



Auditor of State
Betty Montgomery

WEATHERSFIELD LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

MAY 11, 2004



Auditor of State Betty Montgomery

To the Residents and Board of Education of the Weathersfield Local School District:

On March 31, 2003, Weathersfield Local School District (Weathersfield LSD) was placed in fiscal caution because of the possibility of ending the 2004 fiscal year in a deficit as well as the potential for deficits in future years. Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit of the Weathersfield LSD was initiated. The four functional areas assessed in the performance audit were financial systems, human resources, facilities, and transportation. These areas were selected because they are important components of District operations which support its mission of educating children, and because improvements in these areas can assist Weathersfield LSD in eliminating the conditions which brought about the declaration of fiscal caution.

The performance audit contains recommendations which provide cost savings and efficiency improvements. The performance audit also provides an independent assessment of Weathersfield LSD's financial situation and a framework for the District's financial recovery plan. While the recommendations contained within the performance audit are resources intended to assist Weathersfield LSD in developing and refining its financial recovery plan, the District is also encouraged to assess overall operations and develop other recommendations independent of the performance audit. During the course of the performance audit, Weathersfield LSD worked with its Board of Education and the community to decrease expenditures in certain areas.

An executive summary has been prepared which includes the project history, a discussion of the fiscal caution designation, a district overview, the objectives and methodology of the performance audit, and a summary of noteworthy accomplishments, recommendations, and financial implications. This report has been provided to Weathersfield LSD and its contents discussed with the appropriate officials and District management. The District has been encouraged to use the results of the performance audit as a resource in improving its overall operations, service delivery, and financial stability.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this performance audit can be accessed online through the Auditor of State of Ohio website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

May 11, 2004

Executive Summary

Project History

Pursuant to Ohio Revised Code (ORC) §3316.031 (A), the State Superintendent of Public Instruction, in consultation with the Auditor of State (AOS), has developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of fiscal watch or fiscal emergency within a school district. ORC §3316.031 (B)(1) further stipulates that the State Superintendent may declare a school district in fiscal caution based upon a review of the district's five-year forecast. According to ORC §3316.042, AOS may conduct a performance audit of a school district in a state of fiscal caution, fiscal watch or fiscal emergency. AOS may review any programs or areas of operation in which it believes that greater operational efficiencies or enhanced services can be achieved. The Ohio Department of Education (ODE) placed Weathersfield Local School District (Weathersfield LSD) in fiscal caution because of a projected operating deficit for FY 2003-04.

Pursuant to ORC §3316.031 and ORC §3316.042, AOS initiated a performance audit on Weathersfield LSD. Based on a review of Weathersfield LSD information and discussions with District officials, the following four functional areas were included in the performance audit:

- Financial Systems;
- Human Resources;
- Facilities; and
- Transportation.

District Overview

Weathersfield LSD is primarily a rural school district in Trumbull County encompassing 36 square miles. In FY 2002-03, it had an average daily membership (ADM) of 1,075 students and a total of 109.9 full-time equivalent (FTE) employees, including 54.9 regular teacher FTEs. Weathersfield LSD operates 3 schools: one elementary school (grades K-4) built in 1959 with a new addition added in 2002; one middle school (grades 5-8) built in three phases in years 1926, 1938, and 1959; and one high school (grades 9-12) built in 1976.

In FY 2002-03, Weathersfield LSD met 15 of ODE's 22 academic performance standards, resulting in a designation of Continuous Improvement. This ranked Weathersfield LSD lowest compared to the three peer school districts used in this performance audit, which met an average of 17 performance standards. In addition, Weathersfield LSD had the highest operating cost per

pupil of the peer districts in FY 2002-03. Weathersfield LSD's total per pupil operating expenses in FY 2002-03 were \$8,360 – approximately 11 percent higher than the peer average of \$7,549.

During the course of this performance audit, Weathersfield LSD has attempted to address its financial difficulties by reducing transportation costs to relieve pressure on the General Fund. However, given its financial outlook, Weathersfield LSD should consider implementing the recommendations in this performance audit to further reduce projected deficits and avoid future financial difficulties. See **R2.4** and **Table 2-10** in the financial systems section of this report for the proposed financial recovery plan and impact of the performance audit recommendations on the General Fund ending balances.

Objectives & Methodology

The goal of the performance audit process is to assist Weathersfield LSD management in identifying cost savings, with the objective of eliminating conditions which brought about the initial declaration of fiscal caution. The performance audit is designed to develop recommendations which provide cost savings, revenue enhancements and/or efficiency improvements. These recommendations comprise options that Weathersfield LSD should consider in the continuing effort to stabilize its financial condition. A second objective of this performance audit is to conduct an independent assessment of the school district's financial condition, including development of a framework for a financial recovery plan.

To complete this report, the auditors gathered and evaluated a significant amount of data pertaining to the reporting areas, conducted interviews with various individuals associated with Weathersfield LSD, and requested information from selected peer districts. Columbiana Exempted Village School District (Columbiana EVSD), Mechanicsburg Exempted Village School District (Mechanicsburg EVSD), and Southington Local School District (Southington LSD) were selected as peers based on comparable districts identified by ODE, a review of various demographic information, and input from Weathersfield LSD personnel. Best practice data was also used from ODE, the State Employment Relations Board (SERB) and various other operating standards. Numerous interviews and discussions were held at many levels at Weathersfield LSD and with groups of individuals involved internally and externally with the District.

Noteworthy Accomplishments

The following are key noteworthy accomplishments identified during the performance audit:

- Weathersfield LSD has worked with its Board of Education (the Board) to reduce certain costs. For example, the District will not be replacing four teachers that will retire at the end

of FY 2003-04. In addition, the District is eliminating its traditional health care plan and implementing a PPO plan in an effort to minimize increases in health care costs.

- The treasurer has worked diligently to update previous forecasts to present more reliable and accurate projections of Weathersfield LSD's current and future financial condition. Excluding capital outlay projections and considering the updates made during the course of this performance audit, the District's forecast and assumptions appear reasonable.
- The District has implemented methods to reduce overtime usage in its custodian and maintenance operations from 13 percent of salaries in FY 2002 to 7 percent in FY 2003. This was achieved through hiring an outside custodian and monitoring and restricting overtime usage on a regular basis by the supervisor.
- Weathersfield LSD transportation department is effectively staffed.
- During the course of the performance audit, the District obtained the exemption from federal excise taxes.

Key Recommendations

The performance audit report and executive summary contain a number of recommendations pertaining to Weathersfield LSD. The following are key recommendations:

- Weathersfield LSD should analyze and use the proposed financial forecast outlined in **Table 2-10** to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on its financial condition. Weathersfield LSD should also consider implementing the recommendations in this performance audit to improve the District's current and future financial situation. In addition, Weathersfield LSD should update its five-year forecast on an ongoing basis as critical financial issues are addressed. Furthermore, Weathersfield LSD should closely examine the spending patterns indicated in **Table 2-3** and **Table 2-5** and consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the students' education and proficiency test results.
- Based on the capacity and utilization analysis, Weathersfield LSD should consider closing the middle school and restructuring the elementary school to include fifth and sixth graders and the high school to include seventh and eighth graders. Doing so would ensure optimal use of space and save the District approximately \$382,700 annually.
- Weathersfield LSD should consider reducing 6.0 regular education teaching FTEs to achieve a student/teacher ratio that would be more comparable to the peers. In addition, the District

should consider hiring 2.0 teaching aides to help maintain a similar level of direct student contact at a lower cost to the District. However, before the District makes any reductions, it should determine the potential impact on the attainment of its mission and goals, and on student contact time. Reducing 6.0 regular education teacher FTEs and hiring 2.0 teaching aides would result in a net annual savings of approximately \$309,100.

- Weathersfield LSD should seek changes to its health insurance by requiring all certificated and classified full-time employees to pay a portion of the monthly premium costs for medical and prescription insurance, regardless of the years of service. It should seek a 10 percent contribution from all employees working seven or more hours per day, which is in line with costs shared by employees' statewide. This would save approximately \$81,000 annually in health care costs. Seeking changes to the Trumbull ESC Consortium's plan benefits when necessary and obtaining additional competitive bids for health care could also allow the District to control and reduce health care costs.
- Weathersfield LSD should consider reducing 1.0 special education FTE by not filling the special education teacher position that will be vacant at the end of FY 2003-04, due to retirement. Weathersfield LSD has decided to not fill this position and has reflected the corresponding savings in its forecast
- During future contract negotiations, Weathersfield LSD should seek to address its relatively high classified salary levels by limiting COLA increases. Weathersfield LSD should also negotiate an altered step schedule for new hires, similar to the peers, to reduce the future financial impact of classified wages on the District and provide salary levels that are more commensurate with peer districts.
- Weathersfield LSD should maximize the use of the computerized energy management system in its high school building. By maximizing the computerized management system, Weathersfield LSD could reduce facility expenditures by regulating temperatures, activating or deactivating blowers, and monitoring heating, ventilation and air conditioning functions. Weathersfield LSD could save approximately \$18,000 annually by implementing these measures.
- Weathersfield LSD should analyze and negotiate with the collective bargaining unit, as necessary, alternatives for the completion of maintenance and repair services to the District's fleet of buses. The District should consider reducing the full-time mechanic to a part time position, contracting out maintenance and repairs, and/or combining positions or transferring job duties to help reduce the District's high maintenance and repair costs. Assuming Weathersfield LSD reduces its maintenance and repair cost per bus to the peer average by implementing these measures, it would save approximately \$14,900 per year.

- Since Weathersfield LSD has decided to eliminate transportation services for students living within two miles of their assigned schools, it should address any potential issues that may impact student safety.

Additional Recommendations

The remainder of this executive summary highlights additional recommendations from the audit report.

Financial Systems

- The Weathersfield LSD should review its policy regarding open enrollment and establish limits on the number of students accepted into the District. A policy should outline and predetermine annually the number of students it would accept based on openings for each grade level, programs offered, District staffing levels and space availability. The policy should be applied in conjunction with careful planning by District management. In addition, the District should review the overall cost-effectiveness of open enrollment.
- Weathersfield LSD should adjust the capital and maintenance set-aside projections for each year of the five year forecast and include a discussion of the set-asides in the forecast. Weathersfield LSD should set aside approximately \$28,300 in FY 2003-04, \$38,700 in FY 2004-05, \$40,600 in FY 2005-06, and \$53,600 in FY 2007-08 to meet the capital and maintenance set-aside requirements.

Human Resources

- Weathersfield LSD should develop policies and procedures to ensure that it prepares and reconciles accurate reports for submission to the Educational Management Information System (EMIS). The District should ensure that someone independent of the data gathering process reviews the information to ensure accuracy. Weathersfield LSD should consistently use the EMIS *Definitions, Procedures, and Guidelines*, produced annually by ODE, to help accurately enter data. The District should seek the necessary training and assistance to meet these objectives.

Facilities

- Weathersfield LSD should formalize custodial and maintenance procedures to help increase efficiency and productivity, and ensure that tasks are being completed in a timely manner. In addition, the District should provide training on the procedures, and should periodically review custodial performance to ensure that all custodians are cleaning sufficiently and consistently. Standardizing procedures and supplies and providing training will increase

efficiency in custodial operations and ensure that all District facilities are sufficiently and consistently cleaned. Furthermore, standardization increases productivity and can help contain overtime costs for the District in the future.

- Weathersfield LSD should develop a formal facilities master plan to document its long term facilities needs and requirements. The master plan should include a 10-year enrollment history; enrollment projections and the methodology used for their calculation; building capacity calculations and the methodology; a list of the cost estimates for needed capital improvements; and a description of the District's educational plan.
- Weathersfield LSD should adopt, implement and use a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they should be done annually. Weathersfield LSD can use the enrollment projections to help project future state funding allocations, to complete financial forecasts, to determine the appropriate number of teachers to hire, and to evaluate building usage and capacity.
- Building capacity and utilization should be reviewed periodically and updated at least once every five years, or when changes in building structure or educational philosophy occur. This should occur in conjunction with enrollment projections to determine the appropriate number of school buildings and classrooms needed to house the projected student population.

Transportation

- Weathersfield LSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to ODE. The District should also ensure that proper classifications are being used when reporting the data to ODE to ensure it has been compensated appropriately for its transportation expenses.
- Weathersfield LSD should review its current fuel purchases and file the necessary paperwork with the Internal Revenue Service (IRS) to receive exemption from federal excise tax on diesel fuel. If Weathersfield LSD and the vendor were to file the necessary forms with the IRS, the District could save approximately \$3,500 per year on its fuel purchases and receive a one time refund of approximately \$5,200 from the IRS.
- Weathersfield LSD should include a bus replacement plan in its capital planning. Included in this plan should be the number of buses to be replaced each fiscal year, along with the average age at the time of replacement and the estimated cost of replacement. The District should also investigate and analyze potential funding methods for bus purchases. Based on the mileage of the current fleet, the District should defer new bus purchases until after the five-year forecasted period, thereby avoiding forecasted replacement costs of \$50,000 in FY 2006-07.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which Weathersfield LSD should consider. Some of the recommendations are dependent on labor negotiations or labor agreements. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Ref No.	Recommendations	Estimated Annual Cost Savings	Estimated One-Time Cost Savings	Estimated Annual Costs
	<i>Financial Systems</i>			
R2.3	Adjust capital set-asides			\$31,000 ¹
	<i>Human Resources</i>			
R3.2	Reduce regular education by 6.0 FTEs	\$309,100		
R3.4	Require full-time employee contribution equal to 10 percent of the monthly premium cost	\$81,000		
	<i>Facilities</i>			
R4.1	Obtain a procedures manual			\$60
R4.2	Implement energy conservation measures	\$18,000		
R4.6	Close Mineral Ridge Middle School	\$382,700		
	<i>Transportation</i>			
R5.2	Reduce maintenance and repair costs	\$14,900		
R5.3	Obtain exemption from Federal Excise Taxes	\$3,500	\$5,200	
R5.4	Reduce bus purchase in FY 2006-07		\$50,000	
	Total Financial Implications	\$809,200	\$55,200	\$31,060

Source: Financial implications identified throughout this performance audit

¹ Represents annual average change over the forecasted period.

The financial implications summarized above are presented on an individual basis for each recommendation. The magnitude of cost savings associated with some of the recommendations could be affected or offset by the implementation of other interrelated recommendations. Therefore, actual cost savings, when compared to estimated cost savings, could vary depending on the implementation of the various recommendations.

This page intentionally left blank.

Financial Systems

Background

This section focuses on the financial systems within the Weathersfield Local School District (Weathersfield LSD or the District). The objective is to analyze the current financial condition of Weathersfield LSD and develop recommendations for improvements.

The Auditor of State's Office (AOS) recommended the establishment of fiscal watch and emergency laws for school districts to create predetermined monitoring mechanisms and criteria for fiscal responsibility, and provide technical assistance to help school administrators restore fiscal stability. Ohio Revised Code (ORC) § 3316.03 establishes fiscal watch and emergency laws for Ohio school districts. ORC § 3316.031 created the new category of fiscal caution. The difference between fiscal caution, watch and emergency is the severity of the school district's financial condition.

The Ohio Department of Education (ODE), in consultation with AOS, developed guidelines to identify fiscal practices and budgetary conditions that could lead to a financial crisis if uncorrected. Prior to declaring fiscal caution, ODE consults with the school board. The school board is then required to provide a written proposal to ODE to correct the fiscal deficiencies. ODE may go on-site to provide technical assistance. Further examination by ODE and AOS that identify potential problems could initiate fiscal caution status. The District was placed in fiscal caution on March 31, 2003 because of a forecasted cash deficit of \$544,456 for FY 2004-05. The actual ending cash fund balance for FY 2002-03 was \$680,460, with an ending fund balance of \$607,938. As of September 29, 2003, the District was forecasting a fund balance of \$378,589 for FY 2003-04 and deficit balances beginning in FY 2004-05.

In November 1996, a \$418,000 emergency levy was placed on the ballot, passed and was subsequently renewed in November 1999. The levy can be renewed as late as November 2005 and as early as November 2004. In November 2000, a \$2 million bond levy was passed for improvements to Seaborn elementary. The District requested a catastrophic grant from ODE in December 2002 in response to the loss of tangible valuation and to assist with short-term cash flow. The request was denied on March 13, 2003. The District then placed an income tax levy on the ballot in May 2003, which was defeated. A 9.5 mill emergency levy on the November 4, 2003 ballot was also defeated.

Financial Operations

Table 2-1 shows selected FY 2002-03 discretionary expenditures as percentages of total General Fund expenditures for Weathersfield LSD and the peer districts.

**Table 2-1: FY 2002-03 Selected Expenditures as a Percentage of
General Fund Expenditures**

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer Average
Prof. and Technical Service	5.2%	0.6%	0.9%	1.0%	0.8%
Property Services	3.3%	1.8%	4.6%	1.9%	2.8%
Mileage/Meeting Expense	0.1%	0.2%	0.6%	0.3%	0.4%
Communications	0.3%	0.5%	0.5%	0.3%	0.4%
Contract, Craft or Trade Service	0.0%	0.1%	0.2%	0.0%	0.1%
Pupil Transportation	1.4%	0.1%	0.0%	0.3%	0.1%
Other Purchased Service	0.0%	0.5%	0.0%	0.0%	0.2%
General Supplies	0.9%	1.4%	1.7%	0.9%	1.3%
Textbooks/Reference Materials	0.1%	0.2%	0.6%	0.1%	0.3%
Supplies & Materials for Resale	0.0%	0.0%	0.0%	0.0%	0.0%
Food & Related Supplies/Mat	0.0%	0.0%	0.0%	0.0%	0.0%
Plant Maintenance and Repair	0.8%	0.3%	0.6%	0.2%	0.4%
Fleet Maintenance and Repair	0.4%	0.4%	0.7%	0.7%	0.6%
Other Supplies & Materials	0.0%	0.0%	0.0%	0.2%	0.1%
Land, Building & Improvements	0.0%	0.7%	0.0%	0.0%	0.2%
Equipment	0.2%	0.2%	2.7%	0.0%	1.0%
Buses/Vehicles	0.1%	0.1%	3.5%	0.4%	1.3%
Other Capital Outlay	0.0%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	1.6%	2.7%	1.2%	0.7%	1.5%
Insurance	0.2%	0.1%	0.2%	0.7%	0.4%
Awards and Prizes	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous	0.0%	0.0%	0.0%	0.3%	0.1%
Total	14.6%	10.0%	18.1%	7.9%	11.9%

Source: Weathersfield LSD, peers' FY 2002-03 4502 Reports

Note: Columns may not add due to rounding.

As shown in **Table 2-1**, Weathersfield LSD's percentage of selected discretionary expenditures is 14.6 percent, which is 23 percent higher than the peer average of 11.9 percent. However, the District classifies the costs for special education services provided by the Educational Service

Center (ESC) as a discretionary expenditure while the peers do not, causing the percentage of professional and technical service expenditures to be significantly higher than the peers and overall discretionary expenditures to be higher than the peer average. By excluding the ESC costs, the District's percentage of discretionary expenditures comprising total General Fund expenditures decreases to 10.1 percent, significantly less than Mechanicsburg EVSD and comparable to Columbiana EVSD. Although property services are considerably higher than two of the peers, the District has implemented measures to reduce these expenditures for FY 2003-04 (see the **facilities** section). In addition, purchased pupil transportation services are also higher than the peers and reflects a contract with the ESC for special needs transportation, which is further discussed in the **transportation** section of this report. Purchased services for plant maintenance and repair account for 35 percent of all purchased services and are further discussed in the **facilities** section of this audit.

