

INDEPENDENT SCHOOL DISTRICT #832
STUDY SESSION – BOARD OF EDUCATION
Tuesday, May 12, 2009 - 8:00 AM
Mahtomedi District Education Center - Community Room

The Mission of the Mahtomedi School District No. 832, as a multi-community public school system, is to provide individually challenging, lifelong learning experiences for all people, leading to productive and self-fulfilling roles in a global society, accomplished through partnerships with students, families, staff and communities all committed to excellence.

- AGENDA -

1. CALL TO ORDER
2. ROLL CALL OF ATTENDANCE
3. DISCUSSION/INFORMATION ITEMS
 - A. Review Recommendations from District's Auditor Regarding Chargebacks 2
 - B. Discuss Proposed 2009-2010 Spending Reductions 6
4. ADJOURNMENT



Members of the School Board
Independent School District #832
Mahtomedi, Minnesota

District administration has requested us to review and provide recommendations on the current procedures in place related to chargeback activity between the District’s General Fund and Community Service Fund.

“Chargebacks” are commonly used by school districts under authority from the Minnesota Department of Education’s Uniform Financial Accounting and Reporting Standards to allocate shared costs among and between various funds of the District (i.e. General, Food Service and Community Service).

The 2009 UFARS manual indicates that “chargebacks” from the General Fund should be limited to three programs or areas: Business Support Services, Operations and Maintenance and Employee Benefits. The manual goes on to state that the methodology used should be documented and also provides some specific guidance on allocation of costs between the General Fund and Community Service Fund:

Only the additional costs associated with the existence of community education can properly be allocated to this fund.

Examples:

- *Additional custodial time necessary to clean the classrooms after community education classes.*
- *Additional electrical and heating costs incurred in maintaining classrooms ready for community education classes.*
- *Any costs which would still be incurred if community education activities were to be discontinued shall remain in the General Fund.*

However, the 2009 UFARS manual also recommends and clarifies the proper approach for cost allocation under the current facility situation at ISD 832:

If the Community Education programs or administrative offices for the Community Education program are housed in a district-owned building which is used only for non-instructional purposes (separate district office, warehouse area, or vacant school), the square footage occupied would be the basis for allocation. The costs of custodial salaries, heat, water and general repairs would be totaled (Program 810). The useable square footage would then be determined for each occupant (e.g., community education, transportation, district office, etc.). This percentage of the total useable square footage would be applied to total costs and allocated to the proper funds.

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Since the District Education Center houses the majority of Community Service activity and is not a K-12 site, the square footage method described above would be the most appropriate for allocating costs. District staff estimates the Community Service percentage at 75%.

A review of current practices at ISD 832 indicates that cost allocations are occurring between the General Fund and Community Service Fund in seven categories: custodial services, worker's compensation insurance, utilities, business office, facility costs, communications and census.

Allocations for custodial services, worker's compensation insurance, utilities and business office staff are explicitly prescribed under UFARS. Communication and census may be better charged directly for actual costs. Amounts for facility costs appear to fall within the UFARS-allowed Operations and Maintenance, but we recommend the District clarify and itemize these costs.

A memorandum of understanding is executed between the Director of Business Services and the Director of Community Education several months before the start of a new fiscal year agreeing on the planned cost allocations for the upcoming school year. Discussions with District Business Office staff indicate that the methodology was established for these allocations prior to 2001 and that the original amounts have been adjusted since that time for inflation and other changes on a year-by-year basis.

While looking for the original documentation of methodology we located a memo dated April 13, 1994 which provides for an allocation of \$15,000 for custodial staff based on a total of \$41,287 in expenses for two staff identified by name, an allocation of \$2,500 per year for the Globe and Mirror expenses which represents 1/8 of each issue and an acknowledgement of \$1,000 per year for census work with no further documentation.

A summary of the cost allocations by category for fiscal years 2001 through 2009 based on these memos is provided as Attachment A.

