USD 113 Prairie Hills
Preparing Kids, Shaping the Future
Axtell - Sabetha - Wetmore

JAN 2023

USD 113 District Review

Key Findings and Recommendations

Introduction and Purpose of Document

The goal of this study was to assess the overall financial health of Unified School District (USD) 113 and determine whether closing the K-12 Wetmore Attendance Center (WAC) is necessary for the district to remain viable over the long term.

The study analyzed five-years of USD 113's Financial Statements and Annual Audited Building Expense Reports (FY18-22) to answer the following questions:

1) **Overall Financial Health** – Does the district have sufficient funding in place to manage normal operations, capital needs, and any unplanned operating deficits or issues that may arise in the future?
2) **Wetmore Operating Margin** – Is the Wetmore campus operating in an efficient manner and bringing in sufficient revenue to cover its expenses?
3) **Five Year Outlook** – Can Wetmore continue to operate with a positive margin over the next five years and/or would closing the Wetmore campus improve the district's ability to meet its strategic objectives?

The purpose of this document is to provide a consolidated package of information that addresses these questions and provides additional analysis, insights, and recommendations that are relevant to the study.

Approach and Methodology

The framework below was used to apply a data-driven approach to the review and key findings were supplemented with targeted research and interviews to develop conclusions and recommendations.

Key Considerations Relevant to Discussion

	Overall Financial Health	Enrollment Levels	Revenue Allocation Methodology	Closure Scenarios	Campus Review
Objective	*Assess USD 113's ability to manage normal operations, capital needs, and unplanned issues.*	*Review enrollment levels and trends to assess Wetmore's ability to maintain ongoing operations.*	*Review current revenue allocation model to determine if current allocations are accurate.*	*Evaluate potential costs associated with closing Wetmore and assess overall impact to district.*	*Review campus by campus performance to assess alternatives to school closure.*
Source Material	*Financial Statements, Audited Building Expense Reports, meetings with Superintendent*	*Enrollment Source File 2006-2022, Principals Building Report 22-23*	*Form 150 data, Land Valuation data, meetings with Superintendent, County Clerk's Office, and KS BOE Director of School Finance*	*District Office Closure Scenarios, Average revenue and expense data, meetings with Superintendent*	*Audited Building Expense Reports, meetings with Superintendent*

References and Source Material

Data utilized from the following sources (files provided by District Office unless otherwise indicated).

Section	File Name	Description
Financial Statements	*Prairie Hills USD 113 FYE18*	FY18 Financial Statement
	D0113 Prairie Hills 2019	FY19 Financial Statement
	D0113 Prairie Hills 2020	FY20 Financial Statement
	Prairie Hills USD 113 FYE21	FY21 Financial Statement
	11.8.22 FY22 Official Audit Report	FY22 Financial Statement
Audited Building Expense Reports	*Official17-18 AUDITED 11.1.18Ken*	FY18 Report
	CORRECTED 18-19 Ken Kickehaefer - AUDITED 11.6.19	FY19 Report
	Ken Kickhaefer 12.29.2020 2019-2020 v2	FY20 Report
	Ken Kickhaefer 2020.2021 12.6.21	FY21 Report
	2. Ken Kickhaefer Audited 10.5.22.w. exp per unweighted fte	FY22 Report
Enrollment Data	*9.14.22 Enrollment FY6 to FY 22*	Enrollment data from Principal Building Reports
	Sabetha schools wfte FY18-23	Provided by Superintendent to allocate revenue to Sabetha buildings
Form 150 Documents	*F150-113-2018*	FY18 Form
	F150-113-2019	FY19 Form
	FY 20 Form150	FY20 Form
	F150-113-2021	FY21 Form
	FY22 150	FY22 Form
Closure Scenarios	*FY24-26 Projections*	Presented at Special BOE meeting Nov, 2021; 13 documents included
Land Valuation Tax Data*	*Wetmore Land Valuation – USD 113 Tax Revenue Actuals*	*Obtained from Nemaha, Jackson, and Brown County Clerks Office

Executive Summary

Executive Summary

USD 113 is in a healthy financial position, and the suggestion that the district needs to close Wetmore to remain sustainable is not substantiated by the financial statement data and related information.

	Key Questions	Key Findings
Overall Financial Health	Does the district have sufficient funding in place to manage normal operations, capital needs, and any unplanned operating deficits or issues that may arise in the future? Is closing Wetmore "urgent" to keep the unified district in a strong financial position?	• USD 113 has over $8M in cash reserves as of the end of FY22 and the district has healthy liquidity levels and cash positions. • Revenue (+13%) has grown faster than expenses (+10%) since FY18, and district has sufficient revenue to pay for its current operations. • The district has accumulated over $520K in cash surplus since FY18. • State funding is expected to increase in FY24, and no data has been reported which suggests a significant change in USD 113's overall financial position is eminent.
Wetmore's Operating Margin	Is the Wetmore campus operating in an efficient manner and bringing in sufficient revenue to cover its expenses?	• Wetmore's student population brought in an average of $1.76M in revenue/year over the past 3 years and only spent an average of $1.7M/year, which is a $60K/year cash surplus. • The District Office's 2-year projections (FY23 and 24) show a cumulative deficit of ~$7K, but adjustments have already been made and break-even performance (or better) is expected. • Wetmore experienced a higher-than-normal decline of 10 students between FY22-23, but 5 of these students have already been replaced by new and incoming families as of January 2023 and the 2-year funding buffer will prevent actual budgetary impact.
5-Year Outlook	Can Wetmore continue to operate with a positive margin over the next five years and would closing the Wetmore campus improve the district's ability to meet its strategic objectives over the long term?	• Closing Wetmore will cost the district $581K ($461K closing costs + $120K of forfeited revenue) and does not produce any real cost savings unless the board votes to keep the $2.5M in unearned revenue from a loophole in the state funding formula. • There are 8 newly recruited students in Wetmore's pipeline for the FY24 school year, so the expected net change in enrollment between FY23-24 is +4 (i.e. recruiting plan is credible). • Expected increases in per student funding in FY24, and the 2-year funding buffer in the School Funding Formula provides sufficient coverage to run 2-year growth sprints and reassess long-term plan in 5-years.

The district has sufficient funding in place to manage current operations, but adjustments may be required if USD 113 has significant changes or investment needs on the horizon which have not been reported (additional input required; see campus-specific recommendations for additional details).

USD 113 Operating Margins

USD 113 is healthy as a unified district, but Wetmore's efficiency levels are not the district's most significant efficiency challenge. Failure to address risks and issues at the other campuses may prevent investment in other needs and could jeopardize the district's health over the long term.

	Op. Margin – Campus					**Op Margin – District**	**Cost/FTE**				
Metric Formula	*(Revenue – Expenses)* / *Campus Revenue*					*(Revenue – Expenses)* / *District Revenue*	*Expenses* / *FTE Count*				
FY	***SES***	***SHS***	***SMS***	***WAC***	***AXT***	***USD 113 (Unified Performance)***	***SES***	***SHS***	***SMS***	***WAC***	***AXT***
FY18	*30.57%*	*-10.05%*	*-35.30%*	*-13.40%*	*-7.09%*	*-0.61%*	*$6,982.70*	*$11,082.61*	*$13,360.58*	*$12,613.79*	*$10,934.86*
FY19	*25.23%*	*-9.66%*	*-36.35%*	*2.81%*	*-6.47%*	*-0.48%*	*$7,098.92*	*$10,892.23*	*$12,942.69*	*$11,374.22*	*$11,612.67*
FY20	*29.04%*	*-7.44%*	*-40.28%*	*3.54%*	*-4.62%*	*1.75%*	*$7,198.96*	*$11,019.77*	*$13,978.80*	*$11,140.48*	*$11,617.08*
FY21	*28.18%*	*-14.76%*	*-28.04%*	*2.55%*	*-4.75%*	*1.91%*	*$7,628.48*	*$12,369.91*	*$13,269.58*	*$12,559.31*	*$12,422.53*
FY22	*25.91%*	*-10.57%*	*-31.31%*	*5.52%*	*-7.09%*	*1.76%*	*$8,186.54*	*$12,714.20*	*$14,202.98*	*$13,512.40*	*$13,346.03*
5 Yr. AVG	*30.04%*	*-14.05%*	*-36.71%*	*0.20%*	*-6.00%*	*.87%*	*$7,374.57*	*$11,562.36*	*$13,742.29*	*$12,240.04*	*$11,986.64*
Threshold	**-7.50%** **0%**					**-1.25%** **0%**	**$13k** **$15k**				

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Cost/FTE metric does not include expenses related to Capital Outlay, KPERS retirement fund, and/or any other expenses that are tracked and managed separately from building operating costs.*

Key Recommendations

Consolidating Sabetha's building information suppresses important information; building breakouts reveal key areas in each campus that can be addressed to strengthen the unified district's overall position.

SABETHA	AXTELL	WETMORE
Sabetha campus appears healthy as a unified set of campuses but continuing to operate SMS at extreme levels of inefficiency prevents investment in other priorities and may jeopardize district health over the long term. If 100% of existing elementary students graduate to SMS over the next 5 years, the SMS Campus Operating Margin is still unlikely to improve beyond a -20% margin unless significant adjustments are made. District should form a committee to clarify investment needs and the relative importance of potential cost saving measures: 1. Form committee to weigh investment needs against long-term impact of operating SMS building at current efficiency levels 2. Develop a more specific Strategic Plan that addresses priorities and unified district needs	Axtell's five-year performance is relatively flat, but signals of enrollment growth indicate that performance will likely return to green levels at some point (additional data needed to estimate a "break-even" target date). District should develop a unified Cost Management Plan that accounts for Axtell's expected overages: 1. Identify the estimated number of students required for Axtell to achieve "break-even" performance 2. Estimate how long it will take Axtell to reach this level of enrollment and develop a strategy that addresses this reality: • 3 years – temporary freezes • 5 years – semi-permanent changes • 8+ years – dual strategies required (growth and cost management)	The Wetmore campus shows steady and significant improvements over the past five years, but performance is expected to plateau (as cost savings measures are exhausted), unless enrollment and revenue begin to increase. Wetmore is managing its declining enrollment levels responsibly, but there are limits to the types of cost saving measures that can be implemented without negatively impacting students. District should develop an Enrollment Recovery Plan to manage WAC enrollment risks: 1. Identify lowest possible enrollment number that will ***prevent*** break-even performance 2. Identify back-up cost saving levers to pull if forecasts indicate negative operating balance 3. Leverage the "Unearned Revenue" loophole to run 2-year growth sprints and assess long-term plan in 5-years

Unified district support is required to address each of the challenges above. The board should clarify its investment priorities and related costs so it can develop campus-specific strategies and action plans that address both key challenges and long-term, strategic needs.

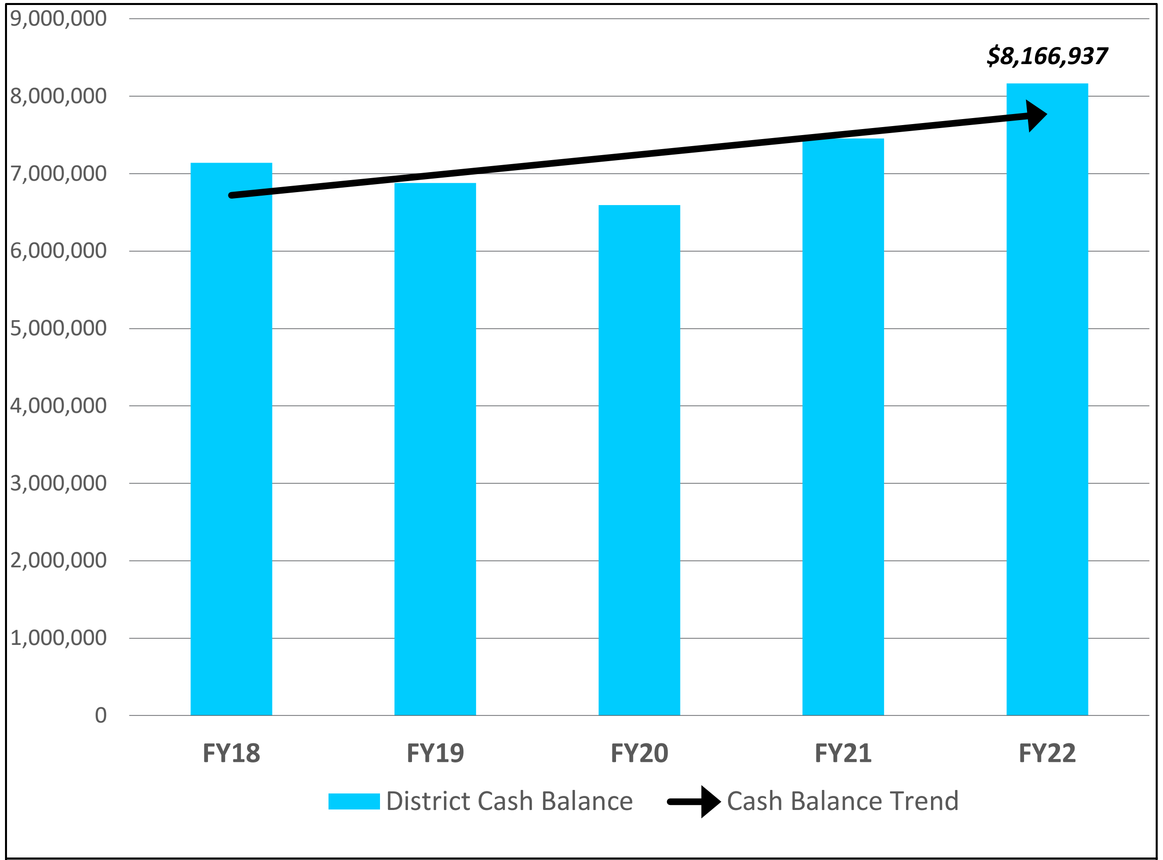
Overall Financial Health

Overall Financial Health	Enrollment Levels	Revenue Allocation Methodology	Closure Scenarios	Campus Review

Growing Cash Balances and Healthy Liquidity Levels

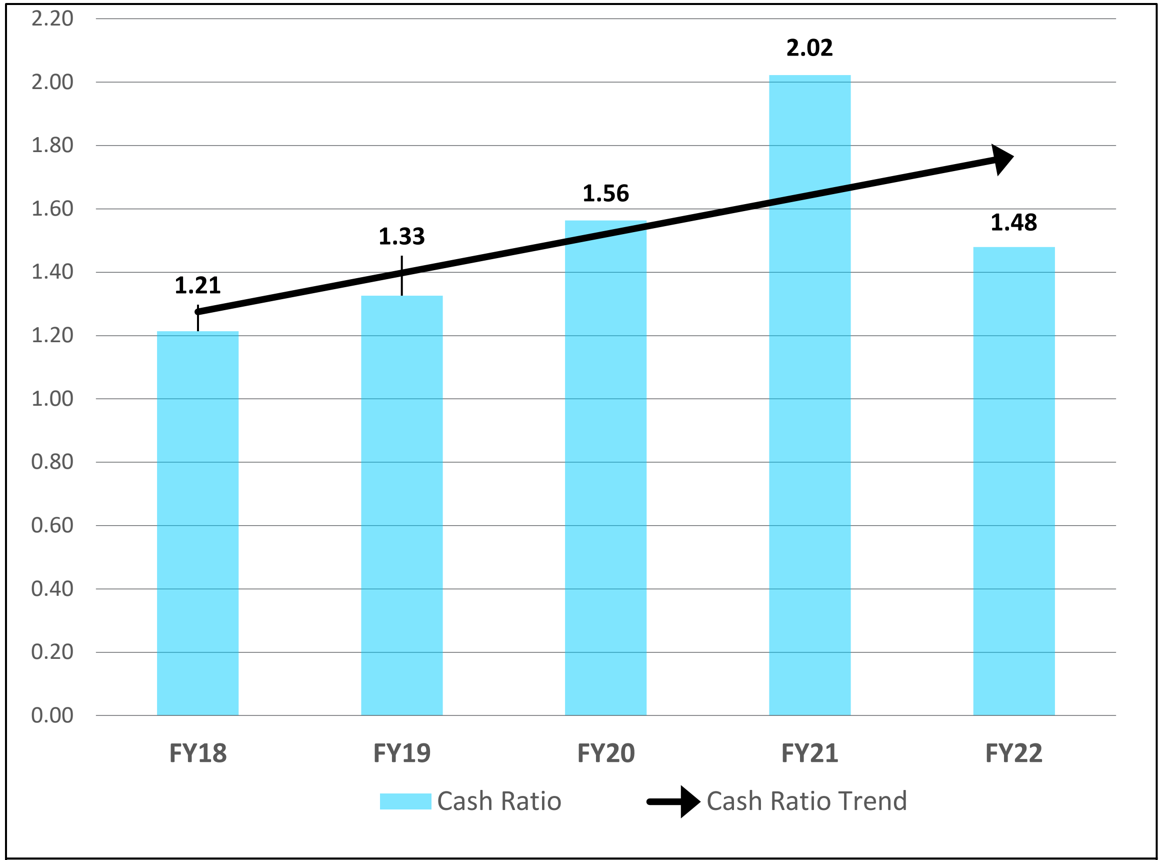
USD 113 has over $8M in cash reserves as of the end of FY22 and the district has a healthy cash position, sufficient to manage normal operations, capital needs, and any unplanned operating deficits or issues.

