



**Auditor of State
Betty Montgomery**

MENTOR EXEMPTED VILLAGE
SCHOOL DISTRICT
PERFORMANCE AUDIT

FEBRUARY 17, 2005



Auditor of State Betty Montgomery

To the Residents and Board of Education of the Mentor Exempted Village School District:

On February 4, 2004, Mentor Exempted Village School District (Mentor EVSD) was placed in fiscal emergency, based on an analysis performed by the Auditor of State that certified an operating deficit of approximately \$20.1 million for the fiscal year ending June 30, 2004. Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit was initiated in Mentor EVSD. The five functional areas assessed in the performance audit were financial systems, human resources, facilities, transportation, and technology. These areas were selected because they are important components of District operations which support its mission of educating children, and because improvements in these areas can assist in eliminating the conditions which brought about the declaration of fiscal emergency.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of Mentor EVSD's financial situation and a framework for its financial recovery plan. While the recommendations contained in the audit report are resources intended to assist in developing and refining the financial recovery plan, the District is also encouraged to assess overall operations and develop other alternatives independent of the performance audit. During the course of the performance audit, Mentor EVSD staff worked with the Board of Education to decrease expenditures in several areas and District voters passed a levy in August 2004. These actions significantly improved the District's financial condition and as a result, the fiscal emergency declaration was terminated on February 5, 2005.

An executive summary has been prepared which includes the project history; a discussion of the fiscal caution, watch and emergency designations; a district overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, and financial implications. This report has been provided to Mentor EVSD and its contents discussed with the appropriate officials and District management. The District has been encouraged to use the results of the performance audit as a resource in further 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 17, 2005

Executive Summary

Project History

Pursuant to Ohio Revised Code (ORC) §3316.031(A), the Ohio 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, 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 AOS believes that greater operational efficiency, effectiveness and accountability of services can be achieved.

Based on a request from the Mentor Exempted Village School District (Mentor EVSD or the District) Board of Education (the Board), dated October 28, 2003, AOS examined the financial forecast of the District's General Fund as required under ORC §3316.03. In conjunction with the examination of the financial forecast, AOS certified an operating deficit of \$20,138,000 for the fiscal year ending June 30, 2004 to the Ohio Department of Education (ODE) on February 4, 2004. This amount represented 27 percent of Mentor EVSD's General Fund revenues for FY 2002-03. In addition, AOS determined that the levy approved by District voters in November 2003 would not be sufficient to eliminate the certified deficit. As a result, Mentor EVSD was placed in fiscal emergency on February 4, 2004.

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

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

District Overview

Mentor Exempted Village School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to the residents of the District within the City of Mentor. Mentor EVSD is located in Lake County and is located approximately 25 miles east of Cleveland, Ohio.

According to the United States Census Bureau's 2000 Census, Mentor's population of 50,278 residents included 14,235 family households with an average family size of 3.1 persons. The percentage of the District's population that was school aged was 22.2 percent (18 years old and under), while an additional 6.0 percent were less than 5 years old. In addition, 89.2 percent of the population 25 years and over had high school diplomas or equivalency certificates, and 27.4 percent had bachelor's degrees or greater.

Mentor EVSD operates 15 school buildings after closing Center Street Elementary: 11 elementary schools (grades K-6), 3 junior high schools (grades 7-9) and 1 high school (grades 10-12). In FY 2003-04, the District had 898.0 full time equivalent (FTE) employees. There were 488.5 professional education FTEs and 40.0 administrator FTEs who provide educational services to an average daily membership (ADM) of 9,281 students. In FY 2003-04, the District met 18 of 18 academic performance indicators established by ODE and was categorized as an excellent district. In FY 2002-03, the General Fund cost per pupil of \$8,707 was approximately 19.1 percent higher than the peer average of \$7,306. Expenditures were greater than the peers for these primary reasons: high wage and benefit costs (see **human resources**), poor building utilization rates (see **facilities**), and inefficient transportation practices (see **transportation**).

Objectives and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Audit work was conducted between April and November 2004. The goal of the performance audit process was to assist Mentor EVSD management in identifying cost saving opportunities, with the primary objective of eliminating the conditions which brought about the declaration of fiscal emergency. The ensuing recommendations comprise options that Mentor EVSD can consider in its continuing efforts to improve its financial condition. This performance audit assessed the key operations of Mentor EVSD in the areas of financial systems, human resources, facilities, transportation, and technology. Major assessments included the following:

- The District's May 27, 2004 five-year financial forecast, including its underlying financial data, along with accompanying notes and assumptions were assessed for reasonableness.

- District-wide staffing levels, collective bargaining agreements and benefit costs were core areas assessed in the human resources section.
- Building capacity and utilization, and custodial and maintenance operations were examined in the facilities section.
- Key transportation operational statistics, such as staffing, average costs per bus, and average costs per student were reviewed to identify potential efficiency improvements and cost savings for the District's transportation operations.
- Key technology statistics such as students per computer, computers per technology FTE, and expenditures per ADM were reviewed to identify potential efficiency improvements and cost savings for the District's technology operations.

To complete this report, auditors gathered and assessed data from various sources pertaining to the key operations, conducted interviews with Mentor EVSD personnel, and assessed requested information from the comparison (peer) districts. Throughout this report, comparisons are made to three school districts. These districts include Lakota School District (Lakota LSD) in Butler County; Pickerington Local School District (Pickerington LSD) in Fairfield County; and Willoughby-Eastlake City School District (Willoughby-Eastlake CSD) in Lake County. These districts were selected as peers based on their ranking as comparable districts as defined by the ODE, reviews of various demographic information, and input from Mentor EVSD personnel. Criteria included in ODE's comparable district listings include geographic size, average daily membership, socioeconomic demographics, population density, and real property valuation. Best practice information was used from ODE, the State Employment Relations Board (SERB), American Schools and Universities (AS&U), and related service industries.

The performance audit process involved significant information sharing, including preliminary drafts of findings about identified audit areas and proposed recommendations. Furthermore, periodic status meetings were held throughout the engagement to inform the District of key issues impacting selected areas, and share proposed recommendations to improve or enhance operational efficiency or effectiveness. Throughout the audit process, input from Mentor EVSD was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District was provided an opportunity to provide written comments in response to the various recommendations for inclusion in the final report.

The Auditor of State and staff express their appreciation to the Mentor EVSD and the peer school districts for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Mentor EVSD's attention and responsiveness to its financial situation and corresponding actions has helped to eliminate its projected deficits through FY 2007-08. These actions and additional noteworthy accomplishments were identified during the course of the performance audit and are presented below.

Financial Systems

- District voters passed a new levy in August 2004 that generates approximately \$15.0 million annually. On October 18, 2004, Mentor EVSD submitted a revised forecast to ODE which reflects spending restorations that resulted from the passage of this levy. A major portion of the spending restorations were the recall of 64.5 teachers and 18 bus drivers.
- Mentor EVSD has recently established a Financial Advisory Committee to improve the communication between the Mentor EVSD administration and staff, the Board of Education, and the citizens of the District.

Human Resources

- Prior to voters passing a levy in November 2004, Mentor EVSD reduced a total of 235 positions to help improve its financial condition.
- Mentor EVSD reduced the total number of supplemental contracts from approximately 539 in FY2003-04 to a proposed 320 contracts for FY 2004-05. As a result, Mentor EVSD has projected a cost savings of \$161,771 for FY 2004-05.

Facilities

- During the course of the audit, the District passed a resolution to close Center Street Elementary for the 2004-05 school year.
- During FY 2003-04, the District implemented more controls over supply and material purchasing, including better tracking, that have resulted in a 37 percent decrease in supply and material costs from FY 2002-03.
- The District has 2.3 groundkeeper FTEs to maintain the District's 213 acres of grass. Currently, Mentor EVSD maintains 15 percent more acres per grounds FTE (94.7) than the peer average (82.5), and considerably more than AS&U national standards (47).

Transportation

- During the course of the audit, the District implemented new routing software and new bus routes, thereby reducing the number of drivers and related expenditures.
- The District has implemented a policy of having the transportation forms, required to be filed by ODE, audited by the Treasurer's office before submission.
- Mentor EVSD's maintenance system provides the District with the means to evaluate maintenance expenditures using real-time information. In addition, it appears that the District is performing preventive maintenance service on buses on a routine basis.

Technology

- During the course of the audit, the District upgraded the Sungard Pentamation software to the latest version that is supported by the vendor, developed a technology plan, and took steps to implement a help desk system.

Key Recommendations

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

Financial Systems

- Mentor EVSD should analyze and use the financial recovery plan outlined in **Tables 2-12** and **2-13** to evaluate the recommendations presented in this performance audit and to determine the impact of the related cost savings on its financial condition. Mentor EVSD should consider implementing the recommendations in this performance audit and other appropriate actions to enable the District to further improve its financial condition and avoid future financial difficulties. This is especially important considering that the District is forecasting a deficit in FY 2008-09 in its October 2004 forecast, which includes the levy passed by voters in August 2004 that generates approximately \$15.0 million annually. In addition, Mentor EVSD should continue to update the financial recovery plan on an ongoing basis as critical financial issues change.
- The District should use the Financial Advisory Committee to ensure compliance with all financial laws and regulations, particularly ORC § 5705.41(B). By ensuring compliance with ORC § 5705.41(B), the District will avoid spending funds that have not been appropriated and will move towards operating in a fiscally responsible manner.

- Mentor EVSD, with the aid of the Financial Advisory Committee, should establish a formal budget process that mirrors the Government Finance Officers Association (GFOA) recommended practices. An effective process should include mechanisms to detect and correct deviations from the budget. Mentor EVSD should also publish a comprehensive budget calendar that specifies when budget tasks are to be completed and identifies timelines for those tasks. The budget process should include a set of recommended actions regarding programs and services to be funded and should identify funding requirements and sources of funds. The budget should be periodically evaluated to assess the financial performance of the District's programs and services, including budget-to-actual or budget-to-projected actual comparisons. Lastly, Mentor EVSD should monitor and evaluate external factors that may affect budget and financial performance.
- Mentor EVSD should forecast substitute salaries based on the historical ratio to total salaries, since there does not appear to be a reasonable basis to deviate from this trend. Doing so would decrease substitute expenditures by approximately \$45,000 in FY 2004-05, and increase substitute expenditures by approximately \$4,600 in FY 2005-06, \$59,000 in FY 2006-07, and \$117,000 in FY 2007-08.

Human Resources

- Mentor EVSD should work with its vocational compact to consider the following strategies to reduce the burden of its vocational programs on the General Fund:
 - Determine if teaching assignments can be further combined, and if programs can be streamlined or consolidated to reduce related staffing levels; and
 - Eliminate underused programs and/or work to increase enrollment to maximize revenues.

If Mentor EVSD reduced its vocational General Fund supplement to the peer average (18 percent), the District could save approximately \$376,000 annually. Alternatively, Mentor EVSD should consider providing vocational programs through the Lake County Vocational Education Planning District (Lake County), as Lake County already provides programs similar to Mentor EVSD's compact. If the District joins Lake County, the compact and Mentor EVSD should plan accordingly to ensure that the other school districts within the current vocational compact and their respective programs and students will not be significantly impacted due to Mentor EVSD's separation. Furthermore, prior to joining Lake County, the District should weigh the cost savings against the extra tax burden placed on residents that would be required to join Lake County's vocational education program. As the District would no longer incur vocational education expenditures, it should determine the possibility of reducing other taxes if it joins Lake County's program.

- Mentor EVSD should reduce staffing levels within the tutor/small group (tutor) classification by 5.0 FTEs to be more comparable to Lakota LSD, which has the next highest number of tutors per 1,000 ADM. This would save approximately \$201,000 annually in salaries. However, Mentor EVSD should continually review the number of proficiency indicators that it is meeting to ensure that these reductions do not negatively impact the educational performance of its students.
- During future contract negotiations, Mentor EVSD should seek changes to its health insurance coverage so that all administrative, certificated, and classified full-time employees pay a portion of the monthly premium cost for health insurance. Mentor EVSD should seek a 10 percent contribution from all employees working seven hours or more, which is slightly less than the average employee contribution within school districts of similar size to the District that require employee contributions. Doing so would result in approximate savings of \$671,000 annually. The employee contribution should be stated as a percentage rather than a fixed dollar amount in order to help the District offset annual increases in health care costs. If Mentor EVSD is unable to negotiate employee contributions for all employees, the District should seek changes to healthcare benefits. Furthermore, Mentor EVSD should consider obtaining competitive bids for health care to ensure that the premium costs and benefits levels remain cost effective for the District.
- Mentor EVSD should create an employee policy to ensure proper use of sick leave. It should establish guidelines and policies that include prohibitions against “patterns of abuse” to help department managers in identifying excessive sick leave use. The policies should state that if an employee engages in a “pattern of abuse,” he/she may be subject to discipline. Mentor EVSD should consult with its legal counsel to ensure that all required notices and opportunities to dispute abuse claims are addressed as required by applicable laws and/or collective bargaining agreements. In addition, the District should include sick leave usage as a component in employee performance evaluations and monitor sick leave usage on a periodic and consistent basis. Reducing sick leave usage to the state average would save the District approximately \$56,000 annually in certificated substitute costs.
- During the next contract negotiations, Mentor EVSD should seek to eliminate one personal leave day for both certificated and classified staff. Doing so would result in savings of approximately \$56,000 annually.
- During future contract negotiations, Mentor EVSD should seek to address its relatively high classified salary levels by limiting COLA increases in the professional-other and custodian categories. Providing a 2 percent increase in the professional-other and custodian salaries rather than the projected 3 percent increase would save approximately \$37,000 in FY 2006-07 and \$38,000 in FY 2007-08. Mentor EVSD should also negotiate an altered step schedule for new hire custodian employees, similar to the peers, to reduce the future financial impact

of classified wages on the District and provide salary levels that are more commensurate with peer districts.

Facilities

- In addition to closing Center Street Elementary, the District should consider closing another elementary school. More specifically, Rice, Lake, and Reynolds elementary schools should be considered because they meet various criteria, such as having relatively low building capacities and high expenditures per capacity, that justify closing the buildings. By closing an additional school, the District would improve its overall building utilization rate to 85 percent, and reduce approximately \$328,700 in costs to staff, operate and maintain the related facility. Furthermore, as enrollment has been decreasing for several years, the District should conduct regular enrollment projections and periodically analyze building utilization rates to determine if additional closures or adjustments will be needed in the future.
- Mentor EVSD should consider reducing 1.0 maintenance FTE, making the square footage per maintenance FTE comparable to the peers that perform similar duties with in-house staff. This would save approximately \$57,000 annually in salaries and benefits. However, before adjusting either maintenance or custodian staffing levels, Mentor EVSD should perform a job audit to determine and establish the exact duties of the maintenance personnel and custodians. Furthermore, the District should develop a formal methodology for establishing and maintaining appropriate staffing levels. This is particularly important when building closures or changes occur.
- Mentor EVSD should establish a formal policy outlining energy efficient practices that District staff should follow to help minimize energy costs. These practices include turning off lights and electrical equipment when not in use. The District should routinely communicate its policy to staff. In addition, the District should consider adjusting the temperature settings for its buildings, when possible, to 78 degrees for cooling and 68 degrees for heating. Assuming that the District could reduce costs by 5.3 percent, Mentor EVSD could save approximately \$40,700 annually by adjusting temperature settings. Regulating temperatures and limiting significant manual adjustments, activating or deactivating blowers, and monitoring HVAC functions would help the District further reduce energy costs.

Transportation

- Mentor EVSD should optimize routes by using routing software to increase bus utilization and ensure efficient use of resources, ultimately reducing its costs per mile and per bus. By doing so, and based on general seat assignment guidelines, the District could reduce 47 runs and still maintain current service levels. This would save approximately \$708,000 annually

in transportation costs. In addition to savings from increasing operational efficiency, the District would achieve savings from the following policy changes that affect service levels:

- Comply with the Board approved transportation policy, thereby reducing 94 bus runs; or
 - Implement State minimum standards to reduce 186 bus runs.
- Mentor EVSD should join the Ohio Department of Administrative Services (DAS), General Services Administrative pricing (GSA) program to receive discounts on fuel, and other supplies (e.g. tires) in accordance with ORC § 5513.01 (B). By joining the State's cooperative purchasing program for fuel purchases, the District could save approximately \$32,400 annually.
 - Mentor EVSD should explore the following options to lower special needs transportation costs: promoting parent/guardian contracts with the District; soliciting competitive bids for private transportation services; and involving the transportation department in the development of IEPs for special needs students. If Mentor EVSD reduced special needs transportation costs per student to the next highest peer (Pickerington at \$3,788 per student) by implementing the aforementioned practices, the District would save approximately \$176,000 annually.

Technology

- Mentor EVSD should develop and implement a formal replacement schedule for District hardware. District management should support the plan with adequate funding when possible. In addition, Mentor EVSD should investigate alternative funding sources such as grants for a replacement initiative. Mentor EVSD should consider the investment in technology a primary concern given the focus placed on it from both the administrative and instructional perspectives. It should also consider the cost of maintaining old equipment. The replacement schedule should be prepared by the technology department in conjunction with the TIP and include a cost-benefit analysis for alternate means of acquiring equipment, such as leasing. Although its current allocation of workstations appears to be sufficient and equitable, Mentor EVSD should ensure its allocation of workstations to staff and students is adequate to accomplish its mission and goals.

Additional Recommendations

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

Financial Systems

- State Foundation revenues have historically accounted for a significant portion of Mentor EVSD's total revenues. Therefore, the District should project these revenues with great care by specifically accounting for changes in ADM and the State's base formula amount within its forecasting methodology. Although the amounts originally forecasted by the District do not change and Mentor EVSD has a rationale to support its assumption, this would provide a more detailed, objective and reasonable methodology for projecting State Foundation revenues. In addition, Mentor EVSD should continually review its unrestricted grants-in-aid funding as additional information and changes in State law become available.
- Mentor EVSD should closely examine the spending patterns indicated in **Table 2-7** and identify activities and functions that present an opportunity for cost reductions without impacting the quality of education. The District should reallocate its resources toward those programs and priorities that have the greatest impact on improving student performance and proficiency test results. Combined with a close examination of the performance of educational activities, the District could improve its performance index score and meet additional ODE performance standards while reducing operating expenditures.
- The Mentor EVSD Financial Advisory Committee should periodically review long-term agreements to ensure the original intent and stipulations contained in the tax abatement agreement between Mentor EVSD and the City of Mentor are still applicable. In addition, the Advisory Committee should consider the following:
 - Determine if agreements meet the current program objectives of the City of Mentor and Mentor EVSD.
 - Verify that revenues received from these agreements continue to be set aside for textbooks.
 - Ensure that a process is developed whereby Mentor EVSD can accurately project future agreement amounts in a manner that produces more accurate five-year forecasts for the District.

By periodically reviewing the tax abatement agreements, the Advisory Committee will ensure that the District maximizes tax revenues as stipulated within the agreements.

Human Resources

- During future contract negotiations, Mentor EVSD should seek to decrease the vacation schedule for classified employees. Decreasing the number of vacation days could lessen the future financial burden on the District.
- Mentor EVSD should seek to reduce the number of paid holidays for classified employees to increase employee productivity. The District should reduce the number of paid holidays for 12 month employees to 10 days, and less than 12 month employees to 8 days, which is consistent with Lakota LSD and higher than both Pickerington LSD and ORC minimum requirements.
- Mentor EVSD should seek to either eliminate or reduce the negotiated amount of early retirement incentive for certificated and classified employees. If the District chooses to offer a retirement incentive, it should align the first year of eligibility with that of Willoughby-Eastlake CSD.

Facilities

- The District should keep an electronic record of the fees paid by each organization for renting its facilities. This will allow the District to assess whether the fees charged annually allow it to recoup the cost of operating the facilities. Furthermore, the District should develop a guide similar to Pickerington LSD that explains which groups will not be charged, circumstances that do not warrant charges, the custodial rate charged, and general provisions. This will reduce misunderstandings in the District.
- Mentor EVSD should develop a formal facilities master plan to document its long term facilities needs and requirements, including time frames for addressing identified areas. The master plan should include a new a 10-year enrollment history; enrollment projections and the methodology used for their calculation; building capacity calculations and the methodology; a list of the cost estimates for needed capital improvements; and a description of the District's educational plan. The facilities master plan should also be linked to capital planning.
- Mentor EVSD should work with key facility staff, including building principals, maintenance and custodial personnel, and administration, to develop a multi-year capital improvement plan that is included in the facility master plan. This will help ensure the most critical repair work is completed and that all the capital outlay expenditures and other repair and maintenance expenditures (e.g. purchased services) coincide with the budget. Furthermore, a formal capital improvement plan will help demonstrate fiscal responsibility to the citizens of the District.

- Mentor EVSD should adopt and use a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they should be done annually. Mentor EVSD can use the enrollment projections to help project future state funding allocations, to complete financial forecasts, to determine the appropriate number of teachers to hire, and to evaluate building usage and capacity.
- Building capacity and utilization should be reviewed periodically and updated at least once every five years, or when a change in building structure or educational philosophy occurs. This should occur in conjunction with enrollment projections to determine the appropriate number of school buildings and classrooms needed to house the projected student population.

Transportation

- Mentor EVSD should ensure its transportation policy reflects the service levels to be provided and that practices adhere to the approved policy. The District should review the transportation policy annually and amend it as necessary to reflect changes to service levels, enrollment and pupil residence.
- Mentor EVSD's Assistant Superintendent of Business Operations and the treasurer should establish a formal bus replacement plan that maximizes fleet effectiveness and ensures that the District is properly budgeting funds to purchase new buses. The District should forecast replacements based on the age, mileage, and condition of the buses, and monitor operating costs and safety inspections to determine the proper bus replacement schedule.
- Mentor EVSD should develop policies and procedures within its purchasing manual outlining standard language and delegating responsibility for the development and review of all specifications. The District should also develop guidelines within the purchasing manual for standard bus specifications, including equipment options. In addition, the District should develop policies and procedures that outline the process for competitive bids, request for proposals (RFP), and request for qualifications (RFQ) to ensure accountability, continuity, and the selection of quality vendors. Mentor EVSD should also check costs for goods (e.g. fuel and tires) sold through the Ohio Department of Administrative Services (DAS), as a regular practice. Finally, Mentor EVSD should provide periodic training for all department heads and supervisors, on the District's purchasing policies and procedures to ensure that each employee maintains a high level of accountability for public funds.
- Mentor EVSD should establish formal policies and procedures for filling out the T reports for the ODE. This will help to ensure that reports are completed in an efficient and accurate manner, by adequately reflecting the actual costs of providing transportation services to all students.

Technology

- Mentor EVSD should implement a help desk system to manage the technical support needs of District users, help document all reported problems, and track time frames for the resolution of issues. The District should also develop help desk procedures that address complaint priorities, and service level agreements for its technicians. This would allow staff to identify critical support needs. During the course of this performance audit, the District indicated that it implemented a help desk system that incorporates the aforementioned suggestions in August 2004.
- Mentor EVSD should develop and implement formal technology policies and procedures that identify protocol and standards for technology throughout the District. Developing policies and procedures would ensure consistency and enhance the security and integrity of all computer systems.
- The technology director should complete a five year technology improvement plan (TIP) which address both short and long term technology needs. The TIP should describe long-term objectives, time frames, funding, and all of the costs associated with acquiring new technology. The TIP should be updated annually. During the course of this performance audit, Mentor EVSD developed a TIP using the Ohio School Net website. In addition, the District should develop a formal planning process that would aid in establishing an effective TIP. Furthermore, Mentor EVSD should link plan strategies and objectives to the District budget and overall strategic plan.
- The technology director should secure grant funding from additional resources, particularly from the Federal government and private sources. Any additional funding and attempts to secure funds should be accounted for in the District TIP. The use of any funds acquired through grants should also align with goals and objectives as established in the technology plan. By acquiring additional grant funding, Mentor EVSD can address their equipment and technology planning needs while reducing its reliance on District subsidies.
- Mentor EVSD should develop a program for training administrators, faculty, and staff on the Sungard Pentamation software modules pertinent to each group. This would help the District establish guidelines for effective use of current technology, improve operations, and avoid spending additional funds on unnecessary software. The District should also require all proposed technology purchases to be reviewed and approved by the technology department, which would help ensure compatibility with other systems. Mentor EVSD should link all hardware and software purchasing to its strategic plan.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which Mentor EVSD should consider. Some of the recommendations are dependent on labor negotiations or labor agreements (see **human resources** section). Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations

Recommendations	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Increases/ (Decreases) Resulting from AOS Revised Assumptions:				
R2.2 Substitute Expenditures	\$45,163	(\$4,558)	(\$58,494)	(\$117,106)
Total AOS Revised Forecast Assumptions	\$45,163	(\$4,558)	(\$58,494)	(\$117,106)
Recommendations Subject to Negotiation:				
R3.3 Require full-time employee contribution equal to 10 percent of monthly premium cost		\$772,000	\$887,000	\$1,021,000
R3.4 Reduce one day of sick leave use by certified employees		\$56,000	\$56,000	\$56,000
R3.6 Eliminate one personal leave day		\$56,000	\$56,000	\$56,000
R3.9 Reduce COLA increases for professional-other and custodian staff		\$0	\$37,000	\$38,000
Total Recommendations Subject to Negotiation		\$884,000	\$1,036,000	\$1,171,000
Recommendations Not Subject to Negotiation:				
R3.1 Reduce General Fund expenditures for vocational services		\$376,000	\$376,000	\$376,000
R3.2 Reduce 5.0 tutor FTEs		\$201,000	\$207,000	\$213,000
R4.1 Reduce 1.0 maintenance FTE		\$58,300	\$60,000	\$61,800
R4.3 Reduce expenditures by maintaining consistent temperatures		\$42,300	\$44,000	\$45,800
R4.8 Close an additional elementary school		\$338,600	\$348,700	\$359,200
R5.2 Increase riders per bus through route optimization		\$708,000	\$708,000	\$708,000
R5.5 Purchase fuel through co-op program		\$32,400	\$32,400	\$32,400
R5.6 Reduce special needs transportation costs.		\$176,000	\$176,000	\$176,000
R6.6 Implement a computer replacement plan		(\$604,000)	(\$604,000)	(\$604,000)
Total Recommendations Not Subject to Negotiation		\$1,328,600	\$1,348,100	\$1,368,200
Total Recommendations Included in Forecast	\$45,163	\$2,208,042	\$2,325,606	\$2,422,094

Source: AOS Recommendations

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. For example, a closing another building may impact the amount of busing.

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Financial Systems

Background

This section focuses on the financial systems within the Mentor Exempted Village School District (Mentor EVSD or the District). The objective is to analyze the current financial condition of Mentor EVSD and develop recommendations for improvements and efficiencies. In addition, Mentor EVSD's five-year forecast is analyzed to ensure that the projections accurately represent future operational and financial conditions.

The Auditor of State (AOS) recommended the establishment of fiscal oversight laws for school districts to create predetermined monitoring mechanisms and criteria for fiscal responsibility and to provide technical assistance to help school administrators restore fiscal stability. ORC §3316 establishes fiscal caution, watch, and emergency laws for Ohio school districts. The difference between fiscal caution, fiscal watch and fiscal emergency is the severity of the school district's financial condition.

Under ORC §3316.03(B)(1), AOS has the ability to place a school district into fiscal emergency if the following conditions are satisfied:

- An operating deficit has been certified for the current fiscal year by AOS which exceeds fifteen percent of a school district's general fund revenue for the preceding year.
- A levy has not been passed by the voters that will raise enough additional revenue in the succeeding fiscal year to alleviate first condition.

Based on a request from the Mentor EVSD Board of Education (the Board), dated October 28, 2003, AOS examined the financial forecast of the District's General Fund as required under ORC §3316.03. In conjunction with the examination of the financial forecast, AOS certified an operating deficit of \$20,138,000 for the fiscal year ending June 30, 2004 to the Ohio Department of Education (ODE) on February 4, 2004. This amount represents 27 percent of Mentor EVSD's General Fund revenues for FY 2002-03. In addition, AOS determined that the levy approved by the voters of the District in November 2003 would not be sufficient to eliminate the certified deficit. As a result, Mentor EVSD was placed in fiscal emergency on February 4, 2004.

