

Administrative Review Authorizer Recommendations Grattan Academy

Recommendations and Conclusions:

Based on the attached independent accountant's report on applying agreed-upon procedures for Grattan Academy, the following conclusions and recommendation are noted:

Over the past four years, Grattan Academy has incurred a gradual loss of students. With student enrollment at 296 students in 2012, to 223 students during the 2015-16 school year, the reduction has impacted Grattan's ability to maintain a stable financial standing. Additionally, Grattan Academy has a significantly large debt service amount of approximately \$300,000. The financing of both school buildings, coupled with declining student enrolment requires a plan of action to stabilize student numbers and immediate review of financing options.

To remedy the student enrollment needs, Grattan Academy shall establish a targeted growth plan, including the review of mission, vision, branding, and other components of their strategic plan. Grattan Academy shall also seek refinancing the loan structure, to address the large debt service concern.

Also, please find attached the transportation recommendations for Grattan Academy compiled as part of the Administrative Review. The School University Partnership Office at Saginaw Valley State University (SUPO) will continue providing oversight and monitoring Grattan Academy's financial position, complying with the requirements set by the Michigan Department of Treasury.

David A. Lewis, Director
July 28, 2016



Gardner | Provenzano Thomas & Luplow

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

July 27, 2016

School/University Partnership Office
Saginaw Valley State University
7400 Bay Road
University Center, MI 48710

Re: Administrative Review Grattan Academy

We have performed the procedures enumerated below, which were mandated by the Michigan Department of Treasury. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and responses for Grattan Academy Arts are as follows:

Item 1

An examination of financial practices, including at least an examination of the public school academy's compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, budget to actual expense report monitoring, and budget amendment practices after budget adoption.

Response 1

The chart below provides information in regards to key budget components. In addition, the Academy has written policies for procurement and board member reimbursement.

Budget prepared for all required funds

2015-2016 first budget	Yes
2015-2016 amendment	Yes
2015-2016 final budget	Yes
2016-2017 first budget	Yes

Were the adopted budget GAAP

2015-2016 first budget	Yes
2015-2016 amendment	Yes
2015-2016 final budget	Yes
2016-2017 first budget	Yes

Minimal levels of appropriation

2015-2016 first budget	Yes
2015-2016 amendment	Yes
2015-2016 final budget	Yes
2016-2017 first budget	Yes

Budget provided and approved by the board

2015-2016 first budget	Yes
2015-2016 amendment	Yes
2015-2016 final budget	Yes
2016-2017 first budget	Yes

Revenue and expenditure data for
 the most recently completed fiscal year

2015-2016 first budget	Yes
2015-2016 amendment	No
2015-2016 final budget	Yes
2016-2017 first budget	No

Budget can not have deficit estimated fund balance

2015-2016 first budget	No deficit
2015-2016 amendment	No deficit
2015-2016 final budget	No deficit
2016-2017 first budget	No deficit

Public hearing

2015-2016 first budget	Yes
2015-2016 amendment	N/A
2015-2016 final budget	N/A
2016-2017 first budget	Rules suspended.

General appropriations resolution

2015-2016 first budget	Yes
2015-2016 amendment	Yes
2015-2016 final budget	Yes
2016-2017 first budget	Yes

Budget on Website

2015-2016 first budget	Yes
2015-2016 amendment	Yes
2015-2016 final budget	Yes
2016-2017 first budget	Yes

Item 2

An examination of staffing and a comparison of staffing to other school districts and/or public school academies, as applicable.

Response Item 2

The Academy's management company determines staffing, wages and benefits. The Academy Board and School leader do have some input in regards to staffing needs.

The 1014 bulletin does not provide average teacher salary nor instructional salaries and benefits per pupil data for Public School Academies that use management companies for employee staffing. Therefore a comparison was only made to public schools that do not use a management company. The results are below:

District Code	School	2014-2015 Blended Count	Instructional Per Pupil Salaries and Benefit	Pupil Teacher Ratio	Average teacher Salary
41911	Grattan Academy	245	\$ 3,341	18	\$ 38,638
24030	Alanson Public schools	260	\$ 5,899	16	\$ 44,266
31050	Chassell Township School Dis	260	\$ 5,010	17	\$ 43,349
30040	Litchfield Community schools	258	\$ 5,357	18	\$ 41,751
21065	Big Bay De Noc School Distric	230	\$ 5,185	18	\$ 38,855

Item 3

An examination of wages and a comparison of wages to other school districts and/or public school academies in the area, as applicable.