Annual Cash Balance (from Balance Sheet)



USD 113's annual cash balance has grown 14% since FY18 and is trending upward: from $7.1m in FY18 to $8.1m in FY22.

Annual Cash Ratio (Liquidity Indicator)



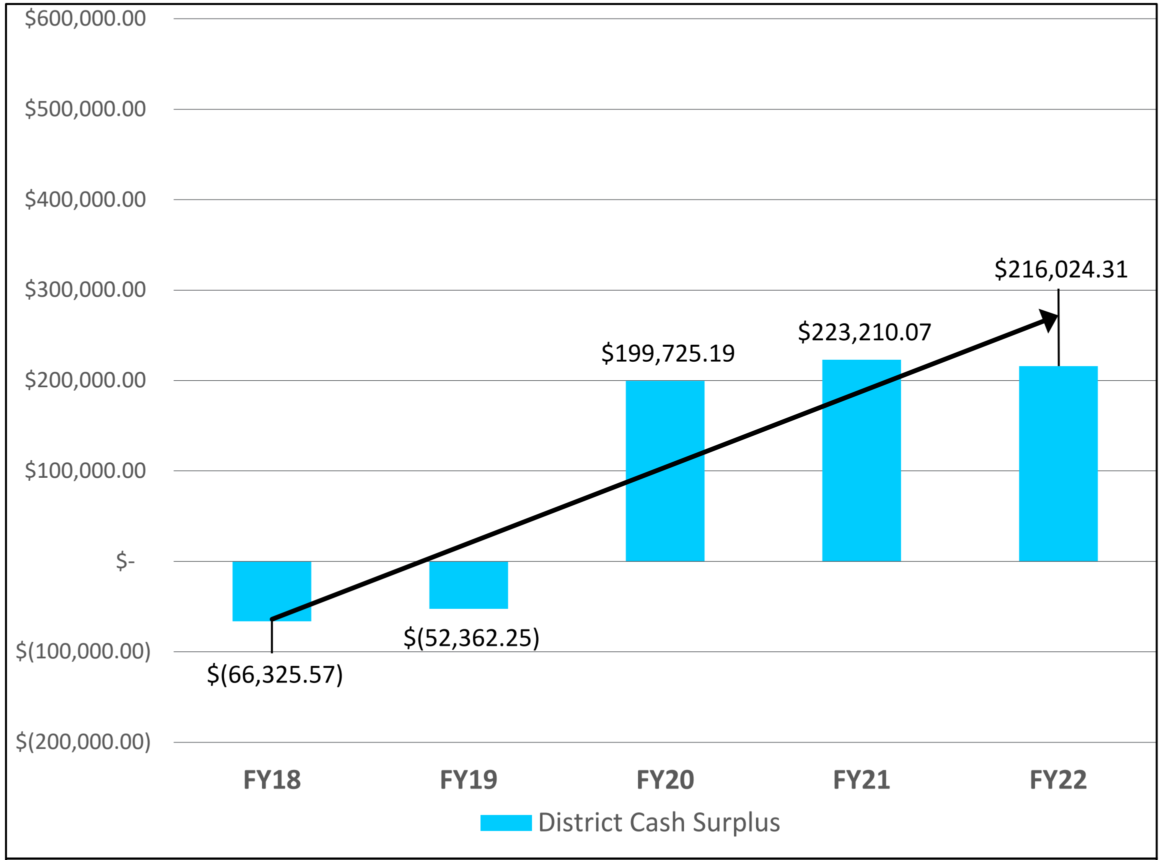
USD 113's Cash Ratio has improved 22% since FY18 and is also trending in a positive direction (even though there is a downward change from FY21 to FY22). (Cash Ratio = Cash / Current Liabilities)

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: Formula for Cash Ratio, which is one of the strictest liquidity level indicators, is Cash / Current Liabilities. Liquidity levels greater than 1.0 are healthy, and the higher the number, the healthier the liquidity level.

Above Average Annual Cash Surplus

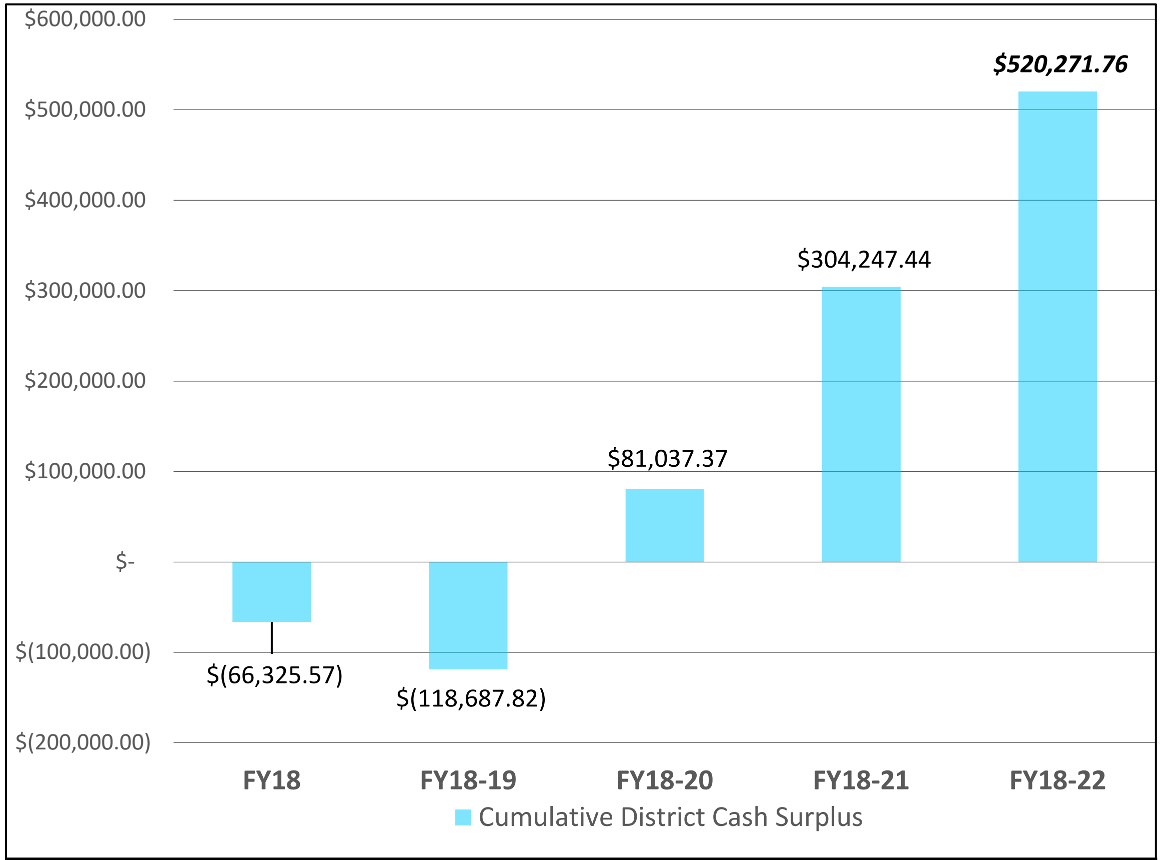
USD 113 Standards of Solvency state that, “the goal of the district is to maintain annual operating budgets with receipts equaling expenditures,” but the district has accumulated $520K in cash surplus since FY18.

Annual Cash Surplus (In Operating Budget)



USD 113’s average annual cash surplus over the past five years (FY18-22) has been 104K/year, with significant additional surplus over the past 3 years.

Cumulative Cash Surplus (In Operating Budget)



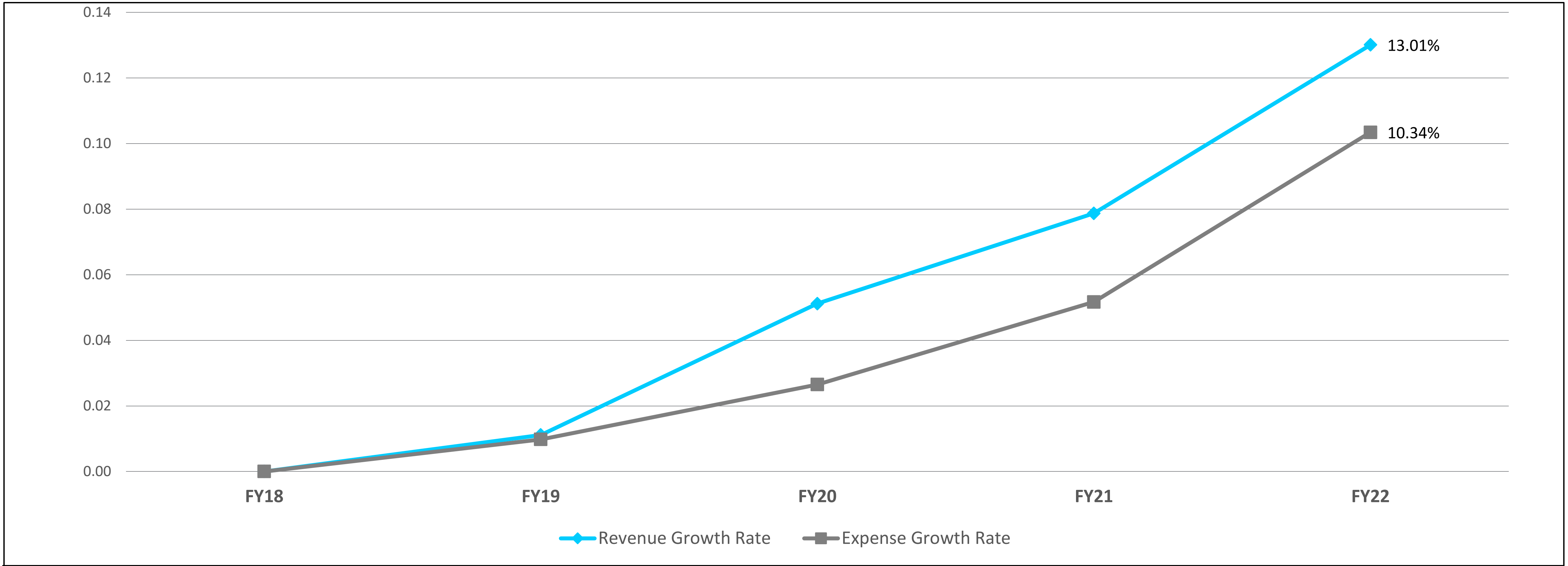
The cumulative total of USD 113’s annual cash surplus has grown to over half a million dollars in the past five years ($520K as of FY22).

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Unified district cash surplus presented; campus by campus cash surplus available in supporting KPI Review spreadsheet and source material.*

Revenue and Expense Growth Rates

A simple review of revenue and expense growth rates shows that revenue is growing faster than expenses, which implies that the district has sufficient funding to manage its current operations.

Revenue and Expense Growth Rate (from FY18)



A simple review of revenue and expense growth rates shows that revenue is growing faster than expenses, which implies that the district has sufficient funding to manage its current operations. This finding is further supported by the $520K annual cash surplus accumulated by the district over the past five years.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Growth rate formula = (new amount – original amount)/original amount. Rate of change for each year calculated from the 2018 level.*

Key Takeaways – Overall Financial Health

USD 113 is in a healthy financial position, and the suggestion that the district needs to close Wetmore to remain sustainable is not substantiated by the financial statement data and related information.

Summary of Key Findings

USD 113 has over $8M in cash reserves as of the end of FY22 and the district has healthy liquidity levels and cash positions.

The district has accumulated over $520K in cash surplus since FY18.

Revenue (+13%) has grown faster than expenses (+10%) since FY18, and district has sufficient revenue to pay for its current operations.

State funding is expected to increase in FY24, and no data has been reported which suggests a significant change in USD 113's overall financial position is eminent.

Superintendent Evans has publicly stated on at least three occasions that the district is healthy financially, and although there are some risks in the district's building portfolio that should be addressed, he has not presented any facts, information, or reports that suggest closing Wetmore is an urgent financial necessity.

Final Conclusions

USD 113 has a **healthy financial position**, and the district has **sufficient funding** in place not only to manage normal operations and capital needs, but also any unplanned operating deficits or issues that may arise in the next 5-7 years.

Data and interviews with the Superintendent indicate that closing Wetmore is **not an "urgent" problem** and/or fiscally necessary decision that the district must make to keep the unified district in a strong financial position.

The suggestion that the district needs to close Wetmore to remain sustainable is **not substantiated by the financial data.**

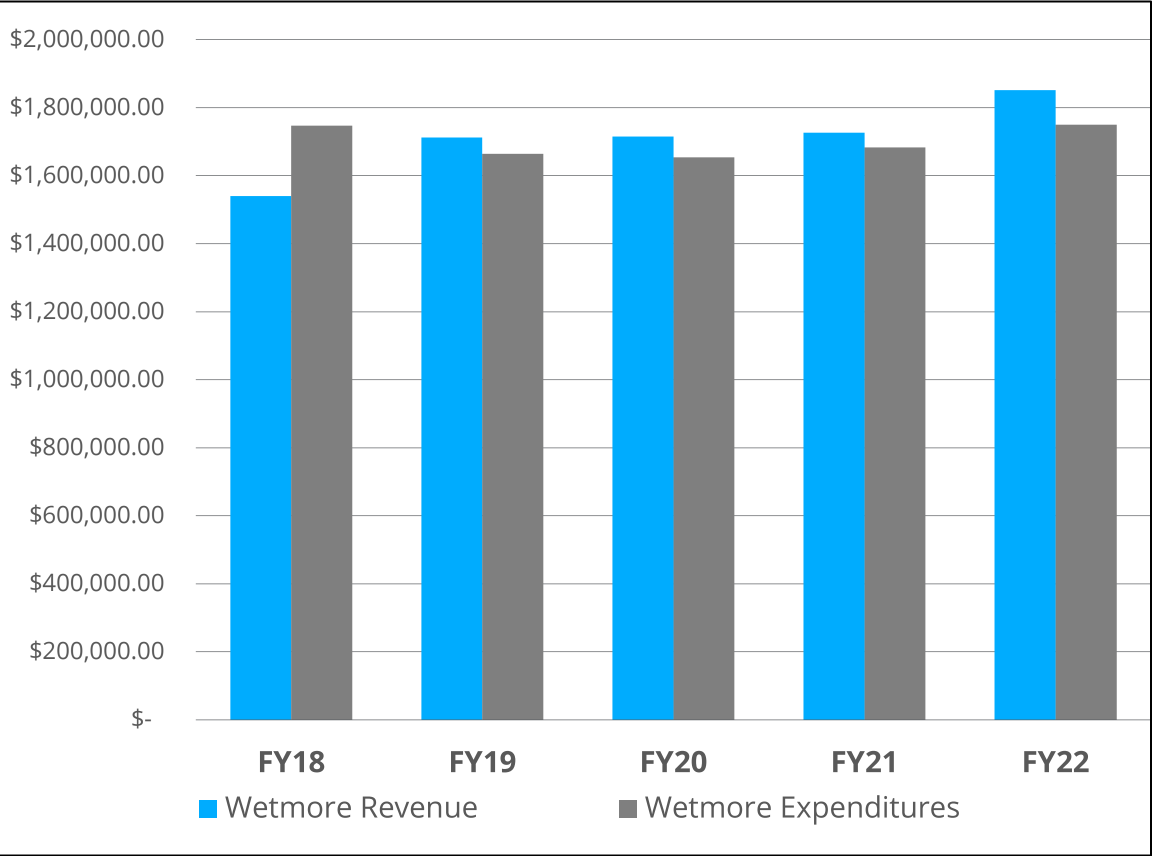
Enrollment Levels

Overall Financial Health	Enrollment Levels	Revenue Allocation Methodology	Closure Scenarios	Campus Review

