



Budget Hearing

June 26, 2023

- ❑ School Funding and Accounting Basics
- ❑ General Fund
- ❑ Special Revenue Funds
 - ❑ Food Service Fund
 - ❑ Student Activities Fund
- ❑ Debt Retirement Funds
- ❑ Capital Project Funds
- ❑ Tax Information

School Funding Basics



Deposited into the state's school aid fund.



Those dollars are distributed to the schools.



The **Foundation Allowance** is a per pupil allocation.



Dollars are collected from:

- Property taxes
- Sales taxes
- Real Estate taxes
- State Lottery Profits
- Non-homestead property taxes
 - ◆ 18 mills on second homes and business

Foundation Allowance

Special Education

Employee Retirement

Program Categoryals



The Foundation Allowance is increased or decreased as determined by the legislature and the governor based on the expected funding available each year.

Bond vs. Sinking Fund Millage Requests



Bond millage requests are for approvals for a millage for **a set number of years** to allow the district to sell bonds for a **specific amount** to provide immediate funding to **construct or renovate school buildings**.

Bonds are paid similar to a mortgage with the ongoing millage funding the payments.



Sinking millage requests are for approvals for a millage for **a set number of years** to allow the district to fund **repairs and other building improvements**.

- Ongoing stream of revenue.
- District doesn't take on the debt of selling bonds in the market.
- Can save the annual funds for a larger project or can spend amounts annually on facilities.

Also called Building and Site Fund

School District Fund Accounting

School districts have separate funds to account for both the incoming revenue and the expenses.

GENERAL FUND



General operating revenue and operating expenses

- Salaries
- School supplies
- Utilities
- Fuel for buses

FOOD SERVICE FUND



Revenue: School meals funded by payments from parents for school meals and federal reimbursement for free meals.

Expenses: Food purchases, salaries for food service workers, and supplies and capital purchases such as cooking equipment.

STUDENT ACTIVITY FUNDS



- Internal funds
- Self balances
 - Revenues raised for the objective of the activity are used to pay out related expenses

School District Fund Accounting *continued . . .*

DEBT FUNDS



- Debt funds are revenue from tax collections
- Used for bond interest and principal payments
- SJPS has one active bond fund approved in 2016 to be used exclusively for technology, security and transportation in three series.

SINKING FUND



- Used for building repairs and improvements
- Must be renewed in 2025

Note: a school district is not allowed to move funds out of restricted funds to be used in other funds - for example, we cannot move debt tax collection to the general fund to use for school operations.



General Fund

June 26, 2023

- School Funding and Accounting Basics
- General Fund
- Special Revenue Funds
 - Food Service Fund
 - Student Activities Fund
- Debt Retirement Funds
- Capital Project Funds
- Tax Information

ST JOSEPH PUBLIC SCHOOLS

GENERAL FUND

2019-20 THROUGH 2023-24

REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

	Actual 2019-20	Actual 2020-21	Actual 2021-22	March Amend Budget 2022-23	Final Budget 2022-23	Preliminary Budget 2023-24
REVENUES:						
Local Sources	\$ 6,351,875	\$ 6,861,287	\$ 6,948,393	\$ 7,501,295	\$ 7,880,452	\$ 8,186,185
State Sources	21,827,425	22,621,111	25,038,714	27,882,903	28,053,838	28,062,254
Federal Sources	341,434	1,604,177	4,036,634	609,246	625,812	344,212
Other Financing Sources	740,356	703,615	975,057	664,073	664,073	664,073
Total Revenues	<u>29,261,090</u>	<u>31,790,190</u>	<u>36,998,798</u>	<u>36,657,517</u>	<u>37,224,175</u>	<u>37,256,724</u>
EXPENDITURES:						
Basic Programs	15,244,518	16,792,321	17,123,166	19,387,763	19,974,747	18,974,268
Added Needs (SE, At Risk, T1)	1,752,365	1,769,513	2,018,794	2,324,931	2,329,838	2,398,645
Vocational	745,709	862,036	857,705	820,149	848,568	851,730
Pupil Support	1,376,448	1,411,277	1,686,368	1,762,825	1,770,058	1,971,892
Instructional Staff Support	1,484,390	1,412,728	1,495,654	1,339,218	1,458,102	1,414,598
General Administration	478,995	588,457	759,938	879,831	809,655	775,583
School Administration	1,503,875	1,523,243	1,690,162	1,919,365	1,901,357	1,853,076
Business Service	466,202	373,968	515,888	570,101	525,424	513,916
Operations & Maintenance	2,958,978	3,273,927	3,848,068	4,228,141	4,130,636	4,478,439
Transportation	943,397	910,059	1,114,565	1,270,827	1,394,044	1,359,979
Central Services	679,472	769,077	922,833	1,110,830	1,021,121	1,003,295
Athletics	811,415	784,063	883,038	1,152,760	1,053,402	1,081,791
Community Services	32,280	24,861	51,792	118,952	110,689	111,248
Transfer to HVAC	-	10,093	2,500,000	2,500,000	2,000,000	933,000
Transfer to Debt Service	-	-	-	-	-	508,570
Other Transactions	9,250	466	8	20	9,020	20
Total Expenditures	<u>28,487,294</u>	<u>30,506,089</u>	<u>35,467,979</u>	<u>39,385,713</u>	<u>39,336,661</u>	<u>38,230,050</u>
Net Change in Fund Balance	773,796	1,284,101	1,530,819	(2,728,196)	(2,112,486)	(973,326)
Beginning Fund Balance	<u>4,647,240</u>	<u>5,421,036</u>	<u>6,705,137</u>	<u>8,235,956</u>	<u>8,235,956</u>	<u>6,123,470</u>
Ending Fund Balance	<u>\$ 5,421,036</u>	<u>\$ 6,705,137</u>	<u>\$ 8,235,956</u>	<u>\$ 5,507,760</u>	<u>\$ 6,123,470</u>	<u>\$ 5,150,144</u>
% of Expenditures	19.0%	22.0%	23.2%	14.0%	15.6%	13.5%

