



PERFORMANCE AUDIT REPORT

K-12 Education: Efficiency Audit of the Ashland School District

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
March 2014**

Legislative Division of Post Audit

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March 5, 2014

To: Members, Legislative Post Audit Committee

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This report contains the findings, conclusions, and recommendations from our completed performance audit, *K-12 Education: Efficiency Audit of the Ashland School District*. We would be happy to discuss the findings, recommendations, or any other items presented in this report with any legislative committees, individual legislators, or other state officials.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Frank', written in a cursive style.

Scott Frank
Legislative Post Auditor

This audit was conducted by Heidi Zimmerman, Lynn Retz and Matt Etzel. Justin Stowe was the audit manager. If you need any additional information about the audit's findings, please contact Heidi Zimmerman at the Division's offices.

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K-12 Education: Efficiency Audit of the Ashland School District

K.S.A. 46-1133 requires the Legislative Division of Post Audit to conduct a series of efficiency audits of Kansas school districts from fiscal year 2014 to fiscal year 2017. Like similar school efficiency audits conducted in previous years, the goal of these audits is to identify ways districts could reduce costs without affecting the education they provide students. Each year our office conducts audits of three school districts— one small (fewer than 500 students), one medium (500 to 4,000 students), and one large (more than 4,000 students). The law further stipulates that school districts be selected on a voluntary basis first and exempts school districts that have participated in a similar efficiency audit in the previous five years.

In August 2013, the Ashland school district volunteered for an efficiency audit in the small-sized school district category. This efficiency audit answers the following question:

Could the Ashland school district achieve significant cost savings by improving resource management, and what effect would those actions have?

A copy of the scope statement for this audit approved by the Legislative Post Audit Committee is included in *Appendix A*.

Our work included a variety of steps designed to help us answer the audit question. We identified 10 peer districts that were similar in size and had similar student demographics (e.g. a similar percentage of free lunch students) to the Ashland school district and compared them on various measures of efficiency. That allowed us to identify areas where the district's spending appeared to be relatively high. Detailed information about how we selected these peers, as well as the efficiency measures we calculated are included in *Appendix B*. We also interviewed district officials and toured the district's facilities. Where applicable, we compared district operations, controls, and processes to best practices to determine if they were adequate.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. As part of the standards, the U.S. Government Accountability Office requires us to assess the sufficiency and appropriateness of computer-

processed data. To comply with this standard, we performed data reliability work on datasets received from the district and from the Kansas Department of Education. Additionally, we performed limited reviews of some of the district's internal controls related to its inventory, overtime, and purchasing practices.

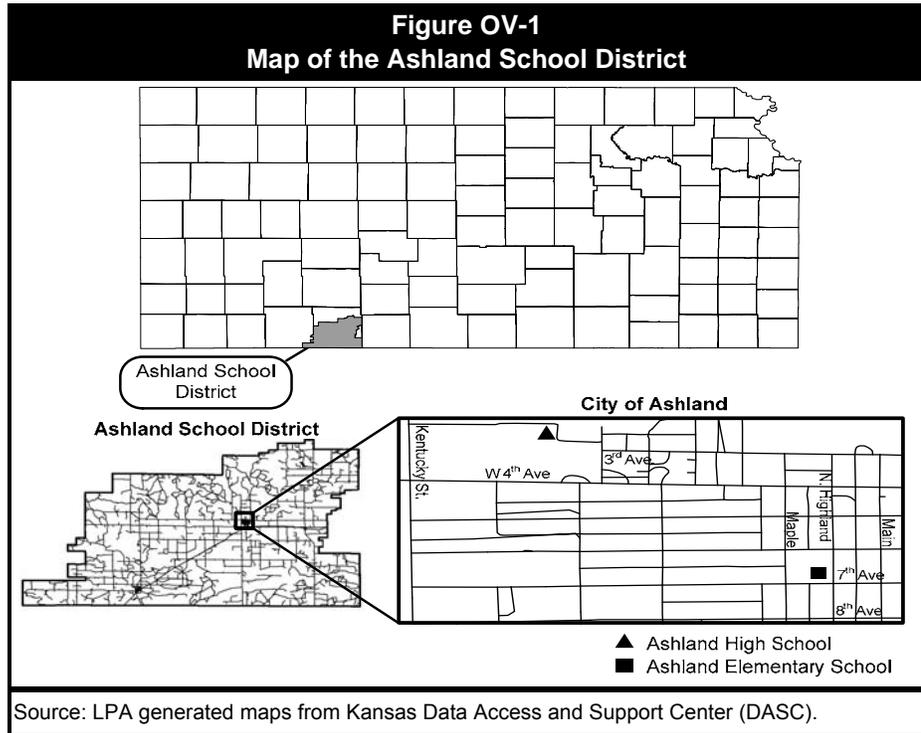
We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We provided a management letter to the Ashland school district to convey a minor finding not discussed in the report. Our findings begin on page 7, following a brief overview of the Ashland school district.

Overview of the Ashland School District

The Ashland School District Served About 185 FTE Students and Employed About 41 FTE Staff in the 2012-13 School Year

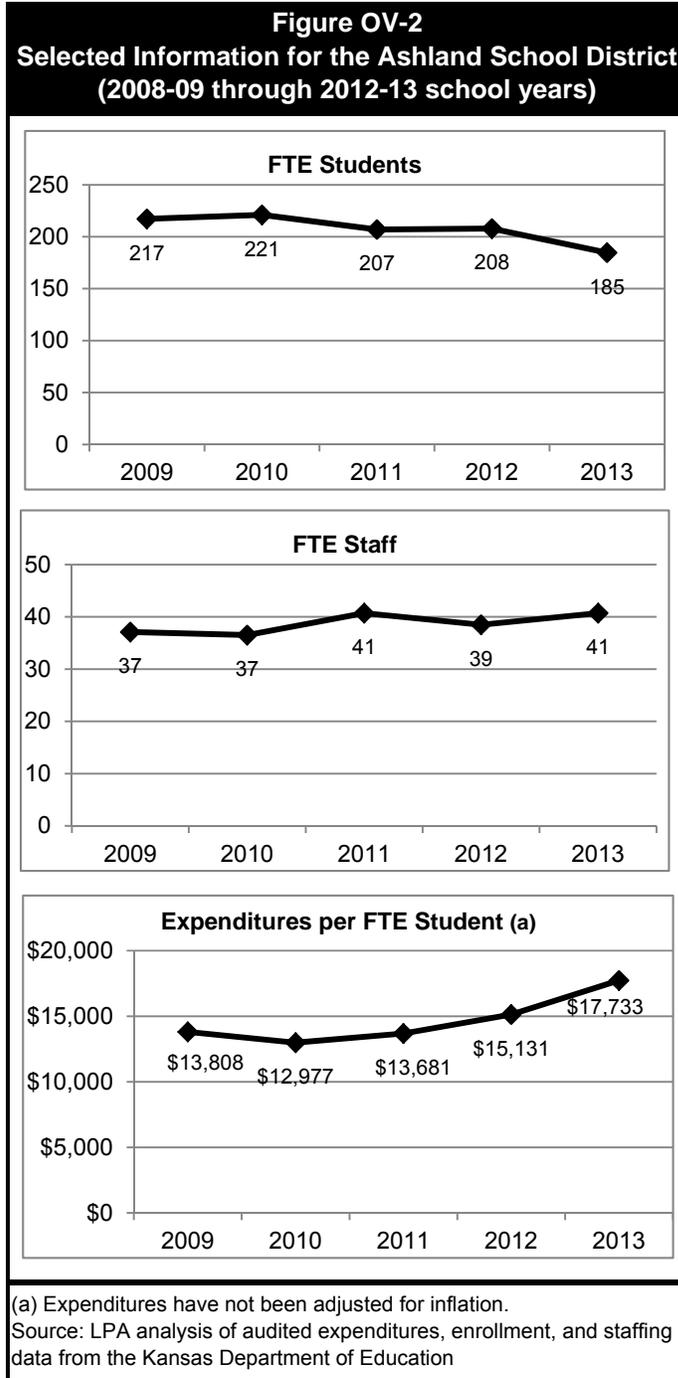
The Ashland school district is located in south central Kansas in Clark County. **Figure OV-1** provides a map of the district. As the figure shows, the district has two school buildings, one for the elementary school and one for the junior high and high school. It also has five neighboring school districts: Meade, Fowler, Minneola, Bucklin, and Comanche County.



Over the last five years the Ashland school district's student enrollment has declined, but staffing levels and expenditures per full-time-equivalent (FTE) student have increased. Figure OV-2, on the next page, shows five-year trends for student enrollment, staffing, and expenditures for the Ashland school district. As the figure shows:

- **The district's student enrollment has declined by about 15%.** The district had 185 FTE students for the 2012-13 school year compared to 217 in 2008-09.
- **The district's staffing levels have increased by 10%.** The district employed about 41 FTE positions in the 2012-13 school year compared to 37 FTE positions in 2008-09.
- **The district's expenditures per FTE student have increased by 28%.** The district spent about \$17,700 per FTE student for the 2012-13 school year compared to \$13,800 in 2008-09.

Figure OV-3, on the next page, summarizes district expenditures for the 2012-13 school year. As the figure shows, total district expenditures for that year were about \$3.7 million. Of that total amount, we focused our evaluation on spending in categories such as instruction, transportation, operations and maintenance, and food services.