Wetmore's Enrollment Brings In Sufficient Revenue to Cover Expenses

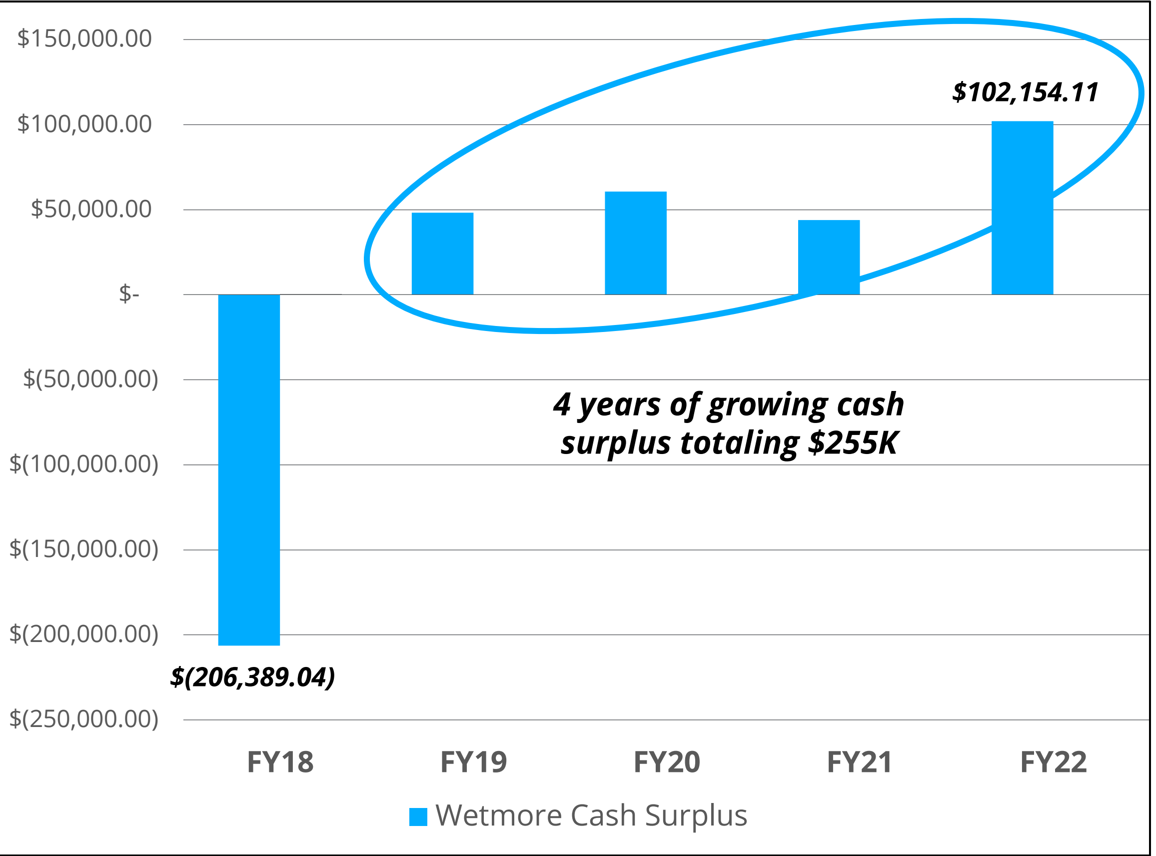
Wetmore's student population brought in an average of $1.76M in revenue/year over the past three years and only spent an average of $1.7M/year, which is an average of $60K/year of cash surplus.

Wetmore's Annual Revenue and Expenses



The revenue Wetmore brings into the District's annual operating budget has exceeded its expenses every year since FY2019.

Wetmore's Annual Cash Surplus (from Operating Budget)



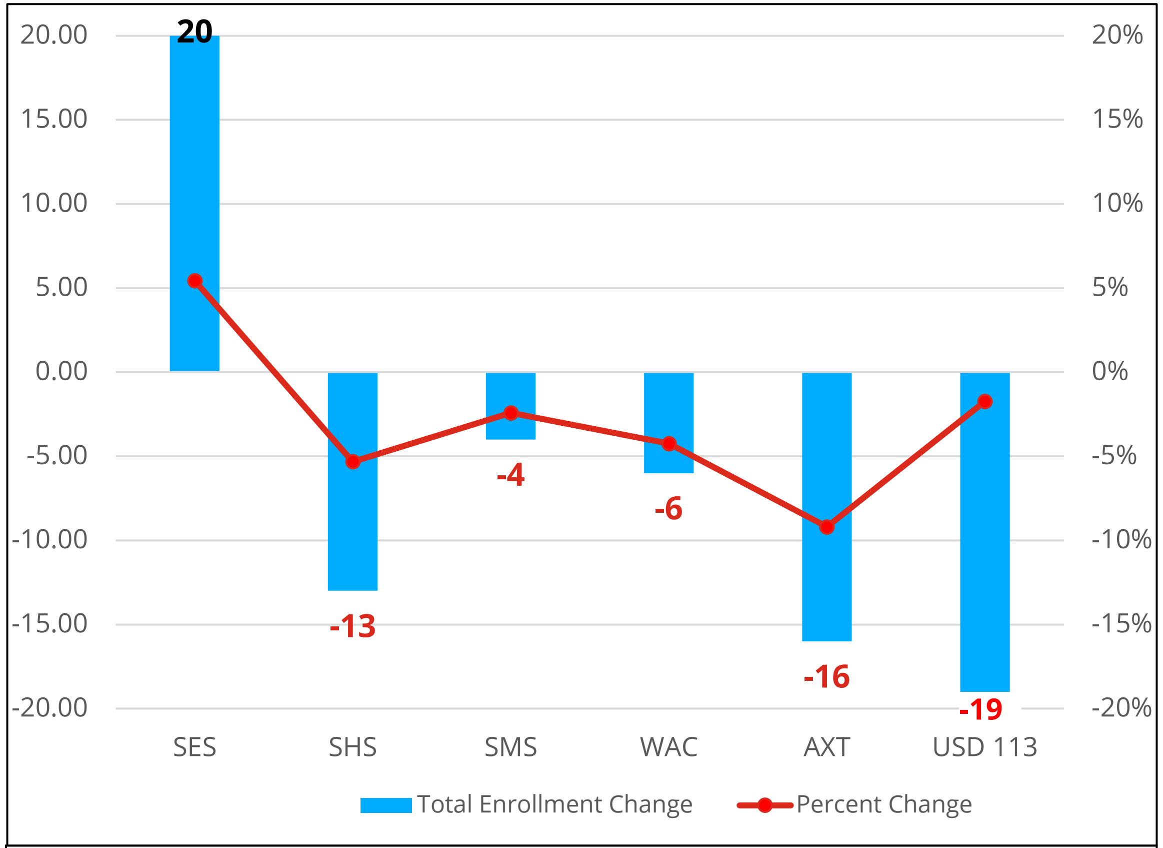
Wetmore's average annual cash surplus (Revenue – Expenses = Cash Surplus) is $63K/year over the past four years (FY19-22) with the highest cash surplus occurring in FY22 ($102K). Cumulative total between FY18-22 is $49K.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: See Revenue Allocation section of this presentation for additional information about how revenue is allocated to each campus.

Enrollment Declines Are District Wide

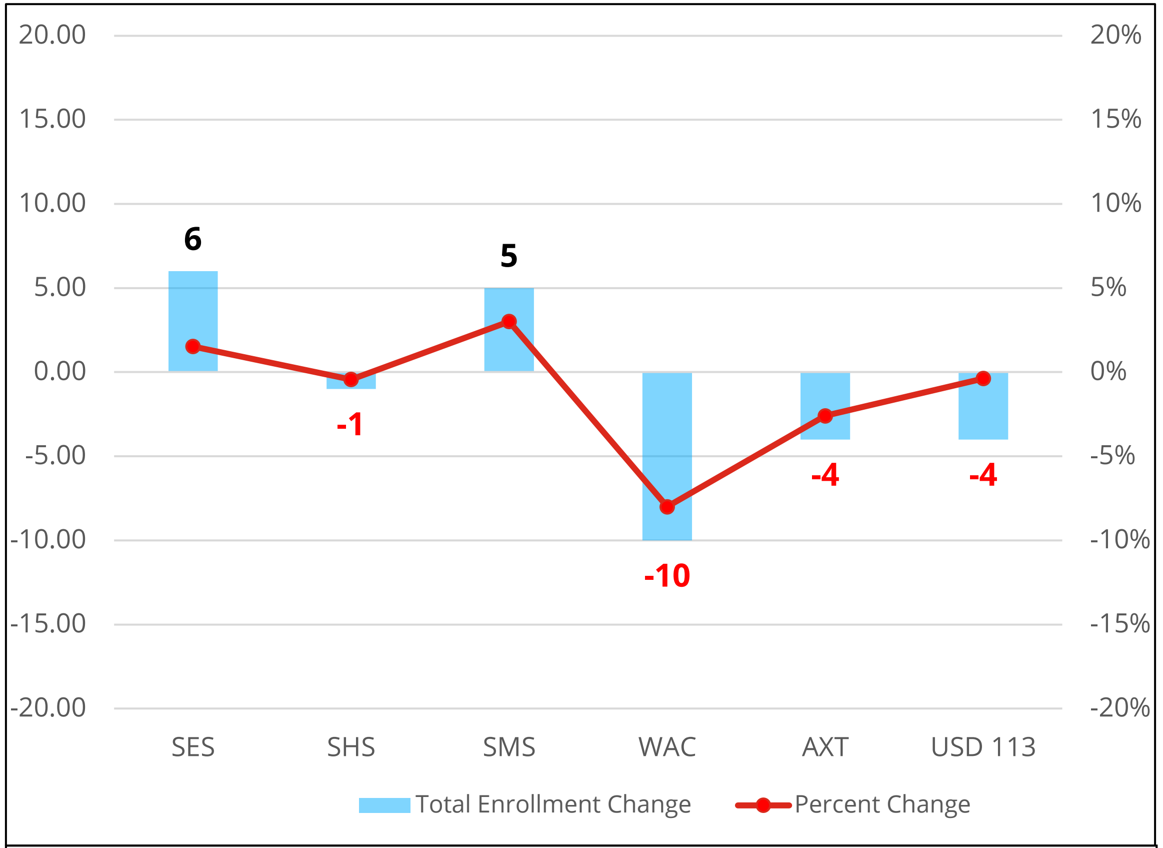
As with other metrics, the enrollment growth at Sabetha Elementary suppresses important information that should be analyzed and included in analysis, conversation, and strategic planning.

Building by Building Enrollment Changes (FY18-22)



The district's overall enrollment declined by 19 between FY18-22, but Axtell and Sabetha High School declines caused the most significant impact.

Enrollment Changes FY22-FY23



Wetmore experienced a higher-than-normal decline of 10 students between FY22-23, but 5 of these students have already been replaced by new and incoming families as of January 2023 (actual net impact = -5 students).

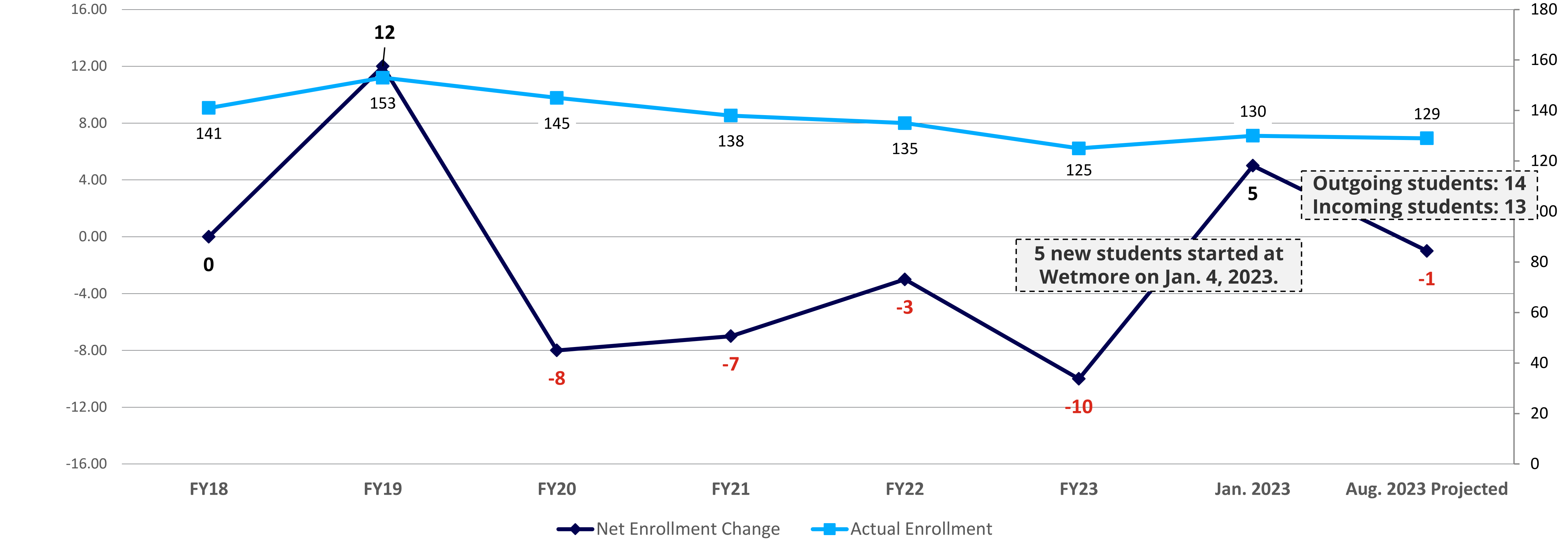
Source: FY06-22 Enrollment Source Data

Note: Wetmore FY22 – 23 decline of 10 students: 5 students lost to legitimate moves out of area, 3 due to preference, and 2 due to a smaller than normal incoming class. 5 of the lost students have been replaced as of Jan. 2023.

Wetmore Has Evidence to Demonstrate that Enrollment is Capable of Recovery

Five new students enrolled at Wetmore in Jan. 2023, and eight newly recruited students are in the pipeline for the FY2024 school year, therefore, Wetmore's enrollment is not expected to decline in FY24.

Net Enrollment Changes FY18-FY23



The Wetmore community has added five new students as of January 2023: 1 Pre-K, 1 1st grade, 1 4th grade, 1 6th grade, 1 12th grade.
14 outgoing students plus 13 incoming students expected in FY24 brings the net change to -1 student: Outgoing senior class of (-12) and (-2) special ed transfers and the following incoming students: kindergarten class (+5) and 8 newly recruited students (3 from family moving from Holton), 2 transferring from Centralia, 2 considering transfer from Nemaha Central, 1 planning move from New York. Recruiting efforts ongoing and expected to trend in a positive direction.

Source: Wetmore Enrollment Projections
Note: *All incoming and outgoing students are named and can be provided to the District Office upon request.*

Wetmore Recruitment Strategy

Wetmore has identified three target groups for recruitment and initial feedback from target families and supporting organizations makes enrollment recovery appear reasonable and achievable.

	1 VALUE FOR MONEY	2 AT-RISK SUPPORT	3 FRESH START
Mission	*Provide affordable housing and ability for kids to have small class sizes and community support*	*Provide personalized support, acceptance, and opportunities for at-risk students to grow*	*Provide job placement and housing support for families in need of a fresh start*
Family/Student Profile	• Drives past Wetmore on way to work • Current housing too small or too expensive • Limited mobility or extended family support	• Academic or social issues in current school • Reasonable driving distance from school • In need of 1:1 or personalized support	• Significant hardship or life event • In need of housing assistance • In need of job placement assistance
Enrollment Target	• 3-5 families • 6-10 students	• 3-4 families • 3-5 students	• 1-2 families • 4-6 students

Recruitment strategy designed to recruit 13-20+ additional students to Wetmore in the next 2-3 years.

8 new students recruited through these strategies as of January 2023 (6 through strategy 1, and 2 through strategy 2).

Initial feedback on strategies from target families and supporting organizations has been positive.

Key Takeaways – Enrollment Levels

Wetmore's student population and land valuation tax revenue brings in sufficient revenue from the state to cover its expenses.

Summary of Key Findings

The revenue Wetmore brings into the District's annual operating budget has exceeded its expenses every year since FY2019.

Wetmore's average annual cash surplus (Revenue – Expenses = Cash Surplus) was $63K/year over the past four years (FY19-22) with the highest cash surplus occurring in FY22 ($102K).

Wetmore experienced a higher-than-normal decline of 10 students between FY22-23, but 5 of these students have already been replaced by new and incoming families as of January 2023 (actual net impact = -5 students).

Enrollment declines are district-wide and consistent with national trends, but the post-Covid environment has opened up new opportunities for young families to return to the area (new work from home opportunities).

The Wetmore community has demonstrable evidence to show that it is capable of recovery (5 new students enrolled in Jan 2023, 8 new students in pipeline for Aug. 23).

Final Conclusions

Wetmore's student population and land valuation tax revenue brings in sufficient revenue from the state to cover its expenses.

Although Wetmore experienced a higher-than-normal decline of 10 students between FY22-23, 5 of these students have already been replaced by new and incoming families as of January 2023 and the community has demonstratable evidence of potential for enrollment growth.

The expected increases in "per student" base-aid funding in FY24, and the 2-year funding buffer in the School Funding Formula provide sufficient coverage for Wetmore to test its recruitment strategy to run 2-year growth sprints – a low risk approach which allows the district to monitor and assess long-term potential as the recruitment strategy is implemented.

Revenue Allocation Methodology

Overall Financial Health	Enrollment Levels	Revenue Allocation Methodology	Closure Scenarios	Campus Review

2016 Formula

The 2016 formula was the district's initial attempt to establish standard operating procedures and a repeatable methodology for evaluating campus performance and long-term viability.

