



Auditor of State
Betty Montgomery

FREMONT CITY SCHOOL DISTRICT PERFORMANCE AUDIT

JANUARY 29, 2004



**Auditor of State
Betty Montgomery**

To the residents and Board of Education of the Fremont City School District:

In April of 2003, the State Superintendent of Public Instruction placed the Fremont City School District (FCSD) under fiscal caution. In accordance with the provisions of ORC §3316.041, the Auditor of State initiated a performance audit of FCSD. 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 that support its mission of educating children, and because improvements in these areas can assist FCSD in eliminating the conditions that brought about the declaration of fiscal caution.

The performance audit contains recommendations that provide opportunities for cost savings, revenue enhancements, and efficiency improvements. The performance audit also provides an independent assessment of FCSD'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 in refining operations, District officials are encouraged to assess overall operations and develop other recommendations independent of the performance audit.

An executive summary has been prepared that includes the project history, a discussion of the fiscal caution designation; district overview, purpose and objectives of the performance audit; and a summary of findings, commendations, recommendations, and financial implications. This report has been provided to the Fremont City School District and its contents discussed with appropriate District officials and management. The District has been encouraged to use the results of the performance audit as a resource for 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

January 29, 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 a school district's five-year forecast. According to ORC § 3316.042, the AOS may conduct a performance audit of any school district in a state of fiscal caution, fiscal watch or fiscal emergency and review any programs or areas of operation in which the AOS believes that greater operational efficiency, effectiveness and accountability of services can be achieved.

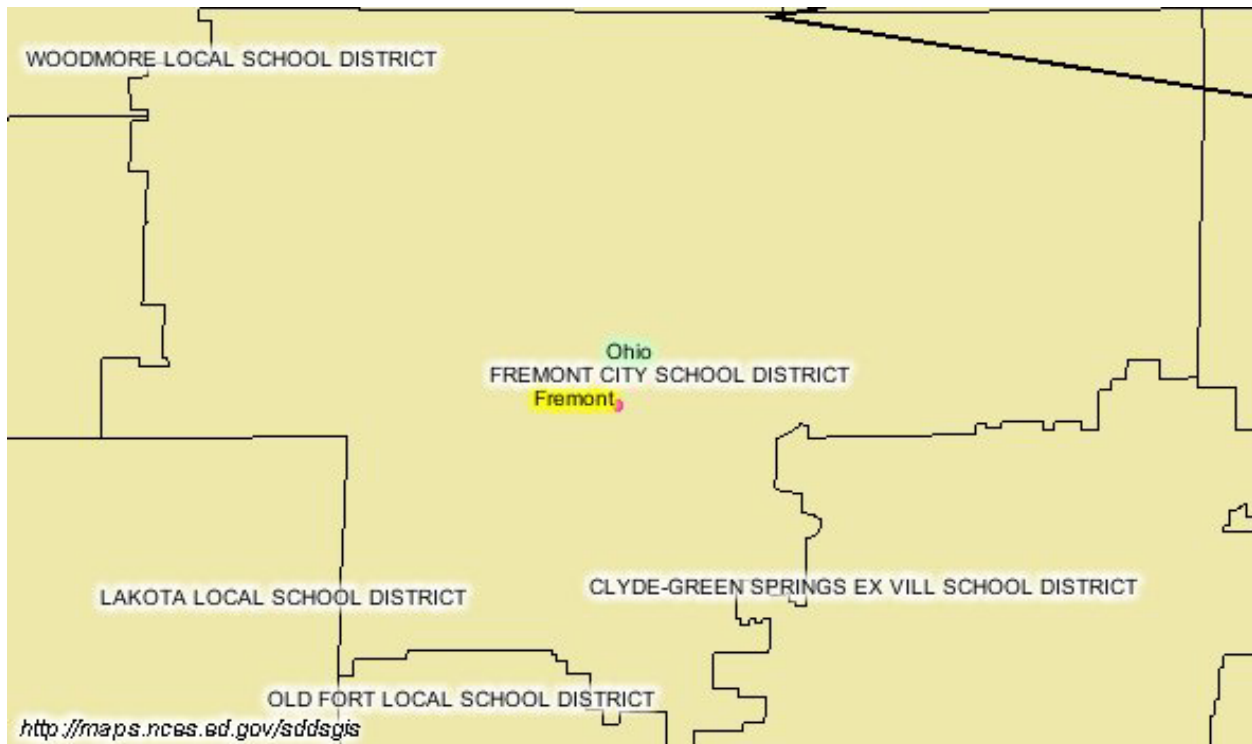
Fremont City School District (Fremont CSD) was placed in fiscal caution by the Ohio Department of Education (ODE) on April 10, 2003. The placement was based on the General Fund negative ending fund balance of \$1,152,431 as forecasted for FY 2002-03. The forecasted negative balance is approximately four percent of General Fund revenues for that period. FCSD did institute cost reduction measures prior to the end of the FY 2002-03, and the impact of those efforts reduced the forecasted deficit to a negative \$1,025,424. However, Fremont CSD actually received higher than forecasted property tax revenues in FY 2002-03, which resulted in a positive ending fund balance of \$186,686.

Pursuant to ORC § 3316.031 and ORC § 3316.042, AOS initiated a performance audit of Fremont CSD. Based on a review of Fremont CSD information and discussions with the superintendent and the treasurer, the following four functional areas were included in the performance audit:

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

District Overview

Fremont CSD was established in 1968 through a consolidation of existing land areas and school districts. Fremont CSD serves an area of approximately 156 square miles. It is located in central Sandusky County, including all of the City of Fremont and portions of surrounding townships. Fremont CSD is the 77th largest in the State of Ohio in terms of enrollment and the largest in Sandusky County. Currently, Fremont CSD operates seven elementary schools, a middle school and a comprehensive high school. The following map depicts the boundaries of Fremont CSD.



Source: National Center for Education Statistics (NCES) School District Demographics

According to the 2000 census, the District population of 31,433 included 26,215 family households and 4,623 non-family households. Also, a significant percentage of the District's population (21.6 percent) was school aged (under 19 years old) while an additional 6.7 percent was less than five years old. Fremont CSD is located in a predominantly rural area, with limited commercial or industrial activity.

As part of an initiative to bolster the use of instructor staff, Fremont CSD proposed redistricting in order to increase student population within select elementary schools. Fremont CSD's 3-year average daily membership (ADM) equates to 4,362 students. During FY 2002-03, FCSD employed approximately 533 full-time equivalent (FTE) employees, which included 219 regular

instruction teacher FTEs. The overall student to teacher ratio for regular instruction staff is 20.5. As part of its cost reduction plan, the District in FY 2003-04 reduced regular instructional teachers by 18.5 FTEs.

Detailed in the Fremont City School District Report Card as issued by the Ohio Department of Education are the results the district's student proficiency assessment for FY 2002-03. The District met 13 of 22 indicators, which merits a continuous improvement rating. The District met the same number of indicators for FY 2001-02.

Fremont CSD was categorized as a district in fiscal caution on April 10, 2003. The District submitted a financial recovery plan to ODE which includes steps and goals to mitigate its operating deficit. Fremont CSD's per pupil operating expenditures (governmental funds) totaled \$7,534 in FY 2001-02.

Fremont CSD's building stock is of significant age. The middle school was originally built in 1909, and four of the seven elementary schools were constructed in the 1920's. The middle school was Fremont CSD's high school until 1958 when the present-day high school was opened. The middle school and five elementary schools have benefited from capital renovations. The high school and two of the elementary schools have not had any major renovations since they were built. Given the relative age of Fremont CSD's instructional buildings, it is unlikely they meet current educational planning designs.

Realizing that a tax increase will not totally resolve its fiscal difficulties, Fremont CSD approved personnel cost-saving measures that total approximately \$1.1 million. Staff reductions occurring in FY 2003-04, through layoffs and retirements without replacements, account for most of the projected savings. Cost-savings will also be garnered through the elimination of the in-school suspension program that was staffed with two aides. Finally, reduction in purchased services from the county alternative school totals approximately \$38,000 in annual savings.

Fremont CSD's enrollment has declined by about 15 percent over the past 10 years. Outbound enrollment into neighboring districts has increased to approximately 100 students per year, approximately 100 students are being home schooled, and approximately 200 students enroll in career or vocational/technical classes.

The majority of Fremont CSD funding is derived from local funding sources. The District currently has an income tax of 0.75 percent that became effective in FY 1994-95 and will expire on December 31, 2003. In an effort to improve the financial situation, the District sought an increase in the income tax to 1.25 percent on May 6, 2003, which subsequently passed. Economic factors have also led to the departure of several major employers that reduced the amount of local revenue Fremont CSD will collect in the future.

Fremont CSD completed FY 2001-02 with a positive fund balance of approximately \$441,000. Likewise in FY 2002-03, the District ended with a positive fund balance of approximately \$188,000. With the passage of the income tax levy in May 2003 and having implemented cost-savings measures, the District is now forecasted to maintain financial stability throughout the five-year forecast period.

Objectives and Methodology

The goal of this audit was to provide an independent assessment of current District operations to improve service delivery and optimize operational efficiency and effectiveness. The assessment and subsequent recommendations will help Fremont CSD to increase efficiency and maintain its fiscal solvency in the forecasted future. By implementing recommendations contained in this audit, Fremont CSD could further bolster its financial standing, increase efficiency in service delivery, enhance planning processes and strengthen internal controls. Improving the overall operational condition of the district will have a positive impact on the instructional atmosphere to the benefit of both students and employees.

To complete this report, auditors gathered and assessed data from various areas, conducted interviews with FCSD personnel, and evaluated requested information from the selected peer districts. Marion City School District (Marion CSD), Mount Vernon City School District (Mt. Vernon CSD), and Tiffin City School District (Tiffin CSD) were selected as peers based upon comparability as identified by ODE, reviews of demographic information, and input from Fremont CSD personnel. Best practice information was used from ODE, the State Employee Relations Board (SERB), American Schools and Universities (AS&U), and other school districts for additional comparisons.

Noteworthy Accomplishments

Fremont CSD's attention and responsiveness to its financial situation has helped the District realize a positive ending General Fund balance as compared to the negative ending fund balance previously projected. Additional noteworthy accomplishments were identified during the course of the performance audit.

Human Resources

- Two years ago Fremont CSD reduced one central administrator and, in FY 2003-04, the District reduced one additional central administrator. The District has taken proactive steps to restructure work responsibilities in the central administration office to ensure the continuation of high quality administrative services. The reduction in administrative

personnel translates into reduced annual expenditures for the District's central administration.

- As part of the District's financial recovery plan, it has taken steps to reduce instructional staff by of 18.5 FTEs, realizing a cost savings of approximately \$836,000. As with the reduction in administrative staff, the District has ensured that educational programs will not be negatively impacted.
- Whereas many school districts do not pro-rate benefits to employees who work less than seven hours per day, Fremont CSD requires part-time employees to contribute a higher percentage toward the monthly premiums for medical, dental and vision insurance.

Facilities

- Recent upgrades to heating systems has increased the overall energy efficiency of the District's buildings and permits dial-in access by the building and grounds supervisor to monitor service systems.
- The District meets and exceeds relevant energy management benchmarks by having a centralized heating and cooling temperature control that automatically regulates "daytime" and "nighttime" temperature settings in each of the District's buildings. In addition, Fremont CSD has the lowest utility cost per square foot compared to all three peers and the national average.

Transportation

- The transportation department at Fremont CSD has a formal vehicle preventative maintenance plan. Undertaking stringent preventative maintenance minimizes costly maintenance and repairs and increases vehicle service life. In addition, about 90 percent of maintenance and repairs are done in-house, contributing the cost effectiveness of transportation services.
- Fremont CSD effectively uses bus-routing software to handle student transportation needs efficiently and cost-effectively. The software enables the District to determine the most efficient school bus routes and stops and thereby minimize route mileage and the time students spend on buses.
- Fremont CSD operates a two-tiered routing system. When coupled with the bus routing software, the District is able to transport 110 students per bus which is 25 percent above the peer average.

Key Recommendations

The performance audit contains several recommendations pertaining to FCSD. The following are the key recommendations from the report:

Financial Systems

- Fremont CSD should closely examine the spending patterns indicated in **Table 2-3** and **Table 2-4** 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.
- The District should adopt a modified central kitchen concept which would improve the efficiency of food service operations and could reduce food service staffing. In addition, Fremont CSD should increase the price of lunches served to reflect the prices of the peers and provide additional revenue. By increasing meal prices, Fremont CSD could realize approximately \$63,000 in additional annual revenue.

Human Resources

- Fremont CSD should reduce staffing levels within the education service personnel (ESP) classification by 3.0 FTEs. The District could reduce 2.0 registered nurses and 1.0 psychologist position within the ESP staffing classifications and still remain above State minimum requirements. Implementation of this recommendation would result in estimated annual cost savings of \$181,000 which could be reallocated to direct instructional costs.
- The District should raise the student-to-staff member ratios in the area of instructional aides by reducing at least 6.0 teacher aide positions. Fremont CSD could save approximately \$102,000 by increasing the student-to-staff member ratios in the area of instructional aides.
- Fremont CSD should consider reducing food service staffing levels by 10 FTEs. This should be done in conjunction with modifying kitchen operations as discussed in the **financial systems** section. The approximate annual cost savings would be \$261,000.
- Likewise, Fremont CSD should consider reducing custodial staffing levels by 4.78 FTEs. Reducing custodial staff by 4.78 FTEs will help Fremont CSD lower its operating expenditures without negatively impacting the District's educational programs or

building cleanliness. Implementing this recommendation would lead to estimated annual cost savings of \$138,000.

- The District should consider negotiating a cost-of-living increase of not more than 2 percent annually for the next contract period. Limiting cost of living increases for the next contract period to no more than 2 percent would temper the rate of compensation increases, generate cost avoidance, and improve the future financial condition of the District.
- Fremont CSD should negotiate to include contractual language allowing the District to alter or reduce key medical benefits in an attempt to help contain health care costs to the District. Implementation of this recommendation could save the District approximately \$98,000 annually.

Facilities

- Using the facility assessments completed by the Ohio School Facilities Commission (OSFC) and Planning Advocates, Fremont CSD should expand the plan and develop a formal facilities master plan that incorporates a 10-year enrollment history, enrollment projections and the methodology used for these calculations, building capacity and the methodology used, a list of cost estimates needed for capital improvements, and a description of the District's educational plan.
- Fremont CSD should develop and formally adopt a building capacity calculation methodology which takes into consideration its needs and educational philosophy.
- Fremont CSD should consider securing capital funds to update and increase the number of teaching stations at the current high school to incorporate ninth grade students. In addition, Fremont CSD should consider redistricting its elementary buildings to achieve optimal utilization rates. Estimated annual cost savings are approximately \$185,000.

Transportation

- Fremont CSD should use competitive bids or requests for proposals (RFPs) when purchasing fuel and bus insurance. By regularly issuing RFPs or soliciting competitive bids for goods and services, Fremont CSD can more effectively ensure accountability for District funds and reduce transportation costs. The District could realize annual cost savings of approximately \$24,300, or about \$700 per bus.
- In consideration of ODE reductions in transportation funding, Fremont CSD's transportation coordinator and treasurer should establish a formal bus replacement plan

that maximizes fleet effectiveness and ensures the District is properly budgeting for funds necessary to purchase new buses. The estimated annual cost avoidance is \$90,000.

Additional Findings and Recommendations

Financial Systems

- The assumptions that accompany Fremont CSD's five-year forecast should be expanded to present more detail. By expanding the supporting notes to the forecast and recovery plan, the Board of Education (the Board) and the public will better understand the financial condition of the District and the impact of board decisions.

Human Resources

- Fremont CSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before submission to ODE and EMIS. In addition, there should be a review process by a person that is independent of the data gathering process to ensure the policies and procedures are followed and accurate FTE numbers are reported to ODE and EMIS.
- If deemed necessary to maintain financial stability, Fremont CSD could consider reducing or eliminating the pick up of the employee share of the STRS contribution for principals and assistant principals in the future. The District should consider eliminating this benefit for new hires and promotions. This benefit currently costs the District \$42,000 annually.
- During the next round of negotiations, Fremont CSD should seek a reduction in the maximum number of accrued but unused sick days paid out at retirement for both certificated and classified employees. The District could realize an annual cost savings of approximately \$25,300 by reducing the maximum number of days paid out at retirement.
- Fremont CSD should negotiate specific language in the certificated employee bargaining unit agreement that allows the District to restrict professional development activities as well as the maximum stipend paid to local professional development committee members based on the availability of grant funding sources.

Facilities

- Fremont CSD should consider assigning maintenance personnel to each of its buildings for at least four hours every two weeks. This will provide buildings with the opportunity to have smaller items on their work order list completed in a timely manner. It will also provide the opportunity to have preventive maintenance completed.
- Fremont CSD should formalize custodial and maintenance procedures to help increase efficiency and productivity and ensure tasks are being completed in a timely manner.
- In addition to standardizing procedures, Fremont CSD should provide training on custodial procedures and should periodically review the procedures to ensure all custodians are cleaning sufficiently and consistently.
- The District should begin using its comprehensive computerized work order system. Use of a comprehensive system would allow Fremont CSD to track work orders, materials used, personnel information and productivity statistics.
- Similarly, Fremont CSD should develop and implement a formal, planned preventive maintenance program for each building in the District, outlining maintenance schedules for each building's heating, cooling, and plumbing systems.
- Fremont CSD should adopt and implement a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they should be done annually.

Transportation

- Fremont CSD should establish formal policies and procedures for filling out District T-forms. This will help to ensure that reports are completed in a timely manner, reconciled, and accurate.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that Fremont CSD should consider. Several of the recommendations are dependent on labor negotiations or labor agreements (**R3.8, R3.11, R3.13**). Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Financial Implications for All Sections

Recommendations from all Sections	Estimated Annual Revenue	Estimated Annual Cost Savings	Estimated Annual Cost Avoidance	Estimated One-Time Implementation Costs	Estimated Annual Cost
<i>Financial Systems</i>					
R2.2 Increase meal prices	\$63,000				
<i>Human Resources</i>					
R3.2 Update policy manual				\$10,000	\$1,600
R3.5 Reduce ESP staffing by 3.0 FTE's		\$181,000			
R3.6 Reduce instructional aide positions by 6.0 FTE's		\$102,000			
R3.7 Reduce food service personnel by 10.0 FTE's		\$261,000			
R3.8 ¹ Reduce custodial staffing levels by 4.78 FTEs		\$138,000			
R3.11 ¹ Increase employee share of monthly health insurance premiums		\$98,000			
R3.13 ¹ Reduce the number of accrued but unused sick leave days paid out at retirement by 12 days		\$25,300			
<i>Facilities</i>					
R4.4 Invest in a custodial training procedures manual				\$60	
R4.10 Redistrict elementary buildings		\$185,000			
<i>Transportation</i>					
R5.2 Issue RFPs for fuel and bus insurance purchases		\$24,300			
R5.3 Reduce annual bus procurement			\$90,000		
Total Financial Implications	\$63,000	\$1,014,600	\$90,000	\$10,060	\$1,600

¹ Subject to collective bargaining negotiation.

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

Financial Systems

Background

This section focuses on the financial systems within the Fremont City School District (Fremont CSD). The objective is to analyze the current financial condition of Fremont CSD 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 detailing corrective actions to alleviate fiscal deficiencies. ODE can provide technical assistance to help school boards identify recovery measures for inclusion in proposals. If upon review of the proposal by ODE and AOS it becomes apparent that financial difficulties will likely continue, then a district will be declared in fiscal caution status. Fremont City School District was placed in fiscal caution on April 10, 2003 because of a FY 2002-03 forecasted ending fund deficit of \$1,152,431 which was approximately 4 percent of General Fund revenues for that period. However, as of June 30, 2003, the actual ending fund balance for FY 2002-03 was \$187,686.

The District is at the 20 mill floor and is collecting the state minimum funding from local sources. An emergency property tax levy was placed on the ballot in November 2002 and was defeated. On May 4, 1999, the district passed a 2 mill permanent improvement levy. The collection period is for five years, which began January 2000 and will end December 31, 2005. The District has an income tax of 0.75 percent that became effective in FY1994-95 and expires on December 31, 2003. In an effort to improve the financial situation, the District successfully sought an increase in the income tax to 1.25 percent on May 6, 2003. However, as shown in **Table 2-2**, the District may still require measures to avoid a deficit position in the future.

To assist with short-term cash flow, the District has historically taken advantage of advances on property tax revenue accorded by the county auditor. This practice entails the recording by an entity of tax monies in the current fiscal period which have been collected by the county auditor for disbursement in a future fiscal period. However, the moneys are intended for future operations and typically not to be used to finance prior year expenses. Advances do not involve the actual transfer of tax revenue, and no interest expense is incurred.

Financial Operations

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

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

	Fremont CSD	Marion CSD	Mt. Vernon CSD	Tiffin CSD	Peer Average
Prof. and Technical Service	2.9%	1.1%	1.2%	1.3%	1.2%
Property Services	1.2%	1.4%	1.5%	0.5%	1.1%
Mileage/Meeting Expense	0.1%	0.1%	0.2%	0.1%	0.2%
Communications	0.3%	0.2%	0.6%	0.8%	0.5%
Contract, Craft or Trade Service	0.1%	0.0%	0.1%	0.0%	0.0%
Pupil Transportation	0.3%	0.1%	0.3%	0.1%	0.1%
Other Purchased Service	0.0%	0.9%	0.0%	0.0%	0.3%
General Supplies	1.1%	1.2%	1.6%	1.1%	1.3%
Textbooks/Reference Materials	0.2%	0.4%	0.7%	0.4%	0.5%
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	0.6%	0.1%	0.3%	0.7%	0.4%
Fleet Maintenance and Repair	0.6%	0.1%	0.5%	0.3%	0.3%
Other Supplies & Materials	0.0%	0.0%	0.0%	0.0%	0.0%
Land, Building & Improvements	0.0%	0.0%	0.0%	0.8%	0.3%
Equipment	0.1%	0.6%	0.4%	0.4%	0.5%
Buses/Vehicles	0.0%	0.6%	0.5%	0.3%	0.5%
Other Capital Outlay	0.0%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	1.3%	1.2%	4.6%	1.5%	2.4%
Insurance	0.4%	0.1%	0.2%	0.6%	0.3%
Awards and Prizes	0.0%	0.0%	0.1%	0.0%	0.0%
Miscellaneous	0.0%	0.0%	0.1%	0.0%	0.0%
Total	9.1%	8.4%	13.0%	8.7%	9.9%

Source: Fremont CSD, Marion, Mt Vernon, Tiffin CSD's FY 2002-03 4502 Reports

As shown in **Table 2-1**, Fremont CSD's percentage of total discretionary spending is less than the peer average and less than 10 percent, although slightly more than two of the peers. However, one area, professional and technical service expenditures, is higher than the peers, at 2.9 percent while the peer average is 1.2 percent. These expenditures are largely for special education services and other instruction received through the educational service center.