The financial forecast presented in **Table 2-2** represents, as of September 29, 2003, the treasurer's projection of Weathersfield LSD's present and future financial condition. The forecast and accompanying assumptions are the representations of Weathersfield LSD. However, this report evaluates the assumptions for reasonableness and accuracy. The projections, which incorporate the combined General, Emergency Levy, and Disadvantaged Pupil Impact Aid (DPIA) Funds, and that portion of the Debt Service Fund relating to General Fund obligations, are accompanied by three years of comparative historical results, general assumptions and explanatory comments. Assumptions that have a significant impact on Weathersfield LSD's financial recovery, such as unrestricted grants-in-aid, other revenues, salaries and wages, and fringe benefits were tested for reasonableness.

Table 2-2: Weathersfield Local School District Forecast

	Actual 2001	Actual 2002	Actual 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007	Forecast 2008
Real Estate Property Tax	1,940,942	1,920,302	1,518,719	1,562,297	1,583,797	1,569,291	1,488,165	1,508,146
Tangible Personal Property Tax	1,929,754	1,859,210	1,616,082	1,588,014	1,573,157	1,511,620	1,415,427	1,401,010
Income Tax	0	0	0	0	0	0	0	0
Unrestricted Grants-in-Aid	3,588,463	2,793,240	2,961,879	3,076,015	3,138,884	3,201,887	3,186,300	3,157,931
Restricted Grants-in-Aid	79,941	115,782	161,604	76,841	76,852	76,862	76,861	76,860
Property Tax Allocation	220,186	237,948	250,853	255,870	260,987	248,957	224,211	229,641
Other Revenues	163,395	872,207	1,006,924	1,092,348	1,086,111	1,107,181	1,128,715	1,150,722
Total Revenues	7,922,681	7,798,689	7,516,061	7,651,385	7,719,788	7,715,798	7,519,679	7,524,310
Operating Transfers in	0	35	3,690	0	0	0	0	0
Advances In / All Other Financial Sources	163,995	65,816	103,819	200	25,200	25,200	25,200	25,200
Total Other Financing Sources	163,995	65,851	107,509	200	25,200	25,200	25,200	25,200
Total revenue & Other financing	8,086,676	7,864,540	7,623,570	7,651,585	7,744,988	7,740,998	7,544,879	7,549,510
Personal Services	4,010,475	4,358,625	4,614,820	4,655,117	4,779,511	5,026,428	5,256,851	5,531,640
Fringe Benefits	1,275,506	1,487,742	1,551,005	1,578,678	1,674,449	1,813,044	1,959,115	2,123,097
Purchased Services	1,182,654	1,048,933	1,378,663	1,298,687	1,338,132	1,379,656	1,422,304	1,465,132
Supplies, Materials & Textbooks	382,032	322,950	344,427	194,353	198,240	254,205	259,288	264,474
Capital Outlay	649,379	306,596	77,862	30,686	80,200	27,304	82,351	29,497
Debt Service All principal	37,530	37,651	0	0	0	0	0	0
Debt Service Interest and Charges	3,572	1,700	0	0	0	0	0	0
Other Objects	356,394	418,174	141,684	145,935	153,312	157,912	162,649	167,529
Total Expenditures	7,897,542	7,982,371	8,108,461	7,903,456	8,223,844	8,658,549	9,142,558	9,581,369
Operational Transfers- Out	423,549	33,242	83,092	25,000	25,000	25,000	25,000	25,000
Advances- Out	66,557	93,819	0	25,000	25,000	25,000	25,000	25,000
All Other Financing Uses	0	12,353	0	0	0	0	0	0
Total other financing uses	490,106	139,414	83,092	50,000	50,000	50,000	50,000	50,000
Total expenditures& financing	8,387,648	8,121,785	8,191,553	7,953,456	8,273,844	8,708,549	9,192,558	9,631,369
Result of Operations (Net)	(300,972)	(257,245)	(567,983)	(301,871)	(528,856)	(967,551)	(1,647,679)	(2,081,859)
Beginning Cash Balance	1,806,660	1,505,688	1,248,443	680,460	378,589	(150,267)	(1,117,818)	(2,765,497)
Ending Cash Balance	1,505,688	1,248,443	680,460	378,589	(150,267)	(1,117,818)	(2,765,497)	(4,847,356)
Outstanding Encumbrances	394,961	161,288	39,415	0	0	0	0	0
Budget Reserve	33,107	33,107	33,107	0	0	0	0	0
"412" Textbook / Instructional	0	0	0	0	0	0	0	0
"412" Capital Reserve	0	0	0	0	0	0	0	0
"412" Budget Reserve	0	0	0	0	0	0	0	0
Ending Fund Balance	1,077,620	1,054,048	607,938	378,589	(150,267)	(1,117,818)	(2,765,497)	(4,847,356)

Source: Weathersfield LSD as of September 29,2003.

The financial projection in **Table 2-2** presents the expected revenues, expenditures and fund balance of the General, Emergency Levy, and Disadvantaged Pupil Impact Aid (DPIA) Funds of the District for each of the fiscal years; including June 30, 2004 through June 30, 2008, with historical information presented for the fiscal years ended June 30, 2001, 2002 and 2003.

The assumptions disclosed herein are based on information obtained from Weathersfield LSD. Because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

Major assumptions used by the District to develop the five year forecast were as follows:

Revenues

- In FY 2002-03, approximately 45 percent of property tax revenue was attributed to general real estate collections. This percentage was applied to the County Auditor's initial amended certificate for FY 2003-04 to project real estate revenues. General property real estate tax decreased in FY 2002-03 by nearly \$400,000 due to the reclassification of public utility taxes to tangible personal property. Collections are forecasted to increase slightly in FY 2003-04 and 2004-05, decrease slightly in FY 2005-06 and 2006-07, and then slightly increase in FY 2007-08 to reflect updates and reappraisals. New construction was calculated at approximately 2 percent, based on the treasurer's review of the County Auditor's estimates.
- In FY 2002-03, tangible personal property tax accounted for approximately 48 percent of total property tax revenue. This percentage was applied to the County Auditor's initial amended certificate for FY 2003-04 to project personal property tax collections. From FY 2004-05 to FY 2007-08, tangible personal property tax revenue is forecasted to decrease each year, according to the most current information provided by the County Auditor. This appears reasonable considering that tangible personal property taxes decreased in FY 2001-02 and FY 2002-03. The decline is indicative of the District's heavy reliance upon inventory taxes and the general decline in personal property valuations across the State, as further substantiated by the Ohio Department of Taxation. Although public utility taxes were reclassified from real estate to tangible personal property in FY 2002-03, total tangible personal property taxes decreased because certain inventory and equipment items were determined to be exempt from taxation. This also caused the decrease in FY 2001-02. Potential reductions in revenues generated from public utility personal property tax further contribute to projected decreases in tangible personal property tax collections.

In addition to the loss of personal property tax revenue, RMI Titanium Company has amended its prior two personal property tax returns and is seeking a refund of

approximately \$434,000 (estimate based on information provided by RMI). This potential refund must be reviewed by the Ohio Department of Taxation and has not been considered in the forecast.

- State foundation funding comprises the majority of unrestricted grants-in-aid, which are forecasted to increase by six percent for FY 2003-04 because the restrictions on parity aid have been removed and is now considered unrestricted. However, parity aid is not currently impacting the 1998 guaranteed level of \$2,699,655 in state foundation funding. According to the SF-3 simulator worksheet from the *School Business Solutions* spreadsheet package, the District will continue to be on the guarantee through FY 2007-08. This assumes relatively flat enrollment and legislation keeping the 1998 guarantee in place. Although the treasurer is forecasting modest percentage changes throughout the forecast period, the resulting amount will remain relatively steady. The small decreases in the FYs 2006-07 and 2007-08 are due to the phase out of electric deregulation monies. The large decrease in FY 2000-01 to FY 2001-02 is due to the reclassification of open enrollment from unrestricted grants-in-aid to other revenues.
- Based on FY 2001-02 and FY 2002-03 actual revenues, restricted grants-in-aid include \$17,000 per year for bus purchase allowance, career-tech monies at approximately \$600 per year, and restricted DPIA at nearly \$60,000 for FY 2003-04 through FY 2007-08. Restricted grants-in-aid is significantly less in FY 2003-04 due to parity aid being classified as unrestricted grants-in-aid. Furthermore, parity aid accounted for the majority of the increases in prior years, while bus purchase allowances and DPIA funding remained fairly constant.
- In FY 2002-03, approximately 7 percent of total property tax revenues was attributed to property tax allocation revenues. This percentage was applied to the initial amended certificate for FY 2003-04 to project property tax allocation. The treasurer is forecasting the District's property tax allocation, Homestead and rollback tax credits to increase by 2 percent in FY 2004-05, decrease an average of 7 percent in FY 2005-06 and FY 2006-07, and slightly increase in FY 2007-08 to reflect property tax updates and reappraisals.
- Other revenues include such items as interest, rent, tuition, open enrollment, and fees. Other revenues are forecasted to increase by 8.5 percent in FY 2003-04, considerably higher than in other years, to account for prior years' miscoding of certain revenues (e.g., open enrollment). However, the treasurer is projecting other revenues to slightly decrease in FY 2004-05 to reflect an adjustment for one time revenue received in FY 2003-04 that included a refund of cost overpayment, a timing difference on the receipt of the Disability Grant, and increased open enrollment.

From FY 2005-06 to FY 2007-08, the treasurer is forecasting other revenues to increase by two percent annually. Although this is slightly less than the inflationary rate of three

percent used in other assumptions, the District's cash balances in its investment accounts and overall investment income has been decreasing because of the District's financial condition. Based on its future financial condition, the District will probably have fewer funds to invest and earn interest. Furthermore, the large increases in the past were primarily due to one-time occurrences. The significant increase in FY 2002-03 was due to the increased open enrollment and special busing reimbursement. The large increase in FY 2001-02 was due to the reclassification of open enrollment from unrestricted grants-in-aid. The net funded open enrollment of 165 students accounted for nearly \$848,000 of the \$1,006,924 other revenues in FY 2002-03.

Expenses

- In FY 2003-04, personal services (i.e., salaries) are projected to increase only slightly from FY 2002-03 levels because certificated and classified staff will only be receiving step increases and no cost of living increases, per negotiations. Adjustments were also made in FY 2004-05 to include teacher retirements, resignations, severance payments, and early retirement incentives. In addition to applicable step increases, the District is projecting annual cost of living increases of four percent from FY 2004-05 to FY 2006-07, and three percent in FY 2007-08. However, the treasurer has updated this projection during the course of this performance audit to reflect annual cost of living increases of only two percent from FY 2004-05 to FY 2007-08 (see **R2.4** and **Table 2-10**).
- Excluding health care costs, fringe benefits are forecasted based on the corresponding assumptions and projections for personal services. Weathersfield LSD participates in the Trumbull County Schools Consortium for health care benefits. Health care costs are projected to increase 10 percent annually, as reported by the Consortium. In addition, the District is eliminating its traditional health care plan and implementing a PPO plan in an effort to minimize increases in health care costs (see **human resources**). Furthermore, increased costs due to the SERS surcharge change have been reflected in FY 2004-05.
- Purchased services are forecasted to increase 3 percent each year from FY 2004-05 to FY 2007-08, to account for inflation. Purchased services in FY 2003-04 are projected to decrease compared to FY 2002-03 by 5.8 percent because renovation costs and a one-time lease payment of \$86,000 from the General Fund for the new stadium will not reoccur. The relatively high increase in FY 2002-03 was also due to reclassifying ESC costs previously accounted for in other objects. Furthermore, the impact of open enrollment is reflected throughout the forecasted period.
- In FY 2002-03, the District purchased language art textbooks for all grades, excluding the 2nd grade, at a cost of approximately \$185,000, which comprised over half of the total expenditures for supplies and materials. Supplies and materials are projected to decrease significantly in FY 2003-04 by accounting for the textbook purchases in FY 2002-03 and

due to the District's plans to considerably reduce purchases to help address its financial condition. As of the end of February, 2004, the District's expenditures for supplies and materials are under initial projections. In FY 2004-05, FY 2006-07 and FY 2007-08, the treasurer is projecting expenditures to increase two percent annually, based on the significant textbook purchases in FY 2002-03 and its continued efforts to control spending. In FY 2005-06, the treasurer is projecting expenditures to increase by 28 percent, due to another fairly large purchase of new textbooks. The District is projected to meet the set-aside requirements for textbook and instructional materials throughout the forecasted period, by adding the positive fund balance created by the large textbook expenditures in FY 2002-03 to the forecasted expenditures for textbooks.

- The relatively high capital outlay expenditures in FY 2000-01 and FY 2001-02 were due to renovations to the middle and elementary schools. As a result, the District is anticipating a significant reduction in capital outlay expenditure beginning in FY 2003-04. Two bus purchases are anticipated, one in FY 2004-05 and one in FY 2006-07 (see the **transportation** section for an assessment of future bus purchases). Projections for FY 2003-04 include air conditioning for cafeteria food storage and new printing equipment in the Treasurer's office. However, the District's forecasted capital outlay expenditures will not meet the set-aside requirements (see **R2.3**).
- No debt service is anticipated for FY 2003-04 through FY 2007-08.
- Other objects decreased in FY 2002-03 because ESC expenditures are now included in purchased services. The line item is projected to increase 3 percent annually to reflect inflation. In FY2004-05, an additional increase in audit costs of \$3,000 is anticipated due to the implementation of GASB 34 for the FY 2003-04 financial audit.
- In other uses, approximately \$50,000 in annual advances and transfers out is forecasted, including \$25,000 each year for the Stadium fund and an estimated \$25,000 for grant funds, based on transfers out from FY 2000-01 to FY 2002-03. Advances-out are returned to the General Fund in the following year as advances-in. In FY 2000-01, the District transferred out approximately \$370,000 to the capital improvement fund for the stadium project.

In addition to the analysis presented in this report, assessments were conducted on several areas in the financial systems section which did not warrant changes and did not yield any recommendations. These areas include the following:

- **Forecast assumptions:** Excluding capital outlay projections and considering the updates made during the course of this performance audit (see **R2.4** and **Table 2-10**), the District's forecast and assumptions appear reasonable.
- **Food service operations:** Transfers for food services are not anticipated to occur in the forecasted years due to increased revenue from ala carte items, reduction of expenses due to attrition, and a potential building closure (see the **facilities** section).

General Recommendations

Revenue and Expenditure Analysis

R2.1 Weathersfield LSD should closely examine the spending patterns indicated in Table 2-3 and Table 2-5 and consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the students' education and proficiency test results. Furthermore, the District should analyze the cost reductions recommended in the human resource, facilities, and transportation sections of this report to aid its efforts to regain financial stability.

Table 2-3 compares the allocation of General fund revenue and expenditures for Weathersfield LSD to the peer districts.

Table 2- 3: Percentage of General Revenue by Source and Expenditures by Object

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer Average
Property & Income Tax	39.1%	45.4%	30.7%	25.9%	34.0%
Intergovernmental Revenues	46.0%	36.8%	65.7%	71.9%	58.1%
Other Revenues	14.9%	17.8%	3.6%	2.2%	7.9%
Total Revenue	\$7,121,934	\$6,910,322	\$5,756,777	\$3,917,105	\$5,528,068
Wages	59.0%	58.5%	56.0%	56.6%	57.1%
Fringe Benefits	19.8%	21.4%	16.4%	23.7%	20.5%
Purchased Service	15.9%	13.6%	13.4%	14.0%	13.7%
Supplies & Textbooks	2.2%	2.2%	3.6%	2.1%	2.6%
Capital Outlays	0.3%	1.1%	6.2%	0.4%	2.6%
Debt Service	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous	1.8%	3.1%	1.4%	1.7%	2.1%
Other Financing Uses	1.1%	0.0%	2.9%	1.5%	1.5%
Total Expenditures	\$7,551,350	\$7,048,638	\$5,659,155	\$3,785,254	\$5,497,682

Source: Weathersfield LSD, peers' FY 2002-03 4502 Reports

Note: Percentages may not equal 100 percent due to rounding.

As shown in Table 2-3, property taxes and other revenues comprise a larger portion of Weathersfield LSD's revenues as compared to the peer average. See R2.2 for a further discussion of open enrollment and its effects on District finances.

When stated as a percentage of total expenditures, Weathersfield LSD's wages and purchased services are slightly higher than the peers. See the **human resources** and **facilities** sections for staffing recommendations that would reduce total wages. The relatively high purchased service expenditures are due to transportation services provided by the ESC (see the **transportation** section), open enrollment (see **R2.2**), and utilities and property expenses (see the **facilities** section).

The allocation of resources between the various functions of a school district is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be evaluated and prioritized. Analyzing the spending patterns between the various functions should indicate where the priorities of the school board and management are placed. Further analysis of the number of ODE's performance standards met by a school district could also provide direct correlation to the school district's spending patterns.

ORC § 3302.03 specifies that ODE is to annually report to each school district the extent to which each district meets each of the performance standards created by the state board of education under ORC § 3302.02. The current number of performance standards established by the state board of education is 22. This number was reduced from 27 in FY 2001-02 by resolution of the state board of education. By changing the number of standards, ODE altered the ranges of scores for the descriptive categories as well.

Table 2-4 presents the number of performance standards Weathersfield LSD and the peers met in FY 2000-01, FY 2001-02 and FY 2002-03.

Table 2-4: ODE Performance Standards Comparison

Number of Performance Standards Met	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer Average
FY 2000-01 Possible 27	20 Continuous Improvement	23 Effective	18 Continuous Improvement	22 Effective	21 Effective
FY 2001-02 Possible 22	17 Effective	21 Excellent	17 Effective	18 Effective	19 Effective
FY 2002-03 Possible 22	15 Continuous Improvement	19 Effective	17 Effective	16 Continuous Improvement	17 Effective

Source: ODE Report Cards

As shown in **Table 2-4**, Weathersfield LSD's met 15 standards in FY 2002-03, lower than each of the peers. Moreover, the District met fewer standards in FY 2000-01 and FY 2001-02 than Columbiana EVSD and Southington LSD.

Table 2-5 shows the operational expenditures per pupil and percentage of operational expenditures by function for all funds which are classified as governmental fund types. Governmental funds are used to account for a district's financial activities that are financed through taxes and intergovernmental revenues.

Table 2-5: Governmental Funds Operational Expenditures by Function

USAS Function Classification	Weathersfield LSD		Columbiana EVSD		Mechanicsburg EVSD		Southington LSD		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instructional Expenditures:	\$5,103	61.0%	\$5,061	62.4%	\$3,823	52.7%	\$3,921	55.4%	\$4,339	57.5%
Regular Instruction	\$4,068	48.7%	\$3,727	45.9%	\$2,830	39.0%	\$3,403	48.1%	\$3,336	44.2%
Special Instruction	\$904	10.8%	\$1,190	14.7%	\$739	10.2%	\$503	7.1%	\$855	11.3%
Vocational Education	\$0	0.0%	\$144	1.8%	\$254	3.5%	\$0	0.0%	\$143	1.9%
Other Instruction	\$130	1.6%	\$0	0.0%	\$0	0.0%	\$15	0.2%	\$4	0.1%
Support Service Expenditures:	\$3,009	36.0%	\$2,636	32.5%	\$3,159	43.5%	\$2,796	39.5%	\$2,856	37.8%
Pupil Support Services	\$376	4.5%	\$358	4.4%	\$340	4.7%	\$575	8.1%	\$409	5.4%
Instructional Support Services	\$163	1.9%	\$332	4.1%	\$239	3.3%	\$89	1.3%	\$236	3.1%
Board of Education	\$2	0.0%	\$27	0.3%	\$39	0.5%	\$122	1.7%	\$56	0.7%
Administration	\$668	8.0%	\$672	8.3%	\$697	9.6%	\$509	7.2%	\$638	8.4%
Fiscal Services	\$243	2.9%	\$352	4.3%	\$263	3.6%	\$266	3.8%	\$299	4.0%
Business Services	\$9	0.1%	\$0	0.0%	\$0	0.0%	\$27	0.4%	\$7	0.1%
Plant Operation & Maintenance	\$1,066	12.7%	\$617	7.6%	\$747	10.3%	\$670	9.5%	\$675	8.9%
Pupil Transportation	\$467	5.6%	\$278	3.4%	\$727	10.0%	\$531	7.5%	\$497	6.6%
Central Support Services	\$14	0.2%	\$0	0.0%	\$108	1.5%	\$8	0.1%	\$39	0.5%
Non-Instructional Services Expenditures	\$20	0.2%	\$1	0.0%	\$0	0.0%	\$23	0.3%	\$7	0.1%
Extracurricular Activities Expenditures	\$228	2.7%	\$418	5.2%	\$276	3.8%	\$333	4.7%	\$347	4.6%
Total Governmental Fund Operational Expenditures	\$8,360	100.0%	\$8,116	100.0%	\$7,257	100.0%	\$7,073	100.0%	\$7,549	100.0%

Source: Weathersfield LSD and peers FY 2002-03 4502 Reports

Note: Table may not add due to rounding.