Revenue Allocation Methodology (2016 Formula)

(Revenue) x (% of Total wFTE) = (Campus Revenue)

Illustrative Application of Formula

Enrollment Details	Total	SAB	WAC	AXT
Weighted FTE	1000	720	140	140
% of Total Weighted FTE	100%	72%	14%	14%

Revenue Source	Amount	SAB	WAC	AXT
General Fund	$8M	$5.76M	$1.12	$1.12
Supplemental Fund (LOB)	$3M	$2.16M	$0.42M	$0.42M
Other Revenue	$1M	$0.72M	$0.14M	$0.14M
Total Revenue	***$12M***	***$8.64M***	***$1.68M***	***$1.68M***

Key Points

- The board established a new revenue allocation methodology in 2016, as part of the feasibility assessment following the Bern closure.
- One of the primary purposes of the new revenue allocation model (and related viability metrics) was to establish a repeatable process that would remove bias and conflict from future school closure evaluations.
- The **initial version** of the revenue allocation methodology was useful, but it **did not provide** a mechanism to account for **revenue collected from land valuation taxes.**
- According to discussion at the November board meeting, the Wetmore community brings in approximately ~$145K in revenue from this source.
  - *Verification in progress, but independent analysis indicates that the revenue amount is closer to $382K/year.*

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 – 2022; 2016 and 2019 Standards for Solvency and Viability Documents.
Note: *Process for assigning weighted FTE numbers is not clearly documented in the viability formula document, but this information is being requested from the District office. Numbers included above are approximates for illustration purposes*

2019 Formula

The revenue allocation methodology was updated in 2019 by a 6-1 vote to provide a more accurate reflection of actual revenue received (by adding in a mechanism to capture estimated land tax revenue).

Revenue Allocation Methodology (2016 Formula)

(GF Revenue) x (% of Total wFTE) = (GF Campus Revenue)

(SF Revenue) x **(Flat % assigned)** = (SF Campus Revenue)

(Other Revenue) x (% of Total wFTE) = (Other Campus Revenue)

Illustrative Application of Formula

Enrollment Details	Total	SAB	WAC	AXT
Weighted FTE	1000	720	140	140
% of Total Weighted FTE	100%	72%	14%	14%
Flat % Assigned	***100%***	***60%***	***20%***	***20%***
Revenue Source	**Amount**	**SAB**	**WAC**	**AXT**
General Fund (GF)	$8M	$5.76M	$1.12	$1.12
Supplemental Fund (LOB)	$3M	*$1.8M*	*$0.6M*	*$0.6M*
Other Revenue	$1M	$0.72M	$0.14M	$0.14M
Total Revenue	***$12M***	***$8.28M***	***$1.86M***	***$1.86M***

Key Points

- The board voted to update the revenue allocation methodology in 2019 **to better reflect actual revenue** collected from land valuation taxes
  - The method for incorporating this additional revenue was to **establish a standard % allocation** for the Supplemental Fund that **equals the approximate annual Land Tax revenue** provided by the communities
  - The **Supplemental Fund Revenue** amount **does not change significantly year over year**, so this is a **simple and reasonable approach** for accounting for the land tax revenue
  - This allocation methodology is **less transparent** because amounts can't be traced back to original state funding regulations, but the **result is more accurate** from a financial perspective

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 – 2022; 2016 and 2019 Standards for Solvency and Viability Documents.
Note: *Flat % assigned to more closely equate to land valuation revenue is assigned by the viability formula document; numbers included in table above are rounded for illustration purposes.*

Recommended Allocation Methodology

Even if the board were to update the district's Revenue Allocation Model to be more technically correct, Wetmore would still have a positive operating margin (revenue – expenses > zero).

Wetmore's FY22 Results – Using Each Revenue Allocation Methodology

2016 Allocation Methodology

Revenue	Amount
General Fund	$ 1,114,324.58
Supplemental Fund (LOB)	$ 382,257.59
Other Revenue	$ 191,738.43
Total Revenue	***$ 1,688,320.60***

Expenses	Amount
Total Expenses	***$ 1,749,856.39***

Operating Balance	Amount
Grand Total	***$ (61,535.79)***

Ending balance does not show ~$145K in land tax revenue that district could choose to use.

2019 Allocation Methodology

Revenue	Amount
General Fund	$ 1,114,324.58
Supplemental Fund (LOB)	$ 545,947.49
Other Revenue	$ 191,738.43
Total Revenue	***$ 1,852,010.50***

Expenses	Amount
Total Expenses	***$ 1,749,856.39***

Operating Balance	Amount
Grand Total	***$ 102,154.11***

Revenue is ~$164K higher than 2016 formula, but allocation is more accurate than 2016 formula.

Proposed Allocation Methodology

Revenue	Amount
General Fund	$ 1,114,324.58
Supplemental Fund (LOB)	$ 382,257.59
Other Revenue	$ 191,738.43
Land Valuation Revenue	*$ 145,000.00*
Total Revenue	***$ 1,833,320.60***

Expenses	Amount
Total Expenses	***$ 1,749,856.39***

Operating Balance	Amount
Grand Total	***$ 83,464.21***

Recommended method provides more accurate and transparent assignment of revenue based on the way funds are generated.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 – 2022; 2016 and 2019 Standards for Solvency and Viability Documents.
Note: *Land Valuation Revenue is estimated based on discussion at November 27, 2022, board meeting; verification in progress, but actual land valuation revenue for Wetmore area estimated at ~$380K+/year.*

Key Takeaways – Revenue Allocation Methodology

The 2019 version of the revenue allocation methodology is less transparent than the 2016 version, but the result is more accurate from a financial perspective.

Summary of Key Findings

The 2016 formula was the district's initial attempt to establish standard operating procedures and a repeatable methodology for evaluating campus performance and long-term viability.

The 2016 formula provided a positive step forward for the district, but the initial version did not provide a mechanism to account for revenue collected from land valuation taxes (an important addition for smaller schools with lower enrollment standards).

The board voted to update the revenue allocation methodology in 2019 to address this weakness and provide a more accurate reflection of actual revenue collected from land valuation taxes.

The 2019 version of the revenue allocation methodology is less transparent because amounts can't be traced back to original state funding regulations, but the result is more accurate from a financial perspective

Even if the board were to update the district's Revenue Allocation Model to be more technically correct (and easier to trace), Wetmore would still have a positive operating margin (revenue – expenses > zero).

Final Conclusions

The 2019 version of the revenue allocation methodology is less transparent than the 2016 version (because amounts can't be traced back to original state funding regulations), but the result is more accurate from a financial perspective.

If the board were to update the district's Revenue Allocation Model to be more technically correct (and easier to trace), Wetmore would still have a positive operating margin (revenue – expenses > zero).

Closure Scenarios

Overall Financial Health	Enrollment Levels	Revenue Allocation Methodology	Closure Scenarios	Campus Review

Expected Cost Savings

Wetmore has returned an average of $60K in Cash Surplus over the past 3 years, so if the board closes Wetmore, the district loses $60K/year in revenue they would have otherwise received and retained.

Average Operating Budget (FY20-22)

Average Revenue		Average Expenses		Ending Balance
$1.76M	–	$1.70M	=	$60K

Selling a profitable business doesn't save money, it COSTS money.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: See Revenue Allocation section of this presentation for additional information about how revenue is allocated to each campus.

Additional Closure Costs

After adding the -$461K in closing costs required to close Wetmore, the total cost to close the school (over a 2-year period) costs over half a million dollars.

Average Operating Budget (FY20-22)

2 Year Impact

(**Closing Costs** **- $461K** + **Lost Revenue (2 years)** **- $120K**) = **-$581K**

Closing Wetmore will cost the district $581K in the first two years following closure and ~$60K of lost revenue will be forfeited in perpetuity.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 – 2022 and Closure Scenarios presented by District Office on Nov. 27, 2022.
Note: $461K closing costs taken directly from Closure Scenario documents presented by District Office on Nov. 27, 2022. Primary closing costs are maintaining building costs and closing out contract with the current principal.

Shifting Administration Costs

The Sabetha campus will also have to absorb ~$123K in Administration costs that the Wetmore school system currently covers, bringing Sabetha's average cash surplus from $191K/year down to ~$68K/year.

Average Operating Budget (FY18-21)*

Newly Estimated SAB Cash Surplus

(**SAB AVG Cash Surplus** **$191K** + **WAC AVG Admin Portion** **- $123K**) = **$68K**

Closing Wetmore will require the Sabetha campus to absorb ~$123K/year in Administration expenses that the Wetmore school currently covers.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: Administration expenses were not allocated correctly in the FY22 report (*Wetmore's assigned ADMIN expenses were $397K in FY22), so average was taken from FY18-21).

Additional Closure Costs

The only identifiable reason closing Wetmore appears to provide cost savings is because of the "Unearned Revenue" loophole in the state funding formula, which allows the district to receive revenue for Wetmore's students for 2 years after the closure (district will not be responsible for educating the students).

Average Operating Budget (FY20-22)

Cost "Savings"

(**Unearned Revenue** **$3M** + **Total (2-Year) Closing Costs** **- $581K**) = **$2.4M**

The Kansas Board of Education (KSBE) has indicated that the school funding formula was not designed to manage school closure scenarios and the "Unearned Revenue" is an "unintended impact" that causes taxpayers to double pay for students (state pays 3x in 2 years)

KSBE indicated that the board can vote to send the unearned revenue to the school that will receive the students, but USD is not legally obligated to make this arrangement.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: See Revenue Allocation section of this presentation for additional information about how revenue is allocated to each campus.

Utilizing Cash Infusions for Long Term Needs Creates a Fiscal Cliff

Paying for long-term needs with short term cash infusions provides a false sense of security that prevents the district from addressing root cause issues and developing a realistic plan that meets long-term needs.

The board has not clarified what its additional investment priorities are and/or how much they cost, but conversation suggests that any legitimate needs are likely to be recurring in nature.

The $2.5-$3M in "Unearned Revenue" could help cover those investment priorities for a short period of time, but this money will not last forever.

If the board's strategic priorities are substantial and include long term needs (e.g. teacher salaries or other recurring costs).

Short term cash infusion strategies cannot meet the district’s recurring needs over the long term.

Operating on “unearned revenue” will create a “fiscal cliff” similar to 2015-2016 when the “Unearned” revenue from Bern was no longer available. USD 113 will have to adjust eventually.

Key Takeaways – Closure Scenarios

Closing Wetmore is not a legitimate “cost-saving” strategy and additional cost-saving measures, or adjustments may be required if USD 113 has significant changes or investment needs on the horizon.

Summary of Key Findings

Closing Wetmore doesn’t save money, it COSTS money.

Closing Wetmore costs over half a MILLION dollars and causes the district to lose $60K of retainable revenue in perpetuity.

Closing Wetmore will require the Sabetha campus to absorb ~$123K/year in Administration expenses that the Wetmore school currently covers.

The only identifiable reason closing Wetmore appears to provide cost savings is because of the “Unearned Revenue” loophole in the state funding formula, which allows the district to receive revenue for Wetmore’s students for 2 years after the closure (even though the district will not be responsible for educating the students).

Although the $2.5-$3M in "Unearned Revenue" could help cover the board’s other investment priorities for a short period of time, this money will not last forever.

Short term cash infusion strategies cannot meet the district’s recurring needs over the long term, and USD 113 will have to make other adjustments if the investment needs are legitimate.

Final Conclusions

Closing Wetmore will cost over half a MILLION dollars and will cause the district to lose $60K of retainable revenue in perpetuity.

Closing Wetmore is not a legitimate “cost-saving” strategy and the short-term cash infusion it provides from the “Unearned Revenue” loophole will not meet the district’s needs over the long term.

If USD 113 has significant changes or investment needs on the horizon which have not been reported, additional cost-saving measures or adjustments may be required.

Campus Review

Overall Financial Health	Enrollment Levels	Revenue Allocation Methodology	Closure Scenarios	Campus Review

Key Performance Indicator (KPI) Methodology

The metrics in this section were defined in the 2016 Feasibility Assessment and are available in the annual Audited Building Expense Reports each year.

1. USD 113 established “Standards of Solvency and Viability” as part of the Feasibility Assessment in 2016. The metrics were identified as part of this assessment and are currently available in the annual audit reports with the following labels:
   - % Campus Deficit/Campus Expenditure (≤7.5%) → Labeled as “Operating Margin – Campus” in this document
   - % Campus Deficit/District Expenditure (≤1.25%) → Labeled as “Operating Margin – District” in this document
   - Both metrics are effectively a “Profit Margin” calculation: *(Revenue – Expenses) ÷ Revenue = Profit Margin*
   - A decision was made to refer to this calculation as an “Operating Margin” in this document because education is a not-for-profit industry
2. The Red, Yellow, and Green thresholds in the chart were established by the Board as part of the Feasibility Assessment. These thresholds are defined above and are also included in the annual audit reports.
3. Two assumptions were required to compile the metrics:
   - Revenue allocated to Sabetha K12 was distributed across the three Sabetha buildings based on weighted FTE (this is the same approach used for the other buildings)
   - Administrative expenses assigned to Sabetha K12 were evenly spread across the three Sabetha buildings
     - The expenses for each building are as reported in the annual audit reports; no other assumptions or adjustments were required to compile the metrics

The approach and process for organizing and reporting the metrics was reviewed and validated by the District Office on two separate occasions: Nov 28, 2022, and Dec 8, 2022.

Rationale for looking at each of the Sabetha buildings separately

Viewing Sabetha performance by building enables the district to perform a SWOT Analysis so it can develop a long-term strategic plan that accounts for its strengths, weaknesses, opportunities and threats.

- Education industry norms indicate that it is common for elementary schools to subsidize the middle and high school students because middle and high school students require more teachers, special programs, and student activities (this is not unique to the Sabetha school system).

- However, given the unique complexities of USD 113 (both in terms of physical structure and cross-school dynamics), it is important to look at each building independently to get an accurate picture of the unified district's strengths, weaknesses, opportunities, and threats.

- This type of "SWOT" analysis is needed to develop a long-term strategy capable of managing the headwinds and tailwinds the district will face in uncertain economic *(market driven costs for teachers and supplies)*, political *(uncertain state funding levels)*, and demographic environments *(changing enrollment levels)*.

A SWOT Analysis…

STRENGTHS
What's working well

WEAKNESSES
What needs attention

OPPORTUNITIES
Reasons for offense

THREATS
Reasons for defense

Leads to a…

Strategic Plan

Further justification for Sabetha building breakout

Beyond long term strategic planning, the size and nature of each Sabetha school building compared to the Wetmore and Axtell buildings provides further justification for reviewing Sabetha buildings individually.

Key Points:

1. Sabetha school buildings have **three separate buildings** with 3 distinct addresses, 3 sets of building operating costs, and **3 Principals/Admin teams**.
2. The **number of students** and the **total expense levels** in each of the **Sabetha buildings are also higher** than the Wetmore and Axtell buildings.
3. The unified district is healthy as a unified school system, but it is important to look at the Sabetha buildings individually for the exact same reasons that it is important to look at Wetmore/Axtell buildings individually.
4. The purpose of the breakout is not to suggest that SMS or SHS should be closed, but to inform long term strategic planning and the most logical areas for potential cost saving or investment.

Sample of Sabetha Building Line Items to Justify Breakout

Expense Item (FY22)	SES	SHS	SMS	WAC	AXT
Principal/Secretary	$143,928.69	$145,344.97	$132,780.90	$121,052.73	$107,775.82
Custodial Salaries/Supervisor	$ 84,220.16	$143,767.95	$ 94,919.24	$ 83,912.95	$80,270.20
Heating	$ 11,432.14	$ 27,932.93	$ 11,860.79	$ 17,830.00	$ 14,908.53
Electricity	$ 36,227.06	$105,134.68	$ 58,292.66	$ 29,522.04	$ 34,816.53
Total Food Service	$179,124.24	$260,696.23	$167,254.59	$121,490.58	$159,480.09
Maintenance Operating Supplies	$ 10,459.66	$ 18,065.16	$ 7,599.71	$ 16,935.19	$ 5,851.71
Total Expenses	$3,065,857.37	$2,936,979.21	$2,286,680.20	$1,749,856.39	$2,004,574.45
Total Students	388	231	161	135	158
Cost/FTE *(Total Expenses ÷ T. Students)*	$7,901.69	$12,714.20	$14,202.98	$12,961.90	$12,687.18

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Year 22
Note: *Select items from the Building Expense Report selected to justify reviewing performance of each of Sabetha's campus buildings separately.*

District KPIs – FY22

When looking at the District as a whole, the unified system appears to be operating at efficient and healthy levels in FY22.

	Op Margin – District	Cost/FTE
Formula	*(Revenue – Expenses) / District Revenue*	*Expenses / FTE Count*
	USD 113	**USD 113**
FY22	**1.76%**	**$11,512.09**
5 Yr. AVG	**.87%**	**$10,616.25**
Threshold	-1.25% 0%	$13k $15k

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Cost/FTE metric does not include expenses related to Capital Outlay, KPERS retirement fund, and/or any other expenses that are tracked and managed separately from building operating costs.*

District KPIs – FY18-FY22

A 5-year review of the same data indicates that the district's overall performance has been slowly declining since FY20 and the 5-year average suggests there may be limited flexibility in the budget for future investment needs.