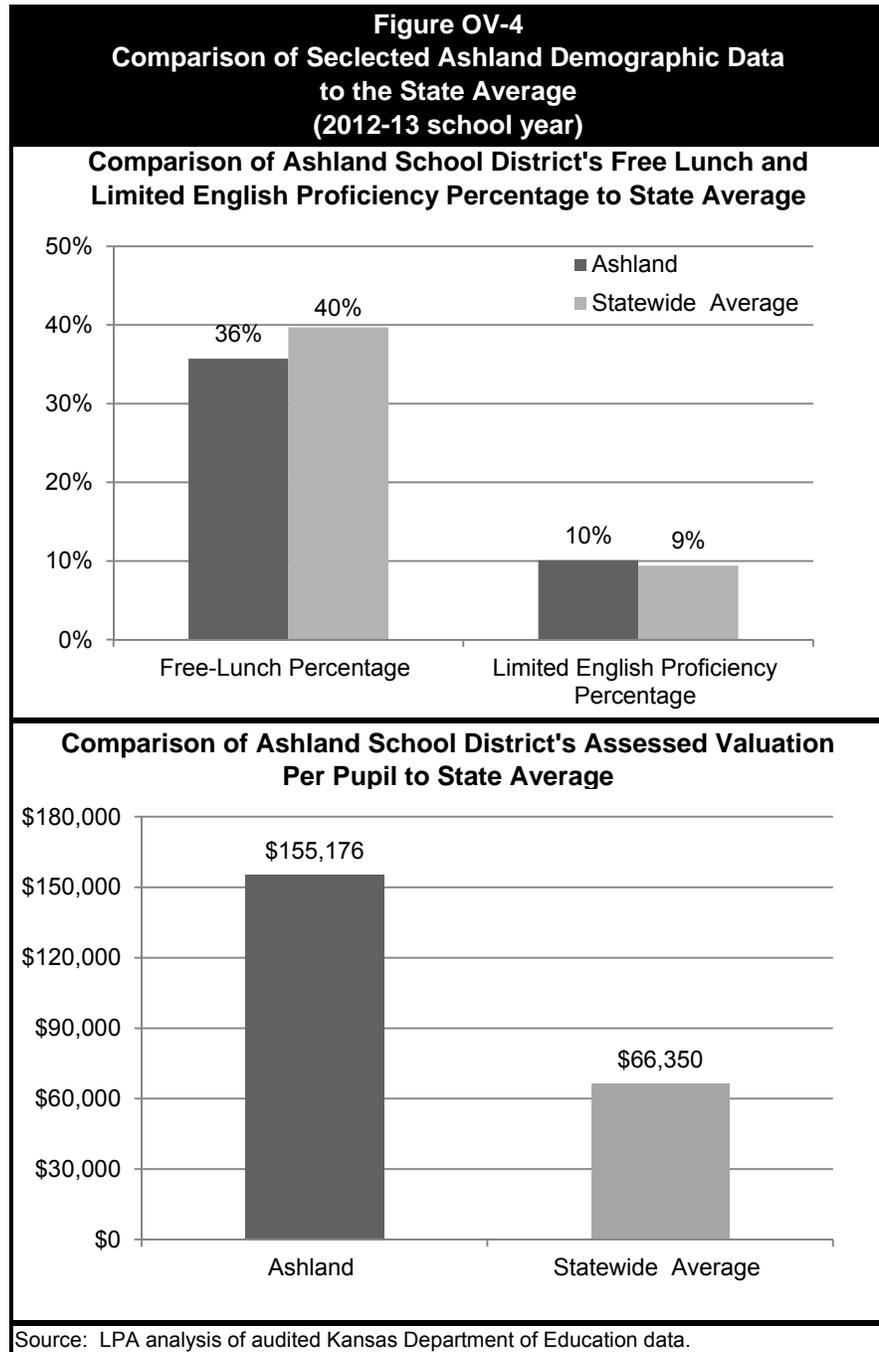


Our analyses excluded special education and property and equipment expenditures. That is because districts provide special education services in a variety of ways so including them would distort comparisons across districts. Additionally, we excluded property and equipment purchases because they can vary significantly from year to year.

Figure OV-3			
2012-13 Expenditures			
For the Ashland School District			
Category	Total	\$ Per FTE Student	% of Total
All District Expenditures (a)			
Regular Education	\$3,273,602	\$17,733	89%
Special Education	\$249,330	\$1,351	7%
KPERS	\$146,996	\$796	4%
Other	\$28,663	\$155	1%
Total (c)	\$3,698,591	\$20,036	100%
Expenditures Evaluated in This Audit (b)			
Expenditures by Function			
Instruction	\$1,488,607	\$8,064	62%
Operations & Maintenance	\$240,710	\$1,304	10%
Instruction Support	\$19,943	\$108	1%
School Administration	\$85,430	\$463	4%
Food Services	\$183,473	\$994	8%
Student Support	\$50,449	\$273	2%
Transportation	\$119,582	\$648	5%
District Administration	\$220,394	\$1,194	9%
Total (c)	\$2,408,588	\$13,048	100%
Expenditures by Object			
Salaries	\$1,544,108	\$8,365	64%
Benefits	\$197,956	\$1,072	8%
Purchased Services	\$110,673	\$600	5%
Supplies	\$472,702	\$2,561	20%
Other	\$83,149	\$450	3%
Total (c)	\$2,408,588	\$13,048	100%
(a) Totals exclude property and equipment.			
(b) Totals exclude property and equipment and special education expenditures.			
(c) Totals may not add due to rounding.			
Source: LPA analysis of audited Kansas Department of Education expenditures data.			

The demographics of the Ashland school district's student population are similar to the state as a whole. The district has a similar concentration of students eligible for free lunches and English language learners as the statewide average. **Figure OV-4**, on the next page, compares the percentage of students who receive free lunches and have limited English proficiency in the Ashland school district to the state average. As the figure shows,

Ashland's percent of students on free lunch is a little less than the state average of 40% for the 2012-13 school year. Additionally, 10% of Ashland's students had limited English proficiency in the 2012-13 school year, which is similar to the state average of 9%. However, the district's assessed valuation per pupil is significantly greater than the state average of \$66,350.



Could the Ashland School District Achieve Significant Cost Savings by Improving Resource Management, and What Effect Would Those Actions Have?

Answer in Brief:

We identified a number of opportunities for the district to operate more efficiently and reduce its costs or generate additional revenue. We categorized those options into three groups based on their potential impact on students and the community (p. 9).

First, we identified options that would have little to no impact on students or the community. We estimated the district could save up to \$34,000 annually by reducing supplemental pay to match what other similar districts offer (p. 10). Further, the district could save at least \$25,000 annually in food service expenditures by setting a budget and adopting better purchasing practices (p. 12).

Next, we identified two options that would have a moderate impact on students or the community. We estimated the district could save about \$75,000 annually by consolidating low-enrollment courses and reducing underutilized staff (p. 14). Additionally, the district could save about \$5,000 annually by eliminating funding for two low-participation sports (p. 16).

Finally, we identified one savings option that would have a significant impact on students or the community. We estimated the district could save up to \$25,000 annually by eliminating one or two bus routes (p. 18).

Additionally, we found problems with the district's oversight of information technology services (p. 19) and its inventory policies and procedures (p. 21).

The Ashland School District Volunteered for an Efficiency Audit and Reported Taking Many Actions to Reduce Costs Over the Last Several Years

The Ashland school district volunteered for an efficiency audit through our division in August 2013. These audits focus on ways in which districts can provide the same quality of educational services using fewer resources, or could use existing resources more productively.

District officials reported they have taken several actions over the last several years to improve the district's efficiency and reduce costs. For example, the district has:

- implemented a four-day school week to reduce utility, food, and transportation costs.
- implemented virtual classrooms to share teachers with other

districts through distance learning classes.

- installed automated lighting and air conditioning to reduce energy costs.
- shared staff, such as librarians, with neighboring districts.
- combined administrative positions to reduce the total number of positions in the district.
- switched from buses to more fuel efficient vans to transport students when appropriate.

Generally, the district has not tracked how much these actions have saved over the years. However, district officials reported that switching to a four-day school week saves about \$80,000 to \$90,000 per year in utility, transportation, food, and salary costs. We did not perform any audit work to verify these reported actions or the district's cost savings estimate.

Small school districts often face some unique challenges in operating efficiently. Those include:

- Smaller districts tend to have higher costs per student. That is because smaller districts generally have smaller class sizes (and therefore relatively more teachers per student), and have fixed costs that are incurred regardless of enrollment levels. Those include district administration, building maintenance, and transportation.
- It may be difficult to obtain supplies at the lowest possible cost. That is because many small districts are located in remote and rural areas, and do not have a large variety of vendors to choose from. This can make it more difficult to get competitive prices for some supplies.
- Significant changes to how schools operate may be met with resistance from the community because of the potential economic and social impacts. School districts are often a major employer in small communities. Significant changes in how the district operates can negatively affect the community and surrounding areas served by the school. As a result, members of the community frequently resist significant changes to their schools.

We Interviewed District Officials and Staff, Analyzed District Expenditures, and Toured District Facilities to Identify Potential Cost Saving Options

We reviewed district operations to identify potential areas where the district could reduce costs or generate revenues. In doing this work, we:

- compared Ashland school district expenditures to its peers on a per-student basis. We selected 10 other school districts whose demographics were similar in terms of size, property values, poverty levels, and the percent of students who were English language learners. **Appendix B**, on page 26, provides a list of these peer districts. We then compared expenditure amounts for

the Ashland school district on a per-student basis to peer districts to identify potential outliers.

- compared the district's staffing levels in certain areas to national benchmarks. For example, we used national staffing benchmarks to help determine how many custodians may be needed to maintain school buildings on a square-foot basis.
- interviewed Ashland school district officials and toured school buildings to better understand and observe district operations.
- interviewed officials in other similar Kansas school districts, private contractors, and officials at the Kansas Department of Education (KSDE).
- surveyed Ashland district staff and board members about their ideas for how the district could operate more efficiently.