According to **Table 2-5**, Weathersfield LSD's overall per pupil spending of \$8,360 is approximately \$800 or 11 percent higher than the peer average for per pupil spending of \$7,549. As discussed in the **human resources**, **facilities**, and **transportation** sections of this report, recommendations were made to reduce staffing, optimize facility usage and enhance transportation operations. These recommendations, if implemented could reduce expenditures and are further supported by analysis of **Table 2-5**, which shows the following:

- **Regular Instruction for Weathersfield LSD averages \$4,068 per pupil and 48.7 percent of total expenditures per pupil, while the peer average is \$3,336**

per pupil and 44.2 percent. See the **human resources** section of this report for a complete discussion of regular education expenditures.

- **Special Instruction for Weathersfield LSD averages \$904 per pupil and 10.8 percent of total expenditures per pupil, which is higher than two peers.** See the **human resources** section of this report for a complete discussion of special education expenditures.
- **Other Instruction for Weathersfield LSD averages \$130 per pupil and 1.6 percent of total expenditures per pupil, which is considerably higher than the peers.** “Other Instruction” is tuition paid by the District to other districts for residents that participate in open enrollment, post- secondary education, and attend community or Mental Retardation and Developmental Disabilities (MRDD) schools. The corresponding revenue is State Foundation funding received from ODE and is reported as “Other Revenue.”
- **Plant operation and maintenance expenditures at Weathersfield LSD average \$1,066 per pupil and 12.7 percent of total per pupil expenditures while the peer average is \$675 and 8.9 percent.** See the **facilities** section of this report for a complete discussion of these expenditures.
- **Non-instructional expenditures of \$20 per pupil are considerably higher than two peers.** This reflects previous subsidies to the food service fund. Based on increased revenue from ala carte items and a reduction of expenses due to attrition, and by closing a building (see the **facilities** section), the food service fund should be self-sustaining in future years.

Table 2-6 presents the total governmental fund expenditures, including facilities acquisition and construction, and debt service.

Table 2-6: Total Governmental Fund Expenditures by Function

USAS Function Classification	Weathersfield LSD		Columbiana EVSD		Mechanicsburg EVSD		Southington LSD		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Total Governmental Funds Operational Expenditures	\$8,360	85.5%	\$8,116	87.7%	\$7,257	98.3%	\$7,073	99.9%	\$7,549	93.8%
Facilities, Acquisition & Construction Expenditures	\$1,266	13.0%	\$952	10.3%	\$0	0.0%	\$0	0.0%	\$377	4.7%
Debt Service Expenditures	\$151	1.5%	\$189	2.0%	\$128	1.7%	\$8	0.1%	\$120	1.5%
Total Governmental Funds Operational Expenditures	\$9,777	100.0%	\$9,257	100.0%	\$7,385	100.0%	\$7,081	100.0%	\$8,046	100.0%

Source: Weathersfield LSD and peer's FY 2002-03 4502 Reports

According to **Table 2-6**, Weathersfield LSD's overall spending of \$9,777 per pupil is approximately \$1,700 greater than the peer average of \$8,046. The effects of the varying degrees of facilities acquisition and debt service for Weathersfield LSD and its peers are evident. See the **facilities** section of this report for a discussion of these expenditures.

R2.2 Weathersfield LSD should review its policy regarding open enrollment and establish limits on the number of students accepted into the District. A policy should outline and predetermine annually the number of students it would accept based on openings for each grade level, programs offered, District staffing levels and space availability. The policy should be applied in conjunction with careful planning by District management. In addition, the District should review the overall cost-effectiveness of open enrollment.

Although the District adopted an open enrollment policy, the District has not adopted limits based on capacity. Ohio Revised Code (ORC) § 3313.98 directs the admission of students through open enrollment to include the establishment of caps based on programs, space, and staffing. ORC § 3313.98(B)(1)(a)-(c) indicates that each school district must declare its policy on open enrollment to reflect the following three options that are available:

- Entirely prohibit open enrollment;
- Allow open enrollment from adjacent districts; or
- Allow open enrollment from all other districts, both adjacent and non-adjacent.

Interdistrict open enrollment asserts that students be admitted to school districts, tuition free. Ohio School Law Guide (Andersons, 2003-04, Volume 1) § 9.081, page 663, further states that, "The enrollment of students from other districts does not affect the average daily membership of either district for state funding purposes. Each student continues to be counted within the ADM of his home district. However, the Department

of Education will annually subtract from the sending district and add to the receiving district, an amount for per pupil aid and excess costs which corresponds to the number of students involved.”

In addition, the board must establish policies regarding application procedures and must establish the following restrictions, according to ORC § 3313.98(B)(2)(b)(i)-(iii):

- Stated capacity limits by grade level, school building and education program;
- A requirement that native students, who want to be enrolled, will be enrolled and that adjacent or other district students previously enrolled be given preference over first time applicants; and
- Procedures to ensure that an appropriate racial balance is maintained in the district schools.

Table 2-7 illustrates the size and composition of student population with regards to open enrollment at Weathersfield LSD and the peers.

Table 2-7 ADM and Open Enrollment

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer average
ADM	854	907	817	584	770
Net Open enrollment	165	52	8	54	38
Total	1,019	959	825	638	808
Open enrollment % of population	16.2%	5.4%	0.1%	8.4%	4.6%

Source: Weathersfield and Peers' SF-3

Note: Figures are rounded to the nearest whole pupil.

As shown in **Table 2-7**, when compared with the peers, the open enrollment policy adopted by Weathersfield LSD has a significant impact on the total enrollment. Although Weathersfield LSD's "native" student ADM of 854, those students that live in and attend Weathersfield LSD schools, is the second highest of the peers, the addition of open enrollment students causes the District's total enrollment to be the highest.

In FY 2002-03 the net funded open enrollment of 165 students in Weathersfield accounts for nearly \$848,000 (or \$5,139 per student) of the \$1,006,924 other revenues. Although open enrollment accounts for 12 percent of all revenue, the students that attend Weathersfield from other districts account for 16 percent of total enrollment. The 854 "native" students accounted for \$6,274,000 in general fund revenue or \$7,346 per student which is approximately \$2,200 or 43 percent higher than revenue per open enrollment student.

Table 2-8 illustrates how the open enrollment policy adopted by Weathersfield LSD is used to increase a shrinking enrollment.

Table 2-8: Weathersfield LSD Open Enrollment Analysis

	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
3-yr ADM	1,160.00 ¹	1,097.50	1,052.97	1,012.84	961.00	930.00	878.53
Native Enrollment	1,160.00	1,015.25	983.83	1,009.00	893.40	888.00	853.87
Open Enrollment	-	-	34.00	65.00	158.54	151.60	165.00
Total Enrollment	1,160.00	1,015.25	1,017.83	1,074.00	1,051.94	1,039.60	1,018.87

Source: ODE SF-3 reports

¹3-year ADM not available for this year and native enrollment for that year is used. The 3-year ADM is a rolling average of the past three years for any one year.

As shown in **Table 2-8**, the District has tried to offset the effect of students leaving the District by expanding its open enrollment program. However, continuing to increase the number of open enrollment students could subsequently increase certain costs, and impact capacity and building utilization rates (see the **facilities** section). While certain costs remain fixed regardless of the number of students enrolled, some costs such as administrative, supplies, and textbook are variable and would likely increase as the District continually accepts more open enrollment students. In addition, revenue received through open enrollment is not fixed or secure because the enrollment of non-resident students may be impacted by the District's academic performance and/or its financial condition.

A properly implemented policy would allow the District to forecast open enrollment students with a greater degree of reliability. The guidelines are not intended to limit school choice, but rather, to ensure that the accepting district develops plans that appropriately allocate teaching staff, space, and supplies. Such a policy would compel the district to review enrollment, programs, and staffing to ensure the most appropriate placement of students. In addition, the policy would further encourage district management to keep abreast of similar issues in surrounding districts that would affect the influx of open enrollment students. Furthermore, all costs should be evaluated in determining the cap that would maximize the financial and educational benefits of open enrollment.

R2.3 Weathersfield LSD should adjust the capital and maintenance set-aside projections for each year of the five year forecast and include a discussion of the set-asides in the forecast. As part of the District's annual financial report, a supplemental schedule should be prepared to demonstrate compliance with the set-asides.

To ensure funding for capital and maintenance, OAC § 3301-92-02 requires schools to annually set aside resources for these requirements. Allowable expenditures to fulfill the set-aside requirements are defined in ORC § 5705.01

Table 2-9 presents the amounts required to be set aside by the District based on ORC § 3315.18 and OAC § 3301-92-02, and the set-aside expenditures for capital and maintenance as projected by the treasurer.

Table 2-9: Set-Aside Requirements for the Five Year Forecast

SB 345	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Student Population ¹	1,019	1,092	1,087	1,119	1,138
Formula Aid ²	\$4,949	\$5,058	\$5,169	\$5,273	\$5,378
Set-Aside Base (Student Population times Formula Aid)	\$5,043,031	\$5,523,336	\$5,619,003	\$5,900,108	\$6,120,295
Set-Aside per ORC § 3315.18 (3% of Set-Aside Base)	\$151,291	\$165,700	\$168,570	\$177,003	\$183,609
Qualifying Expenditures ³	\$123,000	\$127,000	\$128,000	\$183,000	\$130,000
Additional Set-Aside Required	\$28,291	\$38,700	\$40,570	(\$5,997)	\$53,609

Source: Weathersfield LSD, AOS and ODE

¹ Student population for FY 2003-04 are from ODE. Student population from FY 2004-2005 to FY 2007-08 are based on OSFC projections, which are reduced by 60 students to reflect the variance between projected and actual enrollment in FY 2002-03 (see **Tables 4-5** and **4-6** in the **facilities** section).

² Formula aid for FY 2004, FY 2005 and FY 2006 is from ODE. For FY 2007 and FY 2008, formula aid is projected to grow at two percent per year in FY 2007 and FY 2008, consistent with ODE suggestions.

³ Includes the District's projected capital outlay expenditures from the General Fund (see **Table 2-2**) and qualifying debt service expenditures from other funds.

Excluding FY 2006-07, **Table 2-9** shows that the District needs to set aside additional funds in each year of the forecast period to meet the capital and maintenance set-aside requirements. By adjusting the capital and maintenance set-asides according to **Table 2-9**, the District would ensure compliance with the set-aside requirements and present a more reliable and accurate forecast.

Financial Implication: Based on **Table 2-9**, Weathersfield LSD should set aside approximately \$28,300 in FY 2003-04, \$38,700 in FY 2004-05, \$40,600 in FY 2005-06, and \$53,600 in FY 2007-08 to meet the capital and maintenance set-aside requirements.

Financial Recovery Plan

R2.4 Weathersfield LSD should analyze and use the proposed financial forecast outlined in Table 2-10 to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on its financial condition. Weathersfield LSD should also consider implementing the recommendations in this performance audit to improve the District's current and future financial situation. In addition, Weathersfield LSD should update the District's forecast on an ongoing basis as critical financial issues are addressed.

Table 2-10 is being presented as a potential financial forecast for Weathersfield LSD management to use to assess the financial condition of the district. It is a management tool to be utilized to assess the impact that implementation of the various performance audit recommendations will have on Weathersfield LSD's financial condition. During the course of this performance audit, the District updated its five year forecast, which is presented in **Table 2-10**. Some of the projections changed slightly from the September forecast (see **Table 2-2**). However, the treasurer maintained the same methodology for forecasting the various revenue and expenditure categories, excluding the following significant changes:

- Cost of living adjustments (COLA) were originally projected to increase four percent annually from FY 2004-05 to FY 2007-07 and three percent for FY 2007-08, compared to the current forecasted COLA of two percent. While previous COLAs have been higher than two percent, the District would need to limit future COLAs to achieve financial stability during the forecasted period. Additionally, the treasurer excluded step increases for classified staff from FY 2004-05 to FY 2007-08 because all current classified staff will be at the last step of the new salary step schedule in FY 2003-04 (see **human resources**).
- Savings from the District's decision to eliminate transportation services for students living within two miles of their assigned school have been reflected in **Table 2-10**. In addition, the District is only projecting one bus purchase in FY 2006-07.

Table 2-10 also includes the financial implications and implementation costs associated with the performance audit recommendations. Accompanying **Tables 2-11a and 2-11b** summarize the financial implications associated with the recommendations contained within this report. Some recommendations could be implemented immediately, while others will require further management action to realize the proposed savings. In addition, implementation costs associated with the various recommendations are also summarized.

For Weathersfield LSD to achieve and maintain financial stability, it will be necessary to make difficult management decisions. The ideas and recommendations included in this report should be considered for implementation by the District. However, the audit is not all inclusive, and other cost savings and revenue enhancements should be explored and incorporated in the future financial recovery plans.

Table 2-10: Weathersfield Local School District Proposed Financial Forecast

Forecast as of 12.10.03	Actual 2001	Actual 2002	Actual 2003	Forecast 2004	Forecast 2005	Forecast 2006	Forecast 2007	Forecast 2008
Real Estate Property Tax	1,940,942	1,920,302	1,518,719	1,562,297	1,583,797	1,569,291	1,488,165	1,508,146
Tangible Personal Property Tax	1,929,754	1,859,210	1,616,082	1,545,458	1,531,026	1,469,911	1,374,135	1,360,131
Unrestricted Grants-in-Aid	3,588,463	2,793,240	2,961,879	3,079,926	3,138,945	3,201,961	3,193,127	3,180,308
Restricted Grants-in-Aid	79,941	115,782	161,604	76,844	76,858	76,871	76,875	76,878
Property Tax Allocation	220,186	237,948	250,853	242,326	244,009	228,475	200,155	201,940
Other Revenues	163,395	872,207	1,006,924	1,152,818	1,086,111	1,107,181	1,128,715	1,150,722
Total Revenues	7,922,681	7,798,689	7,516,061	7,659,669	7,660,746	7,653,690	7,461,172	7,478,125
Operating Transfers in	0	35	3,690	0	0	0	0	0
Advances In / All Other Financial Sources	163,995	65,816	103,819	200	25,200	25,200	25,200	25,200
Total Other Financing Sources	163,995	65,851	107,509	200	25,200	25,200	25,200	25,200
Total revenue & Other financing	8,086,676	7,864,540	7,623,570	7,659,869	7,685,946	7,678,890	7,486,372	7,503,325
Personal Services	4,010,475	4,358,625	4,614,820	4,609,791	4,588,490	4,739,866	4,866,111	5,075,739
Fringe Benefits	1,275,506	1,487,742	1,551,005	1,513,321	1,606,834	1,717,155	1,847,078	2,000,960
Purchased Services	1,182,654	1,048,933	1,378,663	1,341,959	1,375,982	1,418,642	1,462,459	1,506,492
Supplies, Materials & Textbooks	382,032	322,950	344,427	181,434	192,143	247,986	252,946	258,005
Capital Outlay	649,379	306,596	77,862	20,886	25,504	26,014	81,034	28,155
Debt Service All principal	37,530	37,651	0	0	0	0	0	0
Debt Service Interest and Charges	3,572	1,700	0	0	0	0	0	0
Other Objects	356,394	418,174	141,684	130,935	152,863	157,448	162,172	167,037
Total Expenditures	7,897,542	7,982,371	8,108,461	7,798,326	7,941,816	8,307,111	8,671,800	9,036,388
Operational Transfers- Out	423,549	33,242	83,092	25,000	25,000	25,000	25,000	25,000
Advances- Out	66,557	93,819	0	25,000	25,000	25,000	25,000	25,000
All Other Financing Uses	0	12,353	0	0	0	0	0	0
Total other financing uses	490,106	139,414	83,092	50,000	50,000	50,000	50,000	50,000
Total expenditures& financing	8,387,648	8,121,785	8,191,553	7,848,326	7,991,816	8,357,111	8,721,800	9,086,388
Result of Operations	-300,972	-257,245	-567,983	-188,457	-305,870	-678,221	-1,235,428	-1,583,063
Performance recommendations				5,200	822,222	846,091	921,240	897,774
Implementation costs				60	0	0	0	0
Result of Operations (Net)	-300,972	-257,245	-567,983	-183,317	516,352	167,870	-314,188	-685,289
Beginning Cash Balance	1,806,660	1,505,688	1,248,443	680,460	497,143	1,013,495	1,181,365	867,176
Ending Cash Balance	1,505,688	1,248,443	680,460	497,143	1,013,495	1,181,365	867,176	181,887
Outstanding Encumbrances	394,961	161,288	39,415	0	0	0	0	0
Capital Reserve				28,291	66,691	107,561	101,564	155,173
Budget Reserve	33,107	33,107	33,107	0	0	0	0	0
Ending Fund Balance	1,077,620	1,054,048	607,938	468,852	946,504	1,073,804	765,612	26,714

Source: Weathersfield LSD and AOS Recommendations

The performance audit recommendations presented in **Table 2-11a** are broken down into two categories; those recommendations subject to negotiation and those recommendations not subject to negotiation. The results of both categories are included in the financial recovery plan. **Table 2-11b** presents the implementation costs associated with various recommendations contained in the performance audit.

Table 2-11a: Summary of Performance Audit Recommendations

Recommendations Not Subject to Negotiations		FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
R3.2	Reduce Regular Education by 6.0 FTEs		\$309,100	\$315,282	\$321,588	\$328,019
R4.2	Implement energy conservation measures		\$18,000	\$18,000	\$18,000	\$18,000
R4.6	Close the Mineral Ridge Middle School		\$382,728	\$390,383	\$398,190	\$406,154
R5.2	Reduce maintenance and repair costs		\$14,900	\$14,900	\$14,900	\$14,900
R5.3	Obtain exemption from Federal Excise Taxes	\$5,200	\$3,465	\$3,465	\$3,465	\$3,465
R5.4	Reduce bus purchase in FY 2006-07	\$0	\$0	\$0	\$50,000	\$0
Totals Not Subject to Negotiations		\$5,200	\$728,193	\$742,030	\$806,143	\$770,538
Recommendations Subject to Negotiations						
R3.4	Require full-time employee contribution equal to 10 percent of the monthly premium cost		\$94,029	\$104,061	\$115,097	\$127,236
Total Recommendations		\$5,200	\$822,222	\$846,091	\$921,240	\$897,774

Source: Financial implications identified throughout this performance audit

Note: **R3.2** and **R4.6** have been appreciated by two percent annually and **R3.4** by 10 percent annually, according to the District's forecast.

Table 2-11b: Implementation Costs

	Implementation Cost	FY 2003-04	FY 2004-05	FY 2005-06	FY 2007-08
R2.3	Fund Capital and Maintenance Set-Aside	\$28,291	\$38,700	\$40,570	\$53,609
R4.1	Obtain a procedures manual	\$60			

Source: Financial implications identified throughout this performance audit

Human Resources

Background

This section of the report focuses on various human resources operations within Weathersfield Local School District (Weathersfield LSD). Best practice data from the Ohio Department of Education (ODE), the State Employment Relations Board (SERB), and the selected peers of Columbiana Exempted Village School District, Mechanicsburg Exempted Village School District, and Southington Local School District are used for comparisons.

