

MEMORANDUM
Manatee County School District
Business Services Division

To: Bruce Proud, Business Agent, Manatee Education Association

From: Jim Drake, Assistant Superintendent for Business Services

Date: September 26, 2011

Re: Budget and Financial Information Request of September 13, 2011

cc: Tim McGonegal, Superintendent
Scott Martin, Assistant Superintendent for District Support Services, Chief Negotiator
Pat Barber, President, Manatee Education Foundation

Noted below are my responses to the questions asked regarding the final budget documents. Please let me know if you have any additional questions.

1. Have the budget reductions listed on page 37 been included in the figures in subsequent pages of the approved budget?

The budget reductions listed on page 37 have been included in the subsequent pages of the approved budget.

2. On page 47, the line for local revenue from Post-Secondary Course fees has been reduced from the prior years of \$1.63 million in 2009-10 and \$1.98 million in 2010-11 to \$1.25 million for 2011-12. What is the reason for the reduction in this line item for the approved budget?

The first two columns represent actual collections from post-secondary fees (MTI) for those years. We purposefully budget lower than expected collections and adjust as those collections increase. These post-secondary fees are collected for the operation of Manatee Technical Institute are not available to be used for K-12 expenditures.

3. On page 47, the line for local revenue from Charges for services has been increased from the prior years of about \$135,000 in 2009-10 and about \$89,000 in 2010-11 to \$1,000,000 for 2011-12. What is causing the anticipated increase?

As noted in answer 2, the first two columns represent the actual net results of the Printing Services Department. Accounting standards require the District to net the costs of operating the Printing Services Department with the revenue generated by that Department so as to not double count revenues and expenditures. What the budgeted column represents is the expected gross revenues for the Printing Services Department. The costs of the Printing Services Department are reflected in the budget and are not netted until the end of the year.

4. On page 47, the line for local revenue from Activity Bus Fees has been increased from the prior years of about \$59,000 in 2009-10 and about \$82,000 in 2010-11 to \$325,000 for 2011-12. What is causing the anticipated increase?

The Activity Bus fees are handled in the same manner as the printing services department with revenues and expenditures being netted at the end of the fiscal year.

5. On page 48, the line for local revenue from Federal Indirect Costs has been decreased from the prior years of about \$.2.2 million in 2009-10 and about \$2.1 million in 2010-11 to \$1,200,000 for 2011-12. What is causing the anticipated decrease?

In the 2009-2010 and 2010-2011 fiscal years, the school district received substantial additional federal funds (ARRA and SFSF) that generated additional federal indirect costs. Those funds were not received for the 2011-2012 fiscal year.

6. On page 48, the line for local revenue from Other Local Sources has been decreased from the prior years of about \$2.3 million in 2009-10 and about \$2.15 million in 2010-11 to \$1,230,000 for 2011-12. What is causing the anticipated decrease?

Most of the revenues in this line relate to grants that are accounted for in the General Fund such as the SWFMUD Splash grants, the Slosberg Driver's Ed grant, etc. that are restricted to uses specified in the grant. The District does not typically budget for such revenues until a grant award letter has been received from the grantor. Nevertheless, revenues contained in this line are not generally available for general use.

7. On page 50 there is a chart listing a breakdown of the \$307,774,861 in for 2011-12 Expenses detailed by Object categories. Where might I find a similar chart for the 2010-11 Expenses of \$320,446,310 for 201-11 and \$310,045,514 for 2009-10?

Similar charts are included in the final budget documents for the noted fiscal years. One important difference is the 2011-2012 break-down does not include reserves as the prior years do. This change was made to clarify that the chart includes only budgeted expenses. The chart is on page 50 of the 2010-2011 final budget and page 4 of the fund overview section (page 48 in the online document).

8. On page 50, what is included in the Object category of Purchased Services?

Purchased Services include Professional and Technical Services, travel, property and casualty insurance, repairs, rentals, utilities other than electricity, and other purchased services. It should be noted that payments to charter schools as well as payments for OT/PT and speech therapy are included in Professional and Technical Services.

9. In the Departmental Budgets beginning on page 77, some budgets show increases in Personnel Costs with decreases in the number of staff, some show decreases in Personnel Costs with increases in the number of staff and some show little or no change, how are the Personnel Costs determined?

Personnel costs are determined through the use of a salary projection program within the District's enterprise business system. We did notice, late in the budgeting process, that the benefit allocation portion of that program was not working correctly on a cost center by cost center basis. However, we perform a benefit calculation check on the total salary so that benefits are correct on the whole. We are in the process of identifying differences and making the appropriate corrections.

10. On pages 84- 85, Construction Services shows no data for the 2009-10 and 2010-11 years but \$1,008,114 for 2011-12, but shows employees for all three years. Where in the budget were these expenses previously reported and what were the expenses for 2009-10 and 2010-11?

The expenditures of the Construction Services Department are accounted for in the General Fund and then capitalized at the end of each year and moved to the Local Capital Improvement Fund as advertised in the School Tax ad. Again, we initially budget the expenditures then move them at fiscal year end.