We categorized the potential cost savings options we identified based on their potential impact on students and the community. Savings options are categorized into three groups:

- **Options that would have little to no impact on students or the community and should be implemented.** Some of these options may affect students' daily routines, but will have little effect on students' instructional experience. For example, setting a budget and adopting better purchasing practices for food services would result in savings but would have little impact on students.
- **Options that could have a moderate impact on students or the community, but should be considered.** These options will have some effect on student activities or interaction. For example, reducing underutilized staff would result in savings but would slightly reduce the number of courses the district offers.
- **Options that could have a significant impact on students or the community, but should be considered.** These options could potentially yield the largest savings, but likely will also affect student instruction or the community in significant ways. For example, eliminating one or two bus routes would result in savings, but would likely result in longer bus routes for students.

Ashland school district officials raised a number of concerns about the effect many of the cost savings options would have on students or the community. We could not fully assess the impact of some of these concerns, but we summarized and included them in this report.

SAVINGS THAT WOULD HAVE LITTLE TO NO IMPACT ON STUDENTS OR THE COMMUNITY AND SHOULD BE IMPLEMENTED

The options presented in this section likely would have little to no impact on students or the community. For example, setting a food budget would have little to no effect on students.

Figure 1-1 summarizes the cost savings and revenue enhancements in this category. As the figure shows, we estimated the district could save between \$59,000 and \$110,000 annually if it chose to implement all options. Those options include:

- reducing supplemental pay to match what other similar districts offer (page 10)
- setting a budget and adopting better purchasing practices for food services (page 12)

The figure also lists concerns school district officials expressed and our assessment of those concerns.

Figure 1-1				
Summary of Cost Savings or Revenue Generating Options for the Ashland School District				
With <u>Little to No Impact</u> on Students or the Community				
Option	Annual Cost Savings/ Increased Revenues		School District Officials' Concerns	LPA Assessment
	Minimum	Maximum		
Reduce Supplemental Pay to Match What Other Similar Districts Offer (a)	\$34,000		<ul style="list-style-type: none"> ● The district will have to renegotiate teacher contracts before it can make any changes. 	<ul style="list-style-type: none"> ● The district would have to renegotiate contracts to implement this option.
Reduce Food Service Expenditures by Setting a Budget and Adopting Better Purchasing Practices	\$25,000	\$76,000	<ul style="list-style-type: none"> ● None 	<ul style="list-style-type: none"> ● None
Total District Savings	\$59,000	\$110,000		
<small>(a) Additionally, the state would save 3,500 annually in KPERS savings if the district took this action. Source: LPA analysis of audited district and KSDE data, national benchmarks, and interviews with district officials.</small>				

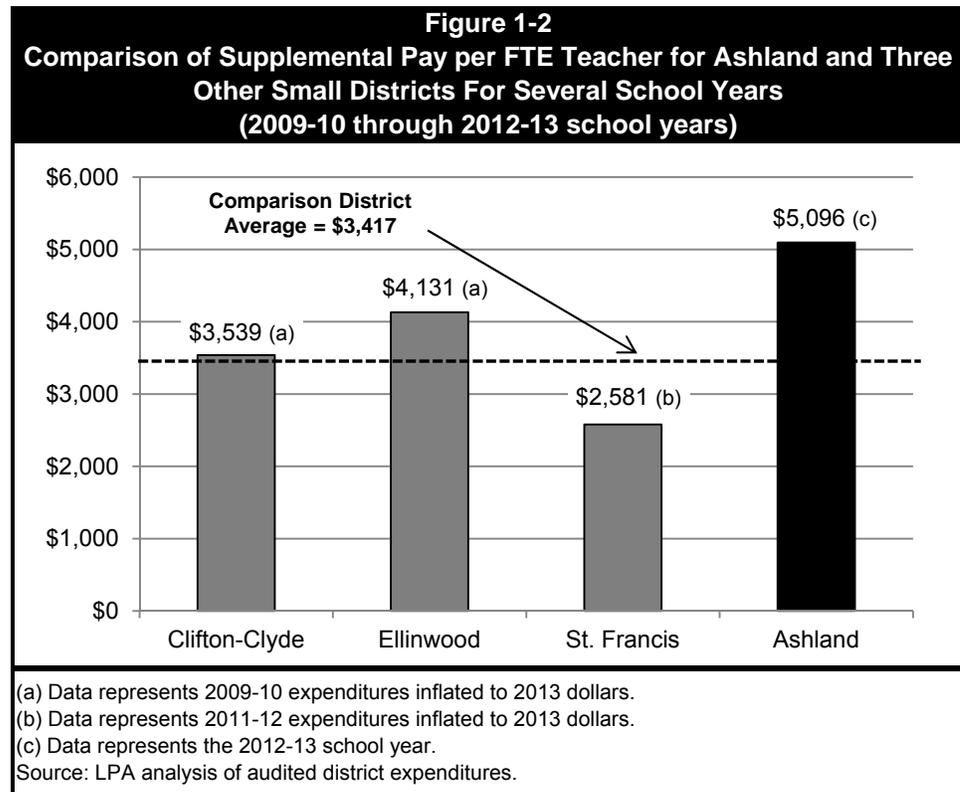
The District Could Save up to \$34,000 Annually by Reducing Supplemental Pay to Align With What Three Other Similar Districts Offer

School districts offer supplemental pay to staff for time they spend on extracurricular activities such as coaching sports, advising clubs, or being a class sponsor. The number of extracurricular activities the district pays for and how much they are willing to pay teachers to coach and supervise those activities is a decision each district makes.

In the 2012-13 school year, Ashland paid 34 staff a total of \$96,000 in supplemental pay for a variety of extracurricular activities. The district provided supplemental pay for a variety of activities, including sports, yearbook, and quiz bowl. The majority of supplemental pay was for coaching various sports. Further, the highest supplemental pay amount was \$4,215 for coaching high school track and the lowest was \$660 for being a class sponsor.

Ashland’s supplemental pay was on average about \$1,700 more per teacher than three other small comparable districts. To determine whether the district’s supplemental expenditures were reasonable, we compared how much Ashland spent on supplemental pay per FTE teacher to three other small rural school

districts that had been the subject of earlier school efficiency audits—Clifton-Clyde, Ellinwood, and St. Francis. We selected those districts because we have previously audited them so their data was readily available. Further, those districts were small, rural school districts similar to Ashland. **Figure 1-2** shows how much per FTE teacher each of the districts spent on supplemental pay. As the figure shows, the Ashland school district spent about \$5,100 per FTE teacher while the average for the comparison districts was about \$3,400.



District officials could not explain some supplemental payments and others appeared duplicative of teacher’s regular duties. For example, the district made a supplemental payment to the vocational education teacher for maintaining vocational education records, which would seem to be part of his regular duties. Further, officials could not explain why the music teacher received a \$3,600 “vocal and instrumental” payment or why a substitute teacher received a \$4,200 “substitute supervisor” payment in addition to their regular salary.

If Ashland brought its supplemental pay in line with the average of our three comparison districts, it could save up to \$34,000 annually. We did not evaluate specifically what activities other districts provide a supplement for or how much they pay. The district could reduce these expenditures by reducing the number of activities the district will pay for, reducing the amount

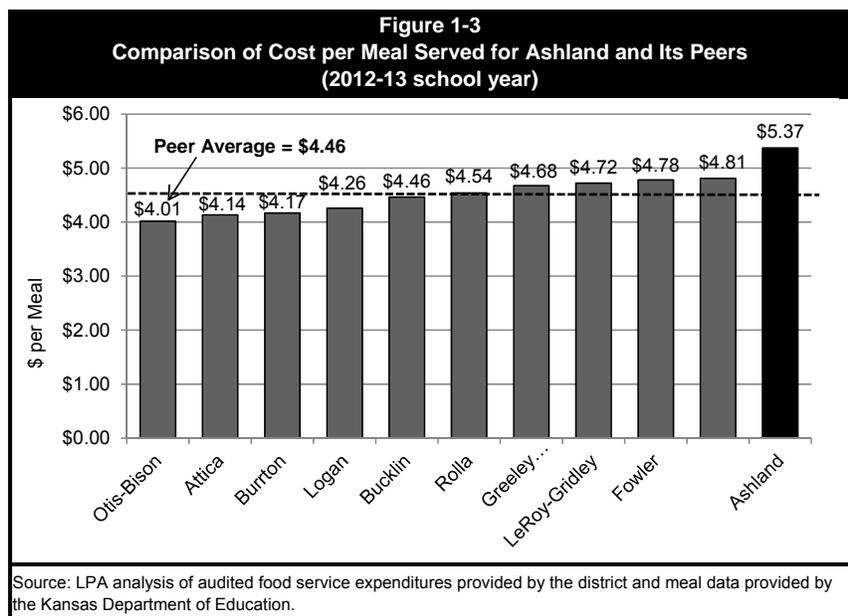
the district will pay for activities, or both. Ashland officials told us they would need to renegotiate teacher contracts before they could they could take either of these actions.

Reducing supplemental pay would also save the state up to \$3,500 annually in Kansas Public Employees Retirement System (KPERs) funding. Currently, the state pays the employer’s share of KPERs benefits for school districts (in 2013-14, this represents a little more than 11% of an employee’s salary). When savings are achieved through a reduction in district staff salaries, there is a subsequent reduction in the employers’ KPERs contribution. In this case, reducing the district’s staff salaries by \$34,000 would also reduce the state’s KPERs obligation by about \$3,500.

The District Could Save Between \$25,000 and \$76,000 Annually in Food Service Expenditures by Setting a Budget and Adopting Better Purchasing Practices

For the 2012-13 school year, the Ashland school district spent almost \$150,000 to serve a total of almost 28,000 meals. As discussed below, this was significantly more per meal than what the district’s peers spent during the same school year.