Organizational Function

Weathersfield LSD does not have a separate department dedicated to performing human resource functions. The primary human resource responsibilities are completed by the superintendent, which include the following: coordinating activities and programs for the recruitment and selection of employees; monitoring compliance with minimum employment standards (criminal background checks and teaching certifications); facilitating employee performance evaluations; administering and monitoring disciplinary hearings; maintaining personnel files; placing selected substitutes; and participating in new employee orientations. The Treasurers' Office also assists in some human resource functions by administering the health insurance plans for all employees within Weathersfield LSD.

Staffing

Table 3-1 illustrates the actual staffing levels at Weathersfield LSD and the peer districts during FY 2002-03 as reported in the Educational Management Information System (EMIS). Adjustments were made to the corresponding EMIS reports for all school districts, except Southington LSD, based upon interviews with the appropriate district personnel. Southington LSD was unavailable to confirm EMIS data, due to a strike during the time of the performance audit. All positions are shown as full-time equivalents (FTEs).

Table 3-1: FTE Staffing Levels for FY 2002-03

Category	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD ¹	Peer Average
Administrators: Subtotal	6.0	6.5	5.0	3.2	4.9
Central Based Administrators	2.0	2.0	2.0	2.2	2.1
Site Based Administrators	4.0	4.5	3.0	1.0	2.8
Professional Education: Subtotal	80.0	72.5	57.0	38.0	55.9
Curriculum Specialist	0.0	0.0	1.0	0.0	0.3
Counseling	3.0	3.0	2.0	1.0	2.0
Librarian / Media	2.0	1.0	1.0	1.0	1.0
Remedial Specialist	0.0	3.0	2.0	2.0	2.3
Regular Education Teachers	59.0	49.5	34.5	30.2	38.1
Special Education Teachers	8.0	6.5	4.0	2.0	4.2
Vocational Education Teachers	0.0	2.5	2.5	0.0	1.7
Tutor / Small Group Instructor	3.0	1.5	0.0	0.0	0.5
Educational Service Personnel ²	5.0	5.5	8.0	1.8	5.1
Other Professional	0.0	0.0	2.0	0.0	0.7
Professional – Other	1.0	1.4	0.6	0.0	0.7
Technical – Library Aide	1.0	3.5	1.0	0.0	1.5
Office / Clerical: Subtotal³	5.0	11.8	7.3	3.5	7.6
Clerical and Bookkeeping	5.0	6.9	5.3	1.8	4.7
Record Managing	0.0	0.1	0.0	0.0	0.0
Teaching Aide	0.0	4.8	2.0	0.0	2.3
Other Office Clerical	0.0	0.0	0.0	1.7	0.6
Crafts / Trades³	1.4	0.0	1.0	1.0	0.7
Transportation³	6.1	4.5	7.6	4.4	5.5
Attendance	0.0	0.0	1.0	0.0	0.3
Custodial³	9.6	7.1	2.0	3.4	4.2
Food Service	8.0	5.9	5.5	3.0	4.8
Monitoring	0.0	1.3	0.0	1.0	0.8
Total FTEs	118.1	114.5	88.0	57.5	86.9

Source: FY 2002-03 EMIS Staff Summary Report and School Enrollment from Weathersfield LSD and the peer districts

¹ Southington Local School District (Southington LSD) staffing numbers are listed according to (EMIS); however, Southington LSD was unavailable to verify EMIS data.

² The educational service personnel classification only includes grades K–8 art, music and physical education teachers. All other positions classified as educational service personnel according to the Ohio Administrative Code are coded separately in EMIS.

³ Weathersfield LSD and peer clerical, maintenance, custodian, and transportation bus driver FTE's were re-calculated using an 8 hour a day, 260 days a year basis for analysis purposes.

Staffing levels within a school district vary depending upon the number of students enrolled. **Table 3-2** illustrates the staffing levels per 1,000 Average Daily Membership (ADM) at Weathersfield LSD and the peer districts for FY 2002-03. ADM is based on the average number of students for the first full school week in October.

Table 3-2: FTE Staffing Levels for FY 2002-03 per 1,000 ADM

Category	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD ¹	Peer Average
ADM	1,075	1,006	875	652	844
Administrators: Subtotal	5.6	6.5	5.7	4.9	5.7
Central Based Administrators	1.9	2.0	2.3	3.4	2.6
Site Based Administrators	3.7	4.5	3.4	1.5	3.1
Professional Education: Subtotal	74.5	72.2	65.1	58.3	65.2
Curriculum Specialist	0.0	0.0	1.1	0.0	0.4
Counseling	2.8	3.0	2.3	1.5	2.3
Librarian / Media	1.9	1.0	1.1	1.5	1.2
Remedial Specialists	0.0	3.0	2.3	3.1	2.8
Regular Education Teachers	54.9	49.2	39.4	46.3	44.9
Special Education Teachers	7.4	6.5	4.6	3.1	4.7
Vocational Education Teachers	0.0	2.5	2.9	0.0	1.8
Tutor / Small Group Instructor	2.8	1.5	0.0	0.0	0.5
Educational Service Personnel ²	4.7	5.5	9.1	2.8	5.8
Other Professional	0.0	0.0	2.3	0.0	0.8
Professional – Other	0.9	1.4	0.7	0.0	0.7
Technical –Library Aide	0.9	3.5	1.1	0.0	1.5
Office / Clerical: Subtotal³	4.7	11.8	8.4	5.4	8.6
Clerical and Bookkeeping	4.7	6.9	6.1	2.8	5.3
Records Managing	0.0	0.1	0.0	0.0	0.0
Teaching Aide	0.0	4.8	2.3	0.0	2.4
Other Office Clerical	0.0	0.0	0.0	2.6	0.9
Crafts / Trades³	1.3	0.0	1.1	1.5	0.9
Transportation³	5.7	4.5	8.7	6.7	6.6
Attendance	0.0	0.0	1.1	0.0	0.4
Custodial³	8.9	7.2	2.3	5.2	4.9
Food Service	7.4	5.9	6.3	4.6	5.6
Monitoring	0.0	1.2	0.0	1.5	0.9
Total FTEs	109.9	114.2	100.5	88.1	101.0

Source: FY 2002-03 EMIS Staff Summary Report and School Enrollment from Weathersfield LSD and the peer districts

¹ Southington LSD staffing numbers are listed according to (EMIS); however, Southington LSD was unavailable to verify EMIS data.

² The educational service personnel classification only includes grades K-8 teachers for art, music and physical education. All other positions classified as educational service personnel according to the Ohio Administrative Code are coded separately in EMIS.

³ Weathersfield LSD and peer clerical, maintenance, custodian, and transportation bus driver FTE's were re-calculated using an 8 hour a day, 260 days a year basis for analysis purposes.

As illustrated in **Table 3-2**, Weathersfield LSD has higher FTE staffing levels per 1,000 ADM when compared to the peer average in the following classifications:

- Site-based administrator (see the **facilities** section);
- Regular teaching (see **R3.2**);
- Special education (see **R3.3**);
- Tutor/small group instructor (see page 3-7);
- Librarian/media (see the **facilities** section);

- Crafts/trades and custodial (see the **facilities** section); and
- Food service (see the **facilities** and **financial systems** sections).

Collective Bargaining Agreements

Certificated and classified personnel in Weathersfield LSD are governed by negotiated agreements. During the performance audit, certain contractual and employment issues were assessed and compared to the peer districts. The implementation of any recommendations concerning contractual issues would require negotiations with the collective bargaining units. **Tables 3-3** and **3-4** illustrate key contractual issues in the certificated and classified negotiated agreements at Weathersfield LSD and peers.

Table 3-3: Weathersfield LSD and Peer Certificated Contractual Comparison

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD
Length of Work Day	7 hours	7 hours and 10 minutes	7 hours and 15 minutes	7 hours and 10 minutes
Number of Minutes spent teaching students per day	420 minutes	430 minutes	435 minutes	430 minutes
Maximum Class Size	K-4: 35 to 1 5-12: 35 to 1	None stated	K-4:25 to 1 5-12:25 to 1	None stated
Number of Contract Days	183	184	184	183
Instructional	178	178	178	178
In-Service Days	3	4	4	3
Parent Teachers Conferences	2	2	2	2
Maximum # of Sick Days Accrued	Unlimited	260 days	254 days	305 days
Maximum # of Sick Days Paid upon Retirement	5+ years of service: 25% value of unused sick leave up to 180 days (45 days maximum), plus 13% of sick leave days in excess of 180 days	5-25 years of service: 25% value of unused sick leave up to 120 days (30 days maximum) ; 26-27 years (50 days maximum); 28-29 years (60 days maximum); 30+ years (65 days maximum)	10+ years of service: 33.3% value of unused sick leave up to 254 days (84.5 days maximum)	10+ years of service: 25% value of unused sick leave up to 305 days (76.3 days maximum)
# of Personal Days Received	3 days	3 days	4 days	4 days
Required Notice	3 days	3 days	5 days	4 days
# of Leave Days for Association Business	2 days (substitute is paid by the district)	2 days (substitute is paid by the district)	6 days (substitute is paid by the district)	3 days (substitute is paid by the district)
Sabbatical Leave	Maximum of 1 year allowed after 5 years of service, with requirement to return for 1 year	Maximum of 1 year allowed after 5 years of service, with requirement to return for 1 year	Maximum of 1 year allowed after 3 years of service, with requirement to pay back district if not returning to duty	Maximum of 1 year allowed after 5 years of service, with requirement to return for 1 year
District Pick-up of Employee STRS Contribution	No ¹	No ²	No	None Stated ³
Cost of Living Increases per Year	FY 2001-02: 3.0% FY 2002-03: 3.0% FY 2003-04: 0.0%	FY 2001-02: 3.0% FY 2002-03: 3.0% FY 2003-04: 3.0%	FY 2001-02: 5.75% FY 2002-03: 4.5% FY 2003-04: 4.0%	FY 2002-03: 2.0% FY 2003-04: 2.5% FY 2004-05: 4.0%

Source: Weathersfield LSD and peer school districts

¹ Weathersfield LSD STRS pick up is provided for the superintendent, high school and elementary principals, and 50 percent of the registered nurse's employee contribution (see page 3-7).

² Columbiana Exempted School District (Columbiana EVSD) picks up 100% STRS for the Superintendent and the principal's contribution.

³ Southington Local School District (Southington LSD) was unavailable to verify contractual information.

Table 3-4: Weathersfield LSD and Peer Classified Contractual Comparison

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD
Minimum Call-in Hours Paid to Employees for Emergencies	One and a half hours	Three hours	None Stated	None stated ²
Vacation Accumulation Schedule	1 year: 5 days 2 years: 15 days 15 years: 20 days	1 - 5 years: 10 days 6 -15 years: 15 days ≥16 years: 20 days	1-14 years: 10 days 15-19 years: 15 days 20 years: 20 days	1 - 6 years: 10 days 7-14 years: 15 days 15 years: 20 Days ¹
Sick/Personal Leave Incentives	None Stated	100% per half year for members who have used zero days and \$75 per half year for members who have used one day	None Stated	If zero days of leave per semester are used, one day of pay or minimum of \$25 ²
Maximum # of Sick Days Accrued	Unlimited	260 days	254 days	Unlimited ²
Maximum # of Sick Days Paid upon Retirement	<u>5+ years of service:</u> 25% value of unused sick leave up to 180 days (45 days maximum), plus 13% of sick leave days in excess of 180 days	<u>5-14 years of service:</u> 25% value of unused sick leave up to 120 days (30 days maximum) <u>15-20 years of service:</u> 35 days maximum <u>20-25 years of service:</u> 40 days maximum <u>26-27 years of service:</u> 45 days maximum <u>28-29 years of service:</u> 55 days maximum <u>30+ years of service:</u> 60 days maximum	<u>10+ years of service:</u> 33.3% value of unused sick leave up to 254 days (84.5 days maximum)	<u>10+years of Service:</u> 25% value of unused sick leave up to 305 days (76.3 days maximum ²
Maximum # of Personal Leave Days	3 days	3 days	4 days	4 days
Required Notice	3 days	3 days	5 days	4 days ²
# of Paid Employee Holidays	11 days	9 days	10 days	11 days
12 month				
Less than 12 months	8 days	8 days	8 days	8 days ¹
# of Association Business Leave Days Permitted	Employees permitted to attend union meetings once per month, should meeting fall within regular work shift. If the meetings do not fall within an employees work shift, the	2.5 days	6 days	10 days ¹

	employee is permitted to go on his or her own time. Maximum of 1 delegate may attend OAPSE conference for 3 work days, with pay			
Pick-up of Employee's SERS Contribution	No ³	No ⁴	No	None Stated ²
Cost of Living Increase(s)	FY 2001-02: 3.0% FY 2002-03: 3.0% FY 2003-04: 0.0%	FY 2002-03: 3.0% FY 2003-04: 3.0% FY 2004-05: 3.0%	FY 2001-02: 5.75% FY 2002-03: 4.5% FY 2003-04: 4.0%	FY 2002-03: 0.0% FY 2003-04: 2.5% FY 2004-05 ² : 4.0%

Source: Weathersfield LSD and peer school districts

¹ Information obtained through the Southington LSD negotiated agreement effective July 1, 1998 to June 30, 2001, because these provisions have not yet been negotiated in the new contract.

² Information obtained through the Southington LSD Best and Final Board Package Proposal of May 1, 2003, which has not been approved by the Ohio Association of Public School Employees/AFSME Local 673. However, SERB has accepted the contract as a binding contract.

³ Weathersfield LSD SERS pick up is provided for the treasurer and maintenance coordinator.

⁴ Columbiana EVSD picks up 100% SERS for the treasurer.

In addition to the analyses presented in this report, assessments were conducted on other areas within the human resources section which did not warrant changes and did not yield any recommendations. These areas include the following:

- *Vocational education:* Weathersfield LSD participates in the vocational program offered by the Trumbull County Career Center (TCTC). The TCTC is supported by a local levy funded by the district's tax payers and does not rely on the General Fund.
- *Tutor/small group instruction:* Weathersfield LSD has 3.0 tutor/small group instruction FTEs, with 2.0 FTEs fully funded by the Title I program for FY 2003-04 to assist with reading development. Title V grant funding funds 50 percent of the remaining 1.0 FTE for intervention tutoring. The other 50 percent of this position's salary is supplemented by General Fund resources to help aide students with individual development plan improvements in areas such as mathematics, reading and science.
- *Salaries:* Weathersfield LSD's salaries paid to its administrative and certificated staff are comparable to the peers (see **R3.5** for classified salary analyses).
- *Supplemental contracts:* Weathersfield LSD's average supplemental cost per student is \$122, or approximately 19 percent less per student than the peer average of \$150.

- *Sick leave usage:* In FY 2002-03, Weathersfield LSD employees used an average of 6.3 sick days per FTE, excluding excessive users of 20 days or more (approximately 8 percent, or ten employees). High sick leave use by these ten employees was due to extenuating circumstances, such as surgery, personal injury, and pregnancy. With excessive users included, the sick leave use per FTE is approximately nine days. The state average is 6.9 days for Ohio Education Association (OEA) employees, according to the Ohio Department of Administrative Services.
- *Maximum number of sick days paid upon retirement:* While the maximum number of sick days paid upon retirement is significantly less than two peers, Weathersfield LSD pays an additional 13 percent for sick leave days in excess of 180 days. However, of the five employees eligible to retire over the forecasted period, none will accumulate over 180 days of sick leave.

Recommendations

- R3.1 Weathersfield LSD should develop policies and procedures to ensure that it prepares and reconciles accurate reports for submission to the Educational Management Information System (EMIS). Weathersfield LSD should ensure that someone independent of the data gathering process reviews the information to ensure accuracy. Weathersfield LSD should consistently use the EMIS *Definitions, Procedures, and Guidelines*, produced annually by ODE, to help accurately enter data. Weathersfield LSD should seek the necessary training and assistance to meet these objectives.**

During a review of various EMIS reports for this performance audit, it was discovered that Weathersfield LSD had classified some employees incorrectly in EMIS. The incorrect entries were in the following classifications: supervising, managing and directing; coordinator; regular education; special education; educational service personnel; tutor; and transportation categories.

ODE developed and implemented EMIS to assist school districts in effectively and efficiently managing student and personnel demographics. All schools are required to provide specific student, staff and financial data to ODE for processing. Entering data correctly and accurately capturing staffing levels (FTEs and hours worked) helps to ensure comparability between school districts. The various data entered into EMIS can be used by school districts when making decisions, including required staffing levels.

Staffing

- R3.2 Weathersfield LSD should consider reducing 6.0 regular education teaching FTEs to achieve a student/teacher ratio that would be more comparable to the peers. In addition, the District should consider hiring 2.0 teaching aides to help maintain a similar level of direct student contact at a lower cost to the District. However, before the District makes any reductions, it should determine the potential impact on the attainment of its mission and goals, and on student contact time.**

Table 3-5 demonstrates the average number of regular students per regular teachers at Weathersfield LSD and peer districts.

Table 3-5: Regular Education Student to Regular Education Teacher Ratios

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer Average	Percent Difference
Average Student Enrollment ¹	974	910	747	582	746	30%
Number of Regular Education Teachers	55.0 ²	49.5	34.5	30.2	38.1	55%
Student to Teacher Ratio	17.7:1	18.4:1	21.7:1	19.3:1	19.8:1	(11%)

Source: Weathersfield LSD and peer school districts

¹ Average enrollment was calculated using the 2002-2003 district report card disabilities percentages and subtracting out that percentage from the ODE 2002-2003 enrollment report.

² Excludes the four teachers that will retire at the end of FY 2003-04 because the District plans to not replace these four positions.

Table 3-5 illustrates that Weathersfield LSD's student to teacher ratio is 11 percent lower than the peer average. However, Weathersfield LSD met 15 State proficiency standards in FY 2002-2003, compared to 17, 17, and 16 standards met by Columbiana EVSD, Mechanicsburg EVSD, and Southington LSD, respectively. By reducing 6.0 regular teacher FTE reductions, the student to teacher ratio would increase to 19.9:1, which is comparable to the peer average. However, Weathersfield LSD does not currently employ teaching aides, which may be necessary to ensure that non-instructional duties are sufficiently performed (i.e., supervision and monitoring). For instance, Columbiana EVSD and Mechanicsburg EVSD employ teaching aides to assist with monitoring and supervision duties. If Weathersfield LSD hired 2.0 teaching aide FTEs, similar to Mechanicsburg EVSD, it could ensure that other non-instructional duties are adequately performed and that teachers maintain sufficient direct contact time with students.

Financial Implication: Based on an average annual salary of \$40,020 per regular education personnel and benefits equal to 36 percent of salaries, Weathersfield LSD could generate an estimated annual cost saving of approximately \$326,600 by reducing 6.0 FTE regular education personnel. Using the peer average starting salary for a teaching aide, the addition of 2.0 teaching aide FTEs would cost the District approximately \$17,500, thereby reducing the estimated annual costs savings to approximately \$309,100.

R3.3 Weathersfield LSD should consider reducing 1.0 special education FTE by not filling the special education teacher position that will be vacant at the end of FY 2003-04 due to retirement. Weathersfield LSD should review the feasibility of further consolidating special education classes by having teachers serve multiple categories of disabilities and teach different grade levels, while meeting ODE requirements for certifications, class sizes, age ranges and instructional periods. Doing so would help to ensure that services provided to special needs students are adequately fulfilled with one less special education teacher.

Currently, special education staffing ratios for certain classifications are much lower than those in ODE's operating standards. **Table 3-6** illustrates the operating standards for Ohio's schools serving children with disabilities. There are ranges of service depending on grade level and degree of disability ranging from 6 to 30 students per instructor.