Upon the declaration of fiscal emergency, a financial planning and supervision commission was established pursuant to ORC §3316.05 and §3316.06. This commission was formed with the requirement of creating and adopting a financial recovery plan for Mentor EVSD within 120

days of the fiscal emergency declaration. The plan adopted must eliminate all fiscal emergency conditions and eliminate the deficits in all deficit funds.

Financial Operations

Table 2-1 presents the Mentor EVSD five-year forecast approved by the Board on May 19, 2004.

Table 2-1: Mentor EVSD Financial History and Five-year Forecast (in 000's)

	Actual FY 00-01	Actual FY 01-02	Actual FY 02-03	Forecast FY 03-04	Forecast FY 04-05	Forecast FY 05-06	Forecast FY 06-07	Forecast FY 07-08
Revenues								
General Property Tax ¹	\$38,062	\$40,170	\$38,309	\$41,707	43,404	43,634	44,372	45,056
Tangible Property Tax	9,980	12,788	13,323	12,115	11,389	10,802	9,797	8,791
Unrestricted Grants-in-Aid	16,566	18,100	17,471	17,676	17,057	17,057	17,057	17,057
Restricted Grants-in-Aid	310	112	162	228	115	115	115	115
Property Tax Allocation	4,656	4,774	4,861	5,231	5,583	5,613	5,708	5,799
All Other Revenues	1,333	877	648	1,019	1,617	1,660	1,712	1,766
Total Revenues	70,907	76,821	74,774	77,976	79,165	78,881	78,761	78,584
Expenditures								
Personal Services	50,087	51,984	56,613	57,775	47,832	49,423	50,907	53,073
Benefits	13,251	14,049	15,528	18,629	17,052	16,303	17,432	18,575
Purchased Services	5,480	5,980	7,023	7,714	8,018	8,432	8,730	8,907
Supplies and Materials	2,237	2,113	2,211	1,720	2,526	2,590	2,655	2,723
Capital Outlay	629	922	905	423	151	166	183	201
Debt Service:								
Principal Retirement - Notes	0	0	250	15,250	496	496	496	496
Interest	0	0	10	239	80	69	52	35
Other Objects ²	941	1,265	1,135	1,630	1,768	1,759	1,814	1,874
Total Expenditures	72,625	76,313	83,675	103,380	77,923	79,238	82,269	85,884
Other Financing Sources/Uses								
Proceeds of Notes	0	0	5,000	12,480	0	0	0	0
Advances - In/(Out)	254	343	0	0	0	0	0	0
Operating Transfers-In/(Out)	(1,295)	(1,370)	(212)	(1,472)	(555)	(312)	(328)	(344)
Net Other Financing Sources	(1,041)	(1,027)	4,788	11,008	(555)	(312)	(328)	(344)
Results of Operations	(2,759)	(519)	(4,113)	(14,396)	687	(669)	(3,836)	(7,644)
Beginning Cash Balance	4,814	2,055	1,536	(2,577)	(16,973)	(16,286)	(16,955)	(20,791)
Ending Cash Balance	2,055	1,536	(2,577)	(16,973)	(16,286)	(16,955)	(20,791)	(28,435)
Encumbrances/Reserves ³	1,734	1,923	6,943	1,728	N/A	N/A	N/A	N/A
Unreserved Fund Balance June 30th	321	(387)	(9,520)	(18,701)	(16,286)	(16,955)	(20,791)	(28,435)

Source: Mentor EVSD Financial Forecast and AOS forecast

Note: The District's forecast is presented according to the format of the financial forecast for fiscal year ending June 30, 2004 that was prepared and released by the AOS on February 4, 2004.

¹ Mentor EVSD classified a \$3 million property tax advance in FY 2002-03 and AOS has recorded this advance in FY 2003-04 in the financial forecast released on February 4, 2004.

² Includes property insurance recorded in the 400 classification.

³ The encumbrances/reserves for FY 2003-04 were taken from the AOS forecast. The District's forecast did not include encumbrances except for FY 2002-03.

The financial projections in **Table 2-1** present the expected revenues, expenditures and fund balances for Mentor EVSD's General Fund for each of the fiscal years, including June 30, 2004

through June 30, 2008, with historical information presented for the fiscal years ended June 30, 2001, 2002 and 2003. Based upon Mentor EVSD's projections, the District will operate with significant deficits in each fiscal year through FY 2007-08. The assumptions disclosed herein are Mentor EVSD's forecast assumptions for its five-year forecast submitted May 19, 2004. The District's methodology and major assumptions are presented below and include additional analysis to test the reasonableness of its methodology and assumptions. FY 2003-04 projections are based on nine months of actual data.

Revenues

General Property Tax Revenues

General property tax revenue estimates include residential real estate tax, public utility property tax and manufactured home tax revenues. These tax revenues are projected based upon information received from the Lake County Auditor and historical trends, which were verified for each year. For FY 2002-03, general property taxes decreased 4.6 percent due primarily to a significant decrease in public utility values resulting from gas and electric deregulation. Overall, the District is projecting an annual growth rate of 2 percent for general property tax revenue over the forecast period. This projection is based on the following assumptions regarding real estate values:

- The assessed value of residential real estate has been forecasted to increase 18.8 percent in collection year 2004, based on the three year update and the increased tax provided by the three mill levy passed in November 2003. Based on information from the Lake County Auditor and historical trends, the District has forecasted a 15 percent increase in residential real estate values for the six-year appraisal year (collection year 2007). In those years without a reappraisal, the District has projected a \$10.0 million increase in new construction for residential real estate based on estimates by the county auditor. For all real estate values, the District has projected a 97 percent collection rate of current taxes, consistent with historical collection rates. The \$10.0 million projection in new construction was confirmed with the Lake County Auditor's Office. As a result, this assumption is reasonable.
- The assessed value of public utility property has been projected to increase 2.2 percent in collection year 2004 and remain constant for the forecast period. This projection is consistent with information received from the Lake County Auditor's office.
- The assessed value of other real estate has been projected to increase at the rate of 12.7 percent in collection year 2004 due to the November 2003 levy and the three year property update. An additional 5 percent increase is forecasted for collection year 2007 due to the six year property reappraisal. In those years without a reappraisal, other real estate has been projected to remain constant, which is reasonable based on the unpredictable nature of this value during non-reappraisal years.

Tangible Personal Property Tax

A property reappraisal conducted in 2001 resulted in a 28 percent increase in tangible personal property revenues in FY 2001-02. Future tangible personal property tax revenues have been projected based on a phase out of one percent per year in tax year 2004 and two percent thereafter, which decreases the assessment rate from 23 percent in tax year 2003 to 16 percent in tax year 2007. This is consistent with legislative changes established in ORC § 5711.22(E), which reduce the taxable rate of underlying assets and establish the potential for annual reductions of 2.0 percent. These legislated assessment reductions, coupled with the historical trend of declining tangible personal property valuations, account for the projected decreases in revenues from FY 2004-05 to FY 2007-08. While property valuations could potentially stabilize in the future, the District's assumption appears reasonable because it is based on historical trends and legislative changes.

Unrestricted Grants-in-aid (State Foundation Revenues)

Historically, state foundation revenues have fluctuated due to changes in the District's ADM. For instance, state foundation revenues increased 16.5 percent in FY 2001-02, due primarily to an increase in ADM of 177 students. The District has projected FY 2004-05 state foundation revenues based on the April 2004 No. 2 ODE Settlement Report. For the remainder of the forecast period, the District assumes no annual increases in state foundation revenues. Due to cuts in transportation, Mentor EVSD has eliminated \$619,502 from its FY 2004-05 State Foundation revenues to reflect lower transportation reimbursement levels in FY 2004-05. In addition, the District forecast reflects annual guarantee funding which came into effect starting in FY 2002-03. However, the District's forecasting methodology for unrestricted grants-in-aid does not account for changes in ADM and the State's base aid per pupil. In addition, any changes in state foundation revenues due to changes in transportation will not be experienced by the District until the fiscal year following the changes (see **R2.1**).

Restricted Grants-in-aid

Restricted grants-in-aid represent State funding revenues for the purchase of school buses. A complex formula is used to allocate funds to school districts. All revenue provided by the State must be used for the purchase of school buses. The District is assuming a 50 percent reduction in funding beginning in FY 2004-05. This assumption is reasonable based on the condition of the District's current school bus fleet and projected availability of resources from ODE.

Property Tax Allocation

Property tax allocation revenues have been projected based on the historical ratio of property tax allocation to general property taxes of 12.9 percent. This projection is consistent with three years of historical ratios and therefore, appears reasonable.

Other Revenues

Other revenues consist of tuition payments made to Mentor EVSD, interest on investments, fees, rentals, miscellaneous revenues, sale of assets and refunds of prior year's expenses. Other revenues are projected to increase by 57.3 percent in FY 2003-04 and 58.7 percent in FY 2004-05, mainly due to tuition owed by other districts for special education and the collection of new fees for participation in student activities and interscholastic sports. From FY 2005-06 to FY 2007-08, the District has projected these revenues to increase at approximately 3 percent per year based on inflation.

Expenditures*Salaries and Wages*

Salary and wage expenditures consist of salaries, supplemental contracts, severance, overtime pay, tutors, health insurance waivers, compensation of board members, payments to student workers, and other compensation.

- Total salaries and wages are projected to decrease 17.3 percent in FY 2004-05, primarily due to staff reductions. Certificated and classified salary expenditures are based on the second April 2004 payroll and staffing levels, as well as information from the Mentor EVSD personnel office. The salary projections presented by the District reflect a net reduction of 279.5 full time equivalent (FTE) employees. Further, certificated and classified employee salaries were projected using current and interim bargaining agreements with the Mentor Teachers Association (MTA) and Mentor Classified Employees, and include a 3 percent cost of living adjustment (COLA) and respective step increases for each employee for years beyond the current contract agreement (FY 2006-07 and FY 2007-08). The District has assumed that administrators and non-bargaining employee salary schedules will increase at the same rate as certificated employees. Mentor EVSD's salary projections were verified with District databases and appear reasonable.
- It is further assumed that substitute expenditures will not increase, and that supplemental contracts, overtime, and student workers will not increase more than the percentage in base salaries for each of the fiscal years projected. However, projecting substitute expenditures to remain constant is not a reasonable assumption (see **R2.2**).

Benefits

Benefit expenditures consist of employer's retirement payments, insurance, worker's compensation payments, Medicare, unemployment, tuition reimbursement and professional dues.

- Increases in worker's compensation and unemployment expenditures are the primary contributors to the significant increase in benefits projected for FY 2003-04. The considerable decrease in benefits for FY 2004-05 is due to staffing reductions.
- The District has assumed that employer retirement contributions for STRS and SERS will be 14 percent of employee salaries for the forecast period. In addition, the District has projected an SERS surcharge expenditure for each fiscal year of the forecast. This assumption is reasonable and is stipulated in the Mentor EVSD employee negotiated agreements. The District assumes that 40 certificated and 10 classified staff will receive the retirement incentive in FY 2004-05, and 15 certificated and 5 classified employees will receive it in FY 2005-06. The number of employees projected to receive the retirement incentive was confirmed and appears reasonable. Thereafter, the District does not assume retirement incentive payments because both collective bargaining agreements expire at the end of FY 2005-06.
- The District has projected a 15 percent annual increase in health and prescription drug insurance expenditures for the life of the forecast. Furthermore, the District assumes that dental insurance expenditures will increase at an annual rate of 7.5 percent, while life and vision insurance expenditures are projected to remain constant. This assumption is reasonable based on historical trends outlined in the State Employment Relations Board FY 2003 Cost of Health Insurance report.
- From FY 2004-05 to FY 2007-08, worker's compensation expenditures are projected to increase at an annual rate of approximately 10 percent. This increase assumes that the District will continue to participate in the Ohio School Board Association's worker's compensation program. Worker's compensation projections are presented without the prior year's rebates, unlike historical worker's compensation expenditures, which are presented net of prior year's rebates. Medicare expenditures have been projected to increase at the same rate as salaries.
- The District has projected unemployment expenditures of approximately \$2.16 million in FY 2004-05, due to the staff reductions. After FY 2004-05, unemployment expenditures are expected to remain close to historical levels at \$30,000. The projected decrease in unemployment expenditures for FY 2005-06 is the primary reason for the projected 6.4 percent decrease in total benefits in that year.
- From FY 2000-01 to FY 2002-03, Mentor EVSD did not incur any tuition reimbursement expenses. For FY 2003-04, the District has projected tuition reimbursement expenditures of \$30,364. For the remainder of the forecast period, the District has forecast tuition reimbursement expenditures of \$30,000 per year. Since Mentor EVSD did not incur any tuition reimbursement expenditures from FY 2000-01 to FY 2002-03, this estimate provides a conservative projection.

- Professional dues and fees consist of meeting expenses and other employee reimbursements. For FY 2003-04, the District has projected expenditures of \$27,245 for this line item. For FY 2004-05, the District projects \$25,300 in professional dues expenditures and a \$1,000 increase for each year thereafter. This assumption appears reasonable based on historical levels.

Purchased Services

Purchased service expenditures consist of professional and technical services, property services, travel and meeting expenditures, communication costs, utilities, trade services, tuition payments and pupil transportation expenditures.

- Professional and technical services consist of instruction services, instruction improvement expenditures, health, management, data processing, statistical, legal services and other expenditures. Projecting professional and technical services to increase at a rate of 3 percent for inflation is reasonable considering the new administration of Mentor EVSD has displayed a commitment to improving its fiscal condition.
- Property services have been forecasted to decrease at an annual rate of 3 percent. This projection is reasonable based on the decreases that will occur due to the expiration of current rental and lease contracts.
- Travel and meeting expenditures include all payments for professional travel and employee mileage reimbursement. The District significantly decreased General Fund expenditures for travel in FY 2003-04 by paying for travel via appropriate grants. The District assumes that this current level of reduced travel expenditures will continue throughout the forecast period and has increased this line item at an average annual rate of 3 percent for inflation.
- Utility expenditures consist of payments for electric, water and gas. The District has projected a 4 percent increase for electricity expenditures, a 2 percent yearly increase for water, and a 5 percent increase for natural gas, consistent with historical increases.
- Tuition payments experienced significant fluctuation from FY 2000-01 to FY 2002-03, due primarily to coding errors and delinquent payments by the District. The considerable increases in purchased services for FY 2002-03 and FY 2003-04 are attributed to tuition payments. The District has assumed a 6 percent increase in this expenditure category for the forecast period based on the historical increase in special education costs. In addition, the treasurer stated that the District is current with its tuition payments and further fluctuation in tuition expenditures due to delinquent payments should not occur.
- Pupil transportation costs have experienced significant fluctuations, due again to coding errors. In previous years, pupil transportation costs were coded in the tuition payments line

item. For the forecast period, the District has projected pupil transportation costs to increase at an annual rate of 10 percent, which is consistent with historical contracted costs and historical increases in special education expenditures.

Supplies and Materials

Supply and material expenditures consist of general supplies, textbooks, library books and supplies, maintenance supplies, and vehicle supplies.

- The general supplies line item includes expenditures for instructional materials, office supplies, teaching aids, health and hygiene supplies, software materials, food and related supplies, and other supplies. The District has projected general supplies to increase 9.8 percent in FY 2004-05, and by a 3 percent inflationary factor for the remaining years of the forecast period. The large increase in FY 2004-05 is due to the District projecting a restoration of \$50,000 in previous cuts for educational supplies. Taking past cuts in general supply expenditures into account, and assuming future discretion in supply purchases, increasing this line item at 3 percent per year is reasonable.
- Beginning in FY 2004-05, the District has projected \$750,000 per year for textbooks. This amount will be partially offset by a reduction of \$250,000 in equipment expenditures and approximately \$200,000 annually in additional revenues from tax abatements.
- The District has projected a 3 percent annual inflationary increase in library book expenditures for the forecast period, and forecasts \$25,000 in restored cuts in FY 2004-05. Although this line item has fluctuated in past years, the annual percentage increase in library books and supplies expenditures is reasonable based on the District's improved fiscal planning processes and procedures.
- Maintenance supplies include supply purchases for land, buildings, equipment and furniture, and vehicles. The District has projected this line item to increase at an annual rate of 3 percent due to inflation. In addition, the forecast assumes a one-time \$100,000 restoration in cuts in FY 2004-05. Taking past cuts in maintenance supply expenditures into account, and assuming future discretion in supply purchases, a 3 percent inflationary increase is reasonable.
- Vehicle supplies include expenditures for parts, fuel, and tires. The District's projections are based on the assumption that it will operate 15 fewer buses in FY 2004-05. Fuel purchases have historically accounted for a majority of vehicle supply purchases. Mentor EVSD is projecting a 10 percent annual increase in fuel costs, which appears reasonable and conservative considering the uncertainty over future fuel prices. For all other vehicle maintenance supply expenditures, the District is projecting an annual inflationary increase of 3 percent.

- The District's projected expenditures for textbooks and instructional materials will meet State mandated spending levels.

Capital Outlay

Capital outlay expenditures consist of payments for equipment and school buses. In addition to the General Fund capital outlay expenditures, the District has revenue from a permanent improvement bond. Based on the projected General Fund capital outlay expenditures and permanent improvement funding, the District will meet capital set-aside spending requirements during the forecast period. Therefore, the District does not need to establish a capital set-aside reserve.

- Equipment expenditures include educational, administrative, technology, and maintenance equipment purchases. Mentor EVSD is projecting a 10 percent increase in equipment expenditures for FY 2004-05 to FY 2007-08. In FY 2003-04, the District significantly reduced equipment purchases, based on nine months of actual expenditures. Although a 10 percent increase is lower than historical trends, this assumption appears reasonable based on the significant reduction in FY 2003-04 and the District's efforts to ensure fiscal responsibility.
- Fluctuations in prior years' capital outlay expenditures are primarily due to bus purchases. The District is forecasting no new school bus or other vehicle purchases for the forecast period, which is the cause of the significant decrease in capital outlay expenditures projected for FY 2004-05. Due to the District's relatively young bus fleet (see the **transportation** section), it should not need to purchase any new buses during the forecast period. Therefore, this assumption is reasonable.

Other Expenditures

The other expenditures line item includes expenditures for insurance, auditor's fees, and all other expenditures.

- The insurance line item represents liability insurance payments. For the forecast period, liability insurance expenditures are forecasted to increase at an annual rate of 4 percent, based on conversations with the District's insurance carrier.
- The auditor's fees line item reflects payments made for county auditor and treasurers' fees. This line item increased significantly in FY 2003-04, due to the passage of a new levy, thereby contributing to the overall increase in other expenditures for FY 2003-04. The District has projected this line item based on the amount of taxes collected. The District's forecast also reflects an annual fee of \$34,000 assessed by the Lake County Auditor and

Treasurer pursuant to ORC § 319.54, which requires the County to assess fees for real estate collections. Basing this line item on taxes collected should yield a reliable forecast.

- Other expenditures include payments made by Mentor EVSD for professional memberships, county board of education contributions, election expenses, delinquent land taxes, bank charges, out of court settlements, other taxes and assessments, sales tax and other miscellaneous expenditures, dues, and fees. The District has projected this line item to increase at an annual rate of 3 percent for inflation for the forecast period. In addition, Mentor EVSD is including a \$60,000 election expense for FY 2004-05.
- The District has included a technical contingency of \$150,000 per year for the correction of keypunch errors, calculation errors, projection oversights, and unanticipated regulatory costs.

Debt Service Transfers

This category provides for annual transfers from the General Fund to the Debt Service Fund to pay for the 1995 Energy Conservation Bonds in the original amount of \$2,500,000, and the 2003 Energy Conservation Bonds in the amount of \$1,160,000. The amount projected is the amount required by the debt service schedules for each of the two bonds. Debt service transfers were reconciled with debt schedules and are reasonable. In addition, debt service for principal retirement of \$15,250,000 in FY 2003-04 is for the payment of the District's various notes. The District had a \$5 million revenue anticipation note with maturity date of June 26, 2004 and a \$10 million tax anticipation note with maturity date of June 15, 2004. The District also had a \$253,225 payment on its one year energy conservation note.

Transfers and Advances

This category includes advances for various State and Federal projects that are awaiting quarterly payments, one time transfers to balance out special projects, transfers to the Debt Service Fund to pay interest on debt other than energy conservation bonds, and other necessary fund subsidies. In **Table 2-1**, the interest due on the District's two tax anticipation notes is shown as a direct expense; however, the District actually transfers funds from the General Fund into a debt service fund to cover these expenses. The District assumes that a constant amount of transfers and advances will continue, primarily for interest payments. Projections for transfers and advances were assessed and are reasonable, assuming that the \$1 million transfer that occurred in FY 2003-04 for retirement incentives was a one-time occurrence (see **human resources** for more information on the retirement incentive).

Discretionary Expenditures

While Mentor EVSD has experienced operating deficits, the District has effectively controlled discretionary expenditures. Discretionary expenditures are those expenditures, usually found within purchased services, supplies and materials, capital outlay, and miscellaneous object code definitions, over which the District has more control. No required minimum levels of expenditure exist for discretionary spending. **Table 2-2** displays Mentor EVSD's and the peers' FY 2001-02 and FY 2002-03 discretionary spending as a percentage of total expenditures.

Table 2-2: FY 2002-03 Discretionary Expenditures Comparison

	Mentor FY 01-02	Mentor FY 02-03	Lakota	Pickerington	Willoughby- Eastlake	Peer Average
Prof. and Technical Service	1.7%	1.3%	1.3%	1.0%	0.6%	1.0%
Property Services	1.9%	2.4%	1.6%	1.3%	0.7%	1.2%
Mileage/Meeting Expense	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%
Communications	0.4%	0.4%	0.3%	0.2%	0.4%	0.3%
Contract, Craft or Trade Service	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Pupil Transportations	0.0%	0.4%	0.1%	6.5%	1.0%	2.5%
General Supplies	1.2%	1.2%	1.3%	0.9%	0.9%	1.0%
Textbooks/Reference Materials	0.2%	0.2%	0.5%	0.7%	0.3%	0.5%
Plant Maintenance and Repair	0.6%	0.5%	0.5%	0.5%	0.3%	0.4%
Fleet Maintenance and Repair	0.7%	0.7%	0.7%	0.4%	0.8%	0.6%
Equipment	0.3%	0.5%	1.0%	0.8%	0.0%	0.6%
Buses/Vehicles	0.4%	0.5%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	1.2%	0.9%	1.4%	2.3%	1.0%	1.6%
Insurance	0.0%	0.1%	0.2%	0.3%	0.0%	0.2%
Miscellaneous	0.5%	0.0%	0.2%	0.0%	0.0%	0.1%
Total	9.2%	9.3%	9.3%	14.9%	6.2%	10.2%

Source: Exhibit II and Statement P from district 4502 financial reports

Note: Adding the percentages may not exactly equal the total due to rounding.

As shown in **Table 2-2**, 9.3 percent of Mentor EVSD's total expenditures were discretionary in nature, compared to the peer average of 10.2 percent. However, Mentor EVSD had a higher percentage of discretionary spending in 7 of 20 categories. Additionally, the District's discretionary spending increased slightly, from 9.2 percent of total expenditures in FY 2001-02 to 9.3 percent in FY 2002-03. In FY 2002-03, Mentor EVSD experienced a significant increase (26 percent) in property service spending. However, it took proactive steps to reduce discretionary spending for FY 2003-04 to 7.2 percent of total expenditures. More specifically,

professional and technical services, property services, and general supplies decreased to 1.2 percent, 1.7 percent, and 0.8 percent of total expenditures, respectively.

Assessments Not Yielding Recommendations

In addition to the analyses presented in this report, assessments were conducted on several other areas within the financial systems of Mentor EVSD. The majority of these assessments involved testing the forecasting methodology and assumptions used in preparing the five-year forecast. While the projections often do not reflect actual results, a standard of reasonableness was used to determine if the methodology employed and assumptions used adequately accounted for major variables impacting financial figures, given known information at the time of this audit. Those line items of the five-year forecast not yielding recommendations or revisions include the following:

- General property tax receipts;
- Restricted grants-in-aid;
- Other revenues;
- Fringe benefits;
- Purchased services expenditures;
- Supplies and materials expenditures;
- Capital outlay expenditures;
- Other expenditures;
- Debt service costs; and
- Transfers and advances.

Recommendations

Financial Forecast

R2.1 State Foundation revenues have historically accounted for a significant portion of Mentor EVSD's total revenues. Therefore, the District should project these revenues with great care by specifically accounting for changes in ADM and the State's base formula amount within its forecasting methodology. Although the amounts originally forecasted by the District do not change and Mentor EVSD has a rationale to support its assumption, this would provide a more detailed, objective and reasonable methodology for projecting State Foundation revenues. In addition, Mentor EVSD should continually review its unrestricted grants-in-aid funding as additional information and changes in State law become available.

Mentor EVSD's forecast of State Foundation revenues is included in the unrestricted grants-in-aid line item. **Table 2-3** displays the District's five year forecast of State Foundation revenues, presented with three years of historical data.

Table 2-3: State Foundation Revenues

Year	State Foundation	Percentage Change
Actual 2000-01	\$16,575,651	
Actual 2001-02	\$17,594,449	6.1%
Actual 2002-03	\$16,632,898	(5.5%)
Forecast 2003-04	\$16,644,069	0.1%
Forecast 2004-05	\$16,644,069	0.0%
Forecast 2005-06	\$16,024,567	(3.7%)
Forecast 2006-07	\$16,024,567	0.0%
Forecast 2007-08	\$16,024,567	0.0%

Source: Mentor EVSD Five Year forecast

The District is projecting State Foundation revenues based upon the April 24, 2004 SF-3 prepared by the Division of School Finance of the State Department of Education. For the remaining years, the District assumes that unrestricted grants-in-aid will remain constant. Beginning with FY 2004-05, the District has reduced the SF-3 amounts by \$619,502 to reflect a lower transportation subsidy as a result of reductions in transportation. However, according to ODE, funding for transportation lags service delivery by one year and therefore the financial impact of changes in transportation services will not be experienced until FY 2005-06. As a result, the financial recovery plan reflects this reduction in transportation funding in FY 2005-06 (see **Table 2-12**).

In addition, the District became a guarantee district in FY 2002-03. This results in additional funding on top of the year's calculated State basic aid that is needed to bring a

district up to its FY 1997-98 funding level. The guarantee amount is calculated by subtracting a district's state basic aid from the FY 1997-98 fundamental amount. Mentor EVSD is projecting the guarantee amount to remain steady at \$1,362,584 for the forecast period. As a result, the District is forecasting total basic aid funding at approximately \$14.7 million from FY 2004-05 to FY 2007-08. The District is projecting the other portions of State Foundation revenues at approximately \$1.3 million from FY 2004-05 to FY 2007-08, which comprises special education weighted amount, adult education, transportation funding, gifted aid, ESC deduction, preschool funding, community school transfer, and open enrollment. The District forecast for FY 2004-05 through FY 2007-08 is held constant based on the current uncertainty over the future of the State's economy and its impact on State revenues.

State Foundation revenues are based on the District's ADM and the State's basic formula amount. While the net effect of changes in ADM and the State's basic aid formula amount may result in unrestricted grants-in-aid remaining constant during the forecast period, the District does not specifically account for changes in ADM or the State basic aid amount within its forecasting methodology. **Table 2-4** displays projected enrollment for Mentor EVSD.

Table 2-4: Mentor EVSD Enrollment Projections

School Year	Historical Enrollment	Percentage Change From Previous Year
2001-02	10,154	N/A
2002-03	9,937	2.1%
2003-04	9,925	<0.1%
	Projected Enrollment	Percentage Change From Previous Year
2004-05	9,823	(1.0%)
2005-06	9,624	(2.0%)
2006-07	9,575	(0.5%)
2007-08	9,595	0.2%

Source: DeJong and Associates Enrollment Projection

As shown in **Table 2-4**, the District's enrollment is projected to decrease through the forecast period. **Table 2-4** also shows that actual enrollment from 2001-02 to 2003-04 decreased by 2.3 percent. From FY 2003-04 to FY 2007-08, a loss of 330 students has been projected. Although state foundation revenue is directly based upon ADM, historical fluctuations in ADM have been consistent with enrollment. Furthermore, ORC § 3317.012 stipulates a 2.2 percent increase to the State's basic per pupil aid for FY 2003-04 and FY 2004-05.