The district spent about \$1 more per meal, than its peer district average in the 2012-13 school year. This represents a total of about \$150,000 in food service expenditures. *Figure 1-3* shows expenditures per meal for the Ashland school district and its peers during the 2012-13 school year. As the figure shows, the Ashland school district spent \$5.37 per meal. On average, this was about \$1 more per meal than what the district’s peers spent. Because the Ashland meal counts the Kansas Department of Education provided to us were slightly lower than we expected, these numbers should be considered as indicators rather than absolute fact



The district does not set a budget and has several poor purchasing practices which contribute to high food service costs. The district lacks a food service budget, which is essential because it helps staff make informed decisions based on available funds. Moreover, through interviews with district officials, we identified other issues that likely contributed to the district's high food service costs.

- **The district buys food multiple times a week and sometimes at the local grocery store rather than in bulk, through a cooperative, or with other districts.** Purchasing food supplies in bulk would allow the district to take advantage of discounted food prices. Additionally, the district could take advantage of even greater discounts by combining their purchasing power with other districts or utilizing the services of a cooperative, such as the Southeast Kansas Education Center (Greenbush).
- **The district does not routinely compare prices across vendors to ensure the lowest prices for food supplies.** By not taking this step the district is unable to assess what vendors offer the best prices. As a result, the district is at risk of overspending.

The district could save between \$25,000 and \$76,000 if it could reduce its per meal cost to its peer average. Our savings estimate is based on reducing the Ashland school district's food service expenditures to the average of its peers. However, there was a \$51,000 discrepancy in food service expenditures between the district's internal accounting data and what the district reported to KSDE. It is not uncommon for a district's internal accounting data to not match what the district reported to KSDE because of differences in accounting codes. However, we were unable to determine which report was most accurate. As a result, we calculated a range of savings based on both the district's internal accounting data (\$25,000 in savings) and the KSDE expenditure data (\$76,000 in savings).

SAVINGS OPTIONS THAT COULD HAVE A MODERATE IMPACT ON STUDENTS OR THE COMMUNITY, BUT SHOULD BE CONSIDERED

The options presented in this section would likely have a moderate impact on students or the community, but the district should still consider implementing them. For example, reducing underutilized staff could have a moderate impact on students because it would slightly reduce the number of courses offered each semester. However, taking this action would only affect a small number of students overall.

Figure 1-4, on the next page, summarizes the cost savings in this category. As the figure shows, we estimated the district could save about \$80,000 annually if it chose to implement both options. Those options include:

- Consolidate low enrollment courses and reduce underutilized staff (page 14)
- eliminate funding for two low-participation sports (page 16)

The figure also lists concerns school district officials shared and our assessment of those concerns.

Figure 1-4 Summary of Cost Savings or Revenue Generating Options for the Ashland School District With <u>Moderate</u> Impact on Students or the Community			
Option	Annual Cost Savings	School District Officials' Concerns	LPA Assessment
Reduce Underutilized Staff (a)	\$75,000	<ul style="list-style-type: none"> ● The previous arrangement the district had to share a music teacher was too difficult for the teacher. 	<ul style="list-style-type: none"> ● Although it might take some time, the district should continue to seek out ways they can reduce this position to part-time.
Eliminate Funding for Two Low-Participation Sports (a)	\$5,400	<ul style="list-style-type: none"> ● Parents will resist this change because it could reduce opportunities for students to participate in sports. 	<ul style="list-style-type: none"> ● The district currently does not provide additional financial resources for students who participate in cross country (another low-participation sport).
Total District Savings	\$80,400		

(a) Additionally, the state would save \$8,000 annually in KPERS savings if the district took these actions.
Source: LPA analysis of audited district provided expenditure data, schedules, and interviews with district officials.

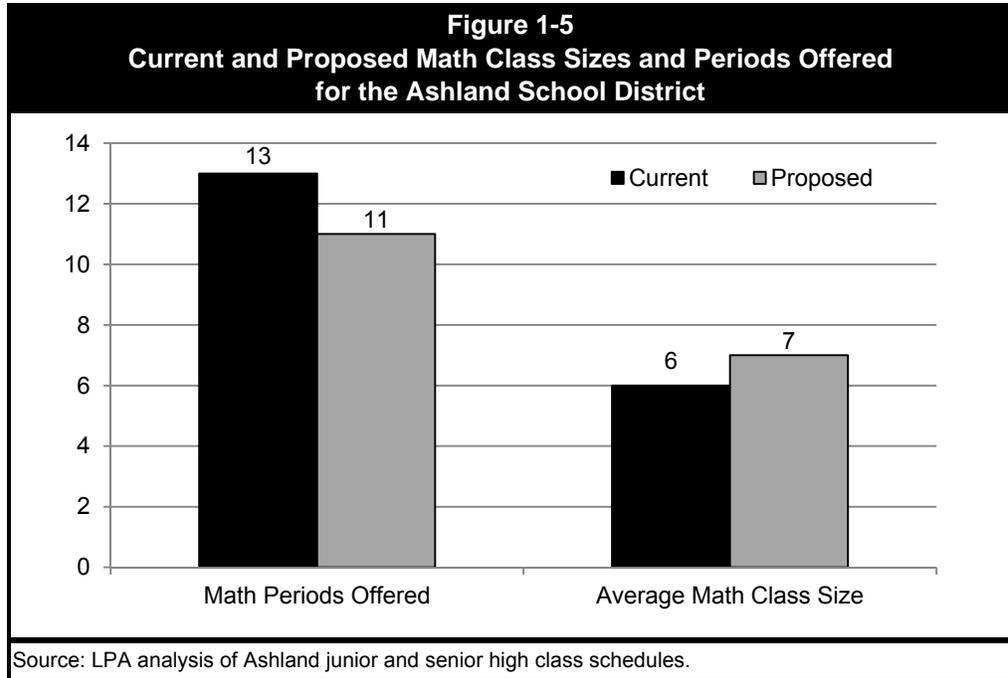
The District Could Save About \$75,000 Annually by Consolidating Low-Enrollment Courses and Reducing Underutilized Staff

We evaluated the Ashland school district’s 2013-14 class schedule to look for courses with very few students and determine if they could be eliminated to make more efficient use of the district's teaching staff. We identified three instances in which the district could operate more efficiently by consolidating low-enrollment courses and reassigning staff responsibilities.

The district could save about \$46,000 annually by consolidating low-enrollment junior high and high school courses and eliminating one teaching position. Currently, the Ashland school district employs three teachers to teach junior high and high school math. In addition to five math courses, one of those teachers also teaches a history class and a study application class. All of the math classes taught by this teacher had six students or fewer and could be feasibly combined with other low-enrollment math courses taught by the other two math teachers. Similarly, the remaining history and study application course could be absorbed by other teaching staff by consolidating several of their low-enrollment courses.

Figure 1-5, on the next page, shows the number of periods math classes are offered and the average number of students per class before and after our proposed reductions. As *Figure 1-5* shows, the effect of consolidating these low enrollment classes and

eliminating one math teacher has very little effect on either the number of periods math is offered or the average class size. Further, none of these changes affect any specialty math courses such as college algebra or remedial math courses. Finally, the district could achieve this staff reduction through attrition because one of the three math teachers is approaching retirement. When this teacher retires, the district could simply keep this position vacant to achieve our estimated savings. After low-enrollment classes are combined, the two remaining teachers can teach all the district's junior and senior high math classes.



The district could save about \$28,000 annually by reducing the high school band and music teacher to part time.

Currently, the Ashland school district employs a full-time junior high and senior high music teacher. This teacher currently teaches only three music courses. The remainder of his time is assigned to additional planning periods or to monitor a virtual distance learning Spanish course. The district could reduce the music and band teacher to part time by assigning the Spanish class to one of the several other teachers who have multiple planning periods.

According to district officials, it may be difficult to reduce this position. In the past, the district shared a music teacher with a neighboring district in order to keep that position at part time. However, officials told us the teacher found the traveling to be difficult and eventually quit. As a result, although district officials told us a part-time position was appropriate, it was not a reduction they anticipated they could make in the near future.

The district could also save about \$1,800 annually by having a salaried teacher monitor a distance learning Spanish class instead of a custodian. A number of the district's courses are taught through a distance learning network. Specifically, the district uses video conferencing technology to offer specialized classes, such as Spanish, to its students. Although these classes are taught virtually, they still need someone present to supervise and assist the students.

The district uses a custodian (paid hourly) rather than a salaried teacher to monitor one of these courses. The district has a number of salaried teachers with multiple planning periods that could monitor the class at no additional cost to the district. This would allow the district to eliminate four hours per week from this custodian's schedule and would result in savings of about \$1,800 annually. District officials told us they have made this change as a result of our audit.

Reducing the math and band teaching positions would also save the state about \$7,600 per year in KPERS costs.

Because the state pays the employer share of KPERS (instead of the district), it achieves savings when districts reduce salary costs. In this case, reducing the district's staff salaries by \$75,000 would also reduce the state's KPERS obligation by about \$7,600.

The District Could Save More Than \$5,000 Annually by Eliminating Funding for Two Low- Participation Sports

Although the Ashland school district offers several sports such as football, golf, and basketball, the district lacks enough students to field complete teams for other sports. As a result, the district has made arrangements for students who participate in three sports (high school cross country, high school volleyball, and junior high football) to compete as part of a team in a neighboring district.

The district could save more than \$5,000 annually by eliminating funding for two low-participation sports teams that play in other districts. The district transports eleven students who play high school volleyball and junior high football to other districts. Further, the district provides a coach for the football team. If the district continued to allow students to participate with other teams but stopped providing transportation and coaches, the district could save about \$5,400 annually. However, this would shift the burden of transporting students that choose to participate in these sports to the parents.

- **The district could save about \$1,700 annually by no longer offering supplemental pay or transportation for high school volleyball.** The district currently transports four students to

Bucklin to participate in volleyball with Bucklin High School. The district spends about \$1,700 in fuel costs and supplemental pay to a parent (who is also a district teacher) to transport the students to Bucklin for practices and games.