Response 3

Since there was a vast variety of schools in the ISD boundaries in terms of size, schools with varying student count were used to compare wages to total general fund expenditures and wages to general fund revenue. Below are the results:

District Code	2014-2015	2014-2015 Blended Count	2014-2015 Salaries	2014-2015 General Fund Expenditures	2014-2015 Salaries as a % of General Fund Expenditures
34360	Ionia Township	11	\$ 66,299	\$ 146,278	45%
34140	Berlin Township	29.49	\$ 125,616	\$ 295,987	42%
41911	Grattan Academy	243.84	\$ 881,890	\$ 2,048,453	43%
34090	Lakewood Public Schools	1939.19	\$ 8,499,292	\$ 17,298,651	49%
34080	Beiding Area School District	1978.64	\$ 8,575,496	\$ 18,018,019	48%

Response 3 (continued)

District Code	2014-2015	2014-2015	2014-2015	2014-2015
	Blended Count	Salaries	Excluding other Financing Sources	Salaries as a % of General Fund Revenue
34360 Ionia Township	11	\$ 66,299	\$ 126,290	52%
34140 Berlin Township	29.49	\$ 125,616	\$ 247,055	51%
41911 Grattan Academy	243.84	\$ 881,890	\$ 2,012,674	44%
34090 Lakewood Public Schools	1939.19	\$ 8,499,292	\$ 16,800,695	51%
34080 Belding Area School District	1978.64	\$ 8,575,496	\$ 18,003,409	48%

Item 4

An examination of benefit costs as a percentage of wages and a comparison of benefit costs as a percentage of wages to other school districts and/or public school academies in the area, as applicable.

Response 4

Schools within the ISD boundaries were chosen to compare to Grattan Academy. Below are the results:

District Code	2014-2015	2014-2015	2014-2015	Benefits as a % of Salaries
	Blended Count	Salaries	Benefits	
34360 Ionia Township	11	\$ 66,299	\$ 3,272	5%
34140 Berlin Township	29.49	\$ 125,616	\$ 20,096	16%
41911 Grattan Academy	243.84	\$ 881,890	\$ 183,108	21%
34090 Lakewood Public Schools	1939.19	\$ 8,499,292	\$ 1,645,723	19%
34080 Belding Area School District	1978.64	\$ 8,575,496	\$ 1,599,522	19%

Item 5

A school building student capacity utilization review.

Response 5

The most recent guidance found was from the Council of Educational Facility planners and dates back to 1995. The Council of Educational Facility Planners International regularly provides the recommended number of gross square feet (gsf) per student figures. This report provides revised numbers based on responses from its Design Portfolio winners over the past 5 years. Average national averages of square footage space per student for Canada and the continental United States reveal the following ranges: 70.1 to 111.5 gsf for elementary schools buildings; 81.2 to 154.4 gsf for middle schools buildings; and 101.9 to 160.7 gsf for high schools buildings. It also discusses issues about the importance of class size and the implications for educational facility planners; and the factors influencing the area per student, including program characteristics, number of students, and student characteristics. (GR).

Below are the results:

Elementary School	Student Count		Square Foot	Recommended
	2015-2016		per student	
Grades K-6				
Total Square footage	9975	68	146.69	70.1-111.5
Estimated total square footage for non-instructional	2914			
Estimated total square footage for instruction*	7061	68	103.84	70.1-111.5
*Note: Classroom square footage only				
			Average # Students Per Available Classroom	
Numbers of classrooms	4	68	17	
High School	Student Count		Square Foot	Recommended
	2015-2016		per student	
Grades 7-12				
Total Square footage	29300	155	189.03	81.2-160.70
Estimated total square footage for non-instructional	18760			
Estimated total square footage for instruction*	10540	155	68.00	81.2-160.70
*Note: Classroom square footage only				
Note: Capacity for high school students is 350				
			Average # Students Per Available Classroom	
Numbers of classrooms	12	155	13	

Item 6

An examination of non-instructional costs by function and a comparison of those costs to other school districts and/or public school academies, as applicable.

