

## **Instructions for Interpreting the 2012-13 Expense Ledger Handout**

The following information should aid with the interpretation of the data included in the Expense Ledger handout. Before I begin, there are a couple of disclaimers that I need to state. First, I am not an accountant or auditor. I have done the best that I could to take information from the district's accounting program and apply the data to specific schools. In many cases this was very easy as it was categorized as such in the system. In other instances, I could not determine the origination of the expense so it was divided among the schools in a manner that was logical to me. If the BOE wants an official accounting then we should hire a specialist to go through all expense documents to put together this report. I will say that I feel confident that this is a fair representation of the district's expenses for the 2012-13 school year.

Second, interpreting this data is not as easy as looking for a "bottom line". I will do my best to explain this as we move through the categories of expenses. I understand the district has, on more than one occasion, discussed the issue of closing the Prairie Heights schools thinking that there is savings to be had. While I will address issues that pertain to this line of thought during the discourse in this review, this topic is not the reason for this review of expenses. The headings which break out expenses via our schools was defined as needed to help gather more information, information that has not been shown in the past.

The purpose of this review of expenses is to help the BOE and our district community to understand the fiscal situation impacting our district. This review is simply one piece in our study of how the district is being impacted by declining enrollment, little to no increase in state aide through the Base State Aide Per Pupil, BSAPP (or by fully funding the school funding formula), and generally the increasing costs for services, materials, supplies, and equipment.

Expenses specific to each school was recorded as such. There were many instances where the record did not delineate between CGES and CGMS so these expenses were split based on the student FTE of the two schools. District expenses were mostly split among the schools based on student FTE. There was a rare occasion where the expense was split another way and when that occurred, I outline this in the following narrative.

1000 Instruction – This section is specific to the payroll for all of our classrooms. The first set of payroll information relates to our classroom teacher pay. This includes ALL teachers with the exception of our counselor, social worker, and librarians. Their pay is reflected in another section of this ledger. It also includes ALL payrolls whether officially listed in a transfer fund or not. I thought it easier to see pay in this manner.

As best I could, where teachers are used in more than one building, I split their pay and all other payroll expenses based on the FTE for the teacher per each school in which they work. So, for example, Ryan Small worked at both PHES and PHMS. I split his pay expenses 55/45 between the two schools using the number of grades served in each school (PHES k-4; PHMS 5-8). When looking at the payroll information, the following should be useful for interpreting the data:

Salaries – Includes the actual salary or hourly wage paid (primarily for classified employees)

Fringe benefits – Health insurance

Other – Includes coverage for expenses like a cell phone, moving expenses, early retirement notice, 60-day sick leave pay, etc.

Supplemental – Pay for coaching or sponsoring a student activity

Extra duty – Pay for work that occurs outside of the contract day. For teachers this may include meetings or working student activities. For classified staff it is mostly for working student activities.

Other taxes – A few employees pay KPERS for the life insurance benefit as a member of KPERS. Cindy could offer a better explanation as to who pays this and who does not and why.

The retiree benefits of a 403(b) contribution and retiree health insurance was distributed among all schools rather than being applied to the school for which the retiree worked. As this is a district provided benefit, I split it among all schools.

In 2012-13, the district employed 13 aides (1 nurse aide, 7 at CGES, 1 at CGMS, 1 at PHMS, 3 at PHMS)

The sub teacher expenses were split based the records we have for where a sub was hired for a specific teacher. Librarians, counselor, and social worker were not included here as we do not hire in a sub for them when they are absent. A couple of our subs coach and still others help with district events for which they receive extra duty pay.

In regards to purchases for schools, where possible, the expenses for each school are assigned to that school. In the case of CGES/MS, several expenses were receipted to both schools so these were divided based on the FTE for the two schools only. Expenses such as AimsWeb, some registration expenses, the other technology expenses were divided among schools based on FTE. Pay attention to the expenses listed as “Other expenses & technology” and “Tech (iPads/MacBook). These two lines show most of what the district spent on technology purchases and Internet usage for the year.

2000 Support services – This section represents our expenses for counselor, social worker and school nurse (her pay is listed as Salary and is below the others pay information). The school nurse’s pay and supplies are based on the projected time that Dana says she spends at each of the schools. Retiree health is split among all schools.

2200 Instructional Support Services – This represents pay for school librarians and below that, the salary line represents our tech director’s pay. Expenses specific to CGES/MS were divided based on the school FTE.

2300 General Administration – The first set of payroll information references the superintendent and Director of Curriculum & Instruction. I thought of listing Mrs. Gentry under Instructional Support but decided to list as a district office expense. Keep in mind that these figures represent two superintendents and any arrangements between the BOE and each of the superintendents. The retiree health is for a former superintendent still covered under this retirement benefit.

Under the Office salaries section of payroll is the office secretary pay and a portion of the BOE Clerk. The other portion for the Clerk is found under transportation services as she serves as the Director of Transportation as well.

All of the expenses accounted for under General Administration were divided among the schools based on student FTE. All revenue is based on student FTE so each school pays for their share of the costs for operating the school district.

2400 School Administration – Mr. Estes and Mrs. Schrader’s pay is divided between the schools they serve based on the number of grade levels at each of the schools. I am sure that the time they devoted to each school is much more detailed but this made sense to me at the time. Again, the retiree benefit was divided among all schools as it is a district level benefit. The office salaries represent the secretaries that work at each school.