Revenues by
Source

&

Expenditures
by
Function

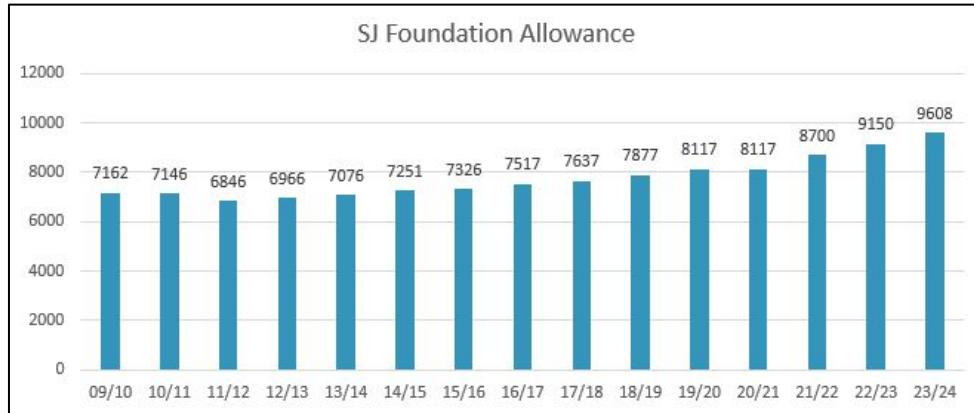
19-20 to 23-24

Key Assumptions for 2023-2024

Estimated Foundation Allowance

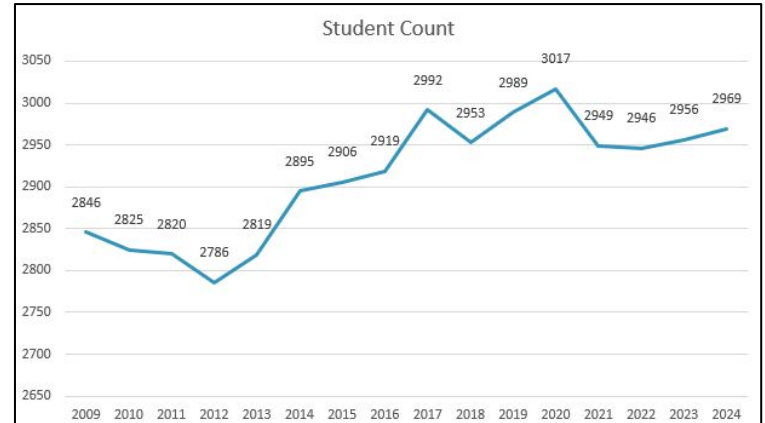
\$9,608 per pupil

\$458 Increase



Estimated Enrollment

2,969 Students



Estimated General Fund Increase

$\$9,608 * 2,969$ students

\$1,215,000

2023-2024 General Fund Revenue - \$37,256,724

	Prelim 23/24	Final 22/23	Actual 21/22
State aid foundation and categoricals	\$ 24,551,602	\$ 22,882,719	\$ 21,811,051
Property taxes	\$ 6,843,233	\$ 6,537,500	\$ 6,272,292
State aid related to emp retirement	\$ 3,510,652	\$ 5,171,119	\$ 3,227,662
Federal grants	\$ 344,212	\$ 625,812	\$ 4,036,635
Incoming transfers	\$ 664,073	\$ 664,073	\$ 769,697
SJPS Foundation grants	\$ 810,000	\$ 810,000	\$ 378,119
Athletics	\$ 212,725	\$ 212,725	\$ 194,482
Miscellaneous	\$ <u>320,227</u>	\$ <u>320,227</u>	\$ <u>308,860</u>
	\$ <u>37,256,724</u>	\$ <u>37,224,175</u>	\$ <u>36,998,798</u>

Major assumptions:

- Foundation allowance of \$9,608 (increase of \$458/pupil)