Response Item 6

To compare non-instructional costs by function, four schools of comparable size were used. Each function is compared as a percentage to total general fund expenditures for Grattan and four other schools. The dollar amounts by function and percentages of Grattan's non-instructional cost by function are compared to four other schools of comparable size. The results are as follows:

District Code	41911		13130			
Blended Count 2014-2015	243.84	%	250.9	%	Variance	Variance in
School	Grattan Academy	Of Total	Tekonsha	Of Total	in \$\$\$	%
Pupil Support	\$ 40,911	3.6%	\$ 73,289	8.3%	\$ (32,378)	-4.7%
Instructional staff	4,883	0.4%	10,997	1.2%	(6,114)	-0.8%
General Administration	195,648	17.1%	176,081	19.9%	19,567	-2.8%
School Administration	187,622	16.4%	144,664	16.3%	42,958	0.1%
Business services	19,743	1.7%	73,761	8.3%	(54,018)	-6.6%
Operations and maintenance	145,950	12.8%	210,136	23.7%	(64,186)	-10.9%
Transportation	174,990	15.3%	106,764	12.1%	68,226	3.3%
Central	14,361	1.3%	68,050	7.7%	(53,689)	-6.4%
Facilities acquisitions	55,621	4.9%	21,789	2.5%	33,832	2.4%
Transfers to other funds	302,193	26.5%	-	0.0%	302,193	26.5%
	\$ 1,141,922	100%	\$ 885,531	100%	\$ 256,391	0%

District Code	41911		21065			
Blended Count 2014-2015	243.84	%	238.34	%	Variance	Variance in
School	Grattan Academy	Of Total	Big Bay De Noc	Of Total	in \$\$\$	%
Pupil Support	\$ 40,911	3.6%	\$ 15,387	1.6%	\$ 25,524	2.0%
Instructional staff	4,883	0.4%	19,163	1.9%	(14,280)	-1.5%
General Administration	195,648	17.1%	125,109	12.7%	70,539	4.5%
School Administration	187,622	16.4%	180,758	18.3%	6,864	-1.9%
Business services	19,743	1.7%	52,431	5.3%	(32,688)	-3.6%
Operations and maintenance	145,950	12.8%	263,241	26.7%	(117,291)	-13.9%
Transportation	174,990	15.3%	223,158	22.6%	(48,168)	-7.3%
Central	14,361	1.3%	70,044	7.1%	(55,683)	-5.8%
Facilities acquisitions	55,621	4.9%	-	0.0%	55,621	4.9%
Other	-	0.0%	11,105	1.1%	(11,105)	-1.1%
Transfers to other funds	302,193	26.5%	26,594	2.7%	275,599	23.8%
	\$ 1,141,922	100%	\$ 986,990	100%	\$ 154,932	0%

Response Item 6 (continued)

District Code	41911		25900			
Blended Count 2014-2015	243.84	%	234.9	%	Variance	Variance in
School	Grattan Academy	Of Total	Genesee STEM	Of Total	in \$\$\$	%
Pupil Support	\$ 40,911	3.6%	\$ 60,381	5.0%	\$ (19,470)	-1.4%
Instructional staff	4,883	0.4%	67,188	5.5%	(62,305)	-5.1%
General Administration	195,648	17.1%	256,962	21.2%	(61,314)	-4.0%
School Administration	187,622	16.4%	167,057	13.8%	20,565	2.7%
Business services	19,743	1.7%	12,533	1.0%	7,210	0.7%
Operations and maintenance	145,950	12.8%	321,586	26.5%	(175,636)	-13.7%
Transportation	174,990	15.3%	91,750	7.6%	83,240	7.8%
Central	14,361	1.3%	96,040	7.9%	(81,679)	-6.6%
Facilities acquisitions	55,621	4.9%	95,601	7.9%	(39,980)	-3.0%
Other	-	0.0%	-	0.0%	-	0.0%
Community service	-	0.0%	12,947	1.1%	(12,947)	-1.1%
Transfers to other funds	302,193	26.5%	32,769	2.7%	269,424	23.8%
	\$ 1,141,922	100%	\$ 1,214,814	100%	\$ (72,892)	0%