Expenses were credited to each school respectively. Much of the expenses for CGES and CGMS were listed as a single expense so they were divided based on the FTE of the two schools.

2600 Operation and Maintenance – Salaries represent the custodians for each school. The district maintenance person’s salary was divided among the schools based on student FTE and included in with the custodial pay.

The expenses for the schools were credited to each respective school when it was clearly delineated. Again, there were many expenses simply listed as CGES/MS and I divided these based on student FTE. There were a lot of expenses that were listed for the district office (placed here because it is a physical plant operational expense) that was divided among all schools based on student FTE. Property insurance was assigned to each respective school as broken out in our insurance quotes with the district level expenses being shared by schools based on student FTE. This includes coverage such as liability, crime, etc.

2700, 2710, 2730 Transportation Services – 2700 represents payroll for the Director of Transportation. These expenses are broken out by school based on student FTE.

2710 reflects payroll for bus drivers including route pay and activity trips. We have 3 drivers whose routes are specific to PHES/MS and two others who make a pick up at PHES/MS to bring students to the CGHS. The pay for the three who only serve PHES/MS was credited specifically to PHES/MS while the two making the shuttle to the HS was counted .5 FTE. The other .5 FTE was assigned to CGHS. The rest of the driver pay was assigned to the CG schools. Breaking out activity trips was difficult based on the way payroll is reported in this accounting system.

Bus operating expenses were broken out based on student FTE for all schools.

2730 represents expenses for our mechanic including the expenses to keep our buses operating safely. Again, all of these expenses are broken out based on student FTE.

2900 Other Supplemental Services – The payroll here represents the pay for the district bookkeeper/treasurer. I do not know why they are assigned here but this is where they were recorded. Again these payroll expenses are broken out among all schools and based on student FTE.

The expenses shown below the payroll are the costs associate with the stadium, our athletic programs, and other student activities. The stadium expenses I divided by student FTE for only CGHS, CGMS, and PHMS as these are the student groups who use the facility. I was able to determine the various equipment or uniform purchases by school or level of activity (HS or MS).

Transfers:

Driver Education – Reflects the transfer that was made.

Food Service – We transferred \$50,000 to cover most of the excess costs of operations. However, overall the food service loss was \$61,726 so we reduced the carryover for this fund. We needed to do this as we were carrying over more cash than we were supposed to based on state regulations. Of our five schools, CGES/MS and PHES/MS lost a total of \$77,039. The high school had a profit for the year of \$15,312, hence to overall loss of \$61,726. I recorded the transfer amount to show the amount being credited to only CGES/MS and PHES/MS as they are the schools that sustained the losses. This is an area where I wish we could find a solution as this is money we could be using elsewhere. To this end remember, we raised meal prices and cut a cook position this school year.

Professional Development – We transferred \$60,000 to cover expenses and build reserves for the needs of 2013-14. When looking at the expense ledger for this fund, one can look at this transfer as such. Of the \$60,000 transferred, \$30,000 approximately paid for sub teachers and other teacher salary items that relate to professional development activities. While normally shown as an expense in the professional development fund, for this work they are listed in teacher payroll under the Instruction heading (1000). Of the other \$30,000 left, this is reflected in this transfer line. About \$10,500 went for school specific training while the rest was district level training split among the schools based on teacher FTE or as carryover (\$8,012) to be used in 2013-14.

Special Education – We transferred \$707,424 to the special education budget. Of this amount, \$644,937 was sent on to the Flint Hills Special Services Cooperative. Of the remaining \$62,487, we spent \$27,462 on payroll items (bus drivers,

transportation director, mechanic) which is recorded elsewhere in this report. The remaining \$35,025 was spent on instructional or other transportation expenses specific to special education services and recorded as such.

Textbook Fund – We transferred \$140,000 to the textbook fund in 2012-13. This helped to purchase our prek-5 ELA series as well as several other sets of textbooks and workbooks that we needed. \$105,072 of this transfer is shown here divided between CGES and PHES for the Journey’s ELA series.

#### Summary Information:

Of our 5 schools, spending for this one year reflects that the revenue based on student FTE for CGHS, PHES, and PHMS did not produce enough to cover expenses, which includes each schools share of district level expenses. This is reflected in both the totals section of the ledger as well as the per pupil summary. Approximately 71% of our budget reflects pay roll costs, excluding food service. If you were to add the amount we pay to the Cooperative, which is almost entirely for covering salaries, the total becomes approximately 80%. Items that I labeled as “must have operational expenses” (building expenses, transportation expenses, food service, building phones, a few district office expenses, school nurse expenses, and copier expenses) comes to 9% of the budget. This means we have 11% of the budget with which to operate a district office, purchase textbooks, conduct professional development, purchase technology, purchase classroom supplies, pay for activity expenses other than payroll, etc.

So what are our next steps? Well, we need to define aspects to our school district that we are missing that we would like to have in place if possible. These might include additional counseling help, early childhood education, 1-to-1 tech initiative along with addition classroom tech for teachers to use, a full time tech director, improving teacher pay, etc. We will be discussing these ideas in the coming month(s).

As for the budget work, the next step is to build the 2014-15 budget and present it to the BOE at the February work session. Included in this would be another breakout like this one only based the expenses for the 2014-15 school year. Too, I need to do more exploration in regards to what this data is telling us, specifically the data concerning CGHS, PHES, and PHMS. There is a solution just waiting to be discovered.