The financial forecast presented in **Table 2-2** represents the treasurer's projection of Fremont CSD's present and future financial condition in the absence of significant increases in revenues or reductions in expenditures as of May 2003. The forecast and accompanying assumptions are the representations of Fremont CSD and are presented without further verification. However, this report evaluates the assumptions for reasonableness and accuracy. The projections, which incorporate the combined General 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 Fremont CSD's financial recovery, such as unrestricted grants-in-aid, other revenues, salaries and wages, and fringe benefits were tested for reasonableness.

Table 2-2: Fremont City School District Forecast (Amounts in 000's)

	FY1999-00 Actual	FY2000-01 Actual	FY2001-02 Actual	FY2002-03 Forecast	FY2003-04 Forecast	FY2004-05 Forecast	FY2005-06 Forecast	FY2006-07 Forecast
Real Estate Property Tax	9,117	7,913	9,169	8,310	8,618	8,919	9,232	9,553
Tangible Personal Property Tax	2,922	2,997	3,096	3,230	3,239	3,303	3,369	3,437
Income Tax	3,728	3,726,	3,686	3,537	3,799	5,485	6,527	6,520
Unrestricted Grants-in-Aid	10,772	11,219	12,257	11,748	12,436	12,933	13,450	13,988
Restricted Grants-in-Aid	389	331	485	311	525	541	557	574
Property Tax Allocation	937	1,138	1,206	1,065	1,119	1,158	1,199	1,241
Other Revenues	348	574	335	430	281	288	295	303
Total Operating Revenues	28,213	27,898	30,234	28,631	30,017	32,627	34,629	35,616
Salaries & Wages	17,732	18,522	18,634	19,419	20,119	20,823	21,552	22,307
Fringe Benefits	4,744	5,054	6,012	6,042	6,287	6,507	6,734	6,970
Purchased Services	3,082	3,435	3,693	3,007	3,127	3,253	3,382	3,517
Supplies, Materials & Textbooks	832	775	662	725,	606	612	618	624
Capital Outlay	779	(15)	75	25	71	73	74	76
Other Expenditures	398	459	473	490	404	408	412	416
Interest on Loans	56	50	59	53	52	50	49	52
Total Operating Expenditures	27,623	28,280	29,608	29,761	30,666	31,726	32,821	33,962
Other Note Payments	203	0	100	100	100	100	100	100
Net Transfers/Advances (In)/Outs	351	607	190	(15)	(138)	(141)	(143)	(146)
Net Financing	554	607	290	85	(38)	(41)	(43)	(46)
Result of Operations (Net)	36	(989)	336	(1,215)	(611)	942	1,851	1,700
Beginning Cash Balance	1,058	1,094	106	441	(773)	(1,387)	(444)	1,408
Ending Cash Balance	1,094	106	441	(773)	(1,387)	(444)	1,408	3,110
Outstanding Encumbrances	169	57	0	0	0	0	0	0
"Reservations"	0	0	0	253	253	253	253	253
Ending Fund Balance	925	49	441	(1,026)	(1,640)	(697)	1,155	2,857

Source: Fremont CSD's treasurer as of May 2003.

The financial projection in **Table 2-2** presents the expected revenues, expenditures and fund balances for the General Fund of the District for each of the fiscal years; including June 30, 2003 through June 30, 2007, with historical information presented for the fiscal years ended June 30,

2000, 2001 and 2002. Fremont CSD completed FY 2001-02 with a positive fund balance of approximately \$441,000. On May 29, 2003, FY 2002-03 through FY2004-05 were forecasted to end with negative cash and fund balances and FY2005-06 and FY 2006-07 are forecasted to end with positive cash and fund balances due to the passage of an income tax initiative approved by voters in May 2003. However, at June 30, 2003, the District ended the year with a favorable fund balance of \$187,686. The positive fund balance is the result of the district receiving higher than forecasted property tax revenue and cost reductions.

The assumptions disclosed herein are based on information obtained from Fremont CSD. 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 be differences between projected and actual results.

Major assumptions used by the District to develop the May 29, 2003 five-year forecast were as follows:

Revenues

- General real estate property tax is forecasted to increase 3.5 percent. Current real estate taxes are based on 4.20 mills of inside millage and 29.20 mills of outside millage. All real property is required to be revalued every six years and updated midway through the six-year period. Real property reappraisal for taxing purposes occurred in 1997 (collectible beginning in 1998). A triennial valuation update occurred in 2000 for property tax assessments collectible beginning 2001. Fiscal years 1999-00 through FY 2001-02 have been adjusted to reflect real estate advances received. When these advances are returned to the proper collection years, the average increase over the five-year period is 3.76 percent.
- Tangible personal property tax is forecasted to increase 2.0 percent, although the District has experienced significant decreases in the recent past.
- Income tax is forecasted to increase in FY 2004-05 by 44.5 percent to account for the income tax levy renewal and increase that was approved by the voters in May 2003. In the remaining two fiscal years, the average increase is slightly less than 10 percent.
- Unrestricted grants-in-aid, of which State foundation provides the bulk, are forecasted to increase by 4 percent. This is the largest single source of revenue to the District, averaging about 39 percent of total revenue.
- Restricted grants-in-aid are forecasted to increase by 3 percent and consist of parity aid, DPIA, and school bus funding the District received from the Ohio Department of Education (ODE). This represents about 1.6 percent of the total revenue to the District.

- The treasurer is forecasting the District's property tax allocation, Homestead and rollback tax credits to increase by 3.5 percent. The forecasted amount is certified by the Sandusky County Auditor's Office and reflects a slight growth in new construction in the District.
- Other Revenues includes such items as interest, rent, tuition, and fees and are forecasted to increase by 2.5 percent each year. Other revenues account for less than 1 percent of all revenues to the District.

Expenditures:

- The treasurer is forecasting personal services, which are salaries and wages for certificated and classified personnel, to increase by 3.5 percent in each of the forecasted years. The treasurer has also forecasted salaries and wages to remain at 65 percent of total expenditures annually. Although the assumptions state that personnel reductions have taken place for FY 2003-04, the positions and cost savings have not been detailed in the notes. See **R2.3** for further discussion of forecasting for personal services.
- Fringe benefits, which include employee retirement and health care, are forecasted to increase 3.5 percent each year. Fringe benefits average approximately 30 percent of salaries and wages. Although the assumptions state that personnel reductions have taken place for FY 2003-04, the positions and fringe benefits cost savings have not been detailed in the notes. See **R2.3** for further discussion of forecasting for fringe benefits.
- Purchased services expenditures are forecasted to increase 4 percent annually. Educational service center support costs constitute a major portion of this expenditure category. The costs that are associated with post-secondary education and utilities are also included in purchased services. In addition, the treasurer has forecasted purchased services to remain at approximately 10 percent of total expenditures annually.
- Supplies and materials are forecasted to increase by 1 percent annually while remaining at approximately 1.9 percent of total expenditures. Textbook set-asides have been included in this line item although the amount has not been shown. The District has historically made reductions in this area. See **R2.3** for further discussion of forecasting for supplies and materials expenditures.
- Capital outlay is estimated to increase 2 percent annually. Capital expenditures have been minimized from the General Fund because classroom furniture was replaced through the Permanent Improvement Fund. Equipment purchases for the maintenance and transportation department account for the increases.

- Other expenditures, transfers out, estimated encumbrances, set asides and DPIA are not discussed within the assumptions. Transfers in, net of transfers out, are forecasted to increase 2 percent, although the actual activity shown in the forecast has varied greatly. Estimated encumbrances and DPIA are not specifically forecasted; however, a total for reservations of \$252,508 is shown and reflects historical activity. See **R2.3** for further discussion of forecasting for set asides and encumbrances.

General Recommendations

Revenue and Expenditure Analysis

R2.1 Fremont CSD should closely examine the spending patterns indicated in Table 2-3 and Table 2-4 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, Fremont CSD 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 shows revenue and expenditures for Fremont CSD compared with similar spending by the peer districts.

Table 2-3: Revenue by Source Expenditures by Object

	Fremont CSD	Marion CSD	Mt. Vernon CSD	TiffinCSD	Peer Average
Property & Income Tax	53.5%	29.2%	43.2%	42.4%	38.3%
Intergovernmental Revenues	44.1%	68.8%	49.4%	50.8%	56.3%
Other Revenues	2.4%	2.0%	7.4%	6.8%	5.4%
Total Revenue	\$29,760,158	\$37,359,983	\$27,239,645	\$18,886,678	\$27,828,769
Wages	64.6%	65.3%	61.0%	62.2%	62.8%
Fringe Benefits	20.1%	20.8%	18.1%	19.2%	19.4%
Purchased Service	9.8%	8.1%	9.2%	9.3%	8.9%
Supplies & Textbooks	2.5%	1.8%	3.2%	2.5%	2.5%
Capital Outlays	0.1%	1.2%	0.9%	1.5%	1.2%
Debt Service	0.0%	0.1%	0.0%	0.0%	0.0%
Miscellaneous	1.7%	1.4%	5.0%	2.0%	2.8%
Other Financing Uses	1.2%	1.3%	2.6%	3.3%	2.4%
Total Expenditures	\$29,982,473	\$37,889,480	\$26,020,967	\$19,078,968	\$27,663,138

Source: Fremont CSD, Marion CSD, Mt. Vernon CSD, Tiffin CSD's FY 2002-03 4502 Reports

When stated as a percentage of total expenditures, Fremont CSD's purchased services, wages and fringe benefits are slightly higher than the peers. Purchased service expenditures include professional and technical services (\$855,874), property (\$360,186) and tuition (\$946,987). Professional and technical services reflect the contract with the educational service center (ESC), through which special education services are provided. Property reflects the costs to the District for a contract with Vanguard for the lease of space at the Vocational Education Center for District offices. Tuition reflects the costs to

the District for open enrollment and the post-secondary education option (PSEO). The **human resource** section contains a detailed discussion of fringe benefits.

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 should also provide direct correlation to the school district's spending patterns.

ORC § 3302.02 requires each school district to receive a performance accountability rating based on 22 performance standards. These 22 standards are minimum performance goals for public education in Ohio. Prior to FY 2001-02, the number of standards was set at 27. By changing the number of requirements to be met, ODE altered the ranges for the descriptive categories as well.

Table 2-4 presents the number of performance standards Fremont CSD 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	Fremont CSD	Marion CSD	Mt. Vernon CSD	Tiffin CSD	Peer Average
FY 2000-2001 27 Possible Standards	16 Continuous Improvement	14 Continuous Improvement	16 Continuous Improvement	20 Continuous Improvement	17 Continuous Improvement
FY 2001-2002 22 Possible Standards	13 Continuous Improvement	9 Academic Watch	16 Continuous Improvement	15 Continuous Improvement	13 Continuous Improvement
FY 2002-2003 22 Possible Standards	13 Continuous Improvement	8 Academic Watch	13 Continuous Improvement	19 Effective	13 Continuous Improvement

Source: ODE Report Cards

Table 2-4 shows that although the number of standards met has varied slightly for the past three years, the District has remained in Continuous Improvement.

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	Fremont CSD		Marion CSD		Mt. Vernon CSD		Tiffin CSD		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instructional Expenditures:	\$4,682	62.1%	\$4,978	65.6%	\$4,473	61.3%	\$3,860	58.0%	\$4,543	62.5%
Regular Instruction	\$3,560	47.2%	\$3,808	50.2%	\$3,617	49.6%	\$2,949	44.3%	\$3,534	48.6%
Special Instruction	\$872	11.6%	\$1,014	13.4%	\$784	10.7%	\$719	10.8%	\$869	12.0%
Vocational Education	\$37	0.5%	\$92	1.2%	\$72	1.0%	\$62	0.9%	\$78	1.1%
Adult/Continuing Education	\$0	0.0%	\$17	0.2%	\$0	0.0%	\$0	0.0%	\$7	0.1%
Extracurricular Activities	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Classroom Materials and Fees	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Miscellaneous	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other Instruction	\$213	2.8%	\$47	0.6%	\$0	0.0%	\$130	2.0%	\$53	0.7%
Support Service Expenditures:	\$2,557	33.9%	\$2,413	31.8%	\$2,621	35.9%	\$2,423	36.4%	\$2,480	34.1%
Pupil Support Services	\$473	6.3%	\$361	4.8%	\$377	5.2%	\$328	4.9%	\$358	4.9%
Instructional Support Services	\$355	4.7%	\$359	4.7%	\$389	5.3%	\$467	7.0%	\$395	5.4%
Board of Education	\$15	0.2%	\$31	0.4%	\$19	0.3%	\$30	0.5%	\$27	0.4%
Administration	\$556	7.4%	\$680	9.0%	\$530	7.3%	\$584	8.8%	\$609	8.4%
Fiscal Services	\$169	2.2%	\$117	1.5%	\$384	5.3%	\$166	2.5%	\$211	2.9%
Business Services	\$20	0.3%	\$73	1.0%	\$41	0.6%	\$0	0.0%	\$45	0.6%
Plant Operation & Maintenance	\$626	8.3%	\$654	8.6%	\$589	8.1%	\$660	9.9%	\$635	8.7%
Pupil Transportation	\$327	4.3%	\$138	1.8%	\$287	3.9%	\$188	2.8%	\$196	2.7%
Central Support Services	\$16	0.2%	\$0	0.0%	\$6	0.1%	\$1	0.0%	\$2	0.0%
Non-Instructional Services Expenditures	\$135	1.8%	\$75	1.0%	\$61	0.8%	\$61	2.7%	\$97	1.3%
Extracurricular Activities Expenditures	\$160	2.1%	\$122	1.6%	\$142	1.9%	\$191	2.9%	\$146	2.0%
Total Governmental Fund Operational Expenditures	\$7,534	100.0%	\$7,588	100.0%	\$7,297	100.0%	\$6,657	100.0%	\$7,266	100.0%

Source: Fremont CSD, Marion CSD, Mt. Vernon CSD and Tiffin CSD's FY 2002-03 4502 Reports

According to **Table 2-5**, Fremont CSD's overall per pupil spending of \$7,534 is approximately 4 percent higher than the peer average of \$7,266.

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 an analysis of **Table 2-5**, which shows the following:

- **Other instruction for Fremont CSD averages \$213 per pupil and 2.8 percent of total expenditures per pupil, while the peer average is \$53 per pupil and 0.7 percent of all expenditures per pupil.** Other instruction is tuition paid by the

District to other districts for residents that participate in open enrollment and post-secondary education, or 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. Tuition also accounts for some students leaving the District through open enrollment but more students are taking advantage of the post secondary education option through Tera Community College.

- **Pupil support services at Fremont CSD average \$473 per pupil and 6.3 percent of total per pupil expenditures while the peer average is \$358 and 4.9 percent.** Pupil support addresses those activities which are designed to assess and improve the well-being of pupils and supplement the teaching process. Some programs contained within pupil support services include guidance, health, attendance, and support services for students with special needs. The District has eliminated the Director of Pupil Support Services position for the FY 2003-04 school year, yielding approximately \$103,000 in annual wage and fringe benefit cost savings. Additional personnel reductions are discussed in the **human resources** section.
- **Pupil transportation services at Fremont CSD average \$327 per pupil and 4.3 percent of total per pupil expenditures. The peer average is \$196 and 2.7 percent per pupil.** Fremont CSD should evaluate the recommendations in the **transportation** section of this report to further improve its transportation operations.
- **Central support services at Fremont CSD average \$16 per pupil and 0.2 percent of total per pupil expenditures and the peer average is \$2 and 0.0 percent.** Central support describes those services and activities other than general administration, which support each of the other instructional and supporting services programs. These services may include planning, research, development and evaluation, information technology staff, statistical and data processing services, most notably the position(s) responsible for EMIS reporting.
- **Non-instructional support services at Fremont CSD average \$135 per pupil and 1.8 percent of total per pupil expenditures while the peer average is \$97 and 1.3 percent.** Although some food service expenditures are included in this category, it primarily consists of the allocation for function code 3260 – “Non-public school services” of \$575,232. This function is defined as services provided to students attending non-public schools and is funded through special revenue. These auxiliary services consist of activities involved in providing instruction and instructional support. The expenditures are offset by equal special revenue and are not examined in this report.

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	Fremont CSD		Marion CSD		Mt. Vernon CSD		Tiffin CSD		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	\$7,534	97.9%	\$7,588	54.6%	\$7,297	94.6%	\$6,657	64.9%	\$7,266	65.6%
Facilities, Acquisition & Construction Expenditures	\$123	1.6%	\$6,092	43.8%	\$171	2.2%	\$3,119	30.4%	\$3,521	31.8%
Debt Service Expenditures	\$35	0.5%	\$216	1.6%	\$249	3.2%	\$478	4.7%	\$291	2.6%
Total Governmental Funds Operational Expenditures	\$7,692	100.0%	\$13,896	100.0%	\$7,717	100.0%	\$10,253	100.0%	\$11,078	100.0%

Source: Fremont CSD, Marion CSD, Mt. Vernon CSD and Tiffin CSD’s FY 2002-03 4502 Reports

According to **Table 2-6**, Fremont CSD’s overall per pupil spending of \$7,692 per pupil is less than the peer average of \$11,078. The difference is caused by facilities acquisition and construction and related debt service expenditures by the peers.

R2.2 Fremont CSD should adopt a modified central kitchen concept which would improve the efficiency of food service operations and could reduce food service staffing by up to 10 FTE’s. The consolidation of food service operations would be further impacted if the District implemented any building reductions mentioned in the facilities section of this report. By reducing operating costs, the District could reduce the amount that food service operations are subsidized by the General Fund. In addition, Fremont CSD should increase the price of lunches served to reflect the prices of the peers and provide additional revenue.

The food service operations of Fremont CSD are relying on the General Fund to supplement revenues. In FY 2001-02, food service expenditures exceeded revenues by nearly \$200,000 or approximately 15 percent of food service expenditures. The shortfall was subsidized by the General Fund. **Table 2-7** summarizes key information for the food service operations for Fremont CSD as well as its peers.

Table 2-7: Food Services Financial Data and Operational Ratios

	Fremont CSD	Marion CSD	Mt. Vernon CSD	Tiffin CSD	Peer Average
General Information					
Square miles in district	156	9	138	72	73
Number of Buildings in District	9	15	9	8	11
Number of Kitchens in District	9	15	2	2	6
Average Daily Membership (ADM)	4,368	5,506	3,852	3,116	4,158
Overall Staffing (FTE) ¹	34.75	46.42	17.15	16.46	26.68
Total Salaries from Budwrk	\$611,794	\$732,973	\$304,597	\$281,724	\$439,765
Total Fringe Benefits	\$294,331	\$465,581	\$150,685	\$120,222	\$245,496
Supplies and Materials	\$375,360	\$670,199	\$416,044	\$235,374	440,539
Revenue exhibit E	\$1,138,971	\$1,670,384	\$917,748	\$694,340	1,094,157
Expense	\$1,330,361	\$2,002,579	\$888,621	\$642,176	1,177,792
Transfer in from General Fund	\$192,023	\$332,196	0	0	N/A
FY2001-02 Net Income (Loss)	(\$191,390)	(\$332,195)	\$29,127	\$52,164	(\$83,635)
Operational Ratios					
# of Students per Staff member	125.90	118.61	224.61	189.30	177.51
Avg. Compensation per FTE ¹	\$26,075	\$25,820	\$26,547	\$24,420	\$25,596
Compensation costs per student	\$207.45	\$217.68	\$118.19	\$128.99	\$154.95
Supplies and materials per student	\$85.93	\$121.73	\$108.00	\$75.54	\$101.76
Revenue per Student	\$260.75	\$303.37	\$238.25	\$222.83	\$254.82
Expenditure per Student	\$304.57	\$363.71	\$230.69	\$206.09	\$266.83
FY2001-02 Net Income (Loss) per Student	(\$43.81)	(\$60.33)	\$7.56	\$16.74	(\$12.01)

Source: District's and peer's 4502 for FY 2001-02 statement E

Note: Staffing and average compensation information reflects what is contained in the **human resources** section.

¹ Staffing is based on 8-hour work day.

As shown in **Table 2-7**, Fremont CSD's total revenue per pupil is greater than the peer average, although a review of pricing schedules reveals that Fremont CSD charges less for meals than two of the peers. Consequently, kitchen operation expenditures appear to be the primary cause of the operating deficit in the Food Service Fund. Fremont CSD is serving the second lowest number of students per staff member and has the second highest expenditures per pupil of the peers. Food service expenditures that exceed available revenues indicate that inefficiencies exist in the delivery of food services and that Fremont CSD's food service operation is not making optimum use of all available resources.