District Code	41911		31050			
Blended Count 2014-2015	243.84	%	259.82	%	Variance	Variance in
School	Grattan Academy	Of Total	Chassell Twp.	Of Total	in \$\$\$	%
Pupil Support	\$ 40,911	3.6%	\$ 1,583	0.2%	\$ 39,328	3.4%
Instructional staff	4,883	0.4%	18,532	2.5%	(13,649)	-2.1%
General Administration	195,648	17.1%	226,266	30.3%	(30,618)	-13.2%
School Administration	187,622	16.4%	45,664	6.1%	141,958	10.3%
Business services	19,743	1.7%	38,350	5.1%	(18,607)	-3.4%
Operations and maintenance	145,950	12.8%	168,185	22.6%	(22,235)	-9.8%
Transportation	174,990	15.3%	98,346	13.2%	76,644	2.1%
Central	14,361	1.3%	41,777	5.6%	(27,416)	-4.3%
Facilities acquisitions	55,621	4.9%	37,007	5.0%	18,614	-0.1%
Other	-	0.0%	-	0.0%	-	0.0%
Community service	-	0.0%	-	0.0%	-	0.0%
Transfers to other funds	302,193	26.5%	70,000	9.4%	232,193	17.1%
	\$ 1,141,922	100%	\$ 745,710	100%	\$ 396,212	0%

Item 7

A review of enrollment projection methods and history.

Response 7

The Academy sends re-enrollment forms out each April. If re-enrollment forms are not received from parents, the parents are contacted to see if they plan to re-enroll their children.

The adopted budget for 2016-2017 is based upon a student count of 220. Below is a history of enrollment:

<u>From State aid Status Reports</u>	<u>Blended Count</u>	<u>Increase (Decrease)</u>
2000	74.25	
2001	86.00	11.75
2002	93.00	7.00
2003	106.8	13.80
2004	156.27	49.47
2005	202.00	45.73
2006	205.30	3.30
2007	202.88	(2.42)
2008	196.61	(6.27)
2009	193.51	(3.10)
2010	176.43	(17.08)
2011	237.87	61.44
2012	296.48	58.61
2013	287.74	(8.74)
2014	256.73	(31.01)
2015	243.84	(12.89)
2016	223.04	(20.80)

Item 8

An examination of deferred maintenance and capital investment needs. Capital investment needs include technology equipment and technology infrastructure needs.

Response 8

The Academy has a technology plan for the years 2014-2017.

The Academy does not have a written plan for building improvements or capital outlay other than technology.

Item 9

An examination of substitute costs, workers compensation costs, unemployment compensation costs and forecasts, and a review of other insurance programs.

Response Item 9

For the fiscal year 2015-2016 there were many staffing changes/losses and the Academy went for long periods of time with only substitutes in the classroom.

The Academy uses a management company for all employees. The Academy has no control over workers compensation costs or unemployment costs. Therefore, a review of workers compensation costs and unemployment were not reviewed.

The Academy had the following insurance coverage for the 2016-2017 year:

Property	\$ 11,943
Inland marine	544
General liability	2,361
Auto	5,626
Workers compensation for subcontractors	391
Umbrella	6,370
Linebacker	2,406
Cyber	231
Crime	1,244
	<u>\$ 31,116</u>

Item 10

An examination of pupil transportation costs and routing.

Response 10

School/University Partnership Office will review this item.

Item 11

An examination of the current and future costs of existing bargaining agreements.

Response 11

The Academy does not have an existing bargaining agreement.

Item 12

An examination of state and federal grants.