Table 3-6: ODE Service Provider Ratios

Category	Class Maximum	Age Range Maximum	Instructional Period Maximum
Preschool	6-8 students for full day program (12-16 students for half day program)	No more than a three year age difference between classmates	No more than 8 full time students per teacher
Preschool (Itinerant)	10-20 students with disabilities	N/A	N/A
School-age (Cognitive Disability)/ School-age (Learning Disabilities)	16 students at the elementary, middle, or junior high levels/ 24 students at the high school level	No more than a five year age difference between classmates	No more than 12 students at the elementary, middle, or junior high school levels/ 16 students at the high school level per period
School-age (Hearing, Visual, Orthopedic and/or other Health Impairments)	10 students per specialist	No more than a four year age difference between classmates	No more than 8 students per period
School-age (Emotional Disturbances)	12 students per specialist	No more than a four year age difference between classmates	No more than 10 students per period
School-age (Multiple Disabilities)	8 students per specialist	No more than a five year age difference between classmates	There shall be at least one paraprofessional in each class
School-age (Autism, Deaf-Blindness and/or Traumatic Brain Injury)	6 students per specialist	No more than a five year age difference between classmates	There shall be at least one paraprofessional in each class

Source: ODE's Operating Standards for Ohio's Schools Serving Children with Disabilities

Table 3-7 illustrates the number of special education FTEs needed by Weathersfield LSD to satisfy ODE requirements.

Table 3-7: Special Needs Students to Certificated Special Education FTEs

	Maximum Number of Students to be Served by School Level Teachers per ODE Regulation	Weathersfield LSD Number of Special Education Students ¹	Minimum Number of Special Education Teachers Required at Weathersfield LSD per ODE Regulations
Preschool	20	6	0.30
Cognitive Disabilities			
Elementary/Intermediate/Junior Level	16	8	0.50
Senior High School Level	24	6	0.25
Cognitive Disabilities: Subtotal	N/A	14	0.75
Specific Learning Disability			
Elementary/Intermediate/Junior Level	16	23	1.44
Senior High School Level	24	20	0.83
Specific Learning Disability: Subtotal	N/A	43	2.27
Hearing, visual, orthopedic and/or other health impairments	10	5	0.50
Emotional Disturbances	12	4	0.33
Multiple Disabilities	8	4	0.50
Autism, deaf-blindness, and/or traumatic brain injury	6	1	0.17
Total Weathersfield LSD Special Education Students	N/A	77	N/A
ODE Recommended Total Number of FTE Teachers	N/A	N/A	4.82
Number of Weathersfield LSD Special Education FTE teachers	N/A	N/A	8.0
FTE Difference	N/A	N/A	3.18

Source: ODE Special Education teacher standards and EMIS Inclusion report

¹ Special education students that are not provided direct services from Weathersfield LSD's special education teachers were excluded, due to speech and language services provided by the ESC.

Table 3-7 shows that Weathersfield LSD currently employs 8.0 special education teacher FTEs that are responsible for instructing a total of 77 special education students. However, according to the Ohio Administrative Code (OAC) §3301-51-09, Weathersfield LSD could operate with approximately 5.0 FTEs and remain within state operating standards.

Table 3-8 illustrates the special education student/teacher ratio for Weathersfield LSD and the peer districts.

Table 3-8: Special Education Student to Special Education Teacher Ratios

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer Average
Average enrollment¹	77.0	112.0	113.0	50	91.7
Special Education Teachers	8.0	6.5	4.0	2.0	4.2
Student to Teacher Ratio	9.6:1	17.2:1	28.3:1	25.0:1	23.5:1

Source: Weathersfield LSD and Peer ODE Inclusion Reports and EMIS

¹ Speech and Language need students were subtracted from the total number of special needs students due to speech and language services being provided by the ESC for Weathersfield LSD, Columbiana EVSD, and Mechanicsburg EVSD. Although Southington LSD was not available for confirmation, speech and language students were excluded from the total.

Table 3-8 shows that Weathersfield LSD special education teachers are educating significantly fewer special education students per teacher (9.6:1) when compared to the peers.

Using the ODE operating standards identified in **Table 3-7**, Weathersfield LSD could reduce 3.0 special education teacher FTEs and continue to operate above the ODE minimum standards. However, by eliminating only 1.0 special education teacher FTE, the District would be able to increase the special education student to special education teachers ratio to 11:1 and remain above the ODE minimum standards. Moreover, Weathersfield LSD would continue to serve approximately 53 percent fewer students per teacher than the peer average. Since 1.0 special education teacher FTE is scheduled to retire at the end of FY2003-04, this reduction can be made through attrition. Weathersfield LSD has decided to not fill this position and has reflected the corresponding savings in its forecast (see **Table 2-10** in the **financial systems** section).

Currently, Weathersfield LSD's teachers serve multiple disability categories during each class period and, albeit minimally, teach multiple grade levels throughout the course of one day. Reviewing the potential to increase the number of special education teachers serving multiple disability categories and grade levels, while meeting ODE requirements, could enable the District to maintain quality services with fewer special education teachers.

Benefit Administration

R3.4 Weathersfield LSD should seek changes to its health insurance by requiring all certificated and classified full-time employees to pay a portion of the monthly premium costs for medical and prescription insurance, regardless of the years of

service. It should seek a 10 percent contribution from all employees working seven hours or more, which is in line with costs shared by employees' statewide. The employee contribution should be stated as a percentage rather than a fixed dollar amount in order to help the District offset annual increases in health care costs.

Furthermore, Weathersfield LSD should review the Trumbull ESC Consortium's premium costs and plan benefit levels to ensure its healthcare costs are effectively controlled by participating in this consortium. If needed, the District should seek changes to healthcare benefits during future contract negotiations with the Trumbull ESC Consortium to ensure that the premium costs and benefits levels are advantageous to the District. Another option the District should consider is obtaining additional competitive bids for health care.

Weathersfield LSD's first and second year full-time employees currently contribute toward their health insurance premiums. First year employees contribute 10 percent and second year employees contribute 5 percent. After the second year, employees are not required to contribute toward their health insurance premiums. For the purposes of health care benefits, the District considers any classified employee who works a minimum of seven hours per day to be full-time. **Table 3-9** compares the FY 2002-03 hospitalization and prescription monthly premiums for Weathersfield LSD, the peer districts, and the SERB averages for like-sized districts. Both Weathersfield LSD and Southington LSD participate in the Trumbull ESC Consortium for health care benefits.

Table 3-9: Health Insurance Premium Comparison for FY 2002-03

School District	Type of Insurance Coverage Plan	Monthly Premium for Single Plan ¹	Full-time Employee Share	Monthly Premium for Family Plan ¹	Full-time Employee Share
Weathersfield LSD	PPO One Plan	\$357.92	\$17.90 ²	\$929.68	\$46.48 ²
Columbiana EVSD³	PPO Plan	\$370.90	\$18.55	\$843.78	\$42.19
Mechanicsburg EVSD⁴	Traditional Plan	\$282.52	\$36.02	\$776.97	\$99.06
Southington LSD	PPO One Plan	\$357.92	\$0.00	\$929.68	\$0.00
SERB School District Average (1,000 – 2,499 students) ⁵	N/A	359.69	37.81	876.59	104.41

Source: School districts and SERB

¹ Includes premiums for prescription coverage

² Based on the amount two-year employees contribute, which is 5 percent.

³ Columbiana EVSD requires its certificated employees to contribute 5 percent for their health insurance coverage for FY 2002-2003. Currently, Columbiana EVSD does not require its classified employees to contribute to health insurance coverage.

⁴ Mechanicsburg EVSD health insurance premiums were adjusted for a decrease of 14 percent to reflect the FY2002-2003 health insurance coverage. Mechanicsburg EVSD requires its certificated employees to contribute 13 percent.

⁵ SERB average was obtained from the 2002 Report on Cost of Health Insurance in Ohio's Public Sector. It has been adjusted to reflect a 19.1 percent increase for single and an 18.1 percent increase for family plan coverage.

As illustrated in **Table 3-9**, Weathersfield LSD has the highest monthly family plan premiums when compared to Columbiana EVSD and Mechanicsburg EVSD, as well as the SERB average. In addition, Columbiana EVSD and Mechanicsburg EVSD require a 5.0 percent contribution and 13 percent contribution respectively from all employees who opt for insurance, whereas Weathersfield LSD does not require a contribution for all employees. SERB's *2002 Report on Health Care Costs*, reports that public employees' average monthly contributions are approximately 11 percent for single coverage and 12 percent for family coverage. In addition, the SERB report states that 70 percent of public employees contribute to their health care costs for school districts similar in size to Weathersfield LSD. If Weathersfield LSD required a 10 percent contribution from all full time employees, the District could begin to help offset annual healthcare costs.

Starting January 1, 2004, all districts participating in the Consortium will be required to use the same plan, the One Plan, which offers a traditional plan, a preferred provider organization (PPO) plan, and a health maintenance organization (HMO) plan. Moreover, all participating districts will pay the same premium costs. Both Weathersfield LSD and Southington LSD will be offering the PPO plan. **Table 3-10** compares key medical insurance benefits of the Consortium's PPO Plan to Columbiana EVSD's and Mechanicsburg EVSD's current plans.

Table 3-10: Key Medical Plan Benefits FY 2003-2004

	Weathersfield LSD and Southington LSD ¹	Columbiana EVSD		Mechanicsburg EVSD
	One Plan	Medical Mutual Certificate	Super Med Plus Classified	United Healthcare Plus Plan 205
Office Visits	Covered at 100% after \$10 co-payment	100%	100%	100% after \$10 co-pay
Prescription Plan Included	Yes \$5.00 (generic) or \$10.00 (brand) co-pay	Yes \$0 (generic) or \$7.00 (brand) co-pay	Yes \$0 (generic) or \$10.00 (brand) co-pay	Yes \$7 (generic) or \$15.00 (brand) employees pay everything after \$35
Employee Annual Deductible	None Stated	\$200 S/\$400 F	\$100 S/\$200 F	None
Employee Out of Pocket Maximum	None Stated	\$250 S/\$500 F	\$250 S/\$500 F	\$500 S/\$1,000 F
Need to Choose Primary Physician	No	No	No	No
Maternity	100%	100%	100%	100%
Well Child Care	Covered at 100% after \$10 co-payment per visit; to age 9	100%	100%	100% after \$10 co-pay
Inpatient Hospital Care	Covered at 100% of semi-private; limited to 60 days per calendar year	100% for each day in the hospital	100% for each day in the hospital	100%

Source: Schedule of Benefits and Interviews

Note: Benefits are for in-network services only.

¹ Weathersfield LSD and Southington LSD are using the One Plan PPO Plan option offered by the TESC Consortium.

As illustrated in **Table 3-10**, benefit levels in the One Plan are fairly comparable to those of the peer districts. However, the One Plan does not require any employee deductibles or out-of-pocket maximums, whereas Columbiana EVSD requires both and Mechanicsburg EVSD requires out-of-pocket maximums. While Mechanicsburg appears to provide a comparable level of benefits in its plan, premium costs are considerably lower than Weathersfield LSD and the other peers (see **Table 3-9**). Mechanicsburg left its consortium and is currently under contract with a brokerage firm for its health care.

At this time, the Consortium is still negotiating the future rate and it is not available. To ensure its health care costs are effectively controlled, Weathersfield LSD should annually review the Consortium's premium costs and plan benefit levels, and consider seeking competitive bids and quotes from other potential vendors.

Financial Implication: Assuming that Weathersfield LSD required a full-time employee contribution equal to 10 percent for both single and family coverage, the District would save approximately \$81,000 annually.

Salary Comparison

R3.5 During future contract negotiations, Weathersfield LSD should seek to address its relatively high classified salary levels by limiting COLA increases. Weathersfield LSD should also negotiate an altered step schedule for new hires, similar to the peers, to reduce the future financial impact of classified wages on the District and provide salary levels that are more commensurate with peer districts.

Custodian, clerical, bus driver, and food service staff at Weathersfield LSD received a 3 percent COLA increase in each of the past three fiscal years. However, the District has implemented a zero percent COLA increase in its classified contract for FY 2003-04, and has projected a two percent COLA throughout the forecasted period (see the **financial systems** section for an assessment of the District's salary projections). **Table 3-11** compares the average custodian, clerical, bus driver, and food service salaries at Weathersfield LSD to the peers.

Table 3-11: Classified Staff Salaries

	Weathersfield LSD		Columbiana EVSD		Mechanicsburg EVSD		Southington LSD		Peer Average ¹		% Difference
	# FTEs	Avg. Salary	# FTEs	Avg. Salary	# FTEs	Avg. Salary	# FTEs	Avg. Salary	# FTEs	Avg. Salary	Avg. Salary
Custodians²	9.6	\$31,192	7.1	\$21,651	2.0	\$26,291	3.4	\$25,833	4.2	\$23,527	33%
Clerical²	5.0 ³	\$28,093	11.8	\$18,418	7.3	\$23,082	3.5	\$27,241	7.6	\$21,296	32%
Bus Drivers²	4.0	\$23,779	3.9	\$20,290	6.6	\$21,623	3.0	\$12,181	4.5	\$18,032	32%
Food Service	8.0	\$16,520	5.9	\$11,832	5.5	\$13,222	3.0	\$11,470	4.8	\$12,287	34%

Source: District EMIS Staff Summary Reports, Staff Demographics Reports, and interviews

¹ The peer average is determined by dividing the total salary for each classification by the total number of FTEs.

² Staffing number are adjusted from EMIS based on actual hours and days worked.

³ Weathersfield LSD employs three classified clerical employees and three non-classified clerical employees.

As illustrated in **Table 3-11**, Weathersfield LSD's average classified salaries are the highest of the peers for each classification and over 30 percent higher than the peer average, which is primarily due to the District's salary step schedules. Consequently, these relatively high salaries are contributing to the financial burden currently placed on the District.

In order to persuade classified staff to join the Trumbull ESC Consortium for insurance plan benefits, Weathersfield LSD negotiated an altered step schedule for current classified employees effective July 1, 2003 (FY 2003-04). All employees are currently at step one of the new two-step schedule, which was the last step of the previous nine-step schedule. **Table 3-12** illustrates the current custodian, clerical, bus driver, and food service salary step schedules for Weathersfield LSD and the peers.

Table 3-12 Classified Two-Step Salary Comparison

Step	Weathersfield LSD		Columbiana EVSD ¹		Mechanicsburg EVSD ¹		Southington LSD ¹		Peer Average		Difference		
	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	% Diff.
Custodian Schedule													
0	\$14.99	N/A	\$11.79	N/A	\$10.75	N/A	\$12.57	N/A	\$11.70	N/A	\$3.29	N/A	28%
1	\$15.47	3.20%	\$12.24	3.82%	\$10.80	0.47%	\$12.73	1.30%	\$11.92	1.88%	\$3.55	8%	30%
Clerical Schedule													
0	\$12.88	N/A	\$11.79	N/A	\$12.82	N/A	\$11.88	N/A	\$12.16	N/A	\$0.72	N/A	6%
1	\$13.39	3.96%	\$12.24	3.82%	\$12.88	0.47%	\$12.04	1.35%	\$12.39	1.89%	\$1.00	39%	8%
Bus Driver Schedule													
0	\$16.71	N/A	\$14.48	N/A	\$13.47	N/A	\$12.73	N/A	\$13.56	N/A	\$3.15	N/A	23%
1	\$17.21	2.99%	\$14.93	3.11%	\$13.52	0.37%	\$12.86	1.03%	\$13.77	1.55%	\$3.44	9%	25%
Food Service Schedule													
0	\$12.33	N/A	\$11.38	N/A	\$10.40	N/A	\$11.09	N/A	\$10.95	N/A	\$1.38	N/A	13%
1	\$12.78	3.65%	\$11.83	3.95%	\$10.46	0.58%	\$11.22	1.18%	\$11.17	1.90%	\$1.61	17%	14%

Source: Weathersfield Memorandum of Understanding Between Weathersfield Local Board of Education and OAPSE Local #722, Peer Contract Salary Schedules FY 2002-03, and interviews

¹ The peer salary step schedules were modified to match similar step schedules of Weathersfield LSD by using the last two steps of their schedules for step 0 and 1, respectively.

As illustrated in **Table 3-12**, Weathersfield LSD’s salaries at both steps are the highest of the peers. In addition, the increase from step 0 to step 1 in each classification is significantly higher than Mechanicsburg EVSD and Southington LSD. Since all classified employees are currently at step 1 of this schedule, the District will not incur costs related to step increases after this year for these classifications. However, simultaneously moving classified staff to the last step schedule results in the District realizing a considerable one-time increase in salaries rather than dispersing these increases over the course of multiple years. This could make it more difficult for the District to remove itself from its current status of fiscal caution. Furthermore, the District’s previous nine-step schedules for classified staff were fairly high, thereby contributing to the higher average salaries in **Table 3-11**.

Table 3-13 compares Weathersfield LSD’s previous nine-step custodian schedule to the peers.

Table 3-13: Custodian Nine-Step Schedule

Step	Weathersfield LSD ¹		Columbiana EVSD ²		Mechanicsburg EVSD		Southington LSD		Peer Average		Difference		
	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	% Diff.
0	\$10.73	N/A	\$8.64	N/A	\$9.43	N/A	\$11.47	N/A	\$9.85	N/A	\$0.88	N/A	9%
1	\$11.32	5.50%	\$9.09	5.21%	\$9.68	2.65%	\$11.63	1.39%	\$10.13	2.84%	\$1.19	35%	12%
2	\$11.91	5.21%	\$9.54	4.95%	\$9.92	2.48%	\$11.77	1.20%	\$10.41	2.76%	\$1.50	26%	14%
3	\$12.51	5.04%	\$9.99	4.72%	\$10.17	2.52%	\$11.93	1.36%	\$10.70	2.79%	\$1.81	21%	17%
4	\$13.10	4.72%	\$10.44	4.50%	\$10.41	2.36%	\$12.12	1.59%	\$10.99	2.71%	\$2.11	17%	19%
5	\$13.69	4.50%	\$10.89	4.31%	\$10.66	2.40%	\$12.25	1.07%	\$11.27	2.55%	\$2.42	15%	21%
6	\$14.29	4.38%	\$11.34	4.13%	\$10.70	0.38%	\$12.41	1.31%	\$11.48	1.86%	\$2.81	16%	24%
7	\$14.88	4.13%	\$11.79	3.97%	\$10.75	0.47%	\$12.57	1.29%	\$11.70	1.92%	\$3.18	13%	27%
8	\$15.47	3.97%	\$12.24	3.82%	\$10.80	0.47%	\$12.73	1.27%	\$11.92	1.88%	\$3.55	12%	30%

Source: Weathersfield LSD, peer contract salary schedules, and interviews

¹ Weathersfield LSD's morning and evening custodian steps were averaged together for its employees, due to the peers not specifically classifying evening custodians.

² Although not defined in a formal step schedule, Columbiana EVSD stated that it provides staff with a \$0.45 increase each year as a step increase.

Table 3-13 show that Weathersfield LSD's starting salary is nine percent higher than the peer average. The District's percentage increases at each step are the highest of the peers, contributing to the salary at step 8 being 30 percent higher than the peer average. Moreover, Weathersfield LSD's salaries are the highest of the peers at each step, excluding steps 0 and 1.

Table 3-14 compares Weathersfield LSD's previous nine-step clerical schedule to the peers.