An analysis of several line items indicates that actual allocated costs may be considerably under the amounts allowed under the UFARS square footage approach:

- The District has charged \$20,600 for utilities each of the last seven years. 2008 expenditures at the District Education Center for fuel, electric, garbage hauling and water/sewer totaled \$45,789, 75% of which would be \$34,342.
- The District has charged between \$22,000 and \$25,300 for custodial each of the last nine years. The head custodian at the District Education Center's budgeted salaries and benefits for 2008-09 fiscal year totals \$65,702, 75% of which would be \$49,277.

Based on these observations we have recommended the following to administration which they have agreed to implement:

- Better allocate custodial services and utility costs by determining actual costs associated with these categories for the District Education Center and charge based on a percentage-of-square-foot basis.
- Review the time of business office staff associated with Community Service Fund accounting and allocate actual salaries and benefits based on this study, keeping in mind the administrative allocation limits in place by statute and regulation.
- Better define “Facility Costs” and ensure all repair and maintenance costs associated with the District Education Center are allocated based on square footage as indicated above.
- Review costs associated with communications and census and re-evaluate Community Services true share of these expenditures.
- Document the methodology determined for these allocations at least at the procedural level and consider formalizing into policy with School Board approval.

Thank you for the opportunity to work with the District on this analysis. We would be happy to review the District’s implementation of our recommendations and report back to the Board with a follow-up communication.

Respectfully,



Matthew L. Mayer, CPA
Partner

**Attachment
A** **Community Education Chargebacks per Memorandums of Understanding 2001-2009**

Fiscal Year Ended	2001	2002	2003	2004	2005	2006	2007	2008	2009
Custodial Services	22,000	22,000	22,000	22,000	23,300	23,300	23,300	25,300	25,300
Workers Comp	2,904	2,904	3,200	3,200	3,200	3,200	8,621	8,630	8,633
Utilities	20,000	20,000	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Business Office	17,100	17,100	17,100	17,100	17,100	17,100	17,100	21,100	21,100
Facility Costs	13,500	28,500	29,000	29,000	29,000	29,000	29,000	29,000	59,000
Communications	2,500	2,500	2,500	2,500	2,500	2,500	2,500	14,500	14,500
Census	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total	79,004	94,004	95,400	95,400	96,700	96,700	102,121	120,130	150,133
Increase	N/A	19.0%	1.5%	0.0%	1.4%	0.0%	5.6%	17.6%	25.0%

Date: April 23, 2009

TO: School Board

FR: Mark Wolak, Superintendent

RE: Proposed Cost Containment Strategies for 2009-2010 TARGET \$750,000 or 2.5%

The school district is faced with financial challenges as a result of economic issues in Minnesota. Administration is preparing the revenue and expenditure budget for 2009-2010 with the following assumptions:

- 1. No increase in per pupil funding from the legislature along with potential delayed payments or shifts in state aid,**
- 2. Maintain current enrollment with acceptance of 139 students under open enrollment policy,**
- 3. Reduce expenses in all budgets where possible,**
- 4. Seek additional partnerships to reduce costs of administration and operations, and**
- 5. Begin negotiations with all employee groups with these economic issues in the forefront.**

The following reductions in spending or revenue enhancement measures are recommended for 2009-2010:

Administration (\$200,000)

End the special assignment of Kathe Nickleby as Director of Engineering Leadership Program. Mahtomedi Engineering Leadership Program will be in its third year of operation in September 2009. The program will sustain its direction through continued community and staff leadership and with the advice of an engineering advisory council. Assistant Superintendent Denise Waalen will provide overall leadership as part of teaching and learning processes. We anticipate two teachers will serve in a part-time capacity to provide leadership at the elementary and secondary schools.