Although Mt. Vernon CSD is similar in size to Fremont CSD, the results of providing food service for each district are quite dissimilar. The prices of lunches are comparable but Mt. Vernon had a positive net monetary outcome in the amount of \$29,127 for FY 2001-02 while Fremont CSD food services was not self-supporting in that it had a deficit of \$191,391 during the same period. The greatest impact on efficiency is the number of kitchens used. Fremont CSD operates a kitchen in each of its nine buildings while Mt. Vernon operates using a modified central kitchen concept where the high school kitchen supplies bulk food for the middle school and complete meals for the other buildings. The number of kitchens operated has a direct impact on personnel costs. At Fremont CSD salary, wages, and fringe benefits were \$906,125, or 80 percent of food service revenue. At Mt. Vernon, the same expenditures were \$455,282, or 50 percent of food service revenue.

The Mount Vernon High School cafeteria was originally built as a central kitchen approximately 30 years ago. About 90 percent of the cooking equipment has been replaced over the past seven years and the district plans to continue to update the equipment on a ten-year cycle. Equipment purchases are evaluated for labor cost savings and are paid for from food service revenue. In addition to a fully equipped kitchen, Mt. Vernon CSD also owns a refrigerated box truck. A custodian is assigned to the food service department to make deliveries, perform small repairs and provide summer kitchen cleanup. The custodial cleaning crew performs daily cleaning of the cafeterias in each of the district schools.

The bulk items that the high school kitchen prepares for delivery to the other schools include spaghetti sauce, salad, and macaroni and cheese. The food is cold and hot packed for delivery. Breakfast is served in four elementary schools and the middle school.

Fremont CSD could modify its current operation to achieve the peer average of 177 students served per staff member. This could be accomplished through the adoption of a modified central kitchen concept. Fremont CSD could reduce food service personnel by 10 FTEs through moving to a modified central kitchen. This would result in cost savings of \$260,750 which is based on an average food service salary with fringe benefits of \$26,075 per FTE. However, to adopt a central kitchen, capital outlay for kitchen equipment and a vehicle would be necessary.

Fremont CSD served 472,184 lunches in FY 2001-02. Net of free, reduced and student worker lunches, 253,704 full priced lunches were served. Compared to the peers, Fremont CSD generally has the lowest meal prices. **Table 2-8** shows the meal cost comparison between Fremont CSD and two of the peers for FY 2001-02, as well as proposed price changes to bring the District more in line with peer pricing.

Table 2-8: Meal Cost Comparison

Grades	Fremont CSD Current Meal Price	Fremont CSD Adjusted Meal Price	Marion CSD Current Meal Price	Tiffin CSD Current Meal Price
1 – 6	\$1.50	\$1.75	\$1.75	\$1.75
7 – 9	\$1.75	\$2.00	\$2.00	\$1.75
10-12	\$2.00	\$2.25	\$2.00	\$1.75
Adults	\$2.50	\$2.75	\$2.25	\$2.75

Source: Fremont CSD, Marion CSD and Tiffin CSD

Fremont CSD is charging \$0.25 less for some meals than Marion CSD and Tiffin CSD. When compared to by grades, Fremont CSD is charging \$0.25 less for meals served to first through sixth grade students at Marion and Tiffin, \$0.25 less for meals served to seventh through ninth grade students at Marion and \$0.25 less for meals served to adults at Tiffin. The lower cost-per-meal charge can have a negative impact on the District's ability to offset operational costs. **Table 2-8** shows the comparable meal price if the District were to adjust prices to be similar to the two peers. If all Fremont CSD lunch prices were raised by \$0.25 to reflect prices charged by these two peers, revenue of approximately \$63,000 would be generated based on the number of meals served in FY 2001-02.

Financial Implication: If all Fremont CSD lunch prices were raised by \$0.25, a level comparable to Marion CSD and Tiffin CSD, additional revenue of approximately \$63,000 would be generated based on the number of meals served in FY 2001-02. See the **human resources** section for discussion of the financial implication if Fremont CSD chose to reduce the number of food service personnel.

Financial Forecast

R2.3 The assumptions that accompany Fremont CSD's five-year forecast should be expanded to present more detail in the following areas:

- Real estate property tax advances;
- Personnel reductions and expected cost savings;
- Supplies, materials and textbooks; and
- Textbook set-asides

By expanding the supporting notes to the forecast and recovery plan, the Fremont CSD's Board of Education (the Board) and the public will better understand the financial condition of the District and the impact of board decisions.

In addition, the District should continue to develop a financial recovery plan that is specific, practical and provides details on the actions that will be taken to remove itself from fiscal caution status. The financial recovery plan should include

strategies and timelines for the effective resolution of the financial crisis as well as any staffing reductions, realignments or building closures.

Auditor of State Bulletin 98-015 was released on December 21, 1998 to provide guidance on the completion of the five-year forecast and clarify ORC § 5705.412 regarding certifications. According to the bulletin, the financial forecast required by revisions to ORC § 5705.391 is intended to provide a method for the State Department of Education and the State Auditor's Office to identify school districts that are headed toward financial difficulty. The format of the forecast has also been designed as a guide for determining the ability to certify obligations under the requirements of ORC § 5705.412. Responsibility for the preparation of the forecast, the accuracy of the presented figures and the reasonableness of the assumptions on which they are based rests with the school district administration and the board of education. The automatic retrieval of historical data does not relieve the district of the responsibility for ensuring that those numbers are reasonable and accurate.

All information, records and documentation used to estimate available resources, or any changes made to the five-year forecast, including, but not limited to, the current annual estimate of state funding, property tax calculations, fee schedules and average daily membership calculations must be retained by the school district and be made available to the auditor of state or the independent public accountant at the time the school district is audited, pursuant to ORC § 117.11.

Written assumptions that explain the reasoning behind the projected amounts must be included in the forecast for every major revenue and expenditure category. It is essential that the assumptions accompanying the forecast relate specifically to that school district. The bulletin further outlines the level of detail necessary for the assumptions in each major category. Generally historical patterns are recommended when forecasting future periods. However, significant fluctuations or anticipated changes should be identified and explained.

Although Fremont CSD included assumptions and notes to its five-year financial forecast, the District did not provide adequate information regarding the proposed personnel reductions. This type of information is critical in order to incorporate corresponding changes in specific programs and affected positions, and to accurately record salary and fringe benefit savings for the current year and throughout the forecasted period. In addition, the District included textbook set-asides in the forecasted amount for supplies, textbooks, and materials. However the specific amount of the set-aside was not disclosed or shown on the appropriate line.

In addition, ORC § 3316.04(A) requires districts to submit a financial recovery plan to ODE within 60 days of being declared in fiscal caution. Fremont CSD did not complete

its financial recovery plan on the forms provided by ODE and subsequently did not provide much of the detail requested. The District did not provide adequate detail regarding the following revenue and expenditure items:

- Real Estate tax advances are listed as a revenue enhancement for FY 2002-03 but the amount received was not disclosed along with its effect on the tax collections for subsequent years.
- A reduction in expenditures for salaries and fringe benefits affects 19.5 positions and 26 supplemental contracts for a total of \$1,135,701. Details regarding the 10 teaching positions and the supplemental contracts being reduced were omitted. Benefits were assumed at 15 percent of salaries, although actual benefits are roughly 31 percent of salaries in the District. In addition, no change in subsequent years was made for these reductions, giving the appearance of intended reinstatements.

During the course of this audit, the District treasurer left to take a position at another school district. The availability of expanded information would have eased the transition for the District during this period of change and would have assisted the new treasurer, when appointed, by providing information about past decisions and the basis for future projections.

Financial Recovery Plan

Table 2-9 is presented as a potential financial forecast for Fremont CSD management to use to assess the financial condition of the district. It is a management tool to be used to assess the impact that implementation of the various performance audit recommendations will have on Fremont CSD's financial condition. The forecast contains the actual information for FY 1999-00 through FY 2001-02 and the financial projections for FY 2005-06 and FY 2006-07 from the May 29, 2003 forecast as presented in **Table 2-2**. The actual results as of June 30, 2003 are shown for FY 2002-03. The financial projections for FYs 2005-06 and 2006-07 contain additional lines presenting the financial implications and implementation costs associated with the performance audit recommendations.

Tables 2-10a and 2-10b 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.

During the course of the audit, the District passed a 1.25 percent income tax levy and made substantial reductions in personnel that amounted to approximately \$1.1 million. The two actions created positive fund balances for the forecasted periods. To further enhance its financial position and ensure future stability, the District should consider the ideas and recommendations included in this report. However, the audit is not all inclusive, and other cost savings and revenue enhancements should be explored and incorporated in the future District forecasts.

Table 2-9: Fremont City School District Proposed Financial Forecast (Amounts in 000's)

	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
Real Estate Property Tax	9,117	7,913	9,169	9,074	8,618	8,919	9,232	9,555
Tangible Personal Property Tax	2,922	2,997	3,096	3,300	3,239	3,303	3,369	3,437
Income Tax	3,728	3,726	3,686	3,537	3,796	5,485	6,527	6,520
Unrestricted Grants-in-Aid	10,772	11,219	12,257	11,729	12,436	12,933	13,450	13,988
Restricted Grants-in-Aid	389	331	485	340	525	541	557	574
Property Tax Allocation	936	1,138	1,206	1,065	1,119	1,158	1,199	1,241
Other Revenues	348	574	335	463	281	288	295	303
Total Revenues	28,212	27,897	30,234	29,508	30,013	32,628	34,630	35,617
Operating Transfers in	231	730	12	0	0	0	0	0
Advances In	16	147	88	247	238	243	248	252
All Other Financial Sources	27	9	1	5	0	0	0	0
Total Other Financing Sources	274	886	100	252	238	243	248	252
Total revenue & Other financing	28,487	28,783	30,334	29,760	30,251	32,871	34,878	35,870
Personal Services ¹	17,732	18,522	18,634	19,376	19,154	19,920	20,718	21,545
Fringe Benefits ²	4,744	5,054	6,012	6,039	6,116	6,507	6,734	6,970
Purchased Services	3,082	3,435	3,693	2,939	3,127	3,252	3,382	3,517
Supplies, Materials & Textbooks	832	775	662	741	606	612	618	624
Capital Outlay	779	(15)	75	21	71	73	74	76
Debt Service All principal	203		100	0	100	102	100	100
Debt Service Interest and Charges	56	50	59	0	50	50	49 ³	52 ³
Other Objects	398	459	473	511	404	408	412	416
Total Expenditures	27,825	28,280	29,708	29,628	29,628	30,923	32,086	33,301
Operational Transfers Out ⁴	0	0	11	255	250	250	250	250
Advances Out ⁵	620	1,309	280	100	52	52	52	53
All Other Financing Uses	5	184	0	0	0	0	0	0
Total other financing uses	625	1,493	291	355	302	302	302	303
Total expenditures& financing	28,450	29,773	29,998	29,982	29,930	31,225	32,388	33,604
Performance Recommendations ⁶					906	906	906	906
Implementation Costs					(10)	(2)	(2)	(2)
Net Performance Recommendations					896	904	904	904
Result of Operations (Net)	37	(990)	336	(222)	1,217	2,550	3,394	3,170
Beginning Cash Balance	1,058	1,095	105	441	219	1,436	3,986	7,380
Ending Cash Balance	1,095	105	441	219	1,436	3,986	7,380	10,550
Outstanding Encumbrances	169	57	0	31	32	32	32	32
"412" Textbook / Instructional ⁷	0	0	0	0	249	249	249	249
Ending Fund Balance	926	48	441	188	1,155	3,705	7,099	10,269

Source: Fremont CSD's May 29, 2003 financial forecast and July 15, 2003 financial recovery plan.

¹ Salaries were adjusted to reflect the district's reductions in FY 2003-04. The remaining forecasted years were calculated assuming a 4 percent annual increase.

² Fringe benefits remain at the 5/29/03 forecast level assuming a 3.5 annual increase and approximately 31 percent of salaries.

³ Debt service interest was not included for these periods in the District financial recovery plan

⁴ Operational transfers out, largely for food service, were omitted in the District's recovery plan and were not adequately forecasted in the May 29, 2003 forecast.

⁵ Advances out were omitted in the District financial recovery plan.

⁶ The figure does not include recommendations that are subject to collective bargaining negotiations. The estimated annual cost savings for those recommendations totals \$261,300.

⁷ Textbook set-asides were not adequately forecasted or identified in the forecast or recovery plan.

The performance audit recommendations presented in **Table 2-10a** are broken down into two categories; those recommendations subject to negotiation and those recommendations not subject to negotiation. **Table 2-10b** presents the implementation costs associated with various recommendations contained with the performance audit.

Table 2-10a: Summary of Performance Audit Recommendations

Recommendations Not Subject to Negotiations	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
R2.2 Increase meal prices	\$63,000	\$63,000	\$63,000	\$63,000
R3.5 Reduce ESP staffing by 3.0 FTE's	\$181,000	\$181,000	\$181,000	\$181,000
R3.6 Reduce instructional aide positions by 8 FTE's	\$102,000	\$102,000	\$102,000	\$102,000
R3.7 Reduce food service personnel by 10.0 FTE's	\$261,000	\$261,000	\$261,000	\$261,000
R4.10 Redistrict elementary buildings	\$185,000	\$185,000	\$185,000	\$185,000
R5.2 Issue RFPs for fuel and bus insurance purchases	\$24,300	\$24,300	\$24,300	\$24,300
R5.3 Reduce annual bus replacement purchases from 3.5 to 2	\$90,000	\$90,000	\$90,000	\$90,000
Totals Not Subject to Negotiations	\$906,300	\$906,300	\$906,300	\$906,300
Recommendations Subject to Negotiations				
R3.8 Reduce custodial staffing levels by 4.78 FTEs.	\$138,000	\$138,000	\$138,000	\$138,000
R3.11 Increase employee share of monthly health insurance premiums	\$98,000	\$98,000	\$98,000	\$98,000
R3.13 Reduce the number of accrued but unused sick leave days paid out at retirement by 12 days	\$25,300	\$25,300	\$25,300	\$25,300
Totals Subject to Negotiations	\$261,300	\$261,300	\$261,300	\$261,300
Total Recommendations	\$1,167,600	\$1,167,600	\$1,167,600	\$1,167,600

Source: Financial implications identified throughout this performance audit

Table 2-10b: Implementation Costs

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
R3.2 Update policy manual	\$10,000	\$1,600	\$1,600	\$1,600
R4.4 Invest in a custodial training procedures manual	\$60			
Totals	\$10,060	\$1,600	\$1,600	\$1,600

Source: Financial implications identified throughout this performance audit

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Human Resources

Background

This section of the report focuses on various human resources operations within the Fremont City School District (Fremont CSD). Best practice data from the Ohio Department of Education (ODE), the State Employee Relations Board (SERB) and peer school districts were used for additional comparisons throughout the human resources section of the report.

Organizational Structure and Function

Fremont CSD has a full-time director of human resources dedicated to overseeing human resources (HR) functions. As a result of the recent reduction of 1 full-time equivalent (FTE) student services director position in the central administrative office, the HR director has assumed the duties of this position as of June 2003. Primary responsibilities of the director include coordinating activities and programs for the recruitment and selection of employees, monitoring compliance with employment standards (criminal background checks and teaching certifications), facilitating employee performance evaluations, administering and monitoring grievance policies and procedures, negotiating and administering collective bargaining agreements, conducting disciplinary hearings, maintaining personnel files, placing selected substitutes, and participating in new employee orientations. In addition to HR functions, the HR/student services director is responsible for addressing parent and student complaint issues, monitoring home-school students, handling inter- and intra-district transfers, coordinating curriculum needs, and maintaining compliance with State reporting requirements. Clerical staff reporting to the HR director provide administrative support and perform payroll duties. The treasurer's office assists with administration of health insurance plans for all employees within Fremont CSD.

Staffing

Table 3-1 illustrates the actual FTE staffing levels at Fremont CSD and the peer districts during FY 2002-03 as reported to ODE in the Educational Management Information System (EMIS). Adjustments were made to the corresponding EMIS reports based upon interviews with the appropriate district personnel to ensure consistent classification of positions among the peers.

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

Category	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD	Peer Average
Administrators: Subtotal	26.00	45.05	21.50	19.00	28.52
Central Based Administrators	5.00	3.00	5.00	4.00	4.00
Site Based Administrators	19.00	41.05	16.50	14.00	23.85
Other Administrators	2.00	1.00	0.00	1.00	0.67
Professional Education: Subtotal	305.30	415.94	294.56	198.23	302.91
Curriculum Specialist	0.00	0.00	2.00	0.00	0.67
Counseling	8.00	9.90	5.00	8.00	7.63
Librarian / Media	3.00	4.00	3.00	3.00	3.33
Remedial Specialists	15.18	19.40	11.00	0.00	10.13
Regular Education Teachers	219.28	278.99	183.48	132.66	198.38
Special Education Teachers	28.00	56.50	24.00	23.00	34.50
Vocational Education Teachers	2.14	7.00	4.00	2.00	4.33
Tutor / Small Group Instructor	0.00	4.00	16.58	6.97	9.18
Educational Service Personnel Teacher	16.70	28.15	25.00	22.10	25.08
Supplemental Service Teacher	1.00	0.00	0.00	0.00	0.00
Permanent Substitute	11.00	0.00	0.00	0.00	0.00
Other Professional	1.00	8.00	20.50	0.50	9.67
Professional – Other	13.00	17.00	11.25	5.87	11.38
Technical: Subtotal	10.25	17.00	32.39	2.00	17.13
Computer Operator	0.00	1.00	4.00	0.00	1.67
Graphic Arts	0.00	1.00	0.00	0.00	0.33
Computer Programming	0.00	0.00	1.00	0.00	0.33
Printer	0.00	1.00	0.00	0.00	0.33
Library Aide	7.25	14.00	7.39	0.00	7.13
Other Technical	3.00	0.00	20.00	2.00	7.33
Office / Clerical: Subtotal	72.15	79.00	45.42	64.88	63.10
Clerical	23.75	37.00	26.28	24.00	29.09
Teaching Aide	39.40	41.00	17.26	38.88	32.38
Telephone Operator	1.00	0.00	1.00	0.00	0.33
Parent Mentor	0.00	1.00	0.00	0.00	0.33
Other Office / Clerical	7.00	0.00	0.88	2.00	0.96
Crafts / Trades	7.00	4.00	4.00	5.00	4.33
Transportation¹	31.10	9.40	14.40	9.40	11.10
Service Worker/Laborer	68.68	89.68	48.84	37.39	58.64
Attendance Officer	0.00	1.00	0.50	1.00	0.83
Custodian ²	29.07	39.97	27.00	18.93	28.63
Food Service	34.75	46.42	17.15	16.46	26.68
Guard/Watchman	0.00	0.00	1.00	0.00	0.33
Monitoring ³	0.00	1.29	3.19	0.00	1.49
Stores Handling	1.00	0.00	0.00	0.00	0.00
Groundskeeping	0.86	1.00	0.00	1.00	0.67
Attendant	2.00	0.00	0.00	0.00	0.00
Other Service Worker/Laborer	1.00	0.00	0.00	0.00	0.00
Total FTEs⁴	533.48	677.07	472.36	341.77	497.07

Source: FY 2002-03 EMIS Staff Summary Report and SF-3 Report from Fremont CSD and the peer districts

¹ Adjustments made based on interviews with Fremont transportation director and documentation submitted by Fremont CSD and peers. See **transportation** section.

² Adjustments made based on interviews with Fremont and peer district facilities maintenance staff. See **facilities** section.

³ For the 2003-04 school year, Fremont CSD shifted five current classified staff into student monitor positions totaling 3.75 FTEs.

⁴ Totals may vary slightly from actual summation due to rounding.

The 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 Fremont CSD and the peer districts for FY 2002-03.

Table 3-2: FTE Staffing Levels for FY 2002-03 per 1,000 ADM¹

Category	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD	Peer Average
Average Daily Membership (ADM)	4,490	5,530	4,104	2,973	4,202
Administrators: Subtotal	6.1	8.2	5.6	6.1	6.6
Central Based Administrators	1.1	0.5	1.2	1.3	1.0
Site Based Administrators	4.2	7.4	4.0	4.7	5.4
Other Administrators	0.7	0.2	0.0	0.3	0.2
Professional Education: Subtotal	65.3	75.2	71.8	66.7	71.2
Curriculum Specialist	0.0	0.0	0.5	0.0	0.2
Counseling	1.8	1.8	1.2	2.7	1.9
Librarian / Media	0.7	0.7	0.7	1.0	0.8
Remedial Specialists	3.4	3.5	2.7	0.0	2.1
Regular Education Teachers	48.8	50.5	44.7	44.6	46.6
Special Education Teachers	6.2	10.2	5.8	7.7	7.9
Vocational Education Teachers	0.5	1.3	1.0	0.7	1.0
Tutor / Small Group Instructor	0.0	0.7	4.0	2.3	2.4
Educational Service Personnel	3.7	5.1	6.1	7.4	6.2
Other Professional	0.2	1.4	5.0	0.2	2.2
Professional – Other	2.9	3.1	2.7	2.0	2.7
Technical: Subtotal	2.3	3.1	7.9	0.7	3.8
Computer Operator	0.0	0.2	1.0	0.0	0.4
Graphic Arts	0.0	0.2	0.0	0.0	0.0
Computer Programming	0.0	0.0	0.2	0.0	0.1
Printer	0.0	0.2	0.0	0.0	0.1
Library Aide	1.6	2.5	1.8	0.0	1.4
Other Technical	0.7	0.0	4.9	0.7	1.8
Office / Clerical: Subtotal	16.1	15.1	11.1	21.8	16.0
Clerical	5.3	6.7	6.4	8.1	7.1
Teaching Aide	8.8	7.4	4.2	13.1	8.2
Telephone Operator	0.2	0.0	0.2	0.0	0.1
Parent Mentor	0.0	1.0	0.0	0.0	0.3
Other Office / Clerical	1.8	0.0	0.2	0.7	0.3
Crafts / Trades	1.6	0.7	1.0	1.7	1.1
Transportation	6.9	1.7	3.5	3.2	2.8
Service Work/Laborer	15.4	16.2	11.9	12.6	13.6
Attendance Officer	0.0	0.2	0.1	0.3	0.2
Custodian	6.8	7.2	6.6	6.4	6.7
Food Service	7.7	8.4	4.2	5.5	6.0
Guard/Watchman	0.0	0.0	0.2	0.0	0.1
Monitoring	0.0	0.2	0.8	0.0	0.3
Groundskeeping	0.2	0.2	0.0	0.3	0.2
Attendant	0.4	0.0	0.0	0.0	0.0
Other Service Worker/Laborer	0.2	0.0	0.0	0.0	0.0
Total FTEs per 1,000 ADM	116.5	123.3	115.1	114.9	117.9

Source: FY 2002-03 EMIS Staff Summary Report and 1st Full Week of October Enrollment Report from Fremont CSD and the peer districts

¹ Calculation figures have been rounded to the nearest tenth, therefore may vary slightly from actual summation totals.