Table 3-14: Clerical Nine-Step Schedule

Step	Weathersfield LSD		Columbiana EVSD ¹		Mechanicsburg EVSD		Southington LSD		Peer Average		Difference		
	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	% Diff.
0	\$10.61	N/A	\$8.64	N/A	\$11.16	N/A	\$10.82	N/A	\$10.20	N/A	\$0.41	N/A	4%
1	\$10.96	3.30%	\$9.09	5.21%	\$11.47	2.78%	\$10.96	1.29%	\$10.51	3.04%	\$0.45	10%	4%
2	\$11.30	3.10%	\$9.54	4.95%	\$11.77	2.62%	\$11.11	1.37%	\$10.81	2.85%	\$0.49	9%	5%
3	\$11.65	3.10%	\$9.99	4.72%	\$12.08	2.63%	\$11.28	1.53%	\$11.11	2.78%	\$0.54	10%	5%
4	\$12.00	3.00%	\$10.44	4.50%	\$12.38	2.48%	\$11.43	1.33%	\$11.42	2.79%	\$0.58	7%	5%
5	\$12.35	2.92%	\$10.89	4.31%	\$12.69	2.50%	\$11.59	1.40%	\$11.72	2.63%	\$0.63	9%	5%
6	\$12.69	2.75%	\$11.34	4.13%	\$12.75	0.47%	\$11.75	1.38%	\$11.95	1.96%	\$0.74	17%	6%
7	\$13.04	2.76%	\$11.79	3.97%	\$12.82	0.55%	\$11.88	1.11%	\$12.16	1.76%	\$0.88	19%	7%
8	\$13.39	2.68%	\$12.24	3.82%	\$12.88	0.47%	\$12.04	1.35%	\$12.39	1.89%	\$1.00	14%	8%

Source: Weathersfield LSD, peer contract salary schedules, and interviews

¹ Although not defined in a formal step schedule, Columbiana EVSD stated that it provides staff with a \$0.45 increase each year as a step increase.

Table 3-14 illustrates that Weathersfield LSD’s salaries are higher than the peer average for every step. After step 1, the District’s salaries are higher than Columbiana EVSD and Southington LSD. Furthermore, the District’s percentage increases are higher at each step, as compared to Mechanicsburg EVSD and Southington LSD. Although Columbiana EVSD step increases are the highest of the peers, its salaries from step 0 to 7 are the lowest of the peers, and much lower than Weathersfield LSD.

Table 3-15 compares Weathersfield LSD’s nine-step bus driver schedule to the peers.

Table 3-15: Bus Driver Nine-Step Salary Schedule

Step	Weathersfield LSD		Columbiana EVSD ¹		Mechanicsburg EVSD		Southington LSD		Peer Average		Difference		
	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	% Diff.
0	\$11.67	N/A	\$11.33	N/A	\$12.21	N/A	\$11.72	N/A	\$11.75	N/A	-\$0.08	N/A	(1%)
1	\$12.36	5.91%	\$11.78	3.97%	\$12.44	1.88%	\$11.87	1.28%	\$12.03	2.36%	\$0.33	513%	3%
2	\$13.05	5.58%	\$12.23	3.82%	\$12.67	1.85%	\$12.02	1.26%	\$12.31	2.32%	\$0.74	124%	6%
3	\$13.75	5.36%	\$12.68	3.68%	\$12.91	1.89%	\$12.16	1.16%	\$12.58	2.25%	\$1.17	58%	9%
4	\$14.44	5.02%	\$13.13	3.55%	\$13.14	1.78%	\$12.32	1.32%	\$12.86	2.20%	\$1.58	35%	12%
5	\$15.13	4.78%	\$13.58	3.43%	\$13.37	1.75%	\$12.44	0.97%	\$13.13	2.05%	\$2.00	27%	13%
6	\$15.82	4.56%	\$14.03	3.31%	\$13.42	0.37%	\$12.58	1.13%	\$13.34	1.61%	\$2.48	24%	19%
7	\$16.52	4.42%	\$14.48	3.21%	\$13.47	0.37%	\$12.73	1.19%	\$13.56	1.60%	\$2.96	19%	22%
8	\$17.21	4.18%	\$14.93	3.11%	\$13.52	0.37%	\$12.86	1.02%	\$13.77	1.50%	\$3.44	16%	25%

Source: Weathersfield LSD, peer contract salary schedules, and interviews

¹ Although not defined in a formal step schedule, Columbiana EVSD stated that it provides staff with a \$0.45 increase each year as a step increase.

While **Table 3-15** shows that Weathersfield LSD’s starting salary is similar to the peer average, the high percentage increases at each step cause the step 8 salary to be 25 percent higher than the peer average. Moreover, the District has the highest salary at each step, excluding steps 0 and 1.

Table 3-16 compares Weathersfield LSD’s nine-step food service schedule to the peers.

Table 3-16: Food Service Nine-Step Salary Schedule

Step	Weathersfield LSD		Columbiana EVSD ¹		Mechanicsburg EVSD		Southington LSD		Peer Average		Difference		
	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	Salary	% Chg	% Diff.
0	\$8.49	N/A	\$8.23	N/A	\$8.89	N/A	\$10.26	N/A	\$9.12	N/A	-\$0.63	N/A	(7%)
1	\$9.02	6.24%	\$8.68	5.47%	\$9.16	3.10%	\$10.37	1.07%	\$9.40	3.07%	-\$0.38	40%	(4%)
2	\$9.56	5.99%	\$9.13	5.18%	\$9.44	3.06%	\$10.49	1.16%	\$9.69	3.09%	-\$0.13	66%	(1%)
3	\$10.10	5.65%	\$9.58	4.93%	\$9.73	3.02%	\$10.61	1.14%	\$9.97	2.89%	\$0.13	200%	1%
4	\$10.64	5.35%	\$10.03	4.70%	\$10.00	2.78%	\$10.73	1.13%	\$10.25	2.81%	\$0.39	200%	4%
5	\$11.17	4.98%	\$10.48	4.49%	\$10.28	2.80%	\$10.84	1.03%	\$10.53	2.73%	\$0.64	64%	6%
6	\$11.71	4.83%	\$10.93	4.29%	\$10.34	0.58%	\$10.96	1.12%	\$10.74	2.00%	\$0.97	52%	9%
7	\$12.25	4.61%	\$11.38	4.12%	\$10.40	0.58%	\$11.09	1.19%	\$10.95	1.96%	\$1.30	34%	12%
8	\$12.79	4.41%	\$11.83	3.95%	\$10.46	0.58%	\$11.22	1.17%	\$11.17	2.00%	\$1.62	25%	15%

Source: Weathersfield LSD, peer contract salary schedules, and interviews

¹ Although not defined in a formal step schedule, Columbiana EVSD stated that it provides staff with a \$0.45 increase each year as a step increase.

As indicated in **Table 3-16**, Weathersfield LSD’s salaries from step 2 to 8 are higher than Columbiana EVSD and Mechanicsburg EVSD. Due to the relatively high percentage increases in steps, the District’s salaries are higher than each peer from step 5 to step 8. At step 8, the District’s salary is 15 percent higher than the peer average.

In short, the District provides relatively high salaries for its custodian, clerical, bus driver and food service staff, which is attributable to its step schedules. Therefore, the District should consider instituting a step schedule similar to the peers for new hires. Doing so would ensure new employees are hired at an appropriate salary level and would receive fair step increases that are comparable to peers, while also helping the District to achieve and maintain financial solvency in future years. Since the District has already negotiated the two-step schedule for current employees, it should consider limiting COLA increases in the forecasted period to bring salaries to levels more comparable to peer districts and to aid in improving its current financial condition (see the **financial systems** section for a discussion on COLAs).

Financial Implications Summary

The following tables represent a summary of the annual cost savings for the recommendations in the section of the report, and are grouped according to those recommendations not subject to negotiations and those that are subject to negotiations. Only recommendations with quantifiable financial implications are listed.

Summary of Financial Implications Not Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.2 Reduce Regular Education Staffing by 6.0 FTEs	\$309,100
Totals	\$309,100

Summary of Financial Implications Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.4 Require full-time employee contribution equal to 10 percent of the monthly premium cost	\$81,000
Totals	\$81,000

Facilities

Background

The facilities section focuses on custodial and maintenance operations in the Weathersfield Local School District (Weathersfield LSD). The objectives of this section are to analyze the building operations of Weathersfield LSD and develop recommendations for improvements in efficiency and possible reductions in expenditures.

Organizational Structure and Function

Weathersfield LSD operates 3 schools: one elementary school (grades K-4) built in 1959 with a new addition added in 2002; one middle school (grades 5-8) built in three phases in years 1926, 1938, and 1959; and one high school (grades 9-12) built in 1976. These facilities are maintained by the custodial department, whose functions are overseen by the custodial supervisor.

Three custodians are assigned to each building and are responsible for opening, closing and cleaning the buildings. During the school year, custodians maintain common areas, perform minor maintenance, and perform other duties as assigned. The custodians spend 15 percent of their time addressing maintenance needs, and 85 percent addressing custodial needs for the District. In addition, the District hired a custodian to maintain the stadium and grounds and to complete minor maintenance projects as assigned throughout the year. The outside custodian devotes the same percentage of time to maintenance and custodial functions for the stadium and grounds as inside custodians during the spring, summer and fall months. However, during the winter months (December- March), the outside custodian spends 95 percent of his time addressing maintenance issues and 5 percent addressing custodial issues. All custodial staff helps remove snow and ice from the walkways during the winter months. Based on this break out and the total number of hours worked in a year, the outside custodian spends approximately 40 percent of his time performing maintenance activities throughout the course of a full year. The separation of duties has been accounted for in all the staffing calculations in this section. **Table 4-1** illustrates the custodial department staffing levels.

Table 4-1: Number of Positions and Full-Time Equivalents for FY 2002-03

Classification	Total Number of Positions	Number of Full-Time Equivalents
Custodial Supervisor	1.0	0.95 ¹
Custodians	9.0	7.65
Outside Custodian	1.0	0.60
Total Custodial	11.0	9.20
Maintenance Workers ²	0.0	1.75
Total Maintenance	0.0	1.75
Total	11.0	10.95

Source: Weathersfield LSD's Treasurer's Office

¹ The custodial supervisor spends 95 percent of his time overseeing facilities operations and 5 percent of his time over seeing transportation operations.

² Accounts for custodians spending 15 percent of their time performing maintenance and the outside custodian spending an estimated 40 percent of his time performing maintenance the entire year.

The use of contracted services is impacted by a collective bargaining agreement, which states that the District shall not use contractors to perform work normally and historically performed by the bargaining unit, unless agreed to by the bargaining unit. As such, the use of contracted services is restricted to weed control, preventative maintenance, and major maintenance repairs not completed by in-house staff.

Key Statistics

Key statistics related to the maintenance and operations of Weathersfield LSD are presented in **Table 4-2**. In addition, results from the 32nd Annual American Schools & University (AS&U) Maintenance & Operations Cost Study, which was released in April 2003, are included in **Table 4-2** and throughout this section of the report. The AS&U conducted a detailed survey of chief business officials at public school districts across the nation to gather information regarding staffing levels, expenditures, and salaries for maintenance and custodial workers. This year's report provides the median and mean number for each category on a national level and by district enrollment.

According to the 32nd Annual AS&U study, "The economy has taken its toll on school district budgets, and it has been especially hard on maintenance and operations (M&O) funding. One of the first areas targeted for cuts is M&O, even as deferred maintenance and the effects of inadequate upkeep, such as mold and indoor environmental quality, continue to plague more and more institutions."

Table 4-2: Key Statistics and Indicators

Number of School Buildings	3
- Elementary Schools	1
- Middle School	1
- High School	1
Total Square Feet Maintained	211,501 ¹
- Elementary School	54,272
- Middle School	66,845
- High School	90,384
- Stadium	10,000
Square Feet Per FTE Custodial Staff Member (7.65)²	27,647
- Elementary School (2.55)	21,283
- Junior High School (2.55)	26,214
- Senior High School (2.55)	35,445
- Outside (1.0 FTE)	-
AS&U 32nd Annual Cost Survey 1,000 – 3,499 Students (Custodial)	24,900
AS&U 32nd Annual Cost Survey National Median (Custodial)	24,167
Peer District Average (Custodial)³	25,366
Square Feet Per FTE Maintenance Staff Member (1.75)⁴	120,858
AS&U 32nd Annual Cost Survey 1,000 – 3,499 Students (Maintenance)	116,660
AS&U 32nd Annual Cost Survey National Median (Maintenance)	95,120
Peer District Average (Maintenance)⁵	50,861
FY 2002-03 Maintenance and Operations Expenditures Per Square Foot	\$4.80
• Custodial and Maintenance	\$2.43
• Utilities	\$1.32
• Other	\$1.05
Peer District Average Expenditures Per Square Foot	\$3.96

Source: Weathersfield LSD, AS&U 32nd Annual Cost Survey

¹ Total square footage only includes the footage maintained by the custodial staff and excludes the stadium.

² Total does not include the outside custodian, who is responsible for the grounds and the stadium, and the custodial supervisor (0.9), who primarily supervises staff and does custodial duties as needed.

³ Includes 4.0 contracted custodian FTEs for Mechanicsburg EVSD.

⁴ Total does include the outside custodian (0.4 FTE).

⁵ Excludes Columbiana EVSD because the district could not estimate percentage of time custodians spend performing similar maintenance activities as Weathersfield LSD.

Financial Data

Table 4-3 illustrates the General Fund expenditures incurred to maintain and operate Weathersfield LSD's facilities for FYs 2001-02 and 2002-03, and the budget for FY 2003-04.

Table 4-3: Maintenance and Operations Expenditures

Descriptions	FY 2001-02	FY 2002-03	% Change	FY 2003-04 Budget	% Change
Salaries & Wages	331,484	381,304	15.0%	371,313	(2.6 %)
Retirement & Insurance	133,939	156,217	16.6%	154,623	(1.0 %)
Purchased Services	275,237	164,003	(40.4 %)	107,539	(34.4 %)
Utilities	255,988	291,460	13.9%	322,755	10.7%
Supplies & Materials	68,929	52,285	(24.1 %)	59,907	14.6%
Capital Outlay	11,564	15,065	30.3%	28,975	92.3%
Other	49	49	0.0%	49	0.0%
Total	1,077,190	1,060,383	(1.6 %)	1,045,161	(1.4 %)

Source: Weathersfield LSD Treasurer's Office

Explanations for the significant variances in **Table 4-3** are as follows:

- Salary and Wages:* The increase in FY 2002-03 is primarily attributed to the hiring of a custodian to maintain the stadium and grounds, and perform maintenance activities. The District is projecting a decrease for FY 2003-04 based on its commitment to reducing overtime and substitute usage. The District has instituted policies that restrict the use of overtime and require management to more closely monitor overtime.
- Retirement and Insurance:* The increase in FY 2002-03 is due to hiring 1.0 FTE outside custodian and a 40 percent increase in health insurance costs in calendar year 2002, with half of the increase reflected in FY 2002-03. The District is projecting a one percent increase in health care costs for FY 2003-04 because the Trumbull County Schools Insurance Consortium agreed to use its reserves to cover the additional nine percent increase in premiums for FY 2003-04 (see the **financial systems** section for further discussion of health care projections). The slight decrease for FY 2003-04 is due to the District's efforts to reduce the use of overtime, which will effect retirement and worker's compensation contributions.
- Purchased Services:* Weathersfield LSD hired an outside custodian to maintain the stadium and grounds and make repairs, which reduced its contracted services expenditures for repairs in FY 2002-03. The District is projecting an additional 34 percent decrease during FY 2003-04 by reducing weed control expenses and repairs to several school buildings. In previous fiscal years, the District contracted for weed control services for its three buildings four times a year, but this will be reduced to once a year beginning in FY 2003-04. The District is anticipating a reduction in repairs to the elementary school because most of the items needing repair were fixed or replaced during construction of the new addition. The District is also projecting fewer repairs to the high school, due to new HVAC units being added.

- *Utilities:* The increase in FY 2002-03 is a result of the new addition to Seaborn elementary school, which will result in increased utility usage for the building compared to previous years. The district is projecting an increase in FY 2004 due to potential utility rate increases.
- *Supplies and Materials:* By centralizing the storage of all cleaning and other products, the District found excess supplies, reducing its need for supplies in FY 2002-03. However, an increase is projected in FY 2003-04 because the District will need to purchase cleaning supplies that were depleted in FY 2002-2003.
- *Capital Outlay:* The District purchased a new dump truck in FY 2002-03, which is used for garbage removal. Since the majority of the District's installment payments for this truck will occur in FY 2003-04, Weathersfield has budgeted a 92.3 percent increase for this year.

Revenue from the General Fund is used to support the maintenance and operations of Weathersfield LSD facilities. As shown in **Table 4-3**, in FY 2002-2003, the General Fund provided approximately \$1.0 million for building operations and expenses, including staff salaries and benefits, supplies and materials, purchases services, utilities and capital outlay. **Table 4-4** compares Weathersfield LSD's FY 2002-03 General Fund custodial and maintenance related expenditures per square foot to the peers.

Table 4-4: FY 2002-03 General Fund Expenditures per Square Foot

Line Items	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer Average	AS&U Mean	1,000- 3,499 Students
Salaries & Benefits	\$2.43	\$1.39	\$1.45	\$2.52	\$1.78	\$2.33	\$1.97
Purchased Services	\$0.74	\$0.27	\$1.31	\$0.27	\$0.62	\$0.17	\$0.23
Utilities	\$1.32	\$1.32	\$1.46	\$1.08	\$1.29	\$1.43	\$1.23
Supplies & Materials	\$0.24	\$0.12	\$0.31	\$0.25	\$0.23	\$0.46	\$0.43
Capital Outlay	\$0.07	\$0.00	\$0.13	\$0.00	\$0.04	N/A	N/A
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.09	\$0.07
Total	\$4.80	\$3.10	\$4.65	\$4.12	\$3.96	\$4.48	\$3.93

Source: Weathersfield LSD Treasurer's Office; peer districts

As seen in **Table 4-4**, Weathersfield LSD's overall cost per square foot is 21 percent higher than the peer average, 7 percent higher than the AS&U national mean, and 22 percent higher than the AS&U mean for districts with a comparable student population. These differences are driven by the District having higher spending per square foot in salaries and benefits (see **R4.6**), purchased services, which is primarily attributed to building insurance (see **R4.6**), and utilities (see **R4.2** and **R4.6**). Furthermore, Mechanicsburg EVSD's contracts for custodial services, contributing to its higher purchased service expenditures per square foot.

In addition to the analyses presented in this report, assessments were conducted on other areas within the facilities section which did not warrant changes and did not yield any recommendations. These areas include the following:

- *Supplies and materials expenditures:* The District purchases custodial supplies in bulk through a purchasing cooperative whenever possible and its expenditure per square foot is similar the peer average and 47 percent below AS&U mean. Nonetheless, closing the middle school would further reduce supplies and materials expenditures (see **R4.6**).
- *Overtime usage:* The District has implemented methods to reduce its overtime usage from 13 percent of salaries in FY 2002 to 7 percent in FY 2003. This was achieved through hiring an outside custodian and monitoring and restricting overtime usage on a regular basis by the supervisor.
- *Preventive maintenance:* Best practices in preventative maintenance reported by the U.S. Department of Energy in its report *The National Best Practices Manual for High Performing Schools* (August 2002), recommends that a district develop preventative maintenance plans for the building's HVAC, and electrical systems. The District has established sufficient preventative maintenance contracts for its HVAC systems, roofing, and electrical systems.
- *Vacant and leased buildings:* Weathersfield LSD does not own any vacant or leased buildings.

General Recommendations

Custodial and Maintenance Operations

R4.1 Weathersfield LSD should formalize custodial and maintenance procedures to help increase efficiency and productivity, and ensure that tasks are being completed in a timely manner. These procedures should specify the supplies to be used for each job duty, the frequency of job tasks, and the appropriate procedures. In addition to standardizing procedures, Weathersfield LSD should provide training on the procedures, and should periodically review custodial performance to ensure that all custodians are cleaning sufficiently and consistently. The District should also budget funds annually to ensure that the custodial staff receives training on products, equipment and cleaning methods on an annual basis, especially if the District obtains new equipment or establishes new procedures. Standardizing procedures and supplies and providing training will increase efficiency in custodial operations and ensure that all District facilities are sufficiently and consistently cleaned. Furthermore, standardization increases productivity and can help contain overtime costs for the District in the future.

Custodians in each building report to a custodial supervisor. The custodial supervisor provides direct supervision, scheduling and task assignment for building custodial staff. However, a standard operating and procedure manual for custodial operations has not been developed for facility operations, and staff are not provided formal training to cover cleaning or maintenance techniques or proper use of equipment. As a result, various cleaning techniques are used throughout the District, increasing the risk of not having all areas cleaned in the most efficient or effective manner.