- **Beginning in the 2015-16 school year, the district could save about \$3,700 annually by no longer funding junior high football.** Ashland currently has seven students who participate in junior high football at Minneola. However, for the 2014-15 school year, Ashland has agreed to host students from Bucklin. Because of consistent low participation in this sport, Ashland could stop funding it after its obligation to Bucklin is met in 2015.

The district currently arranges for two students to participate in cross country as part of a team in another town but does not fund that sport. If officials took this same action with high school volleyball and junior high football, students would still have the same opportunities to play sports at no cost to the district.

District officials expressed concerns about reducing the number of opportunities students have to participate in sports. Athletic opportunities are often very important to both parents and students and eliminating funding could reduce student participation because parents would need to provide transportation. However, the district currently does not provide additional financial resources for students who participate in cross country.

SAVINGS OPTIONS THAT COULD HAVE A SIGNIFICANT IMPACT ON STUDENTS OR THE COMMUNITY, BUT SHOULD BE CONSIDERED

The cost savings option presented in this section would have a significant impact on students or the community. Specifically, eliminating bus routes could result in students spending more time on the bus each day.

Figure 1-6, on the next page, provides a summary of the cost savings in this category. As the figure shows, we estimated the district could save between \$13,000 and \$25,000 annually by reducing one or two bus routes.

The figure also lists district officials' concerns as well as our assessment of those concerns.

**Figure 1-6
Summary of Cost Savings or Revenue Generating Options for the Ashland School District
With Significant Impact on Students or the Community**

Option	Annual Cost Savings		School District Officials' Concerns	LPA Assessment
	Minimum	Maximum		
Consolidating One or Two Bus Routes	\$13,000	\$25,000	<ul style="list-style-type: none"> Although consolidating one bus route would have little effect on students, consolidating both routes could extend the bus route to 90 minutes for some students. 	<ul style="list-style-type: none"> District officials should continue to explore ways to reduce the impact of consolidating bus routes on students. However, the district should not pursue this option unless it can avoid such a large increase in student travel time.
Total District Savings	\$13,000	\$25,000		

Source: LPA analysis of audited bus route and transportation expenditure data provided by the district and interviews with district officials.

The District Could Save Up to \$25,000 Annually by Consolidating One or Two Bus Routes

The district currently uses a fleet of buses and vans to transport about 65 students to and from school each day. The district’s 11 routes cover about 660 square miles.

District officials agreed that one bus route could be consolidated with little to no impact on students and generate about \$13,000 in savings annually. During our review of the district’s bus routes we identified a morning bus route with no more than seven students (it fluctuates from day to day). The students on this route ride different routes home in the afternoon. By consolidating this route with another, the district could reduce costs associated with gas, maintenance, and the salary and benefits of one part-time driver.

If the district consolidated a second route it could save an additional \$12,000 annually, but it would likely also increase travel time for several students. We identified a second route that serves eight students that could potentially be consolidated with another route. District officials told us they were not certain they could consolidate this route without increasing travel time. Depending on how the routes are restructured, they estimated some students’ travel time could increase by as much as 30 minutes (for a total of a 90 minute trip, one way). However, district officials also told us they may have some options for minimizing this additional time. Travel time can be a significant issue, and the district should take that into consideration before it consolidates a second bus route.

The drivers associated with these routes are not eligible for KPERs benefits so the state would not realize any savings if the district took these actions.

In addition to eliminating bus routes, we evaluated two other transportation options used in other districts to reduce costs, but found they were not feasible for Ashland. School districts

across the state provide transportation services in a variety of ways. We evaluated two options other districts use to determine if they might be feasible options for Ashland.

- **Contracting out for transportation services was not feasible for the Ashland school district because of a lack of competition.** We identified only two bus companies that provide transportation services in the state and one of them told us they were not interested in expanding to Ashland. Districts often achieve savings by contracting for a service because the competition between multiple firms drives prices down. Thus, the lack of competition between multiple transportation companies in Ashland would likely not provide the type of competitive pricing necessary to achieve long-term savings.
- **Paying parents to transport students instead of providing bus service was not feasible because it would likely increase district costs.** State law allows districts to pay parents who live more than 2.5 miles from school to bring their students to school instead of providing bus services. We determined it would likely cost the district more to offer this payment than it costs the district to bus students. That is because the number of miles each individual parent would drive is greater than the number of miles Ashland buses currently travel. Further, officials were concerned a number of students would transfer to other districts if the district stopped providing transportation. If this occurred, the district could lose as much as \$150,000 in state and local funding annually.

OTHER FINDINGS

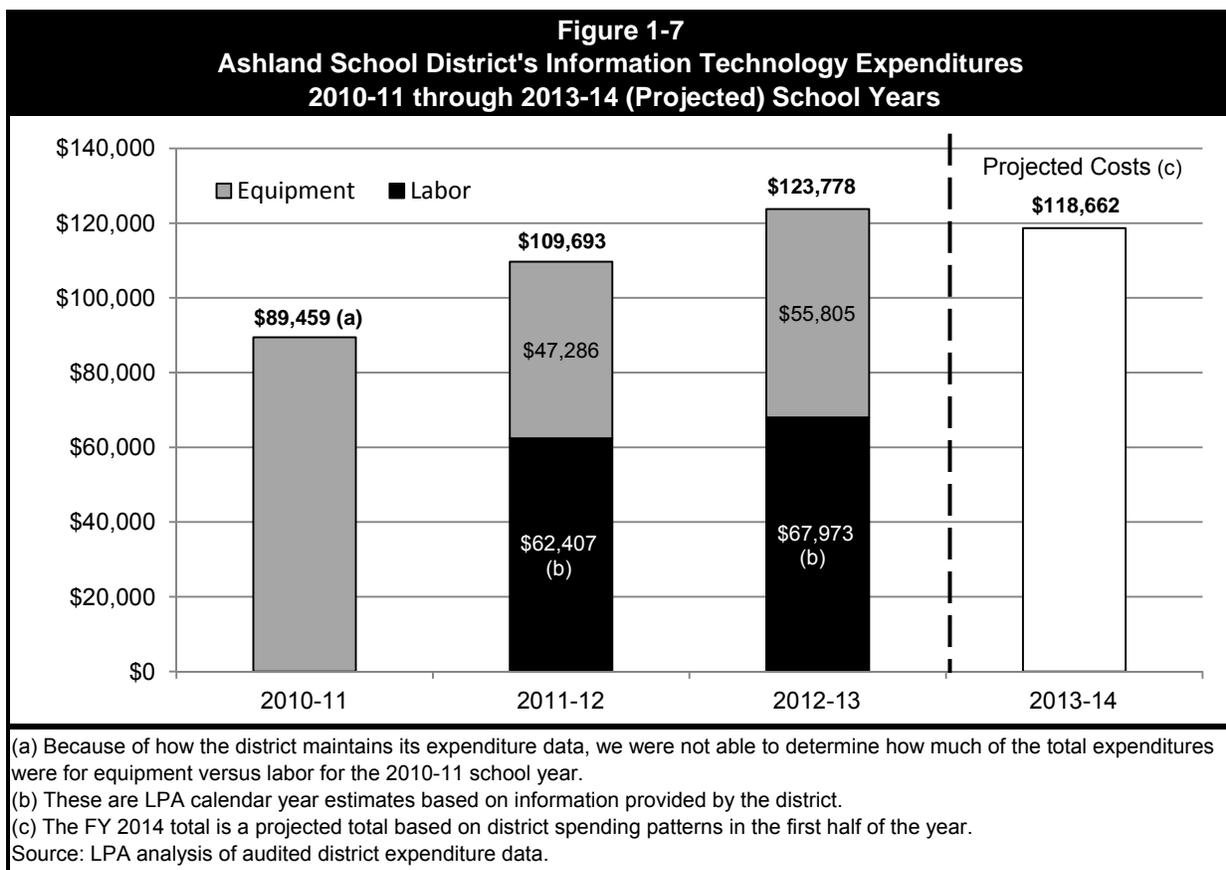
The District Has Poorly Managed Its Information Technology Expenditures

The district spent about \$124,000 on information technology (IT) services for the 2012-13 school year. To provide these services, the district utilizes an IT contractor who maintains the network, installs software, and orders new equipment. This contractor is based in Liberal, Kansas and spends a couple days a week at the district but performs the rest of his duties remotely.

The district lacks adequate controls to properly manage or evaluate its IT expenditures. Because of the district's significant IT expenditures, we reviewed its policies and practices related to managing IT expenditures and equipment. *Figure 1-7*, on the next page, shows the district's IT expenditures for the last four years. As the figure shows, the district's expenditures have increased from about \$90,000 in the 2010-11 school year to a projected almost \$119,000 in 2013-14. We identified several problems with how the district has managed its IT expenditures:

- **The district does not have a written contract with its IT contractor.** Not having a contract puts the district at risk of costly miscommunications. This is because the district's expectations related to hours worked and job responsibilities are not formally documented. However, district officials told us they recently signed a contract with their IT contractor.

- **The district does not bid or conduct thorough price comparisons before making large IT purchases.** District officials indicated they thought this was the contractor's responsibility (because he is responsible for placing the order) while the contractor thought it was the district's responsibility. By not taking this action, the district does not know if it is receiving the best possible price and is at risk of spending more than it needs to.
- **The district does not have a process to ensure they received the equipment they paid for.** We did not find any evidence the district had not received items it paid for. However, this process is especially important because the district's contractor often orders and receives the district's equipment and supplies. The absence of this process puts the district at risk for fraud and abuse.



