

USD 113 Prairie Hills

PROCESS

PROCEDURES

RESULTS

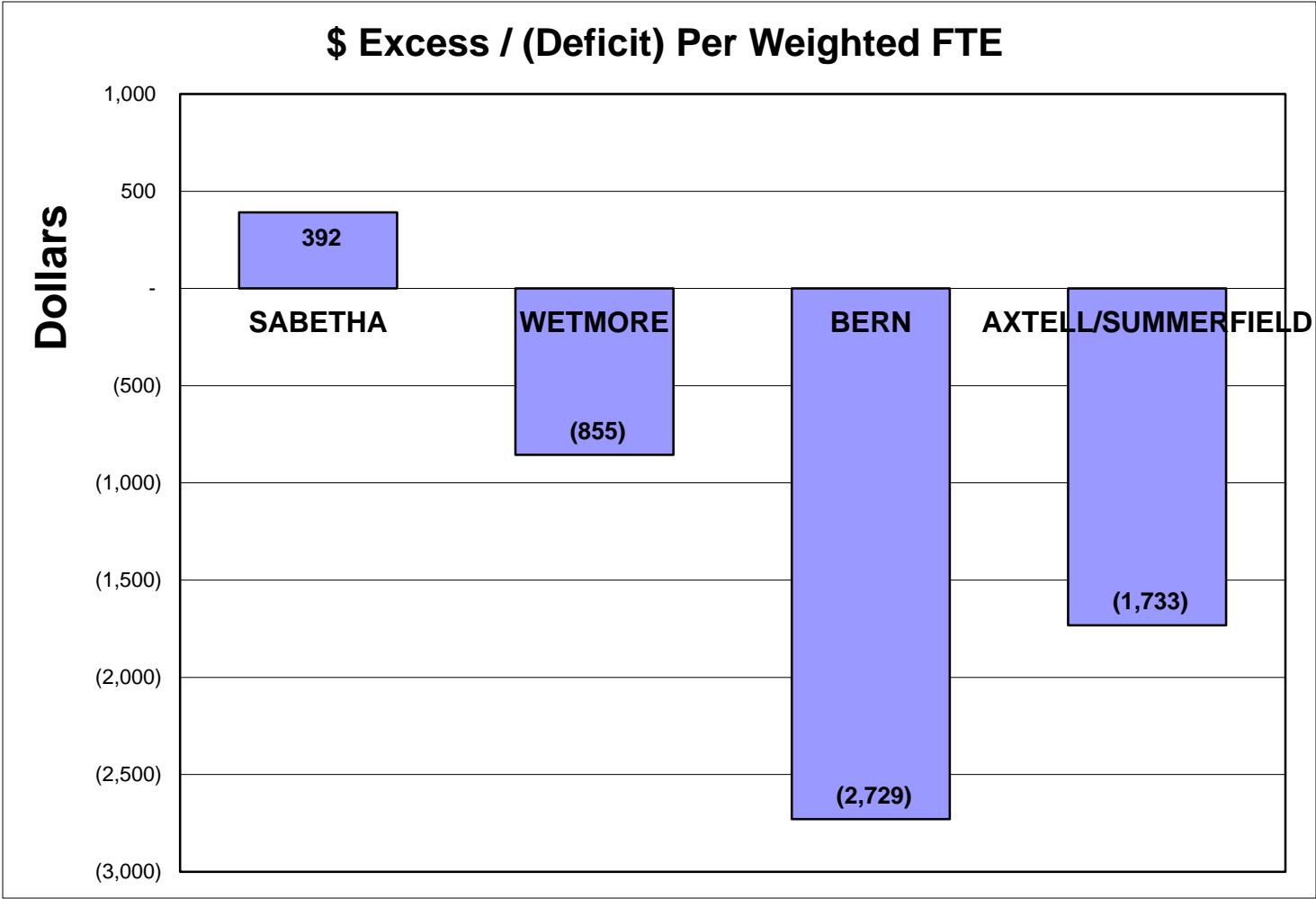
(Current as of 01/30/2012)

TEAM MEMBERSHIP

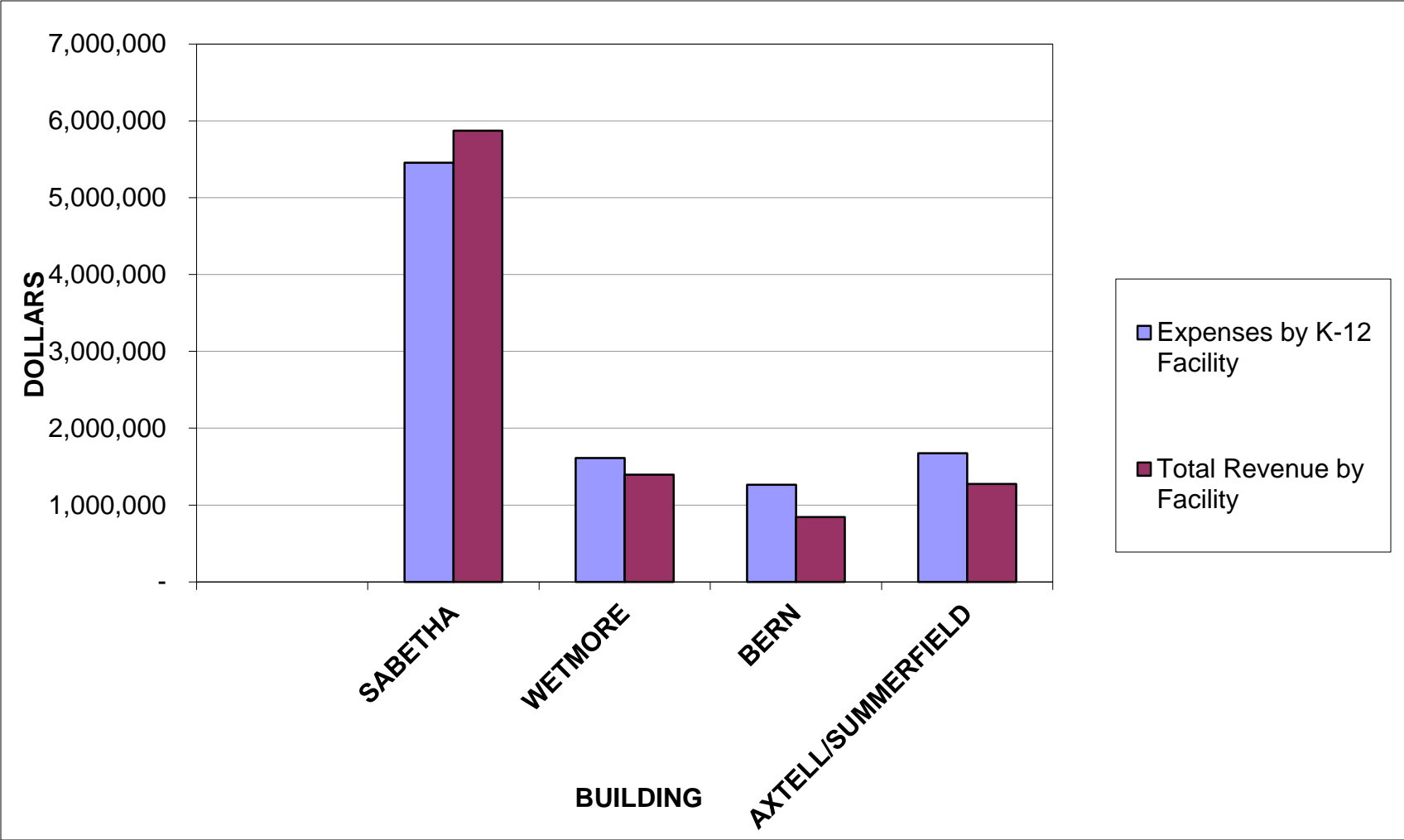
- Dennis Stones.....Superintendent
- Volora Hanzlicek.....Assistant Superintendent
- Ann Shaughnessy.....Data and research
- Yvonne Althouse.....Data and research
- Megen Barnes.....Payroll
- Ken Kickhaefer.....Auditor
- Bob Bartkoski.....Administrator

