

FY10 Expense Budget Review

***Olentangy School District's
Budget Subcommittee of the
Finance & Audit Committee***

Prepared 6/6/09 using proposed budget as of 6/01/09

Per the Board directive as set out at the Committee's inception:

The intent of the committee is to assist the Board in a financial advisory role. It is not the intent of the committee to partake in the day-to-day operations/decisions of the Treasurer or the district administration.

The Task:

Evaluate the FY10 budget for reasonableness.

The Review Criteria:

In order to evaluate this year's expense budget in a fairly short timeframe, we analyzed the budget using the following guidelines:

- Evaluate all object codes that fluctuated more than \$100,000 **and** 20% or more between FY09 updated budget (as of 4/09) and FY10 budget.
- Evaluate all object codes that fluctuated more than \$100,000 **and** 20% or more between FY09 original budget (as of 8/08) and FY10 budget.
- Evaluate Certificated Regular Salary (#111), Certificated Employer's Share Retirement (#211), and Certificated Medical Insurance (#241) due to their large budgeted dollars.

The Data:

- 16 of the 120 object codes fell within the committee review criteria. This represents 13% of the objects codes and 84% of the dollars budgeted.
- The administration provided information regarding the 16 accounts.
- The Committee prepared analyses of all 16 object codes.

What drives the District's operating expenses?

Number and Distribution of Schools/Facilities

<u>School Year</u>	<u>Elementary</u>	<u>Middle</u>	<u>High</u>	<u>Bus Facility</u>	<u>Total</u>
FY08	12	4	2	1	19
Adds			1	1	1
FY09	12	4	3	2	21
Adds	1				1
FY10	13	4	3	2	22

What drives the District's operating expenses?

Student Enrollment

<u>School Year</u>	<u>Elementary</u>	<u>Middle</u>	<u>High</u>	<u>Total (excl PreSch)</u>
FY08 <i>October 2007 enrollment</i>	7,057	2,848	3,047	12,952
FY09 <i>October 2008 enrollment Report</i>	7,573	3,046	3,371	13,990
FY10 <i>Projected October 2009 enrollment</i>	7,952	3,312	3,754	15,018

*Data provided by Gale Marsh, Exec
Director, Human Resources*

What drives the District's operating expenses?

Excess Capacity

	Elementary	Middle	High	Total
FY09 Capacity	7,800	3,600	4,600	16,000
FY09 Enrollment	7,573	3,046	3,371	13,990
% over/(under) capacity	(2%)	(15%)	(27%)	(12%)
FY10 Capacity	8,450	3,600	4,600	16,650
FY10 Enrollment <i>(projected)</i>	7,952	3,312	3,754	15,018
% over/(under) capacity	(6%)	(8%)	(18%)	(10%)

(Note: excludes preschool enrollment, which equals 277 in FY09 and projected 300 in FY10)

What drives the District's operating expenses?

District Employees

<u>School Year</u>	<u>Certified</u>	<u>Classified</u>	<u>(includes bldg admin)</u>	<u>Total</u>
FY08	891	568	68	1,527
FY09	959	601	76	1,636
FY10 (projected)	1,030	621	79	1,730

*Data provided by Gale Marsh,
Exec Director, Human Resources*

Total of Budgeted Accounts Falling within Committee's Criteria

	<u>FY10 Budget</u>	<u>% of Total</u>	<u>Account Totals Falling Within Criteria</u>	<u>% of Total</u>
Personal Services	\$88,429,396	62%	\$84,001,065	95%
Employees' Retirement/Benefits	\$29,823,931	21%	\$25,504,677	85%
Purchased Services	\$11,228,059	8%	\$4,775,689	43%
Supplies & Materials	\$5,565,099	4%	\$2,099,790	38%
Capital Outlay	\$201,550	0%	\$0	0%
Other Objects	\$5,931,642	4%	\$2,068,000	35%
Total	\$141,179,677	100%	\$118,449,221	84%

Results:

Student/Teacher Ratio

(# K to 12 students/# certified teachers)

<u>School Year</u>	<u>Ratio</u>
FY05	14.48
FY06	14.75
FY07	14.80
FY08	14.54
FY09	14.59
FY10	14.58

Results:

Cost Per Pupil

School Yr	Total Operating Expenses	Olentangy Raw Cost Per Pupil (OLSD exp/#pupils)	Olentangy Cost Per Pupil (per ODE)	State Average Cost Per Pupil (per ODE)
FY05	\$78,756,548	\$8,331	\$8,828	\$9,051
FY06	\$84,218,506	\$7,895	\$8,214	\$9,355
FY07	\$93,998,762	\$7,852	\$8,507	\$9,586
FY08 FY09	\$110,779,642	\$8,553	9,187	\$9,939
Budget @ 5/7/09	\$123,112,896	\$8,800	<i>not available</i>	<i>not available</i>
FY10 Budgeted	\$141,179,677	\$9,401	<i>not available</i>	<i>not available</i>