	Op. Margin – Campus	Op Margin – District	Cost/FTE
Formula	*(Revenue – Expenses)* / *Campus Revenue*	*(Revenue – Expenses)* / *District Revenue*	*Expenses* / *FTE Count*
	USD 113	**USD 113**	**USD 113**
FY18	-0.61%	-0.61%	$10,257.49
FY19	-0.48%	-0.48%	$10,144.45
FY20	1.75%	1.75%	$10,293.36
FY21	1.91%	1.91%	$10,873.83
FY22	1.76%	1.76%	$11,512.09
5 Yr. AVG	.87%	.87%	$10,616.25
Threshold	-7.50% 0%	-1.25% 0%	$13k $15k

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Cost/FTE metric does not include expenses related to Capital Outlay, KPERS retirement fund, and/or any other expenses that are tracked and managed separately from building operating costs.*

Campus KPIs – FY22

The individual campus KPI review indicates 1) that the SMS and SHS campuses have the most significant negative impact on the district's overall health, and 2) the district is being heavily subsidized by the SES campus.

	Operating Margin - Campus	Operating Margin - District	Cost/FTE
FORMULA	= *(Revenue – Expenses)* / *Campus Revenue*	= *(Revenue – Expenses)* / *District Revenue*	= *Expenses* / *FTE Count*
Axtell	*-7.09%*	*-1.08%*	*$13,346.03*
Wetmore	*5.52%*	*0.83%*	*$13,512.40*
SES	*25.91%*	*8.75%*	*$8,186.54*
SHS	*-10.57%*	*-2.29%*	*$12,714.20*
SMS	*-31.31%*	*-4.45%*	*$14,202.98*
District	*1.76%*	*1.76%*	*$11,512.09*

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Cost/FTE metric does not include expenses related to Capital Outlay, KPERS retirement fund, and/or any other expenses that are tracked and managed separately from building operating costs.*

Campus KPIs – FY18-FY22

A five-year review of the same information indicates mixed performance and impacts from each campus.

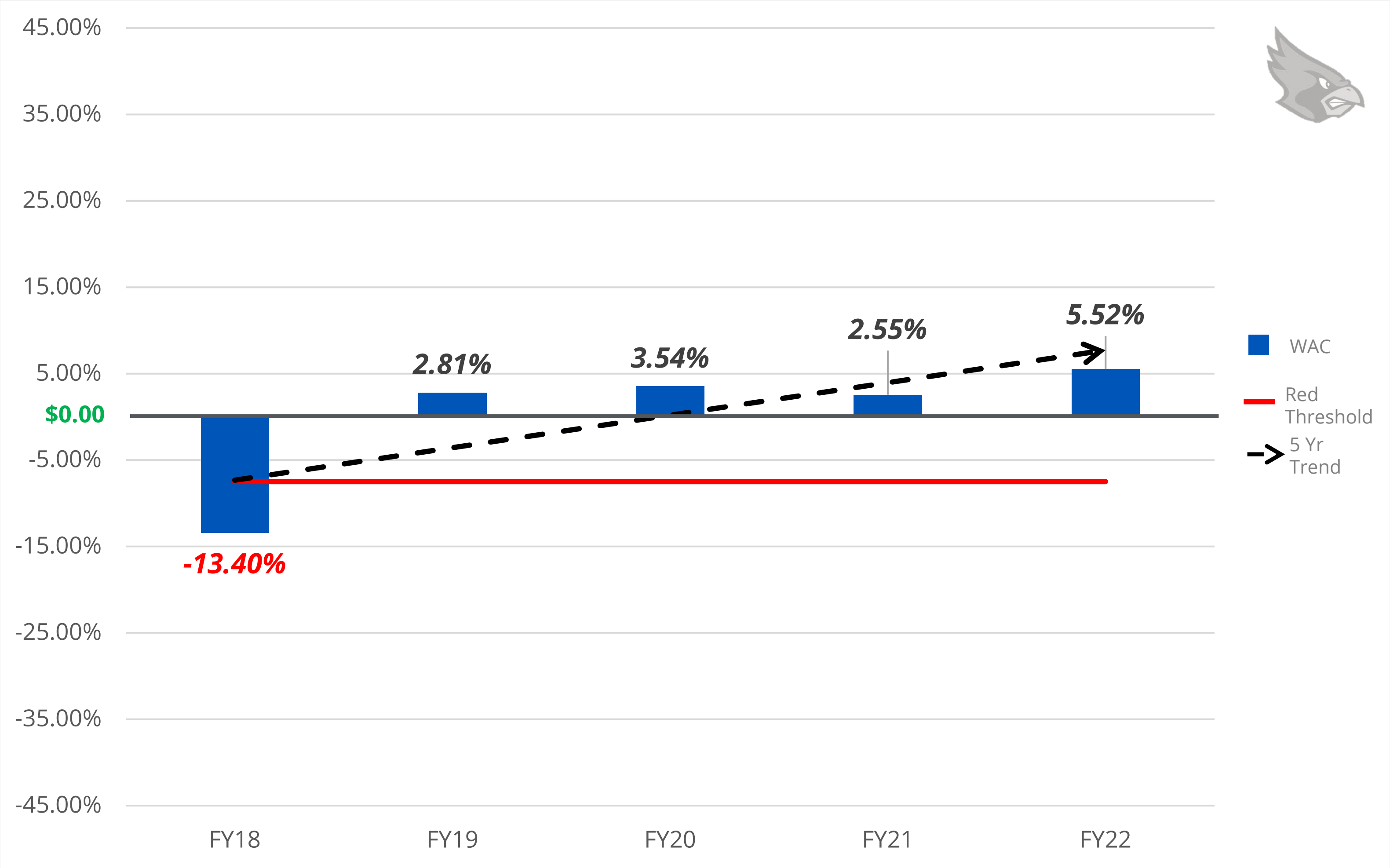
	Op. Margin – Campus					Op Margin – District					Cost/FTE				
Formula	*(Revenue – Expenses) / Campus Revenue*					*(Revenue – Expenses) / District Revenue*					*Expenses / FTE Count*				
FY	***SES***	***SHS***	***SMS***	***WAC***	***AXT***	***SES***	***SHS***	***SMS***	***WAC***	***AXT***	***SES***	***SHS***	***SMS***	***WAC***	***AXT***
FY18	30.57%	-10.05%	-35.30%	-13.40%	-7.09%	9.96%	-2.25%	-5.30%	-1.90%	-1.12%	$6,982.70	$11,082.61	$13,360.58	$12,613.79	$10,934.86
FY19	25.23%	-9.66%	-36.35%	2.81%	-6.47%	7.84%	-2.14%	-5.60%	0.44%	-1.02%	$7,098.92	$10,892.23	$12,942.69	$11,374.22	$11,612.67
FY20	29.04%	-7.44%	-40.28%	3.54%	-4.62%	9.51%	-1.61%	-5.95%	0.53%	-0.73%	$7,198.96	$11,019.77	$13,978.80	$11,140.48	$11,617.08
FY21	28.18%	-14.76%	-28.04%	2.55%	-4.75%	9.50%	-3.15%	-4.07%	0.38%	-0.75%	$7,628.48	$12,369.91	$13,269.58	$12,559.31	$12,422.53
FY22	25.91%	-10.57%	-31.31%	5.52%	-7.09%	8.75%	-2.29%	-4.45%	0.83%	-1.08%	$8,186.54	$12,714.20	$14,202.98	$13,512.40	$13,346.03
5 Yr. AVG	30.04%	-14.05%	-36.71%	0.20%	-6.00%	10.10%	-2.95%	-5.40%	0.06%	-0.94%	$7,374.57	$11,562.36	$13,742.29	$12,240.04	$11,986.64
Threshold	-7.50% 0%					-1.25% 0%					$13k $15k				

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Cost/FTE metric does not include expenses related to Capital Outlay, KPERS retirement fund, and/or any other expenses that are tracked and managed separately from building operating costs.*

Key Takeaway for Wetmore

The Wetmore campus shows steady and significant improvements over the past five years, but performance is expected to plateau (as cost savings measures are exhausted), unless enrollment and revenue begin to increase.

Operating Margin - Campus



Key Takeaways

- Wetmore campus shows steady and significant improvements over the past five years.
- The five-year trend line indicates a positive trajectory, but the primary drivers for improvement were cost reduction (as opposed to revenue growth).
- Therefore, performance is expected to plateau (once cost saving measures are exhausted) unless enrollment and revenue begin to increase.

Additional data needed to estimate "negative break-point" or enrollment level at which break-even performance is no longer possible.

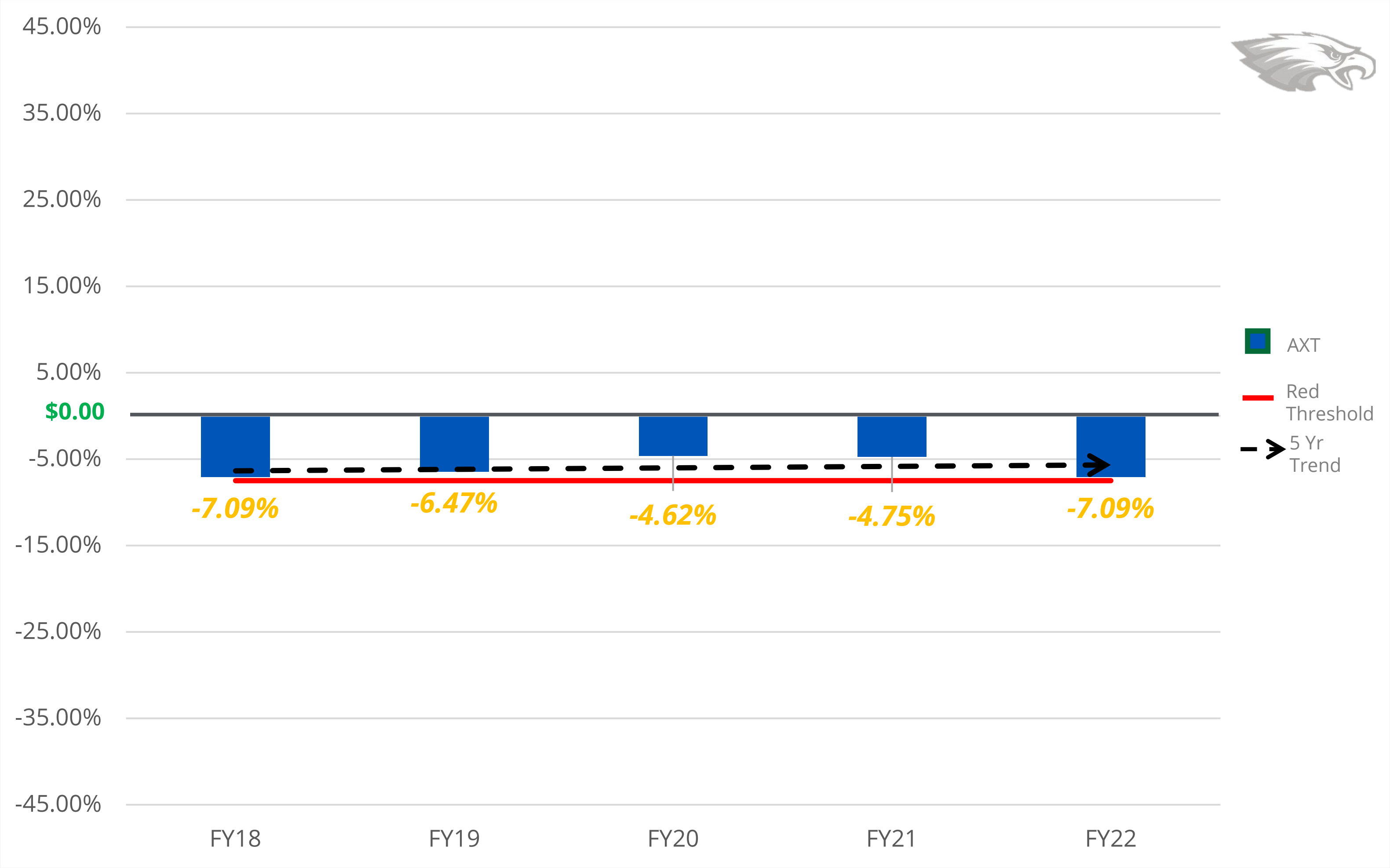
Wetmore Status:
Green* > *Trending* > *Yellow

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Operating Margin = (Revenue - Expenses) / Revenue. Presenting the data as a percent rather than a dollar amount provides a more equal comparison between large and small buildings.*

Key Takeaway for Axtell

Axtell's five-year performance is relatively flat, but signals of enrollment growth indicate that performance will likely return to green levels at some point (additional data needed to estimate a "break-even" target date).

Operating Margin - Campus



Key Takeaways

- Axtell campus shows moderate improvements between FY18-21, but performance returned to its lower FY18 levels in FY22.
- The five-year trend is relatively flat, which suggests that additional cost saving measures may be limited; however, Axtell has robust evidence of community development, suggesting that enrollment and revenue growth are on the horizon.

**Additional data needed regarding timing and levels of expected enrollment increases to estimate when performance will return to green/positive levels.*

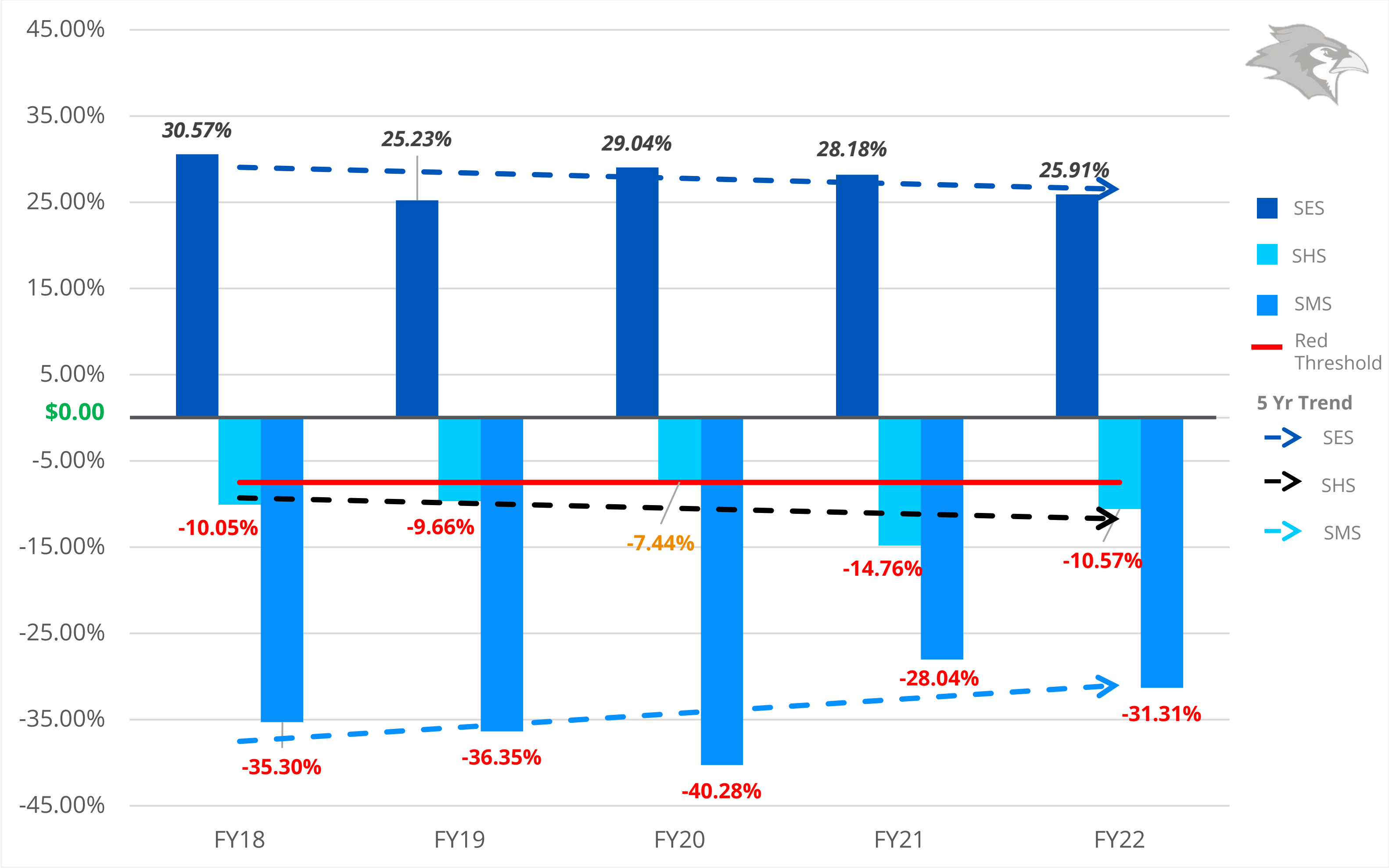
Axtell Status:
Yellow > Trending > Yellow/Green*

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Operating Margin = (Revenue - Expenses) / Revenue. Presenting the data as a percent rather than a dollar amount provides a more equal comparison between large and small buildings.*

Key Takeaway for Sabetha

Sabetha campus appears healthy as a unified set of buildings but continuing to operate SMS at extreme levels of inefficiency may prevent investment in other priorities and may jeopardize district health over the long term.