Response 12

A comparison of Grattan's per pupil revenue for fiscal year 2014-2015 was made to four Public School Academies of similar size. The data was taken from the 2014-2015 Bulletin 1014. The results are below:

District Code	41911	23901	
Blended Count 2014-2015	245	213	
School	Grattan Academy	Island City Academy	Variance
Local per pupil	\$ 28	\$ 286	\$ (258)
State per pupil	7,764	7,500	264
Federal per pupil	417	286	131
All sources per pupil	8,210	8,091	119

District Code	41911	33904	
Blended Count 2014-2015	245	250	
School	Grattan Academy	Mid-Mich Leadership Academy	Variance
Local per pupil	\$ 28	\$ 848	\$ (820)
State per pupil	7,764	8,626	(862)
Federal per pupil	417	1,158	(741)
All sources per pupil	8,210	10,673	(2,463)

District Code	41911	25900	
Blended Count 2014-2015	245	235	
School	Grattan Academy	Genesee STEM	Variance
Local per pupil	\$ 28	\$ 57	\$ (29)
State per pupil	7,764	7,580	184
Federal per pupil	417	1,095	(678)
All sources per pupil	8,210	8,731	(521)

District Code	41911	38900	
Blended Count 2014-2015	245	225	
School	Grattan Academy	Jackson Prep & Early College	Variance
Local per pupil	\$ 28	\$ 1,631	\$ (1,603)
State per pupil	7,764	7,111	653
Federal per pupil	417	1,180	(763)
All sources per pupil	8,210	9,921	(1,711)

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We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedure, other matters might have come to our attention that would be reported to you.

This report is intended solely for the information and use of Saginaw Valley School/University Partnership Office and Michigan Department of Treasury and is not intended to be and should not be used by anyone other than those specified parties.

Gardner, Provenzano, Thomas & Luplow, P.C.

Gardner, Provenzano, Thomas & Luplow, P.C.
Saginaw, Michigan

Date: July 17, 2016
To: Dawn Gillespie
School/University Partnership Office Administrative Assistant
State Continuing Education Clock Hours Coordinator
Saginaw Valley State University
7400 Bay Road
University Center, MI 48710

RE: Independent Review of Grattan Academy Transportation Services

Ms. Gillespie:

I have completed a review of the transportation services for Grattan Academy, 9481 Jordan Rd., Greenville, MI 48838. My analysis is below:

Scope of Review:

My review included budgets for June 30, 2015, 2016, and 2017 as well as the actual audit numbers for June 30, 2015, the most recently filed Transportation Expenditure Report SE 4094 for 2014-15, and the most recent Bus Lease agreements approved in August 2014. I also made several verbal and written inquiries of Randy Kuiper from Grattan Academy and Jessica Serbantez with the management company, MJ Management Svc, Inc. in Flat Rock, Michigan.

Overview and Analysis:

Grattan Academy had a student population of 234 students for the year ended June 30, 2015. There were 228 for the year ended June 30, 2016 based on the unaudited February 2016 count. The June 30, 2017 budget is based on an estimated student count of 220 which appears reasonable based on the fact there were 234 students in the 2014-15 school year so the estimate in 2016-17 seems reasonable.

My review of the transportation budget initially included a review of Grattan's overall budget vs actual costs for the year ended June 30, 2015 which is the most recent year both are available as well as the specific line items in the transportation budget. The purpose of this review was to assess the degree of confidence that the budget numbers could be relied upon.

The initial budget total budget for Grattan for the year ended June 30, 2017 is \$1,828,248 with a fund balance projected at \$86,422 or 4.7% of expenditures. The audited fund balance for June 30, 2015 was 9,030 which was 4 tenths of 1 percent. The audit results for the year ended June 30, 2016 are not yet available however the amended overall budget is \$1,795,572 with a projected fund balance of \$84,951.

As I understand, Grattan has been making reductions to build up the fund balance. At the time of this review, actual numbers for the year ended June 30, 2016 were not available. Actual expenditures were available for the year ended June 30, 2015 for comparison to budget. For June 30, 2015 the final budgeted fund balance was \$7,128 compared to \$9,030 actual expenditures. However, the initial budget for 2014-15 reflected a fund balance of \$45,139. This balance was subsequently was amended to \$7,128. Given higher fund balances are

projected in 2016 and 2017 and given actual fund balance is low, I believe it is important moving forward to compare budget to actual to see if there is a trend for fund balances to be projected higher in the original budget and then decreased at a later time. If such a trend exists, I would recommend a budget strategy that projects fund balance more conservatively.