The district could not easily determine how much it spends on IT labor and equipment. As mentioned before, the district utilizes an IT contractor to provide a number of services to the district. District officials told us their goal is to spend no more than \$24,000 to \$36,000 per year for the contractor's labor. However, because the district does not specifically identify IT expenditures as labor (rather than equipment) the district cannot easily track how much it is spending for its contractor's services. As *Figure 1-7* shows, the district spent an estimated \$62,000 to \$68,000 in labor for multiple contractors in the past two fiscal years, which is well above its goal.

Additionally, because the district cannot easily determine how much it spends on IT services, it has not evaluated whether its current arrangement (the combination of a third-party contractor and in-house staff) is the most cost effective option. Although the district is in a rural area, it does have other options for providing IT services including sharing IT staff with another district or contracting with other vendors.

***The District Lacks
Appropriate Inventory
Policies and Procedures***

The district's lack of written policies and procedures has resulted in poor inventory controls. The district had no written policy or procedures to help ensure its staff adequately and consistently inventory district assets, including its information technology equipment. This includes information such as what items need to be inventoried, a monetary threshold, and who is responsible for completing the inventory. As a result, the district's inventory is incomplete and inconsistent from year to year. This puts the district at risk of purchasing items it does not need and also increases the risk of fraud or abuse.

***Recommendations for
District Action or
Consideration***

Because of the potential for reducing costs with little to no impact on education services provided to students, the Ashland school district should implement the following actions:

1. Develop and implement a plan to reduce supplemental pay by reducing either the number of activities the district pays for or the amount the district pays so that it is in line with what other similar districts currently offer (page 10).
2. Improve the efficiency of the food service program by taking the following actions:
 - a. set a budget for the food service program (page 13)
 - b. competitively shop or solicit bids from food vendors (page 13)
 - c. combine purchasing power with other districts or join a cooperative (page 13)

To exercise better oversight over the district's IT expenditures the district should implement the following actions:

3. Establish appropriate oversight of IT expenditures by taking the following actions:
 - a. develop policies and procedures to effectively monitor its recently established IT contract (page 19)
 - b. establish a process for conducting price comparisons when purchasing new IT equipment (page 20)

- c. develop a process to verify it receives the IT equipment it purchases (page 20)
4. Improve oversight of IT expenditures by recording IT support services separately from equipment expenditures (page 20).
5. Assess whether the district's current IT arrangement is the most cost effective by comparing the district's costs to other possible alternatives (page 21).

To reduce the district's risk of fraud and abuse the district should take the following actions:

6. Develop written policies and procedures regarding the district's inventory process for both IT and non-IT related items (page 21).

Because of the potential for impact on students or the community, the Ashland school district should consider implementing the following actions:

7. Reduce the number of underutilized staff by doing the following:
 - a. reduce the number of math teachers from three to two (page 14)
 - b. reduce the high school music and band teacher to part time (page 15)
 - c. require a salaried teacher to monitor the distance learning Spanish courses rather than pay extra to have someone else serve as a monitor (page 16)
8. Eliminate funding for high school volleyball and junior high football, as it currently does with cross country (page 16).
9. Develop and implement a plan to consolidate bus routes (page 18).

APPENDIX A

Scope Statement

This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit on July 23, 2013. The audit was required under K.S.A. 46-1133.

K-12 Education: Efficiency Audit of Selected School Districts

In recent years, the Legislative Division of Post Audit has conducted several voluntary efficiency audits of school districts. Officials from audited school districts volunteered as a way to help them identify ways they could reduce costs without affecting the education they provide students. Between December 2009 and July 2013, ten school district efficiency audits were conducted. Among other things, these audits found potential savings related to food service programs, custodial staffing, high school scheduling, and consolidating administrative functions into a single building.

During the 2013 legislative session, House Bill 2349—which requires us to conduct three school district efficiency audits of a small, medium, and large school district each fiscal year—was passed and signed into law. That bill further stipulates that school districts be selected on a voluntary basis first and exempts school districts that have participated in a similar efficiency audit in the previous five years.

This school district performance audit answers the following question:

- 1. Could selected school districts achieve significant cost savings by improving resource management, and what effect would those actions have?** To answer this question, we would select three school districts for review (one small, one medium, and one large), with preference given to districts that voluntarily requested an audit. We would interview district officials, tour facilities, and compare each district's staffing and expenditures to its peers and other relevant benchmarks to identify areas where the district could potentially save money. We would evaluate each district's practices in the areas we identified to see if there are ways the districts could use fewer resources without significantly affecting their ability to educate students. We would perform additional work in this area as necessary.

Estimated Resources: 3 LPA staff

Estimated Time: 8 months (a)

(a) This would be divided into two four-month projects. One project would include the audits of the small and medium-sized districts; the other would include the audit of the large district.

APPENDIX B

Detailed Information about Efficiency Measures Used to Compare the Ashland School District to Its Peers

This appendix contains a description of the methodology we used to select the peer districts we compared the Ashland school district to, along with information for each of the districts.

Peer Selection

To select peers for the Ashland school district we did two things:

- We calculated the following demographic measures for all Kansas school districts:
 - Total enrollment
 - Percent of students who are eligible for free lunches
 - Percent of students who have limited English proficiency
 - Total assessed property value per student
- We developed a statistical model to identify peer districts that were most similar to the Ashland school district based on those measures.

The list of Ashland's peers is included in this appendix on page 26.

Peer Comparison

To compare Ashland against its peers, we calculated a variety of efficiency measures for each district. Our methodology is described here:

- **When compiling efficiency measures for the districts, we focused on eight functional areas: instruction, district administration, school administration, instructional support, student support, operations and maintenance, food service, and transportation.** We looked at 2012-13 expenditure, enrollment, and staffing data for each of these areas. We used that data to calculate our primary unit of measurement, which was cost per student. We looked at total expenditures per student, but also at object level expenditures, like salaries, purchased services, and supplies. We also looked at total staff in each area and staff per 500 students. Our calculations for the Ashland school district and its peers are included in this appendix.

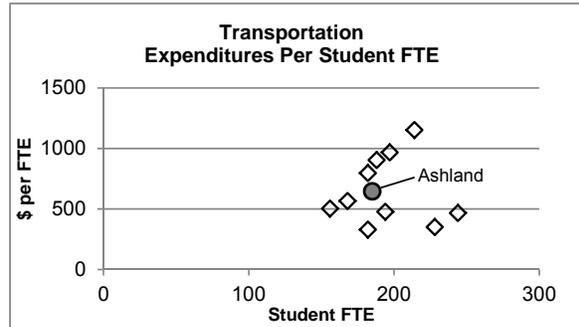
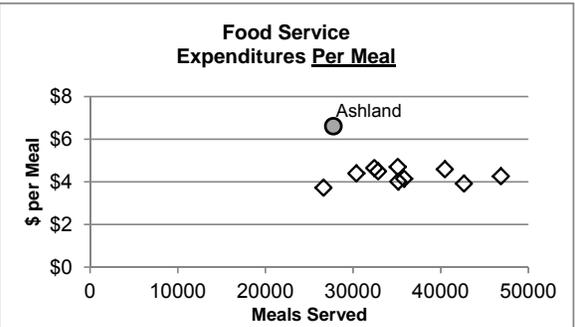
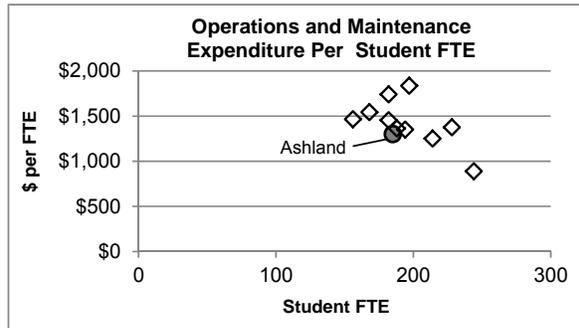
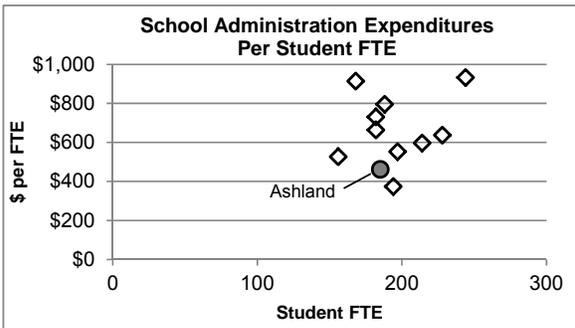
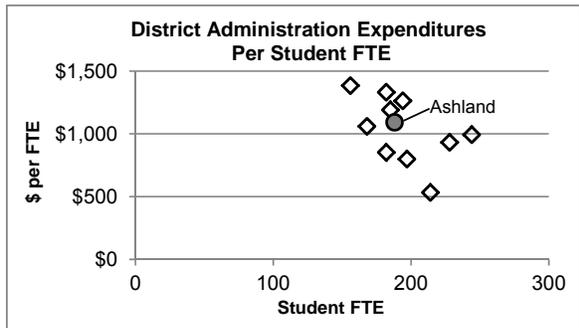
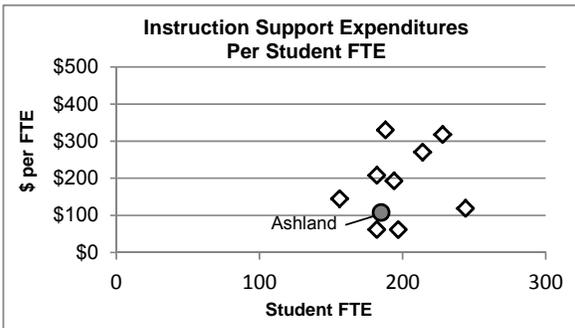
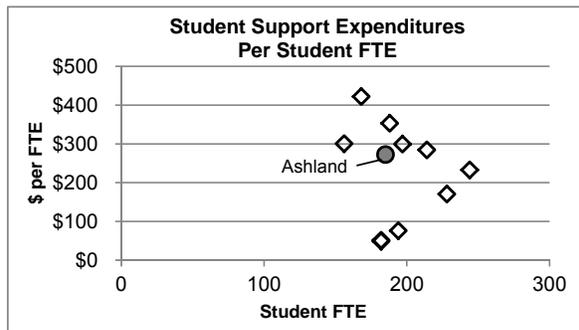
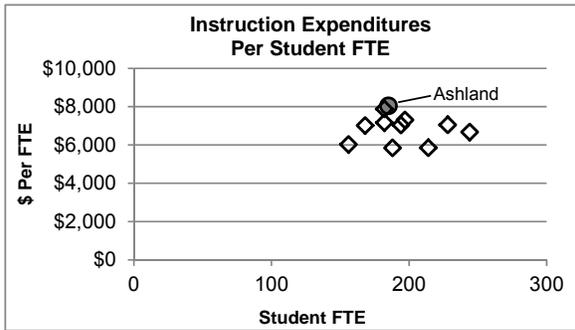
The expenditure and staff comparisons for Ashland and its peer districts begin on page 28.