Operating Margin - Campus



Key Takeaways

- Sabetha Elementary campus shows a slight decline in performance over the past 5 years, but SES is continuing to operate at high-performing levels.
- Sabetha High School campus shows moderate improvements in FY20, but the five-year trend indicates that performance is continuing to decline.
- Sabetha Middle School campus is and has been operating at a significant deficit; the five-year trend is improving, but unexpected to improve beyond -20% range unless significant adjustments are made.

If 100% of existing elementary students graduate to SMS over the next 5 years, the Operating Margin is still unlikely to improve beyond a -20% margin.

Sabetha Status:
Yellow* > *Trending* > *Yellow

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Operating Margin = (Revenue - Expenses) / Revenue. Presenting the data as a percent rather than a dollar amount provides a more equal comparison between large and small buildings.*

Key Takeaways – Campus Review

USD 113 is relatively healthy as a unified district, but failure to address risks and issues in the district's portfolio may prevent future investment in new priorities and could jeopardize district health over the long term.

Summary of Key Findings

Wetmore is the 2nd most efficient building in the district's portfolio and it has had a positive operating margin in 4 of the past 5 years.

The individual campus KPI review indicates 1) that the SMS and SHS campuses have the most significant negative impact on the district's overall health, and 2) the district is being heavily subsidized by the SES campus.

The Wetmore campus shows steady and significant improvements over the past five years, but performance is expected to plateau (as cost savings measures are exhausted), unless enrollment and revenue begin to increase.

Axtell's five-year performance is relatively flat, but signals of enrollment growth indicate that performance will likely return to green levels at some point (additional data needed to estimate a "break-even" target date).

Sabetha campus also appears healthy as a unified set of buildings but continuing to operate SMS at extreme levels of inefficiency may prevent investment in other priorities and may jeopardize district health over the long term.

Final Conclusions

The suggestion that the district needs to close Wetmore to remain sustainable is not substantiated by the financial data and related information.

Consolidating Sabetha's building information suppresses important information and building by building breakouts reveal key areas in each campus that can be addressed to strengthen the unified district's overall position.

USD 113 is relatively healthy as a unified district, but failure to address risks and issues in the district's portfolio may prevent future investment in new priorities and could jeopardize district health over the long term.

Appendix

Appendix

Revenue and Expense Data (FY18-22)

REVENUE	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	$3,535,312.52	$ 2,428,041.23	$ 1,629,328.97	$ 7,592,682.73	$ 1,540,620.69	$1,715,371.44	$ 10,848,674.85
FY19	$3,408,563.60	$ 2,433,510.27	$ 1,688,632.99	$ 7,530,706.87	$ 1,712,245.04	$1,726,631.37	$ 10,969,583.28
FY20	$3,733,535.75	$ 2,461,494.08	$ 1,684,121.27	$ 7,879,151.10	$ 1,714,988.13	$1,809,919.81	$ 11,404,050.91
FY21	$3,943,902.80	$ 2,494,142.34	$ 1,699,636.10	$ 8,137,681.24	$ 1,726,914.60	$1,838,118.24	$ 11,702,714.07
FY22	$4,138,279.49	$ 2,656,292.29	$ 1,741,483.27	$ 8,536,055.05	$ 1,852,010.50	$1,871,906.38	$ 12,259,971.92
5 Year Average (FY18-22)	***$3,751,918.83***	***$ 2,494,696.04***	***$ 1,688,640.52***	***$ 7,935,255.40***	***$ 1,709,355.79***	***$1,792,389.45***	***$ 11,436,999.01***

EXPENSES	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	$2,454,419.81	$ 2,672,017.94	$ 2,204,496.21	$ 7,330,933.97	$ 1,747,009.73	$1,837,056.72	$ 10,915,000.42
FY19	$2,548,511.23	$ 2,668,595.61	$ 2,302,504.20	$ 7,519,611.04	$ 1,664,048.19	$1,838,286.30	$ 11,021,945.53
FY20	$2,649,218.71	$ 2,644,744.60	$ 2,362,417.76	$ 7,656,381.08	$ 1,654,360.92	$1,893,583.71	$ 11,204,325.72
FY21	$2,832,455.62	$ 2,862,397.82	$ 2,176,211.73	$ 7,871,065.18	$ 1,682,946.94	$1,925,491.88	$ 11,479,504.00
FY22	$3,065,857.37	$ 2,936,979.21	$ 2,286,680.20	$ 8,289,516.77	$ 1,749,856.39	$2,004,574.45	$ 12,043,947.61
5 Year Average (FY18-22)	**$2,710,092.55**	**$ 2,756,947.04**	**$ 2,266,462.02**	**$ 7,733,501.61**	**$ 1,699,644.43**	**$1,899,798.61**	**$ 11,332,944.65**

(Revenue – Expenses)	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	$1,080,892.71	$ (243,976.71)	$ (575,167.24)	$ 261,748.76	$ (206,389.04)	$ (121,685.29)	$ (66,325.57)
FY19	$ 860,052.37	$ (235,085.34)	$ (613,871.21)	$ 11,095.83	$ 48,196.85	$ (111,654.93)	$ (52,362.25)
FY20	$1,084,317.04	$ (183,250.52)	$ (678,296.49)	$ 222,770.02	$ 60,627.21	$ (83,663.90)	$ 199,725.19
FY21	$1,111,447.18	$ (368,255.49)	$ (476,575.63)	$ 266,616.06	$ 43,967.66	$ (87,373.65)	$ 223,210.07
FY22	$1,072,422.12	$ (280,686.92)	$ (545,196.93)	$ 246,538.27	$ 102,154.11	$ (132,668.07)	$ 216,024.31
5 Year Total (FY18-22)	***$5,209,131.42***	***$ (1,311,254.98)***	***$ (2,889,107.50)***	***$ 1,008,768.94***	***$ 48,556.79***	***$ (537,045.83)***	***$ 520,271.76***

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Source files provided by USD 113 District Office; consolidated information also available in supporting XLS document.*

Cost Per Student Data (FY18-22)

EXPENSES	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	$2,454,419.81	$ 2,672,017.94	$ 2,204,496.21	$ 7,330,933.97	$ 1,747,009.73	$1,837,056.72	$ 10,915,000.42
FY19	$2,548,511.23	$ 2,668,595.61	$ 2,302,504.20	$ 7,519,611.04	$ 1,664,048.19	$1,838,286.30	$ 11,021,945.53
FY20	$2,649,218.71	$ 2,644,744.60	$ 2,362,417.76	$ 7,656,381.08	$ 1,654,360.92	$1,893,583.71	$ 11,204,325.72
FY21	$2,832,455.62	$ 2,862,397.82	$ 2,176,211.73	$ 7,871,065.18	$ 1,682,946.94	$1,925,491.88	$ 11,479,504.00
FY22	$3,065,857.37	$ 2,936,979.21	$ 2,286,680.20	$ 8,289,516.77	$ 1,749,856.39	$2,004,574.45	$ 12,043,947.61
5 Year Average (FY18-22)	**$2,710,092.55**	**$ 2,756,947.04**	**$ 2,266,462.02**	**$ 7,733,501.61**	**$ 1,699,644.43**	**$1,899,798.61**	**$ 11,332,944.65**

Student Headcount	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	368	244	165	777	141	174	1,092
FY19	378	249	178	805	153	169	1,127
FY20	392	241	168	801	145	164	1,110
FY21	385	232	164	781	138	161	1,080
FY22	388	231	161	780	135	158	1,073
Total Change (FY18-22)	***20***	***-13***	***-4***	***3***	***-6***	***-16***	***-19***

Cost Per Student	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	$ 6,669.62	$ 10,950.89	$ 13,360.58	$ 9,434.92	$ 12,390.14	$ 10,557.80	$ 9,995.42
FY19	$ 6,742.09	$ 10,717.25	$ 12,935.42	$ 9,341.13	$ 10,876.13	$ 10,877.43	$ 9,779.90
FY20	$ 6,758.21	$ 10,974.04	$ 14,062.01	$ 9,558.53	$ 11,409.39	$ 11,546.24	$ 10,093.99
FY21	$ 7,357.03	$ 12,337.92	$ 13,269.58	$ 10,078.19	$ 12,195.27	$ 11,959.58	$ 10,629.17
FY22	$ 7,901.69	$ 12,714.20	$ 14,202.98	$ 10,627.59	$ 12,961.90	$ 12,687.18	$ 11,224.56
5 Year Average (FY18-22)	$ 7,085.73	$ 11,538.86	$ 13,566.12	$ 9,808.07	$ 11,966.56	$ 11,525.65	$ 10,344.61

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 – 2022 and Enrollment Source File
Note: *Cost/student metric does not include expenses related to Capital Outlay, KPERS retirement fund, and/or any other expenses that are tracked and managed separately from building operating costs.*

Cost Per FTE Data (FY18-22)

EXPENSES	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	$2,454,419.81	$ 2,672,017.94	$ 2,204,496.21	$ 7,330,933.97	$ 1,747,009.73	$1,837,056.72	$ 10,915,000.42
FY19	$2,548,511.23	$ 2,668,595.61	$ 2,302,504.20	$ 7,519,611.04	$ 1,664,048.19	$1,838,286.30	$ 11,021,945.53
FY20	$2,649,218.71	$ 2,644,744.60	$ 2,362,417.76	$ 7,656,381.08	$ 1,654,360.92	$1,893,583.71	$ 11,204,325.72
FY21	$2,832,455.62	$ 2,862,397.82	$ 2,176,211.73	$ 7,871,065.18	$ 1,682,946.94	$1,925,491.88	$ 11,479,504.00
FY22	$3,065,857.37	$ 2,936,979.21	$ 2,286,680.20	$ 8,289,516.77	$ 1,749,856.39	$2,004,574.45	$ 12,043,947.61
5 Year Average (FY18-22)	**$2,710,092.55**	**$ 2,756,947.04**	**$ 2,266,462.02**	**$ 7,733,501.61**	**$ 1,699,644.43**	**$1,899,798.61**	**$ 11,332,944.65**

FTE Count	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	351.50	241.10	165.00	757.60	138.50	168.00	1,064.10
FY19	359.00	245.00	177.90	781.90	146.30	158.30	1,086.50
FY20	368.00	240.00	169.00	777.00	148.50	163.00	1,088.50
FY21	371.30	231.40	164.00	766.70	134.00	155.00	1,055.70
FY22	374.50	231.00	161.00	766.50	129.50	150.20	1,046.20
Total Change (FY18-22)	**23.00**	**(10.10)**	**(4.00)**	**8.90**	**(9.00)**	**(17.80)**	**(17.90)**

Cost Per FTE	SES	SHS	SMS	Sabetha K12	Wetmore	Axtell	TOTAL
FY18	$ 6,982.70	$ 11,082.61	$ 13,360.58	$ 9,676.52	$ 12,613.79	$ 10,934.86	$ 10,257.49
FY19	$ 7,098.92	$ 10,892.23	$ 12,942.69	$ 9,617.10	$ 11,374.22	$ 11,612.67	$ 10,144.45
FY20	$ 7,198.96	$ 11,019.77	$ 13,978.80	$ 9,853.77	$ 11,140.48	$ 11,617.08	$ 10,293.36
FY21	$ 7,628.48	$ 12,369.91	$ 13,269.58	$ 10,266.16	$ 12,559.31	$ 12,422.53	$ 10,873.83
FY22	$ 8,186.54	$ 12,714.20	$ 14,202.98	$ 10,814.76	$ 13,512.40	$ 13,346.03	$ 11,512.09
5 Year Average (FY18-22)	$ 7,419.12	$ 11,615.74	$ 13,550.93	$ 10,045.66	$ 12,240.04	$ 11,986.64	$ 10,616.25

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 – 2022 and Enrollment Source File
Note: *Cost/FTE metric does not include expenses related to Capital Outlay, KPERS retirement fund, and/or any other expenses that are tracked and managed separately from building operating costs.*

Administration Expenses (FY18-22)

Year	Line Item	SES	SHS	SMS	Sabetha K12	Wetmore K12	Axtell K12	ADMIN	TOTAL	% Admin
17-18	Total Building Expenses	$ 2,248,628.95	$ 2,466,227.08	$ 1,998,705.35	$ 6,713,561.38	$ 1,623,535.21	$ 1,695,942.99	$ 881,960.84	$ 10,915,000.42	8.08%
	Admin Expense Allocation	$ 205,790.86	$ 205,790.86	$ 205,790.86	$ 617,372.59	$ 123,474.52	$ 141,113.73	$ (881,960.84)		
	Total Expenses	**$ 2,454,419.81**	**$ 2,672,017.94**	**$ 2,204,496.21**	**$ 7,330,933.97**	**$ 1,747,009.73**	**$ 1,837,056.72**	**$ -**	**$ 10,915,000.42**	
18-19	Total Building Expenses	$ 2,349,081.64	$ 2,469,166.02	$ 2,103,074.61	$ 6,921,322.28	$ 1,544,390.44	$ 1,701,534.58	$ 854,698.23	$ 11,021,945.53	7.75%
	Admin Expense Allocation	$ 199,429.59	$ 199,429.59	$ 199,429.59	$ 598,288.76	$ 119,657.75	$ 136,751.72	$ (854,698.23)	$ -	
	Total Expenses	**$ 2,548,511.23**	**$ 2,668,595.61**	**$ 2,302,504.20**	**$ 7,519,611.04**	**$ 1,664,048.19**	**$ 1,838,286.30**		**$ 11,021,945.53**	
19-20	Total Building Expenses	$ 2,438,849.64	$ 2,434,375.53	$ 2,152,048.69	$ 7,025,273.87	$ 1,534,746.28	$ 1,765,742.19	$ 878,563.38	$ 11,204,325.72	7.84%
	Admin Expense Allocation	$ 210,369.07	$ 210,369.07	$ 210,369.07	$ 631,107.22	$ 119,614.65	$ 127,841.51	$ (878,563.38)	$ -	
	Total Expenses	**$ 2,649,218.71**	**$ 2,644,744.60**	**$ 2,362,417.76**	**$ 7,656,381.08**	**$ 1,654,360.92**	**$ 1,893,583.71**	**$ -**	**$ 11,204,325.72**	
20-21	Total Building Expenses	$ 2,601,087.14	$ 2,631,029.34	$ 1,944,843.25	$ 7,176,959.73	$ 1,555,597.62	$ 1,786,464.67	$ 960,481.98	$ 11,479,504.00	8.37%
	Admin Expense Allocation	$ 231,368.48	$ 231,368.48	$ 231,368.48	$ 694,105.45	$ 127,349.32	$ 139,027.21	$ (960,481.98)	$ -	
	Total Expenses	**$ 2,832,455.62**	**$ 2,862,397.82**	**$ 2,176,211.73**	**$ 7,871,065.18**	**$ 1,682,946.94**	**$ 1,925,491.88**	**$ -**	**$ 11,479,504.00**	
21-22	Total Building Expenses	$ 2,371,416.19	$ 2,242,538.03	$ 1,592,239.02	$ 6,206,193.24	$ 1,352,760.86	$ 1,601,429.77	$ 2,883,563.74	$ 12,043,947.61	23.94%
	Admin Expense Allocation	$ 694,441.18	$ 694,441.18	$ 694,441.18	$ 2,083,323.53	$ 397,095.53	$ 403,144.68	$ (2,883,563.74)		
	Total Expenses	**$ 3,065,857.37**	**$ 2,936,979.21**	**$ 2,286,680.20**	**$ 8,289,516.77**	**$ 1,749,856.39**	**$ 2,004,574.45**	**$ -**	**$ 12,043,947.61**	

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 – 2022 and Enrollment Source File
Note: *Administration expenses did not follow standard allocation method in FY22; Several admin expenses such as substitute teacher costs are usually allocated to each building. This process was not followed in FY22, which explains large increase.*