The Association of School Business Officials International published the *Custodial Methods and Procedures Manual* (2000), to serve as a guideline for developing policies and procedures for custodial and maintenance personnel. This manual outlines staffing standards, daily duties and tasks, job descriptions, job schedules, evaluations, and cleaning procedures and methods for various job tasks. This manual can be used by districts as a basis for developing a standard procedure and policy manual. Furthermore, the International Sanitary Supply Association (ISSA) has developed a training program manual designed to help train custodians, which can be implemented at most educational facilities. The program details the correct cleaning methods as well as the proper use of custodial equipment. This manual details procedures, guidelines and suggestions on the following:

- Floor finish application;
- Auto scrubbing;

- Carpet care and maintenance;
- Damp/wet mopping;
- Proper dilution methods;
- Dust mopping;
- Oscillating and multiple brush floor machines;
- Rotary floor machines;
- Scrubbing/stripping;
- Spray buffing/high speed burnishing;
- Wall washing;
- Washroom cleaning;
- Wet/dry vacuums; and
- Window cleaning.

The implementation of a formal custodial procedure manual and training program will standardize cleaning and other custodial functions, which will reduce the time spent on custodial functions. Furthermore, formal procedures and training will aid the District in developing cleaning schedules, and standardizing procedures among custodians, allowing them to become familiar with all equipment, cleaning supplies and appropriate cleaning procedures. Likewise, standardization helps custodial staff increase efficiency.

Financial Implication: The cost of this manual is \$60 for non-members and \$45 for members. In addition, ISSA has several other training programs for custodial staff. This manual may provide information to the District so it can develop its own in-house custodial training program aimed at increasing efficiency and improving effectiveness. Additional costs of providing training to custodial employees include time to complete the training. These costs would need to be determined by the District depending on how it decides to conduct the in-house training.

R4.2 Weathersfield LSD should maximize the use of its computerized energy management system in its high school building. By maximizing the computerized management system, Weathersfield LSD could reduce facility expenditures by regulating temperatures, activating or deactivating blowers, and monitoring heating, ventilation and air conditioning functions. Furthermore, Weathersfield LSD should begin implementing the following measures in all its buildings:

- **Increasing cooling temperatures throughout the District to 78 degrees and maintaining heating temperatures at 68 degrees;**
- **Turning off computers and office equipment or programming them to power down when not in use;**

- **Monitoring manual changes to ensure they are not excessive; and**
- **Developing policies governing the temperature settings for the buildings.**

In an effort to operate facilities in an energy efficient manner, Weathersfield LSD obtained a grant from First Energy to do the following:

- Renovate heating systems;
- Install new HVAC systems;
- Install new energy efficient boilers; and
- Implement a computerized energy management system.

The computerized energy management system regulates heating and cooling functions in the high school building. This system maintains the high school building temperatures between 65 and 70 degrees, depending on the area in use. Furthermore, access to the system is limited to the custodial supervisor. However, the District did not obtain enough grant funding to implement similar systems in its middle school (see **R4.6** for middle school discussion) or elementary school. Instead, temperature systems in these buildings are accessible by any staff member, and are typically set at between 65 and 70 degrees. Furthermore, the District does not have a policy governing temperature settings for the District.

The *Facilities Management Handbook*, published by the American Management Association in 1998, estimates that adjusting thermostat settings to 78 degrees for cooling and 68 degrees for heating could reduce costs by approximately 16 percent if there were no energy management efforts in place. Additionally, the Association of School Business Officials International's *School District Energy Manual* (1998) supports adjusting thermostats for energy conservation. It also notes that districts should consider setting different temperatures for kindergarten and special needs rooms. Therefore, if Weathersfield LSD changes the thermostat settings to reflect the facility management guidelines, it could reduce utility expenditures and allow the allocation of more funds to debt reduction as well as building maintenance and repairs.

Financial Implication: Adjusting thermostat settings to those recommended in the *Facilities Management Handbook* could save Weathersfield LSD approximately 16 percent of its utility expenditures. Based on the total utility expenditures at the elementary and high schools of approximately \$112,000 in FY 2002-03, Weathersfield LSD could save approximately \$18,000 annually. Additional savings in utility costs would be realized by closing the middle school (see **R4.6**).

Long Range Planning and Facilities Use

- R4.3 Weathersfield LSD should develop a formal facilities master plan to document its long term facilities needs and requirements. The master plan should include a 10-year enrollment history; enrollment projections and the methodology used for their calculation; building capacity calculations and the methodology; a list of the cost estimates for needed capital improvements; and a description of the District's educational plan.**

Weathersfield LSD does not have a formal facilities master plan. Prior to developing a master plan, facilities managers typically compile basic information such as enrollment history, enrollment projections, and building capacity data. However, enrollment projections are not done on a consistent basis (see **R4.4**), and building capacity and utilization calculations have not been completed by the District.

According to American School and University's *The Visionary Master Plan* (August 2003), a well-conceived master plan is essential for establishing short- and long-term goals for a school district's facilities, establishing priorities, setting a framework for decisions, and specifying funding parameters so that building development is advanced in a thoughtful, comprehensive and cohesive manner. The plan should also incorporate changes in teaching methodologies, student population, and regulatory influences, and should be revisited and updated every five years. This is a process being completed by several school districts, including Mechanicsburg EVSD. According to the maintenance supervisor, Mechanicsburg EVSD's Master Plan has allowed the District to establish priorities for spending its grant funding for facilities construction and repair, and to target areas needing immediate attention.

- R4.4 Weathersfield LSD should adopt, implement and use a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they should be done annually. Weathersfield LSD can use the enrollment projections to help project future state funding allocations, to complete financial forecasts, to determine the appropriate number of teachers to hire, and to evaluate building usage and capacity.**

In 2001, DeJong & Associates, Inc. developed Weathersfield LSD's most recent enrollment projection as part of the Ohio School Facilities Commission (OSFC) 2001 Facilities Assessment Report. The projections were developed analyzing live birth data, historical enrollment and housing information. **Table 4-5** presents DeJong & Associates' 10-year enrollment projection.

Table 4-5: Weathersfield LSD Enrollment Projection

School Year	Projected Enrollment	Percentage Change From Previous Year
2001-2002	1,119	N/A
2002-2003	1,136	1.52%
2003-2004	1,150	1.23%
2004-2005	1,152	0.17%
2005-2006	1,147	-0.43%
2006-2007	1,179	2.79%
2007-2008	1,198	1.61%
2008-2009	1,192	-0.50%
2009-2010	1,203	0.92%
2010-2011	1,202	-0.08%

Source: OSFC, 2001 Facilities Assessment

According to the DeJong & Associates' projection, the Weathersfield LSD student enrollment is expected to increase by 7 percent from 2001-02 to 2010-11, with a slight peak in enrollment for the 2006-07 school year. However, these enrollment projections did not account for the new housing construction projects occurring after 2001 in the City of Mineral Ridge, which could possibly increase enrollment. Furthermore, projections were not in line with actual enrollment for FY 2001-02 and FY 2002-03. **Table 4-6** compares Weathersfield LSD's actual head count for the last two years to the enrollment projections developed by DeJong & Associates, Inc.

Table 4-6: Actual Student Head Count vs. Projected Enrollment

School Year	Actual Student Head Count	Number of Projected Students	Difference Between Actual and Projected Figures
2001-02	1,027	1,119	(92)
2002-03	1,076	1,136	(60)

Source: OSFC, 2001 Facilities Assessment Report, Enrollment Projections and Historical Enrollment, and Ohio Department of Education Enrollment History (2001-02, 2002-03)

Table 4-6 indicates that the enrollment projections were higher than actual enrollment. Therefore, the enrollment projections in **Table 4-5** may be overstated. Conducting enrollment projections on an annual basis will allow Weathersfield LSD to make appropriate adjustments for student needs. In addition, periodically conducting enrollment projections will provide important information for use in developing its facilities master plan.

Capacity Utilization and Custodial Staffing

R4.5 Building capacity and utilization should be reviewed periodically and updated at least once every five years, or when a change in building structure or educational philosophy occurs. This should occur in conjunction with enrollment projections (see R4.4) to determine the appropriate number of school buildings and classrooms needed to house the projected student populations. Enrollment projections, building capacity and the facilities master plan are all essential in future planning for the District and optimal use of space.

Enrollment and building capacity are key components when planning for future facility needs. **Table 4-7** illustrates Weathersfield LSD's enrollment history.

Table 4-7: Weathersfield LSD Historical Enrollment

School Year	Enrollment	Percentage Change From Previous Year
1992-1993	1,150	N/A
1993-1994	1,144	-0.52%
1994-1995	1,174	2.62%
1995-1996	1,132	-3.58%
1996-1997	1,105	-2.39%
1997-1998	1,059	-4.16%
1998-1999	1,061	0.19%
1999-2000	1,091	2.83%
2000-2001	1,104	1.19%
2001-02	1,027	-7.0%
2002-03	1,076	4.8%

Source: Ohio School Facilities Commission (OSFC), 2001 Facilities Assessment Report, Enrollment Projections

As seen in **Table 4-7**, the District's enrollment slightly fluctuated from year to year, with enrollment declining from 1992-93 to 2002-03. While building capacity is a key component when planning for future facility needs, Weathersfield LSD has not established student capacities for any of its school buildings. The Auditor of State (AOS) calculated the buildings' capacities using a standard methodology often employed by educational planners.

The capacity for the elementary school building is calculated by multiplying the number of regular classrooms by 25 students, kindergarten rooms by 25 students and special education rooms by 10 students to arrive at the total capacity for the building. Classrooms used for gym, music, art, library and computer labs are set-aside and excluded from the number of rooms used in the calculation. The capacity in the junior and senior high schools is calculated by multiplying the total number of teaching stations

(regular and special education) by 25 students and then multiplying the product by an 85 percent utilization factor. **Table 4-8** compares the current school building's student capacity to the FY 2002-03 student head count to determine the building utilization rate.

Table 4-8: FY 2002-03 Building Capacity and Utilization Rate

Building	Grade Level	Building Capacity	2003 Head Count	Over/(Under) Capacity	Building Utilization Rate
Seaborn Elementary	Kindergarten -Four	600	388	(212)	65%
Mineral Ridge Middle School	Fifth-Eighth	553	341	(212)	62%
Mineral Ridge High School	Ninth- Twelve	616	347	(269)	56%
Total For All Buildings	N/A	1,768	1,076	(693)	61%

Source: Weathersfield building plans, Ohio Department of Education Enrollment History (2001-02, 2002-03)

As seen in **Table 4-8**, Weathersfield LSD currently has a utilization rate of 61 percent, which is 24 percentage points below the target utilization rate of 85 percent typically used by planners. Based upon the utilization rates, each school has enough space to accommodate additional students.

R4.6 Weathersfield LSD should consider closing the middle school and restructuring the elementary school to include fifth and sixth graders and the high school to include seventh and eighth graders. By implementing the closure and restructuring the elementary and high school, the District would improve its building utilization. Furthermore, Weathersfield LSD should reduce 2.0 FTE (1.7 custodian FTEs and 0.3 maintenance FTEs) positions at Mineral Ridge, reassign a custodian to the high school, and reduce the principal position and administrative support positions (clerical aide, and library aide). The District should also consider the following:

- **Consolidating maintenance activities within one full-time position to ensure that maintenance duties are effectively and consistently performed and potentially minimize purchased service costs related to contracted maintenance services. This would also allow the remaining positions to spend close to all of their time as custodians.**
- **Obtaining quotes from additional insurance companies to determine if insurance could be obtained at a lower rate.**

As indicated in **Table 4-8**, the District has a capacity utilization rate of 61 percent. This utilization rate can be improved if the District closes the middle school, and moves the fifth and sixth graders (178 students) to the elementary school and seventh and eighth

graders (163 students) to the high school building. **Table 4-9** illustrates the new utilization rate and building capacity after the middle school closure.

Table 4-9: FY 2003 Adjusted Capacity and Utilization

Grades	Seaborn Elementary	Mineral Ridge High School	Total
Pre-school	4	-	4
Kindergarten	66	-	66
First	71	-	71
Second	65	-	65
Third	90	-	90
Fourth	92	-	92
Fifth	98	-	98
Sixth	80	-	80
Seventh	-	84	84
Eighth	-	79	79
Ninth	-	71	71
Tenth	-	96	96
Eleventh	-	105	105
Twelfth	-	75	75
Adjusted Head Count	566	510	1076
Building Capacity	600	616	1216
Over/(Under) Utilization	(34)	(106)	(140)
Adjusted Building Utilization Rate	94%	83%	88%
Utilization Rate Before Changes	65%	56%	61%

Source: Weathersfield building plans, and Ohio Department of Education Enrollment History (2001-02 & 2002-03)

Table 4-9 shows that the new utilization rate would be 88 percent, which is slightly above the planning standard of 85 percent. While the utilization rate in the elementary school increases to 94 percent, the District has experienced a decline in enrollment from 1993 to 2003 (see **Table 4-7**). Moreover, monitoring and controlling open enrollment would ensure optimal use of buildings and minimize the potential of over-crowding (see the **financial systems** section for open enrollment).

By restructuring the elementary and high schools, the District could reduce custodian, clerical, library aide, food service, and principal positions at the middle school, and eliminate operating expenditures including utility and supplies. **Table 4-10** illustrates the custodial assignments and square footage maintained if 2.0 FTEs (1.7 custodian FTEs and 0.3 maintenance FTEs) were reduced from the middle school, and one position was transferred to the high school.

Table 4-10 Custodial Staff Reduction and Reassignment

Building	Current FTE and Square Footage			Recommended FTE and Square Footage		
	FTE	Square Footage	Square Footage Per FTE	FTE Adjustment	Square Footage	Adjusted Square Footage Per FTE
Seaborn Elementary	2.55	54,272	21,283	2.55	54,272	21,283
Mineral Ridge Middle School	2.55	66,845	26,214	0	0	0
Mineral Ridge High School	2.55	90,384	35,445	3.40	90,384	26,584
Total¹	7.65	211,501	27,647	5.95	144,656	24,312

Source: Weathersfield LSD

¹Total does not include the outside custodian or custodial supervisor.

Table 4-10 illustrates that the recommended custodial assignments to each building would result in a more equitable distribution of staffing than current assignments. Although the total square footage per custodian decreases to 24,312 and is below the peer average (25,366), it is in-line with AS&U standards. Furthermore, eliminating these two positions would result in a reduction of the 0.3 FTE allocated to maintenance activities, thereby decreasing the square footage per maintenance FTE to 99,763. While this is less than the AS&U benchmark for 1,000 to 3,499 students (116,660), it is higher than the AS&U national median (95,120) and significantly higher than the peer average (55,361).

Rather than having each regular custodian perform maintenance tasks, Mechanicsburg (2.0 FTEs) and Southington (1.4 FTEs) have consolidated their maintenance functions within two positions. Furthermore, both districts perform minor and routine maintenance activities, such making plumbing repairs to sinks and changing circuit breakers, with their internal staff, while contracting for major repairs, similar to Weathersfield LSD. Therefore, Weathersfield LSD could consider consolidating maintenance functions within one full-time position and continue to use the outside custodian to perform appropriate maintenance duties (0.4 maintenance FTE). Although the number of FTEs devoted to maintenance after the building closure would be maintained (1.45 FTEs), this could ensure that maintenance duties are effectively and consistently performed.

Consolidation could be effectively implemented either by hiring a fully qualified and trained maintenance employee or assigning a current employee to perform maintenance duties and providing appropriate training, as needed. If the District hires a new maintenance employee instead of using an existing employee to consolidate maintenance functions, it should reduce a current position. The hiring of a maintenance employee would allow the custodians to perform custodial functions 100 percent of the time, thus operating with 6.0 full-time custodian positions.

In FY 2003, the District spent \$33,000 on its building insurance which was nearly a 50 percent increase from FY 2002. According to the treasurer, the increased insurance cost to the District was due to universal increases in insurance. However, Weathersfield LSD's insurance costs are 16 cents per square foot, compared to 9 cents at Columbiana, 11 cents at Mechanicsburg, and 15 cents at Southington. Although these variances may be due to differences in other factors, such as the distance from a fire department, obtaining quotes from additional insurance companies may allow the District to obtain appropriate coverage at a lower cost.

Financial Implication: Based on the closure of Mineral Ridge Middle School, the District could save \$382,700. This savings consists of salary and benefit costs of \$238,900 by reducing support personnel (principal, library aide, and clerical aide) and custodians; and \$82,600 in utility costs, \$20,000 in supply costs, and \$41,200 in purchased services costs. Additional savings for reducing food service staff would be realized in the food service fund. In addition, some savings will be partially offset due to potential one-time moving and renovation costs for the elementary and high schools in order to adequately accommodate the additional students and administrative staff. However, these costs are not readily quantifiable.

Financial Implications Summary

The following table represents a summary of estimated costs and annual savings. For the purpose of this table, only recommendations with quantifiable impacts are listed.

Summary of Financial Implications for Facilities

Recommendation	One time Implementation Cost	Annual Cost Savings
R4.1 Obtain the procedures manual	\$60	
R4.2 Implement Energy conservation measures		\$18,000
R4.6 Close the Mineral Ridge Middle school		\$382,700
Total	\$60	\$400,700

This page intentionally left blank.

Transportation

Background

Weathersfield Local School District (Weathersfield LSD) provided transportation to 1,012 regular needs students in FY 2002-03 using District owned buses and established payment-in-lieu of transportation agreements for 6 students. The Board of Education (Board) adopted a formal transportation policy that states the District will provide transportation to any student, grades kindergarten through eight (K-8), who live more than two miles from school, and to disabled students for a lesser distance, if the disability requires transportation. The transportation for grades nine through twelve (9-12) is optional. Therefore, the District's transportation policy mirrors Ohio Revised Code (ORC) 3327.01.

ORC § 3327.01 permits the Board to create exceptions to its transportation policy when required. An example includes those instances when walking conditions to a school are extremely hazardous relative to the age of the child. According to the transportation supervisor, the Board addressed concerns of the community and determined that all students should be transported. Open enrollment students must be present at an existing District bus stop to receive bus transportation to a Weathersfield LSD school.

Table 5-1 identifies the total riders transported by Weathersfield LSD and the peer districts that will be used for comparison purposes in this performance audit.

Table 5-1: FY 2002-03 Total Regular and Special Needs Riders

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer Average
Public	1,006	651	549	682	627
Non-Public	6	5	4	10	6
Community School	0	0	0	0	0
Payment-in-Lieu Riders	6	0	6	26	11
Total Regular Needs Riders	1,018	656	559	718	644
Total Special Needs Riders	10	12	33	7	17
Total Riders	1,028	668	592	725	661

Source: Weathersfield LSD and peer district's T-1 and T-11 forms

Organizational Structure and Function

Weathersfield LSD employs a transportation supervisor who oversees general transportation department operations. The transportation supervisor spends approximately 5 percent of his time managing the operations, which includes supervisory responsibilities for the mechanic, bus drivers and bus aides. The remaining 95 percent of his time is dedicated to maintenance and custodial supervisory duties (see the **facilities** section). Weathersfield LSD also employs a district coordinator to perform other functions for the transportation department, including calling substitutes, scheduling field trips, and handling time sheets.

Table 5-2 compares Weathersfield LSD's transportation department staffing levels to the peer districts.