**FINANCIAL PRESENTATION
BY
KEN KICKHAEFER OF KICKHAEFER
AND ASSOCIATES**

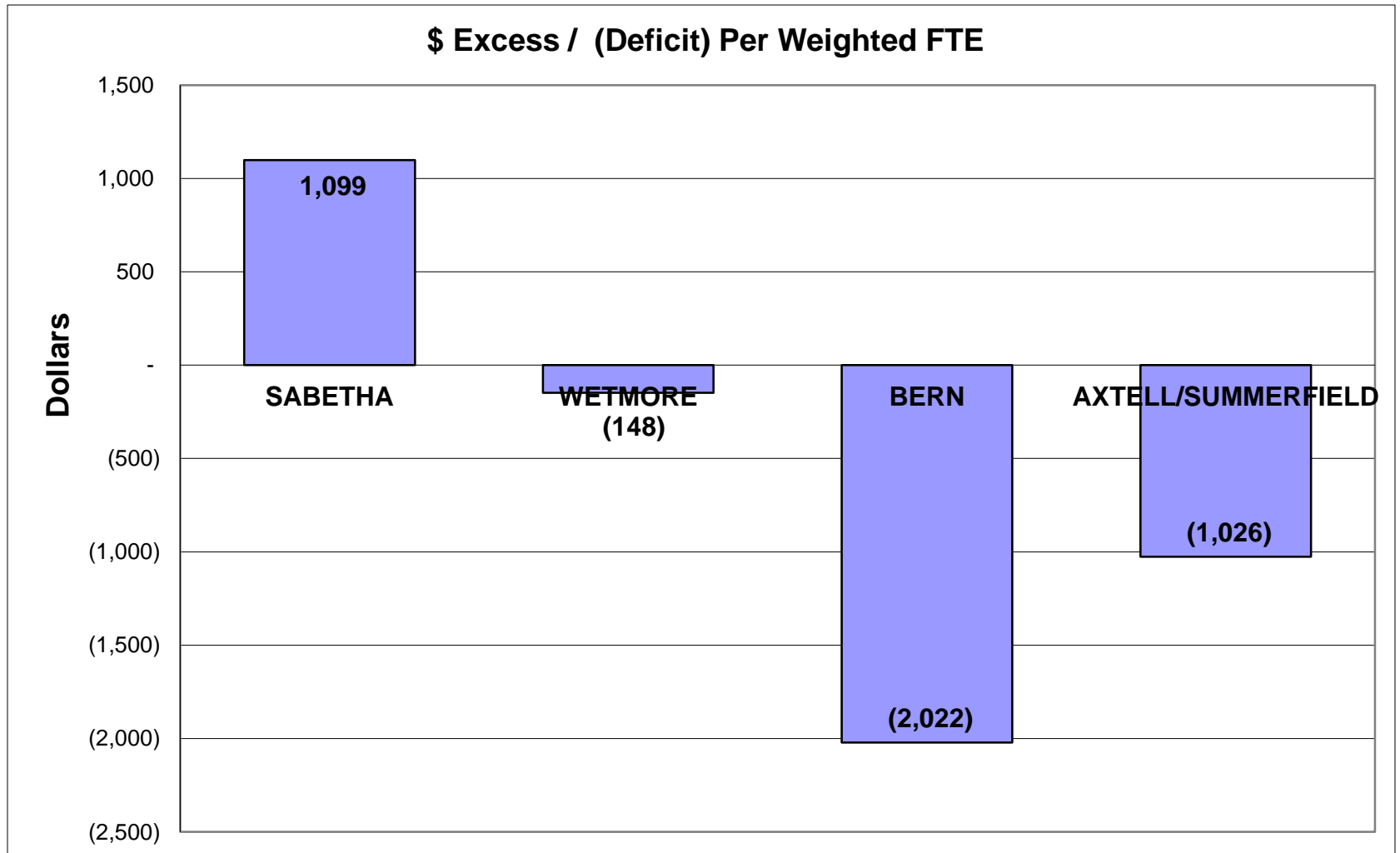
**Based on Actual 2010 -11 Expenditures
Without Guaranteed State Aid**



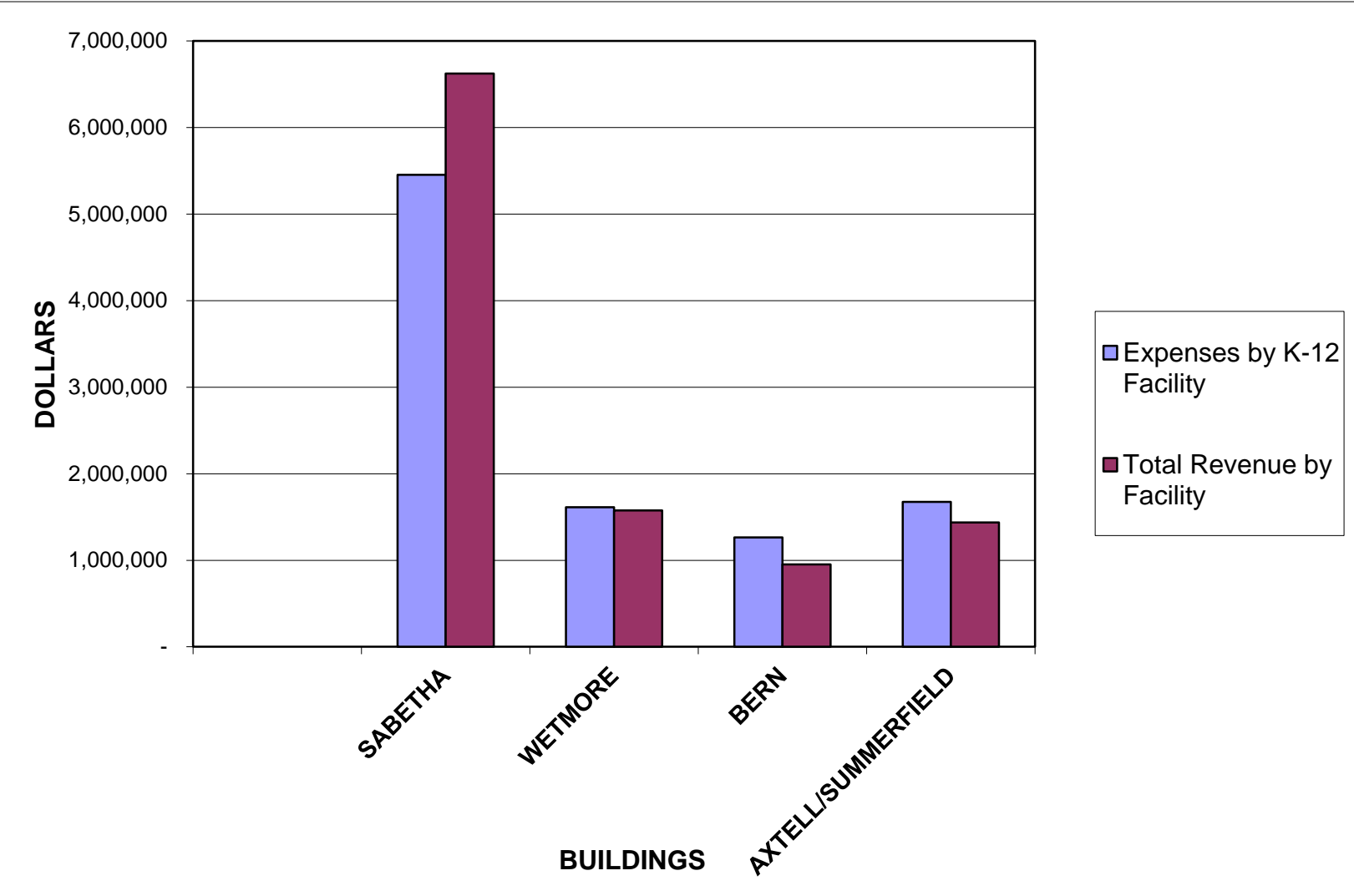
Based on Actual 2010 -11 Expenditures Without Guaranteed State Aid