Table 2-5 displays changes in basic aid levels and guarantee amounts due to projected changes in enrollment and increases in state foundation levels of 2.2 percent.

Table 2-5: ADM and Annual Basic Aid Increases on Guarantee Amount

	Projected Basic Aid	Projected change in enrollment	Basic Aid w/Enrollment Projection	State Foundation Increase	Revised Basic Aid	FY 1997-98 Formula Amount	Revised Guarantee
FY 2003-04					13,420,117	14,709,495	1,289,378
FY 2004-05	12,800,615	(1.00%)	12,672,609	2.20%	12,951,406	14,709,495	1,758,089
FY 2005-06	12,951,406	(2.00%)	12,692,378	2.20%	12,971,610	14,709,495	1,737,885
FY 2006-07	12,971,610	(0.50%)	12,906,752	2.20%	13,190,701	14,709,495	1,518,794
FY 2007-08	13,190,701	0.20%	13,217,082	2.20%	13,507,858	14,709,495	1,201,637

Source: Mentor EVSD Financial Forecast and the Ohio Department of Education

As shown in **Table 2-5**, the revised basic aid projections are less than the FY 1997-98 formula amounts. Consequently, the District is projected to receive approximately \$14.7 million in basic aid funding from FY 2004-05 to FY 2007-08, thereby confirming the District's projections. However, by forecasting State Foundation revenues based on expected changes in ADM that appear reasonable based on historical trends and the most recent stipulations regarding increases in the State's basic per pupil aid, the District will provide users with a more reasonable and detailed methodology to support its projections, and will better demonstrate trends in enrollment and State Foundation funding amounts.

R2.2 Mentor EVSD should forecast substitute salaries based on the historical ratio to total salaries, since there does not appear to be a reasonable basis to deviate from this trend.

Substitute salaries are projected to remain flat at \$1,462,000 for the forecast period, despite considerable fluctuations from FY 2000-01 through FY 2002-03. Therefore, it may be inappropriate to assume that substitute salaries will remain flat. From FY 2000-01 to FY 2002-03, substitute expenditures averaged 3.4 percent of total salaries. **Table 2-6** compares salary expenditures based on this historical percentage to Mentor EVSD's forecast.

Table 2-6: Original and Revised Forecast – Substitute Salaries

Original Certificated Salaries					
	Forecast 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Substitute Expenditures	\$1,577,603	\$1,462,000	\$1,462,000	\$1,462,000	\$1,462,000
Adjusted Certificated Salaries					
Substitute Expenditures	N/A	\$1,416,837	\$1,466,558	\$1,520,494	\$1,579,106
Effect on Cash Balance					
Substitute Expenditures	N/A	\$45,163	(\$4,558)	(\$58,494)	(\$117,106)

Source: Mentor EVSD Financial Forecast

Revenue & Expenditure Analysis

R2.3 Mentor EVSD should closely examine the spending patterns indicated in Table 2-7 and identify activities and functions that present an opportunity for cost reductions without impacting the quality of education. The District should reallocate its resources toward those programs and priorities that have the greatest impact on improving student performance and proficiency test results. Combined with a close examination of the performance of educational activities, the District could improve its performance index score and meet additional ODE performance standards while reducing operating expenditures.

Table 2-7 compares Mentor EVSD's General Fund revenue sources and expenditures by type to those of the peer school districts for FY 2002-03. The data is presented on a per ADM basis to account for differences in student population size.

Table 2-7: Revenues by Source and Expenditures by Object per ADM

	Mentor	Lakota	Pickerington	Will-East	Peer Average
ADM	9,580	14,842	8,054	8,388	10,428
Property & Income Tax	\$5,703	\$4,000	\$3,055	\$4,963	\$4,015
Intergovernmental Revenues	\$2,348	\$3,356	\$3,938	\$2,442	\$3,261
Transfers In	\$0	\$0	\$0	\$0	\$0
Other Revenues	\$40	\$198	\$79	\$140	\$152
Total Revenue	\$8,091	\$7,554	\$7,071	\$7,546	\$7,428
Wages	\$5,910	\$4,871	\$4,522	\$5,247	\$4,882
Fringe Benefits	\$1,621	\$1,426	\$1,295	\$1,523	\$1,418
Purchased Service	\$546	\$407	\$793	\$405	\$506
Tuition	\$211	\$56	\$88	\$273	\$122
Supplies & Textbooks	\$231	\$220	\$175	\$179	\$198
Capital Outlays	\$94	\$74	\$54	\$2	\$50
Miscellaneous	\$94	\$125	\$185	\$87	\$130
Total Expenditures	\$8,707	\$7,180	\$7,111	\$7,715	\$7,306
Excess of Revenues Over/(Under) Expenditures	(\$616)	\$374	(\$40)	(\$169)	\$122

Source: SF-3 reports (ADM), 4502 reports- exhibit II and statement P

Note: Other financing uses were removed as they primarily represent advances and transfers out, which do not reflect operating expenditures.

Table 2-7 indicates that Mentor EVSD received a significantly higher amount of local funding per student in FY 2002-03. In total, Mentor EVSD generated 11.3 percent (\$843) more revenue per student than the peer average. However, Mentor EVSD's total expenditures per student were 19.1 percent (\$1,401) higher than the peer average. As a result, the District expended \$616 more per student than it generated in revenues. In FY 2002-03, Mentor EVSD incurred higher per pupil expenditures in every category with the exception of miscellaneous expenditures. Specifically, wage and benefit expenditures per student (\$7,531) were the highest of the peer districts and 16.3 percent higher than the peer average. Wage and benefit expenditures, and District-wide staffing levels are discussed in more detail in the **human resources** section of this report. In addition, applicable staffing levels, purchased services, and supplies are assessed in the **facilities** and **transportation** sections, while capital outlay expenditures are further reviewed in the **facilities** section.

Table 2-7 also illustrates that Mentor EVSD's tuition expenditures were 72 percent higher than the peer average. Tuition expenditures are a direct result of open enrollment – students living in Mentor EVSD that attend school in other districts. Several factors may contribute to the District's higher tuition expenditures per student, such as its educational performance and the availability of other surrounding districts. School districts with low performance standards are more likely to lose a higher number of students to open enrollment than those districts with high standards, as students choose to go to higher performing districts. For instance, Mentor EVSD and Willoughby-Eastlake CSD met fewer performance standards and incurred higher tuition expenditures per pupil than Lakota LSD and Pickerington LSD.

While Mentor EVSD spends more per student than peer districts, it meets fewer educational performance standards. **Table 2-8** presents the number of performance standards met by Mentor EVSD and the peers in FY 2000-01, FY 2001-02, and FY 2002-03. Each school district is required to receive a performance accountability rating based on 22 performance standards for the years FY 2001-02 and FY 2002-03. These 22 standards are minimum performance goals for public education in Ohio. ODE also compiles proficiency testing information into performance index scores. The performance index score is based on the average scores of all students in five subject areas on the proficiency tests. This information encapsulates the students' level of achievement as opposed to simply tracking whether a standard was met.

Table 2-8: ODE Performance Standards Comparison

	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average
	Number of 27 Performance Standards Met				
FY 2000-01	21	24	27	19	23.3
	Number of 22 Performance Standards Met				
FY 2001-02	19	22	22	19	21.1
FY 2002-03	18	21	20	19	20.0

Source: ODE Report Cards

Note: Mentor EVSD met 18 of 18 performance indicators in FY 2003-04.

Table 2-9 summarizes Mentor EVSD's performance index scores for FY 2000-01 through FY 2002-03, and compares them to the peer school districts.

Table 2-9: Comparison of District Performance Index Scores

Comparison of Performance Index Scores	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average
FY 2000-01	90.3	92.9	97.7	88.5	93.0
FY 2001-02	91.3	93.9	97.3	90.7	94.0
FY 2002-03	92.8	95.4	96.7	94.0	95.4

Source: ODE Report Cards

As shown in **Tables 2-8** and **2-9**, both the number of performance standards met and performance index scores were lower than the peer average in each year, despite spending more per student than the peers. Therefore, it appears that there is an opportunity for Mentor EVSD to reduce operating expenditures without negatively impacting the academic achievement of its students.

The allocation of resources between the various functions or activities of a school district is one of the most important aspects of the budgeting process. Given the limited resources available, activities must be evaluated and prioritized. An analysis of the spending patterns between the various functions should indicate where the priorities of the school board and management are placed and illustrate where there are opportunities for expenditure reductions. **Table 2-10** further analyzes Mentor EVSD's allocation of resources by comparing its FY 2002-03 Governmental Fund expenditures per ADM, by activity type, to those of the peer school districts.

Table 2-10: FY 2003 Governmental Fund Operational Expenditures per ADM

USAS Function Classification	Mentor EVSD		Lakota LSD		Pickerington LSD		Willoughby-Eastlake 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:	\$5,361	57.2%	\$4,217	56.1%	\$4,386	59.8%	\$5,196	59.6%	\$4,523	58.1%
Regular Instruction	\$4,070	43.4%	\$3,616	48.1%	\$3,664	49.9%	\$3,798	43.6%	\$3,677	47.2%
Special Instruction	\$819	8.7%	\$570	7.6%	\$532	7.3%	\$857	9.8%	\$637	8.2%
Vocational Education	\$262	2.8%	\$17	0.2%	\$101	1.4%	\$236	2.7%	\$98	1.3%
Adult/Continuing Education	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$32	0.4%	\$9	0.1%
Other Instruction	\$211	2.3%	\$14	0.2%	\$89	1.2%	\$273	3.1%	\$103	1.3%
Support Service Expenditures:	\$3,691	39.4%	\$3,117	41.5%	\$2,739	37.3%	\$3,200	36.7%	\$3,042	39.0%
Pupil Support Services	\$580	6.2%	\$505	6.7%	\$359	4.9%	\$552	6.3%	\$480	6.2%
Instructional Support Services	\$506	5.4%	\$417	5.5%	\$354	4.8%	\$323	3.7%	\$376	4.8%
Board of Education	\$58	0.6%	\$2	0.0%	\$39	0.5%	\$18	0.2%	\$16	0.2%
Administration	\$546	5.8%	\$628	8.4%	\$678	9.2%	\$538	6.2%	\$617	7.9%
Fiscal Services	\$179	1.9%	\$116	1.5%	\$152	2.1%	\$139	1.6%	\$132	1.7%
Business Services	\$72	0.8%	\$23	0.3%	\$21	0.3%	\$46	0.5%	\$29	0.4%
Plant Operation & Maintenance	\$979	10.5%	\$665	8.9%	\$623	8.5%	\$884	10.1%	\$713	9.2%
Pupil Transportation	\$572	6.1%	\$602	8.0%	\$491	6.7%	\$597	6.9%	\$572	7.3%
Central Support Services	\$200	2.1%	\$158	2.1%	\$22	0.3%	\$102	1.2%	\$108	1.4%
Non-Instructional Services Expenditures	\$130	1.4%	\$9	0.1%	\$5	0.1%	\$112	1.3%	\$35	0.5%
Extracurricular Activities Expenditures	\$185	2.0%	\$173	2.3%	\$206	2.8%	\$207	2.4%	\$191	2.4%
Total Governmental Fund Operational Expenditures	\$9,366	100.0%	\$7,516	100.0%	\$7,336	100.0%	\$8,715	100.0%	\$7,791	100.0%

Source: 4502 reports exhibit II, SF-3 reports

Table 2-10 shows that Mentor EVSD devoted the second highest percentage of its resources for support service functions when compared to the peers. In addition, Mentor EVSD’s expenditures per pupil were notably higher than the peers in the following areas:

- Regular, special, and other instruction and vocational education. See the **human resources** section for further analysis.
- Pupil and instructional support services, which represent guidance, health and psychological services. See the **human resources** section for further staffing analyses in these classifications.

- Board of Education expenditures were significantly higher than the peer average due to the District's payment of Board legal fees and for county employees that are paid through the foundation program. It should be noted that the District reduced these costs by 7 percent in FY 2003-04.
- Fiscal and business services, which represent expenditures for the District treasurer's office, as well as budgeting, payroll and accounting costs. See the **human resources** section for a staffing analysis of fiscal and business service personnel.
- Plant operation and maintenance, which represent expenditures for the operation of District facilities. See the **facilities** section for further analysis of this area.
- Central support services, which represent expenditures for information systems and data processing services. See the **technology** section for further analysis of this area.
- Non-instructional services, which represent expenditures for food and community services. Since Mentor EVSD's food service operations are self-sufficient, no further analysis was performed in this area.

Financial Procedures and Reporting

R2.4 The District should use the Financial Advisory Committee to ensure compliance with all financial laws and regulations, particularly ORC § 5705.41(B). By ensuring compliance with ORC § 5705.41(B), the District will avoid spending funds that have not been appropriated and will move towards operating in a fiscally responsible manner.

Mentor EVSD has recently established a Financial Advisory Committee to improve the communication between the Mentor EVSD administration and staff, the Board of Education, and the citizens of the District. This committee will also provide stronger oversight of the District's financial operations by providing monthly updates of its budgetary performance. However, in the past, Mentor EVSD did not have such a formally established committee, which could have inhibited its ability to effectively monitor revenues and expenditures. For instance, the FY 2002-03 financial audit cites the District for its failure to comply with ORC § 5705.41(B) during the audit period. Pursuant to this section, no subdivision or taxing unit is to expend money unless it has been appropriated. **Table 2-11** displays total expenditures in excess of appropriations as identified in the financial audit.

Table 2-11: Expenditures in Excess of Appropriations

Fund	Excess Expenditures
General	\$1,340,210
Auxiliary Service	\$308
Food Service	\$205,845
Rotary	\$20,025
Total	\$1,566,388

Source: FY 2002-03 Mentor EVSD Financial Audit

As indicated in **Table 2-11**, the District exceeded its appropriations by approximately \$1.6 million, thereby contributing to its operating deficits. Using the Financial Advisory Committee in a monitoring capacity would help to ensure that spending does not exceed appropriations, thus complying with ORC § 5705.41(B) and helping to improve the District's overall financial condition.

R2.5 The Mentor EVSD Financial Advisory Committee should periodically review long-term agreements to ensure the original intent and stipulations contained in the tax abatement agreement between Mentor EVSD and the City of Mentor are still applicable. In addition, the Advisory Committee should consider the following:

- **Determine if agreements meet the current program objectives of the City of Mentor and Mentor EVSD.**
- **Verify that revenues received from these agreements continue to be set aside for textbooks.**
- **Ensure that a process is developed whereby Mentor EVSD can accurately project future agreement amounts in a manner that produces more accurate five-year forecasts for the District.**

By periodically reviewing the tax abatement agreements, the Advisory Committee will ensure that the District maximizes tax revenues as stipulated within the agreements. Declining revenues in personal property taxes will put greater importance on tax abatement revenue. As such, the District should make every effort to maximize these revenues.

In an effort to promote job creation and economic development in incorporated and unincorporated areas, municipalities enter into tax abatements which create enterprise zones that provide special tax incentives. Tax abatements create economic development by exempting from taxation a percentage of the assessed value of the real and personal property within a designated zone for up to 10 years. Tax abatement payments are made by the municipality to the school district in lieu of local property taxes that would have been generated. For new developments generating \$1 million of annual new payroll, a tax sharing agreement between the school district and municipality is required.

In August 1995, the Board entered into an agreement concerning the sharing of income tax with the City of Mentor. The agreement allocates 50 percent of taxes generated by economic development covered under the abatement agreements to the District. This agreement, which covers 22 active abatements, is expected to generate District revenue of approximately \$250,000 annually for the ten year agreement period. Further, the agreement stipulates that revenues from the sharing of income tax will be used for the purchase of textbooks by Mentor EVSD. However, the District has not had any policy or procedures in place to verify that it is receiving the maximum amount of abatement payments as stipulated in the agreement.

The Mentor tax abatement agreements will provide the District with a stream of tax revenues in a period when personal property tax income is declining. ORC §5711.22 establishes rates for personal property tax that have been revised since 1995, and stipulates that personal property is assessed at 25 percent in tax year 2001. Beginning in 2002 and continuing through 2004, the assessment rate will be reduced by one percentage point from the previous year's assessment rate. In FY 2005 and 2006, the assessment rate could be reduced by two percentage points if certain statewide tax collection levels are attained. For tax year 2007 and beyond, ORC 5711.22 stipulates a two percentage point reduction in the personal property tax assessment rate for each year until the assessment rate equals zero. Mentor's tax abatement agreements will generate a revenue stream which will not fully replace personal property revenues and will diminish as the tax abatement agreements expire. Although, additional funding will be provided by the State for decreased property valuations within the District, additional funding may not fully offset property valuation losses. Therefore, added importance will be placed on Mentor EVSD's tax abatement agreements as personal property tax rates are reduced.

R2.6 Mentor EVSD, with the aid of the Financial Advisory Committee, should establish a formal budget process that mirrors the Government Finance Officers Association (GFOA) recommended practices. A highly effective budget process as identified by the GFOA should:

- **Incorporate a long term-prospective;**
- **Establish linkages to broad organizational goals;**
- **Focus budget decisions on results and outcomes;**
- **Involve and promote effective communication with stakeholders; and**
- **Provide incentives to government management and employees.**

An effective process should include mechanisms to detect and correct deviations from the budget. In addition, Mentor EVSD should publish a comprehensive budget calendar that specifies when budget tasks are to be completed and identifies timelines for those tasks.

The budget process should include a set of recommended actions regarding programs and services to be funded and should identify funding requirements and sources of funds. The budget should be periodically evaluated to assess the financial performance of the District's programs and services. Budget-to-actual or budget-to-projected actual comparisons of revenues, expenditures, cash flow, and fund balance should be periodically reviewed during the budget period. Lastly, Mentor EVSD should monitor and evaluate external factors that may affect budget and financial performance.

In the past, Mentor EVSD lacked a formally defined budget process and District administration failed to effectively inform the Board of Education of its financial condition. The poor communication, along with faulty budgetary practices, caused the District to experience a significant operating deficit. As reported in the FY 2002-03 Mentor EVSD Financial Audit, the previous administration updated the five-year forecast on only two occasions in this period. In addition, no updates to the forecast were made as a result of the 412 certificates issued in FY 2002-03. These certificates verify that the District will have sufficient resources to pay for provisions negotiated in the collective bargaining agreements (e.g., salary increases). Lastly, the audit found that no change was made to either the forecasted revenues or expenditures even though deviations of five percent or more occurred. In failing to properly update the forecast, Mentor EVSD was left with an inaccurate picture of its present and future financial condition,

According to the GFOA in its publication *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting*, the budget is the single most important document routinely prepared by governments. A proposed budget should consist of a set of recommended actions regarding programs and services to be funded, including service level, quality, and goals to be achieved. It should identify funding requirements and sources of funds, and should be consistent with policies and goals set by the Board. The adopted budget should clearly present the financial, operating and capital plan and should include all operations and funds.

Key characteristics of good budgeting make clear that the budget process is not simply an exercise in balancing revenues and expenditures one year at a time, but is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals.

AOS Bulletin 98-015 outlines requirements for the creation and maintenance of a district's five-year forecast. The bulletin states that a district must create and submit a five-year forecast to ODE by December 31 for the remainder of the current year and for the four following years. Bulletin 98-015 further states that any change in estimates of 5 percent or more must be made to the forecast by June 30. In an effort to meet the needs of the students and citizens of Mentor EVSD, it is critical that the District effectively

monitor and evaluate its financial condition and communicate any pertinent information to the Board and other stakeholders.

Financial Recovery Plan

R2.7 Mentor EVSD should analyze and use the financial recovery plan outlined in Tables 2-12 and 2-13 to evaluate the recommendations presented in this performance audit and to determine the impact of the related cost savings on its financial condition. Mentor EVSD should consider implementing the recommendations in this performance audit and other appropriate actions to enable the District to further improve its financial condition and avoid future financial difficulties. This is especially important considering that the District is forecasting a deficit in FY 2008-09 in its October 2004 forecast, which includes the levy passed by voters in August 2004 that generates approximately \$15.0 million annually. In addition, Mentor EVSD should continue to update the financial recovery plan on an ongoing basis as critical financial issues change.

Table 2-12 presents a potential financial recovery plan for management to use as a planning tool to assess the impact that implementation of the various performance audit recommendations will have on the District's financial condition. Additionally, **Table 2-12** includes the revised projections outlined in **R2.2** to present a more appropriate forecast of these items as well as the adjustment in the timing of the impact of reductions in transportation services noted in **R2.1**. Because actual results for FY 2003-04 were available, they are included in **Table 2-12**.

Table 2-12 projects deficits throughout the forecasted period, even when including all of the performance audit recommendations. However, **Table 2-12** does not include the effect of the levy passed by voters in August 2004. Additionally, on October 18, 2004, Mentor EVSD submitted a revised forecast to ODE which reflects spending restorations that resulted from the passage of the August 2004 levy. A major portion of the spending restorations were the recall of 64.5 teachers and 18 bus drivers. The recall of these positions will result in an increase in annual spending, beginning with approximately \$4.16 million projected in FY 2004-05.

In order to account for the effect of the levy passed by voters in August 2004 and the subsequent recall of employees, **Table 2-13** presents the ending fund balances in the District's October 2004 forecast and includes the effect of the performance audit recommendations. As indicated in **Table 2-13**, the District projects positive fund balances until FY 2008-09. In FY 2008-09, Mentor EVSD projects a deficit of approximately \$5.3 million, which is almost fully eliminated by including the AOS revised assumptions and recommendations not subject to negotiation. The District's financial situation is projected to further improve when including the performance audit

recommendations subject to negotiations. By FY 2008-09, the District is projected to have a positive fund balance of approximately \$4.6 million when including all of the performance audit recommendations.

This performance audit presents a series of recommendations Mentor EVSD should consider. However, this audit is not all inclusive, and other cost savings and revenue enhancements should be continuously assessed and incorporated into the financial recovery plan.

Table 2-12: Proposed Financial Recovery Plan (in 000's)

	Actual FY 00-01	Actual FY 01-02	Actual FY 02-03	Actual FY 03-04	Forecast FY 04-05	Forecast FY 05-06	Forecast FY 06-07	Forecast FY 07-08
Revenues								
General Property Tax	38,062	40,170	38,309	41,707	43,404	43,634	44,372	45,056
Tangible Property Tax	9,980	12,788	13,323	12,575	11,389	10,802	9,797	8,791
Unrestricted Grants-in-Aid	16,566	18,100	17,471	17,970	17,677	17,057	17,057	17,057
Restricted Grants-in-Aid	310	112	162	414	115	115	115	115
Property Tax Allocation	4,656	4,-774	4,861	5,243	5,583	5,613	5,708	5,799
All Other Revenues	1,333	877	648	1,178	1,617	1,660	1,712	1,766
Total Revenues	70,907	76,821	74,774	79,087	79,785	78,881	78,761	78,584
Expenditures								
Personal Services	50,087	51,984	56,613	58,505	47,832	49,423	50,907	53,073
Benefits	13,251	14,049	15,528	17,347	17,052	16,303	17,432	18,575
Purchased Services	5,480	5,980	7,023	7,086	8,018	8,432	8,730	8,907
Supplies and Materials	2,237	2,113	2,211	1,634	2,526	2,590	2,655	2,723
Capital Outlay	629	922	905	106	151	166	183	201
Debt Service:								
Principal Retirement - Notes	0	0	250	15,250	496	496	496	496
Interest	0	0	10	239	80	69	52	35
Other Objects	941	1,265	1,135	1,312	1,768	1,759	1,814	1,874
Total Expenditures	72,625	76,313	83,675	101,479	77,923	79,238	82,269	85,884
Other Financing Sources/Uses								
Proceeds of Notes	0	0	5,000	12,480	0	0	0	0
Advances - In/(Out)	254	343	0	(765)	0	0	0	0
Operating Transfers-In/(Out)	(1,295)	(1,370)	(212)	(1,474)	(555)	(312)	(328)	(344)
Net Other Financing Sources	(10,41)	(10,27)	4,788	10,241	(555)	(312)	(328)	(344)
Results of Operations	(2,759)	(519)	(4,113)	(12,151)	1,307	(669)	(3,836)	(7,644)
State Solvency Loan				17,000				
Repayment of State Loan					(8,500)	(8,500)		
Beginning Cash Balance	4,814	2,055	1,536	(2,577)	2,272	(4,921)	(14,090)	(17,926)
Ending Cash Balance	2,055	1,536	(25,77)	2,272	(4,921)	(14,090)	(17,926)	(25,570)
Encumbrances/Reserves	1,526	1,923	1,943	1,728	1,728	1,728	1,728	1,728
Reserve for Notes			5,000					
Reserve for Capital Improvements	208							
Unencumbered Fund Balance	321	(387)	(9,520)	544	(6,649)	(15,818)	(19,654)	(27,298)
Cumulative Effect of AOS Revised Assumptions					45	40	(18)	(135)
Cumulative Effect of AOS Recommendations Not Subject to Negotiation						1,329	2,677	4,045
Adjusted Fund Balance					(6,604)	(14,449)	(16,995)	(23,388)
Cumulative Effect of AOS Recommendations Subject to Negotiation						884	1,920	3,091
Adjusted Fund Balance with all AOS Recommendations					(6,604)	(13,565)	(15,075)	(20,297)

Source: Mentor EVSD five-year forecast adjusted for AOS revised projections and recommendations.

¹ Encumbrances are projected based on the amounts forecasted at the end of FY 2003-04.

**Table 2-13: Mentor EVSD Revised Fund Balances (October 2004 Forecast)
With AOS Recommendations**

	Forecast FY 04-05	Forecast FY 05-06	Forecast FY 06-07	Forecast FY 07-08	Forecast FY 08-09
Unencumbered Fund Balance	3,193	2,370	5,327	2,855	(5,295)
Cumulative Effect of AOS Revised Assumptions	45	40	(18)	(135)	(369)
Cumulative Effect of AOS Recommendations Not Subject to Negotiation		1,329	2,677	4,045	5,654
Adjusted Fund Balance	3,238	3,739	7,986	6,765	(10)
Cumulative Effect of AOS Recommendations Subject to Negotiation		884	1,920	3,091	4,593
Adjusted Fund Balance with all AOS Recommendations	3,238	4,623	9,906	9,856	4,583

Source: Mentor EVSD October 2004 Financial Forecast

Note: Due to the timing of the performance audit and the District's October 2004 forecast, the cumulative effect of the performance audit recommendations in FY 2008-09 were based on the aggregate percentage change from FY 2006-07 to FY 2007-08 for each category (revised assumptions, subject to negotiations and not subject to negotiations).

Table 2-14 details those performance audit recommendations that yielded a quantifiable financial implication from all sections of this report. These financial implications were included in the financial recovery plan presented in **Tables 2-12** and **2-13**. Financial implications included in the recovery plan are separated by those that require negotiation and those that do not.