Table 5-2: FY 2002-03 Transportation Department Staffing Levels

Staffing	Weathersfield LSD		Columbiana EVSD		Mechanicsburg EVSD		Southington LSD		Peer Average	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Supervisor/Assistant	1.0	0.1 ¹	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Coordinator / Dispatcher	1.0	1.0	1.0	0.3	1.0	1.0	0.0	0.0	0.7	0.4
Bus Driver	8.0	4.0	8.0	3.9	10.0	6.0	6.0	3.0	8.0	4.3
Mechanic/Assistant	1.0	1.0	1.0	0.3	0.0	0.0	1.0	0.6	0.7	0.3
Administrative Asst	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.8	0.3	0.3
Aides	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	11.0	6.1	10.0	4.4	11.0	7.0	8.0	4.4	9.7	5.3
Total Number of Students Transported	1,012 ²		656		553 ³		692 ⁴		634	
Students Transported per Bus Driver FTE	253		169		92		231		148	
Students Transported per Total FTE	166		148		79		159		120	
Number of Active Buses	9		8		9		6		8	
Square Miles in District	37		18		62		25		35	
Square Miles per Total FTE	6.1		4.1		8.9		5.7		6.6	

Source: Districts' T-1, T-2 and T-11 Forms, District transportation departments

¹ During normal operating situations, the Maintenance Supervisor spends approximately 5 percent of his time completing transportation functions.

² Does not include 6 Weathersfield LSD students who received payment-in-lieu of transportation.

³ Does not include 6 Mechanicsburg EVSD students who received payment-in-lieu of transportation.

⁴ Does not include 26 Southington EVSD students who received payment-in-lieu of transportation.

Table 5-2 indicates that Weathersfield LSD transports 71 percent more students per bus driver FTE and 38 percent more students per total FTE than the peer average. Therefore, Weathersfield LSD appears to be efficiently staffed.

Overall, Weathersfield LSD transported 1,012 students on 9 active buses, which traveled approximately 75,420 miles in FY 2002-03. Regular needs students were transported on all 9 active buses, while special needs students were transported using Trumbull County Educational Service Center (TCESC). **Table 5-3** provides basic operating statistics and ratios for Weathersfield LSD and peers.

Table 5-3: FY 2002-03 Basic Operational Statistics

	Weathersfield LSD ¹	Columbiana EVSD ¹	Mechanicsburg EVSD ¹	Southington LSD ¹	Peer Average
Students Transported					
Regular Needs	1,012	656	553	692	634
Special Needs	10	12	33	7	17
Total Students Transported	1,022	668	586	699	651
Miles Traveled					
Regular Students	75,420	71,820	109,260	94,500	91,860
Miles per Regular Bus	8,380	8,978	12,140	15,750	11,482
Square Miles in District	37	18	62	25	35
Expenditures					
Total Regular Needs	\$277,614	\$206,775	\$251,132	\$240,966	\$232,958
Total Special Needs	100,589	29,742	141,882	74,989	\$82,204
Total Expenditures	\$378,203	\$236,517	\$393,014	\$315,955	\$315,162
State Reimbursements					
Regular Needs	\$164,666	\$142,380	\$169,809	\$157,343	\$156,511
Special Needs	\$26,517 ²	\$10,178	\$42,244 ²	\$23,376 ²	\$25,266
Total State Reimbursements	\$191,183	\$152,558	\$212,053	\$215,896	\$181,777
Operational Ratios:					
Regular Students					
Cost per Mile	\$3.68	\$2.88	\$2.30	\$2.55	\$2.54
Cost per Bus	\$30,846	\$25,847	\$27,904	\$40,161	\$29,120
Cost per Student	\$274	\$315	\$454	\$348	\$367
Students per Active Bus	112	82	61	115	79
Special Needs					
Cost per Student	\$10,059	\$2,479	\$4,299	\$10,713	\$4,836
Active, Regular Needs	9	8	9	6	8
Spare	2	1	3	4	3
Active, Special Needs	0	1	0	0	0
Total Buses	11	10	12	10	11

Source: Districts' T-1, T-2 and T-11 Forms, District transportation departments; appropriate adjustments were made by AOS.

¹ Weathersfield LSD and peer information does not include payment-in-lieu students or their related expenses.

² TCESC T-11 report on District figures

As illustrated in **Table 5-3**, the cost per student (\$274) is 25 percent lower than the peer average, while the cost per bus (\$30,846) and the cost per mile (\$3.68) are relatively high as compared to the peer average. Although the high cost per mile and bus may be attributed to Weathersfield LSD's older buses and frequent stops in a densely populated area, the following factors also contribute to high costs per mile and bus:

- The use of both a full time mechanic and full time coordinator (see **R5.2**);
- Salary step schedules for bus drivers (see the **human resources** section);
- Lack of reimbursement for federal fuel taxes (see **R5.3**); and
- The utility and supply costs associated with maintaining a heated 74,000 square foot full-service garage.

While having a heated garage results in operating costs, it provides adequate storage for the District's buses and saves time during the morning and afternoon routes because the buses do not have to be warmed before the beginning of the drivers' shifts. Time is also saved, and other potential concerns avoided, since the drivers do not have to remove snow or frost from the exterior of the buses.

Furthermore, the District's special needs cost per student (\$10,059) is considerably higher than the peer average. Weathersfield LSD's rural demographics and the location of schools that special needs students attend limit the District's ability to identify a more cost efficient program than provided by TCESC. Additionally, the TESC contract was recently renegotiated and accepted by the District. The contract will be in effect until August 2008.

In addition to the analyses in this report, assessments were conducted on several areas within the transportation section which did not warrant changes or yield recommendations. These areas include the following:

- **Tiered Bell Schedule and Routing Technology:** Weathersfield LSD has implemented a two-tier bell schedule to allow each bus to make two runs per route. Running an additional route decreases the size of the fleet needed to transport students. However, adding another tier would negatively affect the start and end time for elementary and middle school students. In addition, Weathersfield LSD operates its buses using over 80 percent of the seating capacity, which appears adequate based on other AOS audits. Moreover, the number of students per active bus at the District is significantly higher than two of the peers (see **Table 5-3**). Finally, Weathersfield LSD is a small school district with fewer than ten buses transporting approximately 1,012 students.
- **Staffing:** Weathersfield LSD transportation department is effectively staffed (see **Table 5-2**).
- **Transportation Policies:** Weathersfield LSD has a written transportation policy which is consistent with ORC §3327.01. To address the concerns of the community regarding safety issues, the proximity of schools to state highways and the lack of sidewalks, Weathersfield LSD decided to provide transportation to all students during FY 2002-03 as well as a portion of FY 2003-04. However, during the course of this audit and in an effort to save costs, the Board passed a resolution eliminating busing for students in grades K-8 living within a two mile radius of their schools and in grades 9-12 regardless of proximity to schools, which will become effective January 5, 2004 (see **R5.5**).

General Recommendations

- R5.1 Weathersfield LSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to the Ohio Department of Education (ODE). Weathersfield LSD should also ensure that proper classifications are being used when reporting the data to ODE to ensure the District has been compensated appropriately for its transportation expenses.**

The T-Forms submitted to ODE are used to calculate the reimbursement a school receives for transporting students based on the expenses reported. During a review of Weathersfield LSD's T-1, T-2 and T-11 Forms for FY 2002-03, the District over-reported expenses for regular needs transportation. The T-2 Form over-reported the FTEs, fuel costs, retirement expenses and health insurance costs, which may be due to the transportation supervisor spending more time training the new transportation coordinator. As a result, Weathersfield LSD received an excess ODE reimbursement for regular needs transportation. However, the financial implication of over-reporting expenses is difficult to determine due to the complexity of the mathematical formula used by ODE to calculate reimbursements. With the assistance of the Weathersfield LSD treasurer, AOS staff reconstructed the T-1, T-2 and T-11 Forms using the best information available to complete an analysis of transportation operations.

ODE has developed and published T-Form instructions to assist school districts in accurately reporting transportation expenses. All schools are required to provide specific student, staff, mileage, and financial data to ODE for processing. Entering data correctly helps to ensure comparability between school districts and accurate State reimbursements, and aids in making transportation decisions, including the number of buses that are needed when student enrollment fluctuates. If needed, Weathersfield LSD should seek the necessary training and assistance from its ODE Area Coordinator.

- R5.2 Weathersfield LSD should analyze and negotiate with the collective bargaining unit, as necessary, alternative options for the completion of maintenance and repair services to the District's fleet of buses. The District should consider reducing the full-time mechanic to a part time position, contracting out maintenance and repairs, and/or combining positions or transferring job duties to help reduce the District's high maintenance and repair costs. In addition, Weathersfield LSD should more actively manage bus maintenance and repairs and keep a detailed record for each bus, either in electronic or hard copy. The District could control and minimize its maintenance and repairs costs by better monitoring costs and implementing a competitive pricing process.**

Weathersfield LSD currently employs a full-time mechanic who performs full-service maintenance and repair on the District's fleet, unless it involves significant work (e.g., engine rebuilds, thrust alignments, etc.) which is contracted to vendors. **Table 5-4** presents maintenance costs and ratios by district.

Table 5-4: FY 2002-03 Maintenance Costs and Ratios¹

	Weathersfield LSD	Columbiana EVSD	Mechanicsburg EVSD	Southington LSD	Peer Average
Maintenance and Repairs	\$2,618	\$2,790	\$25,884	\$3,701	\$10,792
Tires	\$1,825	\$480	\$3,575	\$900	\$1,652
Mechanics Salaries	\$37,950	\$7,662	n/a ²	\$29,973	\$18,818
Total Expenses	\$42,392	\$10,932	\$29,459	\$34,575	\$24,989
Mechanic FTEs	1.0	0.3	n/a ²	0.6	0.45
Number of Buses	11	10	12	10	10
Buses per Mechanic FTE	11:1	33:1	n/a²	17:1	22:1
Average Mechanic Cost per Bus	\$3,450	\$776	n/a²	\$2,997	\$1,882
Average Maintenance Cost per Bus	\$3,854	\$1,093	\$2,455	\$3,457	\$2,499

Source: District FY 2002-03 T-1 and T-2 Forms and interviews

¹ Includes only regular needs expenses only.

² Mechanicsburg EVSD contracts out all of its maintenance and repairs needs.

As indicated in **Table 5-4**, the District spends approximately \$3,854 per bus on maintenance, which is 54 percent higher than the peer average. The high maintenance cost per bus is due to the mechanic's salary, which is 201 percent higher than the peer average. Furthermore, Weathersfield LSD maintains the fewest buses per mechanic FTE compared to the peers because it is the only district employing a full-time mechanic.

Columbiana EVSD and Southington LSD each employ only a part time mechanic to maintain their fleets. Both indicated that their maintenance and repair duties do not require a full-time mechanic position. Mechanicsburg EVSD, however, contracts out all of its bus repairs and maintenance. Although contracting out maintenance services is an alternative to employing a full-time mechanic, the District would need to consider several factors in contracting for the majority of its maintenance and repairs, such as the location of existing vendors, delivery of buses, timeliness of repairs, as well as a means for monitoring the overall quality of services provided by vendors. Weathersfield LSD also employs a full-time coordinator, who could track, monitor, and coordinate contracted services, similar to Mechanicsburg EVSD's coordinator. Furthermore, the District should consult with its legal counsel to determine if the classified collective bargaining agreement needs to be renegotiated to allow it to contract for maintenance services.

In addition to employing a part-time mechanic capable of performing the majority of maintenance and repairs, Columbiana EVSD uses a competitive pricing process for major activities that could be completed more cost-effectively by a vendor. However, Columbiana EVSD indicated that maintenance activities requiring the use of a vendor have been minimal over the past couple of years. Since Weathersfield LSD has not implemented a competitive pricing process for outside work, another option the District could consider is employing a part-time mechanic to perform routine activities and contracting out or competitively bidding other major services in an effort to save costs. To ensure it is maximizing savings by implementing this option, the District would need to determine which activities should be performed by the part-time mechanic and which activities to contract out, and closely examine corresponding costs.

Rather than contracting out maintenance and repairs, consolidating positions or transferring job duties between the mechanic, coordinator or other positions would result in cost savings and could still provide a sufficient level of staff resources to adequately perform both mechanic and coordinator duties. For instance, with appropriate training, the mechanic may be able to coordinate bus schedules, perform payroll duties, and track maintenance, in addition to performing current duties. Moreover, the transportation supervisor may be able to perform additional duties in the transportation department, such as tracking maintenance activities and coordinating bus schedules. Furthermore, the District may be able to reduce the mechanic position to a part-time position without consolidating positions or transferring duties, considering that both Columbiana EVSD and Southington LSD employ part-time mechanics to perform similar maintenance and repair activities as Weathersfield LSD.

Weathersfield LSD does not have a tracking system that closely monitors the maintenance and repair expenses per bus, thus limiting its ability to control and minimize maintenance and repair expenditures. Tracking the following information could help the District control expenditures and effectively manage its fleet:

- Routine maintenance, including oil changes;
- On-site and contracted repairs, including time spent performing the tasks; and
- Cost of contracted maintenance and repairs.

Additionally, a separate file for each bus should be created at the start of each fiscal year. The files should include maintenance and repair invoices, work completed on site, route lists and other pertinent documents. By maintaining more detailed records about maintenance and repairs for each bus, Weathersfield LSD could better monitor and control its expenditures for these items, which could subsequently increase the useful life of its fleet, ensure adequate upkeep of buses, and enable a part-time mechanic to adequately maintain the fleet. During the course of this audit, the transportation

coordinator began maintaining more detailed maintenance and repair information to help manage the bus fleet.

Financial Implication: Assuming Weathersfield LSD reduces its maintenance and repair cost per bus to the peer average by implementing the measures discussed above, the District would save approximately \$14,900 per year.

R5.3 Weathersfield LSD should review its current fuel purchases and file the necessary paperwork with the Internal Revenue Service (IRS) to receive exemption from federal excise tax on diesel fuel

Weathersfield LSD has not filed Form 637 to apply for exemption from certain excise taxes. According to the Treasurer, the District has been paying federal excise taxes on diesel fuel for at least a year and a half. A private company supplies fuel to Weathersfield LSD at the pump price without an exemption for federal excise taxes. As a school district, Weathersfield LSD is eligible to purchase fuel under an exempt status provided that it and the vendor file the necessary forms with the IRS.

During FY 2002-03, Weathersfield LSD purchased approximately 14,200 gallons of diesel fuel, which cost approximately \$21,300. If Weathersfield LSD were exempt from paying federal excise taxes, it could have saved approximately \$3,500 or .244 cents per gallon purchased. Since Weathersfield LSD has been paying federal excise taxes for more than a year, the District is also eligible for a refund for those years by filing the correct paperwork. During the course of the performance audit, the treasurer filed the necessary paperwork to apply for federal tax exemption and the applicable refunds.

Financial Implication: If Weathersfield LSD and the vendor were to file the necessary forms with the IRS, the District could save approximately \$3,500 per year on its fuel purchases and receive a one time refund of approximately \$5,200 from the IRS.

R5.4 Weathersfield LSD should include bus replacement in its capital planning. Included in this plan should be the number of buses to be replaced each fiscal year, along with the average age at the time of replacement and the estimated cost of replacement. The District should also investigate and analyze potential funding methods for bus purchases. Further, based on the mileage of the current fleet, the District should defer new bus purchases outside of the five-year forecasted period.

For FY 2002-03, Weathersfield LSD operated a total of nine active diesel buses and two spares. However, Weathersfield LSD does not consistently use operating statistics to review the age and condition of the bus fleet, including maintenance cost per bus.

There are no formal state guidelines for bus replacement Weathersfield LSD uses a 12 year or 200,000 mile benchmark for bus replacement, which is consistent with the average mileage for buses replaced and listed on the *ODE- FY03 100% Bus Purchase List – Approved by Controlling Board April 7, 2003*. Regardless of age or mileage, as long as a bus can pass inspection, a district may continue to use it for transportation. **Table 5-5** lists Weathersfield LSD's bus inventory.

Table 5-5: FY 2002-03 Bus Fleet by Model Year and Mileage

Model Year	Seating Capacity	Age	Average Bus Mileage June 30, 2003
1985 (spare)	65	18	123,286
1986 (spare)	65	17	134,225
1986	65	17	138,141
1991	65	12	121,680
1997	65	6	63,256
1997	65	6	81,043
1997	65	6	69,385
1999	65	4	29,300
2001	65	2	26,122
2002	65	1	9,495
2003	65	0	10,696
Bus Fleet Average		8.1	73,330

Source: Weathersfield LSD Interviews

As shown in **Table 5-5**, Weathersfield LSD currently has four buses that are at least 12 years old, but all the buses have less than 200,000 miles. The average mileage of the District's fleet is 73,330 and the average age is 8.1 years. During FY2003-04, all the buses passed required inspections. However, the highway patrol indicated that the 1986 bus with 138,141 miles would need replaced before the next inspection because of exterior rusting and potential safety concerns. Due to the current financial condition within Weathersfield LSD, the treasurer has planned to not replace this bus and continue transporting students with the use of only one spare bus. However, the lack of a formal, written bus replacement plan which identifies the buses to be replaced in a given fiscal year and the funding source for replacements inhibits the District's ability to effectively plan for bus replacements.

Bus replacement is jointly funded by the State and the school district. Each school district is reviewed independently by ODE using a complex formula to determine the regular bus purchase allowance.

Historically, Weathersfield LSD has used ODE bus replacement funds and general fund money for bus purchases. In addition to the current method of paying for buses, a viable alternative would be to participate in the Ohio School Bus Pooled Financing Program. This program was created by the Ohio Association of School Business Officials and companies in the private sector. The program allows school districts to do the following:

- Finance school bus purchases over a 5 to 10-year repayment period at the election of each school district.
- Reduce interest costs due to credit enhancements on the purchased pool and the efficiencies provided by a single debt instrument; and
- Start immediately to replace bus fleets without making a large lump sum capital outlay.

If Weathersfield LSD continues with its current practice of transporting students, it would not need to replace any buses over the next five years based on the average miles per regular bus in FY 2002-03 (see **Table 5-3**). In FY 2002-03, the District received approximately \$17,000 in State bus purchase allowances. By not purchasing any buses throughout the forecast period, Weathersfield LSD could use the accumulated State funds to future buses. However, the District is forecasting the purchase of one new bus in FY 2006-07, at a cost of approximately \$50,000.

Financial Implication: If Weathersfield LSD delayed bus purchases based on this assessment, it would avoid costs of approximately \$50,000 in FY 2006-07.

R5.5 Since Weathersfield LSD has decided to eliminate transportation services for students living within two miles of their assigned school, it should address any potential safety issues that may impact student safety.

ORC §3327.01 generally requires a school district to provide transportation for resident elementary students (grades K-8) who live more than two miles from their assigned school, or who have physical or mental disabilities that make walking impractical or unsafe. The transportation of high school students or inter-district open enrollment students is optional.

During the course of this audit, and in an effort to save costs, the Board passed a resolution to maintain busing only for students in grades K-8 living more than two miles from their assigned school, which became effective January 5, 2004. According to the District, this would save approximately \$50,200 for FY 2003-04 and \$103,000 annually thereafter. For prior years, however, Weathersfield LSD indicated that it decided to provide transportation to all students because of safety issues, the proximity of schools to

state highways, and the lack of sidewalks. According to the Superintendent, eliminating busing services for these students could require the following modifications to ensure that previously identified safety hazards are addressed:

- Addition of crossing guards;
- Installation of crosswalks;
- Installation of school zone markings; and
- Addition of marked patterns for vehicle traffic for delivering and picking up students.

Implementing these modifications and working with other entities (i.e., local law enforcement) to sufficiently address safety issues would help ensure the safety of students previously transported to and from their assigned schools.

Financial Implication Summary

The following table represents a summary of the estimated cost savings and avoidances for the recommendations in this section of the report. Only recommendations with quantifiable financial implications are listed.

Summary of Financial Implications

Recommendation	Estimated One-Time Cost Savings	Estimated One-Time Cost Avoidance	Estimated Annual Costs Savings
R5.2 Reduce maintenance and repair costs	\$0		\$14,900
R5.3 Obtain exemption from Federal Excise Taxes	\$5,200		\$3,500
R5.4 Reduce bus purchases in the forecasted period		\$50,000	
Total	\$5,200	\$50,000	\$18,400

This page intentionally left blank.