- October Student FTE 2,925 (increase of 10 students from prior fall count)
- 90/10 calculation- no change from prior year
- Large decrease in ORS state aid for employee retirement plans (\$1.6 million); offset by increase in foundation allowance (\$1.6 million);
- Increase in state aid categoricals (300k)
- Reflects the final spend down of the remaining one time ESSER funding

Property tax and state aid foundation are based upon a calculation.

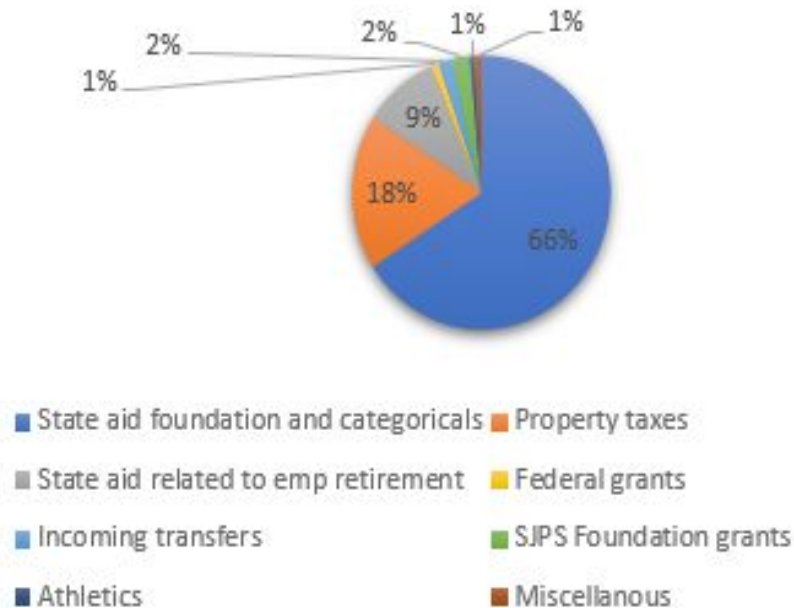
- Guaranteed a base amount of the foundation allowance multiplied by the weighted average of pupil count less local collected non-homestead property taxes at the 18 mills.

Non-Homestead Tax (Operating millage) depends on voter authorization in order to collect the \$6.8 million.

- Voters last approved that in May 2019 for a period of 5 years - must renew in 2024
- Tax on businesses and second homes

2023-2024 General Fund Revenue - \$37,256,724

GF Revenue 2023/2024

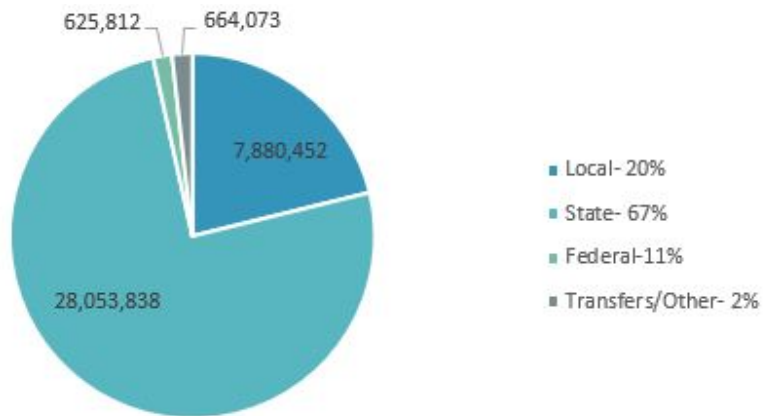


SJPS is dependent on state aid foundation for the majority of the funding that the district receives.

