KANSAS STATE DEPARTMENT OF EDUCATION
FISCAL AUDIT SECTION
Director of Fiscal Auditing
785-296-4976

TRANSPORTATION EXPENDITURES AUDIT GUIDE

FOR THE FUND REPORTED IN THE ANNUAL STATISTICAL REPORT
2015-16 EXPENDITURES AUDITED IN FY17
Revised July, 2016

(FOR INFORMATION ON TRANSPORTATION WEIGHTING, REFER TO THE ENROLLMENT HANDBOOK)

PURPOSE OF AUDIT

Determine the total expenditures the district incurred during the preceding school year, from all funds, for transporting pupils of public schools on Regular School Routes.

AUDIT STEPS

1. Allow all legitimate expenditures for regular route miles driven regardless of the fund from which the expenditures were paid.

2. In the absence of accurate actual expenditures and complete cost accounting data, a ratio of expenditures is the most widely used method of allocating expenditures between "Regular Route" and "Other Activity."

    a. Ratios are usually accomplished based upon student miles traveled for the different routes. Salaries and fringe benefits are generally actual costs, and administration salaries are prorated using time as the basis of the ratio.

    b. The expenses for utilities are usually prorated based on space or utilization and expenses for operating and maintenance are based on route mileage.

    c. Occasionally, the district's ratios based on mileage will not be uniform but will be weighted in favor of certain vehicles or routes. Differences in costs of operating activity and regular route buses exist because of differences in fuel consumption of the various types of vehicles and the condition of the roads traveled.

    d. If expenditures are prorated, all expenditures that are not specifically documented as "Regular Route" costs must be prorated **except insurance, expenditures for heat, water, electricity and "other utilities**." Expenditures for heat, water and electricity for the operation of a bus barn should be charged to the regular route. Insurance

expense should be charged to the regular route (unless a bus is designated strictly an activity route bus). Districts may track actual salaries for regular and activity routes, if so salary related expenses (social security, unemployment, etc.) should be pro-rated on the basis of actual salaries not mileage.

3. If expenditures are actual expenses extracted from the accounting records, the required audit function is simply the verification of the expenditures.

4. Expenditures may be found in either the general fund or supplemental general fund.

5. Verify correct classification of expenditures:

   a. 2601 Operations and Maintenance – (The Bus Barn) expenditures for the operation and maintenance of buildings and grounds only. If the district has a bus barn, storage areas, and/or offices for transportation employees, expenditures may be reported under this function code.

   b. 2700 Supervision – expenditures for administration of the transportation program such as salaries for a director and clerical employees for the bus program.

   c. 2720 Operating Services – expenditures for salaries for bus drivers, leases, bus company contracts, bus insurance, driver liability insurance and bus fuel. Districts should not include expenditures for oil, tires, parts and repairs either contracted or provided by school personnel.

   d. 2740 Vehicle Service and Maintenance – (Mechanics) expenditures for maintaining student transportation vehicles. The district should include expenditures for all vehicle parts, tires, oil and other supplies except fuel. The cost of repairs by the district's employees or by a private garage is to be included. Other expenditures may include vehicle inspections and cleaning, painting and refueling vehicles.

   e. 2790 Student Transportation Services – (Other) expenditures that cannot be classified elsewhere in the 2700 function should be reported under this code.

6. Allow lease payments for buses (monthly or annual) under a straight lease agreement as long as the buses remain under lease. If the bus is purchased before the lease contract terminates, the remainder of the amount of the lease contract may be depreciated over eight years.

7. Lines 621 (Heating) and 622 Electricity do not require pro-rating between regular and activity routes. If the district has pro-rated the cost, allow it, but if the district did not pro-rate, do not change to pro-ration.

8. Closely scrutinize all administrative costs in excess of ten percent of the total expenditures. Any amount may be accepted, but supporting documents should be available to support the claim.

    a. Disallow expenditures for general-purpose vehicles unless it can be conclusively shown that the vehicles are used exclusively in the service of "regular route pupil transportation."

    b. Specific exclusions are driver education vehicles, school administration cars, multi-use maintenance vehicles, tractors, lawn mowers and snowplows.

9. A reimbursed expenditure is not a valid cost. Confirm that expenditures for all transportation services rendered by a district for another district, a special education cooperative, an area school, a community college or any other agency that have been reimbursed by the recipient of the services are not included unless there is a corresponding deduction on the second page of Table XI.

10. The cost of summer school transportation can be included as a "regular school route" cost. If the costs are included, the summer school mileage associated with the cost should be included in any pro-ration required.