The budget and actual information available as of this review for Transportation Services are shown in Table 1 below.

TABLE 1

SUPPORT SERVICES - TRANSPORTATION FUNCTION CODE 271	2014-15	2014-15	DIFFERENCE	2015-16	2016-17	DIFFERENCE
	BUDGET	ACTUAL		BUDGET	BUDGET	
PURCHASED SERVICES-DRIVERS	65,500	63,398	(2,102)	50,000	50,000	-
PURCHASED SERVICES-SOCIAL SECURITY	5,011	4,849	(162)	3,825	3,825	-
PURCHASED SERVICES-UNEMPLOYMENT	4,500	4,022	(478)	2,500	2,500	-
REPAIRS AND MAINTENANCE	1,000	971	(29)	4,000	4,000	-
BUS LEASE	68,778	68,778	-	64,923	64,923	-
FUEL	30,000	29,926	(74)	23,000	23,000	-
SUPPLIES AND MATERIALS	3,000	3,046	46	2,000	2,000	-
TOTAL	177,789	174,990	(2,799)	150,248	150,248	-

Overall, the transportation budget looks in line with actual costs. Grattan Academy currently employees 3 bus drivers. On the budget this is listed as a purchased service but such is not the case. The “Driver” budget line item is actually wages. It is also why the Academy is budgeting for “Social Security” and “Unemployment.” Prior to last year, the Academy did employ 4 drivers but eliminated one driving position thus the reason for the unemployment costs. Accordingly, the Academy reduced the number of bus routes from 4 to 3.

The number of students transported are significant between 125 and 150 or higher than 50% of total enrollment. The drivers are paid on a daily rate of \$75 versus an hourly rate and is based on a 5 hour day which calculates to \$15 an hour. The drivers are not in the Michigan Public School Employees Retirement System which thereby saves approximately 25% cost on wages. The median bus driver salary in the Grand Rapids area is approximately \$31,000 and the average State-wide is \$26,000 so the Academy is doing a good job managing these costs.

The Academy leases buses from CH&H Leasing LLC out of Troy, Michigan. From my discussions with some transportation directors and another bus lease provider, I have concluded that the lease is standard for the industry. The Academy is leasing 3 Thomas brand buses; Lease #1 is for 2 (2015) 77 passenger buses at a cost of \$1,598 per month for 12 months and Lease #2 is for 1 bus (2013/14) 71 or 72 seats at a cost of \$1,550 per month for 12 months. Both leases charge .45 cents per mile if the annual miles driven exceeds 20,000.

My understanding is that each bus is estimated to travel up to 100 miles daily which would translate to 18,000 miles for a 180 day school year. I understand that there have been years where a bus does in fact exceed 20,000

miles triggering the .45 cent/mile language in the agreement. Based on 20,000 miles, the bus lease for \$1,598 per month or \$19,176 annually yields a rate of \$1.04 per mile. The lease for \$1,550 per month or \$18,600 annually yields a per mile rate of \$1.08.

Repair costs other than seat repair and tire replacement are covered by CH&H Leasing. This explains the lower repair cost budget in year ended June 30, 2015. The budget increase in fiscal years ended 2016 and 2017 was based on some actual larger seat repairs experienced by the Academy although I suspect this will not be an annual issue.

I observed that school bus insurance is not included in the budget and is instead located in the Operations and Maintenance Budget. Beyond that, there is no separate building or office that would give rise to costs for cleaning, utilities, or other overhead.

Bus routes are manually and informally constructed and are based on where students are located each year. While it might be a consideration to review routes more formally, I am not sure this would yield much benefit given the number of students and buses involved.

As part of my review, I have included some statistical information for comparative purposes. I do not have ridership information for previous years and only an estimate for 2015-16 of 125 – 150 students. Total enrollment is 230. Based on this, estimated **Cost per Student Rider** at Grattan for 2015-16 would be \$1,000 - \$1,200 per student. **Cost per Student** would be \$653.