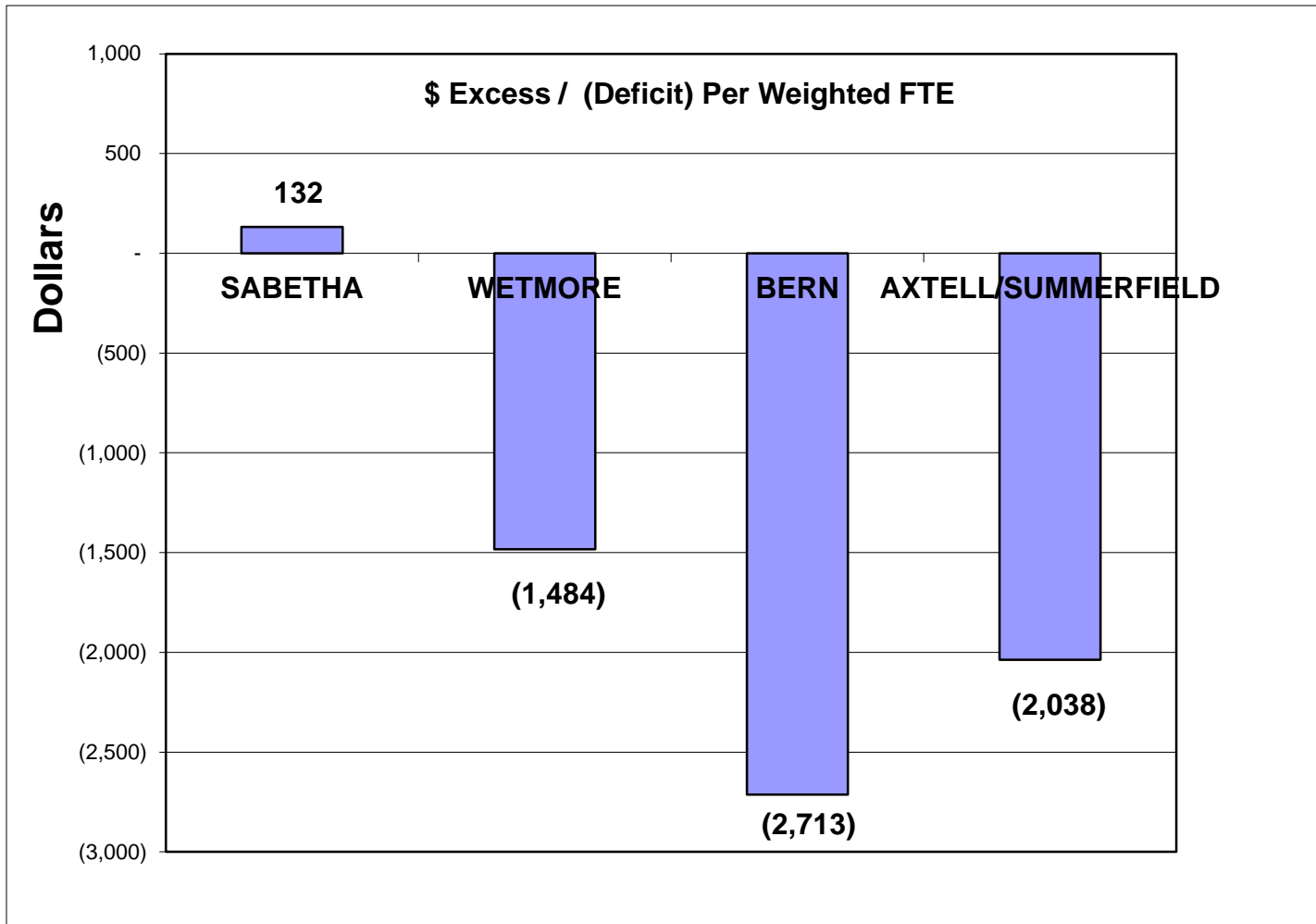
**Based on Actual 2010 -11 Expenditure
With Guaranteed State Aid**



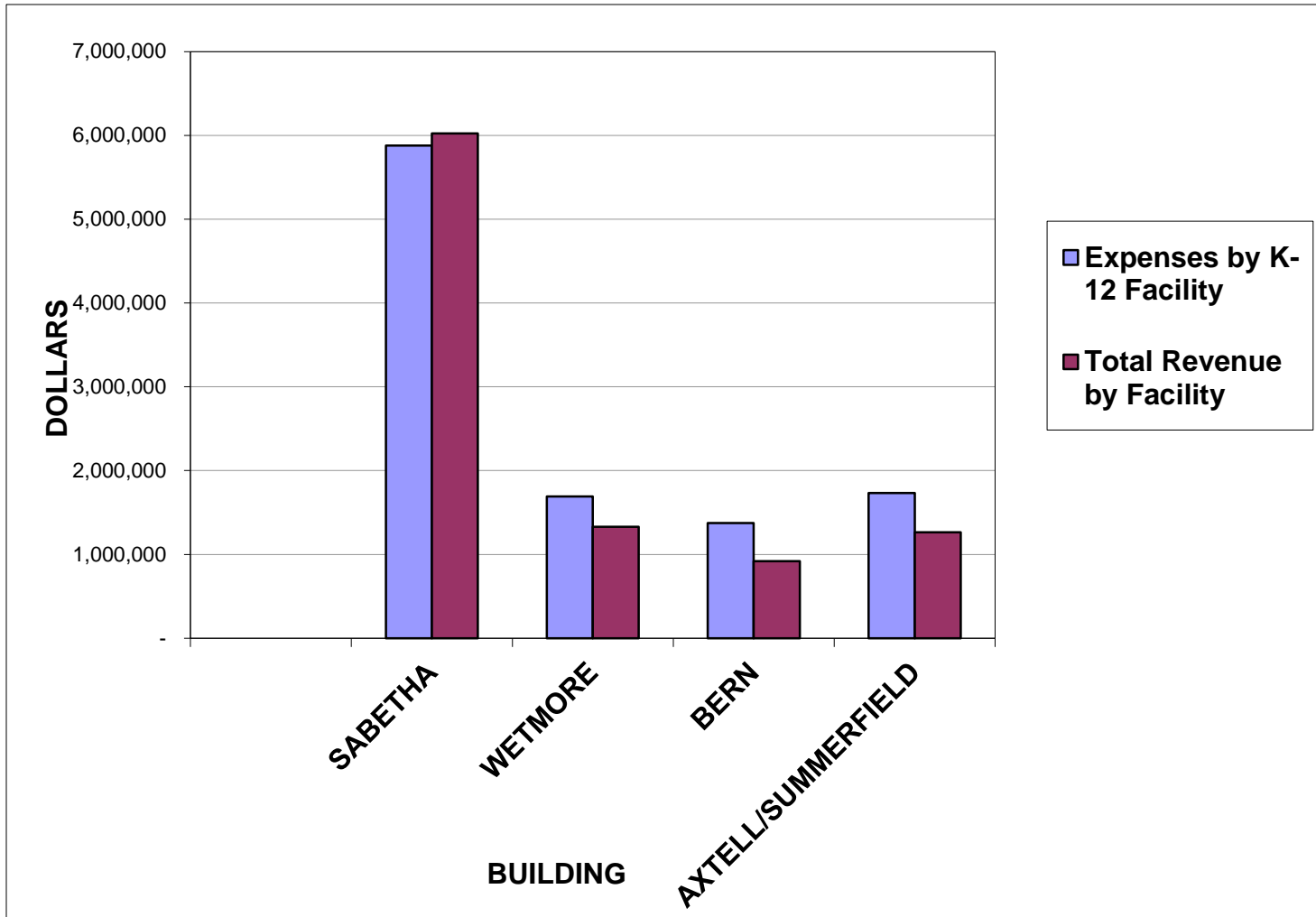
Based on Actual 2010 -11 Expenditures With Guaranteed State Aid