Table 2-14: Financial Impact of Performance Audit Recommendations

Recommendations	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Increases/ (Decreases) Resulting from AOS Revised Assumptions:				
R2.2 Substitute Expenditures	\$45,163	(\$4,558)	(\$58,494)	(\$117,106)
Total AOS Revised Forecast Assumptions	\$45,163	(\$4,558)	(\$58,494)	(\$117,106)
Recommendations Subject to Negotiation:				
R3.3 Require full-time employee contribution equal to 10 percent of monthly premium cost		\$772,000	\$887,000	\$1,021,000
R3.4 Reduce one day of sick leave use by certified employees		\$56,000	\$56,000	\$56,000
R3.6 Eliminate one personal leave day		\$56,000	\$56,000	\$56,000
R3.9 Reduce COLA increases for professional-other and custodian staff		\$0	\$37,000	\$38,000
Total Recommendations Subject to Negotiation		\$884,000	\$1,036,000	\$1,171,000
Recommendations Not Subject to Negotiation:				
R3.1 Reduce General Fund expenditures for vocational services		\$376,000	\$376,000	\$376,000
R3.2 Reduction of 5.0 tutor FTEs		\$201,000	\$207,000	\$213,000
R4.1 Reduce 1.0 maintenance FTE		\$58,300	\$60,000	\$61,800
R4.3 Reduce expenditures by maintaining consistent temperatures		\$42,300	\$44,000	\$45,800
R4.8 Close an additional elementary school		\$338,600	\$348,700	\$359,200
R5.2 Increase riders per bus through route optimization		\$708,000	\$708,000	\$708,000
R5.5 Purchase fuel through co-op program		\$32,400	\$32,400	\$32,400
R5.6 Reduce special needs transportation costs.		\$176,000	\$176,000	\$176,000
R6.6 Implement a computer replacement plan		(\$604,000)	(\$604,000)	(\$604,000)
Total Recommendations Not Subject to Negotiation		\$1,328,600	\$1,348,100	\$1,368,200
Total Recommendations Included in Forecast	\$45,163	\$2,208,042	\$2,325,606	\$2,422,094

Source: Financial Implications for all sections of this performance audit report

Note: Recommendations are appreciated according to the corresponding assumption made by the District in its five-year forecast or as revised by AOS.

Human Resources

Background

This section of the report focuses on various human resources operations within Mentor Exempted Village School District (Mentor EVSD or the District). Best practice data from the Ohio Department of Education (ODE), the State Employment Relations Board (SERB), and the selected peers of Lakota Local School District (Lakota LSD), Pickerington Local School District (Pickerington LSD), and Willoughby-Eastlake City School District (Willoughby-Eastlake CSD) are used for comparisons.

Organizational Function

Mentor EVSD has a separate department dedicated to performing human resource functions, which is administered by the assistant superintendent of personnel. The assistant superintendent of personnel is responsible for the following: coordinating activities and programs for the recruitment and selection of employees; monitoring compliance with minimum employment standards (criminal background checks and teaching certifications); facilitating employee performance evaluations; administering and monitoring disciplinary hearings; maintaining personnel files; placing selected substitutes; participating in new employee orientations; interacting with community relations and the chamber of commerce; and negotiating certificated and classified union contracts. The Treasurer's Office administers the health insurance plans for all employees within Mentor EVSD. The superintendent and both assistant superintendents also assist in performing these duties.

Additionally, four secretaries and one telephone operator provide clerical assistance. Mentor EVSD secretaries conduct the following duties: maintaining and tracking supplemental contracts; reviewing contracted services and in-house accounts; processing family medical leave act (FMLA) reports; tracking all certifications and compliance of teachers; calling substitutes; conducting community relations activities; initiating local professional development; assisting with background checks; administering the District appointment and scheduling book; entering Educational Management Information System (EMIS) data; and certifying employee verifications for the District. Additionally, the telephone operator conducts activities such as answering all incoming and outgoing phone calls; tracking long distance phone calls; managing the phone bills; collecting all vacation and leave use information; and monitoring telephone use.

Staffing

Table 3-1 illustrates the actual staffing levels at Mentor EVSD and the peer districts during FY 2003-04 as reported in EMIS. Adjustments were made to the corresponding EMIS reports for all school districts based upon interviews with the appropriate district personnel. Furthermore, adjustments were made within several staffing categories to reflect the District's implementation of phased reduction in force cuts. All positions are shown as full-time equivalents (FTEs). Peer district employees were relocated within EMIS classifications to allow for reliable comparisons to Mentor EVSD.

Table 3-1: FTE Staffing Levels for FY 2003-04

Category	Mentor EVSD ¹	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average
Administrators: Subtotal	40.0	64.0	36.5	31.0	43.9
Central Based Administrators	18.0	22.0	20.5	13.0	18.6
Site Based Administrators ²	22.0	42.0	16.0	18.0	25.3
Professional Education: Subtotal	488.5	1012.4	488.3	553.4	684.7
Curriculum Specialist	0.0	6.0	13.0	0.0	6.3
Counseling	10.0	30.9	19.0	12.9	20.9
Librarian / Media	3.0	18.0	7.5	5.0	10.2
Remedial Specialist	2.0	2.0	12.2	13.7	9.3
Regular Education Teachers	327.5	670.9	367.5	379.5	472.5
Special Education Teachers	67.0 ³	118.0	36.0	74.0	76.0
Vocational Education Teachers	23.0	3.0	8.2	19.0	10.1
Tutor / Small Group Instructor	36.0	50.8	7.3	17.0	25.0
Educational Service Personnel	20.0	100.7	13.6	32.8	49.0
Teacher Mentor/ Evaluator	0.0	0.3	0.0	0.0	0.1
Other Professional	0.0	11.8	4.0	0.0	5.3
Professional – Other	22.0	70.4	18.6	26.7	38.6
Technical: Subtotal⁴	25.7	27.8	15.9	10.1	17.6
Computer Programmer	5.0	17.0	3.0	4.7	8.2
Library Technician	14.3	0.0	5.4	0.0	1.8
Printer	2.5	0.0	0.0	1.9	0.6
Library Aide	3.9	10.8	7.5	3.5	7.3
Office / Clerical: Subtotal⁴	155.5	219.3	79.7	107.2	135.4
Crafts / Trades⁴	15.0	24.0	10.0	16.0	16.7
Transportation⁴	64.5⁵	175.1⁵	0.0⁶	55.2⁵	76.8
Attendance Officer⁴	0.0	0.0	0.5	0.0	0.2
Custodial⁴	50.8	91.0	55.5	47.5	64.7
Food Service⁴	33.7	60.2	29.2	49.0	46.1
Monitoring	0.0	13.6	0.0	40.6	18.1
Groundskeeping⁴	2.3	5.0	4.0	3.0	4.0
Attendant⁴	0.0	36.8	11.5	3.5	17.3
Other Service Worker/ Laborer⁴	0.0	2.5	0.0	0.0	0.8
Total FTEs	898.0	1,802.1	749.7	943.2	1,165.0

Source: FY 2003-04 EMIS Staff Summary Report and School Enrollment from Mentor EVSD and the peer districts

¹ Table 3-1 reflects phase one, two, and three employees that were cut due to reductions in force during FY 2004.

² Site based administration only consists of the categories of principal and assistant principal for Mentor EVSD and the peers.

³ Special education teacher staffing levels were directly provided by Mentor EVSD.

⁴ Mentor EVSD and peer technical, clerical, maintenance, mechanic, transportation bus driver, attendance officer, custodial, food service, monitoring, groundskeeping, attendant and other service worker/laborer FTE's were re-calculated using an 8 hour a day for analysis purposes. The office/clerical classification consists of bookkeeping, clerical, messenger, teaching aide, telephone operator, parent mentor, and other office clerical.

⁵ Transportation category includes bus drivers and transportation aides.

⁶ Pickerington LSD does not employ transportation staffing (see the **transportation section**).

Table 3-2, Table 3-3, and Table 3-4 illustrate the phase one, two, and three staff reductions that have been approved and implemented by the District.

Table 3-2: Phase One Employee Reductions

Position	Number of Employees Reduced
Custodian	18
Groundskeeper	1
Secretary	4
Office Assistant	1
Classroom Assistant	1
Supervising, Managing, and Directing	1
Computer Programming	1
Record Clerk	2
Total	29

Source: Mentor EVSD

Note: Mentor EVSD eliminated the positions of four secretaries: one office assistant, one classroom assistant, and two record clerks. The four employees transferred into other jobs that were vacant within the District. A reduction of FTEs will not be noted in these areas, due to employees being transferred within their original classification and not eliminated.

Table 3-3: Phase Two Employee Reductions

Positions	Number of Employees Reduced
Counseling	1
Librarian/Media	3
Remedial Specialist	3
Regular Teaching	119
Special Education Teaching	4
Vocational Education Teaching	1
Educational Service Personnel Teacher	3
Supplemental Service Teachers	4
Total	138

Source: Mentor EVSD

Note: Mentor EVSD eliminated four special education positions; however, only three reductions are reflected in **Table 3-1**. This is due to one employee not being listed on the current special education teacher roster provided by the District.

Table 3-4: Phase Three Employee Reductions

Positions	Number of Employees Reduced
Supervising/Managing/Directing	1
Coordinator	3
Counseling	2
Librarian/Media	8
Remedial/Specialist	2
Regular Teaching	40
Special Education	3
Education Service Personnel Teacher	5
Supplemental Service Teacher	1
Other Professional	3
Total	68

Source: Mentor EVSD

As illustrated in **Tables 3-2, 3-3, and 3-4**, Mentor EVSD reduced a total of 235 positions to help improve the financial condition of the District. Although some employees' positions were originally eliminated, a few employees within the District transferred into vacant positions within their respective classifications. These transfers are reflected in **Table 3-1**.

Staffing levels within a school district vary depending upon the number of students enrolled. **Table 3-5** illustrates the staffing levels per 1,000 Average Daily Membership (ADM) at Mentor EVSD and the peer districts for FY 2003-04. The basis for ADM is the average number of students in attendance for the first full school week in October.

Table 3-5: FTE Staffing Levels for FY 2003-04 per 1,000 ADM

Category	Mentor EVSD ¹	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average
ADM	9,281	15,581	8,583	8,520	10,895
Administrators:	4.3	4.3	4.2	3.5	4.0
Central Based Administrators	1.9	1.6	2.3	1.4	1.8
Site Based Administrators²	2.4	2.7	1.9	2.1	2.2
Professional Education: Subtotal	52.7	65.2	57.0	64.9	62.4
Curriculum Specialist	0.0	0.4	1.5	0.0	0.6
Counseling	1.1	2.0	2.2	1.5	1.9
Librarian / Media	0.3	1.2	0.9	1.6	0.9
Remedial Specialist	0.2	0.1	1.4	1.6	1.0
Regular Education Teachers	35.3	43.1	42.8	44.5	43.5
Special Education Teachers	7.2	7.6	4.2	8.7	6.8
Vocational Education Teachers	2.5	0.2	1.0	2.2	1.1
Tutor / Small Group Instructor	3.9	3.3	0.9	2.0	2.1
Educational Service Personnel	2.2	6.5	1.6	3.8	4.0
Teacher Mentor/ Evaluator	0.0	0.0	0.0	0.0	0.0
Other Professional	0.0	0.8	0.5	0.0	0.4
Professional – Other	2.4	4.5	2.2	3.1	3.3
Technical: Subtotal³	2.7	1.8	1.8	1.2	1.6
Computer Programmer	0.5	1.1	0.3	0.6	0.7
Library Technician	1.5	0.0	0.6	0.0	0.2
Printer	0.3	0.0	0.0	0.2	0.1
Library Aide	0.4	0.7	0.9	0.4	0.7
Office / Clerical: Subtotal³	16.6	14.1	9.2	12.6	12.0
Crafts / Trades³	1.6	1.5	1.2	1.9	1.5
Transportation³	6.9⁴	11.2⁴	0.0⁵	6.5⁴	8.9
Attendance Officer³	0.0	0.0	0.1	0.0	0.0
Custodial³	5.5	5.8	6.5	5.6	6.0
Food Service³	3.6	3.9	3.4	5.8	4.4
Monitoring³	0.0	0.9	0.0	4.8	1.9
Groundkeeping³	0.2	0.3	0.5	0.4	0.4
Attendant³	0.0	2.4	1.3	0.4	1.4
Other Service Worker/ Laborer³	0.0	0.2	0.0	0.0	0.1
Total FTEs	96.5	116.1	87.4	110.7	104.8

Source: FY 2003-04 EMIS Staff Summary Report and School Enrollment from Mentor EVSD and the peer districts

¹ Table 3-5 reflects phase one, two, and three employee reductions that were implemented during FY 2004.

² Site based administration only consists of the categories of principal and assistant principal for Mentor EVSD and the peers

³ Mentor EVSD and peer technical, clerical, maintenance, mechanic, transportation bus driver, attendance officer, custodial, food service, monitoring, groundskeeping, attendant and other service worker/laborer FTE's were re-calculated using an 8 hour a day for analysis purposes. The office/clerical classification consists of bookkeeping, clerical, messenger, teaching aide, telephone operator, parent mentor, and other office clerical.

⁴ Mentor EVSD and peer transportation category contains bus drivers and transportation aides

⁵ Pickerington LSD does not employ transportation staffing (see the **transportation section**)

As illustrated in **Table 3-5**, Mentor EVSD has higher FTE staffing levels per 1,000 ADM when compared to the peer average in the following classifications:

- **Central Based Administration:** Mentor EVSD employs the second highest number of central based administrators per 1,000 ADM when compared to the peers. Specifically, Mentor EVSD has 0.1 FTE more per 1,000 ADM within the assistant superintendent classification than the peer average, primarily due to employing two assistants. However, each peer currently has two employees conducting similar District functions that are coded within both central and site based administration. The supervising, managing, and directing classification is 0.2 FTEs per 1,000 ADM greater when compared to the peer average. Mentor EVSD currently employees administrative positions within this category to manage departments, curriculum and student services, and special education. Mentor EVSD's slightly higher staffing level in this category appears to be due to variations in the types of programs and services offered by the District and the peers. For instance, Pickerington LSD does not employ a transportation manager because it contracts out transportation operations.
- **Site Based Administration:** Mentor EVSD employs the second highest number of site based administrators per 1,000 ADM when compared to the peers. This is mainly due to Mentor EVSD maintaining more school buildings when compared to the peers, thereby requiring more principals. Additionally, the District does not have more than one principal per school buildings (see the **facilities section** for additional analysis on site based staffing and building utilization).
- **Vocational Education:** When compared to the peers, Mentor EVSD has the highest level of vocational education teachers per 1,000 ADM (see **R3.1**).
- **Tutors / Small Group Instructors:** Mentor EVSD employs the highest number of tutors / small group instructors per 1,000 ADM when compared to the peers (see **R3.2**).
- **Library Technician:** Mentor EVSD's library technician staffing is 1.3 FTEs per 1,000 ADM higher than the peer average. However, Mentor EVSD maintains its library operations under the direction of 0.3 librarians per 1,000 ADM, less than the peer average of 0.9 per 1,000 ADM FTEs. Mentor EVSD is conserving resources by having its librarian technicians provide services similar to that of the librarians. The technicians currently assist with teaching activities for students in the media centers. Lastly, Mentor EVSD employs the fewest library aides per 1,000 ADM when compared to the peers, excluding Willoughby-Eastlake CSD.

- **Office/Clerical:** Mentor EVSD employs the highest number of office/clerical employees per 1,000 ADM when compared to the peers. This is mainly due to Mentor EVSD placing its support staff in different EMIS classifications than the peers. When the classifications of printer, attendance officer, monitor, and attendant are added to the office/clerical classification to account for similar duties and responsibilities performed by different EMIS classifications, Mentor EVSD employs the second lowest number of FTEs per 1,000 ADM. Additionally, the District has taken steps to reduce its office/clerical staff by reducing employees and positions through its Phase One reductions (see **Table 3-2**).

Mentor EVSD currently employs 0.4 messengers per 1,000 ADM within the office/clerical classification. Of the four employees, one messenger is responsible for conducting pick up, transfer, and delivery of District mail and money for all of the elementary, junior, and senior high schools. One employee is solely responsible for food service delivery to the junior high and elementary schools, since none of the elementary schools have kitchens within the schools. The remaining two messengers spend 50 percent of their time moving all types of heavy material and 50 percent of time conducting food service delivery during the school semesters, and 100 percent of their time during the remaining three months of the year conducting heavy lifting and transporting equipment. The time spent by messengers performing food service activities is charged to the food service fund and their remaining time has a minimal impact on the general fund.

- **Crafts and Trades:** See the **transportation** and **facility** sections for additional analysis.
- **Transportation:** See the **transportation** section for additional analysis.

Collective Bargaining Agreements

A negotiated agreement between the Mentor Board of Education and the Mentor Teachers Association (2002-2006) governs certificated personnel at Mentor EVSD. Classified employees are governed by a separate labor agreement between the Mentor Board of Education and the Mentor Classified Employees (2002-2006). During the performance audit, certain contractual and employment issues were assessed and compared to the peer districts. The implementation of any recommendations concerning contractual issues requires negotiations with the respective collective bargaining units. **Tables 3-6** and **Table 3-7** illustrate key contractual issues in the certificated and classified negotiated agreements at Mentor EVSD and peers.

Table 3-6: Mentor EVSD and Peer Certificated Contractual Comparison

	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby- Eastlake CSD
Length of work day	Elementary: 435 minutes per day Junior School: 450 minutes per day High School: 465 minutes per day (30 minute lunch)	Elementary, Middle & High School: 450 minutes per day (30 minute lunch)	Elementary, Middle & High School: 450 minutes per day (30 minute lunch)	Elementary: 405 minutes per day Middle & High School: 430 minutes per day (40 minute lunch)
Planning Time	K-3: 38 minutes planning / day 4-6: 32 minutes planning / day 7-12: 46 minutes planning / day	K-6: 34 minutes planning / day 7-8: 42 minutes planning / day 9-12: 50 minutes planning / day	K-4: 42 minutes planning / day 5-6: 40 minutes planning / day 7-12: 40 minutes planning / day	Elementary: 30 minutes planning / day Middle & High School: 45 minutes planning / day
Maximum class size	N/A ¹	27 ²	K-4: 26 ³ 5-8: 28 ³ 9-12: 30 ³	K-3: 25 4-5: 30 6-12: 32
Number of Contract Days	K-9: <u>186 days</u> 10-12: <u>186 days</u>	<u>184 days</u>	K-8: <u>186 days</u> ⁵ 9-12: <u>186 days</u>	<u>182 days</u>
Instructional Days	181 181.5	178 ⁴	179 180	178
In-Service/Training Days	3 3	6	2 2	2
Parent/Teacher Conference	2 1.5	0	3 2	2
Preschool Days	0 0	0	2 2	0
Maximum sick days accrued	240 days	220 days	260 days	260 days
Maximum sick leave pay out at retirement	25% of sick leave up to a maximum of 53 days	25% of sick leave up to a maximum of 51 days	25% of sick leave up to a maximum of 61 days	30% of accumulated sick leave
Number of personal days	4 ⁶	3	3 ⁷	3
Notice required	5 days	5 days	2 days	1 day
Retirement Incentive	1 st year of eligibility: \$40,000 2 nd year of eligibility: \$15,000	None	None	1 st year of eligibility: \$30,000 2 nd year of eligibility: \$20,000
Cost of living increases each year of the contract	FY 2002-03: 4 % FY 2003-04: 4.25% FY2004-05: 2% FY 2005-06: 2.25%	N/A ⁹	FY 2002-03: 4.25% FY 2003-04: 4.25%	FY 2001-02: 4.0% FY 2002-03: 4.0% FY 2003-04: 4.0%

Source: Certificated negotiated agreements from Mentor EVSD and the peer districts

¹Mentor EVSD does not stipulate a maximum number of students to teachers; however, it tries to maintain a ratio of 25:1.

²Not required, recommended class size.

³These class-size figures are goals, where additional compensation is required if exceeded. Actual maximum class sizes are 30 per class for k-8, and 32 per class for 9-12 & physical education classes for grades 7-12.

⁴Includes early release dates for in-service activities as scheduled in FY 2003-04.

⁵The district schedules four days of parent-teacher conferences. There is no indication this interrupts educational activities. These days likely take place after regular instruction hours. 187 days for new teachers.

⁶Mentor EVSD certificated employees have to use their personal leave, or they lose it.

⁷Personal leave does not accumulate, but is converted into sick leave if unused.

⁸Mentor EVSD does not have a stipulated number of days in its contract for association leave.

⁹Lakota LSD does not have a stipulated cost of living increase stating within its contract due to the negotiation of its one year contract.

Table 3-7: Mentor EVSD Peer Classified Contractual Comparison

	Mentor EVSD	Lakota LSD Support Association	Lakota Truck Drivers, Chauffeurs and Helpers	Pickerington CSD Support Staff Policies	Willoughby – Eastlake LSD OAPSE (3 agreements)	Willoughby – Eastlake LSD Professionals
Minimum call-in hours paid	2 hours	2 hours	Secondary routes: 2 hours. Parochial routes: 2.25 hours	None stated	2 hours Bus drivers receive 2 hrs.	Called to work in AM: 1 hour; Called to work in the PM: 2 hours.
Vacation time to accumulate	1-7 yrs = 15 days 8-20 yrs = 20 days 20 to 22 yrs = 21 days 23 to 24 yrs = 23 days 25+ yrs = 26 days	For 11 and 12 month <1 yr = none 1 – 9 yrs = 10 days 9 – 17 yrs = 15 days >17 yrs = 20 days Max accrued is amount an employee can earn in a 3 yr period	Employees covered by this agreement do not earn paid vacation leave.	<1 yr = 1 day/month 1 – 9 yrs = 12 days 10 – 14 yrs = 15 days 15 + yrs = 20 days	For 12 month employees: 1 – 5 yrs = 10 days 6 yrs = 11 days 7 yrs = 12 days 8 yrs = 13 days 9 yrs = 14 days 10 yrs = 15 days 11 yrs = 16 days 12 yrs = 17 days 13 yrs = 18 days 14 yrs = 19 days 15 yrs +=20 days may accumulate up to 2 yrs of time. ¹	For 11 month employees: 1 – 6 yrs = 10 days 7 yrs = 11 days 8 yrs = 12 days 9 yrs = 13 days 10 - 11 yrs = 15 days 12 yrs = 16 days 13 yrs = 17 days 14 yrs = 18 days 15 year + = 20 days
Sick/Personal Leave Incentives	Each unused personal leave day converted to 1 day of vacation or sick leave	Each unused personal leave day converted to 1 day of sick leave	Each unused personal leave day converted to 1 day of sick leave	None Stated	Each unused personal leave day converted to 1 day of sick leave	Each unused personal leave day converted to 1 day of sick leave
Maximum number of sick days accrued	212 days < 4 hrs day accumulate max of 150 days	220 days	240 days	260 days	260 days	2001-02 - 250 days 2002-03 – 255 days 2003-04 – 260 days (Applies to all)
Severance Pay	25% of accumulated but unused sick leave to maximum of 53 days	25% of accumulated but unused sick leave.	25% of accumulated but unused sick leave to maximum of 51 days.	25% value of accrued but unused sick leave, maximum of 61 days will be paid.	30% of accumulated sick leave days.	30% of accumulated sick leave days.

	Mentor EVSD	Lakota LSD Support Association	Lakota Truck Drivers, Chauffeurs and Helpers	Pickerington CSD Support Staff Policies	Willoughby – Eastlake LSD OAPSE (3 agreements)	Willoughby – Eastlake LSD Professionals
Retirement incentive	Cash lump sum equal to 40% of highest annual earning. For 2003-04 school year, eligible employees had the option of receiving Medical reimbursement spread over 5 years that equaled 40% of the employee's highest annual earning.	None stated	None stated	None stated	\$5,000 if retire first year of eligibility. \$2,500 if retire in second year of eligibility. Regular employees with minimum weekly work hours that do not meet hospitalization qualifications eligible for half of the above incentive provisions.	\$5,000 if retire by July 1 of first year of eligibility. \$2,500 if retire by July 1 in second year of eligibility.
Number of personal days	>4 hrs = 4 days < 4 hrs/day = 3 days	3 days ²	3 days ²	3 days each school year	3 days each contract year ³	3 days each contract year ³
Notice required	5 school days	5 school days	5 school days	2 school days	3 school days	3 school days
Number of paid holidays 12-month employees	12	10	10	7	14	15
less than 12 month employees	9	8	8	6	9	9 to 10.5 month employees = 9 days 11 month employees = 11 days
Cost of living increases each year of the contract	FY 2002-03: 4 % FY 2003-04: 4.25% FY2004-05: 2.25% ⁴ FY 2005-06: 0.0%	N/A ⁵	FY 2000-01: 5% FY 2001-02: 4% FY 2002-03: 4%	FY 2001-02: 4.25% FY 2002-03: 4.25% FY 2003-04: 4.25%	N/A ⁶	FY 2001-02: 4% FY 2002-03: 4% FY 2003-04: 4%

Source: Mentor LSD and peer school districts

¹ Willoughby-Eastlake vacation accumulation for 12 month employees within the professional contract receives the same vacation accumulation as the Willoughby-Eastlake OAPSE contract.

² Both Lakota contracts: No unused personal leave may be carried over but can accrue as sick days for the following year. For employees who have reached maximum accumulation of unused sick leave, converted personal days accumulate above that ceiling.

³ Willoughby Eastlake LSD OAPSE and Professional unused personal leave day shall be converted to 1 day of sick leave, which may accumulate in excess of the maximum sick leave allowed. Willoughby Eastlake LSD OAPSE and Professional total days includes carryover accumulated sick leave, any unused portion of the 15 days for current year and all unused personal leave that has been converted to sick leave. Rate of pay will be final daily rate.

⁴ Mentor EVSD contractual addendum conceded 2% of the 4.25% increase for the 2004-05 school year, saving approximately \$235,000.

⁵ Lakota LSD has a one year contract. No cost of living is specified. The agreement includes salary schedule for term of contract.

⁶ Willoughby-Eastlake LSD has a new salary schedule for each year of contract. No specified COLA.

Assessments Not Yielding Recommendations

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

- *Special Education:* Based on ODE's minimum staffing requirements, the District should maintain approximately 69 staff to work with the special needs population. However, the District currently maintains 67 special education instructors (see **Table 3-1**), due to its reduction in force. Mentor EVSD has considered rehiring a few employees who were reduced during the phased reductions (see **Table 3-4** and **3-5**) which would bring the District in line with the minimum staffing requirements for special education. According to ODE's Office of Exceptional Children, if a district's special education student-to-teacher ratio does not meet the OAC requirements, the district must submit a waiver. Therefore, if the District continues to operate with special education teacher staffing levels below the requirements, it should obtain the necessary ODE waiver.
- *Education Service Personnel (ESP):* Per Ohio Revised Code (ORC) Section 3317.023, each school district must employ ESPs in a minimum of five of the following eight areas: counselor, library media specialist, school nurse, visiting teacher, social worker, and elementary art, music and physical education. Mentor EVSD meets this requirement. When combining these positions, Mentor EVSD employs a total of 5.0 ESP FTEs per 1,000 regular education ADM, in line with the minimum standards identified in OAC Section 3301-35-05 (A)(4). The peer average is 8.3 ESP FTEs per 1,000 regular education ADM.
- *Other Staffing Classifications:* As analyzed previously (see **Table 3-5**), staffing assessments not yielding recommendations include the following categories: professional education (excluding vocational education and tutors), technical and office/clerical.
- *Certificated Contractual Minutes Worked:* Mentor EVSD's contractual minutes spent educating students were analyzed against its bell schedule for accuracy, and compared against the peers. The amount of time that Mentor EVSD spends educating its students is consistent with its contractual agreement and commensurate with its peers.
- *Salaries:* Mentor EVSD certificated salaries are comparable to those of the peers. In addition, the District's average administrative salaries are similar to the peer average (see **R3.9** for classified salary analyses).

- *Supplemental contracts:* Mentor EVSD's average supplemental contract per ADM is slightly higher than the peer average. Also, Mentor EVSD supplemental cost per student (\$129) is slightly higher than the peer average (\$116). However, Mentor EVSD has made additional steps to reduce the total number of supplemental contracts from approximately 539 in FY2003-04 to a proposed 320 contracts for FY 2004-05. As a result, Mentor EVSD has projected a cost savings of \$161,771 for FY 2004-05.

Recommendations

Staffing

R3.1 Mentor EVSD should work with its vocational compact to consider the following strategies to reduce the burden of its vocational programs on the General Fund:

- **Determine if teaching assignments can be further combined, and if programs can be streamlined or consolidated to reduce related staffing levels; and**
- **Eliminate underused programs and/or work to increase enrollment to maximize revenues.**

Alternatively, Mentor EVSD should consider providing vocational programs through the Lake County Vocational Education Planning District (Lake County), as Lake County already provides programs similar to Mentor EVSD's compact. If the District joins Lake County, the compact and Mentor EVSD should plan accordingly to ensure that the other school districts within the current vocational compact and their respective programs and students will not be significantly impacted due to Mentor EVSD's separation. Furthermore, prior to joining Lake County, the District should weigh the cost savings against the extra tax burden placed on residents that would be required to join Lake County's vocational education program. As the District would no longer incur vocational education expenditures, it should determine the possibility of reducing other taxes if it joins Lake County's program.