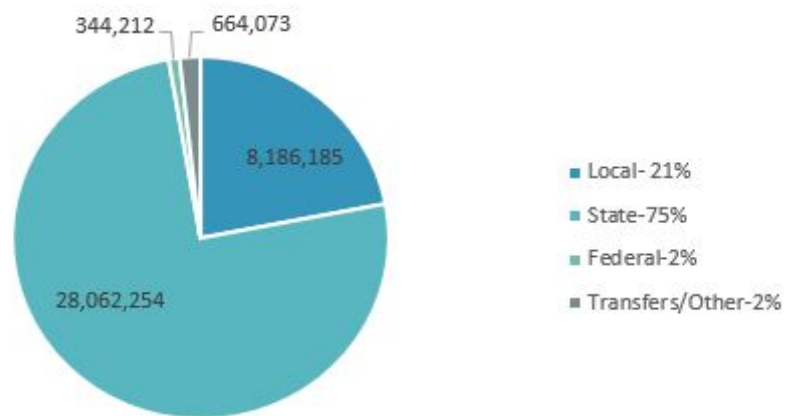
Foundation pays for operating expenses such as salaries for teachers, textbooks, supplies, building operations and transportation.

General Fund Budget Revenue Comparison

2022 - 2023



2023 - 2024



Local = Non-Homestead Tax Revenue

General Fund Expense Definitions

Personnel & Other Costs

The majority of General Fund expenditures are personnel related.

Expenditures can be expressed in terms of **personnel** and **all other costs** such as utilities, supplies, bus fuel, software.

Supporting Services

- **Pupil Services**
 - *Speech therapists, social workers, guidance counselors, teacher librarians*
- **Instructional Staff Services**
- **General Administration**
 - *Superintendent, fees for legal, audit, and financial services*
- **School Administration**
 - *Principals, assistant principals, school office administration assistants*
- **Business Office Services**
- **Operations and Maintenance**
- **Transportation** of students
- **Non-instructional Technology Services & Athletics**

By Function

The dollars can also be expressed in terms of function within the district:

Basic Instruction and Added Needs Instruction:

- Dollars spent directly in the classroom - teachers and paraprofessionals, textbooks, software, testing materials, classroom supplies.
- Includes elementary (Brown, EP Clarke, and Lincoln), secondary (Upton and SJHS) as well as summer school.

Added Needs: Includes special education, compensatory instruction such as Title 1 or At risk, and Vocational (CTE).

2023-2024 General Fund Expenses - \$38,230,050

	GF Expenses 2023/2024	Final 22/23	Actual 21/22
Basic Instruction	\$ 18,974,268	\$ 19,974,747	\$ 17,123,154
Added Needs Instruction	\$ 3,250,375	\$ 3,178,406	\$ 2,881,497
Pupil Services	\$ 1,971,892	\$ 1,770,058	\$ 1,681,369
Instructional Staff Services	\$ 1,414,598	\$ 1,458,102	\$ 1,480,614
General Administration	\$ 775,583	\$ 809,655	\$ 759,936
School Administration	\$ 1,853,076	\$ 1,901,357	\$ 1,705,199
Business Services	\$ 513,916	\$ 525,424	\$ 517,172
Operations and Maintenance Total	\$ 4,478,439	\$ 4,130,636	\$ 3,848,065
Pupil Transportation Services Total	\$ 1,359,979	\$ 1,394,044	\$ 1,114,563
Support Services-Central Total	\$ 1,003,295	\$ 1,021,121	\$ 922,831
Support Services-Other Total	\$ 1,193,038	\$ 1,164,091	\$ 933,577
Fund Modifications Total	<u>\$ 1,441,590</u>	<u>\$ 2,009,020</u>	<u>\$ 2,500,008</u>
Grand Total	<u>\$ 38,230,050</u>	<u>\$ 39,336,661</u>	<u>\$ 35,467,984</u>

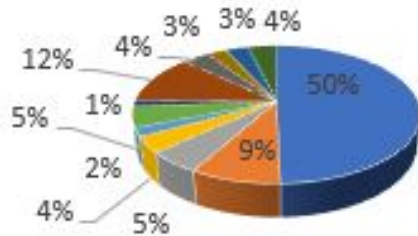
- The state aid one time ORS additional funding of \$1.6 million is a reduction in costs spread into all categories.
- There is also a reduction of grant funding and related expenditures to those grants for extra ESSER payments.
- There is a reduction due to final payment for our virtual program with Edmentum that is no longer being used.
- The general fund also reflects a base percentage increase of 2% plus advancement of steps for all staff that are currently not at the top of their perspective scales.
- The fund modifications reflects a smaller transfer for 2023-2024 related to LTGO bond payments and a potential transfer related to final HVAC project costs taken.