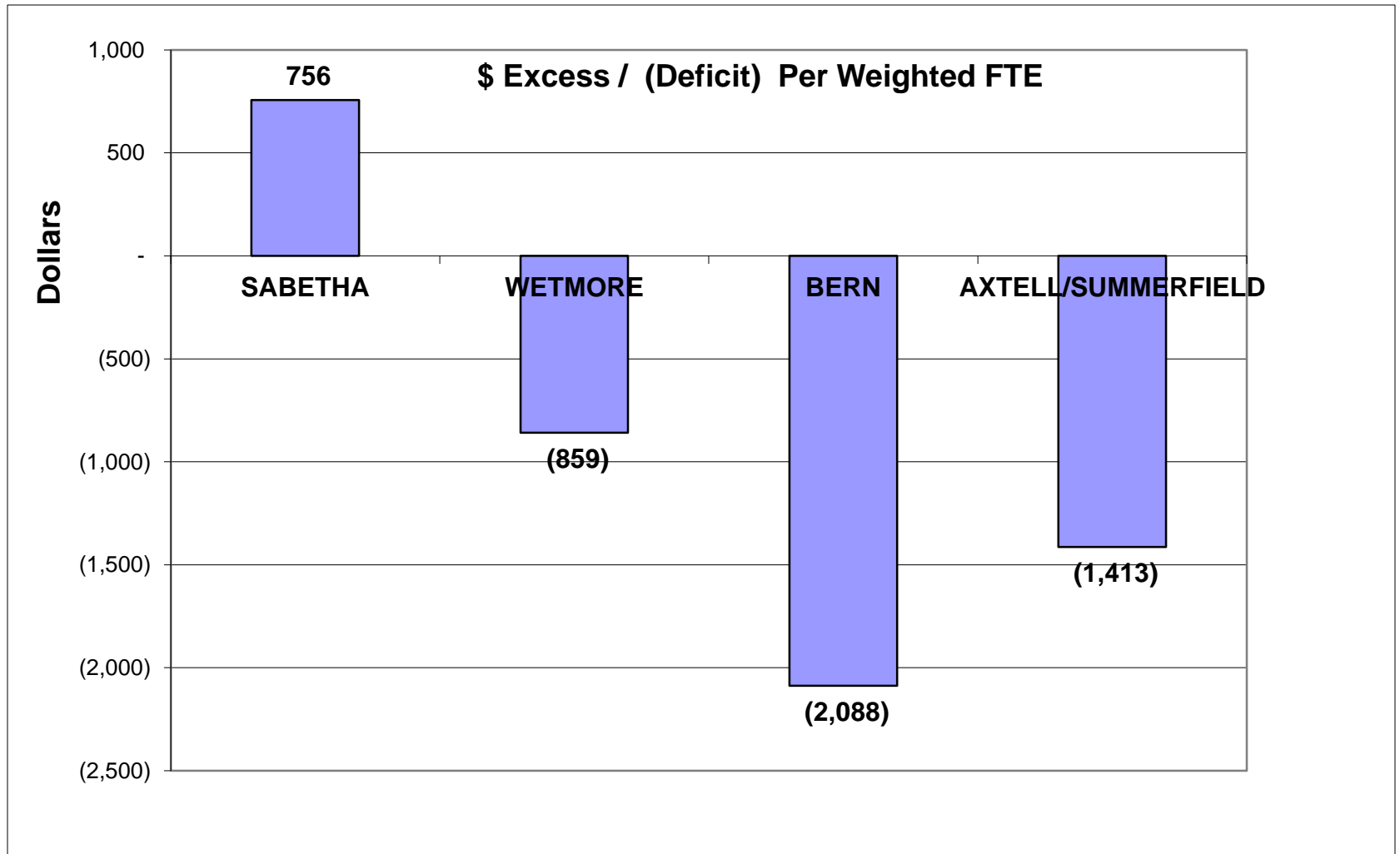
Based on 2011-2012 Projected Expenses Without Guaranteed State Aid



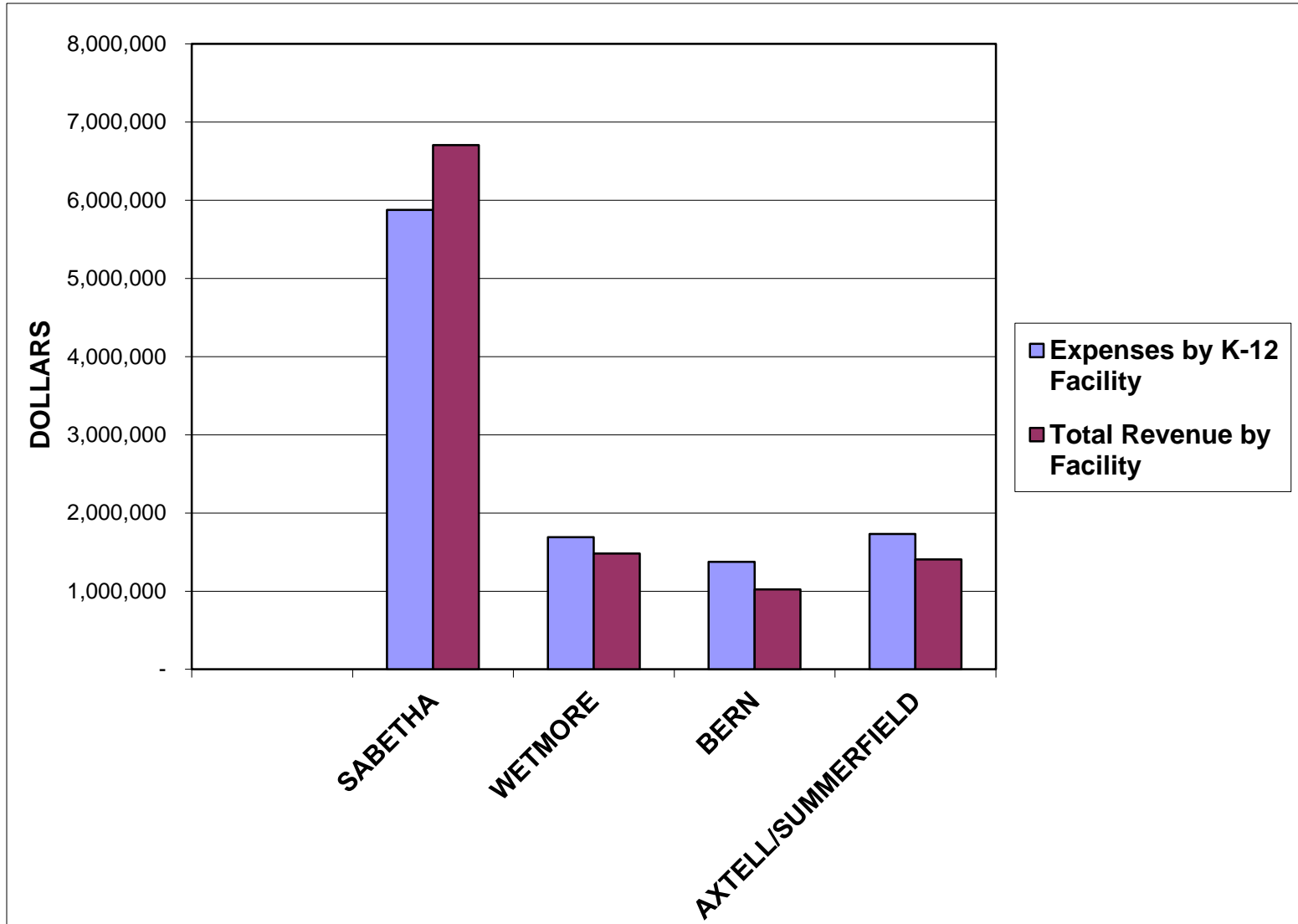
Based on 2011-2012 Projected Expenses Without Guaranteed State Aid