As illustrated in **Table 3-2**, Fremont CSD has 116.5 FTEs per 1,000 ADM which appears to be comparable to the peer average of 117.9 FTE per 1,000 ADM. However, Fremont CSD has higher FTE staffing allocations compared to the peer average within the following classifications:

- **Central administrators:** Fremont CSD has 5.0 FTE central administrators compared to the peer average of 4.0 FTEs. Included in this classification at Fremont CSD are the superintendent, treasurer, and directors of human resources/student services, special education, and K-12 curriculum coordination.

- **Other administrators:** Fremont CSD appears higher in the other administrators classification due to EMIS reporting variations. Fremont CSD includes the athletic director and assistant treasurer positions within the other administrators' classification. With this clarification, other administrator staffing levels were determined to be in line with the peers.
- **Remedial specialists:** Fremont CSD has 3.4 FTEs per 1,000 ADM compared to the peer average of 2.1 FTEs per 1,000 ADM in the remedial specialist classification. This variance is primarily due to the larger student population served by Fremont CSD and variations in districts' definition and classification of remedial and tutoring staff within EMIS.
- **Regular education teachers:** Fremont CSD's regular education teacher staffing allocation is 48.8 FTEs per 1,000 ADM compared to the peer average of 46.6 FTEs per 1,000 ADM. In actual staffing levels, this equates to approximately 21 more regular education teachers than the peer average (see **Table 3-1**). However, based on interviews with District administrators, Fremont CSD reduced certificated teacher positions by 18.5 FTEs for FY 2003-04. Many of the reductions were the result of attrition.
- **Professional – Other:** The professional-other classification at Fremont CSD is higher than the peer average by 1.63 FTEs. In this category, FCSD has 6.0 FTE registered nurses compared to the peer average of 2.10 FTEs. School psychologists and a full-time social worker also inflate the staffing levels in this classification.
- **Teaching aide:** Fremont CSD has 39.4 instructional aide positions compared to the peer average of 32.3. In addition, Fremont CSD has one teacher's aid for every 114 students compared to the State average of one for every 148.5 students (see **Table 3-6**.) However, according to District administrators, instructional aides help facilitate assimilation and learning of bilingual students. Based on student demographics found on ODE District Report Cards, FCSD has a larger overall population of limited English proficient students (1 percent) compared to the peers (0.26 percent).
- **Office/Clerical staff:** Fremont CSD has a higher staffing allocation than the peers by 1.8 FTE per 1,000 students within the office/clerical classification as a result of reclassification within EMIS of current staff positions based on duties performed. Staff members now classified as "other office/clerical" were formerly classified as computer operators and attendance officers. In addition, Fremont CSD has reduced 1.0 FTE in this classification for FY 2003-04.
- **Crafts/Trades:** Fremont CSD has 1.6 FTE per 1,000 students compared to the peer average of 1.1 FTE within the **crafts/trades** classification. Fremont CSD has two

mechanics and five maintenance staff, whereas two of the peers outsource building and/or vehicle maintenance jobs. See the **facilities** section for further discussion.

- **Transportation:** Fremont CSD has 6.9 FTEs per 1,000 students compared to the peer average of 2.8 FTEs per 1,000 ADM. This variance is explained by the District's larger geographic area, higher number of students served, and higher number of buses. See the **transportation** section for additional details.
- **Custodial Staff:** Fremont CSD appears to be in line with the peer average in terms of custodial staffing levels with 6.8 and 6.7 FTEs per 1,000 ADM respectively. However, as noted in the **facilities** section, the square footages maintained per custodial staff member are significantly less at Fremont CSD than the peer and the national averages.
- **Food Service:** Fremont CSD has 8.0 FTEs per 1,000 students which is higher than the peer average of 6.1 FTEs. The staffing difference is a result of two of the peers having central kitchens whereas Fremont CSD has a kitchen in each building. Fremont CSD reduced one 1-hour cook position for FY 2003-04. See the **financial systems** section for further analysis and discussion regarding food service operations.
- **Service Worker/Laborer:** Fremont CSD has 15.4 FTEs per 1,000 ADM in the service worker/laborer classification total compared to the peer average of 13.6 FTEs per 1,000 ADM. In addition to the custodial and food service staff, other service worker classifications contributing to the variance include one attendant and one mail delivery staff (in the "other service worker/laborer" classification) at Fremont CSD. Based on analysis found in the **financial systems** section, District spending was determined to be high for service/labor compared the peers which may be linked to higher staffing levels in the service worker/laborer classifications.

Enrollments in Ohio's regular school districts declined slightly from FY 1996-97 through FY2002-03, dropping by nearly 46,000 students (2.5 percent) based on a June 2003 report to ODE by The Ohio Collaborative – Research and Policy for Schools, Children, and Families. Fremont CSD has decreased staffing levels in conjunction with its decreasing student enrollment of approximately 100 students per year. The District reduced central administrative director staffing levels by 1.0 FTE in FY 2001-02, and 1.0 FTE in FY 2002-03. Certificated staffing levels were also reduced for FY 2003-04 by 18.5 FTEs. Several of the reductions result from teacher retirements. One clerical staff reduction is also a result of retirement. The District reduced five other classified positions for FY 2003-04 including a truant officer, first-aid room attendant, transportation manager, cook, and instructional aide. Employees currently in these positions, totaling 3.75 FTEs, will shift to student monitor positions for next year. In addition, according to Fremont CSD's superintendent, 26 supplemental positions were reduced for FY 2003-04. Further discussion regarding staffing changes or reclassifications of current staff into new jobs is found in the **Recommendations** section under *Staffing*.

Collective Bargaining Agreements

Certificated personnel within Fremont CSD are governed by a negotiated agreement between the Board of Education and the Fremont City Education Association/OEA/NEA. Classified employees are unionized under a separate labor agreement between the Board and the Ohio Association of Public School Employees (OAPSE). Because contractual and employment issues directly affect the operating budget, many of the issues have been assessed to show their financial implications to the District. The implementation of some of the associated recommendations would require bargaining unit negotiations.

Table 3-3 and **Table 3-4** illustrate key contractual issues in the certificated and classified employee negotiated agreements.

Table 3-3: Fremont CSD & Peer Certificated Contractual Comparison

	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD
Length of work day	7 hours 30 minutes ¹	Not specified	7 hours 30 minutes	7 hours 30 minutes
Maximum class size	K-12: 25	Not specified	K-12: 25	K-12: 25
Number of contract days	185 days	184 days	186 days	185 days
Instructional	178 days	Not specified	180 days	179 days
In-Service	5 days		3-1/2 days	4 days
Parent/Teacher Conferences	2 days		3-1/2 days	2 days ²
Maximum number of sick days members may accumulate	220	202	220	265
Maximum number of sick days paid out at retirement	50% of the value of accrued but unused sick leave credit to a maximum of 51 days; any unit member with 5 or more years of service may also receive an additional stipend of up to 20 days of the remainder of unused sick leave	33% of the value of accrued but unused sick leave up to a maximum of 132 days; additional day's pay for each year of perfect attendance up to a maximum of 5 additional days	25% of the value of accrued but unused sick leave of up to 160 days (total maximum payout of 40 days)	25% of the value of accrued but unused sick leave (with no limit specified.) Paid in addition to \$5,000 stipend to retirees.
Sick leave non-use incentive	Unit members using less than 4 days of sick leave per year shall be credited with 2 days of severance pay above the maximum allowable payout of 51 days at retirement	Unit members using no sick leave days in the contract year shall be reimbursed for one day's pay	None	Full-time employees achieving 100% perfect attendance (non-use of personal or sick leave) shall be paid \$350 at the conclusion of the year; exceptions include attendance at professional workshop or religious leave
Personal leave use incentive	\$100 stipend payable no later than the first pay period in July to any member not using any personal leave during the year.	One day's pay or option to carry 1 personal leave day to the next year	None	
Maximum annual stipend paid to local professional development committee members	\$15 per hour up to 250 hours for a maximum payout of \$3,750 per member	\$550	Contract is silent	\$500
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 5 years of service, with requirement to return for 1 year	Maximum of 1 year allowed ⁵
Cost of living increases per year	2002-03: 2.99% 2003-04: 3.99%	Not specified	2002-03: 3.5% 2003-04: 3.5% 2004-05: 3.5%	2003-04: 3.0%

Source: Bargaining unit labor agreements for Fremont CSD and peer school districts

¹ Includes secondary level. Elementary level work day is 7 hours.

² K-7 teachers receive 3 days for parent/teacher conferences.

Table 3-4: Fremont CSD & Peer Classified Contractual Comparison

	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD ¹
Minimum call-in hours paid to employees for emergencies	2 hours at one and one half times the regular pay ²	2 hours at one and one half times the regular pay	Employee receives two times regular pay for actual hours worked	Employee received one and one half regular pay for actual hours worked
Paid vacation accumulation schedule	<u>1 year:</u> 5 days <u>2 to 8 years:</u> 10 days <u>8 to 13 years:</u> 15 days <u>13+ years:</u> 18 days	<u>0 to 7 years:</u> 10 days <u>8 to 16 years:</u> 15 days <u>17+ years:</u> 20 days	<u>1 to 9 years:</u> 10 days <u>10 to 19 years:</u> 15 days <u>20+ years:</u> 20 days	None
Number of holidays for 12-month employees	10 ³	10	10	N/A
Number of holidays for less than 12-month employees	9 ⁴	7	10 ⁵	6
Maximum number of sick days members may accrue	250	265	220	245
Maximum number of sick days paid upon retirement	5 + years of service: employee shall be paid 35 days of accrued but unused sick leave credit; any employee shall be paid for half the days in excess of 70 but not to exceed 12 days; Employees with 17+ years of service and over 150 days of accrued sick leave shall be paid an additional severance of 20 days of sick leave credit	33% of accumulated but unused sick leave up to a maximum accrual of 133 days	25% of accumulated but unused sick leave up to a maximum of 55 days	25% of accumulated but unused sick leave up to a maximum accrual of 265 in addition to a \$5,000 stipend
Sick Leave Use Incentive	Unit members who use less than 4 days of sick leave per year shall be credited with 2 days of severance pay above the maximum allowable payout of 51 days at retirement ⁴	Up to \$225	None	\$350 for perfect attendance for full-time employees; benefit is pro-rated for part-time employees
Personal Leave Use Incentive	None	Up to \$225	None	(Combined with sick leave incentive)
Number of leave days for association business	Not specified	Up to 9 days	Not specified	Not specified
Cost of living increases per year	2003-04: 3.0% 2004-05: 4.0%	2003-04: 3.5% 2004-05: 3.0%	2003-04: 3.5% ⁶ 2004-05: 3.5% ⁶	2002-04: 3.0%

Source: Fremont CSD and peer school districts

¹Applies to food service staff only; custodial, maintenance, bus drivers, and clerical staff operate under the same terms as certificated employees.

²Double the hourly rate on Sundays and holidays.

³Applies to 11 and 12 month employees.

⁴Eligible after 30 days employment.

⁵Minimum of 11 months of service required.

⁶Cooks shall receive a 5 percent increase.

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

- **Site-based administrative staffing levels:** Fremont CSD has 1.2 FTEs per 1,000 ADM fewer site-based administrators than the peer average. While the actual peer average is 23.85 FTEs (figure is skewed due to 12 coordinator positions for a total of 41.05 FTE site-based administrators at Marion CSD), Mount Vernon and Tiffin CSDs have 16.5 and 14.0 FTE site-based administrators respectively, compared to 19.0 FTEs at Fremont CSD. Within this classification, Fremont CSD has 4.0 FTE assistant principal positions compared to the peer average of 3.0 FTEs. Fremont CSD also has 9.0 FTE principal positions compared to the peer average of approximately 10.0 FTE principals. Overall, FCSD has 13.0 FTE building-based administrators. Other FCSD position classifications recorded in EMIS within the site-based administrators category include three supervisory positions for maintenance, food service, and transportation, one EMIS coordinator, one work-study coordinator, and one State and Federal programs coordinator for a total of 19 FTE site-based administrators.
- **Special education staffing levels:** Special education teacher staffing per 1,000 ADM is in line with State benchmarks, and therefore, does not warrant any staffing changes. The District has 28.0 FTEs (6.2 per 1,000 ADM) in this classification compared to the peer average of 34.5 FTEs (7.9 per 1,000 ADM). According to the superintendent, Fremont CSD eliminated the agreement with the Sandusky County Educational Service Center for special education services. Costs associated with the agreement were determined to be a contributing factor in the high expenditures compared to the peers for professional and technical services (see **financial systems** section).
- **Supplemental salaries:** Fremont CSD supplemental salary schedules were reviewed and appeared to be in line with the peers. Fremont CSD has reduced 26 supplemental contracts for FY 2003-04 for a savings to the District of approximately \$61,000 (see **financial systems** section).
- **Leave usage:** Sick leave usage data were reviewed and determined to be appropriate as compared to the peers and State averages. Based on ODE's 2003 District Report Cards, teacher attendance rates were 96.6 percent at Fremont CSD compared to the peer average of 96.7 percent and the State average of 95.3 percent.
- **Dental insurance monthly premiums:** Monthly premiums for family dental insurance were reviewed and determined to be significantly lower than the SERB and peer averages.

- **Pick up of employee share of STRS contribution:** Pick up of the employee share (10 percent) of the STRS contribution was assessed for certificated bargaining unit employees and no recommendations were warranted. However, Fremont CSD picks up the entire employee share of the retirement system contributions for non-bargaining unit employees at the director level and higher. The District also picks up 60 percent of the employee share for principals and 40 percent of the employee share for assistant principals. For further discussion, see **R3.10**.

Recommendations

Planning, Policies, and Procedures

- R3.1 Fremont CSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before submission to ODE and EMIS. In addition, there should be a review process by a person that is independent of the data gathering process to ensure the policies and procedures are followed and accurate FTE numbers are reported to ODE and EMIS. The individual responsible for gathering and compiling EMIS information should use the *EMIS Definitions, Procedures and Guidelines* report which is produced annually by ODE to assist school districts in entering information into EMIS.**

During the course of the performance audit, the human resources director indicated that some classifications or FTE calculations reported in EMIS were not accurate according to EMIS definitions. In addition, some FTE staffing levels reported in EMIS for FY 2002-03 were inconsistently calculated in terms of number of hours worked per day. This resulted in incorrect information being reported to EMIS which causes the staffing levels to be improperly recorded. All tables in this report, including **Table 3-1**, illustrate the revised and corrected staffing levels.

The Ohio Department of Education 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. In addition to developing policies and procedures to ensure that accurate reports are prepared and reconciled, Fremont CSD should ensure that someone independent of the data gathering process reviews the information to ensure accuracy of the figures. Furthermore, Fremont CSD should obtain and use the *EMIS Definitions, Procedures and Guidelines* report which is produced annually by ODE to assist in the process. If needed, Fremont CSD should seek additional training and assistance to meet these important objectives.

- R3.2 Fremont CSD should update its District Policies and Procedures Guidelines manual. The current policies and procedures manual is outdated and does not serve as a dependable and accurate guide for District officials to follow.**

In order to ensure consistency and accuracy in handling District policy issues, Fremont CSD should have an updated policies and procedures manual to offer guidelines to District officials. Additionally, regularly updating policies and procedures can help the District mitigate significant liability risks associated with outdated policies and procedures. According to the District treasurer, the neighboring Wood County district of

Elmwood Local Schools contracted with the Northwest Ohio Educational Computer Association (NOECA) to provide a comprehensive General Operating Policy Manual at a one-time cost of approximately \$10,000 with quarterly update fees of approximately \$400. If financially feasible, Fremont CSD should consider outsourcing this project to an external professional organization such as NOECA. As an alternative, Fremont CSD should devote internal human resources to updating the manual using the Elmwood LSD manual as a model. Until the District reaches a higher level of financial stability, regular updates may be completed in house, thereby avoiding additional quarterly fees.

Financial Implication: When financially feasible, Fremont CSD should contract with a professional resource such as NOECA for completion of an updated comprehensive general operating policies and procedures guidelines manual for a one-time fee of approximately \$10,000 and quarterly update fees totaling approximately \$1,600 annually.

R3.3 Fremont CSD should review and update the District’s technology plan. The technology planning committee should review and update the plan for necessary changes. The revised technology plan should be presented to, and formally approved by, the Board.

Fremont CSD’s technology plan was incorporated in the Continuous Improvement Plan (CIP) and submitted in May 2000. However, the current plan was last revised on May 15, 2000 and is not up-to-date.

According to the Office of Program Policy and Government Accountability (OPPAGA) Best Practice Indicators for Education, the effectiveness of a district’s CIP is based, in part, on the process and commitment of annually reviewing and, if necessary, amending priorities to reflect changes in community standards, student needs, or board direction. As part of the update to the CIP, the current technology planning committee should review its role in meeting the technology needs and objectives of the District. In addition, the committee should evaluate technology priorities and implementation plans to ensure that updates to the set plans describe the District’s long-term objectives and incorporate business operations, student information, and instructional services. For example, the technology steering team should partner with the HR/student services director to ensure that job descriptions are able to be revised and maintained electronically. In addition, the planning committee should determine how technical staff and funding sources such as the permanent improvement levy will help the District achieve its technology goals. Finally, the technology planning team should communicate revisions and updates to the technology plan to the Board and District staff in a clear and concise manner.

R3.4 Fremont CSD job descriptions lack requisite preparation and approval dates. Subsequently, job descriptions may be outdated and, therefore, may not appropriately reflect the duties currently performed by District staff. The District

should review job descriptions annually, make revisions when warranted and annotate that the job description was revised by including the date of preparation and approval on the document.

Fremont CSD should review current job descriptions and make appropriate revisions, which describe duties, skills, efforts, responsibilities, environmental and working conditions specific to the job as well as the educational experience required to perform the job. The updated position descriptions should be dated and approved by the Board and maintained within the District personnel files. Through a review of Board Minutes it appears that District job descriptions were last approved by the Board in late 2000. However, the job descriptions themselves do not reflect that revisions or updates were made or that Board approval took place because the date the prepared and approved fields are blank. Human resources standards state that job descriptions should be reviewed and updated on a regular basis, preferably annually, to ensure an accurate reflection of duties and to ensure that performance evaluation and reward systems are appropriately linked to duties of the position. Accurate job descriptions are helpful at every stage of the employment relationship by providing a basis for recruitment efforts as well as job evaluation, and establishment of wage and salary structures.

According to Business and Legal Reports, Inc., organizations should have a formal schedule for reviewing all job descriptions, preferably at least once a year. Maintaining up-to-date job descriptions is important because they facilitate effective human resources management in the following ways:

- Clarify duties and define relationships between individuals and departments.
- Help the jobholder understand the relative importance of tasks and level of accountability.
- Provide information about the knowledge, training, education, and skills needed for a job.
- Help minimize conflicts and improve communications by telling employees what they need to know about the job.
- Help management analyze and improve the organizational structure and resource allocation.
- Provide all this information in a completely objective and impersonal way.

Accurate job descriptions also provide a basis for job evaluation, wage and salary surveys, and an equitable wage and salary structure. The content of the written job descriptions should include the following:

- List of tasks;
- List of decisions made;
- Amount of supervision received;

- Supervision exercised;
- Interactions with other staff;
- Physical conditions;
- Physical requirements; and
- Software or other equipment used.

Fremont CSD should use the criteria listed above to revise and update all District job descriptions. The job descriptions should be reviewed annually. New job descriptions should be maintained in an electronic format so that they can be updated easily. This recommendation can be implemented at no additional cost to the District.

Staffing

R3.5 Fremont CSD should consider reducing staffing levels within the education service personnel (ESP) classifications by 3.0 FTEs. The District could reduce 2.0 registered nurses and 1.0 psychologist position within the ESP staffing classifications and still remain above State minimum requirements. Based on the District’s current financial condition, this reduction may not be necessary in the next year.

Expenditures for pupil support are significantly higher for Fremont CSD than the peers (see the **financial systems** section). Staffing positions that provide pupil support are the ESP positions as outlined in the Ohio Administrative Code (OAC) §3301-35-05(A)(4) including ESP teachers, counselors and psychologists, registered nurses, social workers, and library/media specialists.

Table 3-5 compares the staffing levels of all ESP personnel at Fremont CSD for FY 2002-03 with the peer districts’ staffing levels. The staffing levels are illustrated in terms of actual FTEs.

Table 3-5: Comparison of ESP Staffing Levels

Classification	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD	Peer Average
ESP Teachers	16.70	28.15	25.00	22.10	25.08
Counselors	8.00	9.90	5.00	8.00	7.63
Library/Media Specialist	3.00	4.00	3.00	3.00	3.33
Psychologist	3.00	4.00	2.00	2.57	2.86
Registered Nurse	6.00	5.00	1.00	0.30	2.10
Social Worker	1.00	1.00	1.00	0.00	0.67
Totals	37.70	52.05	37.00	35.97	41.67
ESP FTE per 1,000 ADM	8.40	9.41	9.02	12.11	9.92

Source: Interviews; EMIS reports from Fremont CSD and the peer districts

As illustrated in **Table 3-5**, Fremont CSD has 8.4 FTE ESP staff per 1,000 students compared to the peer average of approximately 9.92 FTEs per 1,000 students, or 1.52 FTEs fewer than the peers. However, while student to staff member ratios are comparable to the peers, they exceed the minimum standards identified in OAC §3301-35-05(A)(4) of 5.0 FTEs per 1,000 ADM, by 3.4 FTEs. If the District were to adjust the ESP staffing ratio to the minimum standards identified in OAC §3301-35-05(A)(4), it could reduce staffing levels by approximately 3.0 FTEs and still remain within the State minimum standards.