Comparative Views of GF Expenditures

Expenditures Expressed in Terms of Function

(basic instruction, added needs, pupil services, etc.)

GF Expenses 2023/2024

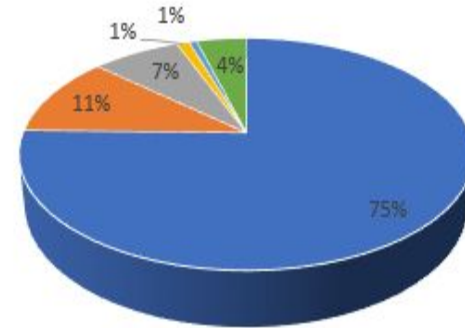


- Basic Instruction
- Added Needs Instruction
- Pupil Services
- Instructional Staff Services
- General Administration
- School Administration
- Business Services
- Operations and Maintenance Total
- Pupil Transportation Services Total
- Support Services-Central Total
- Support Services-Other Total
- Fund Modifications Total

Expenditures Expressed in Terms of Category

(salaries, benefits, purchased services, supplies)

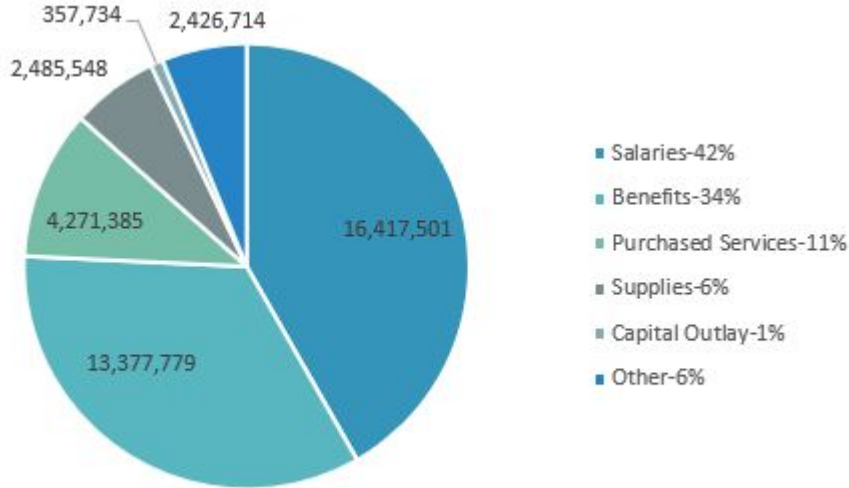
GF Expenses 2023/2024



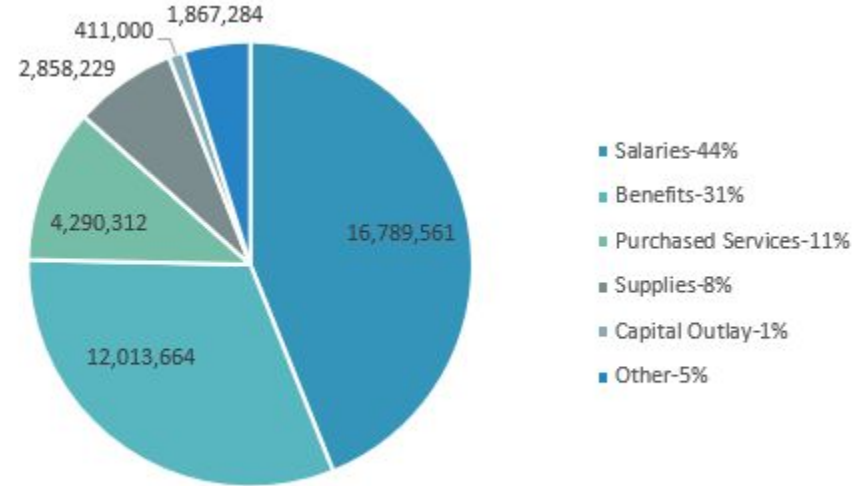
- Salaries & Benefits
- Purchased Services
- Supplies
- Capital Outlay
- Dues/Fees/Misc
- Transfers/Other