Appendix B
Demographic Information for the Ashland School District and Its Peers
(2012-13 school year)

USD #	Name	FTE Students	% Free Lunch	% Limited English Proficiency	Assessed Valuation per Pupil
200	Greeley County	197	42%	24%	\$135,952
217	Rolla	182	32%	19%	\$335,752
220	Ashland	185	36%	10%	\$155,176
225	Fowler	169	41%	10%	\$83,816
241	Wallace County	195	38%	0%	\$125,305
245	LeRoy-Gridley	214	37%	0%	\$104,553
326	Logan	183	38%	2%	\$96,050
369	Burrton	228	48%	1%	\$81,202
403	Otis-Bison	188	29%	0%	\$169,635
459	Bucklin	244	46%	1%	\$127,270
511	Attica	156	34%	0%	\$108,161

Source: LPA analysis of district information provided by the Kansas Department of Education.

Appendix B
Comparison of per FTE Student or Meal Expenditures for Ashland
and its Peer Districts 2012-13 School Year (a)



(a) Data does not include special education and property and equipment costs
 Source: LPA analysis of audited school district expenditures and enrollment data from the Kansas Department of Education and the Ashland School District

APPENDIX B
2012-2013 Operating Expenditures Per FTE Student for
the Ashland School District and its Enrollment Peers

MEASURES (a)	School Districts										
	Attica (511)	Fowler (225)	Logan (326)	Rolla (217)	Ashland (220)	Otis-Bison (403)	Wallace County (241)	Greeley County (200)	LeRoy-Gridley (245)	Burton (369)	Bucklin (459)
Sorted by: Enrollment FTE	156	168	182	182	185	188	194	197	214	228	244
Instruction											
Per Student Expenditures Breakdown											
Salaries	\$4,729	\$5,028	\$5,235	\$5,711	\$5,765	\$4,492	\$5,380	\$5,545	\$4,599	\$5,619	\$4,711
Employee Benefits	\$677	\$820	\$1,756	\$630	\$702	\$854	\$922	\$1,036	\$356	\$1,005	\$954
Purchased Services	\$112	\$510	\$83	\$253	\$8	\$59	\$112	\$60	\$360	\$6	\$337
Supplies	\$302	\$657	\$585	\$568	\$1,450 (g)	\$446	\$627	\$663	\$327	\$279	\$669
Other	\$206	\$1	\$221	\$0.00	\$121	\$1	\$0	\$0.00	\$213	\$142	\$5
Expenditures per FTE Student	\$6,025	\$7,017	\$7,881	\$7,162	\$8,047	\$5,851	\$7,041	\$7,303	\$5,855	\$7,051	\$6,676
Staffing Information											
Total Instruction Staff	17.5	18.7	22.3	21.0	22.0	20.8	21.5	23.6	21.6	31.7	24.0
# staff/500 students	56.1	55.7	61.3	57.7	59.5	55.3	55.4	59.9	50.5	69.5	49.2
Student Support											
Per Student Expenditures Breakdown											
Salaries	\$264	\$317	\$0	\$0	\$194	\$303	\$0	\$268	\$257	\$144	\$185
Employee Benefits	\$18	\$105	\$4	\$0	\$26	\$50	\$0	\$21	\$22	\$12	\$42
Purchased Services	\$18	\$0	\$48	\$0	\$0	\$0	\$35	\$0	\$0	\$2	\$4
Supplies	\$0	\$0	\$1	\$23	\$0	\$0	\$41	\$10	\$0	\$13	\$2
Other	\$0	\$0	\$0	\$26	\$53	\$1	\$0	\$2	\$5	\$0	\$0
Expenditures per FTE Student	\$301	\$422	\$52	\$49	\$273	\$353	\$76	\$300	\$285	\$171	\$233
Staffing Information											
Total Student Support Staff	1.9	0.6	0.6	1.1	1.7	1.2	1.5	3.0	1.0	1.0	1.0
# staff/500 students	6.1	1.8	1.6	3.0	4.6	3.2	3.9	7.6	2.3	2.2	2.0
Instructional Support											
Per Student Expenditures Breakdown											
Salaries	\$126		\$1	\$165	\$29	\$232	\$145	\$0.00	\$193	\$295	\$82
Employee Benefits	\$9		\$0.09	\$13	\$24	\$35	\$11	\$28	\$15	\$23	\$23
Purchased Services	\$0	(b)	\$35	\$0	\$49	\$0	\$14	\$31	\$62	\$0	\$0
Supplies	\$9		\$23	\$30	\$7	\$22	\$23	\$2	\$0	\$0	\$14
Other	\$0.00		\$2	\$0	\$0.25	\$41	\$0	\$0	\$1	\$0	\$0
Expenditures per FTE Student	\$145	(b)	\$62	\$208	\$108	\$330	\$193	\$62	\$271	\$318	\$119
Staffing Information											
Total Inst. Support Staff	0.0	(b)	0.8	0.6	1.0	0.8	1.6	0.0	0.0	2.0	1.0
# staff/500 students	0.0	(b)	2.2	1.6	2.7	2.1	4.1	0.0	0.0	4.4	2.0
District Administration											
Per Student Expenditures Breakdown											
Salaries	\$536	\$744	\$287	\$819	\$709	\$674	\$709	\$535	\$376	\$493	\$532
Employee Benefits	\$100	\$115	\$211	\$71	\$70	\$78	\$74	\$110	\$11	\$85	\$89
Purchased Services	\$617	\$174	\$303	\$414	\$304	\$186	\$470	\$89	\$139	\$289	\$306
Supplies	\$42	\$0.43	\$2	\$27	\$8	\$12	\$10	\$0	\$4	\$57	\$2
Other	\$90	\$26	\$49	\$0	\$101	\$143	\$0	\$65	\$3	\$8	\$64
Expenditures per FTE Student	\$1,384	\$1,060	\$852	\$1,332	\$1,191	\$1,092	\$1,264	\$799	\$533	\$933	\$993
Staffing Information											
Total District Admin. Staff	2.2	1.8	3.2	2.6	1.5	2.8	3.0	0.5	2.5	3.6	2.8
# staff/500 students	7.1	5.4	8.8	7.1	4.1	7.4	7.7	1.3	5.8	7.9	5.7
School Level Administration (c)											
Per Student Expenditures Breakdown											
Salaries	\$347	\$721	\$467	\$613	\$401	\$545	\$196	\$454	\$450	\$502	\$709
Employee Benefits	\$24	\$86	\$225	\$50	\$44	\$167	\$45	\$99	\$37	\$90	\$160
Purchased Services	\$29	\$106	\$28	\$0.00	\$16	\$36	\$63	\$0	\$97	\$40	\$52
Supplies	\$127	\$1	\$10	\$1	\$0	\$48	\$70	\$0	\$10	\$2	\$7
Other	\$0	\$0.26	\$0.00	\$0.00	\$1	\$0.00	\$0.00	\$0	\$3	\$4	\$5
Expenditures per FTE Student	\$527	\$915	\$731	\$664	\$462	\$796	\$374	\$553	\$597	\$637	\$932
Staffing Information											
Total School Level Staff	0.5	3.2	0.5	3.7	2.6	3.0	1.0	0.5	3.0	3.4	4.0
# staff/500 students	1.6	9.5	1.4	10.2	7.0	8.0	2.6	1.3	7.0	7.5	8.2

APPENDIX B (con't)
2012-2013 Operating Expenditures Per FTE Student for
the Ashland School District and its Enrollment Peers