Approximately 44 percent of Fremont CSD's ESP staff is designated as art, music or physical education teachers that have direct instructional contact with students throughout the school day. In addition, according to the human resources/student services director, Fremont CSD plans to hire an additional half-time ESP health teacher for the coming school year to accommodate student class sizes and maintain appropriate student to teacher ratios. The District has an appropriate number of counselors and library/media specialists compared to the peer average and state requirements. However, within the registered nurse classification, Fremont CSD has 6.0 FTEs which is 3.9 FTEs more than the peer average of 2.10 FTEs. Based on this analysis, Fremont CSD should reduce ESP staffing within the registered nurse classification by 2.0 FTEs. In addition, according to the OAC, the District is required to have one psychologist for every 2,500 students. Based on this criterion, and the number of students in the District, Fremont CSD could reduce 1.0 FTE psychologist position without jeopardizing the needs of the students.

Financial Implication: Fremont CSD should reduce 2.0 FTE registered nurse positions and 1.0 FTE psychologist position. Assuming an estimated annual salary of \$42,000 per registered nurse and benefits equal to 31 percent of annual salaries, or approximately \$13,000, Fremont CSD could generate an annual cost savings of approximately \$110,000 as a result of reducing its full-time registered nurse personnel by 2.0 FTEs. A reduction of 1.0 FTE psychologist position would result in additional savings of approximately \$54,000 in salary and fringe benefits equal to \$17,000 for a total annual savings of approximately \$71,000. Implementation of this recommendation would result in an overall estimated annual cost savings of \$181,000 which could be reallocated to direct instructional costs.

R3.6 Fremont CSD should raise the student-to-staff member ratios in the area of instructional aides by reducing at least 6.0 teacher aide positions. Fremont CSD has 114.0 students per teacher's aide compared to the average for 20 similar districts across the state, which is 148.5 students per aide and the peer average of 129.5 students per aide.

Based upon the 2002-03 EMIS enrollment data, Fremont CSD has an average daily membership of 4,490 students. As shown in **Table 3-6**, Fremont CSD has 114.0 students

per instructional aide compared to the average for similar districts across the state of 148.5 students per teacher's aide. In order to be comparable to the state average, Fremont CSD would need to reduce instructional aides by more than 10.0 FTEs. However, the peer average for instructional aide positions is approximately 32.0 FTEs (see **Table 3-1.**). Based on this analysis, Fremont CSD could reduce teacher aide positions by at least 6.0 FTEs in order to be more in line with the peer average.

Table 3-6: Comparison of Students per Staff Ratios to State Averages

Overall Staffing Ratios	Total Number	Fremont CSD Students per Staff Member	State/Similar District Average ¹
Total ADM to Regular and Special Teachers	249.42	18.0 to 1	16.4 to 1 ²
Instructional Aides	39.4	114.0 to 1	148.5 to 1
Guidance Counselors	8.0	561.25 to 1	515.6 to 1
Librarians/Media Personnel	3.0	1,496.6 to 1	1,329.6 to 1
District level Administrators³	7.0	641.4 to 1	365.6 to 1
School level Administrators⁴	13.0	345.4 to 1	354.7 to 1

Source: EMIS School Enrollment reports from Fremont CSD; ODE 2003 Local Report Cards; interviews with District personnel

¹ The state averages were obtained from ODE EMIS Similar District Reports and an average ADM of 3,590.

² Obtained from ODE website.

³ Includes 5 employees in the central administrator classification (superintendent, treasurer, and 5 directors), and 2 employees in the other administrator classification (assistant treasurer; athletic director).

⁴ Includes only principal and assistant principal positions.

At Fremont CSD, instructional aides supplement regular teachers in the classroom, provide playground supervision, and help support the needs of bi-lingual students. According to District officials, Fremont CSD has a significant bi-lingual student population, therefore, a higher need for bi-lingual aides. The District has already reduced one instructional aide position, by reallocating the staff member to one of 3.75 FTE new student monitor positions for FY 2003-04.

Guidance counselors at Fremont CSD support approximately 46 more students than the similar district average. Of the 13 school building administrators at Fremont CSD, 9.0 FTEs are principals and 4.0 FTEs are assistant principals compared to the peer averages of 10.2 and 3.0 FTEs respectively. At Fremont CSD, site-based administrators serve approximately 9.3 fewer students compared to the similar district average. Fremont CSD exceeds the average for students served per district administrator by 275.8 but this can be attributed to the recent reduction in central administrative staff by 1.0 FTE. The District meets or exceeds similar districts across the state in the averages for teachers, library/media personnel.

Fremont CSD had one teacher (1.0 FTE) for every 18 students during FY 2002-03. The state average during FY 2002-03 was one teacher (1.0 FTE) for every 16.4 students as shown in **Table 3-6**. In addition to the regular teachers, Fremont CSD has 11.0 FTE permanent substitutes that are on site every day. Permanent substitutes report to the same building each day, but, as determined by need, may travel to another building in the District as necessary. (Permanent substitutes are not eligible to receive insurance benefits.) District-wide student-to-teacher ratios are in line with the state minimum requirement of one regular teacher per every 25 students as outlined in OAC 3301-35-05(A)(3).

In addition to the comparison to the State averages, **Table 3-7** compares Fremont CSD's student to teacher ratios to the peer districts.

Table 3-7: Students per Teacher Ratios Compared to Peer Districts

	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD	Peer Average
Enrollment¹	4,490	5,530	4,104	2,973	4,202
FTE Regular Teachers²	219.28	278.99	183.48	132.66	198.38
District Students per Regular Teaching Staff³	20.48 to 1	19.82 to 1	22.36 to 1	22.41 to 1	21.18 to 1

Source: EMIS reports from Fremont CSD and the peer districts; ODE

¹ Based on EMIS FY 2002-03 School Enrollment Data (First Full Week of October Reports)

² Based on EMIS FY 2002-03 Staff Summary Report

As seen in **Table 3-7**, Fremont CSD has approximately 21 more regular teachers than the peer average of 198.38. Students per regular teacher ratios are slightly less than, but still in line with the peers. However, Fremont CSD has a higher enrollment than the peer average by 288 students. According to District administrators, Fremont CSD has already reduced regular teacher staff by approximately 18.5 FTEs as of the end of FY 2002-03, many of these through attrition. However, according to ODE, student/teacher ratios in regular districts decreased from 24.6 to 1 in FY 1996-97 to 20.9 to 1 in FY 2002-03. Projected decreases in enrollment in Ohio schools between FY 2002-03 and 2007-08 could lead to a decline in staffing levels in districts where enrollment declines are sufficient to allow for classroom consolidation without unduly affecting class size.

The need for teachers should remain a function both of enrollment and budget, as well as the State's policies for class sizes. Therefore, Fremont CSD should continually monitor student/teacher ratios as well as student/staffing ratios (particularly bi-lingual

student/staffing ratios) in other classifications and the impact both financially and educationally on the achievement of State academic indicators reported on District Report Cards.

Financial Implication: Fremont CSD should consider reducing instructional aide staff by 6.0 FTEs. Based on the average teacher aide salary of \$13,000 and fringe benefits equal to 31 percent, or approximately \$4,000, Fremont CSD could save approximately \$102,000 by reducing teaching aide positions from 39 to 33.

R3.7 Fremont CSD should consider reducing food service staffing levels by 10 FTEs in conjunction with the adoption of a modified central kitchen concept and consolidation of food service operations. Fremont CSD currently has 8.0 FTEs per 1,000 students compared to the peer average of 6.1 FTEs per 1,000 students. However, Fremont CSD serves the second lowest number of students per staff member and has the second highest expenditures per student, both of which contribute to deficits in the food service fund. See also R2.2 in the financial systems section for in-depth discussion regarding food service operations compared to peer districts.

Based on analysis contained in the **financial systems** section, Fremont CSD should adopt a modified central kitchen concept to increase economy and efficiency, and decrease expenditures in food service operations. The peer districts of Marion CSD and Tiffin CSD both provide models of the modified central kitchen concept. Fremont CSD should consider adoption of a similar process in order to raise overall efficiency and food services to students.

Fremont CSD serves approximately 135 students per staff member compared to the peer average of 177 students per staff member (see the **financial systems** section). Adoption of the modified central kitchen concept would help Fremont CSD raise the staff member to students served ratio by allowing the district to function more efficiently with fewer food service staff. However, the District would need to make additional capital expenditures to pay for kitchen equipment and a vehicle for transport of food between buildings in order to successfully implement the recommendation. The District should conduct appropriate feasibility research regarding costs of these variables and seek approval by the Board.

Financial Implication: If Fremont CSD could reduce food service personnel by 10.0 FTEs through the adoption of a modified central kitchen concept, and achieve the peer average number of students served per staff member, it could realize an estimated annual cost savings of \$261,000, based on an average salary inclusive of fringe benefits totaling \$26,100 per FTE. These savings would offset the general fund monies that have supplemented the food service fund for the past several years.

R3.8 Fremont CSD should consider reducing custodial staffing levels by 4.78 FTEs. Reducing custodial staff by 4.78 FTEs will help Fremont CSD lower its operating expenditures without negatively impacting the District’s educational programs or building cleanliness. The reduction should be accomplished through negotiating a process of eliminating positions, reassigning duties, and decreasing hours. See R4.1 in the facilities section for additional discussion regarding custodial staff reductions.

Fremont CSD custodians maintain approximately 4,000 square feet per FTE less than national standards. Compared to the peers, Fremont CSD is maintaining 184 square feet less per FTE than the peer average. If the District were to make building reassignments, reduce the hours of evening employees (by 1.9 FTEs), and eliminate three positions (by 2.88 FTEs) the overall square footage maintained increases to 23,815 square feet per FTE, which is in line with peer and best practice standards. Please refer to the **facilities** section for further analysis and discussion regarding facilities and maintenance operations.

Financial Implication: If Fremont CSD reduces its custodial staff by 4.78 FTEs through a combination of reduced positions and reduced hours, the District could save approximately \$115,000 in salary expenditures and an additional \$23,000 in benefits equating to total annual cost savings of \$138,000. According to the classified bargaining unit agreement, implementation of the reduction in hours portion of this recommendation would require negotiations with unit members and/or representatives.

Salaries

R3.9 FCSD should consider negotiating a cost-of-living increase of not more than 2 percent annually for the next contract period. Limiting cost of living increases for the next contract period to no more than 2 percent would temper the rate of compensation increases, generate a cost avoidance, and improve the future financial condition of the District. The cost avoidance would allow funds to be directed toward providing educational instruction that would directly benefit students.

Fremont CSD has negotiated a 3 percent cost-of-living increase for certificated and classified employees for FY 2003-04 and a 4 percent cost-of-living increase for FY 2004-05. According to EMIS reports, current compensation to Fremont CSD employees is comparable to the peers. However, in light of recent fiscal difficulties, Fremont CSD should conduct a periodic review of salaries to determine the appropriateness of current salary schedules and provide a comprehensive understanding of the financial impact of future cost-of-living increases.

Table 3-8 compares the total salaries within each classification group and shows the percentage difference between Fremont CSD and the peers.

Table 3-8: Comparison of Staff Salaries

Classification	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD	Peer Average	% Difference
Central Administrative ¹	\$82,572	\$87,322	\$79,196	\$71,918	\$79,479	3.90%
Site-based Administrative ²	\$60,648	\$60,705	\$65,934	\$59,809	\$62,149	(2.42%)
Professional - Educational	\$45,184	\$49,066	\$44,329	\$41,700	\$45,032	0.34%
Professional - Other	\$45,078	\$43,025	\$39,806	\$42,327	\$41,719	7.50%
Office / Clerical	\$17,305	\$16,775	\$18,619	\$16,564	\$17,319	(0.08%)
Crafts & Trades	\$33,371	\$33,051	\$29,738	\$36,905	\$33,231	0.42%
Operative (Transportation)	\$15,529	\$12,413	\$18,705	\$13,760	\$14,959	3.81%
Service Work / Laborer	\$19,579	\$16,951	\$19,870	\$20,922	\$19,248	1.72%

Source: EMIS Staff Summary Reports from FCSD and the peer districts

¹ Includes superintendent and director level positions only.

² Includes principal and assistant principal positions only.

As illustrated in **Table 3-8**, Fremont CSD staff salaries are generally comparable to the peer averages. Fremont CSD average salaries are slightly higher than the peer average for central administrator positions and slightly below the peer average for site-based administrator positions. Marion CSD is the only peer district that has higher salaries for teachers. Longevity of the staff at Fremont CSD and peer districts was not assessed in the analysis, but could be a variable affecting salary differences. However, another factor contributing to variances in salaries between Fremont CSD and the peers may be the regional demand for specific positions.

In the professional-other classification, the average salary at Fremont CSD is 7.5 percent above the peer average. Higher salaries in this category contribute to the District's higher expenditures for pupil support (see the **financial systems** section). Wage rates, coupled with the number of staff within this category, could also be contributing to the District's overall higher expenditures for pupil support services compared to the peers. Although salaries for bus drivers are approximately 4 percent higher at Fremont CSD than the peer average, the average salary at Fremont CSD is approximately 20 percent less than that of Mount Vernon CSD bus drivers. Maintenance staff salaries within the crafts/trades classifications are minimally higher than the peer average, and the combined average salaries for service worker positions including custodians, groundskeepers, and food service staff, are approximately 2 percent higher than the peer average. Custodial salaries at Fremont CSD averaged \$26,241 for FY 2002-03, while the peer average custodial salary was \$23,927 (see the **facilities** section for additional information).

Salary and wage expenditures at the end of FY 2003 were approximately \$19.4 million. Each 1 percent increase in salaries costs the District approximately \$194,000, not including fringe benefits. By decreasing spending through a temporary limit on cost-of-

living increases during the next contract period, more of the monetary resources that will be collected from the passage of the income tax increase in May 2003 will be available for providing services that directly benefit students. See the **financial systems** section of the report for further discussion regarding salary and wage expenditures.

R3.10 If deemed necessary to maintain financial stability, Fremont CSD could consider reducing or eliminating the pick up of the employee share of retirement contributions for new or promoted principals and assistant principals.

Current contribution rates into the School Teachers Retirement System (STRS) are 14 percent by the employer and 10 percent by the employee. Under current IRS Rulings, employee contributions to STRS may be picked up by the employer and thus excluded from the employee's gross income for federal income tax purposes. It is Fremont CSD's policy to pick up a portion of the employee contribution into STRS for principals and assistant principals. Specifically, the District picks up 60 percent of the employees' contribution for principals and 40 percent of the assistant principals' STRS contributions. Compared to the peer districts, the pick up of the employees' retirement contribution, particularly at or below the principal level, represents a benefit which is over and above the peer standard. As an aside, the District pays the full pick up on the pick up to STRS for director level personnel and the Superintendent. In past years, the District has also offered full pick up on the pick up to SERS for the treasurer. However, terms of this benefit are still being negotiated for the new District treasurer.

Fremont CSD did not indicate that the pick up of the employee contribution was given in lieu of a salary increase; therefore, salaries were not adjusted in this report to reflect this benefit received by administrators. During future salary negotiations, Fremont CSD should consider the financial impact of being responsible for the pick up on the pick-up of retirement contributions for all administrator positions. This benefit could be given in lieu of future salary increases and defined accordingly, or it could be eliminated as a means of reducing overall District expenditures for new or promoted administrators.

Health Care Costs

R3.11 Fremont CSD should attempt to reduce health care costs to the District by increasing the employee contribution toward the monthly health care premium costs to 10 percent for all participating employees. This recommendation should be negotiated for the next contract term.

Certificated employees share in the cost of health insurance by currently contributing 8.5 percent of the premium cost. Classified employees contribute 6.0 percent of the monthly premium. According to Fremont CSD administrators, health care benefits costs will increase by 10.8 percent as of September 1, 2003.

Table 3-9 reflects the increased cost of health insurance benefits and compares the benefit plans between Fremont CSD and the peer districts to the SERB averages. According to SERB, the average employee share for single coverage is equal to 10 percent. The average employee share for family coverage is 11 percent. Equitable sharing in monthly health care premium costs at a higher percentage rate for all employees will enable the District to better manage annual increases in benefits expenses due to continually rise health care costs. The shared sacrifice of all employees will allow everyone to help bear the responsibility of managing health care premiums and reduce annual costs to the District.

Table 3-9: Health Insurance Premium Comparisons

School	Provider(s)	Monthly Premium for Single Plan	Full-time Employee Share	Monthly Premium for Family Plan	Full-time Employee Share
Fremont CSD¹	Self-insured/Medical Mutual PPO	\$305.86	Certificated: \$26.00 (8.5%) Classified: \$18.35 (6.0%)	\$794.98	Certificated: \$67.57 (8.5%) Classified: \$47.70 (6.0%)
Marion CSD	Unicare PPO	\$255.57	Administrative: \$25.55 (10%) Certificated: \$25.55 (10%) Classified: \$6.00 (2.5%)	\$768.53	Administrative: \$76.85 (10%) Certificated: \$76.85 (10%) Classified: \$6.00 (2.5%)
Mt. Vernon CSD	Medical Mutual PPO	\$380.00	Administrative ² : \$37.84 (10%) Certificated and Classified: \$37.60 (10%)	\$780.00	Administrative: \$63.03 (8.1%) Certificated and Classified: \$78.50 (10%)
Tiffin CSD	OME-RESA ³ PPO plan	\$265.22	\$0	\$664.53	\$107.26 (16%)
SERB Average⁴	N/A	\$280.56	\$34.79 (12.4%)	\$718.14	\$99.10 (13.8%)

Source: Documentation from Fremont CSD and peer school districts; 2001 SERB report on the Cost of Health Insurance in Ohio's Public Sector

¹ Reflects new rates effective September 1, 2003 (10.8 percent above FY 2002-03 rates).

² Exceptions include Superintendent, Director of Business, Treasurer, Director of Student Services' and Director of Transportation/Maintenance (these positions pay nothing).

³ Health Benefits Plan with North Central Ohio Self Insurance Trust for Tiffin CSD

⁴ The SERB average was obtained from the 2001 Report on the Cost of Health Insurance in Ohio's Public Sector. The 2001 average for single and family monthly premiums reflects an assumed increase of 15 percent for 2003. Employee shares have not been increased from the 2001 survey report although employee contributions have likely increased as of 2003.

As noted in **Table 3-9** Fremont CSD full-time certificated and classified employees currently contribute 8.5 and 6 percent of the monthly premiums for medical, dental, and vision insurance, respectively. The bargaining unit agreements define full-time employees as those working seven or more hours per day, and stipulate that employees who work fewer hours per day must pay a prorated share of up to 50 percent. Insurance premium contributions are made through employee payroll deductions.

In FY 2003-04, Fremont CSD expects a 10.8 percent increase in health care insurance costs. Therefore, the District should use appropriate planning strategies such as expense sharing to contain these costs. The new rates, as reflected in **Table 3-9** will be \$305.86 for single coverage and \$794.98 for family coverage; a monthly increase of \$33.26 and \$84.43 respectively. Exercising cost containment practices, including increased employee contributions and adjustments to key medical benefits, allows limited resources to be focused on educational initiatives that directly benefit students.

Financial Implication: By increasing the employee share for single and family coverage to 10 percent for all participating employees, Fremont CSD could save approximately \$98,000 per year. This increase in employee share would help offset the 10.8 percent increase for providing health insurance in FY 2003-04. For further discussion regarding expenditures for fringe benefits, please see the **financial systems** section.

R3.12 Fremont CSD should negotiate to include contractual language allowing the District to alter or reduce key medical benefits in an attempt to help contain health care costs to the District. In light of the expected 10.8 percent increase in health care costs for FY 2003-04, Fremont CSD should work with its third-party administrator to renegotiate key benefits in an effort to help offset health insurance costs to the District.

Table 3-10 compares similarities in the benefits between the medical insurance plans at Fremont CSD and the peer districts.

Table 3-10: Key Medical Plan Benefits ¹

	Fremont SuperMed Classic	Marion Unicare PPO	Mount Vernon Medical Mutual	Tiffin OME-RESA
Office visits	10% co-payment	\$7 co-payment	\$25 co-payment	\$10 co-payment
Employee annual deductible	\$200 (S) \$200 (F)	\$0 (S) \$0 (F)	\$250 (S) \$500 (F)	\$250 (S) \$500 (F)
Out-of-pocket maximum (not including deductible)	\$500 (S) \$500 (F)	\$500 (S) \$1,000 (F)	\$500 (S) \$1,000 (F)	\$750 (S) \$1,500 (F)
Prescription plan included	Yes	Yes	Yes	Yes
Prescription co-payment	\$2 generic \$12 brand	\$5 generic \$10 brand formulary \$25 brand non-formulary	\$10 generic \$20 brand	10% generic 20% brand
Need to choose primary physician	No	No	No	No
Maternity	100%	100%	80%	100%
Maximum benefit payable per lifetime	\$2,500,000	Unlimited	\$1,000,000	\$1,500,000
Inpatient hospital care	100%	100%	80%	100%
Chiropractic services covered	Yes	Yes	Yes	Yes

Source: Fremont CSD and peer school district health care insurance benefit books

¹ For all health care plans, information presented is assuming the employee chooses an authorized provider within the network, if applicable.

Based on key medical benefits information in **Table 3-10**, Fremont CSD has more generous benefit coverage compared to the peers. An increase in the employee share of monthly premium payments to at least 10 percent for all employees may be appropriate to maintain current benefits and cover the rising cost of providing health care benefits to employees who elect coverage (see **Table 3-9**).