Form 150 Inputs (State Aid / Revenue Calculation Inputs) – FY18-22

	FY18	FY19	FY20	FY21	FY22
Base FTE Counts					
Adjusted FTE (highest of past 2 years, excluding At-Risk Pre-K)	1,135.70	1,086.80	1072.3	1072.3	1053.5
Preschool-Aged At-Risk (4 yr old) FTE enrollment (current year)	17.5	16	18.5	15	16
Total Base FTE Count	**1,153.20**	**1,102.80**	**1,090.80**	**1,087.30**	**1,069.50**
Enrollment Weighting Factors					
Low Enrollment Weighting	224.1	233.2	235.1	235.6	238.2
Bilingual Weighting	0	0	0	0	0
Career Technical Education (CTE) weighting	21.3	23.8	24.2	23.5	24.3
At-Risk Student Weighting	147.6	151	137.9	137.9	136.5
High-Density At-Risk Student Weighting	14.8	8.5	2.2	7.2	0.5
School Facilities Weighting	0	0	0	0	0
Transportation Weighting	114.4	110.1	103.3	100.3	93.8
Ancillary School Facilities Weighting	0	0	0	0	0
Special Education Weighting	206.2	195.9	187.9	173.9	179.6
Declining Enrollment weighting	0	0	0	0	0
FHSU Math & Science Academy FTE enrollment	0	1	1	0	0
Total Weighting Added to Base FTE Count	**728.4**	**723.5**	**691.6**	**678.4**	**672.9**
General Fund Revenue					
Total Weighted FTE (Base FTE Count + Weighting Factors)	**1,881.60**	**1,826.30**	**1,782.40**	**1,765.70**	**1,742.40**
General Fund Base Aid Amount	$ 4,006.00	$ 4,165.00	$ 4,436.00	$ 4,569.00	$ 4,706.00
Virtual State Aid	$ -	$ -	$ -	$ -	$ 25,000.00
Total General Fund Revenue Allocation	**$ 7,537,690**	**$ 7,606,540**	**$ 7,906,726**	**$ 8,067,483**	**$ 8,224,734**
Supplemental Fund / Local Option Budget (LOB)					
SF Weighted FTE Count	1,675.40	1629.4	1593.5	1591.8	1562.8
Supplemental Fund Base Aid Amount	$ 4,490.00	$ 4,490.00	$ 4,558.00	$ 4,608.00	$ 4,706.00
Special Education	$ 1,100,793.00	$ 1,100,793.00	$ 1,100,793.00	$ 1,100,793.00	$ 1,100,793.00
Supplemental Fund Revenue	$ 8,623,339	$ 8,416,799	$ 8,363,966	$ 8,435,807	$ 8,455,330
LOB Option Percent	33%	33%	33%	33%	33%
Total Supplemental Fund Revenue Allocation	**$ 2,845,702**	**$ 2,777,544**	**$ 2,760,109**	**$ 2,783,816**	**$ 2,790,259**

Source: USD 113 Form 150 Documents, FY18-22
Note: *Individual school contributions for weighting factors not readily available, but district office should be able to calculate weighting breakouts by reverse engineering weighting formulas. Additional information required to complete analysis..*

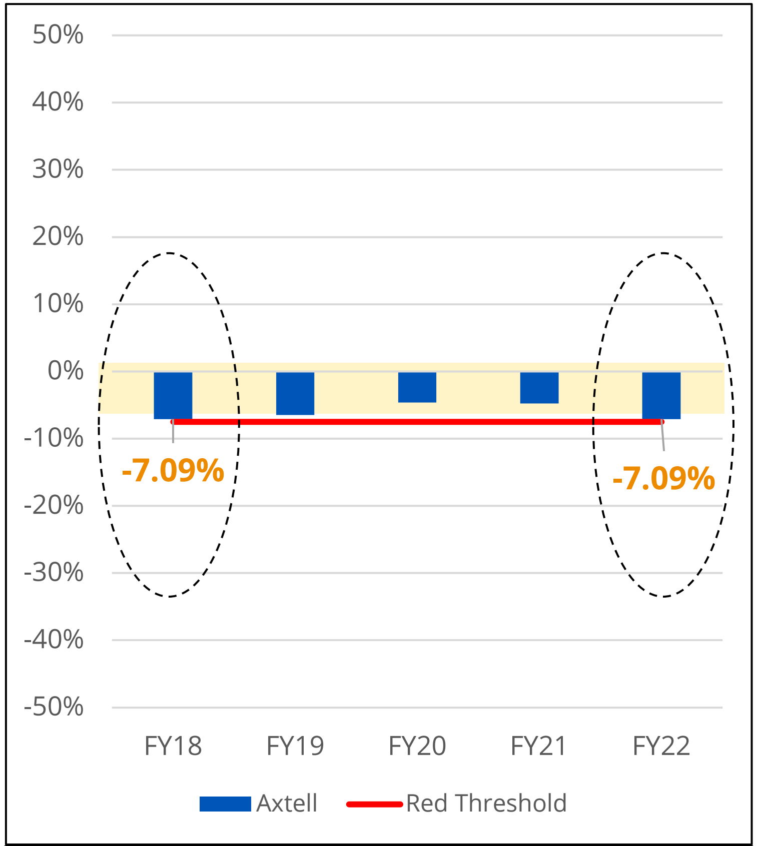
USD 113

Additional Key Performance Indicator (KPI) Details

Axtell KPI Review – FY18-FY22

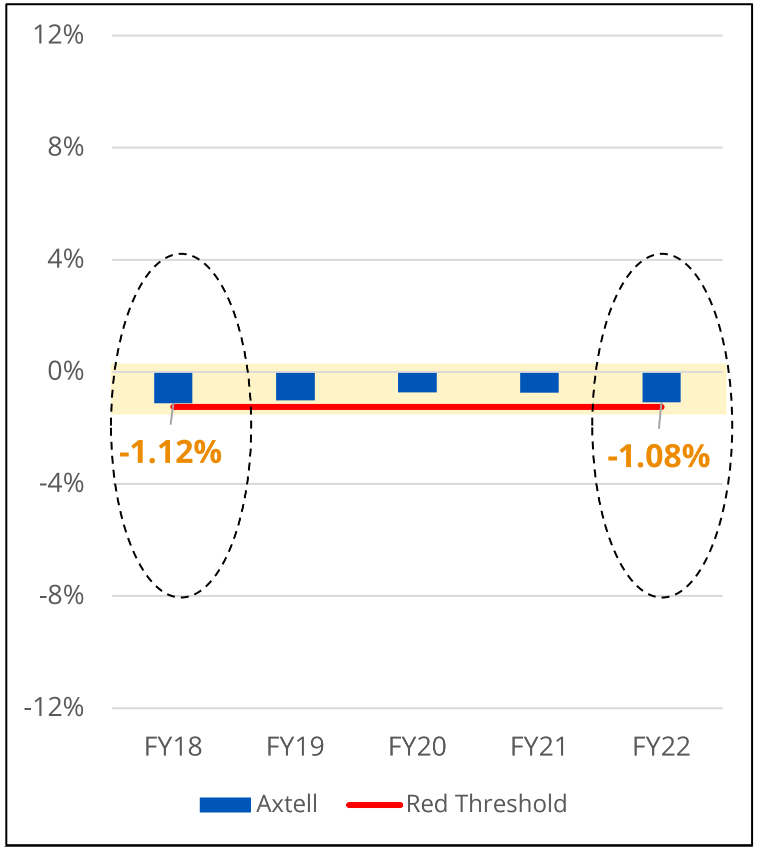
The graphs below provide a five-year review of the school's performance for each of the established KPI metrics

Operating Margin - Campus



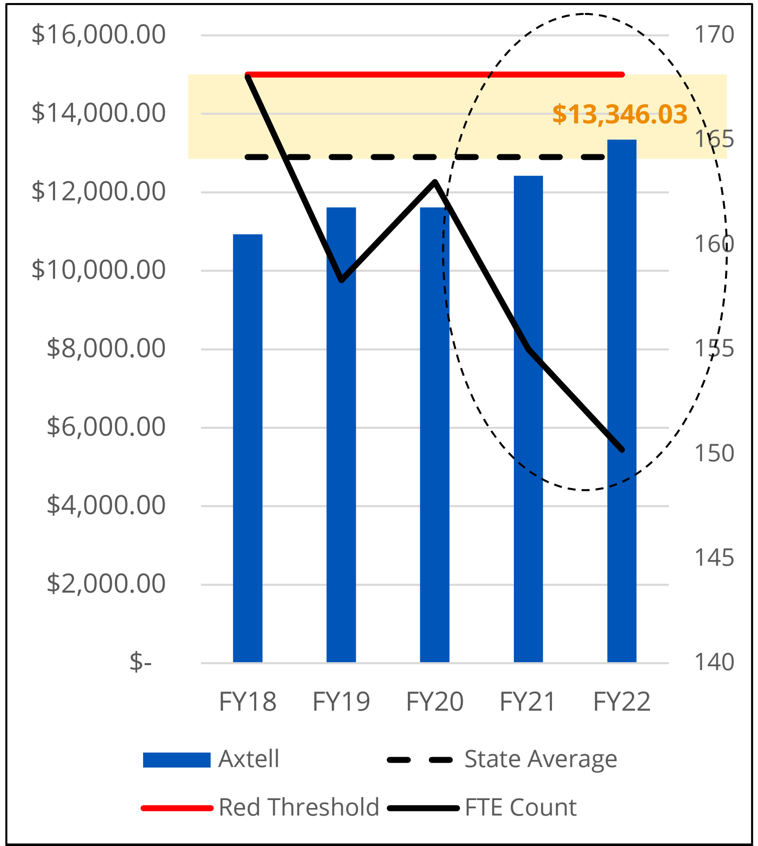
Minor improvements to Axtell's Campus Operating Margin were noted between FY18-FY21, but the margin neared the "Red" (-7.5%) threshold in FY2

Operating Margin - District



Axtell's District Operating Margin follows a similar pattern between FY18-FY21. The "Red" threshold for District Operating Margin is -1.25%.

Cost/FTE



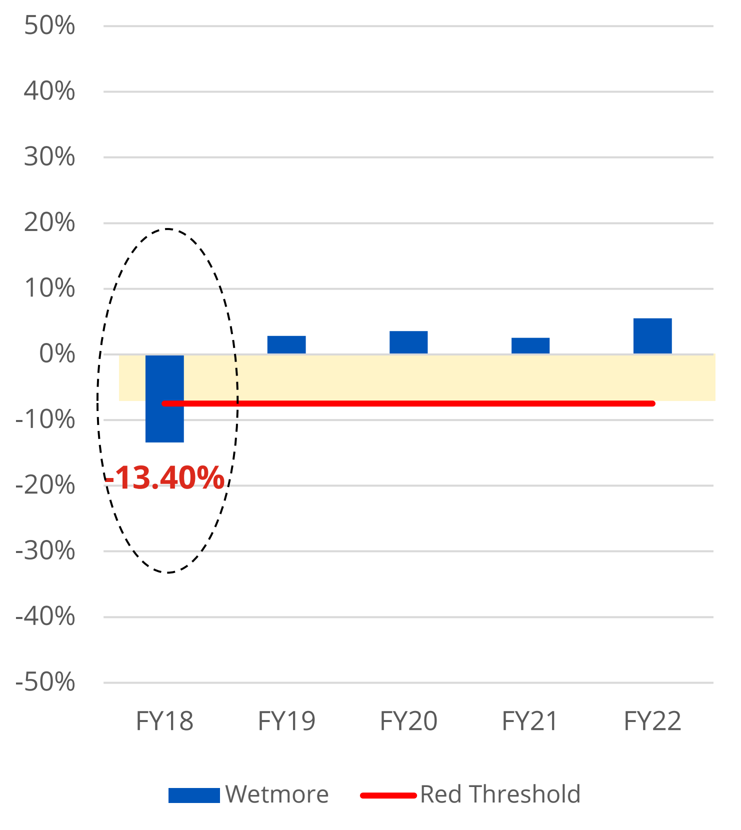
Axtell's Cost/FTE was at healthy levels from FY18-21, but edged into the "At Risk" category in FY22 as enrollment declined from 155 to 150.2 FTEs.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: Red *thresholds set by District as part of the FY16 Feasibility Assessment*

Wetmore KPI Review – FY18-FY22

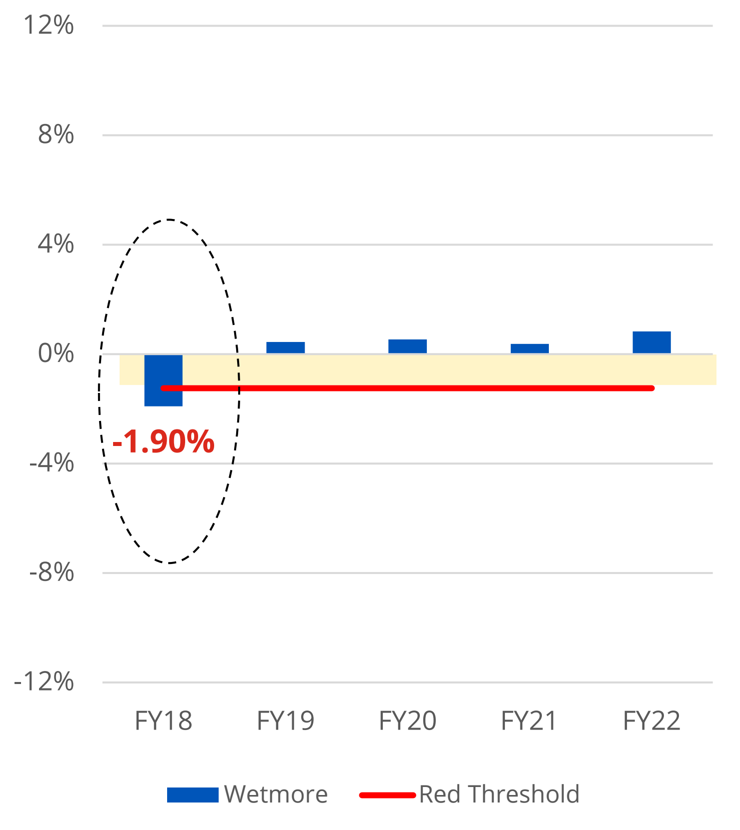
The graphs below provide a five-year review of the school's performance for each of the established KPI metrics.

Operating Margin - Campus



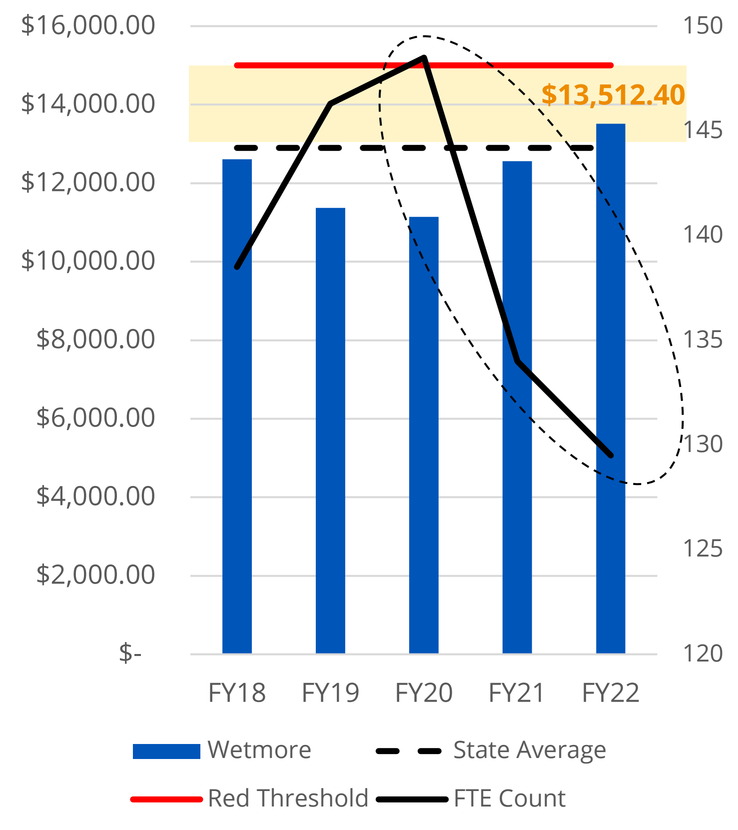
Wetmore had a negative operating margin in FY18, but has returned a cash surplus back to the district the past four years (FY19-22).

Operating Margin - District



Wetmore's District Operating Margin exceeded the threshold in FY18, but has remained at healthy levels since then (FY19-22).