11. Depreciation has already been computed electronically.

    a. Depreciation on buses over eight years old should have been computed as zero.

    b. Buses should not be added to the depreciation schedule unless a call is made to the office to verify the status of the bus to be added.

    c. Buses used exclusively as "Other including Activity" buses do not receive depreciation allowances.

    d. Depreciation allowances for buses used exclusively for "Special Education Transportation" must be reported on the Special Education Transportation Report.

    e. Districts report on the 18E the total miles used for regular route, activity and special education. This percentage of use may vary from year to year and is calculated by dividing category miles by total miles for each vehicle. For example, bus A used for regular route 20,000 miles and activity 1,500 miles, regular route is 93% (20,000 / 21,500).

    f. Auditor should compare depreciation list on 18E with depreciation list on the district's Form 308 (Special Education Transportation) to determine that not more than 100% depreciation has been reported.

g. Depreciation allowances on buses not used on a daily basis in any one category but only as required for all purposes must be prorated between specific categories of use. Ratios may be computed based on mileage.

h. Any bus leased with an option to buy (lease purchase agreement) will depreciate like any other purchased bus. The lease expense cannot be claimed. To determine depreciation, compute the number of years of lease times the yearly lease expense and divide the product by 8. If the purchase option is never exercised, a compensatory adjustment will be made at the end of the lease by School Finance.

i. Only eight (8) years of depreciation are authorized. If a bus has been used as an activity bus for seven years and then is used on the regular route in year number eight, only one year of depreciation allowance remains. (per Dale Dennis, 1/23/87)

j. Remanufactured buses may be depreciated over an eight-year period. If the bus has already been depreciated completely, the cost of "remanufacture" may be treated as a one-time expenditure and reported as a transportation cost on Table XI during the year of the expenditure. (per Dale Dennis, 9/1/87)

12. In the audit of "Other including Activity" trips, column 2, Table XI, allow all pupil transportation expenditures from the General Fund or Supplemental General Fund which were not allowed under regular school route expenditures, (Column 1) except,

a. Do not allow expenditures reimbursed from another fund or reported as costs for another program, i.e., Special Education, Food Service, Drivers Education, etc. to be included as "Other including Activity" route expenditures.

b. Do not allow expenditures for vehicles not involved directly and exclusively in pupil transportation to be claimed as "Other including Activity" route expenditures.

13. If the total of the two columns reported on Table XI do not exceed the total transportation expenditures reported on the Transportation section of the General Fund and Supplemental General Fund budget pages, you will know that special education expenditures were not duplicated in Table XI.

a. From Table XI, second page, add the net pupil transportation costs (bottom line) of regular route and activity route together, and then deduct the depreciation expense.

b. From the General Fund and Supplemental General Fund budgets using the expenditure line, deduct the cost of new bus purchases. The remainder should equal the amount computed from Table XI.

c. If the two amounts are equal, the total expenditures on Table XI may be accepted as correct and the possibility that special education expenditures are duplicated is slim.

d. The total of the two columns from Table XI should not exceed the total expenditures reported on the General Fund and Supplemental General Funds budget page minus the cost of new buses.

e. If you find that the special education transportation costs are duplicated in Table XI, it may be necessary to separate the two funds by combining the total pupil transportation costs from the budget pages, prorate two ways for the regular and activity routes and prorate three ways on costs that include expenditures attributable to regular, activity and special education. The costs should never exceed the expenditures reported on the accounting records and/or budget pages.

f. One method to determine the regular route ratio is by using mileage. Divide the total number of regular route miles (sum of regular route, vo-tech and summer) by the total number of miles driven. If special education expenses are not included in Table XI, do not include special education miles in the total miles used as a divisor.

REPORTING REQUIREMENTS

1. Claimed expenditures will be pre-loaded in the write up, auditors need only show audited expenditures on the transportation page in the current USD write-up.
2. In the "Notes" section at the bottom of the page, be sure to document changes made to the claimed numbers, as this may be critical in the event of an audit appeal.
3. Report claimed and audited entitlement on the Overall Audit Summary.

DEFINITIONS

1. Regular School Route – mileage driven by regular route buses owned by the district or contracted or leased from other parties.

2. Regular route mileage allowed:

   a. Regular route mileage is driven routinely morning, noon and afternoon for the transportation of pupils between their residences and the school buildings they attend. Summer school mileage is considered regular route.

   b. Regular route mileage is for trips during the school day in which pupils are transported from one school to another or location for curricular pursuits (not activities), i.e. library, field trips, trips to an AVTS, etc.

c. Regular route mileage also includes maintenance trips and trips to and from overnight parking facilities (bus driver's home or bus garage).

3. Mileage not allowed as regular route mileage:

a. Mileage driven by regular route buses on activity trips.

b. Trips to transport pupils to and from food service facilities.

c. Mileage driven by special education buses and trips to and from special education classes.

d. Contracted trips with outside agencies.

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