End the full-time administrative position for Community Education. Current costs of administration and management for community education programs are \$384,736, or 20 percent of the community education budget. Costs of administration for this year are \$142,370. Revenue in community education is raised by levy, tuition and fees. A partnership with an area school district will reduce administrative cost and expenses. District administration will work collaboratively with community education staff, community education advisory council and the athletic council to develop a leadership plan for 2009-2010 and present the plan to the school board prior to July 2009. District 916 agrees to host a licensed director of community education position for area school districts and discussions are underway. Several districts are interested in this partnership model.

Special Education (\$58,000)

A reduction in the required costs for maintenance of effort allows the district to reduce spending by changes in assignments and revenue claims. Several special education students with high needs moved from the school district allowing a reduction of special education paraprofessionals. Staff assignment changes will decrease the need for outside consulting services in Autism Spectrum Disorders.

Mahtomedi Learning Center (\$32,000)

District-wide Targeted Services **(Revenue increase of \$10,000)**

End middle school alternative program and reduce a paraprofessional position. **(Savings: \$22,000)**

Transportation for Secondary Students (\$38,000)

A fee for transportation services for specific student ridership outside district boundaries will be assessed. **(Revenue increase of \$22,000)**

Reduction in bus routes. **(Savings: \$16,000)**

High School Programs and Services (\$240,000)

Student registration for next year is completed. Classes will not be offered unless 25 students are enrolled in the class. The general pool of elective courses will be eliminated. Some courses are combined to meet enrollment minimums. Reductions in teaching staff will occur in part time increments in the following subject areas: Business, English, Family and Consumer Science, Physical Education, Science, Technology Education, German, Spanish, and French. (Savings: 3.25 FTE teachers, **\$208,500**).

Activity Fees. **(Revenue increase of \$15,000)**.

Reduction in athletic office costs. **(Savings: \$9,000)**

Student parking fees **(Revenue increase of \$7,500)**

Middle School Programs and Services (\$90,000)

Reduce teacher assignments by 1.75 FTE. Subject areas include physical education/health, media and art.

Elementary Programs and Services (\$52,000)

Early Intervening Services dollars will be used to meet elementary target.

Food Service (\$10,000)

Increase allocations for utilities and custodial costs to Food Service fund.

Total Spending Reductions: \$695,500

Total New Revenue: \$54,500

TOTAL OF CHANGES IN SPENDING OR REVENUE: \$750,000.

MEMORANDUM

TO: Mark Wolak
Superintendent

FROM: Dyan Lovgren
Human Resources Assistant

PUT ALL IN ALPHABETICAL ORDER

DATE: May 14, 2009

SUBJECT: Employee Changes

We have made the following changes in personnel since the April 9, 2009 School Board meeting:

APPROVAL OF LEAVES OF ABSENCE

<u>NAME</u>	<u>POSITION</u>	<u>LOC</u>	<u>DATE</u>
Brust, Dee	Spanish Teacher	MS	2009-10
Carlson, Deb	Spec Ed Teacher	ECSE (.2 LOA)	2009-10
Katzke, Sue	Math Teacher	HS (.33 LOA)	2009-10
Poirier, Nicole	Speech Pathologist	ECSE (.2 LOA)	2009-10
Stabenow, Carol	Title 1 Teacher	OHA (.5 LOA)	2009-10

APPROVAL OF CONTRACTS

<u>NAME</u>	<u>POSITION</u>	<u>LOC</u>	<u>EFFECTIVE DATE</u>
Kopesky, James	Social Studies Teacher (LTS)	HS	4/27/09 – 6/10/09
Luoma, Amy	Spanish Teacher (LTS)	HS	4/13/09 – 6/10/09
Nickleby, Kathy	Principal	HS	7/1/2009
Niehaus-Comfort, Julie	Spec Ed Teacher (LTS)	MS	4/15/09 – 6/10/09
Strand, Andrea	Spanish Teacher (LTS)	MS	3/23/09 – 5/15/09
Veenis, Jenna	Spec Ed Teacher	MS (1.0 to .5 FTE)	8/31/09
Fesser, Stacy	Grade 2	WW (0.5 to 1.0 FTE)	2009-10