Expense Comparison	Budget 2010	Updated Budget 2009	Actual 2008	Increase /(Decrease)		% Inc/(Dec)	
				2010 over 2009	2009 over 2008	2010 over 2009	2009 over 2008
Personal Services	\$88,429,396	\$77,729,480	\$70,159,052	\$10,699,916	\$7,570,428	13.8%	10.8%
Employees' Retirement/Benefits	\$29,823,931	\$25,741,833	\$22,612,835	\$4,082,098	\$3,128,998	15.9%	13.8%
Purchased Services	\$11,228,059	\$9,842,844	\$8,095,436	\$1,385,215	\$1,747,408	14.1%	21.6%
Supplies & Materials	\$5,565,099	\$5,022,434	\$5,043,986	\$542,665	-\$21,552	10.8%	-0.4%
Capital Outlay	\$201,550	\$293,950	\$213,620	-\$92,400	\$80,330	-31.4%	37.6%
Other Objects	\$5,931,642	\$4,482,355	\$4,654,713	\$1,449,287	-\$172,358	32.3%	-3.7%
Total operating expenditures	\$141,179,677	\$123,112,896	\$110,779,642	\$18,066,781	\$12,333,254	14.7%	11.1%
Financing costs	\$0	\$0	\$3,379,083	\$0	-\$3,379,083	N/A	-100.0%
Total expenditures	\$141,179,677	\$123,112,896	\$114,158,725	\$18,066,781	\$8,954,171	14.7%	7.8%
Additional information:							
Number of students K-12 (excl pre-K)	15,018	13,990	12,952	1,028	1,038	7.3%	8.0%
Raw operating exp/pupil (not ODE's)	\$9,401	\$8,800	\$8,553	\$601	\$247	6.8%	2.9%
# of buildings, incl 2 bus facilities	22	21	19				
	1 new elem	1 new high	2 new elem 1 new middle				

FY10 Conclusion of Budget Evaluation:

Based on the evaluation, the Budget Subcommittee members believe that the FY10 budget is reasonable.

However, the members also believe that there are opportunities for cost efficiencies, which should be explored by the School Board, the District administrators, and the Cost Efficiency Subcommittee.

FY10 Recommendations:

We recommend that the budgeting process and timing be reviewed again.

The Budget Subcommittee and the Treasurer's Office plan to meet subsequent to year-end to discuss further improvements to the budget process.

FY10 Recommendations:

We recommend that the District explores data warehousing possibilities so that financial information can be more readily and efficiently accessed. It will also provide capability to compare costs among school buildings.

FY10 Recommendations:

We recommend that in future years the Board specifically state to what level of reasonableness they would like the budget evaluated.

Status of FY09

Recommendations:

We recommend that the budgeting process and timing be reviewed.

- The budget process should begin earlier so that the Board can approve the expense budget prior to the beginning of the fiscal year. *Done*
- It is reasonable that some line items should be budgeted based on last year plus a growth factor. We recommend that all other items have a zero-based analysis that shows how that budget is derived. *Done*

Status of FY09

Recommendations:

We recommend the building budgeting process be reviewed. We suggest that the budget include operating expenses only. If the building needs capital, they should ask for it separately. Ideally, the budgeted amount should be building specific, not solely on a per pupil basis.

Done

Status of FY09

Recommendations:

As a second view, we recommend summarizing the expense budget by showing central office expenses and a roll-up of each building budget.

Done

Status of FY09

Recommendations:

We recommend holding fixed the beginning of the year expense budget using an excel spreadsheet so that true actual to budget variances can be calculated and evaluated.

Done

Status of FY09

Recommendations:

We recommend a transition this year in separating professional development from non-professional development-related travel.

Curriculum is tracking Professional Development for teaching staff, which can then back out of the Professional Development travel account.

Status of FY09

Recommendations:

We suggest tracking substitute usage in more detail so that the district might better understand the additional costs of professional development as well as assist them in determining if there is a more cost effective way to manage the substitute pay.

Curriculum is tracking substitute. Gale Marsh is tracking the sick leave portion.

Status of FY09

Recommendations:

In order to achieve the afore-mentioned recommendations, additional support will be necessary in the form of time and process development and implementation. This may mean adding a position.

Done