General provisions outlined in Article 9 of the certificated employee labor agreement stipulate that major medical insurance coverage will be 80 percent carrier paid, and 20 percent employee paid, up to \$2,500; thereafter, 100 percent is carrier paid. In addition, although the District may request bids from other insurance carriers to reduce costs, contractual limitations currently prevent any change in key benefits coverage that is not equal to or greater than that which is currently in effect. In the future, contract language should be included which would allow a reduction of unusual or extraordinary benefits if required in order to maintain the District’s financial stability. If necessary, the following points of renegotiation should be considered:

- Increase office visit co-payments;
- Increase the annual network deductible for family coverage;
- Increase of the out-of-pocket maximum for family coverage;
- Increase the co-payment for prescription drugs; and
- Increase well-child care co-payment.

Within the scope of the performance audit, AOS is unable to quantify the financial implication to the District as a result of renegotiating key health insurance benefits since data is not available regarding past use of the benefits. However, by working with benefits administrators to reduce some benefit levels that appear to be above and beyond those typically offered, Fremont CSD may be able to reduce overall annual premium costs.

Collective Bargaining Agreements

R3.13 Fremont CSD offers a more costly sick leave payout benefit to certificated and classified employees than the peers which could potentially increase the overall financial risk to the District. Therefore, during the next round of negotiations, Fremont CSD should seek to negotiate a reduction in the maximum number of accrued but unused sick days paid out at retirement for both certificated and classified employees.

Under the collective bargaining unit agreements, certificated employees with at least five years of service are paid 50 percent of the value of accrued but unused sick leave up to a maximum of 51 days (see **Table 3-3**). In addition, certificated employees who use fewer than four sick days per year are eligible to receive added severance per diem stipend of up to 20 days by meeting time-in-service and age requirements. Therefore, the total amount of sick time paid out at retirement for certificated staff can amount to a maximum of 71 days. In comparison, peer certificated staff collective bargaining agreements allow for payout at retirement of a maximum of 52 sick days. According to the HR director, FCSD anticipated 12 employee retirements last year. At the close of FY 2003, nine certificated employees had retired, including three principals and six regular education teachers. The HR director estimates that there are 31 certificated employees eligible to retire with at least 30 years of service in FY 2003-04 and that there are 44 other certificated personnel eligible to retire over the next five years.

The District's collective bargaining agreement for classified employees also contains a more generous sick leave payout upon retirement when compared to the peers. Fremont CSD classified employees with a minimum of 5 years of service upon retirement are paid the value of accrued sick leave up to 35 days. The agreement also provides that any retiring employee with accrued but unused sick leave in excess of 70 days will be paid for one-half of the days in excess of 70 up to a maximum of 12 days. This supplementary

sick leave payout is in addition to the base 35 days remuneration (see **Table 3-4**). Furthermore, the collective bargaining contract stipulates that a person who is eligible to retire and has worked at Fremont CSD for 17 or more years can also receive an additional 20 days severance pay for having in excess 150 days of accrued and unused sick leave. In total, the District is contractually obligated to incur expenditure for a retiree's sick leave payout in the amount of 67 days. The peer classified staff bargaining agreements provision for sick leave payout average 55 days. According to the HR director, three classified employees retired in FY 2003. Similar to certificated staff, there are a number of classified staff eligible to retire in FY 2003-04. Three classified employees have over 30 years of service and 37 other classified personnel could retire with their amount of service time.

In addition, the number of sick days paid out the time of retirement at the District is greater than the number paid by the peer school districts and the minimum stated in ORC §124.39(B); 25 percent the value of the employee's accrued but unused sick leave not to exceed 30 days. ORC §124.39(C) does allow a public entity to pay severance at percentages greater than 25 percent, for more than 30 days and for years of service to be less than 10 at the time of retirement. However Fremont CSD's practice could potentially be very costly to the District and could lead to a destabilization of the District's financial condition. According to the HR director, the District tracks employee tenure and anticipated retirement plans. Twelve employees, including three administrators, retired in FY 2003. Fremont CSD may be able to avoid costly sick leave payouts which could help minimize future financial difficulties by renegotiating terms of the sick leave payout to a level commensurate with that of peer districts and State standards.

Financial Implication: Fremont CSD should seek to negotiate a reduction of the maximum number of accrued but unused sick leave paid out at retirement by approximately 12 days to be more in line with peer benchmarks as well as ORC standards. Based on an average wage of \$29 per hour for administrators, \$22 per hour for teachers, and \$15 per hour for classified staff, and estimating that 12 employees (4 at each pay level), will retire per year based on the number of retirements in FY 2003, reducing the maximum number of accrued but unused sick leave days paid out at retirement by 12 days would save the District approximately \$25,300 per year.

R3.14 Fremont CSD should negotiate specific language in the certificated employee bargaining unit agreement that allows the District to restrict professional development activities as well as the maximum stipend paid to local professional development committee members based on the availability of grant funding sources. Should grant funding sources become unavailable, the District must ensure its ability to adjust stipend payments as well as time and resources devoted to professional development training and activities.

The maximum stipend amount allowable per year to local committee members is \$3,750. However, according to the HR director, the actual payout in the past to any member has been significantly below this figure. Two of the peer districts pay an average of \$525 per year to local professional development committee members, and one peer does not pay an additional stipend at all. The District currently pays to conduct in-service trainings twice a year. In addition, five times a year, the District uses a two-hour delay in classroom start times in order to conduct teacher training. Another five full days are devoted to professional development (three before the start of the school year, one at the semester break, and one at the end of the year.) Also, at one elementary building, teachers break at 1 p.m. every Friday and use the remaining 2.5 hours for professional development activities. According to the Superintendent, the District plans to add three more buildings (total of four) to this same format for next year.

According to the Superintendent, costs associated with professional development activities are paid out of grant dollars awarded the District. However, H.B. 94 of the 124th General Assembly (State biennial appropriations bill) collapsed 6 previously existing line items including the local professional development block grants line items. The line item for professional development, passed by the House for FY 2003-04 and FY 2004-05, has decreased by 56.1 percent from FY 2002-03.

While local professional development activities provide added value to teachers and students, the District should take steps to ensure that it is not obliged to spend limited General Fund monies to meet these contract terms in the event that grant funding sources are reduced or eliminated.

Financial Implications Summary

The following table is a summary of estimated annual and cumulative cost savings. The financial implications are divided into two groups: those that are, and those that are not subject to negotiations. Implementation of those recommendations subject to negotiations would require agreement from the affected bargaining units.

Summary of Financial Implications for Human Resources Not Subject to Negotiations

Recommendations	Estimated One-Time Cost	Estimated Annual Cost	Estimated Annual Cost Savings
R3.2 Update the policies/procedures guidelines manual.	\$10,000	\$1,600	
R3.5 Reduce ESP staffing levels by 3.0 FTEs.			\$181,000
R3.6 Reduce instructional aide positions by 6.0 FTEs			\$102,000
R3.7 Reduce food service staffing levels by 10.0 FTEs			\$261,000
Total	\$10,000	\$1,600	\$544,000

Summary of Financial Implications for Human Resources Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.8 Reduce custodial staffing levels by 4.78 FTEs.	\$138,000
R3.11 Increase employee share of monthly health insurance premiums.	\$98,000
R3.13 Reduce the maximum number of accrued but unused sick leave days paid out at retirement by 12 days.	\$25,300
Total	\$261,300

Facilities

Background

The facilities section focuses on custodial and maintenance operations, and building capacity within Fremont City School District (Fremont CSD). The objective is to analyze the building operations of Fremont CSD and develop recommendations for improvements in efficiency and possible reductions in expenditures.

Organizational Structure and Function

Fremont CSD consists of nine schools: seven elementary schools (grades K-6), one middle school (grades 7-9), and one high school (grades 10-12). The custodial and maintenance departments are responsible for the operation and upkeep of the facilities. The goal of the maintenance and custodial staff is to provide the students with a safe, attractive and clean place in which to learn, play and develop. The maintenance supervisor spends 100 percent of his time managing and overseeing the operation of Fremont CSD's facilities, mainly in the maintenance area. The administrative staff consists of one full-time secretary who devotes 50 percent of her time to maintenance and the remaining 50 percent to food service. Building principals are responsible for the supervision of the custodial staff assigned to their buildings.

The custodial staff is responsible for opening, closing, and cleaning the buildings. During days when school is in session and it is not possible to enter classrooms to clean, the day custodians maintain common areas and perform minor maintenance and other duties as assigned, including the set-up and clean-up of cafeteria areas. During the winter, the custodial staff has limited snow and ice removal duties for the walkways leading into school buildings.

The custodial staff consists of 29.07 full-time equivalents (FTEs). Of the seven elementary buildings, five buildings are paired and share evening custodians. Atkinson and Croghan Elementary have two employees who split their time between the two facilities; Hayes Elementary and the administration building share a custodian; and Lutz and Otis Elementary share two evening custodians. Each of the facilities has a minimum of 1 FTE custodian during the day and additional staff in the evening. The evening shift custodians' primary responsibilities include emptying trash, spot cleaning floors and chalk boards in classrooms, and cleaning restrooms except the floors. The day shift custodian is responsible for maintaining the general areas, including mopping the hallways and restrooms, setting up and tearing down the cafeteria, and other duties as needed.

The maintenance staff consists of 5 FTEs and 1 FTE supervisor. Maintenance employees are responsible for maintenance in all District buildings including plumbing, HVAC, repairs, and other duties as necessary. In addition, the maintenance staff is responsible for snow removal, mowing, and trimming at all facilities. The seasonal grounds crew maintains approximately 100 acres for all facilities in Fremont CSD.

Table 4-1 illustrates the custodial and maintenance staffing levels, and the number of FTEs responsible for maintaining Fremont CSD's facilities.

Table 4-1: Number of Positions and Full-Time Equivalents for FY 2001-02

Classification	Total Number of Positions	Number of Full-Time Equivalents
Principal	9	0.76
Buildings & Grounds Supervisor	1	1.00
Secretary	1	0.50
Total Administration	11	2.26
Maintenance	5	5.00
Grounds Worker (Seasonal)	2	0.86
Total Maintenance	7	5.86
Custodian I	16	14.07
Custodian II	5	5.00
Custodian III	7 ¹	7.00 ¹
Custodial Foreman	3	3.00
Total Custodial	31	29.07
Total	49	37.19

Source: Fremont CSD Maintenance Supervisor and Personnel Director

¹The Custodial III day-time position is being filled by a sub at Stamm Elementary.

Key Statistics

Key statistics related to the maintenance and operations of Fremont CSD are presented in **Table 4-2**. In addition, results from the 32nd Annual American Schools & University (AS&U) Maintenance & Operations (M&O) Cost Study, which was released in April 2003, are included in **Table 4-2** and throughout the facilities section of the report. 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 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	9
- Elementary Schools	7
- Middle School	1
- High School	1
Total Square Feet Maintained¹	579,333
- Administrative Building	12,000
- Elementary Schools ¹	256,299
- Middle School	165,198
- High School	145,836
Square Feet Per FTE Custodial Staff Member (29.07 FTE)²	19,929
- Administrative Building (0.88 FTE)	13,636
- Elementary School (13.40 FTE) ²	19,127
- Middle School (7.79 FTE)	21,206
- Senior High School (7.00 FTE)	20,834
AS&U 32nd Annual Cost Survey > 3,500 Students	20,000
AS&U 32nd Annual Cost Survey National Median	24,167
Peer District Average³	20,112
Square Feet Per FTE Maintenance Employee (5 FTEs)	113,467⁴
AS&U Annual Cost Survey > 3,500 Students	92,500
AS&U 32nd Annual Cost Survey National Median	95,120
Peer District Average	256,124
FY 2002-03 Maintenance and Operations Expenditures Per Square Foot	\$4.69
- Custodial and Maintenance	\$3.76
- Utilities	\$0.93
AS&U Annual Cost Survey National Mean	\$4.48
Peer District Average	\$4.29

Source: Fremont CSD and peer districts; AS&U 32nd Annual Maintenance & Operations Cost Survey

¹Total square footage includes modular units; the total building square footage is 556,221.

²Includes schools using modular units to alleviate space issues.

³The peer average does not include Fremont CSD.

⁴Total square footage includes the modular units due to their age and the amount of maintenance needed on the units; however, it excludes the 12,000 square feet for administrative offices since this is not a responsibility of Fremont CSD’s maintenance staff.

Financial Data

Table 4-3 illustrates the General Fund expenditures incurred to maintain and operate Fremont CSD’s facilities for FYs 2000-01, 2001-02, and 2002-03.

Table 4-3: Maintenance and Operations Expenditures

Accounts	FY 2000-01 Total	FY 2001-2002 Total	FY 2001 to FY 2002 Percentage Change	FY 2002-03 Total	FY 2002 to FY 2003 Percentage Change
Salaries	\$1,271,904	\$1,219,436	-4.13%	\$1,249,589	2.47%
Benefits	406,538	495,179	21.80%	485,957	-1.86%
Purchased Services	201,100	193,626	-3.72%	201,282	3.95%
Utilities	541,055	410,216	-24.18%	539,542	31.53%
Supplies/ Materials	187,839	150,376	-19.94%	191,766	27.52%
Capital Outlay	8,431	5,005	-40.64%	4,178	-16.53%
Other	24,663	25,580	3.72%	47,493	85.66%
Total	\$2,641,530	\$2,499,418	-5.38%	\$2,719,807	8.82%

Source: Fremont CSD Treasurer's Office

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

- *A 3.95 percent increase in purchased services costs from FY 2001-02 to FY 2002-03:* Fremont Middle School had to have extensive elevator maintenance completed because of the age of the unit. In addition, in FY 2002-03, Fremont CSD entered into a new contract for sports field maintenance (i.e.: lawn fertilization) for \$7,000.
- *A 21.80 percent increase in benefit costs from FY 2000-01 to FY 2001-02:* Expenditures for healthcare benefits increased as those costs rose during the period. Costs flattened out in FY 2002-03 but are forecasted to increase by 10.8 percent in FY2003-04. See **human resources** for further discussion regarding health care costs.
- *A 24.18 percent decrease in utility costs from FY 2000-01 to FY 2001-02 and 31.53 percent increase in FY 2002-03:* Fremont CSD began receiving a discounted rate for natural gas through a consortium and saw a significant decrease in natural gas expenses. In addition, Fremont CSD upgraded all heating and cooling temperature controls in an effort to reduce energy costs. Utility costs in FY 2002-03 rose because of a colder winter compared to previous years necessitating a higher consumption of heating energy.
- *A 19.94 percent decrease in supplies and materials from FY 2000-01 to FY 2001-02 and a 27.52 percent increase in FY 2002-03:* Fremont CSD made an effort in FY 2001-02 to reduce overall expenditures by cutting back in all areas. This is reflected in decreased expenditures in supplies and materials. Those items deferred in FY 2001-02 were added back in FY 2002-03 causing an increase in expenditures.
- *An 85.66 percent increase in other costs from FY 2001-02 to FY 2002-03:* In FY 2002-03 property insurance costs increased. The District treasurer was unable to explain the large

increase; however, he mentioned that Fremont CSD is in the process of finding another insurance provider.

Revenue from the General Fund is used to support the maintenance and operation of Fremont CSD's facilities. **Table 4-4** illustrates Fremont CSD's and the peer districts' FY 2002-03 General Fund custodial and maintenance-related expenditures in terms of cost per square foot.

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

Expenditure	Fremont CSD	Marion CSD	Mt. Vernon CSD	Tiffin CSD	Peer Average	AS&U National Mean	AS&U Mean for 3,500 plus Students
Custodial and Maintenance Salaries and Benefits	\$3.00	\$2.39	\$2.04	\$3.03	\$2.49	\$2.33	\$2.85
Purchased Services	\$0.35	\$0.54	\$0.67	\$0.23	\$0.48	\$0.17	\$0.18
Utilities	\$0.93	\$1.34	\$1.17	\$1.27	\$1.26	\$1.43	\$1.41
Supplies/ Materials	\$0.33	\$0.18	\$0.16	\$0.37	\$0.24	\$0.46	\$0.30
Capital Outlay	\$0.01	\$0.06	\$0.02	\$0.37	\$0.15	N/A	N/A
Other	\$0.08	\$0.00	\$0.00	\$0.10	\$0.04	\$0.09	\$0.09
Total General Fund Expenditures	\$4.69	\$4.51	\$4.06	\$5.38	\$4.65	\$4.48	\$4.83

Source: Fremont CSD Treasurer's Office; peer districts

Fremont CSD's total General Fund expenditures per square foot are slightly above the peer average but below the AS&U national mean. Fremont CSD is below the peer average in several expenditure categories. However, Fremont CSD's custodial and maintenance salaries and benefits are higher than two of the peers and total expenditures are higher than two of the peers. Overall, Fremont CSD's expenditures are the lowest in most categories. The high custodial and maintenance salary and benefit expenditures are attributed to the lower square footage maintained by Fremont CSD's custodial staff. (See **R4.1** for discussion on staffing levels.)

Fremont CSD's General Fund expenditures are supplemented by revenue generated from a permanent improvement levy (PIL). This increases Fremont CSD's overall M&O expenditures to \$4.76. All of the peers supplement M&O from funds other than the General Fund. Marion CSD spends an additional \$0.05 a square foot; Mt. Vernon CSD an additional \$0.03 a square foot; and Tiffin CSD an additional \$0.08 a square foot. The adjusted peer average to include expenditures outside of the general fund is \$4.70. Fremont CSD is in-line with the peer average when all expenditures are included; however, Fremont CSD's total expenditures are less than only one peer, Tiffin CSD.

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

- *Maintenance and grounds staffing levels:* Fremont CSD's maintenance and grounds FTEs are comparable to the national average. Maintenance employees are maintaining the appropriate square footage per employee. Grounds workers are employed on a seasonal basis and are maintaining acreage per FTE comparable to the national average.
- *Job descriptions:* Fremont CSD has job descriptions for custodial, maintenance and grounds positions. The job descriptions accurately reflect the District's custodial and maintenance staff activities; however, job descriptions need to be updated as described in the **human resources** section **R3.4**.
- *Energy management:* Fremont CSD recently upgraded all heating systems so building temperatures are centrally controlled by the building and grounds supervisor. The new system allows the building and grounds supervisor to dial-in and check all systems to ensure everything is working properly during weekends and extended breaks. In addition, Fremont CSD has the lowest utility cost per square foot compared to all three peers and the national average.

General Recommendations

Custodial and Maintenance Operations

R4.1 Fremont CSD should consider reducing custodial staffing levels by 4.78 FTEs. Reducing custodial staff by 4.78 FTEs will help Fremont CSD lower its operating expenditures without negatively impacting its educational programs or building cleanliness. This reduction should include reducing evening staff to one part-time custodian at Atkinson, Croghan, Hayes, Lutz and Otis elementary (See Table 4-7 for specific reduction in hours). The reduction in staff to one evening custodial position at each elementary will eliminate the need for travel between elementary buildings. The cleaning of the administration building should be reassigned to Ross High School custodians due to the proximity of the administration offices to the high school and therefore, one 0.88 FTE position from Hayes/Administration could be eliminated. Prior to reducing evening staff to one person in the elementary buildings, the District should conduct a safety assessment to determine if there are OSHA or other personal safety issues that may necessitate maintaining a minimum of two persons in the facilities in the evening. In addition, Fremont CSD should consider eliminating 1 FTE at both Ross High School and Fremont Middle School. The reduction in employee hours is subject to contract negotiations.

Fremont CSD does not have a formal procedure or formula for determining custodial staffing needs. However, the building and grounds supervisor stated that the size of the building and its use are taken into consideration when making custodial staffing assignments. **Table 4-5** illustrates the average square footage each custodial FTE maintained in FY 2002-03 for Fremont CSD, the peer districts, as well as the AS&U national median.

Table 4-5: FY 2002-03 Square Footage per FTE Custodial Employee

	Square Footage
Fremont CSD	19,929
Peer Districts:	
- Marion	19,756
- Mt. Vernon	20,702
- Tiffin	19,879
Peer District Average	20,112
Difference	(183)
AS&U 32nd Annual Cost Survey National Median	24,167
Difference	(4,238)

Source: Custodial staffing rosters and building inventories

Fremont CSD has a square footage per FTE comparable to the peer average, but is maintaining 4,238 square feet per FTE less than the AS&U national median. **Table 4-6** compares Fremont CSD's cleaning staff by building level to the peer districts.

**Table 4-6: Comparison of School Facilities
and FY 2002-03 FTE Cleaning Staff**

Type of Facility	Fremont	Marion	Mt. Vernon	Tiffin	Peer Average	Difference Between Fremont and Peer Average
Elementary Buildings	7	12	6	5	7.67	(0.67)
Total Sq. Footage	268,299 ¹	432,350	227,748	157,000	272,366	(4,067)
Number of FTE Custodians	14.28 ²	19.15	10.45	6.80	12.13	2.15
Sq. Footage per FTE	18,788	22,577	21,786	23,088	22,484	(3,695)
Middle School Building	1	3	1	1	1.67	(0.67)
Total Sq. Footage	165,198	192,458	136,725	104,000	144,394	20,804
Number of FTE Custodians	7.79	10.88	6.00	6.13	7.67	0.12
Sq. Footage per FTE	21,206	17,689	22,788	16,953	19,143	2,063
High School Building	1	1	1	1	1	0.00
Total Sq. Footage	145,836	151,062	194,470	115,308	153,613	(7,777)
Number of FTE Custodians	7.00	9.25	10.55	6.00	8.60	(1.60)
Sq. Footage per FTE	20,834	16,331	18,442	19,218	17,997	2,837
District Total	9	16	8	7	10.33	(1.33)
Total Sq. Footage	579,333	789,646 ³	558,943	376,308	574,966	4,367
Number of FTE Custodians	29.07	39.97 ⁴	27.00	18.93	28.63	0.44
Sq. Footage per FTE	19,929	19,756	20,702	19,879	20,112	(183)

Source: Custodial staffing rosters and building inventories

¹ Current square footage includes the administration building because custodians from Hayes Elementary are responsible for the administration building.