APPROVAL OF RESIGNATION

(Letters of resignation are on file and available for Board members' review)

<u>NAME</u>	<u>POSITION</u>	<u>LOC</u>	<u>EFFECTIVE DATE</u>
Olson, Lindsey	Paraprofessional	MS	6/9/09
Swenson, Julie	Paraprofessional	WW	6/9/09

APPROVAL OF RETIREMENT

(Letters of retirement are on file and available for Board members' review)

<u>NAME</u>	<u>POSITION</u>	<u>LOC</u>	<u>DATE</u>
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APPROVAL OF DISCONTINUATION OF CONTRACT

<u>NAME</u>	<u>POSITION</u>	<u>LOC</u>	<u>EFFECTIVE DATE</u>
Fraenkel, Russell	Community Ed Director	CE	7/1/2009

APPROVAL OF NONRENEWALS

<u>NAME</u>	<u>POSITION</u>	<u>LOC</u>	<u>EFFECTIVE DATE</u>
Rech, Pam	Math Resource	WW	6/10/09
Gilmore, Kim	Grade 2 (LTS)	WW	6/10/09
Wilhelmson, Kathy	Paraprofessional	WW	6/9/09
Cordek, Sue	Math Resource	OH	6/10/09
Huberty, Cassandra	Reading Resource	OH	6/10/09
Rainiera Letourneau	Spec Ed Teacher	OH	6/10/09
Loosbrock, Gina	Grade 4 (LTS)	OH	6/10/09
McGibbon, Therese	Grade 3 (LTS)	OH	6/10/09
Segermark, Dawn	Art (LTS)	MS	6/10/09
Wilson, Holly	PE/Health	MS	6/10/09
Kurtz-Huber, Christa	Spanish (LTS)	MS	6/10/09
Luchsinger, Melissa	Art	MS	6/10/09
Krause, John	Science (LTS)	HS	6/10/09
Haen, Elizabeth	English (0.25 FTE)	HS	6/10/09
Fjeld, Julie	Spanish (0.33 FTE)	HS	6/10/09
Gillespie, Lee	PE (0.5 FTE)	HS	6/10/09
Burge, Kristin	Social Studies (LTS)	HS	6/10/09
Virnig, Jaclyn	Paraprofessional	MLC	6/9/09

APPROVAL OF UNREQUESTED LEAVE OF ABSENCE

<u>NAME</u>	<u>POSITION</u>	<u>LOC</u>	<u>DATE</u>
Ring, Laurie	Occupational Therapy	WW	2009-10
Hanson, Mike	Adaptive PE	OH	6/10/09
Galbus, Ann	Media (0.32 FTE)	OH	2009-10
LeFeber, Mark	Tech Ed (0.5 FTE)	HS	6/10/09
Elvestrom, Kathryn	French (0.167 FTE)	HS	6/10/09
Winkelman, Kathryn	FACS (0.25 FTE)	HS	6/10/09
Bruyers, Melanie	German (.167 FTE)	HS	6/10/09

Recommendation to approve licensed personnel moving from probationary status to continuing contract status for the 2009-2010 school year.

Anderson, Derek
Bruyers, Melanie (.333 FTE)
Falde, Nicolas
Govrick, Anthony
James, Carolyn (.8 FTE)
Laue, Deanna

Newman, Michlyn (.69 FTE)
Osborne, Emily
Ryan, Erica
Veenis, Jenna (.5 FTE)
Wendelboe, Angela
Westafer, Kathleen

Recommendation to approve employment for Licensed Personnel who will continue to be on probationary status for the 2009-2010 school year.

1 more year

Farmer, Bryan
Fusco, Cory
Haen, Elisabeth
Vedders, Angela
Wynveen, Leah

2 more years

Hartman, Patrick
Wender, Haley