**Based on 2011-2012 Projected Expenses
With Guaranteed State Aid**



Based on 2011-2012 Projected Expenses With Guaranteed State Aid



Facility Appraisal Reports

Conducted by: HANSENDESIGN architects

Sabetha, Wetmore, Bern, Axtell,
Summerfield

January 2012

Conclusion from Facility Appraisal Report

- The Original Bern/Axtell/Summerfield buildings are well in to Phase V of their life
 1. In need of rather extensive and expensive maintenance
 2. The design is more of a retardant than a facilitator of instruction, teaching and learning
 3. Has low enrollment because of community change
 4. Summerfield located off-center from the population it serves

Conclusion Statement from Axtell Facility

- This World War II era building is an inefficient and dysfunctional energy consumer
 - The layout does not function well
 - Stairs are located in the wrong location
 - Classrooms are small and inadequate
 - Space for students is lacking
 - Space for staff is lacking
- The Physical Plant
 - Heating, cooling, plumbing and electrical is outdated and in need of updating
 - The building is not handicap accessible according to code
 - Fire and safety is compromised for lack of proper exiting

Recommended Improvements and Estimated Cost for Axtell Facility

- Consideration should be given to demolishing all but the 2001 addition
 - Construct a new addition that will meet the 21st century standards
- A new 30,000 square foot building to house grades six through twelve constructed on the same site would cost approximately \$6 million with an anticipated life expectancy of around 50 to 60 years

Conclusion Statement from Summerfield Facility

- Despite the age of the building it does offer some positive attributes that could be enhanced with complete renovation of the interior and exterior
 - It is a solid building with good circulation
 - Main corridors are wide
 - Gym is suitable for the age group it serves
 - Large exterior openings could be filled in with materials to enhance its appearance and energy efficiency

Conclusion Statement from Summerfield Facility

- Building systems requiring replacement:
 - Plumbing and heating system
 - Water and sewer line within the building
 - Electrical system including lighting
 - Structural changes involving space rearrangement
 - Roofing
 - Revamping of exterior openings

Cost for Recommended Improvements for Summerfield Facility

- Construction cost to completely renovate the entire building would be approximately \$2.8 million with a life expectancy of 20 to 25 years
- Estimated costs to construct a facility of modular classrooms - \$75,000 per modular (two classrooms).

Another Consideration for the Summerfield Facility

- Another consideration would be to abandon this facility and relocate the students to a school in another community
 - Based on the fact that only 27% of the students attending this school are from the community
 - This would involve expense for construction of classrooms at another building to house the students

Conclusion Statement from Bern Facility

- The Original 1951 building is an inefficient and dysfunctional energy consumer
 - The layout does not function well
 - Classrooms are small and inadequate
 - Space for students is lacking
 - Space for staff is lacking
- The Physical Plant
 - Heating, cooling, plumbing and electrical is outdated and in need of updating
 - The building is not handicap accessible according to code
 - Fire and safety is compromised for lack of proper exiting

Recommended Improvements for Bern Facility

- Consideration of demolishing all but the 1972 building and 2001 addition
 - Construct a new addition that will meet the needs of the 21st century student
- 1972 building should be fully renovated to comply with all current building codes to include enclosed classrooms and a fire rated corridor
- A small addition would be in order to house PreK/Kindergarten and an adequate media room

Cost for Recommended Improvements for Bern Facility

- A new 25,000 square foot building to house grades seven through twelve would cost approximately \$4.5 million with an anticipated life expectancy of around 50 to 60 years

Sabetha and Wetmore Facilities

- Recently renovated to meet all building codes and provides adequate space for quality instruction for students and staff at this time
- Future Needs
 - Sabetha Elementary
 - Roof (3-5 years)
 - Electricity Upgrade
 - Normal Maintenance (carpet, etc...)
 - Boiler Upgrade
 - Replace window air conditioners

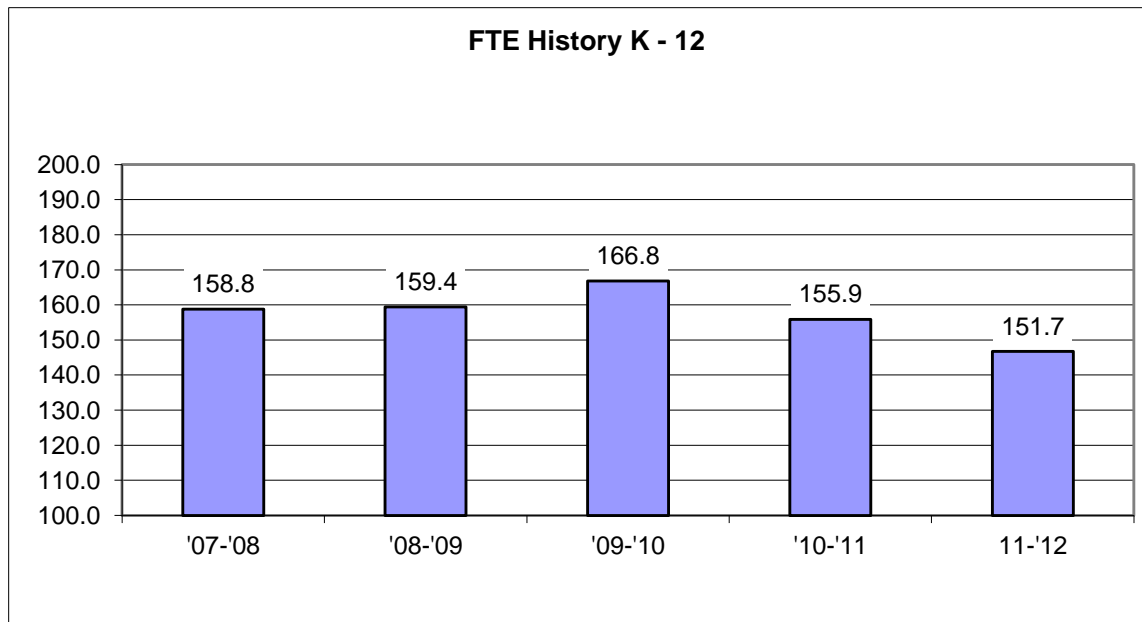
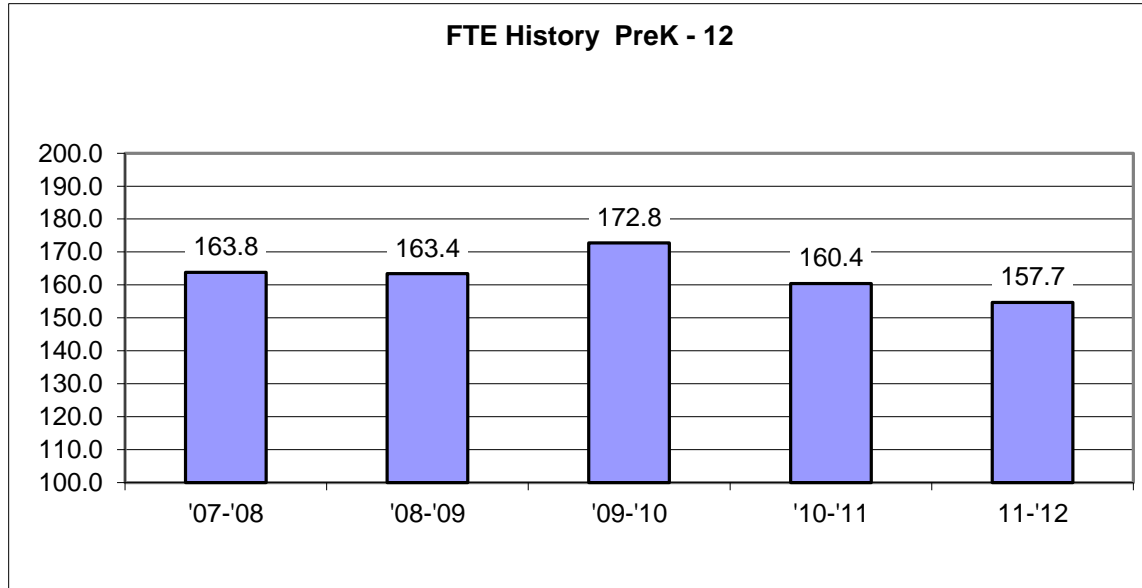
Sabetha and Wetmore Facilities