Mentor EVSD currently uses a vocational compact to conduct all vocational education activities. The participants within the vocational compact consist of the Euclid City School District, Wickliffe City School District, Willoughby-Eastlake CSD, and Mentor EVSD. The major intent of the compact is to ensure that the four school districts are not duplicating services, by sharing programs. Mentor EVSD maintains the majority of vocational programs and has the highest student enrollment within the compact. The District receives state foundation funding for its vocational program and charges back excess costs for the students from other districts attending its programs. However, the state foundation funding is less than the District's vocational education expenditures. As a result, the District is supplementing the cost of its vocational program through the General Fund (see **Table 3-10**).

Table 3-8 compares vocational education teacher staffing levels at Mentor EVSD to the peer districts.

Table 3-8: Vocational Education Teachers per 1,000 Students

	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average
Vocational Education Teaching	2.5	0.2	1.0	2.2	1.1

Source: EMIS Staff Summaries, Interviews with school district personnel, and Mentor EVSD and peer district vocational information

As indicated in **Table 3-8**, Mentor EVSD employs significantly more vocational education teachers per 1,000 ADM than the peer average, even though the District previously reduced four positions. **Table 3-9** illustrates student enrollment in Mentor EVSD's vocational programs.

Table 3-9: Mentor EVSD Vocational Programs and Enrollment

Mentor EVSD	Enrollment	Percentage of Total Enrollment
Auto Service Technology	18	3%
Early Childhood Education	33	5%
Intro to Horticulture	12	2%
Horticulture	12	2%
Interactive Media Technology	15	2%
Marketing	18	3%
Computer Networking Electronics Technology	19	3%
Computer Information Systems	35	5%
CAD/ Engineering Technology	24	4%
Principals of Technology	43	7%
Administrative Office Technology	20	3%
Cooperative Business Education	24	4%
Diversified Cooperative Training	14	2%
Graphic Arts	19	3%
English	209	32%
Career-Based Intervention	132	20%
Total FY 2003-2004 Enrollment	647	100%

Source: Mentor EVSD Employee and Enrollment Roster FY2003-04

Based on **Table 3-9**, Mentor EVSD's student enrollment fluctuates among all programs and 13 of its 16 programs contain 5 percent or less of total enrollment. Most of the programs only enroll 15 to 20 students, which is relatively low when compared to the maximum regular education teacher-to-student ratio of 1:25 stipulated in Ohio

Administrative Code Section 3301-35-05(A)(3). However, Mentor EVSD has taken steps to reduce the number of similar programs, along with consolidating teaching staff.

Although Mentor EVSD offers a variety of vocational programs, the Lake County Vocational Education Planning District (Lake County) offers a larger variety of vocational programs such as:

- Automotive Technology;
- Early Childhood Education;
- Landscape and Turf Management;
- Greenhouse and Landscaping;
- Interactive Media Technology;
- E-Business/Marketing;
- Electricity, Electronics, CISCO Networking, Information Technology;
- Business Computer Services;
- CAD Engineering Technology;
- Automotive Collision Repair;
- Construction Engineering Technology;
- Cosmetology;
- Culinary Arts;
- Health Education Technology;
- Industrial Maintenance;
- Teacher Academy;
- Allied Health Technology; and
- Emergency Medical Technician Program.

Lake County currently offers 21 different vocational programs. Only six programs (principals of technology; administrative office technology; diversified cooperative training; graphic arts; English; and career-based intervention) are offered by Mentor EVSD that are not already being offered by Lake County. As a result, the District is duplicating the efforts of Lake County. Furthermore, the programs that Mentor EVSD duplicates with the County have the lowest student enrollment. However, joining the County would result in an additional 1.5 mills levied on property taxpayers. Based on information provided by the District, a 1.5 mill levy would cost taxpayers approximately \$2.8 million annually, with approximately \$1.6 million paid by residential taxpayers.

Additionally, Mentor EVSD is supplementing the cost of most of its vocational program through the General Fund. **Table 3-10** compares the expenditures and revenues of Mentor EVSD and the peers' vocational education General Fund costs.

Table 3-10: Mentor EVSD and Peer Vocational Expenditures & Revenues

	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average
Revenues	1,717,536	568,279	731,408	1,160,480	820,056
Expenditures	2,475,821	256,805	816,963	1,935,846	1,003,205
% of General Fund expenditures exceeding revenue	31%	(121%)	10%	40%	18%

Source: Mentor EVSD and Peer SF3 Reports and 4502's

As illustrated in **Table 3-10**, Mentor EVSD's expenditures significantly exceed its revenue from the program. Additionally, Mentor EVSD subsidizes vocational education by 13 percentage points more than the peer average.

Financial Implication: If Mentor EVSD reduced its vocational General Fund supplement to the peer average (18 percent), the District could save approximately \$376,000 annually. This assumes that expenditure reductions can be made that do not affect student enrollment in vocational programs. However, if the District can only realize these savings by eliminating programs which in turn decreases student enrollment, it could experience a potential loss of revenues. Conversely, Mentor EVSD could increase revenues by actively promoting its vocational education programs to increase student enrollment, especially in those programs with a relatively low student enrollment. While joining the County would result in an additional 1.5 mills levied on property taxpayers, the District would continue to receive the same level of State funding because it is a guaranteed district (see **financial systems**). Furthermore, Mentor EVSD may be able to eliminate its total vocational expenditures by joining Lake County. However, the actual savings will vary depending on the agreement reached between the District and Lake County and other factors, such as the number of programs that the District continues to provide because they are not provided by Lake County, Mentor EVSD's ability to generate revenues by leasing its facilities to Lake County to provide vocational programs at the District's facilities, etc.

R3.2 Mentor EVSD should reduce staffing levels within the tutor/small group (tutor) classification by 5.0 FTEs to be more comparable to Lakota LSD, which has the next highest number of tutors per 1,000 ADM. However, Mentor EVSD should continually review the number of proficiency indicators that it is meeting to ensure that these reductions do not negatively impact the educational performance of its students.

Table 3-11 compares the staffing levels of tutor personnel at Mentor EVSD with the peer districts for FY 2003-04.

Table 3-11: Tutor Staffing Levels per 1,000 ADM

	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average
Tutor / Small Group Instructor	3.9	3.3	0.9	2.0	2.1

Source: Mentor EVSD and Peer EMIS information and interviews

As illustrated in **Table 3-11**, Mentor EVSD employs close to two times the number of tutors per 1,000 ADM when compared to the peer average. Of the 36 tutor positions employed within the District, eight are learning disability tutors that are necessitated by special education students' Individualized Education Programs (IEPs). In addition, two proficiency tutors and four English as a second language tutors are funded by grants. The remaining 22 tutors are in-school educators that are funded by the General Fund.

By reducing 5.0 tutor FTEs, Mentor EVSD would have a number of tutors per 1,000 ADM similar to Lakota LSD, but still considerably more than Pickerington LSD and Willoughby-Eastlake CSD. Furthermore, each peer met more proficiency standards than Mentor EVSD in FY 2002-03, which suggests that this reduction may not negatively impact student performance. Nevertheless, the District should review the potential effect of these reductions on its educational outcomes, especially since it reduced regular education teachers during FY 2003-04.

Financial Implication: Mentor EVSD could save approximately \$201,000 annually by reducing 5.0 FTEs from the tutor/small group classification, assuming an average annual salary of \$40,284 per tutor/small group instructor.

Insurance

R3.3 During future contract negotiations, Mentor EVSD should seek changes to its health insurance coverage so that all administrative, certificated, and classified full-time employees pay a portion of the monthly premium cost for health insurance. Mentor EVSD should seek a 10 percent contribution from all employees working seven hours or more, which is slightly less than the average employee contribution within school districts of similar size to the District that require employee contributions. The employee contribution should be stated as a percentage rather than a fixed dollar amount in order to help the District offset annual increases in health care costs.

If Mentor EVSD is unable to negotiate employee contributions for all employees, the District should seek changes to healthcare benefits such as increasing office visit co-payments, employee deductibles within and outside its network, and annual out-of-pocket maximum contributions, as well as reducing its maximum lifetime benefit amount. Furthermore, Mentor EVSD should consider obtaining competitive bids for health care to ensure that the premium costs and benefits levels remain cost effective for the District.

Mentor EVSD's employees who opt for the Traditional and HMO insurance coverage plans currently contribute toward their health insurance premiums, while staff participating in the Medical Mutual and Kaiser plans do not contribute. Because 85 percent of employees receiving health insurance benefits participate in the Medical Mutual plan, the majority of employees do not contribute toward the premium costs. **Table 3-12** compares the District's monthly premium costs and employee contribution levels to the peers.

Table 3-12: Health Insurance Premiums in FY 2003-04

District	Provider	Single Plan Monthly Premium	Single FTE Share	Employer Share	Family Plan Monthly Premium	Family FTE Share	Employer Share
Mentor	Medical Mutual Super Med	\$235.44	\$0.00	\$235.44	\$600.38	\$0.00	\$600.38
	Traditional ¹	\$303.58	\$20.00 (6.6%)	\$283.58	\$774.13	\$30.00 (3.9%)	\$744.13
	HMO Plan	\$309.33	\$25.75 (8.3%)	\$283.58	\$779.13	\$35.00 (4.5%)	\$744.13
	Kaiser Permanente	\$252.42	\$0.00	\$252.42	\$666.38	\$0.00	\$666.38
Lakota	Butler County	\$341.20	\$34.00 (10.0%)	\$307.20	\$875.20	\$87.40 (10.0%)	\$787.80
Pickerington	United Health Care	\$334.25 ²	\$35.86 ³ (10.7%)	\$380.03 ³	\$765.44 ²	\$95.86 ³ (12.5%)	\$669.58 ³
Willoughby-Eastlake	Medical Mutual Super Med	\$216.28	\$0.00	\$216.28	\$540.71	\$0.00	\$540.71
	Traditional	\$261.02	\$0.00	\$261.02	\$652.58	\$40.00 (6.1%)	\$612.58
	Anthem	\$271.61	\$10.79 (4.0%)	\$260.82	\$683.81	\$31.74 (4.6%)	\$652.07
Peer Average		\$284.88	\$16.13 (5.6%)	\$285.07	\$703.55	\$63.75 (9.0%)	\$652.49
SERB Monthly Premiums for Districts with 2,500-9,999 students⁴		\$314.30	\$24.00 (7.6%)	\$290.30	\$777.90	\$69.27 (8.9%)	\$708.63
SERB Statewide Average Premiums⁴		\$325.08	\$22.06 (6.7%)	\$303.02	\$811.04	\$71.84 (8.9%)	\$739.20

Source: District treasurers' office FY 2003-04 Monthly Premium Report and 2003 SERB Report

¹ Mentor EVSD's base (primary) insurance for FY 2003-04 is the Traditional Plan that is offered by the Lake County Consortium. Mentor EVSD offers its base plan to all eligible employees. If employees choose another plan, they are responsible for the additional cost.

² Pickerington total premium amounts only include medical and pharmaceutical.

³ Pickerington employee and employer shares include dental and life coverage.

⁴ SERB average is for schools with 2,500-9,999 ADM and the SERB Statewide Average Premiums were obtained from the 2003 Report on Cost of Health Insurance in Ohio's Public Sector (Table 1, page 6).

As shown in **Table 3-12**, Mentor EVSD’s traditional and HMO single and family plans are the only insurance plans offered with premiums that are greater than the peer average. However, each of the District’s premiums for the single plans are less than Lakota LSD and Pickerington LSD. While the family premiums in the Traditional and HMO plans are higher than Willoughby-Eastlake CSD’s plans, they are similar to Pickerington LSD and lower than Lakota LSD. Furthermore, all of Mentor EVSD’s single plans are less than the SERB monthly premium and Statewide averages. Mentor EVSD participates in the Lake County School Insurance Consortium, which enables the District to offer four insurance plans. Mentor EVSD’s past base plan was the Medical Mutual Traditional Plan. However, during last contract negotiations and open enrollment, Mentor EVSD changed its base plan to Super Med.

For FY 2003-04, Mentor EVSD paid approximately \$6.7 million for health care benefits with minimal employee contributions. The SERB 2003 Report on Cost of Health Insurance in Ohio's Public Sector states that 70 percent of public employees contribute to their family health care costs while 61 percent of public employees contribute to their single health care costs. The average employee contribution is approximately 12.7 percent for single coverage and 12.4 for family coverage in school districts similar in size to Mentor EVSD that currently contribute toward health insurance premiums.

During open enrollment, Mentor EVSD negotiated changes in health insurance. **Table 3-13** illustrates the new premiums and employee contributions.

Table 3-13: Mentor EVSD Insurance Premiums and Contributions FY 2004-05

District	Provider	Single Plan Monthly Premium	Single FTE Share	Employer Share	Family Plan Monthly Premium	Family FTE Share	Employer Share
Mentor	Medical Mutual Super Med ¹	\$259.70	\$0.00	\$259.70	\$662.24	\$0.00	\$662.24
	Traditional	\$310.23	\$50.53 (16.3%)	\$259.70	\$791.08	\$128.84 (16.2%)	\$662.24
	HMO Plan	\$357.24	\$97.54 (27.3%)	\$259.70	\$899.06	\$236.82 (26.3%)	\$662.24
	Kaiser Permanente	\$255.44	\$0.00	\$255.44	\$674.35	\$12.11 (1.8%)	\$662.24

¹Mentor EVSD’s new base insurance is the Super Med Plus Plan that is offered by the Lake County Consortium.

Table 3-13 shows that employees participating in the Traditional plan will contribute 16 percent of the premium costs, while those in the HMO plan will contribute 27 and 26 percent of the single and family premiums, respectively, which is the difference between these plans and the Super Med (base) plan. Mentor EVSD offers its base plan to all eligible employees. If employees choose another plan, they are responsible for the additional cost.

Altering key medical plan benefits could also help reduce health care costs. **Table 3-14** compares the key medical insurance benefits at Mentor EVSD to the peer districts for FY 2003-04. Of the 982 employees opting for insurance, 834 employees are currently participating in the base plan.

Table 3-14: Health Insurance Benefits in FY 2003-04

Description	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD
Type of Plan	PPO ¹	Self Insured United Health Care	PPO	PPO
Office Visits	\$10 co-pay	\$25	\$5 in network; 20% non-network	\$10 in network; 20% non-network
Employee annual deductible	None in network; \$100 (S) / \$200 (F) non-network	\$1,500 (S) / \$3,000 (Employee +1) / \$4,500 (F)	None in network; \$300 (S) / \$600 (F) non-network	None in network; \$200 (S) / \$400 (F) non-network
Annual Out-of-Pocket maximum	\$500 (S) / \$1,000 (F) in network/ \$1,500 (S) \$3,000 (F) non-network	\$1,500 (S) / \$3,000 (Employee +1) / \$4,500 (F)	\$500 (S) / \$1,000 (F) in network; \$1,000 (S) / \$2,000 (F) non- network	\$500 (S) / \$1,000 (F) in network; \$1,000 (S) / \$2,000 (F) non-network
Maximum Lifetime Benefit Amount	\$2.5 million	\$2 million	None in network; \$2 million non-network	\$5 million

Source: Contractual Agreements; Interviews; Medical insurance benefit books from Mentor EVSD and the peer school districts.

¹Mentor EVSD's base insurance is the Super Med Plus Plan that is offered by the Lake County Consortium.

As illustrated in **Table 3-14**, Mentor EVSD offers a lower office visit co-pay when compared to Lakota LSD. Mentor EVSD's does not require any employee deductibles within its network and minimal deductibles outside its network, whereas Lakota LSD requires annual deductibles from its employees for visits within its network, and Pickerington LSD and Willoughby-Eastlake CSD both require larger non-network deductibles. Additionally, Mentor EVSD also requires a lower amount for annual out-of-pocket maximum contributions when compared to Lakota LSD. Furthermore, Mentor EVSD offers a higher maximum lifetime benefit amount when compared to Lakota LSD and Pickerington LSD. Lastly, although premium costs do not currently appear excessive, Mentor should periodically seek competitive bids and quotes from other potential providers to ensure the annual premium costs and benefit levels are the most cost effective.

Financial Implication: Assuming that Mentor EVSD requires a full-time employee contribution equal to 10 percent for single and family coverage for all employees receiving health insurance (345 classified and 637 certificated employees) and based on its total health insurance costs of approximately \$6.7 million in FY 2003-04, the District would save approximately \$671,000 annually. As employees not participating in the base plan pay the additional costs for choosing to participate in the other plans, this would increase their payments by 10 percent.

Leave Usage

R3.4 Mentor EVSD should create an employee policy to ensure proper use of sick leave. It should establish guidelines and policies that include prohibitions against “patterns of abuse” to help department managers in identifying excessive sick leave use. The policies should state that if an employee engages in a “pattern of abuse,” he/she may be subject to discipline. Mentor EVSD should consult with its legal counsel to ensure that all required notices and opportunities to dispute abuse claims are addressed as required by applicable laws and/or collective bargaining agreements. In addition, the District should include sick leave usage as a component in employee performance evaluations and monitor sick leave usage on a periodic and consistent basis.

Mentor EVSD does not have a sick leave policy, which could contribute to the high amount of sick leave usage reported for certificated and classified staff in FY 2003-04. According to ODE, Mentor EVSD teacher’s attendance percentage (93.6) is lower than the peer average (96.8). Additionally, District classified employees used an average 10.8 days of sick leave per FTE, which is higher than the overall average for state employees of 7.3 days. District certificated staff used an average of 8.2 days per FTE.

According to the American Society for Public Administration (ASPA), one approach to controlling employee sick leave abuse is to develop a clearly written policy that specifies the organization’s standards and employee requirements, including disciplinary actions for policy violations. The policy should be compliant with the federal Family and Medical Leave Act (FMLA) and include guidelines stipulating common “patterns of abuse”. A “pattern of abuse” typically refers to employees, who over a period of time have violated the organization’s attendance policy on numerous occasions. Monitoring and analyzing sick leave usage should also take place so that problem recognition and early intervention can occur.

To encourage employees to use a sick leave policy properly, many organizations have developed cash incentives and other benefits such as a bonus personal day for using fewer sick leave days than a pre-established goal, according to ASPA. If Mentor EVSD decides to pursue a sick leave incentive based program, it should structure the program to control the costs of the “pattern abusers” and ensure the incentive program does not increase costs. For example, an incentive program that rewards employees who currently do not excessively use sick leave would add costs that could otherwise be avoided by the District. If Mentor EVSD were to develop and enforce a sick leave policy and program that could effectively reduce the sick leave usage of its classified employees, it could limit the financial impact of sick leave use on the District.

Financial Implication: Mentor EVSD would recognize a potential cost savings of approximately \$56,000 plus benefit costs annually in substitute costs for the reduction of one day of certificated sick leave usage per FTE, assuming the daily substitute cost for certificated employees of \$76.00. Mentor EVSD would recognize a potential cost savings of approximately \$59,000 plus benefit costs if classified staff reduced sick leave usage by 2.5 days per FTE. This is based on the average daily substitute and overtime costs for classified employees of \$51.00 and classified employees working an average of 6 hours per day. While the actual substitute savings would be less than \$59,000 because substitutes may not always be used to cover sick leave for classified staff, the District could also experience a cost savings in overtime by reducing classified sick leave use. These reductions in sick leave usage would make the District more comparable to the state average sick leave usage of 7.3 days.

Collective Bargaining Agreements

R3.5 During future contract negotiations, Mentor EVSD should seek to decrease the vacation schedule for classified employees. Decreasing the number of vacation days could lessen the future financial burden on the District.

Mentor EVSD classified employees receive vacation on a graduated scale with increments ranging from 14 days for less than seven years of service to a maximum of 26 days for 25 years of service. In contrast, the peer average for at least 17 years of service is 20 vacation days. Overall, Mentor EVSD provides a higher number of vacation days for the corresponding years of service than the peers (see **Table 3-5**). Additionally, the number of vacation days paid out at Mentor EVSD is more generous than the minimum standard of 10 vacation days for 1 to 9 years of service, 15 days of vacation for 10 to 19 of service and 20 days of vacation for 20 years of service, as stated in Ohio Revised Code (ORC) §3319.08.04. By reducing the vacation schedule to a level similar to the peers, the District would increase productivity as staff would be compensated to work more days. Although not readily quantifiable, this could subsequently reduce overtime and substitute costs.

R3.6 During the next contract negotiations, Mentor EVSD should seek to eliminate one personal leave day for both certificated and classified staff.

Both certificated and classified employees of Mentor EVSD receive four personal leave days per year. For certificated staff, personal leave days must be used or lost. However, classified employee's unused personal leave days are credited to the accrued sick leave or vacation days.

Mentor EVSD provides four days of personal leave for its certificated employees and classified employees working more than four hours per day. The peers are currently providing three days of personal leave for their certificated and classified staff. Furthermore, ORC §3319.14.2 only requires districts to provide three personal leave days per year for non-teaching staff. Eliminating one personal leave day would help Mentor EVSD improve its financial condition while leaving employees with personal leave equal to that of the peer districts and the ORC minimum.

Financial Implication: By eliminating one personal leave day, Mentor EVSD could realize a cost savings of approximately \$56,000 plus benefit costs annually. This is based on the number of employees covered by the certificated negotiated agreements for FY 2003-04 and the compensation rate of \$76.00 for certificated substitutes. This also assumes that each certificated employee uses all four personal leave days because they lose any unused days at the end of the year. Considering that 5 days notice is required prior to granting personal leave, the District would likely realize minimal savings in substitute and overtime costs for classified staff. However, productivity increases should arise due to classified employees working an additional day.

R3.7 Mentor EVSD should seek to reduce the number of paid holidays for classified employees to increase employee productivity. The District should reduce the number of paid holidays for 12 month employees to 10 days, and less than 12 month employees to 8 days, which is consistent with Lakota LSD and higher than both Pickerington LSD and ORC minimum requirements.

As shown in **Table 3-9**, the current Mentor EVSD classified negotiated agreement provides 12 month employees with 12 paid holidays per year, and less than 12 month employees with 9 holidays per year. The number of paid holidays for 12 month employees is less than Willoughby-Eastlake CSD; however, Lakota LSD and Pickerington LSD both offer a lower number of paid holidays for their classified 12 month employees. Furthermore, Mentor EVSD provides less than 12 month employees with more days when compared Lakota LSD and Pickerington LSD; however, its number is lower than Willoughby-Eastlake CSD.

ORC §3319.08.7 requires 11-12 month employees to be paid a minimum of seven holidays, and 9-10 month employees to be paid a minimum of six holidays. Mentor EVSD's current classified agreement provides significantly more paid holidays than the minimum established by the ORC.

R3.8 Mentor EVSD should seek to either eliminate or reduce the negotiated amount of early retirement incentive for certificated and classified employees. If the District

chooses to offer a retirement incentive, it should align the first year of eligibility with that of Willoughby-Eastlake CSD (see Tables 3-6 and 3-7).

As shown in **Table 3-4**, Mentor EVSD provides its certificated employees with a \$40,000 bonus for retiring in their first year of eligibility and \$15,000 for retiring in their second year of eligibility. Additionally, the District provides a \$25,000 bonus for certificated employees with 34 years of credit in the State Teachers Retirement System that do not retire during the 2003-04 school year and instead retire in the 2004-05 school year. Mentor EVSD currently has 22 certificated employees eligible to receive the \$40,000 retirement incentive. Although it is unknown which employees will actually retire, Mentor EVSD has the potential to pay out approximately \$880,000 in retirement incentives if all 22 employees retired. Willoughby-Eastlake CSD provides its eligible employees with a \$30,000 bonus for retiring in their first year of eligibility and \$20,000 for retiring in their second year of eligibility, while Lakota LSD and Pickerington LSD do not provide a retirement incentive.

In addition, Mentor EVSD provides its classified employees a cash bonus equal to 40 percent of their highest earning in any year for retiring in their first year of eligibility. However, Willoughby-Eastlake CSD is the only peer to provide its classified staff with a retirement incentive, equating to \$5,000 if they retire in the first year of eligibility and \$2,500 if they retire in the second year of eligibility. These amounts appear lower than Mentor EVSD. For example, Mentor EVSD would pay approximately \$16,000 per eligible custodian for retiring, based on the average custodian salary (see **R3.10** and **Table 3-16**). Mentor EVSD is not forecasting retirement incentives because it assumes they will be eliminated after the current bargaining agreement ends in FY 2005-06 (see **financial systems**).

Salary Analysis

R3.9 During future contract negotiations, Mentor EVSD should seek to address its relatively high classified salary levels by limiting COLA increases in the professional-other and custodian categories. Mentor EVSD should also negotiate an altered step schedule for new hire custodian employees, similar to the peers, to reduce the future financial impact of classified wages on the District and provide salary levels that are more commensurate with peer districts.

Professional-other and custodian classified staff at Mentor EVSD received a 4.25 percent COLA increase in FY 2003-04. However, the District has implemented a 2.25 percent COLA increase in its classified contract for FY 2004-05, and a 0.0 percent COLA increase for FY 2005-06. **Table 3-16** compares the average professional-other and custodian salaries at Mentor EVSD to the peers.

Table 3-16: Professional-Other & Custodian Staff Salaries

	Mentor EVSD ¹		Lakota LSD		Pickerington LSD		Willoughby-Eastlake CSD		Peer Average		% Difference
	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary	Avg. Salary
Professional-Other	22.0	\$56,114	70.4	\$49,009	18.6	\$43,718	26.7	\$46,594	38.6	46,440	21.0%
Custodian	50.8	\$40,075	91.0	\$29,530	55.5	\$22,078	47.5	\$36,269	64.7	\$29,293	36.8%

Source: Mentor EVSD and Peer EMIS Salary Information FY 2003-04

¹Mentor EVSD and peer average professional-other and custodial salaries were adjusted by the respective districts' cost of doing business factor provided on the district SF-3 reports for a more accurate baseline comparison of salaries.

As illustrated in **Table 3-16**, Mentor EVSD has the highest average salary for its professional-other and custodian personnel. Mentor EVSD is approximately 21 percent and 36.8 percent higher than the peer average for its professional-other and custodian classifications, respectively. This is primarily due to the relatively high custodian salary step schedule at Mentor EVSD. The professional-other categories do not have step schedules, illustrating that the starting salaries and previous COLA increases have contributed to the higher salaries when compared to the peers.

Table 3-17 illustrates the current custodian step schedule for Mentor EVSD and the peers.

Table 3-17: Custodian Salary Step Schedule Comparison

	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby- Eastlake CSD	Peer Average
<u>Custodian I</u>					
Starting Salary	\$13.73	\$11.86	\$12.85	\$13.21	\$12.64
Ending Salary	\$17.72	\$16.22	\$16.25	\$14.65	\$15.70
Average Percent Difference in Steps	3%	1%	2%	2%	2%
<u>Custodian II</u>					
Starting Salary	\$14.61	\$13.83	\$13.35	N/A	\$13.59
Ending Salary	\$19.08	\$18.16	\$16.75	N/A	\$17.46
Average Percent Difference in Steps	3%	1%	2%	N/A	2%
<u>Custodian III</u>					
Starting Salary	\$15.53	N/A	N/A	\$16.72	N/A
Ending Salary	\$19.86	N/A	N/A	\$17.87	N/A
Average Percent Difference in Steps	3%	N/A	N/A	2%	N/A
<u>Custodian IV</u>					
Starting Salary	\$16.08	N/A	N/A	\$17.24	N/A
Ending Salary	\$20.40	N/A	N/A	\$18.72	N/A
Average Percent Difference in Steps	3%	N/A	N/A	2%	N/A

Source: Mentor EVSD Memorandum of Understanding Between Mentor Local Board of Education, Peer Contract Salary Schedules FY 2003-04

As illustrated in **Table 3-17**, Mentor EVSD starting and ending salaries for its custodian I and II are the highest when compared to the peers. In addition, Mentor EVSD's ending salary for its custodian III and IV are higher when compared to Willoughby-Eastlake CSD. Currently, Mentor EVSD employs 33 custodian I's, 17 custodian II's, 3 custodian III's, and one custodian IV at varying hours worked per day. Due to the limited number of service years accumulated by the custodian staff, the District's salary step schedules directly contribute to the high average salaries for this classification.