MEASURES (a)	School Districts										
	Attica (511)	Fowler (225)	Logan (326)	Rolla (217)	Ashland (220)	Otis-Bison (403)	Wallace County (241)	Greeley County (200)	LeRoy- Gridley (245)	Burton (369)	Bucklin (459)
Operations and Maintenance											
Per Student Expenditures Breakdown											
Salaries	\$308	\$442	\$440	\$384	\$621	\$547	\$527	\$538	\$392	\$506	\$413
Employee Benefits	\$22	\$95	\$317	\$31	\$85	\$111	\$90	\$122	\$28	\$127	\$121
Purchased Services	\$796	\$387	\$34	\$517	\$161	\$319	\$172	\$560	\$534	\$181	\$91
Supplies	\$338	\$600	\$950	\$524	\$434	\$387	\$563	\$616	\$298	\$561	\$264
Other	\$1	\$19	\$0	\$0.00	\$0.00	\$0.48	\$0.00	\$0.00	\$0.00	\$1	\$0
Expenditures per FTE Student	\$1,465	\$1,543	\$1,742	\$1,455	\$1,301	\$1,364	\$1,352	\$1,837	\$1,252	\$1,376	\$888
Staffing Information											
Total Ops. & Maint. Staff	2.5	2.3	3.9	6.0	3.8	3.3	4.0	3.0	4.0	4.0	3.0
# staff/500 students	8.0	6.8	10.7	16.5	10.1	8.8	10.3	7.6	9.3	8.8	6.1
Food Service											
Per Student Expenditures Breakdown											
Salaries	\$221	\$303	\$257	\$333	\$307	\$265	\$238	\$257	\$413	\$277	\$297
Employee Benefits	\$17	\$72	\$94	\$26	\$92	\$94	\$76	\$95	\$33	\$84	\$77
Purchased Services	\$2	\$0	\$7	\$0	\$0	\$4	\$17	\$0	\$0	\$0	\$3
Supplies	\$396	\$601	\$459	\$346	\$427	\$379	\$446	\$399	\$411	\$372	\$442
Other	\$0.00	\$6	\$0	\$30	\$166	\$9	\$0.0	\$0.0	\$11	\$0	\$0
Expenditures per FTE Student	\$636	\$981	\$817	\$735	\$992	\$751	\$777	\$750	\$868	\$733	\$820
Staffing Information											
Total Food Service Staff	1.8	2.1	2.5	3.5	2.1	2.7	3.0	3.5	4.0	2.5	3.4
# staff/500 students	5.8	6.3	6.9	9.6	5.7	7.2	7.7	8.9	9.3	5.5	7.0
Transportation											
Per Student Expenditures Breakdown											
Salaries	\$283	\$301	\$307	\$135	\$323	\$319	\$223	\$401	\$0 (d)	\$192	\$234
Employee Benefits	\$23	\$58	\$55	\$26	\$27	\$111	\$17	\$86	\$0 (d)	\$38	\$34
Purchased Services	\$58	\$53	\$163	\$6	\$61	\$83	\$59	\$50	\$1,153	\$51	\$69
Supplies	\$131	\$143	\$237	\$163	\$228	\$377	\$173	\$431	\$0.00	\$67	\$130
Other	\$7	\$11	\$35	\$0.00	\$7	\$15	\$5	\$0.00	\$0.00	\$3	\$0.27
Expenditures per FTE Student	\$503	\$566	\$797	\$330	\$646	\$905	\$478	\$968	\$1,153	\$351	\$467
Staffing Information											
Total Transportation Staff	0.5	1.4	1.1	0.5	4.5	2.9	0.0	5.0	0.0	2.3	1.2
# staff/500 students	1.6	4.2	3.0	1.4	12.2	7.7	0.0	12.7	0.0	5.0	2.5
Total District Expenditures per FTE Student (e)	\$10,986	\$12,504 (f)	\$12,934	\$11,934	\$13,019	\$11,442	\$11,554	\$12,572	\$10,812	\$11,569	\$11,128

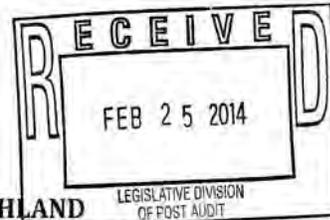
(a) Expenditures for special education and property and equipment are excluded.
(b) Data not included because it appeared not all of the expenditures in this district were included.
(c) These categories include administrators, clerical staff, and other support staff.
(d) The LeRoy-Gridley School District contracts out for transportation services.
(e) Due to rounding, adding the individual measures may not equal the total shown.
(f) Does not represent total expenditures because it did not appear that the district reported all of their instructional support expenditures.
(g) The Ashland school district's instruction supply expenditures appeared high due to a coding error made by the district. We were unable to correct this error. As such, we did not evaluate these expenditures further.
Source: LPA analysis of data provided by the Kansas State Department of Education.

Appendix C

District Response

On February 11, 2014 we provided copies of the draft audit report to Ashland school district officials. The district's response is included in this appendix. Following the written response is a table listing the district's specific implementation plan for each recommendation.

The district generally concurred with our findings, conclusions, and recommendations.



UNIFIED SCHOOL DISTRICT NO. 220 ASHLAND

Board of Education
Mr. Jeff Berryman
Mr. Mark Gardiner
Mr. Greg Goodnight
Mr. John Kellenberger
Mr. Lonnie Sarver
Mrs. Sherry Neier
Mr. Dusty Voorhies

Superintendent of Schools
Dr. Brian Pekarek

Elementary Principal
Mr. Jason Endicott

Junior-Senior High Asst. Principal
Mr. Michael Schatz

Dear Kansas Legislative Post Audit Committee,

The USD 220 School District wants to thank the Kansas Legislative Post Audit Team for coming out to Clark County and evaluating the efficiency of the USD 220 Ashland School district. Although the experience did require some time to provide all of the necessary information to the auditors in the forms of interviews, data, records, and expense reports, the information gathered from the report was well worth the effort for our district. The team was extremely professional to work with through this process, and they helped us develop new perspectives for areas where we could be more efficient with our limited funds. Not only did the team inquire about the practices of our district, but they had the time and resources to study the finance, purchasing, and policy changes that often become routine in a school district in order to identify areas where we might save money. The follow information are areas in the study that made the most initial impact on USD 220 Schools:

Reducing Technology Costs: This part of the study allowed us the ability to see that we needed to cut down on the amount that we pay for out-sourcing our technology services within our district. From this perspective, we reduced our technology director position to a one-day position, and fully utilized our other technology by inventories and efficiency in ordering practices.

Reducing Transportation Costs: As a district, we will be saving money by removing a bus route for the district.

Reducing Number of Underutilized Staff: As a district, we will be saving money by internalizing staff, but still being able to offer the same amount of curriculum choices that we had previously offered.

Reducing Food Service Costs: The information contained in the audit was very beneficial for our food service discussions in our rural area of Kansas. It resulted in discussing the issues of bulk food purchasing, setting a realistic budgets, and getting other Ashland food providers (the hospital, the local grocery store, and the school district) to "come to the table" in order to see if transportation costs could be minimized by ordering food from one vendor instead of three. Buying in bulk caused us to re-think our storage and frozen foods capacity as well. Since USD 220 consists of cattle ranching areas, we started an "Animal a Year" program with our local cattle ranchers. This program will encourage the ranchers to donate a cow, steer, or bull to be harvested for ground beef for our district. This will significantly reduce our food service costs. Not only will this be great advertising for our ranchers in our community, but we estimate that this will be able to save an additional \$20,000 worth of ground beef costs each year for the district.

In conclusion, the experience was a positive one for my district, school board, and community. Although I am disappointed in the amount of school districts that had volunteered for this free service, I would encourage the Kansas Legislative Post Audit Team to consider giving small incentives for Kansas School Districts in the future. This action might encourage others to sign up and be a part of this efficiency program.

Thank you.

Sincerely,

Dr. Brian Pekarek
USD 220 Ashland Superintendent of Schools

Itemized Response to LPA Recommendations

Audit Title: K-12 Education: Efficiency Audit of the Ashland School District

LPA Recommendation	Agency Action Plan
Because of the potential for reducing costs with little to no impact on education services provided to students, the Ashland school district <u>should implement</u> the following actions:	
1. Develop and implement a plan to reduce supplemental pay by reducing either the number of activities the district pays for or the amount the district pays so that it is in line with what other similar districts currently offer.	The USD 220 School District is in the process of bringing the issue of payment of teacher up during our negotiations sessions with teachers. However, since activities are important for a small rural school district, USD 220 will not limit activities at this time.
2. Improve the efficiency of the food service program by taking the following actions:	USD 220 is taking this recommendation and changing current practices accordingly.
a. Set a budget for the food service program	USD 220 setting a workable budget, informing the director, and cost save with beef procuded locally.
b. Competitively shop or solicit bids from food vendors	USD 220 is taking this recommendation and changing current practices accordingly.
c. Combine purchasing power with other districts or join a cooperative.	USD 220 is planning on meeting with the hospital and and local grocery stores to reduce costs.
To exercise better oversight over the district's IT expenditures the district <u>should implement</u> the following actions	
3. Establish appropriate oversight of IT expenditures by taking the following actions:	USD 220 is taking this recommendation and changing current practices accordingly.
a. develop policies and procedures to effectively monitor its recently established IT contract.	USD 220 is taking these recommendations and hiring IT Director only on Wednesdays.
b. establish a process for conducting price comparisons when purchasing new IT equipment.	USD 220 is taking these recommendations and informing the IT Director.
c. develop a process to verify it receives the IT equipment it purchases.	USD 220 is taking these recommendaitons and informing the IT Director, BOE, and administration.
4. Improve oversight of IT expenditures by recording IT support services separately from equipment expenditures.	USD 220 is limiting the IT directors presence in the district by only allowing him to be in the district on Wednesdays (once a week).
5. Assess whether the district's current IT arrangement is the most cost effective by comparing the district's costs to other possible alternatives.	USD 220 has conducted a study about this possible cost and has found that limiting the IT Director on Wednesdays would be most cost effective.
To reduce the district's risk of fraud and abuse the district <u>should take</u> the following actions:	
6. Develop written policies and procedures regarding the district's inventory process for both IT and non-IT related items.	USD 220 is taking these recommendations.

Because of the potential for impact on students or the community, the Ashland school district should consider the following actions:

7. Reduce the number of underutilized staff by doing the following:	USD 220 is taking most of these recommendations.
a. reduce the number of math teachers from three to two.	USD 220 is taking this recommendation and changing current practices accordingly.
b. reduce the high school music and band teacher to part time.	USD 220 decided to rehire for this position since this was unsuccessful for us in the past.
c. require a salaried teacher to monitor the distance learning Spanish course rather than pay extra to have someone else serve as a monitor.	USD 220 moved a salaried teacher into this position as recommended.
8. Eliminate funding for high school volleyball and junior high football, as it currently does with cross country.	USD 220 decided to keep paying for this as we are a rural district and sports are heavily tied to our community and students.
9. Develop and implement a plan to consolidate bus routes.	USD 220 is planning on reducing one bus route because of this new knowledge.