- Future Needs
 - Sabetha Middle
 - Normal Maintenance (carpet, etc...)
 - Heating and Cooling: No concerns at this time (20 years old)
 - Foundation repair
 - Sabetha High
 - Normal Maintenance (carpet, etc...)
 - Roof (3-5 years)
 - Wetmore
 - Normal Maintenance (carpet, etc...)
 - Roof on 1929 Building (1-3 years)
 - Shop Building Remodeled
 - Electrical Upgrades

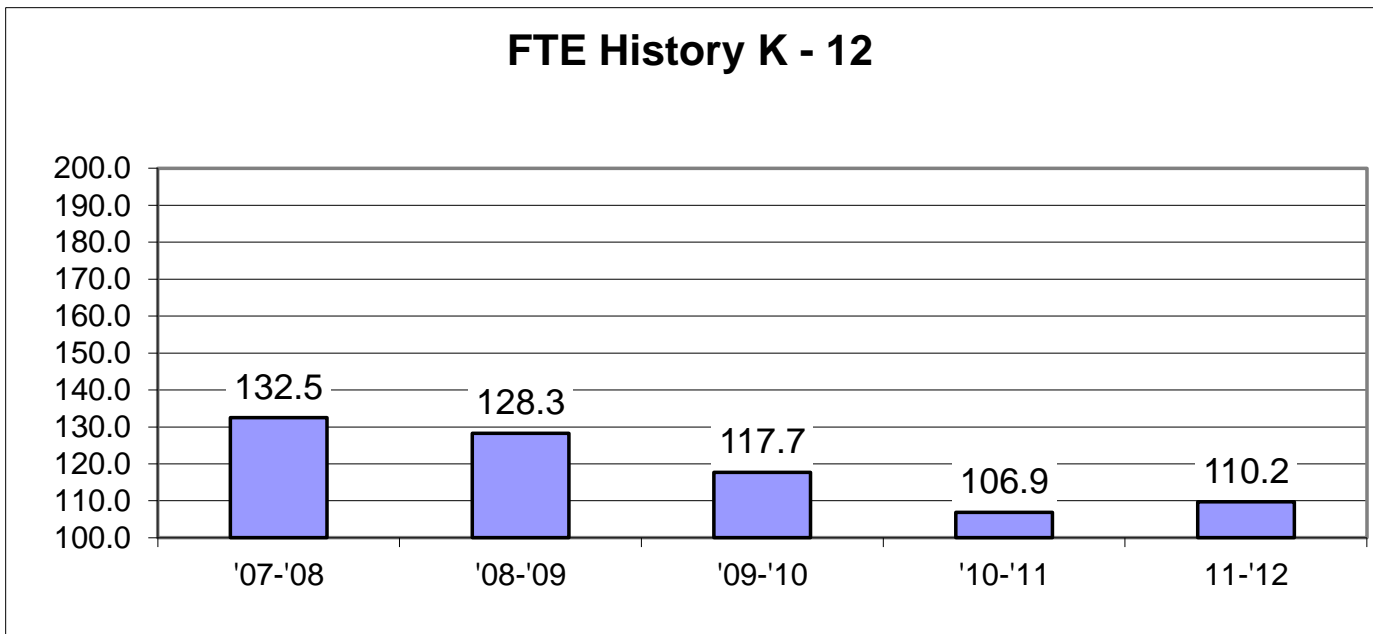
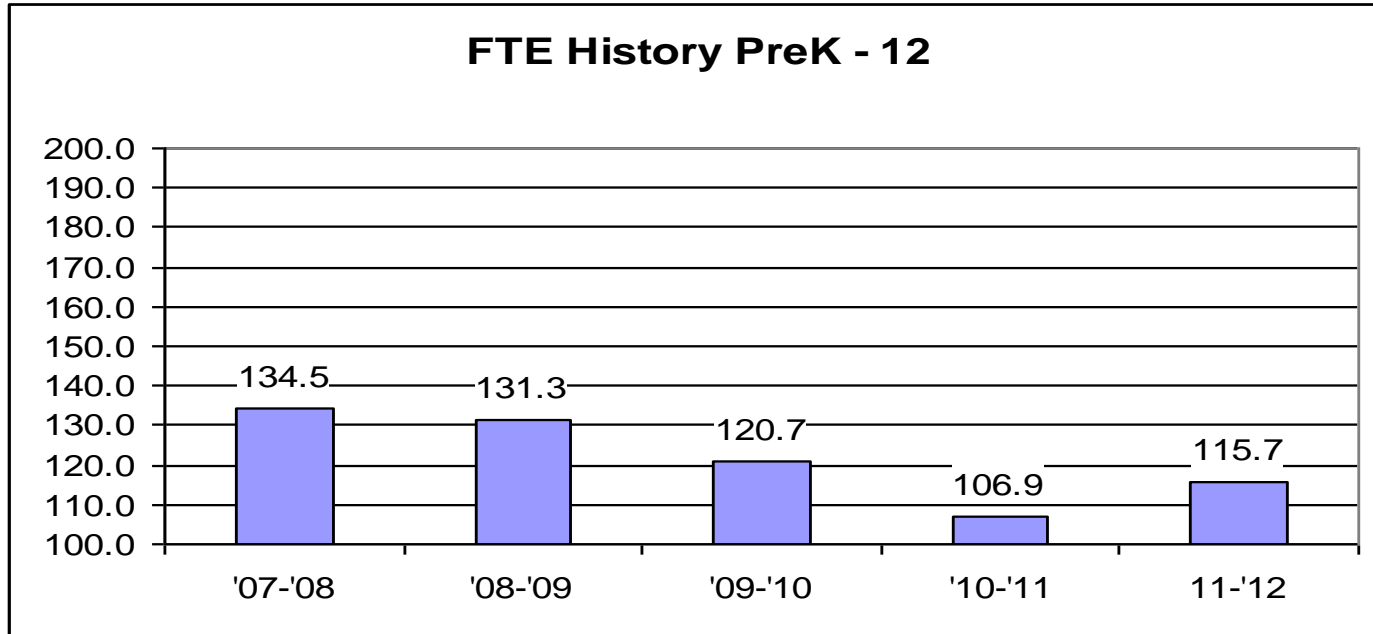
Locked in vs. Current HISTORY

- July 1, 2010 locked-in BSAPP = \$4012
- **Current BSAPP= \$3780**
- **Difference = (\$232)**
- July 1, 2010 locked in WFTE = 1,960
- **Current WFTE = 1738.3**
- **Difference = (221.7 WFTE)** fewer students & loss of weighted FTE (i.e. Low Enrollment Factor, Vocational, At-Risk, Bilingual, Transportation, Non-Proficient, Special Ed.)