General Fund Expenditures by Object

2022 - 2023

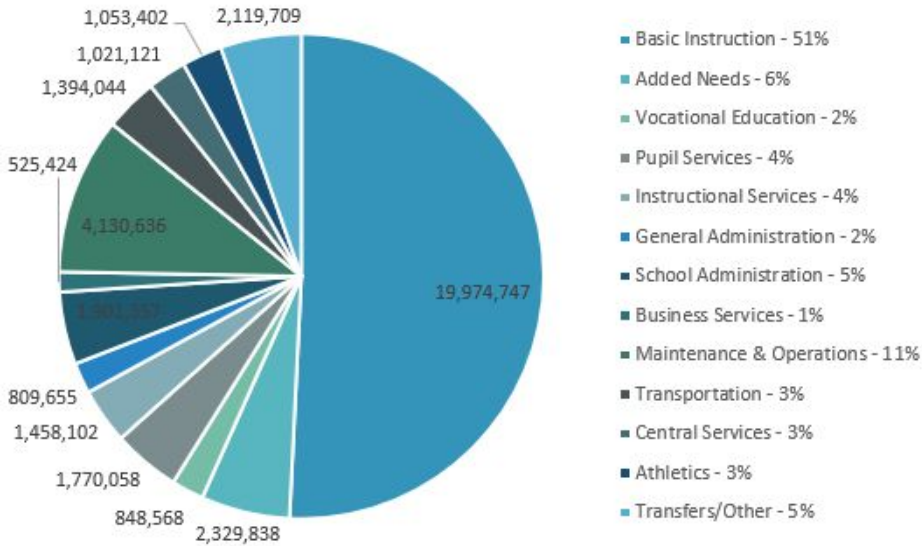


2023 - 2024

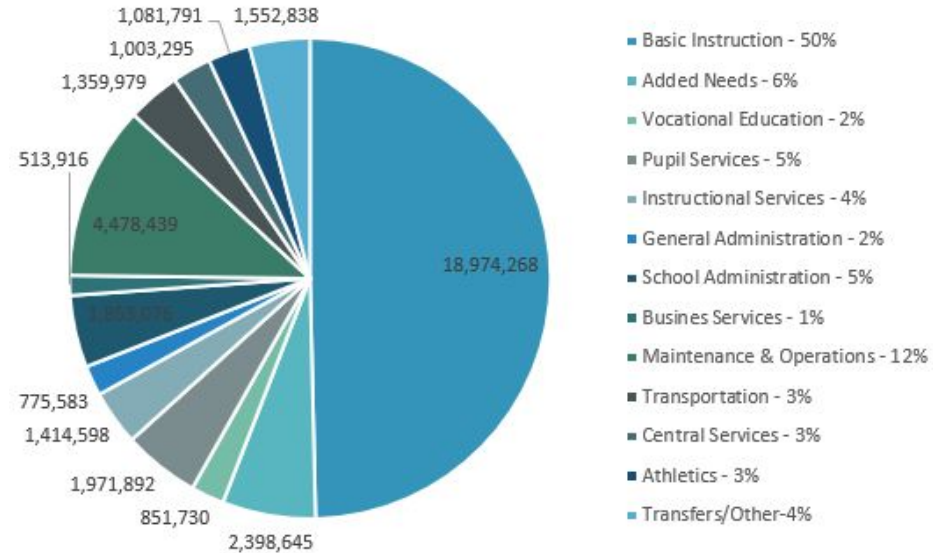


General Fund Expenditures by Object

2022 - 2023



2023 - 2024





Other Funds & Tax Information

- School Funding and Accounting Basics
- General Fund
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Food Service Fund

	2023/2024 Prelim Budget	2022/2023 Final Budget	2021/2022 Actual
REVENUES:			
Local Sources	\$ 723,450	\$ 722,850	\$ 139,226
State Sources	59,271	67,756	39,772
Federal Sources	735,410	735,410	1,736,809
Total Revenues	<u>1,518,131</u>	<u>1,526,016</u>	<u>1,915,807</u>
EXPENDITURES:			
Salaries	451,922	374,725	339,230
Benefits	184,900	162,486	150,702
Purchased Services	60,300	60,300	31,351
Supplies & Materials	792,461	790,461	725,038
Capital Outlay	220,000	175,000	68,966
Other	5,500	5,500	8,585
Total Expenditures	<u>1,715,083</u>	<u>1,568,472</u>	<u>1,323,872</u>
OTHER FINANCING USES:			
Transfers In	9,500	9,500	8
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
Total Other Financing Uses	<u>(20,500)</u>	<u>(20,500)</u>	<u>(29,992)</u>
Net Change in Fund Balance	(217,452)	(62,956)	561,943
Beginning Fund Balance	<u>715,898</u>	<u>778,854</u>	<u>216,911</u>
Ending Fund Balance	<u>\$ 498,446</u>	<u>\$ 715,898</u>	<u>\$ 778,854</u>

- The preliminary food service budget for 23/24 reflects an increase in salaries and benefits plus additional food costs and increased capital outlay for purchases for freezers.
- At this time, we do not know if the budget will reflect free meals for all students in Michigan as this was part of the governor's budget presentation.
- Anticipate an amendment to the budget if the numbers substantially change in terms of total expected revenue.
- The reflected local revenue figure includes sales of meals to students. With a free lunch program for all, that number will substantially decrease and the state aid line item will increase.