Financial Implication: Providing a 2 percent increase in the professional-other and custodian salaries over the following two years, starting with FY 2006-07, would assist Mentor EVSD in gaining financial stability by reducing the impact of salaries on its General Fund. Based on FY 2003-04 totals, professional-other salaries of approximately \$1.4 million, Mentor EVSD could save approximately \$14,000 in both FY 2006-07 and FY 2007-08, if the District offered professional-other reduced salary increases in each year listed. Additionally, Mentor EVSD could save approximately \$23,000 in FY 2006-07, and \$24,000 in FY 2007-08 if the District offered custodial staff reduced salary increases in each respective year. These savings are based on the District's forecasted assumption for COLAs of 3.0 percent in each respective year.

Financial Implications Summary

The following tables represent a summary of the annual cost savings for the recommendations in this section of the report. Recommendations are separated based on whether or not they require negotiation. Implementation of those recommendations subject to negotiation would require agreement of the affected bargaining units. Only recommendations with quantifiable financial implications are listed.

Summary of Financial Implications Not Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.1 Reduce General Fund expenditures for vocational services	\$376,000
R3.2 Reduce 5.0 tutor FTEs	\$201,000
Total	\$577,000

Summary of Financial Implications Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.3 Require full-time employee contribution equal to 10 percent of monthly base plan premium cost	\$671,000
R3. 4 Reduce one day of sick leave use by certificated employees	\$56,000 ¹
R3.6 Eliminate one personal leave day for employees	\$56,000
R3.9 Reduce COLA increases for professional-other and custodial staff	\$37,500 ²
Total	\$820,500

¹ Classified savings are excluded because substitutes may not be used for every occurrence of sick leave.

² These savings are based on a two-year average.

Facilities

Background

The facilities section focuses on custodial and maintenance operations in the Mentor Exempted Village School District (Mentor EVSD or the District). The objectives of this section are to analyze the building operations of Mentor EVSD and develop recommendations for improvements in efficiency and possible reductions in expenditures. Prior to the initiation of this audit, the District reduced 18.0 FTE custodial positions and 1.0 FTE grounds keeper position. During the course of this performance audit, the District reduced 1.5 FTE material handlers. As part of its recovery plan, the District will close Center Street Elementary, thereby resulting in several staffing reductions. All of these staffing changes are taken into account in the staffing analysis in this section.

Organizational Structure and Function

Mentor EVSD will operate 15 school buildings after closing Center Street Elementary: 11 elementary schools (grades K-6), 3 junior high schools (grades 7-9) and 1 high school (grades 10-12).

The business services department is responsible for the operation and upkeep of the facilities, and consists of custodial, maintenance, grounds, and material handling functions. The custodial staff is organized into two shifts for the elementary and junior high buildings and three shifts (morning, afternoon, and evening) for the high school building. Sixteen head custodians spend 25 percent of their day completing maintenance functions. The custodians are primarily responsible for opening, closing and cleaning the buildings. Maintenance staff is responsible for maintaining the heating, ventilating, air conditioning, plumbing, and carpentry, and completing all preventative maintenance functions for these areas. As the District does not have an electrician on staff, it contracts out all major electrical repairs and electrical preventative maintenance activities. Grounds keepers maintain all the grounds including mowing and trimming in the summer months, and removing snow and ice from the walkways in the winter months. However, the District contracts for snow removal of large areas, such as parking lots. Lastly, the Mentor EVSD employs chauffer material handlers, who are responsible for completing the following functions:

- Moving mail;
- Transporting supplies and materials;
- Warehousing materials in a centralized storage area;

- Receiving all orders for the District; and
- Transferring lunch to various schools in the District.

The District reduced 1.5 FTE material handlers in May 2004. The custodial supervisor is responsible for the supervision of the custodial staff, maintenance staff and material handlers. **Table 4-1** presents the FTE staffing levels assigned to each of the custodial, maintenance, grounds keeping, and material handler functions.

Table 4-1: Number of Positions and Full-Time Equivalents

Classification	Total Number of Positions	Number of Full-Time Equivalents
Custodial Supervisor ¹	2.0	1.5
Custodians	58.0	50.0
Total Custodial	60.0	51.5
Maintenance Workers	5.0	9.0
Total Maintenance²	5.0	9.0
Chauffer Material Handlers	3.0	2.0
Total Chauffer Material Handlers³	4.0	2.0
Grounds Keepers	3.0	2.3
Total Grounds Keepers⁴	3.0	2.3
Total	72.0	64.8

Source: Mentor EVSD's Treasurer's Office

¹ Includes the custodial supervisor and assistant superintendent of business services, who do not complete any custodial functions except oversight, monitoring, and supply and materials ordering.

² 16 head custodians spend 25 percent of their day completing maintenance functions.

³ Three of the chauffer material handlers are responsible for moving lunches to schools in the District. One is full time in food service. Two are 50 percent in food service and this time is paid out the food service fund. Also, 2.0 positions were eliminated in May 2004.

⁴ In May 2004, the District reduced the grounds keepers from 12-month employees to 9-month employees.

When custodial FTEs are adjusted to account for staff that completes custodial functions and maintenance functions, Mentor EVSD has 50.0 custodial FTEs, 2.3 grounds keeping FTEs, 2.0 chauffer material handler FTEs, and 9.0 maintenance FTEs.

Key Statistics

Key statistics related to the maintenance and operations (M&O) of Mentor EVSD are presented in **Table 4-2**. In addition, results from the 33rd Annual American School & University (AS&U) Maintenance & Operations Cost Study, which was released in April 2004, 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 number for each category on a national level and by district enrollment.

Table 4-2: Key Statistics and Indicators

Number of School Buildings	15
Elementary Schools	11
Middle Schools	3
High Schools	1
Other	3
Total Square Feet Maintained	1,212,082 ¹
Elementary School	431,440
Middle School	351,680
Mentor high	391,620
Other	37,342
Square Feet Per FTE Custodial Staff Member (50.0 FTEs)	24,242
Elementary Schools (20.3)	21,306
Middle Schools (13.8)	25,577
High School (14.8)	26,551 ²
Other (1.3)	29,874
AS&U 32nd Annual Cost Survey >3,500 students	21,520
AS&U 32nd Annual Cost Survey National Average	23,787
Peer District Average	24,390
Square Feet Per FTE Maintenance Employee (9.0 FTEs)	134,676
AS&U 32nd Annual Cost Survey >3,500 students	80,887
AS&U 32nd Annual Cost Survey National Average	90,757
Peer District Average	213,704
Acers Per FTE Grounds Employee (2.3 FTEs)	95
AS&U 32nd Annual Cost Survey >3,500 students	102
AS&U 32nd Annual Cost Survey National Average	47
Peer District Average	83
FY 2002-03 All Fund Maintenance and Operations Expenditures Per Square Foot³	\$7.50
Custodial and Maintenance Salaries and Benefits	\$3.75
Utilities	\$1.32
Other⁴	\$2.43
AS&U Median Maintenance and Operations Expenditures Per Square Foot	\$3.83
AS&U Maintenance and Operation Expenditures Per Square Foot for > 3,599 students	\$4.83
Peer District Average	\$5.42

Source: Mentor EVSD, AS&U 33rd Annual Cost Survey

¹The square footage for Center Street Elementary has been removed, since the district has passed legislation to close the building.

²Square footage for the fine arts building is included as the custodians maintain this building.

³Includes all fund expenditures. For a comparison of General Fund expenditures per square feet, see **Table 4-4**.

⁴Includes purchased services, supplies and materials, capital outlay, other and permanent improvement expenditures.

Financial Data

Table 4-3 illustrates total expenditures incurred to maintain and operate Mentor EVSD's facilities for FYs 2001-02, 2002-03, and 2003-04.

Table 4-3: Total Maintenance and Operations Expenditures (All Funds)

Descriptions	FY 2001-02	FY 2002-03	% Change	FY 2003-04	% Change
Salaries & Wages	\$3,378,241	\$3,660,624	8%	\$3,460,828	-5%
Retirement & Insurance	\$882,965	\$1,024,180	16%	\$1,248,394	22%
Purchased Services	\$1,975,484	\$2,330,931	18%	\$1,628,538	-30%
Utilities	\$1,523,689	\$1,535,510	1%	\$1,774,077	16%
Supplies & Materials	\$580,292	\$552,467	-5%	\$350,266	-37%
Capital Outlay	\$537,280	\$240,668	-55%	\$1,311,236	445%
Other	\$37,325	\$36,991	-1%	\$40,316	9%
Total	\$8,915,276	\$9,381,371	5%	\$9,813,655	5%

Source: Mentor EVSD Treasurer's Office

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

- *Salaries and Wages*- An 8 percent increase occurred in FY 2002-03 due to the hiring of additional custodial workers in the beginning of FY 2002-03. The District hired more custodial workers in the beginning of FY 2003-04. However, in December 2003, the District reduced 18.0 FTE custodial positions and 1.0 FTE maintenance position. A 5 percent decrease in salaries and wages for FY 2003-04 was the result of reducing 2.0 FTE positions in May 2004.
- *Retirement and Insurance*- A 16 percent increase occurred in FY 2002-03 due the initial hiring of staff in FY 2002-03. An increase of 22 percent occurred in FY 2003-04 due the increased unemployment claims related to staffing reductions in the middle of the year.
- *Purchased Services*- An 18 percent increase occurred in FY 2002-03 as a result of the District completing several projects, including adding new windows, new steps, and roof repairs (see **R4.4** and **R4.5**). However, in FY 2003-04, purchased services decreased by 30 percent decrease because the District eliminated several maintenance contracts and lease agreements (including the one for its energy management), and reduced security contracts in the buildings to reduce costs. Furthermore, the District did not complete as many repair projects for the school buildings in FY 2003-04.
- *Utilities*- A 16 percent increase occurred in FY 2003-04 due to upgrades to various HVAC systems and increased utility rates.

- *Supplies and Materials*- These expenditures decreased significantly in FY 2003-04 due to reducing general supply purchases and repair projects in an effort to reduce costs.
- *Capital Outlay*- There was a significant increase in the amount of capital improvements in FY 2003-04. This is a result of the District receiving a \$1.1 million loan under House Bill 264 for energy management projects throughout the District.

Table 4-4 compares Mentor EVSD's FY 2002-03 General Fund custodial and maintenance related expenditures per square foot to the peers, excluding permanent improvement and other funds.

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

Line Items	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average	AS&U Median	> 3,599 Students
Salaries and Benefits	\$3.75	\$2.67	\$2.95	\$2.68	\$2.77	\$1.84	\$2.06
Purchased Services	\$1.11	\$0.78	\$0.86	\$0.00 ¹	\$0.55	\$0.18	\$0.17
Utilities	\$1.32	\$1.31	\$1.33	\$1.34	\$1.32	\$1.16	\$1.18
Supplies & Materials	\$0.37	\$0.30	\$0.32	\$0.20	\$0.27	\$0.32	\$0.30
Capital Outlay	\$0.03	\$0.06	\$0.02	\$0.00	\$0.02	N/A	N/A
Other	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.34	0.38
Total	\$6.60	\$5.12	\$5.48	\$4.22	\$4.94	\$3.83	\$4.83

Source: Mentor EVSD Treasurer's Office; peer districts

¹All purchased services other than utilities were paid out of the permanent improvement levy.

As seen in **Table 4-4**, Mentor EVSD's overall cost per square foot is 34 percent higher than the peer average, 72 percent higher than the AS&U national median, and 37 percent higher than the AS&U mean for districts with a comparable student population. These differences are driven by the District spending significantly more per square foot in salaries and benefits (see **R4.1** and **R4.8**), and purchased services (see **R4.4** and **R4.5**). Additionally, the higher average salary and step schedule for custodial staff contributes to the high salary and benefit expenditures per square foot (see the **human resources** section).

Mentor EVSD also has spent \$1.1 million of permanent improvement levy funds on maintenance and operations, which were used primarily for capital outlay and repairs. **Table 4-5** compares Mentor EVSD's expenditures, including these funds, to the peers. As Willoughby-Eastlake CSD is the only peer with a permanent improvement levy at the time of this audit, these funds have also been included in **Table 4-5**. Lakota LSD and Pickerington LSD use only the General Fund to support custodial and maintenance operations.

Table 4-5: FY 2002-03 All Fund Expenditures per Square Foot

Line Items	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby-Eastlake CSD	Peer Average	AS&U Median	> 3,599 Students
Salaries and Benefits	\$3.75	\$2.67	\$2.95	\$2.68	\$2.77	\$1.84	\$2.06
Purchased Services	\$1.77	\$0.78	\$0.86	\$1.23	\$0.96	\$0.18	\$0.17
Utilities	\$1.32	\$1.31	\$1.33	\$1.34	\$1.32	\$1.16	\$1.18
Supplies & Materials	\$0.44	\$0.30	\$0.32	\$0.39	\$0.34	\$0.32	\$0.30
Capital Outlay	\$0.19	\$0.06	\$0.02	\$0.03	\$0.03	N/A	N/A
Other	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.34	\$0.38
Total	\$7.50	\$5.12	\$5.48	\$5.67	\$5.42	\$3.83	\$4.83

Source: Mentor EVSD Treasurer's Office; peer districts

Table 4-5 indicates that Mentor EVSD's expenditures are significantly higher than the peer average (38 percent), AS&U median standards (96 percent) and the AS&U standard for 3,500 or more students (55 percent). By including all funds, the Districts purchased services expenditures per square foot are 84 percent higher than the peer average (see **R4.4** and **R4.5**). Although utility expenses per square foot are consistent with the peers, they are higher than both AS&U standards and increased by 16 percent in FY 2004 (see **R4.3**). Supplies and materials per square foot are considerably higher than the peer average and AS&U benchmarks, which appears to be due to ineffectively tracking and controlling purchases. While House Bill 264 loans comprised the majority of capital outlay costs, capital planning activities could be enhanced (see **R4.5**)

Assessments not Yielding Recommendations

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

- *Overtime usage-* Mentor EVSD has kept its overtime cost at 5 percent of its salary and benefits. This was done by limiting the amount of overtime assigned to staff, having two shifts in the elementary and junior high schools and three shifts in the high school, and adjusting staff responsibilities in response to staffing changes.
- *Vacant and leased buildings-* Mentor EVSD does not have any vacant or leased buildings.
- *Supplies and Materials-* While supplies and materials per square foot are higher than the peer average and AS&U benchmarks, the District uses a purchasing consortium, makes purchases in bulk and uses a centralized method for ordering supplies. Therefore, Mentor

EVSD is using established best practices in purchasing supplies and materials. Furthermore, during FY 2003-04, the District implemented more controls over supply and material purchasing, including better tracking, that have resulted in a 37 percent decrease in supply and material costs from FY 2002-03.

- *Custodial and Maintenance Procedures and Training-* The District has developed a custodial and maintenance procedures manual, which helps increase efficiency and productivity. Furthermore, Mentor does provide training to staff to ensure they are using established and uniform methods in maintaining school facilities.
- *Grounds Keeping Staffing -* The District has 2.3 groundkeeper FTEs to maintain the Districts 213 acres of grass. Currently, Mentor EVSD maintains 15 percent more acres per grounds FTE (94.7) than the peer average (82.5), and considerably more than AS&U national standards (47).
- *Chauffer Material Handler Staffing-* During the course of this performance audit, Mentor EVSD reduced 1.5 chauffer material handler FTEs. The District currently employs four full-time chauffer material handlers. Of these four positions, the District employs 1.0 FTE to pick up, transfer, and deliver District mail for the elementary, junior, and senior high schools. One employee is solely responsible for food service delivery to the junior high and elementary schools, since none of the elementary schools have kitchens. Two chauffers spend 50 percent of their time providing food service delivery, which is charged to the food service fund. Since the General Fund supports only 2.0 FTEs and the District previously reduced 1.5 FTEs, and based on the types of duties assigned to current staff, no further staffing analysis was conducted.
- *Work order tracking system-* The District has a work order system for making repair requests. The system also monitors the time of the response to the request, who made the request, and the cost of the request. Furthermore, the system allows the requester to identify the request as either high priority or routine, so more immediate requests receive response in a timely manner.
- *Warehouse-* The District maintains a storage room in the Service building that contains both food service and custodial and maintenance supplies. The District orders supplies for its 18 buildings (school and administrative), on average, twice a year through a consortium. Many of the schools lack adequate storage space, and the warehouse is currently not staffed. Therefore, no further analysis was conducted.

Recommendations

Maintenance Staffing

R4.1 Mentor EVSD should consider reducing 1.0 maintenance FTE, making the square footage per maintenance FTE comparable to the peers that perform similar duties with in-house staff. However, before adjusting either maintenance or custodian staffing levels, Mentor EVSD should perform a job audit to determine and establish the exact duties of the maintenance personnel and custodians. Furthermore, the District should develop a formal methodology for establishing and maintaining appropriate staffing levels. This is particularly important when building closures or changes occur.

Mentor EVSD does not have a formal procedure or formula for determining maintenance staffing levels. All of the peers, except Pickerington LSD, have positions similar to Mentor EVSD and complete repairs and preventative maintenance operations in house. These tasks include HVAC, plumbing, and carpentry and equipment repairs.

Table 4-6 illustrates the average square footage maintained per maintenance FTE in FY 2003-2004 for Mentor EVSD and the peer districts.

Table 4-6: Total Square Footage per Maintenance FTE

	Square Footage
Mentor EVSD	134,676
Peer Districts:	
-Lakota	137,517
- Pickerington	340,291
- Willoughby-Eastlake	163,305
Peer District Average	213,704
Differences	(79,028)

Source: Staffing Rosters and Building inventories

Table 4-6 illustrates that Mentor EVSD's maintenance personnel are maintaining less square footage per FTE than the peers (37 percent). However, the significantly higher peer average is skewed by Pickerington LSD. Excluding Pickerington LSD, the peer average is 150,411 square feet per maintenance FTE, which is 10 percent higher than Mentor EVSD. By reducing 1.0 maintenance FTE and considering the effect of reductions in staffing and square footage associated with potential building closures (see **R4.8**), Mentor EVSD would maintain 151,337 square feet per maintenance FTE.

During the final stages of this performance audit, the District indicated that custodians do not perform maintenance functions, which contradicts information provided by other facility personnel at the beginning of the engagement. As a result, Mentor EVSD should

evaluate the job duties of its maintenance and custodian personnel to determine and establish their exact duties. The District should then identify staffing adjustments for both maintenance and custodian operations. While the District may need to hire additional maintenance staff, it may also be able to reduce custodian positions if the custodians do not perform maintenance tasks. For instance, assuming that the 16 head custodians do not perform maintenance functions, the square footage per custodian decreases from 24,242 to 22,446, which is lower than the AS&U national average and the peer average. However, the square footage per maintenance FTE would increase from 134,676 to 242,416, far surpassing both Lakota LSD and Willoughby-Eastlake CSD.

Financial Implication: By reducing maintenance staff by 1.0 FTE, the District would realize a cost savings of approximately \$57,000 annually in salaries and benefits.

Leases and Rentals

R4.2 The District should keep an electronic record of the fees paid by each organization for renting its facilities. This will allow the District to assess whether the fees charged annually allow it to recoup the cost of operating the facilities. Furthermore, the District should develop a guide similar to Pickerington LSD that explains which groups will not be charged, circumstances that do not warrant charges, the custodial rate charged, and general provisions. This will reduce misunderstandings in the District.

Mentor EVSD has established a fee schedule for the use of its facilities by non-profit, for-profit and community groups. The schedule includes fees that allow the District to recoup custodial overtime and operational costs. However, a review of rentals for FY 2003-04 indicated that charges were not consistent among groups. Although, such instances were explained as being a function of when the event occurs and the group's needs, the District's policy does explain these practices. Furthermore, the District does not have a guide or fact sheet that explains the circumstances for eliminating fees, the general provisions regarding the use of the facilities, and the process for renting facilities. In contrast, Pickerington LSD has developed a fee schedule and guide that explains how charges are determined, which groups will not be charged, circumstance that do not warrant charges, areas that can be rented, the custodial rate charged, and other general provisions.

In addition to not having a detailed policy or manual for leases and rentals, Mentor EVSD does not have a method for matching the rentals recorded in the business office's electronic system to the actual amounts received. Specifically, Mentor EVSD does not electronically track the fees recouped for rentals, nor does it manually separate these fees in its filing system. As a result, the District is not able to assess whether the fee schedule is set at a level to allow the District to recoup its costs.

Energy Management

R4.3 Mentor EVSD should establish a formal policy outlining energy efficient practices that District staff should follow to help minimize energy costs. These practices include turning off lights and electrical equipment when not in use. The District should routinely communicate its policy to staff. In addition, the District should consider adjusting the temperature settings for its buildings, when possible, to 78 degrees for cooling and 68 degrees for heating. Regulating temperatures and limiting significant manual adjustments, activating or deactivating blowers, and monitoring HVAC functions would help the District further reduce energy costs.

The District instituted energy management enhancements in 1995 and 2003 at a total cost of \$3.77 million under the HB 264 program, which included the following changes:

- A District-wide lighting retrofit;
- Installation of comfort controls in the high school; and
- An upgrade of temperature controls for Lake, Fairfax and Morton Elementary Schools.

The District also implemented a computerized HVAC system, which controls heating and cooling systems in all the school buildings. While the District has been proactive in implementing more efficient energy management programs, temperatures in its school buildings are set at between 71-72 for cooling and 70 for heating. Furthermore, individual room temperatures can be manually adjusted and the District lacks a formal policy outlining energy efficient practices. According to the Association of School Business Officials International's *School District Energy Manual* (1998), temperature settings should be centrally controlled, and a variance of only one to two degrees for manual adjustments should be allowed. *The School District Energy Manual* also recommends the following energy saving techniques:

- Adjusting thermostat settings to 78 degrees for cooling and 65 to 68 degrees for heating (kindergarten and special education rooms, 70 to 72 degrees for heating) as a conservation guideline;
- Turning off lights when a classroom is not in use, and labeling multiple switches to indicate light fixtures they operate;
- Instructing staff to keep doors closed whenever possible, and minimizing exit and entry when cooling a room in order to maintain steady room temperatures;

- Reducing heat gain by turning out the lights and shutting off equipment, such as overhead projectors and computers, which tend to emit heat;
- Encouraging staff, faculty and students to use blinds as a means of controlling temperature;
- Closing blinds on the south and west sides of buildings keeps them cool in the summer, and opening blinds helps warm the buildings in the winter on sunny days; and
- Developing policies that indicate water should not be kept running in the restrooms.

Establishing a formal policy, and frequently communicating energy conservation practices to staff through various methods (e.g., staff meetings, training, advisory memos, etc.), would ensure that all staff are aware of the recommended energy saving techniques to follow. By implementing these practices, districts may realize considerable savings in utility expenditures. For instance, Rebuild America's Energy Smart Schools program from the U.S. Department of Energy reports that most schools could save 25 percent of high energy costs by implementing energy improvements. According to the *Facility Management Handbook*, published by the American Management Association in 1998, adjusting thermostat settings to 78 degrees for cooling and 68 degrees for heating, similar to the *School District Energy Manual's* recommendations, could reduce electric utility costs by approximately 5.3 percent if there were no other energy management efforts in place.

Financial Implication: Based on the total electric utility expenditures of approximately \$767,164 in FY 2002-03 and assuming that the District could reduce costs by 5.3 percent, Mentor EVSD could save approximately \$40,700 annually by adjusting temperature settings. Additional savings in utility costs would be realized by closing another elementary school (see **R4.8**). The District may be able to realize additional savings in utilities by fully implementing the aforementioned energy management practices. For example, if the District was able to reduce utility costs by 25 percent, it would save approximately \$384,000 annually (including the initial \$40,700) in total utility costs.

Long Range Planning and Facilities Use

R4.4 Mentor EVSD should develop a formal facilities master plan to document its long term facilities needs and requirements, including time frames for addressing identified areas. The master plan should include a new a 10-year enrollment history; enrollment projections and the methodology used for their calculation; building capacity calculations and the methodology; a list of the cost estimates for

needed capital improvements; and a description of the District's educational plan. The facilities master plan should also be linked to capital planning (see R4.5).

Mentor EVSD does not have a formal facilities master plan. In FY 2003, the District had a facilities study completed by the Ohio School Facilities Commission (OSFC). This report includes enrollment projections, renovation costs, state of buildings, and the future needs of the District. However, the District has not used the report to establish objectives and timeframes for addressing identified facility needs. Furthermore, the District does not complete enrollment projections on a consistent basis (see **R4.6**), and has not developed building capacity and utilization calculations.

According to American School and University's article: *The Visionary Master Plan* (August 1, 2003), a well-conceived master plan is essential for establishing priorities and short- and long-term goals for a school district's facilities, setting a framework for decisions, and specifying funding parameters so that building development is advanced in a thoughtful, comprehensive and cohesive manner. The plan should also incorporate any anticipated changes in teaching methodologies, student population, and regulatory influences, and should be revisited and updated every five years. Without a master planning process done in conjunction with a capital improvement planning process (see **R4.5**), the District is less able to establish priorities for spending its capital and permanent improvement funds for facilities' construction and repair, and cannot target areas needing immediate attention. By developing and using a facilities master plan, the District could better manage and control its spending for facility needs, and ensure its spending is appropriate and justified – particularly in the areas of purchased services and capital outlay (see **Tables 4-5 and 4-6**).

R4.5 Mentor EVSD should work with key facility staff, including building principals, maintenance and custodial personnel, and administration, to develop a multi-year capital improvement plan that is included in the facility master plan (see R4.4). This will help ensure the most critical repair work is completed and that all the capital outlay expenditures and other repair and maintenance expenditures (eg. purchased services) coincide with the budget. Furthermore, a formal capital improvement plan will help demonstrate fiscal responsibility to the citizens of the District.

Mentor EVSD has not developed a formal capital improvement plan that links to the budget and facility master plan. Mentor EVSD has a permanent improvement levy and a loan under House Bill 264. The District has also worked with OSFC to report the state of its facilities. Mentor EVSD uses this information, along with inspections, to develop a list a capital needs. However, the District has not used the lists to generate a detailed capital improvement plan that explains what projects will occur based on priorities, when the projects will begin, and the funding sources. As a result, the District has completed

several construction, repair and renovation projects in FY 2003 and FY 2004 without a capital improvement plan to guide, support and document the rationale and cost estimates for these projects.

According to the American Public Works Association's (APWA) *Public Works Management Manual* 2001, capital improvement planning should be a detailed process that assesses and plans for the infrastructure needs of the organization to achieve its long term and short-term goals. Infrastructure needs refer to all facilities and equipment needed by the organization. Furthermore, according to AS&U's July 2001 article, *Fixing it Right*, establishing a detailed and specific plan at the beginning of construction or renovation projects is critical to success. It also finds that as districts' needs often exceed the dollars available, a well-conceived plan ensures the optimum use of dollars. According to AS&U, to develop an effective plan, districts should do the following:

1. Identify who will participate in decision-making. The district's ability to make timely decisions is important.
2. Establish priorities for spending capital funds. Beginning work without clear priorities can result in incomplete projects, and misspent funds.
3. Establish a comprehensive list of all district needs (e.g., complete inspections of all district facilities to identify areas in need of improvement).
4. Seek out potential funding sources if needed. Funding sources include federal and state sources, local or state bonds, private contributions, and special grants.
5. Establish a program budget once funds are received. Establishing a budget helps the district determine an overall schedule for cash flow.

Without a capital improvement plan, potential capital needs could go unrecognized and potentially cost more to address. For instance, the District's purchased service expenditures per square foot were significantly higher than peers in FY 2002-03 (see **Tables 4-4** and **Table 4-5**). Furthermore, a detailed capital improvement plan helps to eliminate projects when the budget cannot adequately support them.