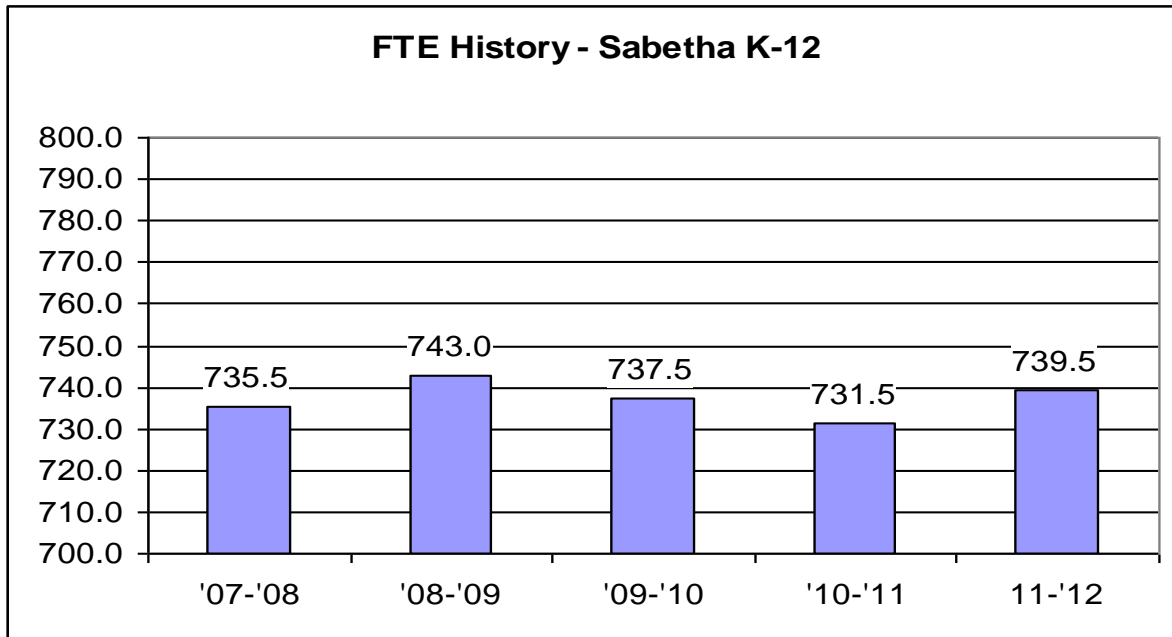
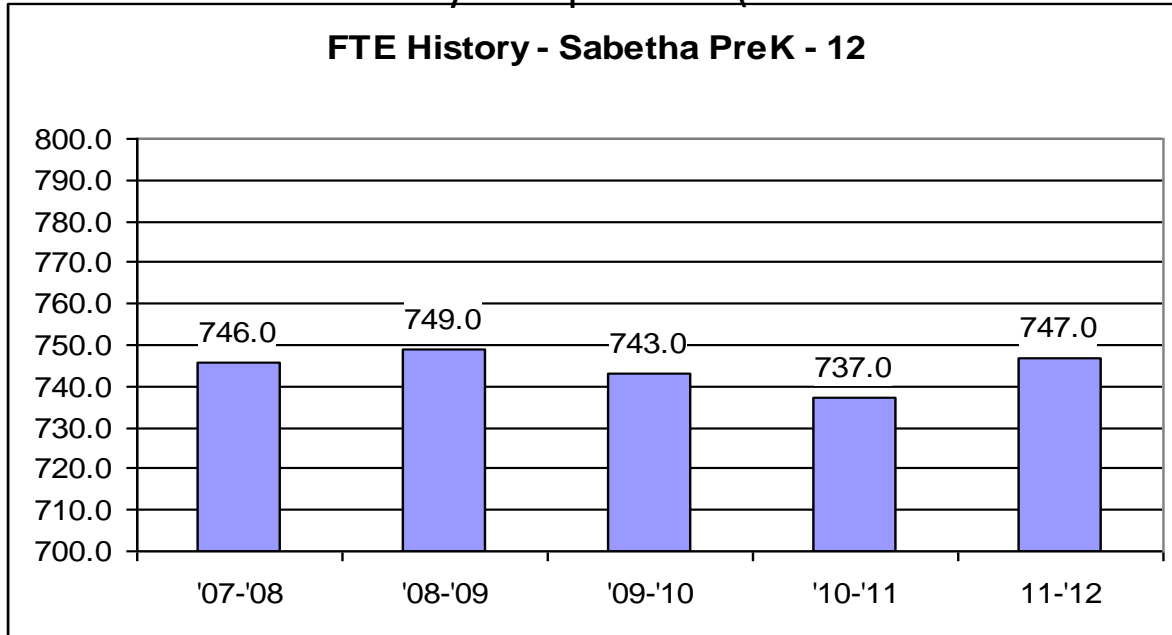
AHS/SMF FTE History Comparison ('11 – '12 audited numbers)



Bern FTE History Comparison ('11 – '12 audited numbers)

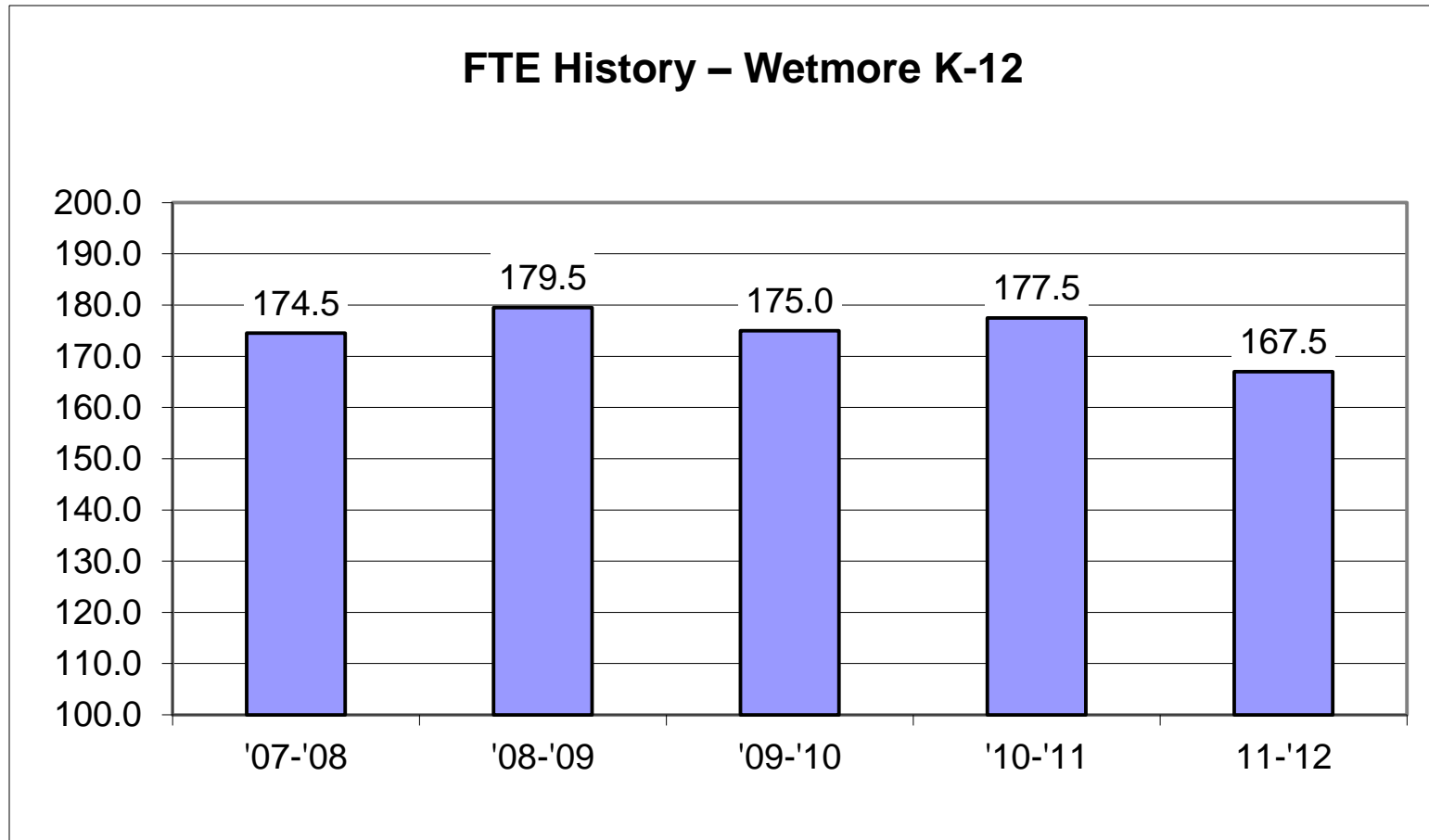


Sabetha FTE History Comparison ('11 - '12 audited numbers)



Wetmore Audited FTE 11-12

Wetmore does not have a Pre-School



Budget Facts

- Locked-in GF budget* 2010 -2015= \$7,638,511
- **GF budget* if not locked-in = \$6,555,276**
- **Difference = (\$1,083,235)**

* Does not include Special Education FTE

LOB Calculations

Current (not locked in)