Student Activity Fund

Student activity accounts balances are generally small except for the larger accounts held by just a few of the groups.

There are 85 groups that have activity within this fund.

	Student Activities	
	2022-2023 (Amended)	2023-2024
Collections from Student Activities	\$ 884,010	\$ 884,010
Student Activities Expenditures	867,946	863,681
Net change	16,064	20,329
Beginning Fund Equity	\$ 520,651	\$ 536,715
Ending Fund Equity	\$ 536,715	\$ 557,044

Debt Fund 2023-2024

Reflects the additional debt for the refunding for the 2013 bonds along with the 3rd series tech bond debt.

Another category is added to accurately reflect the annual debt service payments for the LTGO debt that will be paid each year from the general fund and the building & site sinking fund.

Debt Funds 2023/2024	2013	2015A	2016	2020	2023	Total	LTGO 2023	Total
Revenue								
Tax Collections & Int	1,095,864	1,125,058	234,349	1,820,805	545,881	4,821,957	-	4,821,957
Transfers- from GF	-	-	-	-	-	-	305,142	305,142
Transfers- from BSSF	-	-	-	-	-	-	203,428	203,428
Total	1,095,864	1,125,058	234,349	1,820,805	545,881	4,821,957	508,570	5,330,527
Expenses								
Bond Principal	1,000,000	-	210,000	1,615,000	300,000	3,125,000	250,000	3,375,000
Bond Interest	71,400	1,098,900	12,600	171,350	318,564	1,672,814	258,570	1,931,384
Transfer to Escrow Agent	250	500	500	100	500	1,850	-	1,850
Total	1,071,650	1,099,400	223,100	1,786,450	619,064	4,799,664	508,570	5,308,234
Net Change in Fund Balance								22,293
Beginning Fund Equity								468,739
Ending Fund Equity								491,032

Debt Fund 2022-2023

Debt fund final budget for 22/23 with all categories.

Debt Funds	2013	2015A	2016	2020	2023	Total
2022/2023						
Revenue						
Tax Collections & Int	1,330,040	1,150,252	248,180	1,865,884	-	4,594,356
Bond Proceeds					2,605,266	2,605,266
Total	1,330,040	1,150,252	248,180	1,865,884	2,605,266	7,199,622
Expenses						
Bond Principal	935,000	-	210,000	1,570,000	-	2,715,000
Bond Interest	217,813	1,098,900	16,800	218,450	-	1,551,963
Transfer to Escrow Agent	250	500	500	388	3,042,154	3,043,792
Bond Issuance	-	-	-	-	52,112	52,112
Total	1,153,063	1,099,400	227,300	1,788,838	3,094,266	7,362,867
Net Change in Fund Balance						(163,245)
Beginning Fund Equity						631,984
Ending Fund Equity						468,739