² Custodial FTE includes the administration building.

³ Total square footage includes the modular and weight center.

⁴ Total FTEs include the modular and weight center FTE.

The Fremont CSD custodial staff is maintaining 183 square feet less per FTE than the peer average; however, it is maintaining 3,700 square feet less than the peer average at the elementary level. Major job duties are similar for each of the peers; however, Fremont CSD's custodians do not paint and perform less minor maintenance duties in comparison to peers districts. Fremont CSD could, therefore, potentially reduce its custodial staffing levels in order to be more in line with the national average as shown in **Table 4-5**.

As shown in **Table 4-5**, Fremont CSD's custodians maintain less square footage per FTE than the benchmark AS&U square footage. Fremont CSD currently has two seven-hour employees splitting time between two buildings at Atkinson and Croghan elementary;

Hayes elementary and the administration building; and Lutz and Otis elementary. Because a straight reduction in positions was not possible in all buildings and would not bring Fremont CSD to the level of the peers and the national average, the number of hours each custodian worked was also examined.

Table 4-7 outlines one way to achieve the proposed staffing reductions, including position and hour reductions.

Table 4-7: Summary of Custodial Staffing Adjustments

Building	Current FTE	Proposed FTE	Difference	Description
Administration/Hayes Elementary	2.76	1.50	(1.26)	Two custodians from Hayes Elementary split their evening shift between Hayes and the administration building. One position should be eliminated (0.88 FTE), the remaining position should be reduced to 4 hours a day. The cleaning of the administration building should be assigned to high school custodians. Hayes Elementary should retain its day shift custodian.
Atkinson/Croghan Elementary	3.76	3.25	(0.51)	Atkinson and Croghan should retain their day shift custodian (1.0 FTE each). Evening custodians should no longer travel. One custodian should be assigned to Atkinson for 4 hours each evening (0.50 FTE), and one custodian assigned to Croghan for 6 hours each evening (0.75 FTE).
Lutz/Otis Elementary	4.00	3.25	(0.75)	Lutz and Otis Elementary should retain their day shift custodian (1.0 FTE each). Evening custodians should no longer travel. One evening custodian should be assigned to Lutz for 4 hours (0.50 FTE) and one custodian assigned to Otis for 6 hours (0.75 FTE).
Stamm ES	2.76	2.50	(0.26)	Reduce both evening custodians to 6 hours each.
Washington ES	1.00	1.00	0.00	NA
Middle School	7.79	6.79	(1.00)	One evening custodian (1.0 FTE) should be reduced
High School	7.00	6.00	(1.00)	One evening custodian (1.0 FTE) should be reduced
District Total	29.07	24.29	(4.78)	

Source: Custodial staffing rosters and building inventories

In order to achieve a level comparable to the national mean, Fremont CSD will need to eliminate positions and reduce the hours worked in some of the buildings. **Table 4-7** outlines one-way to achieve the proposed staffing reductions, including position and hour

reductions. It is assumed all travel between elementary buildings is eliminated. However, it is possible to achieve a similar reduction in hours and continue the team approach the district currently uses based on the hours assigned per building indicated in **Table 4-7**. **Table 4-8** shows the impact on square footage per custodial FTE.

As shown in **Table 4-8**, if Fremont CSD reassigned custodial duties, reduced the hours of evening employees (1.9 FTEs), and eliminated three positions (2.88 FTEs) the overall square footage maintained increases to 23,815 square feet per FTE. **Table 4-8** compares the current custodial staffing levels, the recommended custodial staffing reductions and the impact of the reductions on the square footage per FTE.

Table 4-8: Comparison of Current to Recommended Custodial Staffing Levels

Type of Facility	Current Staffing Level	Recommended Staffing Level	Difference in FTEs and Square Footage Maintained	Peer Average	Difference Between Fremont and Peer Average	AS&U National Median	Difference Between Fremont and National Mean
Elementary Buildings	7						
Total Sq. Footage	268,299 ¹		256,299				
Number of FTE							
Custodians	14.28	11.5	(2.78) ²	12.13	(0.63)		
Sq. Footage per FTE	18,788	22,287	3,498	22,484	(197)	24,167	(1,880)
Middle School Building	1						
Total Sq. Footage	165,198						
Number of FTE							
Custodians	7.79	6.79	(1.00)	7.67	(0.88)		
Sq. Footage per FTE	21,206	24,330	3,123	19,143	5,186	24,167	163
High School Building	1						
Total Sq. Footage	145,836		157,836 ³				
Number of FTE							
Custodians	7.00	6	(1.00)	8.60	(2.60)		
Sq. Footage per FTE	20,834	24,306	3,472	17,997	6,309	24,167	139
District Total	9						
Total Sq. Footage	578,473						
Number of FTE							
Custodians	29.07	24.29	(4.78)	28.63	(4.34)		
Sq. Footage per FTE	19,929	23,851	3,922	20,112	3,739	24,167	(316)

¹ Current staffing level includes administration building square footage because custodians from Hayes Elementary are responsible for the administration building

² This decrease includes shifting the administration building square footage to the high school

³ The administration building is included in the high school building square footage as part of the recommendation of workload distribution.

See the **human resources** and **financial systems** sections for staffing reductions and the associated financial implications.

R4.2 Fremont CSD should consider assigning maintenance personnel to each of its buildings for at least four hours every two weeks. This will provide custodial staff the opportunity to complete smaller items on their work order list. It will also provide the opportunity to have preventive maintenance completed.

Fremont CSD's maintenance staff does not have scheduled times at each facility. Instead, they are assigned duties as work order requests come in. For many of the facilities, the major repairs are being completed; however, smaller items are routinely reprioritized to a lower repair category.

The *Planning Guide for Maintaining School Facilities* states that preventive maintenance is the cornerstone of any effective maintenance initiative. Breakdown maintenance defers repairs and allows damage to compound. By scheduling a maintenance employee at each of the schools for a half a day every two weeks, more of the work order requests may be completed in a timely manner and Fremont CSD may be able to place a larger emphasis on preventive maintenance (See **R4.6**). Fremont CSD has aging buildings that are in need of numerous minor repairs and addressing these in a timely manner will prolong the life of the facility and help avoid major repairs. This recommendation could be implemented at no additional cost to the District.

R4.3 Fremont CSD should formalize custodial and maintenance procedures to help increase efficiency and productivity and ensure tasks are being completed in a timely manner. These procedures should specify the supplies to be used for each job duty, the frequency of tasks, and the appropriate procedures. Standardizing procedures and supplies will increase efficiency in custodial operations and ensure all District facilities are sufficiently and consistently cleaned.

Fremont CSD does not have a standard operating and procedures manual for custodial operations. Custodians in each building report to their respective principal. The principals provide the direct supervision, scheduling and task assignment for building custodial staff. Because custodians have their own assignments and are able to perform job duties on their own without standardization, various techniques are used throughout the buildings. Fremont CSD has developed job descriptions and some buildings have tasks outlined, but the District has not formally standardized procedures.

The Association of School Business Officials International publishes the *Custodial Methods and Procedures Manual*, which was designed 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. The manual outlines the importance of custodial employees understanding what is expected of them. The job

descriptions, schedules and cleaning methods include the supplies, frequency, and the appropriate procedure for each task. It serves as a guide to school districts and should be adapted to meet individual district needs as Fremont CSD develops schedules and standardized procedures among District custodians.

Standardized procedures and supplies ensure the custodial staff is familiar with equipment, cleaning supplies and appropriate cleaning procedures. Likewise, standardization helps custodial staff increase efficiency. In the absence of standard procedures there is inconsistency and inefficiency in Fremont CSD's custodial operations. By allowing each custodian to determine the procedures and products they use to clean, the District runs the risk of not having all areas cleaned in the most efficient or effective manner.

Fremont CSD can obtain resource materials, at little or no cost, to begin to formalize custodial and maintenance procedures from sources found on the internet such as the manual mentioned above, which is available through the Ohio Link website.

R4.4 In addition to standardizing procedures, Fremont CSD should provide training on custodial procedures and should periodically review the procedures to ensure all custodians are cleaning sufficiently and consistently. Fremont CSD should invest resources in ensuring the custodial staff receives training on products, equipment and cleaning methods on an annual basis, especially on any new equipment or procedures

Fremont CSD does not provide formal training for custodians. Experience is important; however, training on procedures may increase the efficiency and effectiveness of the current staff. Fremont CSD funds are limited and training has been focused on necessary safety issues rather than procedural issues.

The International Sanitary Supply Association (ISSA) has developed a training program manual designed to help train custodians. The program details the correct cleaning methods as well as the proper use of custodial equipment. This manual details procedures, guidelines and pointers 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.

In addition to this manual, ISSA has several other training programs for custodial staff. This manual may provide information to Fremont CSD so it can develop its own in-house custodial training program aimed at increasing efficiency and improving effectiveness.

Financial Implication: The cost of the ISSA training manual is \$60 for non-members and \$45 for members.

R4.5 Fremont CSD should begin using its comprehensive computerized work order system. If the current system does not meet Fremont CSD’s needs, it should invest in a system that will meet minimum requirements. A comprehensive system would allow Fremont CSD to track work orders, materials used, personnel information and productivity statistics. In addition, the facility maintenance department would be able to track the status of outstanding work orders, monitor open work orders, forecast workload and staffing needs, and analyze the cost of specific work assignments. Using accurate cost data and time-to-complete information will result in better resource allocation decisions.

The current work order system is paper-based and tracked on a dry-erase board outside the building and grounds supervisor’s office. Fremont CSD does not have a formal way to track work orders or the cost for each project in materials or labor. According to the building and grounds supervisor, Fremont CSD has an electronic system, but at this time has not incorporated the system into its work process because of the upfront time commitment required to input District data into the system. District staff stated major emergency projects are completed in a timely manner; however, little projects do not always get completed. Some Fremont CSD employees reported having to send work order requests more than one time.

According to the *Planning Guide for Maintaining School Facilities*, a work order system helps school districts register and acknowledge work requests, prioritize tasks, assign tasks to staff, confirm that work was done, facilitate preventive maintenance, allow feedback from requesting parties, and track the cost of parts and labor. At a minimum, the system should include the following:

- The date the request was received;
- The date it was approved;
- A job tracking number;
- The job status,
- The job priority and location;
- The entry user (name of person inputting the work order information);
- The person assigned to job;
- Any supply and labor cost for the job; and
- The date the job was completed.

Fully implementing the District's computerized work order system will assist it in prioritizing and ensuring that work orders get completed in a timely manner.

R4.6 Fremont CSD should develop and implement a formal, planned preventive maintenance program for each building in the District, outlining maintenance schedules for each building's heating, cooling, and plumbing systems. After determining which components will be included, preventive maintenance checklists, including task frequency, should be developed for each building. Most preventive maintenance tasks should be scheduled according to manufacturers' suggestions.

After a task is completed, it should be recorded on the checklist or in a log book. A preventive maintenance log should also be created for each building to record when each task is performed. The log book should be reviewed by the building and grounds supervisor to ensure the work is being completed in a timely manner.

Currently, Fremont CSD does not have a formal, planned preventive maintenance program for each building in the District. An effective preventive maintenance program can extend equipment life, decrease energy consumption, reduce maintenance and capital expenditures, reduce the number of work orders, and improve work productivity by proactively maintaining equipment rather than responding to breakdowns and emergencies. The building and grounds supervisor has maintenance staff change filters and perform other preventive maintenance tasks, but has not formalized the frequency of tasks because the current staff knows what tasks should be performed.

The *Planning Guide for Maintaining School Facilities* states a comprehensive facility maintenance program is a school district's foremost tool for protecting its investment in school facilities. Preventive maintenance is the cornerstone of any effective maintenance initiative. Regularly scheduled equipment maintenance prevents sudden equipment failures and increases the life of a building. Districts oftentimes overlook creating a formal preventive maintenance plan because of the practice of breakdown maintenance. Other times, maintenance employees and custodians know when some preventive

maintenance tasks should be completed and a formal plan is then overlooked, as is the case with Fremont CSD.

The absence of a comprehensive preventive maintenance program increases the risk of incurring high emergency repair costs. Fremont CSD could implement this recommendation at no additional cost. The preventive maintenance tasks could be included in the automated work order system (see **R4.5**).

Long Range Planning and Facilities Use

R4.7 Fremont CSD should expand the facility assessments completed by the Ohio School Facilities Commission (OSFC) and Planning Advocates, and develop a formal facilities master plan that incorporates a 10-year enrollment history; enrollment projections and the methodology used for these calculations; building capacity and the methodology used for its determination; a list of cost estimates for needed capital improvements; and a description of the District’s educational plan.

Fremont CSD does not have a formal written facilities master plan; however it uses a facility needs assessment developed by the Planning Advocates in 2001 in conjunction with the OSFC 2002 Facilities Needs Assessment. Both of these documents include most of the elements of a master plan; however, neither includes Fremont CSD’s plan on how it will use the information for capital improvements or other future facility plans.

Fremont CSD administrative personnel have ideas about future plans for District facilities, but have not taken the next step needed to formally address facility issues in a planning document. Several years ago Fremont CSD closed a building and, according to District personnel, the community was not in favor of this decision. While a facility master plan may not always ensure that all community members are happy about District decisions, the facility planning process involves community interaction and provides a formal process to support District facility decisions.

School Planning and Management magazine’s article titled, “Creating a Successful Facility Master Plan”, outlines several pieces of essential information for developing a facility master plan. The suggested information includes:

- Historical and projected student enrollment figures;
- Demographic profile of the community/school district;
- Facility inventory;
- Facility assessment (condition and educational adequacy of buildings);
- Capacity analysis;
- Educational programs;

- Academic achievement; and,
- Financial and tax information.

Using this information, Fremont CSD should work with a cross-section of school personnel, parents, students and community members to develop a plan that clearly states the future plans for each facility in the District. A facility master plan serves as a roadmap to address Fremont CSD’s facility needs. The plan should specify projects, the timing and sequencing of the projects, and the estimated cost. According to *School Planning and Management*, “The plan should be the convergence of the condition of existing facilities, the desired educational program, the demography of the district, and a vision of the future.”

District demographics play an important role in facilities planning. Fremont CSD is experiencing a steady decline in enrollment as shown in **Table 4-9**.

Table 4-9: Fremont CSD Historical Enrollment

School Year	Head Count	Percentage Change From Previous Year
FY2002-2003	4,392	-0.36%
FY2001-2002	4,408	-3.78%
FY2000-2001	4,581	-4.30%
FY1999-2000	4,787	-3.64%
FY1998-1999	4,968	0.14%
FY1997-1998	4,961	-0.58%
FY1996-1997	4,990	-3.11%
FY1995-1996	5,150	-1.08%
FY1994-1995	5,206	-0.13%
FY1993-1994	5,213	N/A

Source: Ohio School Facilities Commission, 2002 Facilities Assessment

In the past ten years Fremont CSD has experienced a decline in enrollment of 823 students. A detailed facilities master plan would enhance Fremont CSD’s ability to effectively plan for future facility use in light of its declining enrollment. This may include consolidation of buildings into one facility or additions to existing facilities to allow for grade restructuring.

A master facilities plan should help provide Fremont CSD with valuable information to evaluate long-term facilities and maintenance needs, assist the District in scheduling preventive maintenance, and allocate scarce financial resources to those facilities most in need while building community consensus. Such a plan will assist Fremont CSD in space planning efforts, as it will provide vital information related to the physical condition of its buildings. A facilities master plan could be developed by the District at minimal cost in conjunction with other planning efforts.

R4.8 Fremont CSD should adopt and implement the use of a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they should be done annually. Fremont CSD 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.

Fremont CSD does not complete its own enrollment projections. Various departments depend on different resources for calculating upcoming enrollment. The Treasurer relies on the Ohio Department of Education’s 10-year enrollment projections, and the Director of Student Services relies on building principals to provide projected enrollment for the upcoming school year. **Table 4-10** outlines the enrollment projections developed for the OSFC Facilities Assessment by DeJong & Associates. The District has relied on building principal projections and those from the OSFC project and has not formally adopted its own. The DeJong & Associates projections shown in **Table 4-10** were developed using live birth data, historical enrollment and housing information.

Table 4-10: Fremont CSD Enrollment Projections

School Year	Projected Enrollment	Percentage Change From Previous Year
2002-2003	4,309	N/A
2003-2004	4,334	0.58%
2004-2005	4,296	-0.88%
2005-2006	4,261	-0.81%
2006-2007	4,244	-0.40%
2007-2008	4,230	-0.33%
2008-2009	4,205	-0.59%
2009-2010	4,179	-0.62%
2010-2011	4,179	0.00%

Source: Ohio School Facilities Commission, 2002 Facilities Assessment

The trends outlined in **Table 4-10** suggest Fremont CSD will continue to decrease in enrollment. By 2010-11 Fremont CSD’s enrollment is projected to decrease by 130 students. The 10-year projection is less than the declining enrollment from the 10-year historical enrollment and may be understated. Based on the historical and enrollment projection data, Fremont CSD reached its peak enrollment more than 10 years ago.

Developing and completing enrollment projections on an annual basis will assist Fremont CSD in calculating state funding allocations, completing financial forecasts, determining the appropriate number of teachers, and evaluating building use and capacity. Without accurate enrollment projections Fremont CSD runs the potential to make erroneous decisions in these areas. As stated in **R4.7**, the enrollment projections are vital information in the District’s facility master plan as discussed in “Creating a Successful

Facility Master Plan.” Enrollment projections provide districts with the data needed to make informed decisions about staff, finances and building use. Periodically conducting enrollment projections will provide important planning and management information for Fremont CSD.

- R4.9 Fremont CSD should develop and formally adopt a building capacity calculation methodology which takes into consideration its needs and educational philosophy. The building capacity and utilization data should be reviewed periodically in conjunction with enrollment projections to determine the appropriate number of school buildings and classrooms needed to house the current and projected student populations.**

The Auditor of State (AOS) calculated Fremont CSD’s building capacities using a standard methodology employed by educational planners. **Table 4-11** compares each school building’s student capacity to the current 2003 student head count to determine the building utilization rate in Fremont CSD.

Table 4-11: FY 2003 Building Capacity and Utilization Rate without Modular Units

Building	Building Capacity	2003 Head Count	Over/(Under) Capacity	Building Utilization Rate
Atkinson Elementary	425	298	(127)	70%
Croghan Elementary	350	372	22	106%
Hayes Elementary	375	353	(22)	94%
Lutz Elementary	300	314	14	105%
Otis Elementary	400	440	40	110%
Stamm Elementary	650	491	(159)	76%
Washington Elementary	150	84	(66)	56%
Elementary Total	2,650	2,352	(298)	89%
Middle School Total	1,175	1,010	(165)	86%
High School Total	1,084	1,030	(54)	95%
Total For All Buildings	4,909	4,392	(517)	89%

Source: Fremont CSD building floor plans; 2003 actual head count, Fremont CSD

Three of the seven elementary buildings exceed building capacity and one additional facility is above the optimal functional capacity 85 percent utilization. Three of the seven facilities are under the optimal capacity utilization rate.

Fremont CSD uses modular units to ease the overcrowding in five of the seven elementary buildings. **Table 4-12** depicts Fremont CSD’s building capacity and utilization rates including modular units.

Table 4-12: School Capacity and Building Use Including Modular Units

Building	Building Capacity	2003 Head Count	Over/(Under) Capacity	Building Utilization Rate
Atkinson Elementary ¹	425 ²	298	(127)	70% ²
Croghan Elementary ¹	475	372	(103)	78%
Hayes Elementary ¹	475	353	(122)	74%
Lutz Elementary ¹	350	314	(36)	90%
Otis Elementary ¹	550	440	(110)	80%
Stamm Elementary	650	491	(159)	76%
Washington Elementary	150	84	(66)	56%
Elementary Total	3,075	2,352	(723)	76%
Middle School Total	1,175	1,010	(165)	86%
High School Total	1,084	1,030	(54)	95%
Total For All Buildings	5,334	4,392	(942)	82%

Source: Fremont CSD building floor plans; 2003 actual head count, Fremont CSD

¹ Buildings with modular classroom units.

² The modular unit at Atkinson is not used as a classroom and, therefore, does not affect capacity or utilization.

When modular units are included, Fremont CSD’s utilization rate in all but one of the elementary buildings is below the 85 percent optimal utilization rate which indicates that buildings may be under utilized. Defining building capacity is critical to the formation of a facility master plan. Fremont CSD’s has not identified building capacity figures for its buildings. Identifying building capacity will provide the District with essential information needed to accomplish educational planning. Without a district determined building capacity it is difficult for districts to make decisions about facility use. Prior to undertaking facility planning Fremont CSD should develop a District determined capacity and update the capacity assessment if the District’s educational philosophy changes or buildings are restructured.

R4.10 Fremont CSD should consider securing capital funds to update and increase the number of teaching stations at the current high school to incorporate ninth grade students. In addition, Fremont CSD should consider redistricting its elementary buildings to achieve optimal utilization rates. In considering future facility use in Fremont CSD, there are several options the District could pursue to achieve optimal utilization rates. When deciding which option to pursue, Fremont CSD should consider enrollment projections, building capacity, grade structuring, and educational program needs. Furthermore, Fremont CSD should include community input in any decision making process regarding District facilities use.

Two potential options to achieve optimal utilization rates are presented below. Fremont CSD must build community consensus around any option it chooses to follow.

Option 1

Fremont CSD should consider securing capital funds to add onto the existing high school. When considering the addition, Fremont CSD should also consider moving the ninth grade students housed at the middle school to the high school and the sixth grade students from the elementary buildings into the middle school. If sixth grade students are moved out of existing elementary buildings, the District should also close Washington Elementary and consider discontinuation of modular units. **Table 4-13** shows the building utilization rates for elementary buildings given this scenario.