11. On pages 86-87, the Staff Attorney shows no changes in expenses and the position held vacant. Is it the intent to keep this position vacant for the year? Is it the expectation that expenses for outsourcing the work will be no more than the Personnel Costs budgeted amount for 2011-12 of \$313,257?

It is the expectation that expenditures for outsourcing will be no more than the personnel costs budgeted.

12. On page 90, the Community and Press Relations department is shown as 2 fewer staff but the Personnel Cost is increasing by \$10,881. What would cause the personnel cost increase if there are fewer employees?

During a subsequent review of departmental budgets after publication of the final budget it was noted that the salary projection for that department included an employee that should not have been. This error was corrected on BA 455004.

13. On page 103, what would cause an increase in Personnel Costs in Finance of more than \$40,000 when there is no reported increase in the number of staff?

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

14. On pages 110, 112 and 114, the charts show no data for the 2011-12 year, but show data for 2008-09, 2009-10 and 2010-11 with comparison of the 2010-11 and 2009-10 years. Is this old data or are there an error in the chart? What is the correct data for the 2011-12 budget?

There is an error on the chart, the data represented is for the 2009-10, 2010-11, and 2011-12 fiscal years, respectively.

15. On page 112, Printing Services shows no data for the 2009-10 and 2010-11 years but \$526,295 in expenses for 2011-12, but shows employees for all three years. Where in the budget were these expenses previously reported and what were the expenses for 2009-10 and 2010-11?

As noted in response #3, the results of the operation of the print shop is netted against revenues and would only show as an expenditure if the print shop did not cover the cost of operation.

16. On page 120 the Academics department is listed as expecting an increase of 8.54 or \$20,010 in Personnel Costs for 2011-12. What is the reason for the increase in costs?

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

17. On pages 13-132, the ESE department shows a decrease in Personnel costs of 30% or about \$1.195 million less and a decrease in Operating costs of 42.63% or about \$1.47 million less for 2011-12 while showing no change in the number of staff. What is causing the reduction in Personnel and Operating expenses?

The Personnel Cost reduction reflects a reduced number of aides paid from the general fund and related benefits. The Operational Cost reduction primarily reflects a reduction in contract hours for OT/PT and speech therapist.

18. On pages 134-135, the Student Services department shows an increase in Personnel Costs of \$42,774 while there is a decrease in staff by two. What is causing an increase in Personnel costs when the staff is decreasing?

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in

salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

19. On pages 136-137, the Dropout Prevention Services department shows a decrease of about \$19,000 in Personnel Costs, shows a decrease in staff by two, and the number of positions for 2011-12 seems to add up to 8 rather than the listed number of 7. What is the actual number of staff assigned to this department? What are the correct budgeted Personnel Cost figures?

The actual number of staff is 8. The amount noted in the budget is the correct amount for Personnel Cost.

20. On page 139, why are the budgeted Personnel costs in the School Management -Elementary department increasing by 18.6%?

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

21. On pages 140-143, the School Management-High budget numbers are repeated on pages 141 and 143 and there are no numbers for School Management-Middle department. What are the School Management-Middle budget and staff figures?

The School Management – Middle numbers and staff are as follows:

Personnel Cost \$192,313 an increase of \$8,349 or 4.54% and Operational Cost of \$25,066 a decrease of \$50,471 or 66.82 percent with 2 staff as it was in the prior years.

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

22. On pages 140-143, the School Management-High budget numbers are repeated on pages 141 and 143 and report a reduction in staff by 1 for the 2011-12 budget while Personnel costs are increasing. Is this accurate?

The staffing remained the same between the 2010-11 and 2011-12 fiscal years. The budget book should not reflect a reduction in staff by 1.

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

23. On page 150, the District Support Services chart shows an increase in Personnel costs for the 2011-12 year. What is causing the increase in Personnel costs?

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

24. On page 156, the Risk Management chart shows an increase in Personnel costs of about \$63,000 for the 2011-12 year. What is causing the increase in Personnel costs?

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

25. On page 163, the human Resources chart shows an increase in Personnel costs for the 2011-12 year. What is causing the increase in Personnel costs when it shows a decrease in staff by 2?

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

26. On page 165, the Instructional TV Services chart shows an increase in Personnel costs of 18% for the 2011-12 year when staff is decreased by 1 position. What is causing the increase in Personnel costs?

During a subsequent review of departmental budgets after publication of the final budget it was noted that the salary projection for that department included an employee that should not have been. This error was corrected on BA 456068.

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.

27. For the school reports beginning on page 167 through page 271, there are large variances in what schools show as changes in Personnel costs (+ or – 35%) that seem inconsistent with the changes in the number of staff (+ or – 5%) and the number of students . (+ or - less than 20 students) How are Personnel Costs calculated for the School reports that begin on page 167? How are staff allocations determined for what is listed in the school reports that begin on page 167 and end at page 271?

Personnel costs are calculated using the same salary projection program as used for the departments. Staff allocations are determined by formula contained in the District's budget manual and modified based on class size data. Salary projection positions are compared to the staff allocation spreadsheets maintained by Yoko Okanuma.

As noted in response to question #9, the benefit calculator was not working correctly and showed significant increases in Social Security and worker compensation with a decrease in salaries. As noted we are in the process making corrections to all cost centers although the total budgeted for benefits is materially correct.