

Budgetary Details – Revenues, Expenditures & Other Specific Questions

- 1. Why does Allowable Tuition not include all items? Why, for example, should in-District to and from transportation not be included in the calculation when the District pays for buses for out of District students? How are the special education costs that the sending Districts pay calculated? Do they include their share of all the administrative structure that we have in place to support special education? Why are we using the "without debt service" tuition rate instead of the "with debt service rate"? Regardless of whether we're building new facilities specifically to accommodate tuition students, they are using all facilities that we are building/maintaining using bonds. All costs are part of how we have decided to structure the District of which the tuition students are choosing to be a part. Why are they not carrying the full load?**

"Allowable Tuition" is highly regulated by the State. State rules do not allow receiving schools (i.e. South Burlington) to charge tuition students a share of the cost of transporting South Burlington resident students to and from school. We do include the cost of non-resident transportation in the tuition rate. The special education excess cost tuition rate does not include the administrative costs that support special education. The use of the "without debt service" tuition rate instead of the "with debt service" rate is a practice that goes back many years. The board could choose to re-examine that practice if it so chose.

- 2. Why does the School's accounting system have 9,400 open ledgers? This seems to be excessive and is this cause for alarm? Are these accounts auditable and what have been the results of District audits?**

There are not 9,400 open ledgers, but there are 9,400 different accounts that transactions can be posted to. This provides data for reporting on the federal/state transactions, as well as providing for more detail at the local level. This financial system has been in place since 2007 and every transaction is still posted and available back to that time. Obsolete accounts are not deleted as the history would be lost. A new chart of accounts is being developed by the State with implementation scheduled in the next fiscal year. It will be equally as complex to be able to deal with the many reporting requirements and future possibilities that the Districts in Vermont will face.

The District's finances undergo a thorough audit every year. An outside audit firm audits the financial statements of the District every year in compliance with City Charter and State Law. This work also includes a Federal Audit of how grant funds are being expended and accounted for which is also required on an annual basis. A complete audit of the District's financial statements, including a review of internal controls, as well as an audit of federal funds is completed annually. Over the past decade, all have been "clean" audits and there have been no adverse findings such as material weaknesses in internal controls or noncompliance which is material to the financial statements. All audits back to FY 2008 are shown online under the Business Office web page. The audit has been completed in recent years by the firm of RHR Smith, & Company, who have been chosen by the City Council for this role under City Charter, with input from School Personnel. They will audit the financials of FY 2017 after which there will be an RFP to select a different firm to do so.

In addition, the District was recently audited by the IRS with only one minor finding. The results of this, as well as other audits are regularly reported to the public at school board meetings under policy monitoring reports.

3. Overtime is a significant expense – can this line be cut?

Overtime costs consist primarily of custodial coverage on the weekend for events, transportation to athletics and student activities, and a limited amount for snow removal. Much of the cost of weekend overtime is charged out to the groups who rent these facilities.

There has been a concerted effort to reduce overtime costs over the years. In FY 2010, the expenditures in this area amounted to \$146,000. The FY18 budget request is now \$68,100, much of which relates to bus trips and custodial charges. Some changes over the years to accomplish this:

1. The Facilities Department flexes hours to work on projects when there is less activity in our buildings for more efficient results.
2. Local overtime rules were changed several years ago to agree with Federal Labor Standards Act (FLSA) rules, which govern payments to hourly employees.
3. Double time is rarely paid out, only for coverage on four major holidays.
4. Overtime is closely monitored by mid-level managers.