While data for this public school transportation is difficult to obtain, two reports provide some perspective. A survey conducted by Michigan School Business Officials in 2013 involving 82 school districts reflected an average cost per student **Ridership** of \$877 at that time. This is lower than Grattan's estimate of \$1,000 - \$1,200.

Michigan Department of Education's most recently published Bulletin 1011 from 2014-15 reflects average total **Per-Pupil** spending for transportation as \$378. For this same time period of 2014-15, per pupil spending at Grattan for 2014-15 is \$734. With either measure Grattan's transportation services were and are higher than these averages.

While acknowledging these comparisons two points should be noted. First, specific schools will vary depending upon a variety of factors including number of transportation miles and with respect to the Academy, miles driven daily are high due to the geographic region from which students are attending. Second, for 2016-17, Grattan has made budget reductions and appears to be budgeting conservatively with respect to transportation.

Conclusions and Recommendations:

In my opinion, Grattan Academy's budgets and actual costs for transportation services are consistent with the documents and practices that I have reviewed. It is also my opinion that transportation services are necessary for the success of the school as evidenced by the significant number of students utilizing bussing. My review of each line item in the transportation budget indicates that all of them are budgeted appropriately and perhaps even conservatively. Specifically, barring unusual circumstances, I estimate that actual costs could be several thousand less than the amounts budgeted for both "Leases" and "Repairs and Maintenance." Overall, I believe Grattan Academy is managing the transportation services fairly well. Having said, that, below are six recommendations that I encourage Grattan Academy management to implement to improve budget, service, and reporting moving forward:

1. **State Transportation Expenditure Report 4094** - All applicable lines should be completed. During my review I noted lines for number of riders per week, annual miles, total fuel consumed, miles per gallon, and fleet insurance were not completed. Further, through my inquiries I was informed that the Academy does have special education students however there are no allocations for special education. While some special education transportation costs may not be reimbursable by the State, it is important for the individual completing the report to provide such information and to be aware of reimbursable and non-reimbursable costs. Further, if at some future point, legislation expands special education funding, it is important to track such costs.
2. **Bus Driver Budget** - The budget should not reflect Bus Drivers, Social Security, or Unemployment as being purchased services since they are actually employee costs. The line item should be labeled "Bus Driver Salaries or Wages," Employer's Social Security Taxes," and "Employer Paid Unemployment."
3. **Bus Lease** – It does not appear that the bus lease is not bid on a regular basis. I recommend that the lease either be bid or that other companies are contacted for quotes. From conversations I had with transportation directors and with a lease contractor, I believe that it is possible for Grattan to obtain more favorable lease rates through such a practice.
4. **Bus Drivers** - I believe that Grattan is effectively staffing for drivers given the difficulty schools are having finding drivers. During my inquiries, Mr. Kuiper shared his concern on the difficulty in keeping drivers. If the Academy does experience this problem in the future, it would be beneficial to explore contracting bus drivers through an outside agency.
5. **Insurance** – The cost for school bus insurance is located in the Operations and Maintenance Budget. This insurance cost should be reflected in the Transportation Budget and also on the Transportation Expenditure Report 4094.
6. **Routing** – Routing should be examined related to distance travelled daily and how far is the Academy willing to send buses to pick up students for the \$7,391 received in per-pupil funding. The Academy only has 3 buses. However, total annual mileage appears to be as much as 60,000 for between 125 and 150 students. Over 50% of student population is utilizing transportation which suggests it is a critical service. However, as the leases expire a year from now, I believe the Academy should consider setting some limits or boundaries that could lower overall miles driven translating to lower costs in the form of lease terms and fuel. In addition, it might also allow for Grattan to lease smaller buses which may also reduce lease costs.

In closing, I want to thank Ms. Jessica Serbantez and Mr. Randy Kuiper for their cooperation and assistance with my questions and documentation needs. I also want to thank you for your prompt and courteous assistance in gathering information and answering questions. If you have any questions or require further assistance, please do not hesitate to contact me. Thank you.

Sincerely,



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