- **How do we get LOB calculations?** (local option budget/supplemental general)
- **1722.7 (WFTE '12 w/o SPED) X \$4433 ('09 BSAPP) = \$7,636,729 GF**
- **\$7,636,729 + \$1,100,793 (SPED '09) = \$8,737,522 GF**
- **\$8,737,522 x 30% = \$2,621,257**
- **\$2,621,257 x 55.91% = \$1,465,545**
- **\$1,465,545 x 83% = \$1,216,402 (state aid)**
- **\$2,621,257 – \$1,216,402 = \$1,404,855 (district mill levy generates the difference)**

Other Budget Facts:

- LOB State Aid will be reduced July 1, 2013 (only guaranteed for three years)
- 2010/11 LOB Pro-Rated @ 92%=\$1,332,708
- **2011/12 LOB Pro-Rated @ 83%=\$1,216,402**
- **Difference = (\$116,306)**

JULY 1, 2013 Budget Adjustments

- GENERAL FUND = \$7,638,511 (Locked-in)
 - LOB STATE AID ADJUSTED % from the state factor of 55.91% to 35.79% (FY '14)
 - LOSS IN LOB STATE AID = **(\$437,739)**
 - THIS WILL TAKE AT LEAST A 6.5 MILL LEVY INCREASE TO MAKE UP THIS LOSS IN STATE AID.

What does 6.5 mills cost in taxes?

Just to give you an idea:

- Using a house that is assessed at \$100,000
- Minus an exemption of \$20,000
- Take $\$80,000 \times 11.5\% = \$9,200$
- $\$9,200 \times .001 = \9.20 per mill
- $\$9.20 \times 6.5$ mills = \$59.80 increase per year.

BUDGET FACTS July 1, 2015 (FY16)

IF EVERYTHING WERE TO REMAIN CONSTANT:

- 2015 **PROJECTED** BUDGET= \$6,555,276
- GF BUDGET DEFICIT = **(\$1,083,235)**
- PLUS LOB DEFICIT = **(\$554,045)**
- TOTAL DEFICIT (GF and LOB) = **(\$1,637,280 if the mill levy does not increase.)**

SO... PROJECTED DEFICIT AS OF
JULY 1, 2015 (FY16) (if everything
were to remain constant)

- GENERAL FUND = **(\$1,083,235)**
- LOB = **(\$554,045)**
- For a Total of **(\$1,637,280)**

LOB

- JULY 1, 2013 WE WILL HAVE MADE THE NECESSARY OPERATIONAL ADJUSTMENTS TO REDUCE THE OVERALL YEARLY EXPENSE TO THE DISTRICT IN LOB

AND/OR

- **WE WILL NEED TO RAISE THE MILL LEVY** FOR THE LOB A MINIMUM OF **6.5 MILLS** TO OFFSET THE LOSS OF THE LOB STATE AID PERCENTAGE.

Locked-in timeline

REVIEW

- July 1, 2010 to July 1, 2015 (5 years)
- **What is locked-in (guaranteed by state)?**
 - General Fund Budget minus Special Education
 - 3 years of the higher LOB State Aid (55.91%)

Locked in Timeline

REVIEW

- **What is not locked in?**
 - Special Ed. Funding

- **What is not locked in during year 4 and 5 only?**
 - LOB STATE AID of 55.91%

Locked in Timeline

REVIEW

- **What will affect the budget when we reach the end of the locked-in period?**
- BSAPP level of funding
- Reduced State Aid in the LOB
- FTE numbers
- Reduction/increase in weighted factors (i.e. Low Enrollment Factor, Vocational, At-Risk, Bilingual, Transportation, Non-Proficient, Special Ed.)

Locked in Timeline

REVIEW

- **What fixed expenditures will affect the budget when we reach the end of the locked in period?**
- Fixed Costs= \$1,500,132
- Fixed Costs= 14.6% of GF & LOB budget for FY12
- Salary & Benefits=\$8,526,645
- Salary & Benefits= 72.8% of GF & LOB budget for FY12
- **Total fixed costs + Salaries and Benefits is 87.4 % of the total GF & LOB budget.**

DISTRICT WIDE APPROACH TO ADDRESSING THE DEFICIT

- Reduce general expenditures across the district
- Reorganize district programs/grade configurations
- Reduce personnel: (certified, classified)
- Eliminate programs
- Scheduling
- Reorganize/Closing facilities
- Freeze salaries

Estimated Program Cost From FY11

*Excluding Transportation Cost

*Not in any specific order

	Personnel	Other	Revenue	Net Cost Per Program
Music	\$287,190.67	\$54,207.41	\$39,518.45	\$301,879.63
Family and Consumer Science	\$45,494.60	\$10,644.99	\$7,588.35	\$48,551.24
Business	\$241,898.10	\$11,739.91	\$58,810.75	\$194,827.26
Shop/FFA-AG	\$121,902.21	\$39,857.19	\$16,746.53	\$145,012.87
Physical Education K-8	\$375,762.12	\$2,566.97	\$0.00	\$295,256.57
Art	\$103,180.51	\$3,841.28	\$5,449.50	\$101,572.29
Forensics	\$3,342.55	\$3,571.85	\$1,481.00	\$5,433.40
Scholars Bowl	\$6,707.67	\$2,670.33	\$1,260.00	\$8,118.00
Athletics	\$286,221.97	\$145,646.17	\$159,358.34	\$272,509.80
Student Insurance Program				\$14,798.00

Program Reorganization

	Certified Costs	Para Costs	Net Savings
Reorganize Building Library Personnel	\$121,857.30	\$45,000.00	\$76,857.30
	Current Cost	Additional Cost	Cost Per Year
Current Library Software	\$3,995.00	\$6,392.00	\$10,387.00
	Yearly Cost	Setup Cost	
Move to State Library Software	\$1750.00	grant	
Yearly Net Savings			\$85,744.30
Sabetha Middle School	Personnel Cost	Additional Cost	Net Savings
Move 5th Grade to Sabetha Middle School & Move from Block to Traditional Schedule	\$122,354.24	\$0.00	\$122,354.24

DISTRICT WIDE APPROACH TO ADDRESSING THE DEFICIT

Closing the Summerfield building:

- Total **ESTIMATED** savings = \$56,644 (keeping the building)
- Based on FY12 projected expenditures, savings at Summerfield would be **ESTIMATED** at \$27,910. **ESTIMATED** savings if the district no longer owned the building would be \$67,648.
- **ESTIMATED** salary savings for Summerfield moving to Axtell would be \$28,734, which includes some administrative costs.

DISTRICT WIDE APPROACH TO ADDRESSING THE DEFICIT CONTINUED

Closing the Bern facility:

- Total **ESTIMATED** savings = \$796,364. (keeping the building)
- Based on FY12 projected expenditures, savings at Bern would be **ESTIMATED** at \$109,276. **ESTIMATED** savings if the district no longer owned the building would be \$206,534.
- **ESTIMATED** salary savings for Bern closure would be \$687,088, which includes some administrative costs.

RESULTS OF STRATEGIC PLAN

- THE “DEFICIT” HAS BEEN ELIMINATED
- THE DISTRICT HAS REDUCED “OPERATIONAL COSTS” ACROSS THE BOARD TO BECOME FINANCIALLY SOLVENT (IN THE BLACK).
- WE CAN THEN TRANSITION FROM THE “5 YEAR LOCKED-IN OPERATIONAL BUDGET” TO THE FUTURE WITH THE CONFIDENCE THAT WE CAN AND WILL BE SUCCESSFUL AS A SCHOOL DISTRICT.

Benefits of the Consolidation

- Fixed 5 Year General Fund Budget
- Results Based Staff Development
- Multi-tiered system of support
- Salaries increases
- Textbook and resource support
- Eliminated some duplication of services
- Enhanced programs
- Additional technology resources

As Prairie Hills USD #113, we don't want to destroy the strengths that we have built as one unified district.

What are the next steps in remaining a district that operates with financial responsibility, integrity, and efficiency while meeting the educational needs of ALL students?