Based on the current head count the high school would need to be able to house approximately 1,347 students. In order to house additional students and achieve the optimal 85 percent utilization rate, the addition would need to be approximately 10 to 15 classrooms. The high school currently has 51 classrooms. An additional 15 classrooms would increase the optimal building capacity to 1,400 and the functional capacity to 1,650.

Based on the number of classrooms (15) needed to house the ninth grade students and the current high school students, the District could build a 17,000 – 20,000 square foot classroom facility addition. This square footage includes 15 regular high school classrooms at 900 square feet each, corridors, and restrooms. The facility may be larger depending on the District's exact needs, as some classroom facilities need to be larger depending on the desired use. The national cost per square foot average is \$122 per square foot. Based on the national average, the cost of this addition is approximately \$2 million. If the District chose to work through the OSFC, which has a higher cost per square foot of \$161 per square foot, the approximate cost of the addition is \$2.7 million. A 17,000 square foot classroom addition to the high school increases the overall high school square footage to 162,836 or approximately 121 square feet per student. The national average of square footage per student at the high school level is 154 square feet, and the OSFC recommends 180 square feet per student. If the District decided to build the addition to bring the existing high school and addition up to these benchmarks the approximate cost for the addition, based on the national average is \$7.5 million (a 62,000 square foot addition) and \$15.5 based on OSFC standards (97,000 square feet). The funding for this project could be a combination of a permanent improvement levy and funds apportioned from the General Fund. If the District decides to add to the existing high school to accommodate ninth grade students, it should examine enrollment trends to ensure that the facility is neither too large nor small for the projected enrollment.

Option 2

If the District is unable to secure capital funds as stated in option one and needs additional cost savings Fremont CSD could consider closing Washington Elementary, continuing use of modular buildings, and reconsider elementary school building boundaries in an effort to maintain optimal building utilization at each facility.

Table 4-13 outlines the utilization rate excluding Washington Elementary and utilization rates for the current and 2006-07 projected head counts for the K-6 and K-5 grade configurations (if Option 1 is used also).

Table 4-13: Building Utilization Rate excluding Washington Elementary

	K-6 Current Head Count	K-5 Current Head Count	K-6 2006-07 Projected Head Count	K-5 2006-07 Projected Head Count
Head Count	2,352	2,015	2,392	2,089
Utilization Rate without Washington, excluding modular units (2,500 capacity)	94%	81%	96%	84%
Utilization Rate without Washington, including modular units (2,925 capacity)	80%	69%	82%	81%

If Fremont CSD chooses to follow options one and two, then it will be able to maximize its current facility use and eventually reduce and eliminate the use of modular units.

As outlined in option 1, with the addition of class room space at the high school Fremont CSD could move ninth grade students to the high school, sixth grade students to the middle school, close Washington elementary, and discontinue the use of modular units. As shown in **Table 4-13** this scenario provides the district with optimal space utilization at the elementary level and will also provide the same district-wide.

The financial implications for reduction of modulars or the addition to the high school are not reflected in this report as the cost savings and capital outlay would depend on the extent of changes made by the District and the timing of the projects.

Financial Implication: Based on FY 2002-03, the annual cost savings Fremont CSD could recognize by closing Washington Elementary is approximately \$185,000. This includes the salary and benefits for the custodian, principal, secretary, and library aide assigned to Washington Elementary, and the maintenance and operations cost for the building. Additional cost savings would be recognized from decreased maintenance cost (not able to determine). Other teacher related reductions are dependent on staffing levels and enrollment at other facilities.

Financial Implications Summary

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

Summary of Financial Implications for Facilities

Recommendation	One-time Cost	Annual Cost Savings
R4.4 Invest in a custodial training procedures manual	\$60	
R4.10 Close Washington Elementary		\$185,000
Total	\$60	\$185,000

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Transportation

Background

Fremont City School District (Fremont CSD) provided transportation to 3,741 regular needs students in FY 2001-02 using District-owned yellow buses. The District provided transportation to both public and parochial (non-public) school students, but neither Fremont CSD nor the peers provided transportation to community school students. Fremont CSD has adopted a formal transportation policy that requires transportation to be provided to any student (grade K-12) who resides one mile or more from school.

Table 5-1 compares Fremont CSD's total riders in FY 2001-02 with those of the peers: Marion City School District (Marion CSD), Mount Vernon City School District (Mount Vernon CSD), and Tiffin City School District (Tiffin CSD).

Table 5-1: Total Regular and Special Needs Riders

	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD	Peer Average
Regular Needs Riders					
• Public	3,108	1,089	2,170	783	1,347
• Non-Public	633	74	25	70	56
• Total	<i>3,741</i>	<i>1,163</i>	<i>2,195</i>	<i>853</i>	<i>1,403</i>
Special Needs Riders	158	343 ¹	28	84	152
Total Riders	3,899	1,506	2,223	937	1,555

Source: Fremont CSD and peer T-forms

¹ Marion CSD could only provide special needs figures for FY 2002-03.

In FY 2001-02, Fremont CSD transported approximately 2,300 more riders than the peer average. Furthermore, Fremont CSD exceeded the peer average number of regular and special needs riders transported. This can be attributed to the sheer size of Fremont CSD, which also exceeds the peers by nearly 85 square miles (see **Table 5-2**).

Organizational Structure and Function

Fremont CSD employs 68 personnel, or 39.2 full-time equivalent employees (FTEs), who perform transportation-related duties. Fremont CSD's transportation coordinator oversees the transportation department and has supervisory duties over the office manager, fleet maintenance manager, fleet mechanics, and bus drivers. Fremont CSD also employs aides, provided by Sandusky County, for special needs riders. **Table 5-2** compares Fremont CSD and peer transportation staffing levels.

Table 5-2: Student Transportation Staffing Levels

Positions	Fremont CSD		Marion CSD		Mount Vernon CSD		Tiffin CSD		Peer Average	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Coordinator/Assistant	1.0	1.0	1.0	0.8	1.0	0.8	1.0	1.0	1.0	0.9
Bus Driver	57.0	31.1	15.0	9.4	28.0	14.4	19.0	9.4	20.7	11.1
Mechanic/Assistant	2.0	2.0	1.0	1.0	2.0	2.0	1.0	1.0	1.3	1.3
Administrative	1.0	1.0	--	--	1.0	1.0	--	--	N/A	N/A
Aide	7.0	4.1	4.0	2.3	--	--	--	--	N/A	N/A
Total Staffing	68.0	39.2	21.0	13.5	32.0	18.2	21.0	11.4	23.0	13.3
Number of Students Transported	3,899		1,506		2,223		937		1,555	
Students Transported per Bus Driver FTE	125		160		154		100		138	
Students Transported per Total FTE	99		112		122		82		105	
District Square Miles	156		9		138		72		73	
District Square Miles per Total FTE	4.0		0.7		7.6		6.3		4.9	
Regular Needs Miles Traveled ¹	522,720		174,960		412,020		180,540		255,840	
Regular Needs Miles Traveled per Bus Driver FTE	16,808		18,613		28,613		19,206		22,144	

Source: Interviews with district transportation departments

Note: Due to differences in reporting, FTE figures may not mirror EMIS reports.

N/A: Peer averages could not be determined because only one peer employs this position.

¹ Calculated by multiplying total daily miles by 180 student days.

Fremont CSD employs a significantly higher number of transportation FTEs than the peers. Although Fremont CSD is generally comparable to the peers in coordinator/assistant, mechanic/assistant, and administrative positions, it appears especially high in bus driver and aide FTEs (see **human resources** for additional information regarding District staffing levels). This can be partially explained by the fact that Fremont CSD operates a significantly larger bus fleet that transports more students and travels more miles per year. For example, neither Mount Vernon CSD nor Tiffin CSD employs aides because they transport significantly fewer special needs students. Although peer average ratios for students transported and miles traveled per FTE exceed those of Fremont CSD, Fremont CSD’s overall costs per regular and special needs student fall below the peer average (see **Tables 5-3 and 5-4**).

Operating Statistics

Fremont CSD maintains a fleet of 39 active and 9 spare buses to transport regular and special needs students, both public and non-public. Specifically, 34 buses are used to transport regular needs students while the remaining 5 are used to transport special needs students. In addition, Fremont

CSD operates two vans which are used to transport staff to meetings off school property and to accommodate the needs of the athletic department or other extracurricular organizations. **Table 5-3** summarizes FY 2001-02 basic operating statistics and ratios for Fremont CSD and the peers.

Table 5-3: Basic Operating Statistics

	Fremont CSD	Marion CSD ¹	Mount Vernon CSD	Tiffin CSD	Peer Average
Students Transported					
Regular Needs	3,741	1,163	2,195	853	1,403
Special Needs	158	343	28	84	152
Total	3,899	1,506	2,223	937	1,555
Miles Traveled					
Regular Needs ²	522,720	174,960	412,020	180,540	255,840
District Square Miles	156	9	138	72	73
Sites and Bus Types					
Public Sites	10 ³	16	10	14	13
Non-public Sites	4	2	2	3	2
Active Buses (Regular Needs)	34	13	21	16	17
Active Buses (Special Needs)	5	6	0	6	4
Spare Buses	9	6	6	7	6
Cost					
Regular Needs	\$1,345,266	\$333,966	\$759,294	\$571,655	\$554,972
Special Needs	\$241,830	\$192,513	\$53,609	\$201,954	\$149,359
Total	\$1,587,096	\$526,479	\$812,903	\$773,609	\$704,331
State Reimbursements					
Regular Needs	\$841,748	\$397,037	\$602,677	\$307,957	\$435,890
Special Needs	\$139,264	\$116,361	\$23,102	\$67,009	\$68,824
Total	\$981,012	\$513,398	\$625,779	\$374,966	\$504,714
Percentage of Total Cost	62%	98%	77%	48%	74%
Ratios					
Regular Needs					
Cost per Mile	\$2.57	\$1.91	\$1.84	\$3.17	\$2.31
Cost per Bus	\$39,567	\$25,690	\$36,157	\$35,728	\$32,525
Cost per Student	\$360	\$287	\$346	\$670	\$434
Students per Bus	110	89	105	53	82
Special Needs					
Cost per Student	\$1,531	\$561	\$1,915	\$2,404	\$1,627

Source: Fremont CSD and peer T-forms and Ohio Department of Education (ODE) summary of settlement sheets

¹ Marion CSD could only provide special needs figures for FY 2002-03.

² Calculated by multiplying total daily miles by 180 student days.

³ Includes Vanguard Vocational Center.

In FY 2001-02, Fremont CSD's fleet traveled approximately 522,700 miles, not including special needs or field trips, significantly exceeding the peer average. Although Fremont CSD's overall transportation costs (approximating \$1.3 million) also exceeded the peer average, Fremont CSD transported nearly 30 more students per bus than did the peers, and at a lower average cost per student. Additionally, Fremont CSD received 12 percent less in transportation reimbursement dollars from the State, compared to peers. Fremont CSD also transported 158 special needs students at a cost of nearly \$242,000, including about \$94,200 for contracted buses and taxis. Fremont CSD costs per mile and per bus exceeded the peer average, though not significantly, and can be attributed to the size of Fremont CSD and the number of buses maintained. See **Table 5-4** for more detailed analysis of transportation costs.

Assessments Not Yielding Recommendations

In addition to the analyses presented in this report, the following assessments were conducted but did not warrant any changes or yield any recommendations:

- *Transportation policy:* Under current Board policy, Fremont CSD provides transportation to all students (K-12) who reside one mile or more from school. However, special needs students and students residing within one mile may receive transportation if hazardous conditions prevent them from walking. Pursuant to Ohio Revised Code (ORC) § 3327.01, with the exception of special needs riders, a school district is only required to transport students (K-8) who reside two or more miles from school, while high school student transportation is optional. Although Fremont CSD's policy exceeds State minimum requirements, the policy is appropriate given the District's traffic patterns and lack of sidewalks in its rural areas.
- *Routing and bell schedule:* Similar to the peers, Fremont CSD operates a two-tiered routing system. Middle and high school students are transported to school by 7:55 AM. After completing these routes, each bus runs an additional route for elementary school students, who are transported by 8:54 AM. Despite Fremont CSD's size, the current routing system allows Fremont CSD to maximize capacity by transporting 110 students per bus (see **Table 5-3**).
- *Use of route optimizing software:* Fremont CSD has implemented a bus routing software system at minimal cost. By purchasing the software locally, through a familiar vendor, Fremont CSD was able to obtain its routing software for approximately \$3,000. Of the peers, only Marion CSD uses route optimizing software.
- *Competitive bidding for bus purchases:* Fremont CSD has implemented a formal competitive bidding process for the purchase of school buses, pursuant to ORC § 3313.46.

- *Preventive maintenance:* Fremont CSD’s transportation coordinator has implemented a formal preventive maintenance plan. As a result, Fremont CSD, which performs about 90 percent of maintenance and repairs in-house, spends significantly less per bus than the peers in this area.

General Recommendations

- R5.1 Fremont CSD should establish formal policies and procedures for filling out District T-forms. This will help to ensure that reports are completed in a timely manner, reconciled, and accurate. In addition, Fremont CSD should contact ODE in regards to correcting inaccurate T-forms filed during FY 2001-02.**

In FY 2001-02, Fremont CSD contracted with Ondego Unlimited, Inc. and Fremont Taxi to provide transportation to 20 special needs students. However, Fremont CSD incorrectly reported the expenses of these contracts (approximately \$94,200) on the T-2 form. T-2 forms are used to report district transportation costs associated with regular needs students. Additionally, Fremont CSD correctly reported the same amount on the T-11 form, which identifies costs associated with special needs students. As a result, Fremont CSD submitted T-forms to ODE which overstated actual regular needs costs. However, because reimbursements are based on the number of students transported and miles traveled, this error had no direct effect on Fremont CSD's reimbursement amount.

School districts are required to file T-forms annually with ODE in order to receive State transportation reimbursements. According to a recent report issued by the Legislative Office of Education Oversight (LOEO), accuracy problems for transportation-related data exist in a number of school districts, especially in terms of the number of students transported, daily bus miles traveled per student, and as with Fremont CSD, district transportation costs. Similar to peers, Fremont CSD has not established formal policies and procedures for the completion and submission of these forms. Rather, the transportation coordinator fills in factual data (e.g., number of students transported and miles traveled) then submits the forms to the treasurer to complete. According to Fremont CSD, the transportation coordinator and treasurer do not meet to verify the accuracy of the other's data before being submitted to ODE. Although Tiffin CSD has not established policies for this purpose, the transportation coordinator and treasurer hold a formal meeting to review T-forms and verify the accuracy of the information.

Without a formal policy that details the process for completing, reviewing, and submitting T-forms, Fremont CSD cannot effectively ensure the accuracy of its data and risks submitting incorrect information, which can potentially affect reimbursement amounts or skew State reimbursement formulas.

- R5.2 Fremont CSD should use competitive bids or requests for proposals (RFPs) when purchasing fuel and bus insurance. By regularly issuing RFPs or soliciting competitive bids for goods and services, Fremont CSD can more effectively ensure accountability for District funds and reduce transportation costs.**

Similar to its peers, Fremont CSD does not regularly solicit bids for the procurement of fuel and the provision of bus insurance. According to the transportation coordinator, Fremont CSD has obtained its fuel and bus insurance from the same vendors for several years without issuing formal RFPs. However, Fremont CSD does receive bulk discounts and does not pay federal taxes on fuel purchases. **Table 5-4** provides a detailed analysis of Fremont CSD and peer regular needs costs based on identified ratios.

Table 5-4: Regular Needs Transportation Cost Comparison

	Fremont CSD	Marion CSD	Mount Vernon CSD	Tiffin CSD	Peer Average
Salaries and Benefits ¹	\$1,157,882	\$257,382	\$607,602	\$451,209	\$438,731
<i>Cost per Bus</i>	\$34,055	\$19,799	\$28,933	\$28,201	\$25,644
<i>Cost per Mile</i>	\$2.22	\$1.47	\$1.47	\$2.50	\$1.81
<i>Cost per Student</i>	\$310	\$221	\$277	\$529	\$342
Fuel	\$82,064	\$23,304	\$65,421	\$43,481	\$44,069
<i>Cost per Bus</i>	\$2,414	\$1,793	\$3,115	\$2,718	\$2,542
<i>Cost per Mile</i>	\$0.16	\$0.13	\$0.16	\$0.24	\$0.18
<i>Cost per Student</i>	\$22	\$20	\$30	\$51	\$34
Bus Insurance	\$31,714	\$5,000	\$9,532	\$26,798	\$13,777
<i>Cost per Bus</i>	\$933	\$385	\$454	\$1,675	\$838
<i>Cost per Mile</i>	\$0.06	\$0.03	\$0.02	\$0.15	\$0.07
<i>Cost per Student</i>	\$8	\$4	\$4	\$31	\$13
Maintenance and Repairs ²	\$24,378	\$27,655	\$61,100	\$35,199	\$41,318
<i>Cost per Bus</i>	\$717	\$2,127	\$2,910	\$2,200	\$2,412
<i>Cost per Mile</i>	\$0.05	\$0.16	\$0.15	\$0.19	\$0.17
<i>Cost per Student</i>	\$7	\$24	\$28	\$41	\$31
Utilities and Supplies	\$37,849	\$17,026	\$12,589	\$6,294	\$11,970
<i>Cost per Bus</i>	\$1,113	\$1,310	\$599	\$393	\$767
<i>Cost per Mile</i>	\$0.07	\$0.10	\$0.03	\$0.03	\$0.05
<i>Cost per Student</i>	\$10	\$15	\$6	\$7	\$9
Total ³	\$1,345,266	\$333,966	\$759,294	\$571,655	\$554,972
<i>Cost per Bus</i>	\$39,567	\$25,690	\$36,157	\$35,728	\$32,525
<i>Cost per Mile</i>	\$2.57	\$1.91	\$1.84	\$3.17	\$2.31
<i>Cost per Student</i>	\$360	\$287	\$346	\$670	\$434

Source: Fremont CSD and peer district FY 2001-02 T-forms

¹ Includes retirement, workers' compensation, and insurance.

² Includes maintenance, repairs, tires, and tubes.

³ Includes contract expenses with other districts, training expenses, and miscellaneous expenses.

Fremont CSD's overall regular needs costs are significantly higher than the peer average. Based on a ratio analysis (e.g., per bus, per mile, and per student), Fremont CSD is comparable to or below the peer average cost for fuel and for maintenance and repairs. For example, Fremont CSD spends nearly \$130 and \$1,700 less per bus than the peer average for fuel and maintenance and repairs, respectively. However, Fremont CSD has not solicited

competitive bids for fuel for at least three years and cannot ensure that it is receiving the best price. In addition, Fremont CSD paid approximately 11 percent more per bus than the peer average for bus insurance in FY 2001-02, contributing to higher overall costs. Fremont CSD also significantly exceeds the peer average cost per bus for salaries and benefits (see **human resources** for more information on salaries and benefits).

Pursuant to guidelines established by the Ohio Department of Administrative Services (ODAS) Office of Risk Management, RFPs should be issued every three years to at least five potential vendors. By regularly issuing RFPs for fuel and bus insurance purchases, Fremont CSD will be better able to reduce operational costs (i.e., regular needs costs) and potentially increase its State reimbursement percentage (see **Table 5-3**). Marion CSD indicated that although it does not issue regular RFPs for fuel procurement, it does receive fuel at wholesale prices via a local vendor.

Financial Implication: Assuming Fremont CSD can solicit bids to reduce its bus insurance cost per bus to that of the peer average (\$838), and its fuel cost per bus to that of Marion CSD (\$1,793), Fremont CSD can achieve an annual total cost savings of approximately \$24,300, or about \$700 per bus.

R5.3 In consideration of ODE reductions in transportation funding, Fremont CSD's transportation coordinator and treasurer should establish a formal bus replacement plan that maximizes fleet effectiveness and ensures the District is properly budgeting for funds necessary to purchase new buses. Furthermore, to minimize potential implementation costs, Fremont CSD should consider reducing the rate at which it replaces buses.

Similar to peers, Fremont CSD does not have a formal bus replacement plan. Notwithstanding, the District received an average of \$70,000 in annual public subsidies for the exclusive purpose of replacing buses. Using these funds, the District recently spent approximately \$420,000 (\$60,000 per bus) to replace 7 buses over 2 years - constituting a complete fleet replacement schedule of nearly 14 years. According to ODE, however, public subsidies are expected to decrease by at least 50 percent in FY 2003-04. Without a formal bus replacement plan, Fremont CSD may not be able to ensure budgeted funds exist for future bus purchases. For example, at its current replacement rate of 3.5 buses per year, the District will be required to spend an additional \$175,000 after FY 2003-04 to supplement ODE's public subsidy reductions. By increasing the fleet replacement schedule and purchasing two buses every year, Fremont CSD can decrease the amount of required supplemental funds by approximately \$90,000, leaving \$85,000 budgeted as supplemental funds for bus replacement.

A bus replacement plan should include the number of buses to be replaced annually, the average age of the buses at the time of replacement, the estimated cost of replacement, and a financial plan for how replacements will be purchased - including an estimate for public bus subsidies. Although there are no minimum State standards for the replacement of school buses, the National Association of State Directors of Pupil Transportation Services (NASDPTS) recommends that diesel buses be replaced after 12 years of service or after 250,000 miles. However, regardless of age and mileage, school districts should continue to use buses that pass State inspections and do not chronically inflate maintenance and repairs costs.

Financial Implication: Assuming ODE's public subsidy is reduced to \$35,000 and assuming the District limits bus replacement purchases to 2 per year, the District can avoid annual costs of approximately \$90,000.

Financial Implications Summary

The following table summarizes the estimated annual cost savings and avoidances identified in recommendations presented in this section of the report.

Summary of Financial Implications for Transportation

Recommendation	Estimated Annual Cost Savings	Estimated Annual Cost Avoidances
R5.2 Issue RFPs for fuel and bus insurance purchases	\$24,300	--
R5.3 Reduce annual bus replacement purchases from 3.5 to 2	--	\$90,000
Total	\$24,300	\$90,000