Capital Projects

Capital Projects	Building & Site Sinking Fund		Series 3 Bond Fund		Series 2 Bond Fund		Dickinson Project		HVAC Capital (GF)		2023 School Improvement HVAC (LTGO)		Total Capital Projects	
	Amend 22/23	Prelim 23/24	Amend 22/23	Prelim 23/24	Amend 22/23	Prelim 23/24	Amend 22/23	Prelim 23/24	Amend 22/23	Prelim 23/24	Amend 22/23	Prelim 23/24	Amend 22/23	Prelim 23/24
	Revenues													
Property Taxes	1,180,000	1,194,000											1,180,000	1,194,000
Local Sources	23,427	25,000		5,000	23,822	1,000	52,362		152,000			10,000	251,611	41,000
Operating Transfers in							232		2,000,000	933,000			2,000,232	933,000
Bond Proceeds			2,843,281								6,138,318		8,981,599	-
Total Revenue	1,203,427	1,219,000	2,843,281	5,000	23,822	1,000	52,594	-	2,152,000	933,000	6,138,318	10,000	12,413,442	2,168,000
Expenditures														
Capital & Bldg Improvement	1,311,365	1,677,000		950,000	237,853	460,867		-	322,998	4,639,140	2,400,000	3,002,432	4,272,216	10,729,439
Purchased Services			121,275				52,362		623,081		150,000	510,000	946,718	510,000
Principal/Int/Transfers	112,560	315,988	-	-	-	-	-	-	-	-	-	-	112,560	315,988
Bond Issuance Fees			54,100								85,886		139,986	-
Total Expense	1,423,925	1,992,988	175,375	950,000	237,853	460,867	52,362	-	946,079	4,639,140	2,635,886	3,512,432	5,471,480	11,555,427
Net change in fund balance	(220,498)	(773,988)	2,667,906	(945,000)	(214,031)	(459,867)	232	-	1,205,921	(3,706,140)	3,502,432	(3,502,432)	6,941,962	(9,387,427)
Beginning Fund Equity	1,101,630	881,132		2,667,906	673,898	459,867	(232)	-	2,500,219	3,706,140	-	3,502,432	4,275,515	11,217,477
Ending Fund Equity	881,132	107,144	2,667,906	1,722,906	459,867	-	-	-	3,706,140	-	3,502,432	-	11,217,477	1,830,050

Tax Levy Information

ST JOSEPH PUBLIC SCHOOLS TAX LEVY INFORMATION

	2023	For prior year info only 2022
Non Homestead-operating	18.0000 mills	18.0000 mills
Building & Site Sinking Fund	0.9946 mills	0.9946 mills
Debt Retirement		
2010 Bond Issue	1.9100 mills	1.9500 mills
2016 Bond Issue	1.7900 mills	1.7500 mills
Total Mills Levied by SJPS		
Homestead	4.6946 mills	4.6946 mills
Non Homestead	22.6946 mills	22.6946 mills
Total Mills Levied by State of Michigan	6.0000 mills	6.0000 mills

The district is required to annually authorize millage rates. These are the recommended rates and they have been reviewed by both the district financial consultants and the attorney.

The debt retirement millage remains at 3.7000 mills for 2023.

Tax Rate Request: L-4029

Michigan Department of Treasury
614 (Rev. 01-23)

ORIGINAL TO: County Clerk(s)
COPY TO: Equalization Department(s) **L-4029**
COPY TO: Each township or city clerk

2023 Tax Rate Request (This form must be completed and submitted on or before September 30, 2023)

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

Carefully read the instructions on page 2.

This form is issued under authority of MCL Sections 211.24e, 211.34 and 211.34d. Filing is mandatory. Penalty applies.

County(ies) Where the Local Government Unit Levies Taxes Berrien	2023 Taxable Value of ALL Properties in the Unit as of 6/30/2023 1,261,318,618 w/o RZ; 1,266,497,178 with RZ
Local Government Unit Requesting Millage Levy St Joseph Public Schools	For LOCAL School Districts: 2023 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties. 387,321,652

This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2023 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5)** 2022 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2023 Current Year "Headlee" Millage Reduction Fraction	(7) 2023 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction	(9) Maximum Allowable Millage Levy*	(10) Millage Requested to be Levied July 1	(11) Millage Requested to be Levied Dec. 1	(12) Expiration Date of Millage Authorized
Voted	Operating	May-19	19.6292	19.6193	1.0000	19.6193	1.0000	19.6193	18.0000	N/A	Dec-24
Voted	Sinking Fund	May-14	0,9946	0,9946	1,0000	0,9946	1,0000	0,9946	0,9946	N/A	Dec-25
Voted	Debt	May-10	N/A	N/A	N/A	N/A	N/A	N/A	1,9100	N/A	Dec-34
Voted	Debt	May-16	N/A	N/A	N/A	N/A	N/A	N/A	1,7900	N/A	Dec-25

Prepared by Brenda Graham	Telephone Number (269) 926-3112	Title of Preparer CFO	Date 06/01/2023
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CERTIFICATION: As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

<input type="checkbox"/> Clerk	Signature	Print Name	Date
<input checked="" type="checkbox"/> Secretary		Amy Marohn	06/01/2023
<input type="checkbox"/> Chairperson	Signature	Print Name	Date
<input checked="" type="checkbox"/> President		Barry Conybeare	6/1/2023

* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.

** **IMPORTANT:** See instructions on page 2 regarding where to find the millage rate used in column (5).

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 2 of 2023 for instructions on completing this section.

Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	Rate
For Principal Residence, Qualified Ag., Qualified Forest and Industrial Personal	0,0000
For Commercial Personal	6,0000
For all Other	18,0000