When properly developed, a capital improvement plan provides a district with reliable information should it be necessary to ask the community for financial support. The plan also provides a timeline for future projects, the cost of each project, and the type of work (e.g. construction, renovation, or building an addition).

R4.6 Mentor EVSD should adopt and use a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they

should be done annually. Mentor EVSD 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.

To determine projected enrollments for the next ten years, AOS reviewed an enrollment projection completed by DeJong and Associates for the Ohio School Facilities Commission. The projection was completed in April 2003 and based on historical enrollment, live birth rates, housing information and census data. **Table 4-7** presents DeJong & Associates' 10-year enrollment projection.

Table 4-7: Mentor EVSD Enrollment Projection

School Year	Projected Enrollment	Percentage Change From Previous Year
2003-2004	9,925	n/a
2004-2005	9,823	-1.03%
2005-2006	9,624	-2.03%
2006-2007	9,575	-0.51%
2007-2008	9,562	-0.14%
2008-2009	9,564	0.02%
2009-2010	9,575	0.12%
2010-2011	9,595	0.21%
2010-2012	9,621	0.27%
2010-2013	9,659	0.39%

Source: Dejong and Associates Enrollment projection report, Mentor EVSD

According to **Table 4-7**, the student enrollment is expected to decrease until 2009, and then increase slightly, while remaining lower than the current numbers. The enrollment projections for the 2003-2004 school year were slightly higher than the actual enrollment. Therefore, the District should adjust enrollment projections regularly to ensure accuracy and reliability, so that they can be used more effectively as a planning tool.

Capacity Utilization

R4.7 Building capacity and utilization should be reviewed periodically and updated at least once every five years, or when a change in building structure or educational philosophy occurs. This should occur in conjunction with enrollment projections (see R4.6) to determine the appropriate number of school buildings and classrooms needed to house the projected student population.

Considering enrollment and building capacity are key components when planning for future facility needs, **Table 4-8** illustrates Mentor EVSD's enrollment history.

Table 4-8: Mentor EVSD Historical Enrollment

School Year	Enrollment	Percentage Change From Previous Year
2002-03	9,937	-2.14%
2001-02	10,154	-1.15%
2000-2001	10,272	0.11%
1999-2000	10,261	-1.95%
1998-1999	10,465	-3.46%
1997-1998	10,840	-1.12%
1996-1997	10,963	-1.96%
1995-1996	11,182	0.26%
1994-1995	11,153	1.13%
1993-1994	11,028	1.26%
1992-1993	10,891	N/A

Source: Dejong and Associates Enrollment projection report

As seen in **Table 4-8**, the District's enrollment has been decreasing since 1995-1996, with the exception of a slight increase in 2001. While building capacity is a key component when planning for future facility needs, Mentor EVSD has not established student capacities for any of its school buildings. The Auditor of State (AOS) calculated the buildings' capacities using a standard methodology often employed by educational planners.

The capacities for all elementary school buildings were calculated by multiplying the number of regular classrooms by 25 students, half-day kindergarten rooms by 50 students and special education rooms by 9 students to arrive at the total capacity for the building. In addition, music and art rooms were counted as regular rooms since some of the elementary schools in the District use these rooms for regular classes. Classrooms used for gym, library and computer labs are set-aside and excluded from the number of rooms used in the calculation. The capacity in the junior and senior high schools was calculated by multiplying the total number of teaching stations by 25 students and then multiplying the product by an 85 percent utilization factor. **Table 4-9** compares the current school building capacities to the FY 2002-03 student head count to determine the building utilization rate. **Table 4-9** excludes Center Street because the District decided to close this school.

Table 4-9: FY 2003-04 Building Capacity and Utilization Rate

Building	Building Capacity	2004 Head Count	Over/(Under) Capacity	Building Utilization Rate
Bellflower Elementary	575	433	(142)	75%
Brentmoor Elementary	584	392	(192)	67%
Fairfax Elementary	575	415	(160)	72%
Garfield Elementary	743	563	(180)	76%
Headlands Elementary	434	311	(123)	72%
Hopkins Elementary	652	764	112	117% ¹
Lake Elementary	543	368	(175)	68%
Orchard Hollow Elementary	625	475	(150)	76%
Reynolds Elementary	518	349	(169)	67%
Rice Elementary	509	364	(145)	72%
Sterling Elementary	559	402	(157)	72%
Total of All Elementary	6,317	4,836	(1,481)	77%
Memorial Junior High School	978	826	(152)	85%
Ridge Junior High	850	721	(129)	85%
Shore Junior High School	1,297	920	(376)	71%
Total Junior High School	3,124	2,467	(657)	79%
Total High School	2,465	2,362	(103)	96%
Total For All Buildings	11,906	9,665	(2,241)	81%

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

¹ According to the District, students from Center Street will be moved into Hopkins Elementary. However, the number of students enrolled in each elementary school building will be adjusted so it is not over capacity.

As indicated in **Table 4-9**, Mentor EVSD currently has an overall utilization rate of 81 percent after Center Street is closed, which is 4 percentage points below the target utilization rate of 85 percent typically used by planners. Based upon the utilization rates, several elementary schools have enough space to accommodate additional students.

R4.8 In addition to closing Center Street Elementary, the District should consider closing another elementary school. More specifically, Rice, Lake, and Reynolds elementary schools should be considered because they meet various criteria, such as having relatively low building capacities and high expenditures, that justify closing the buildings. By closing an additional school, the District would improve its overall building utilization rate to 85 percent, and reduce costs to staff, operate and maintain the related facility. Furthermore, as enrollment has been decreasing for several years, the District should conduct regular enrollment projections and periodically analyze building utilization rates to determine if additional closures or adjustments will be needed in the future. Lastly, because the ensuing assessment is based on the District's use and configuration of buildings during the 2003-04 school

year, Mentor EVSD should consider the effect of subsequent changes made in these areas on building capacity and utilization rates when it ultimately determines which buildings to close.

To determine which of the twelve elementary schools could be closed, the building capacity, renovation cost, age of the oldest portion of the building, and maintenance cost per building were analyzed. **Table 4-10** illustrates how each school district rated on each of the criteria.

Table 4-10: Criteria for Closure Decisions

School	Renovation Costs	Criteria: > 4.2 mill	Age of Oldest Building component	Criteria: < 1960	Building Capacity	Criteria: Less Than 574	Expenditures / Capacity	Criteria: > \$250	Number of Criteria Met
Average	\$4,168,124	N/A	1960	N/A	\$574	N/A	\$258	N/A	N/A
Bellflower Elementary	\$4,775,035	Yes	1973	No	575	No	\$236	No	1
Brentmoor Elementary	\$4,411,692	Yes	1954	Yes	584	No	\$264	Yes	3
Fairfax Elementary	\$4,192,062	Yes	1967	No	575	No	\$274	Yes	2
Garfield Elementary	\$4,061,306	No	1938	Yes	743	No	\$201	No	1
Headlands Elementary	\$3,327,315	No	1954	Yes	434	Yes	\$299	Yes	3
Hopkins Elementary	\$4,061,328	No	1960	No	652	No	\$233	No	0
Lake Elementary	\$4,268,035	Yes	1969	No	543	Yes	\$291	Yes	3
Orchard Hollow Elementary	\$4,717,927	Yes	1969	No	625	No	\$245	No	1
Reynolds Elementary	\$4,782,373	Yes	1960	No	518	Yes	\$294	Yes	3
Rice Elementary	\$3,349,927	No	1958	Yes	509	Yes	\$287	Yes	3
Sterling Elementary	\$3,902,362	No	1961	No	559	Yes	\$216	No	1

Source: Mentor building plans, and Ohio Department of Education Enrollment History (2003-04)

Based on **Table 4-10**, five elementary schools meet three of the four defined criteria: Brentmoor, Headlands, Lake, Reynolds, and Rice. However, Lake, Reynolds, and Rice are located in close proximity to each other and to other elementary schools. Additionally, Reynolds, Rice, and Lake house the second, third, and fourth lowest number of students, respectively. As a result, the District should consider closing one of these elementary schools. **Table 4-11** shows the utilization rate if Reynolds, Rice or Lake were closed.

Table 4-11: FY 2003 Adjusted Capacity and Utilization with the Closure of Lake, Reynolds, or Rice Elementary

Without Lake				
Building	Building Capacity	2004 Head Count	Over/(Under) Capacity	Building Utilization Rate
Total of All Elementary	5,774	4,836	(938)	84%
Total For All Buildings	11,363	9,665	(1,698)	85%
Without Rice				
Total of All Elementary	5,808	4,836	(972)	83%
Total For All Buildings	11,397	9,665	(1,732)	85%
Without Reynolds				
Total of All Elementary	5,799	4,836	(963)	83%
Total For All Buildings	11,388	9,665	(1,723)	85%

Source: Mentor building plans, and Ohio Department of Education Enrollment History (2003-04)

Table 4-11 illustrates that by closing one of these elementary schools, the District's overall utilization rate increases to 85 percent and the elementary schools' increases to 83-84 percent.

During the course of the audit, the District passed a resolution to close Center Street Elementary for the 2004-05 school year. Since the District has decided to close Center Street Elementary, the projected cost savings are in the District's financial forecast. By closing an additional school, the District could reduce custodian, clerical, library aide, food service, and principal positions, and eliminate operating expenditures including utility, purchased services and supplies.

Financial Implication: By closing an additional elementary school building, the District would save approximately \$328,700 annually in the General Fund. This is based on salary and benefit savings by reducing 2.0 FTE custodians/maintenance (1.75 custodian FTE and 0.25 maintenance FTE), 1.0 FTE principal, 1.0 FTE clerical position, and 1.0 FTE library technician position. Because classified staffing reductions may be based on tenure, the lowest salaries for the classified positions were used to estimate these savings. Since principals are not subject to collective bargaining agreements, the average salary for principals was used to quantify savings. The total savings also include \$33,000 annually in purchased services, utilities, supplies and materials, capital outlay, and other miscellaneous expenditures. This estimate is based on the average expenditures per building in these categories for Lake, Reynolds and Rice Elementary Schools in FY 2003-04. The actual savings will depend on which building is ultimately closed.

Financial Implications Summary

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

Summary of Financial Implications for Facilities

Recommendation	Annual Cost Savings
R4.1 Reduce 1.0 maintenance FTE	\$57,000
R4.3 Reduce expenditures by maintaining consistent temperatures	\$40,700
R4.8 Close an additional elementary school	\$328,700
Total	\$426,400

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Transportation

Background

Mentor Exempted Village School District (Mentor EVSD or the District) provided transportation to 7,706 regular needs students in FY 2002-03 using District-owned yellow buses. The District provides transportation to public school students attending its schools, as well as students attending 14 local parochial schools. The Board of Education (Board) adopted a formal transportation policy that states the District will provide transportation to any student in grades Kindergarten through 6th who lives 1.3 miles or more from his or her school of attendance. The Board policy also states that the District will provide transportation to any student in grades 7th through 12th who live 2 miles or more from his or her school of attendance. In addition, the District will provide transportation for all disabled children who are unable to walk to school. The District's policy exceeds the minimum standards set forth in Ohio Revised Code § 3327.01 for transportation of pupils. (See **R5.1** for further analysis of transportation policies.)

Table 5-1 identifies the total riders at Mentor EVSD and the peer districts.

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

	Mentor EVSD	Lakota LSD	Pickerington LSD ¹	Willoughby-Eastlake CSD	Peer Average
Public	6,549	14,690	5,190	5,161	8,347
Non-Public	1,157	1,692	293	1,056	1,014
Total Regular Needs Riders	7,706	16,382	5,483	6,217	9,361
Total Special Needs Riders	120	102	107	297	169
Total Riders	7,826	16,484	5,590	6,514	9,530
Type II, IV, and VI ²	54	7	87	152	80

Source: District T-1 and T-11 forms

Note: T-1's are reports of pupil transportation services, and the T-11 is a reimbursement claim for special education transportation. These reports are filed with Ohio Department of Education (ODE) to report expenditures and other statistical information.

¹Pickerington privatizes transportation services.

²Type II, contractor-owned school buses, Type IV, payment-in-lieu of transportation, Type VI, privately owned vehicles other than school buses. For Mentor EVSD, Lakota LSD, and Pickerington LSD, all of these riders are payment-in-lieu of transportation. Willoughby-Eastlake CSD had 106 payment-in-lieu-of transportation agreements.

Organization Structure and Function

The transportation supervisors at Mentor EVSD oversee the transportation department and have supervisory responsibilities for the drivers, aides, and mechanics. During FY 2003-04, Mentor EVSD employed nine part-time bus assistants (aides) to ride on the special needs vehicles. It also employed six mechanics, who are responsible for the on-site maintenance and repair of the bus fleet and all other District-owned vehicles. **Table 5-2** displays Mentor EVSD's transportation department staffing levels in comparison to the peer districts.

Table 5-2: Comparison FY 2003-04 Transportation Staffing Levels

Staffing	Mentor EVSD		Lakota LSD		Willoughby-Eastlake CSD	
	No.	FTE	No.	FTE	No.	FTE
Supervisor/Assistant	3.0	2.4 ¹	2.0	2.0	2.0	2.0
Coordinator / Dispatcher/Administrative Assistant	2.0	2.0	5.0	4.9	2.0	1.3
Bus Driver	68.0 ²	56.9	185.0	158.3	65.0	46.7
Mechanic/Assistant	6.0 ³	6.0	10.0	10.0	6.0	6.0
Aides	9.0	7.6	20.0	16.8	12.0	8.5
Total	88.0	74.9	222.0	192.0	87.0	64.5
Total Number of Students Transported	7,706		16,382		6,217	
Students Transported per Bus Driver FTE	135		103		133	
Students Transported per Total FTE	103		85		96	
Square Miles in District	35.0		67.0		36.0	
Square Miles per Total FTE	0.5		0.3		0.6	
Number of Active Buses	65⁴		178		60	

Source: District Transportation Departments

Note: Pickerington LSD is not presented in **Table 5-2** due to privatizing of transportation services.

¹ The Assistant Superintendent of Business Affairs is also responsible for grounds and building maintenance, and the business office, and only administers transportation services 40 percent of the time.

² Mentor EVSD is taking steps to reduce at least 31 bus driver staff. This reduction is not included in this table.

³ Mentor EVSD is taking steps to reduce mechanic staff by two FTEs. This reduction is not included in this table.

⁴ Mentor EVSD is taking steps to reduce 15 buses. This reduction is not included in this table.

Table 5-2 indicates that Mentor EVSD transports the highest number of students per bus driver and per total FTE. In addition, Mentor EVSD is similar in size to Willoughby-Eastlake CSD on a square mileage basis and is comparable to this district in square miles per total FTE. Mentor EVSD is currently making reductions in bus drivers, mechanic staffing, and its bus inventory by reducing transportation services and developing a more efficient routing system by using its routing software (see **R5.2**).

Operational Statistics

Mentor EVSD uses a fleet of 65 active and 21 spare buses to provide transportation to its regular and special needs students, both public and non-public. The District uses 59 buses to transport regular needs students, and 6 buses to transport special needs students. The District also contracted with the parents of 54 non-public regular needs students to provide payment-in-lieu-of bus transportation for their children because they lived in inaccessible areas. The total cost of these contracts was \$9,632. The total cost of the regular needs transportation program was \$3.5 million, of which ODE reimbursed \$1.7 million (49 percent).

In FY 2002-03, Mentor EVSD transported 120 special needs students at a cost of \$630,360. A private transportation contract provided transportation for thirty-three students with a total cost of \$290,000. Mentor EVSD received \$169,800 (27 percent) as reimbursement from the State for special needs transportation (see **R5.6**). However, the District did not accurately report regular and special needs transportation expenditures to ODE on its T-11 report, which could affect reimbursement levels (see **R5.7**).

Overall, Mentor EVSD transported 7,826 students on 65 active buses traveling approximately 993,420 miles for the year. The total cost of the transportation program at Mentor EVSD was \$4.2 million, of which 40 percent was reimbursed by the State. **Table 5-3** provides basic operating statistics and ratios for Mentor EVSD and the peer districts.

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

	Mentor EVSD	Lakota LSD	Pickerington LSD	Willoughby -Eastlake CSD	Peer Average
Operational Statistics					
Students Transported					
Regular Needs	7,706	16,382	5,483	6,217	9,361
Special Needs	120	102	107	297	169
Total Students Transported	7,826	16,484	5,590	6,514	9,530
Miles Traveled					
Regular Students	993,420	2,564,460	974,520	945,000	1,494,660
Miles per Regular Active Bus	16,838	15,637	15,718	17,830	16,072
Square Miles in District	35	67	37	36	47
Expenditures					
Total Regular Needs	\$3,539,535 ¹	\$7,542,715	\$3,326,804	\$2,980,030	\$4,616,516
Total Special Needs	\$630,358 ²	\$378,202	\$405,338	\$512,838	\$432,126
Total Expenditures	\$4,169,893	\$7,920,917	\$3,732,142	\$3,492,868	\$5,048,642
Personnel Expenditures	\$3,437,597	\$6,499,073	N/A	\$2,259,226	\$4,379,150
State Reimbursements					
Regular Needs	\$1,740,173	\$3,393,937	\$1,150,033	\$1,625,482	\$2,056,484
Special Needs	\$169,763	\$142,076	\$130,860	\$222,267	\$165,068
Total State Reimbursements	\$1,909,936	\$3,536,013	\$1,280,893	\$1,847,749	\$2,221,552
Regular Needs Operational Ratios					
Cost per Mile	\$3.56	\$2.94	\$3.41	\$3.15	\$3.09
Personnel Cost per Mile	\$3.46	\$2.53	N/A	\$2.39	\$2.50
Cost per Regular Active Bus	\$59,992	\$45,992	\$53,658	\$56,227	\$49,640
Cost per Student	\$459	\$460	\$607	\$479	\$493
Students per Regular Active Bus	131	100	88	117	101
Special Needs					
Cost per Student	\$5,253	\$3,708	\$3,788	\$1,727	\$2,557
Total Active Busses	65	178	69	60	102
Regular Active Buses	59	164	62	53	93
Spare Busses	21	35	10	15	20
Total Buses	86	213	79	75	122

Source: District T-1, T-2, and T-11 forms

Note: The number of payment-in-lieu-of transportation agreements and corresponding costs are excluded from **Table 5-3**.

¹ To provide a reliable comparison to peers, field trip expenditures of \$573,225 were excluded (see **R5.7**).

² Gas or parts costs are not included in the overall special transportation costs that are required to be reported on the T-11 form; however, these costs are included in regular student expenditures (see **R5.7**).

While **Table 5-3** shows that Mentor EVSD's cost per student is 7 percent lower than the peer average, its cost per mile and per regular active bus is 15 and 21 percent higher than the peer average, respectively. This is primarily due to the significantly higher personnel costs per mile, which is attributed to routing inefficiencies (see **R5.1** and **R5.2**) and high benefit costs (see the **human resource** section for an assessment of District-wide benefits). Although **Table 5-3** shows that the District transports the highest number of students per regular active bus, Mentor EVSD operates on a four-tiered bell schedule. In contrast, the peers transport students according to a three-tiered bell schedule. As a result, the District's bus drivers may work longer hours, thus contributing to the higher personnel cost per mile and overall cost per regular active bus (see **R5.2**). Additionally, Mentor EVSD travels the second highest number of miles per bus, which could also contribute to the higher cost per regular active bus. Not participating in a cooperative purchasing program for fuel (see **R5.5**) and the absence of detailed purchasing policies and procedures (see **R5.4**) further contribute to the high cost per mile and per regular active bus.

In addition, Mentor EVSD's cost per special needs students is 105 percent higher than the peer average, due in part to the absence of parent/guardian contracts, the lack of involvement of the transportation department in developing Individualized Education Plans (IEP), and a decision not to seek competitive bids for private transportation services (see **R5.6**). Furthermore, Mentor EVSD's ratio of spare buses to active buses is higher than the peers. While spare buses are used frequently for field trips and extra-curricular activities, optimizing routing to eliminate a tier and /or runs may enable the District to reduce its spare fleet (see **R5.2**).

Assessments Not Yielding Recommendations

In addition to the analyses presented in this report, assessments were conducted on several areas of transportation operations that did not warrant changes and did not yield any recommendations. These areas include the following:

- **Field Trips:** Mentor EVSD has a comprehensive field trip policy, whereby the schedule, request, responsibilities, and approval process is communicated effectively to ensure consistency and proper organization. The District is taking steps to reduce non-curriculum related field trips. Furthermore, the District indicates that, with the exception of trips related to sports events, transportation costs for field trips are being reimbursed by other organizations, such as a ski and golf club, and parochial schools.
- **Preventive Maintenance:** Mentor EVSD's maintenance system provides the District with the means to evaluate maintenance expenditures using real-time information. In addition, it appears that the District is performing preventive maintenance service on buses on a routine basis. The District has also passed the Ohio State Patrol safety inspections on all District buses.

- ***Routing Software:*** The District is in the process of implementing a routing software system, with the assistance of ODE, to optimize routes. (See **R5.2** for additional information on route optimization.)
- ***Maintenance and Repairs:*** Mentor EVSD's maintenance and repair expenditures per bus are slightly lower than the peer average.

Recommendations

Transportation Policy

R5.1 Mentor EVSD should ensure its transportation policy reflects the service levels to be provided and that practices adhere to the approved policy. The District should review the transportation policy annually and amend it as necessary to reflect changes to service levels, enrollment and pupil residence. A transportation policy publicly communicates service levels set by the District and provides guidelines for staff to implement. Once a transportation policy is set by the District, operational improvements can be implemented to increase efficiencies and reduce costs (see R5.2).

The District's current service levels do not comply with the approved policy. Mentor EVSD has a transportation policy that was approved by the board in 1998, and revised in 2000. The Districts' transportation policy states the following:

- Students enrolled in grades K through 6 who reside more than 1.3 miles from school they attend will be transported;
- Students enrolled in grades 7-12 who reside more than 2 miles from the school they attend will receive transportation; and
- All bus stops must be located within the school attendance area and may not vary from week-to-week or day-to-day. Each student shall be assigned and required to use a specific school bus stop located in proximity to their residence.

However, the District actually transports pupils regardless of the distance from their assigned school. According to the District's transportation officials, the District has not followed its transportation policies because of the Board's reaction toward increased parental pressures to change bus stops according to individual student needs. As a result, the number of bus stops, and the number of students receiving transportation have increased, contributing to a 17 percent increase in transportation expenditures over the last three years and to the relatively high cost per mile and per bus (see **Table 5-3**). The District is currently trying to comply with its transportation policies to regulate the number and location of the bus stops.

The Government Finance Officers Association (GFOA) *Recommended Budget Practices* (1998) states that programs and activities should be periodically reviewed to determine if they are accomplishing intended goals and making efficient use of resources. GFOA also indicates that evaluating and reporting on program performance on a routine, publicized basis keeps stakeholders apprised of action results compared to expectations. However,

the District has not consistently reviewed its transportation policy and the impact of providing service levels that exceed its policy.

In addition to not following its current transportation policy, the District's transportation operations are inefficient, as evidenced by its high cost per mile and per bus in **Table 5-3** (see **R5.2**). Furthermore, the District's policies exceed the State minimum standards, as indicated by the ORC § 3327.01 which requires transportation for students in Kindergarten through 8th grade that live more than two miles from the school and for all children who are so disabled that they are unable to walk to and from the school. Furthermore, the board shall provide transportation to and from school or special education classes for educable mentally retarded children in accordance with standards adopted by the state board of education.

Phase III of the District's cost recovery plan indicated that it would reduce transportation to the State minimum standards in August 2004, if the District did not obtain additional revenues. Since a levy passed in August 2004, the District did not need to resort to minimum transportation standards. Instead, the District is currently transporting students that live more than one mile from their schools. Therefore, the transportation policy should be amended to reflect this change.

Transportation Operational Efficiency

R5.2 Mentor EVSD should optimize routes by using routing software to increase bus utilization and ensure efficient use of resources, ultimately reducing its costs per mile and per bus. By doing so, and based on general seat assignment guidelines, the District could reduce 47 runs and still maintain current service levels. However, if the District maintains current service levels, it should change its transportation policy (see R5.1).

In addition to savings from increasing operational efficiency, the District would achieve savings from the following policy changes that affect service levels:

- **Comply with the Board approved transportation policy, thereby reducing 94 bus runs; or**
- **Implement State minimum standards to reduce 186 bus runs.**

As indicated in **Table 5-3**, Mentor EVSD's costs per mile and bus are the highest when compared to peers, primarily due to a lack of routing software to effectively map routes.. In contrast, each of the peers uses routing software to map their routes. The failure to use a routing software system to effectively map routes could cause the District to operate with an excessive number of runs and/or tiers. For instance, while the square mileage of

Pickerington LSD and Willoughby-Eastlake CSD is similar to Mentor EVSD, they operate according to a three-tiered bell schedule whereas Mentor EVSD has a four-tiered bell schedule. In addition, Pickerington LSD and Willoughby-Eastlake CSD have a total of 186 and 159 runs per day respectively, much lower than Mentor EVSD's total of 236 runs per day. Therefore, Mentor EVSD's bus drivers may be working longer hours than Pickerington LSD and Willoughby-Eastlake CSD, thus contributing to overall higher costs per mile and bus. Furthermore, Mentor EVSD averages 33 students transported per run, while its neighboring district of Willoughby-Eastlake CSD averages 39 students per run.

AOS randomly sampled seating charts for 51 bus runs out of 252 total bus runs (including special needs riders) in a day, to determine the average number of actual riders on each bus. A run is defined as transporting the student to school and back home. Based on this analysis, the elementary, senior and junior high school runs are respectively averaging 39, 27 and 38 actual riders per trip, per bus. According to the National Highway Traffic Safety Administration (NHTSA), federal regulations do not specify the number of persons that can sit on a school bus seat. However, school bus manufacturers determine the maximum seating capacity of a school bus in determining the gross vehicle weight rating and the number of emergency exits. Generally, they determined that three smaller elementary school age persons or two adult high school age persons can fit on a typical 39 inch school bus seat. Based on these general guidelines and the District's buses having 24 seats, Mentor EVSD could safely assign 72 elementary students (3 to each seat) and 48 high school students (2 to each seat) on one bus. As a result, the District is considerably under-assigning students to buses and not maximizing bus capacity. To optimize routes and bus capacity, and to increase overall efficiency, the District is in the process of implementing a routing software system with the help of ODE. This could also enable the District to reduce the number of runs and tiers.

The following provides the District with three options to improve transportation operations at different service levels.

Option 1: Improve Efficiency Based on Current Service Levels

During 2003-04, Mentor ESVD served 4,836 elementary students and 4,829 junior and senior high school students, and transported 1,157 non-public school students. If Mentor EVSD scheduled every student for a seat on a bus using the general safety guidelines of 72 elementary students and 48 high school students per bus, the District would need a total of 189 bus runs – 76 for elementary students and 113 for junior and senior high school students. This also assumes that the number of elementary non-public school riders is equal to the number of junior and senior high non-public school riders, similar to the distribution of elementary and junior and senior high school students served by the District. However, the District currently has 236 bus runs for regular needs students.

Therefore, if the District continued to transport students according to current practices, it could reduce 20 percent of its runs by optimizing routing and bus capacity. Because all students are not transported by the District, the actual number of riders transported on Mentor EVSD's buses should be less than the number of seat assignments. Consequently, assigning seats in this manner would avoid the possibility of some buses operating at 100 percent capacity. Although this estimate includes the actual number of non-public school riders, it also includes the District's special needs students that are transported on separate busses, to provide a conservative estimate of run reductions.

Alternatively, the District could assign seats based on the actual number of regular needs riders. If the District assigns seats according to actual riders, it should consider assigning less than 72 for elementary and 48 for junior and senior high school runs to ensure safety and provide flexibility in bus capacity. For instance, according to the supervisor of transportation services, the District tries to place 50 to 55 students on each bus. By transporting an average of 50 riders per bus, the District would need a total of 155 runs. However, since bus capacity depends on the age/grade of students, the District should establish separate ridership goals for elementary, and junior and senior high school students if it determines the number of necessary runs based on actual riders.