Cost/FTE



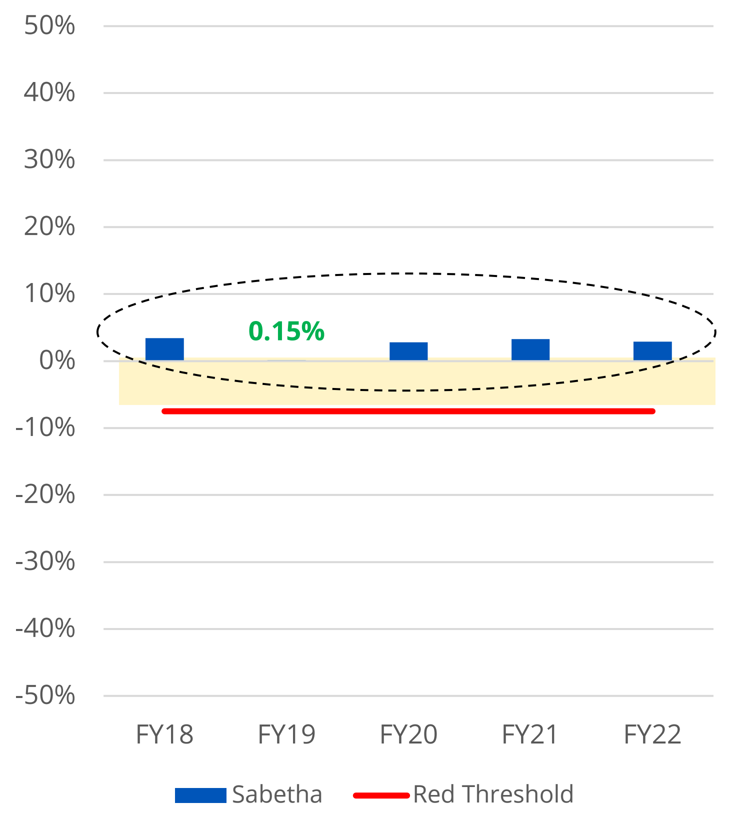
Wetmore's Cost/FTE entered into the "At-Risk" area in FY22 for the first time in five years, primarily due to significant declines in enrollment.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: Red *thresholds set by District as part of the FY16 Feasibility Assessment*

Sabetha KPI Review – FY18-FY22

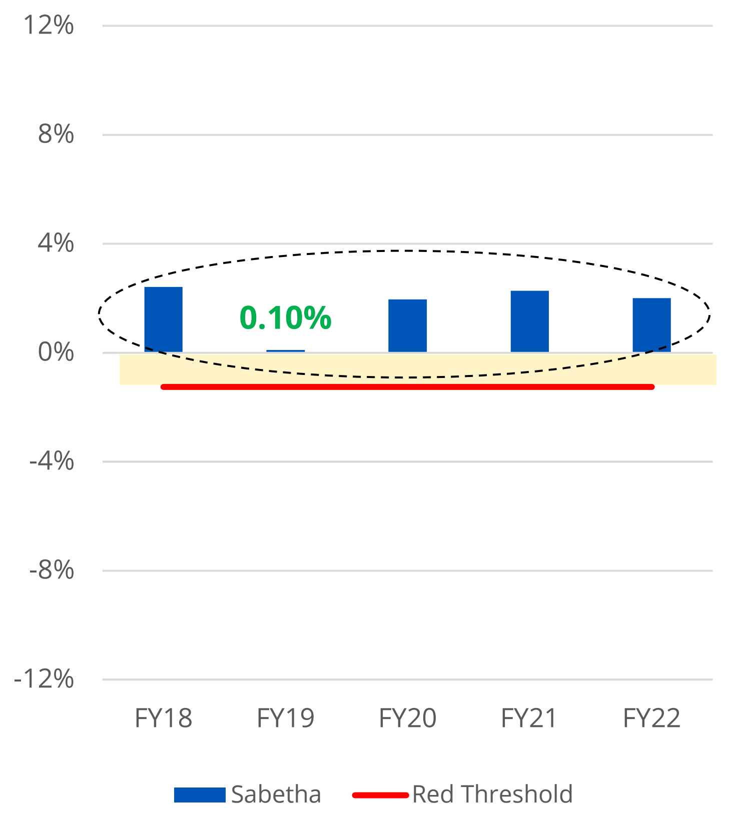
The graphs below provide a five-year review of the school's performance for each of the established KPI metrics.

Operating Margin - Campus



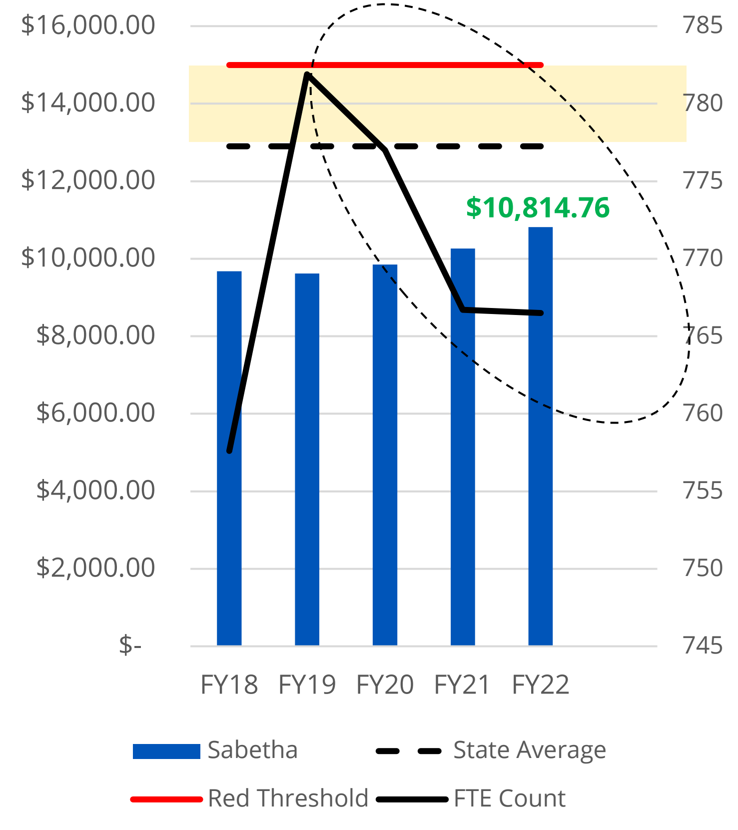
Sabetha's three buildings have maintained a positive operating margin as a unified school system every year for the past five years.

Operating Margin - District



Sabetha's unified performance relative to the entire District portfolio is also positive in each of the past five years.

Cost/FTE



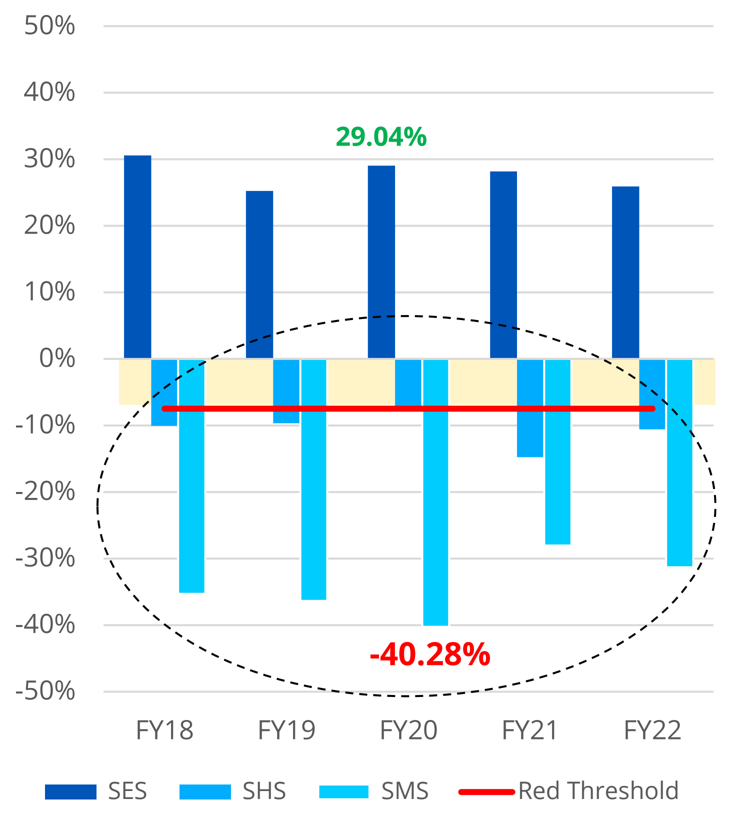
Sabetha's enrollment had significant declines from FY19 to FY21 (like WAC/AXT), but the three SAB buildings were able to maintain a healthy Cost/FTE as a unified school system.

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: Red *thresholds set by District as part of the FY16 Feasibility Assessment*

Sabetha Building Breakout KPI Review – FY18-FY22

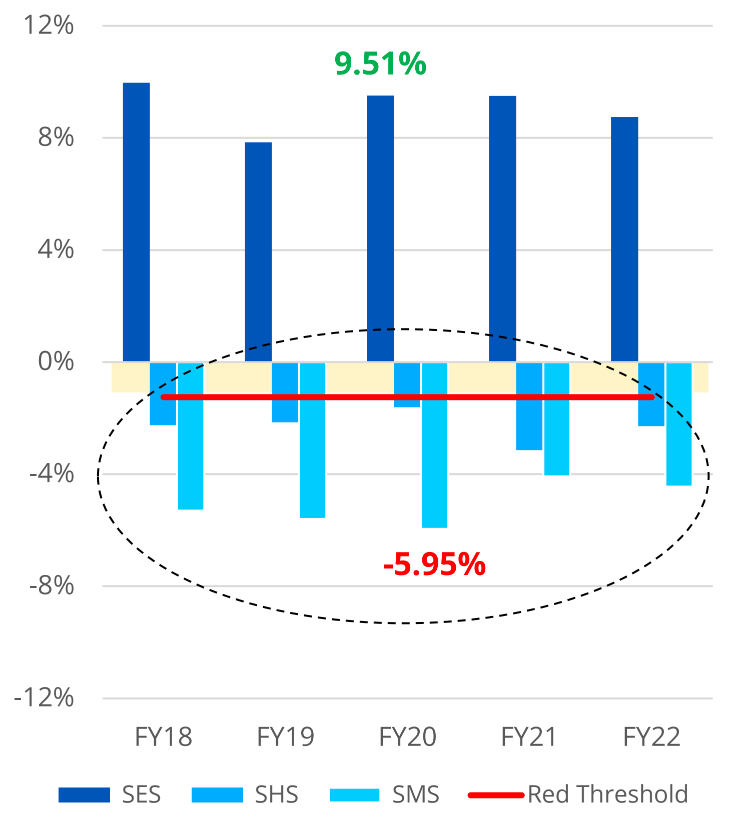
The graphs below provide a five-year review of the school's performance for each of the established KPI metrics.

Operating Margin - Campus



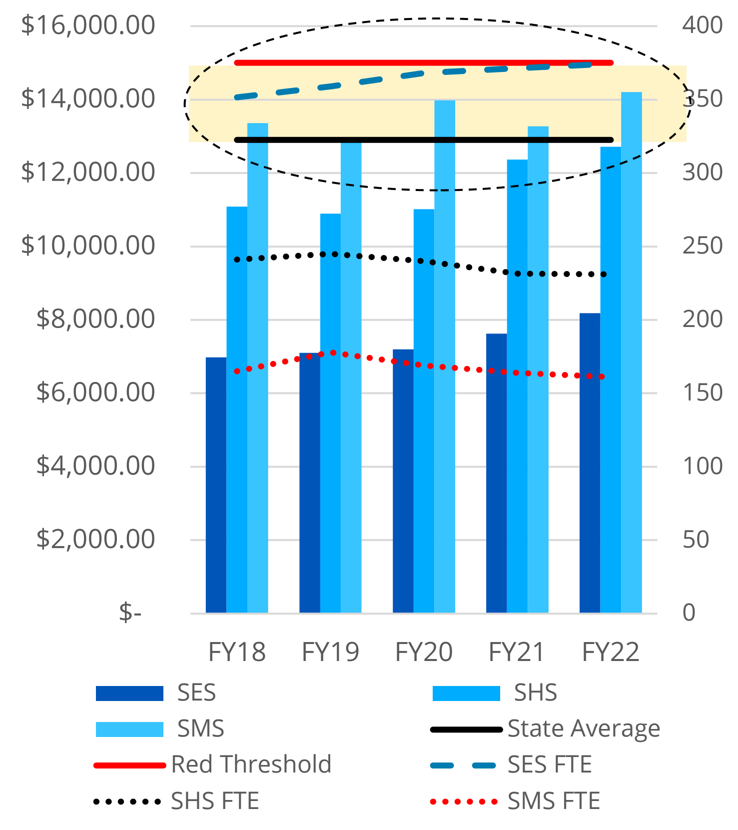
Sabetha Middle School and High School have been operating in the "Red" zone for the past five years, with Sabetha Middle School reaching down to -42.96% in FY20 ($709k overbudget).

Operating Margin - District



The overall impact to the District is more modest, but the margins for SHS and SMS are both well over the -1.25% threshold set by the District in FY2016.

Cost/FTE



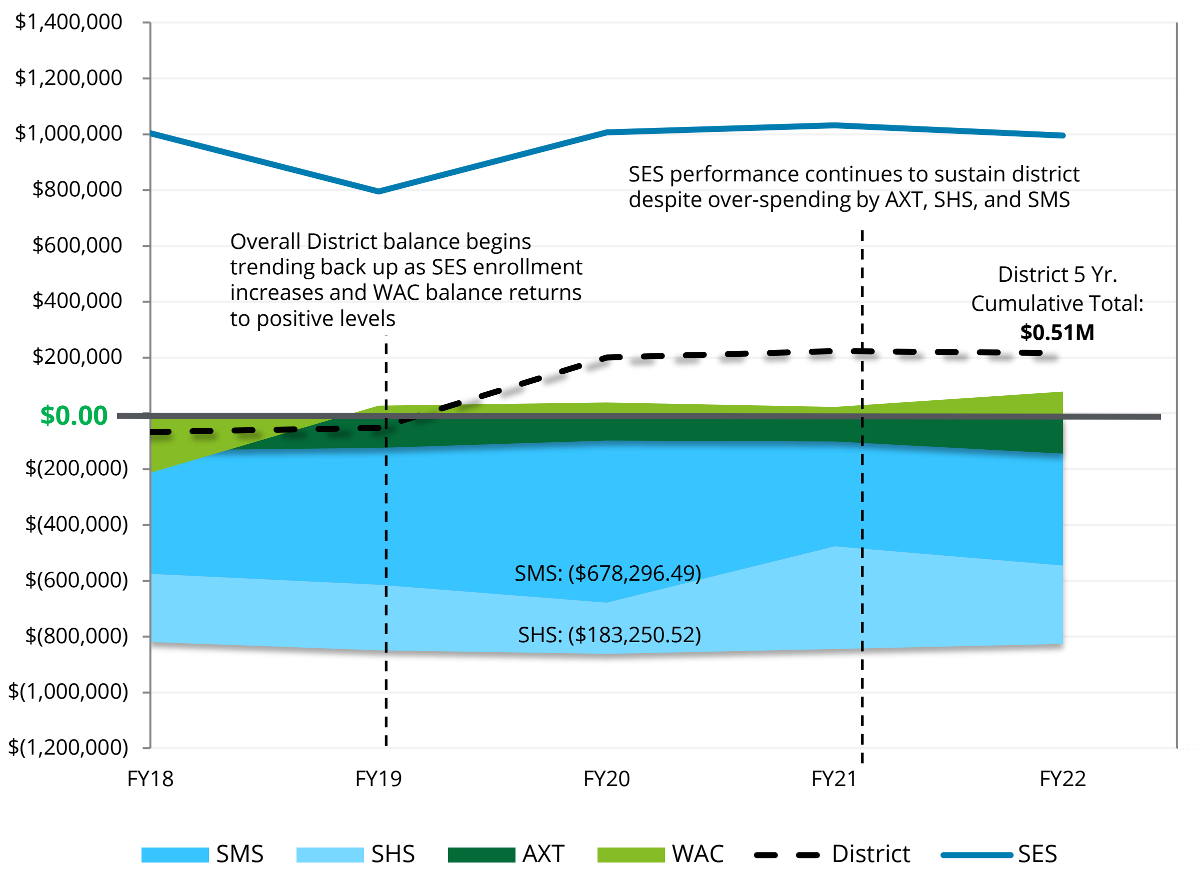
Rising enrollment levels at SES have helped to balance the unified school system's Cost/FTE over the past five years, but the SMS Cost/FTE has been in "At-Risk" levels since FY18 ($14,202.98 in FY22).

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: Red *thresholds set by District as part of the FY16 Feasibility Assessment*

Annual Operating Balances – By Campus

The following graph demonstrates how the spending at each school is impacting the District's overall performance (shading below the $0.00 line indicates that building is being subsidized by other buildings).

Annual Operating Balance (Revenue – Expenses)



Key Takeaways

$5.2M
SES returned $5.2M in Cash Surplus FY18-FY22

$.05M
WAC returned $.05M in Cash Surplus FY18-22

$(1.3M)
SHS had a negative Cash Deficit of $1.3M FY18-FY22

$(.54M)
AXT had a negative Cash Deficit of $.54M FY18-FY22

$(2.9M)
SMS had a negative Cash Deficit of $2.9M FY18-FY22

$.51M
District accumulated $.51M cash surplus between FY18-22

Source: USD 113 Prairie Hills, Audited Allocation of Expenditures Per Building Per USD Records Actual For Fiscal Years 2018 - 2022
Note: *Refer to USD 113 District Review spreadsheet to view Cash Balance details for each campus individually.*

USD 113
Prairie Hills
Preparing Kids, Shaping the Future
Axtell - Sabetha - Wetmore