

Monday, March 5, 2018

Anita,

It is unrealistic to assume we can save \$750,000 in plant operations when a large portion of these costs is for liability insurance and utilities.

In 2016/2017 Mingus and COCSD spent a combined amount of \$2,562,645 in plant operations (864,448 and 1,698,197 respectively as reported in the Annual Financial Report).

Mingus spends \$147,000 on liability insurance; an estimate for COCSD based on sq. footage is \$220,000. In 16/17 Mingus spent \$312,000 on utilities (phone, electric, water, natural gas, sewer) and an estimate based on square footage for COCSD would be \$480,000. This is a combined expense for Mingus and COCSD for liability insurance and utilities of \$1,159,000.

As noted above, the total combined expenses of \$2,562,645 less the fixed cost of insurance and utilities in the amount of \$1,159,000 would leave a balance of \$1,403,645 for salaries, benefits, purchased services and supplies. The assumed savings of \$750,000 would have to come from salaries, benefits, purchased services and supplies. Take \$750,000 from \$1,409,645 and you are left with \$653,645.

Last year Mingus spent \$355,935 on salaries and benefits and \$255,457 on supplies for a combined amount of \$611,392. This would leave approximately \$43,000 for COCSD to spend on salaries, benefits and supplies in plant operations.

Is it valid to assume we could save 54% in plant operations just by consolidating districts (\$750,000 is 54% of \$1,400,000)?

Based on the Auditor General's report and as noted in the copy of the email you have from them dated January 25, 2018. The Auditor General states that taking the square footage from the Dollars in the Classroom report from a high school district and applying to an elementary district "is not the best way to analyze potential savings". This is the way the assumed savings of \$750,000 was calculated and is being presented by Dr. Keegan.

I think you would agree this is not financially valid.

Lynn Leonard