaluated and incorporated as possible.

DISTRICT –WIDE

- **Special education costs (11 % of the entire budget) are significantly higher than peers. Even with offsetting revenue, the ancillary services and transfers out push the total cost of the program higher than peers.**
 - **Review special education program consortium costs and ensure all districts are running as efficiently as possible.**
 - **Evaluate athletic contest costs; seek additional support from athletic boosters.**
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- **Consider district-paid athletic staffing (full time secretary was moved to purchased services for fiscal year 2016/2017).**
- Outsource all custodial positions through attrition.
- Contract out transportation.
- Lease or sell vacant property.
- Bid out audit and legal services

ELEMENTARY

- **Review class size (implement split classes).**
- **Reduce teacher planning time.**
- **Reduce the number of “specials” offered in this age group (art, music, p.e.).**
- Evaluate elementary enrollment and building configuration for cost effectiveness.

HIGH SCHOOL

- Review International Baccalaureate program effectiveness versus cost.
- Review number of counselors at secondary level.
- **Encourage student participation in GCI program, reduce number of on-line classes suggested.**
- **Reduce teacher planning time.**

[In Closing](#)

Administrative changes (effective for the 15/16 school year) have proven to be successful in reducing costs and providing excess revenues over expenditures for the fiscal year. By adding over one-half million dollars to the district’s fund balance, Fenton Area Schools has significantly increased its general fund balance as a percentage of unrestricted revenues.

I would like to thank the Board of Education members, superintendent, district staff and especially Dr. Doug Busch for supplying information and resources to conduct this review.

I look forward to continue working with the district to accomplish the above recommendations or similar reductions in expenditures.

RESOURCES:

EIDEX reporting software

<https://focus.eidexinsights.com>

DISTRICT contacts and website

www.fentonschools.org