Determining the number of necessary runs based on the actual number of riders may be more reliable than doing so based on the entire student population. Regardless, the District should be able to reduce the number of runs and save costs by using either method. Furthermore, because current service levels do not reflect its approved policy, the District should amend its policy if it continues to provide the current level of transportation services (see **R5.1**).

Financial Implication: Mentor EVSD would save approximately \$708,000 annually by increasing bus utilization and subsequently reducing the number of runs. This is based on reducing the number runs by 20 percent to 189 total runs and assuming that the total transportation costs are equally distributed per run. Although the District does not have detailed cost data, it indicated that the number of buses and corresponding costs per bus are equally distributed. If the District is able to reduce runs by 34 percent to 155 total runs by transporting an average of 50 riders per bus, it would save approximately \$1.2 million annually. Additionally, a portion of these savings could be offset by reductions in State reimbursements for transportation. However, the number of students transported that live more than one mile from their school is a primary factor affecting reimbursements. Since the number of students transported would remain the same, it may not affect State reimbursements. Although not readily quantifiable, the number of miles accumulated could change and therefore, affect State reimbursements.

Option 2: Improve Efficiency & Follow Current Policy

Since the District does not maintain data to determine the actual number of students transported more than 1.3 and 2.0 miles, AOS estimated the number of students based on applying differences in square mileage to the actual number of students transported less than one mile from their assigned school. If Mentor EVSD followed its current policy of transporting Kindergarten through 6th grade students that live more than 1.3 miles and 7th through 12th grade students that live more than two miles from their schools, the District would not have to transport approximately 2,548 students – 748 Kindergarten to 6th grade students and 1,800 junior and senior high school students. This is based on the square mileage of the area for students transported within 1.3 miles (6.76 square miles) and 2 miles (16.0 square miles) being 70 and 400 percent greater, respectively, than for those transported one mile or less (4.0 square miles). These percentages are applied to the number of students transported less than one mile to their school to estimate the number of students affected by this policy.

Mentor EVSD could operate with a total of 104 bus runs based on the District's target of 50 riders per bus, which is 60 percent less than the current number of runs (236), by complying with its current transportation policy, improving its routing to increase riders per bus, and if necessary and appropriate, consolidating tiers. However, by using the general bus assignment guidelines and the number of estimated runs based on the entire student population (189), the District could operate with 10 fewer bus runs for elementary and 37 fewer runs for junior and senior high school students. This would result in a total of 142 bus runs, which is 40 percent less than the current number of runs.

Financial Implication: If Mentor EVSD followed its current transportation policy, it would save approximately \$1.4 million in the first year. This is based on reducing the number of runs by 40 percent and assumes that total transportation expenditures are equally distributed between bus trips. Assuming that reimbursement from the State remains at 49 percent as in 2003, Mentor EVSD would realize a net savings of approximately \$714,000. ODE's reimbursements occur one year after the current reporting year. However, if the District is able to reduce runs by 60 percent for a total of 104 runs, it would save approximately \$2.1 million in the first year and \$1.1 million annually thereafter.

Option 3: Improve Efficiency & Follow State Minimum Standards

At the time of this audit, Mentor EVSD maintained a manual routing system. As a result, AOS could not determine the number of students affected by the State minimum transportation standards. Nevertheless, the Lake County Geographical Information System department provided maps of the City that indicate the two-mile roadway distance around each school to determine a percentage of parcels eliminated if the District

operates according to State minimum standards. Approximately 75 percent of Mentor's parcels are within two miles of an elementary school, and approximately 40 percent of the parcels are within two miles from a junior high school. Therefore, if the District followed State minimum standards, 25 percent of the elementary students (1,250) and 60 percent of the junior high school students (1,500) would be eligible for transportation. At a seating assignment of 72 elementary students and 48 high school students per bus, the District would need 18 bus trips for elementary students and 32 bus trips for junior high school runs, thereby reducing 79 percent of the current total runs.

Financial Implication: If Mentor EVSD adhered to State minimum transportation standards, it would save \$2.8 million in the first year. This is based on reducing the number of runs by 79 percent and assumes that total transportation expenditures are equally distributed between bus trips. Assuming the reimbursement from the State remains at 49 percent as in 2003, Mentor EVSD would save approximately \$1.4 million annually thereafter.

Bus Replacement

R5.3 Mentor EVSD's Assistant Superintendent of Business Operations and the treasurer should establish a formal bus replacement plan that maximizes fleet effectiveness and ensures that the District is properly budgeting funds to purchase new buses. The District should forecast replacements based on the age, mileage, and condition of the buses, and monitor operating costs and safety inspections to determine the proper bus replacement schedule.

Mentor EVSD does not have a formal bus replacement plan and is not planning for new bus purchases during the forecasted period. However, the District's general replacement practice is 12 years or 150,000 miles. There are no state guidelines for bus replacement beyond the requirement that the bus must be able to pass the annual Highway Patrol inspection. As long as the bus can pass the inspection, a district may continue to use the bus for transportation, regardless of age or mileage. Mentor EVSD's safety inspection record from the Ohio State Patrol shows a 100 percent passing record for all buses. The transportation department operates 86 buses including 21 spares. Because of the number of field trips by the District, and a high degree of student participation in extra-curricular activities, including band and sports events, spare buses are frequently used. However, route optimization could reduce the amount of time regular buses spend transporting students (see **R5.2**), thereby enabling the District to reduce its spare fleet by using regular buses for field trips and extracurricular activities. The changes to the District's transportation policy and service levels would also affect the size of the spare fleet. (see **R5.1** and **R5.2**).

According to the Government Finance Officers Association's, Best Practices in Public Budgeting, practice 5.2 (2000), "a government should adopt policies and plans for capital asset acquisition, maintenance, replacement, and retirement. Policies and plans for acquisition, maintenance, replacement, and retirement of capital assets help ensure that needed capital assets or improvements receive appropriate consideration in the budget process and that older capital assets are considered for retirement or replacement. These policies and plans are necessary to plan for large expenditures and to minimize deferred maintenance."

According to National Association of State Directors of Pupil Transportation Services (NASDPTS), independent studies of annual school bus operating costs indicated that after 12 years of use, the annual operating costs of school buses began to increase significantly and continued to increase each year thereafter. In addition, NASDPTS recommends replacing diesel buses after 250,000 miles. In FY 2003, the average age of bus replacements, reimbursed by ODE, was 16 years, with an average mileage of 210,000 per bus. Bus replacements ranged in age from 12 to 25 years, and in mileage from 140,103 to 260,615 miles.

Table 5-4 shows Mentor EVSD's fleet inventory by mileage and age.

Table 5-4: Mentor EVSD Bus Fleet

Model Year	# of Buses	Average Mileage	Age
<1989	10	209,965	15+
1990	6	196,922	14
1991	8	192,478	13
1992	3	175,218	12
1993	1	209,225	11
1994	5	159,367	10
1995	9	133,075	9
1996	1	138,099	8
1997	3	103,122	7
1998	5	94,727	6
1999	4	77,622	5
2000	4	52,325	4
2001	3	49,204	3
2002	7	26,148	2
2003	19	12,285	<1
Fleet Average		108,000	7.6

Source: Mentor EVSD's inventory report

Note: The District has four new buses on order for FY 2004, which are not reflected in **Table 5-4**.

As shown in **Table 5-4**, the District's bus fleet is young, when compared to the NASDPTS criteria and replacement data from ODE. Mentor EVSD's fleet has an average age of 7.6 years, and an average mileage of 108,000. Sixty-eight percent of the Districts' buses are less than ten years old. While Mentor EVSD has 13 buses that are over 200,000 miles, 7 of them are spares. In addition, the District could reduce and retire the oldest and highest mileage buses, and/or reduce the number of miles traveled per bus by optimizing its routing system to increase riders per bus (see **R5.2**). Furthermore, moving older buses to routes with fewer miles would extend the life of its fleet. Finally, changes to the District's transportation policy and practices (see **R5.1** and **R5.2**) could significantly reduce its fleet and the number of buses that will need replacement during the forecast period. Although the aforementioned factors appear to significantly limit the number of bus replacements during the forecast period, a formal bus replacement plan, periodic monitoring of operating costs, and detailed purchasing policies and procedures (see **R5.4**) would help the District better manage its fleet and replace buses on an appropriate schedule.

General Procurement

R5.4 Mentor EVSD should develop policies and procedures within its purchasing manual outlining standard language and delegating responsibility for the development and review of all specifications. The District should also develop guidelines within the purchasing manual for standard bus specifications, including equipment options.

In addition, the District should develop policies and procedures that outline the process for competitive bids, requests for proposals (RFP), and requests for qualifications (RFQ) to ensure accountability, continuity, and the selection of quality vendors. Every bid, RFP or RFQ will be different depending on the product, service specifications, and/or scope of services. However, the District should work with its attorney to develop boilerplate language. The District should develop policies that address the following specific elements of the selection process which may be encompassed within bids, RFP's, and RFQ's, as identified by Ohio University's Voinovich Center for Leadership:

- **Establish qualifications as the basis for selection (e.g. number of years experience, licensed and certified);**
- **Specify criteria for judgment of qualification (e.g. references that resulted in positive feedback, licensed, bonded and insured);**
- **Provide for the publication of available work;**
- **Develop procedures for screening proposals;**
- **Require that a comprehensive agreed-upon scope of services be the basis for vendor compensation and the contract;**
- **Identify departmental responsibility for administering the process;**

- **Specify who makes recommendations and who makes final decisions; and**
- **Assign responsibility for contract negotiations and present to the Board for final decision.**

Establishing and documenting specific methods for vendor selection will provide a clearer understanding of the level of responsibility in determining the best purchased service, ensure proper accountability and internal controls, and will reduce the appearance of any improprieties.

Mentor EVSD should also check costs for goods (e.g. fuel and tires) sold through the Ohio Department of Administrative Services (DAS), as a regular practice (R5.5). Finally, Mentor EVSD should provide periodic training for all department heads and supervisors, on the District's purchasing policies and procedures to ensure that each employee maintains a high level of accountability for public funds.

Mentor EVSD has purchased goods that are not effectively used and/or appear to be inefficient and costly. This may be due to a lack of detailed policies and procedures. For example, the District purchased an electronic time clock system approximately a year ago to manage the starting and stopping times of all bus drivers, substitute drivers, and aides. However, the District has never used the time clock. Mentor EVSD also lacks internal controls for bus procurement. For instance, using state and local funds, the District spent approximately \$1.0 million (\$71,770 per bus) on a lease-to-purchase deal to replace 15 buses in 2003. However, the District could not provide the methodology used to justify the purchase of this many buses in one year. The quoted base price for a 71-passenger bus with basic equipment, in the last bid specification packet dated October 2003, was approximately \$51,000. The District spent \$20,000 more per bus and \$330,000 more in total, not including the cost of the lease-to-purchase option. Furthermore, the District received bus purchase assistance from the State in 2003, for the replacement of four non-public buses at the full reimbursement cost of \$51,000 for each. The District purchased the 2005 models over new 2004 buses, although the 2005 models cost \$2,300 more per bus. Moreover, these bus purchases included extra equipment options that added \$20,000 to the base price of each bus. Similar to the 15 new buses purchased in 2003, the State and Federal minimum construction bus standards did not list these extra options as a requirement. Some of the extra equipment Mentor EVSD purchased for each bus included the following:

- Stainless steel step wells;
- Tinted windows;
- Panasonic AM/FM stereo cassette radio with public address system;
- Larger transmissions; and
- Heavier breaks.

Mentor EVSD does not solicit RFP's for competitive pricing for tire replacement services. According to the supervisor of transportation services, Mentor EVSD has maintained a standing purchase order with the same tire vendor for several years without seeking competitive pricing because of the vendors' close proximity to the District. Nonetheless, because of the absence of policies, RFP's and controls over purchasing, District personnel are able to purchase products and services without regard to cost or best practice. This could lead to inappropriate or costly purchases.

According to the Voinovich Center for Leadership and Public Affairs at Ohio University, effective contract management assures the community that taxpayer dollars are spent strategically and wisely, which includes control over what is to be purchased, by whom, for what purpose, with what results, and at what price. The purchasing authority must be able to demonstrate consistent, fair and objective practices, and not be subject to charges of favoritism or bias in the selection, compensation, or evaluation of service providers. Professionally developed policies and consistently applied contract administration procedures provide these assurances to the community.

Fuel Procurement

R5.5 Mentor EVSD should join the Ohio Department of Administrative Services (DAS), General Services Administrative pricing (GSA) program to receive discounts on fuel, and other supplies (e.g. tires) in accordance with ORC § 5513.01 (B).

Mentor EVSD is not part of a cooperative purchasing program for fuel. However, the District's purchasing manual contains a policy for cooperative purchasing, and that the Board authorizes the superintendent to negotiate such joint purchases. Mentor EVSD buys fuel from British Petroleum because of its close proximity to the District's facilities. **Table 5-5** compares the prices of fuel purchased by the District from January 2004 to March 2004, to the fuel prices established within the Department of Administrative Services (DAS) cooperative purchasing program.

Table 5-5: Mentor EVSD's Fuel Costs (January to March 2004)

	Mentor EVSD	DAS	Total Gallons	Potential Savings
1/13/04 Diesel	\$1.286	\$.954	7,518	\$2,496
1/28/04 Diesel	\$1.287	\$1.029	6,005	\$1,549
2/9/04 Diesel	\$1.216	\$.972	7,002	\$1,706
2/19/04 Diesel	\$1.302	\$1.001	7,001	\$2,107
3/1/04 Diesel	\$1.304	\$1.074	7,001	\$1,606
3/12/04 Diesel	\$1.296	\$1.066	7,524	\$1,724
3/25/04 Diesel	\$1.245	\$1.127	7,015	\$821
1/28/04 Regular Gas	\$1.188	\$1.063	1,000	\$125
3/4/04 Regular Gas	\$1.305	\$1.140	960	\$158
Total for 2004 (January to March)	N/A	N/A	51,026	\$12,300
Total DAS Transportation Delivery		.03		(\$1,480)
Total Savings (including Delivery)				\$10,800

Source: Mentor EVSD and Department of Administrative Services

As illustrated in **Table 5-5**, Mentor EVSD paid \$10,800 more for fuel in a three month period than it would have if it had joined the DAS cooperative purchasing program for fuel. Mentor EVSD maintains a central fuel tank. Therefore, the District can purchase fuel in bulk through DAS's cooperative purchasing program.

By not participating in the State cooperative purchasing program, Mentor EVSD does not benefit from some of the lower costs associated with the higher volume purchases. Members of the State cooperative purchasing program can purchase fuel, supplies, and equipment as needed. Consolidating member purchases allows for discounts in purchase prices. Because Mentor EVSD is a "school" entity, the annual membership fee would be \$125. By enrolling in the State's cooperative purchasing program, Mentor EVSD would be exempt from locally bidding on any item offered by the State of Ohio. As a result, Mentor EVSD would experience a savings in administrative time commonly associated with the formal bidding or quote process.

Financial Implication: By joining the State's cooperative purchasing program for fuel purchases, the District could save approximately \$3,600 per month, or \$32,400 annually.

Special Needs Transportation

R5.6 Mentor EVSD should explore the following options to lower special needs transportation costs:

- **Promoting parent/guardian contracts with the District;**
- **Soliciting competitive bids for private transportation services; and**
- **Involving the transportation department in the development of IEPs for special needs students.**

Other District representatives involved in the IEP conferences should be aware of the costs and constraints associated with providing transportation to students with special needs. The transportation department should work together with the director of student services to develop practical policies and procedures for special needs transportation. Such policies and procedures should ensure that before a commitment to door-to-door transportation is made through an IEP, transportation options and cost estimates are discussed with the assistant superintendent of business operations, who is in charge of transportation.

As indicated in **Table 5-3**, Mentor EVSD's cost per special needs student was 105 percent higher than the peer average in FY 2002-03. This could be due to the absence of parent/guardian contracts, the lack of competitive bidding for transportation services, and the lack of involvement of the transportation department in the IEP process. Mentor EVSD does not establish parent/guardian contracts with a special needs students' parents to provide transportation. In contrast, Lakota LSD has eight contracts with parent/guardians to provide transportation for its special needs children. While parents cannot be required to provide transportation, Mentor EVSD can promote the use of these contracts with the goal of decreasing the total number of special needs students that receive bus transportation from the District's contractor.

In addition, according to the supervisor of transportation services, the District does not seek competitive bids for transportation services (see **R5.4**). The District always uses the same transportation company to transport special needs students. As a result, Mentor EVSD may not be receiving the best price for private transportation services.

Furthermore, according to the supervisor of transportation services, the transportation department is not involved in the IEP conferences. As a result, the transportation department lacks some control over processes or costs related to special needs transportation. In addition, it may have other alternatives or cost effective suggestions involving the transporting of special needs students. According to ODE's operating standards for Ohio's Schools Serving Children with Disabilities, Individualized Education Program, participants should include district representatives that are aware of the resources of the educational entity.

Financial Implication: By reducing the cost of transportation per special needs student to the peer average, the District could realize annual savings of approximately \$325,000. If Mentor EVSD reduced special needs transportation costs per student to the next highest peer (Pickerington at \$3,788 per student) by implementing the aforementioned practices, the District would save approximately \$176,000 annually.

R5.7 Mentor EVSD should establish formal policies and procedures for filling out the T reports for the Ohio Department of Education (ODE). This will help to ensure that reports are completed in an efficient and accurate manner, by adequately reflecting the actual costs of providing transportation services to all students.

Mentor EVSD is incorrectly including field trip expenditures (\$573,225) on its T-2 reports to ODE. According to ODE's general instructions for reporting expenditures, the T-2 report should not include expenditures for non-routine use of school buses.

Mentor EVSD did not include costs for supplies, materials and insurance for transporting special needs students on its T-11 report. According to the T-11 report of regular student needs for FY 2002-03, insurance was \$102,000, utilities and supplies totaled \$12,451, and fuel totaled \$164,682, for a total amount of \$279,000. Assuming that Mentor EVSD's overall special needs student population is 2 percent of the overall student population, and applying this same percentage to the above costs, the District could have reported an additional \$5,580 on its T-11 report for special needs supplies, materials, insurance, and fuel costs. Based on ODE's reimbursement rate for special needs transportation in FY 2002-03, the District could have received \$1,500 more in transportation aid. However, reductions in regular needs transportation reimbursements could offset these savings, which are not readily quantifiable.

ODE has developed a new process for reporting transportation costs on the T reports, starting in August 2004. The new reporting process will prompt school districts to enter in the percentage of total transportation costs allocated for special education purposes. This will better enable the school districts to capture all costs associated with transporting special education students.

Financial Implications Summary

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

Summary of Financial Implications for Transportation

Recommendation		Estimated Annual Cost Savings
R5.2	Optimize routes and increase riders per bus.	\$708,000 ¹
R5.5	Join the Department of Administrative cooperative purchasing program for fuel.	\$32,400
R5.6	Reduce special needs transportation costs.	\$176,000
Total		\$916,400

¹The District could realize additional savings by following its transportation policy or reducing services to State minimum standards.

Technology

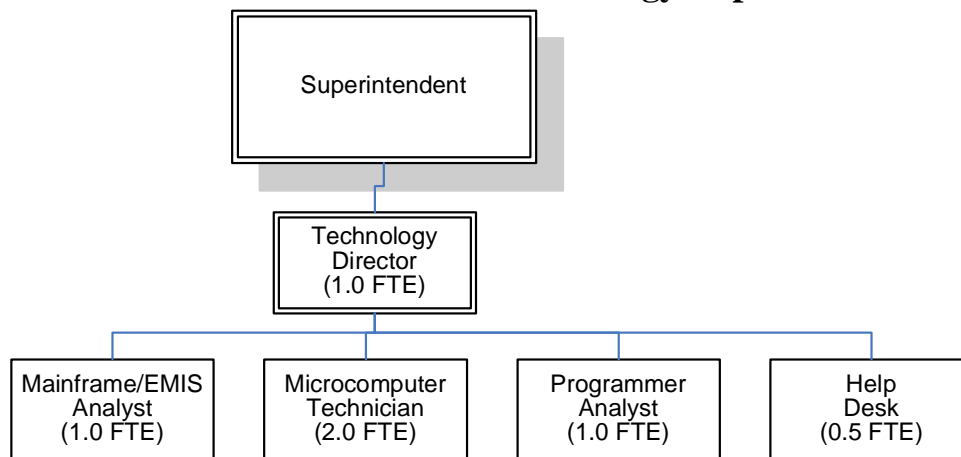
Background

This section focuses on technology in the Mentor Exempted Village School District (Mentor EVSD or the District) with the goal of recommending improvements in operations and reductions in expenditures. This report uses best practices from school district technology programs as determined by the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), the Texas School Performance Review, and other reliable technology benchmarks. In addition, comparisons to peer school districts will be used throughout the report to assess Mentor EVSD’s operations. Comparisons will be made to Lakota Local School District (Lakota LSD), Pickerington Local School District (Pickerington LSD), and Willoughby-Eastlake City School District (Willoughby-Eastlake CSD).

Organizational Chart and Staffing

The technology department implements and manages the District’s technology functions. The technology department provides assistance for all district-wide technologies including: computer hardware, computer software, and other audio-visual equipment. The department maintains the District’s network and servers, in addition to over 3,000 computers and peripherals, such as printers and scanners. As technology use has expanded, so have the staffing levels within Mentor EVSD’s technology department. **Chart 6-1** depicts the current staffing and organization of the technology department.

Chart 6-1: Mentor EVSD Technology Department



Source: Mentor EVSD Payroll and Education Management Information System (EMIS) Data

The technology director heads the technology department, and reports directly to the superintendent. The mainframe/educational management information systems (EMIS) analyst, microcomputer technicians, and the programmer/analyst report to the technology director. In the past, media specialists at each school building served as the District's first line of support for users and aided users with technology functions. However, these positions were reduced after the FY 2003-04 school year (see **human resources** section).

Organization Function

The technology department is responsible for supporting all computer and network technical operations, including installation, training, maintenance, and repair. Technology and curriculum staffs are responsible for planning future technology upgrades and purchases, although other departments may also directly purchase technology. The director of technology is responsible for the following activities:

- Reviewing and approving technology purchases;
- Establishing and managing the technology budget;
- Planning and implementing staff development pertaining to technology;
- Working with the Technology Committee to develop and update the Strategic Technology Plan;
- Serving as a consultant and troubleshooter for technology problems;
- Planning upgrades of hardware and equipment; and
- Working with the media specialist and other coordinators to improve understanding and implementation of technology.

The mainframe/EMIS analyst assumes responsibility for EMIS reporting, the District testing program, student enrollment data, and for supporting computer hardware, software, and programming where necessary. Specific job functions include the following:

- Supervising the processing of grade reports;
- Coordinating reporting for EMIS purposes;
- Coordinating standardized proficiency, competency and achievement testing for Mentor EVSD;
- Serving as administrator for the District's multi-user systems; and
- Supervising the enrollment and withdrawal process and maintaining accurate enrollment data.

The microcomputer technicians provide leadership, coordination and innovation in the use of technology and equipment. More specifically, the technicians' functions include the following:

- Providing service, technical and network connectivity support to microcomputer application users;
- Providing support for network data communications; and
- Assisting in the training and instruction to staff members.

The programmer/analyst is responsible for completing tasks associated with daily data processing and ensuring the operational functionality of current programs and systems. Additional responsibilities for the programmer/analyst include the following:

- Advising and assisting the EMIS Analyst in planning and implementing the studies of major phases of departmental data processing procedures;
- Developing detailed programming procedures and instructions for converting problems to an operational sequence;
- Analyzing and reconfiguring forms based on ideas submitted by the Data Processing Department and other departments; and
- Maintaining security of all files and storage areas.

The technology secretary assists the technology director in the performance of the duties, tasks, and functions assigned to an administrative office. Other key duties performed by this position include the following:

- Using computer hardware and software to prepare documents and memoranda;
- Obtaining and organizing data as needed and placing into a usable form; and
- Performing other various secretarial duties.

Technical Architecture

Mentor EVSD's academic and administrative computing platforms are split between Windows XP and MAC OS9. Email and file servers are based on Windows 2000 servers. All classrooms and administrative workstations have access to building and district level servers. Mentor EVSD's local data acquisition site is the Lake Geauga Computer Association (LGCA). Because of the District's status as a B-site, it does not use the computer systems at LGCA and instead has its own systems for processing data.

At the administrative level, Mentor EVSD uses a Citrix Server that allows Mac users to run PC applications; and a Unix server that handles the Pentamation system for all financial and student information. All administrative workstations have access to Pentamation. Two T-1 lines are connected to the District's data acquisition site for video and audio, and distributed over the community data network. Two additional T-1 lines are connected to the State of Ohio Department of Administrative Services and provide connection to the internet. **Table 6-1**

outlines the number of buildings connected in Mentor EVSD's network during FY 2003-04, as well as the total number of users at each of those buildings.

Table 6-1: Network Users

Building/Grade Level	Number of Buildings	Number of Users		
		Students	Staff/Teachers	Total
Elementary Schools	12	4,836	486	5,322
Middle/Junior High Schools	3	2,467	249	2,716
High Schools	1	2,362	253	2,615
Administration ¹	2	N/A	188	188
Total	18	9,665	1,176	10,841

Source: Mentor EVSD technology department

Note: Substitute employees were not included in the Staff/Teachers column.

¹ Administration includes employees classified as administration, service and system-wide.

Mentor EVSD has over 10,000 users accessing the network, including all students as well as instructional, administrative, and support staff. Access to the network is controlled using identification and passwords for all system users. Users are able to access only those systems necessary to perform individual jobs or instructional activities. For instance, only teachers and staff are provided with email accounts. Access to sensitive information, such as student grading and scheduling, is also limited to staff having a direct need to obtain that information.

All student and operational software is provided by Sungard Pentamation, while software used in transportation is provided by Versatrans. Software used in Mentor EVSD is further discussed in **R6.5**.

Financial Data

Funding for the technology department is derived mostly from the General Fund (92.5 percent of total funding) with the remainder from State grant sources (7.5 percent of total funding), based on expenditures in FY 2003-04. **Table 6-2** details the technology related expenditures for FY 2001-02, FY 2002-03, and FY 2003-04.

Table 6-2: Mentor EVSD Technology Related Expenditures

Accounts	FY 2001-02	FY 2002-03	Percentage Change FY 2002 and FY 2003	FY 2003-04	Percentage Change FY 2003 and FY 2004
Salaries	\$339,902	\$519,484	52.8%	\$399,125	(23.2%)
Benefits	\$88,058	\$139,846	58.8%	\$127,713	(8.7%)
Purchased Services	\$421,631	\$555,064	31.6%	\$395,811	(28.7%)
Supplies/ Materials	\$86,048	\$166,549	93.6%	\$124,529	(25.2%)
Capital Outlay	\$67,811	\$229,037	237.8%	\$93,023	(59.4%)
Other	\$0	\$150	100.0%	\$0	(100.0%)
Total	\$1,003,450	\$1,610,131	61.0%	\$1,140,201	(29.2%)

Source: Mentor EVSD financial records

As shown in **Table 6-2**, from FY 2002-03 to FY 2003-04, there was an overall decrease in spending due to a reduction in supplemental revenues from the Ohio SchoolNet grants and a limitation in overall spending due to the District's fiscal situation. Explanations for significant variances between fiscal years are described below:

- *Salaries and Benefits:* A 52.8 percent increase in salaries and a 58.8 percent increase in benefits from FY 2001-02 to FY 2002-03 was due to employing three directors in FY 2002-03. The District hired a new director to manage the department in FY 2002-03 because the director at that time was on sick leave. During FY 2002-03, the District hired another director and reassigned the previous director to perform different technology functions. The reassigned director was subsequently transferred to another department in FY 2003-04. Additionally, the director on sick leave during FY 2002-03 retired. Salaries and benefits decreased in FY 2003-04 because they reflect only one technology director.
- *Purchased Services:* A 31.6 percent increase in purchased services from FY 2001-02 to FY 2002-03 was the result of the District hiring a firm to run the technology department. The contract with this firm was subsequently terminated by the new technology director, thereby decreasing expenditures by 28.7 percent in FY 2003-04. The services provided by the consulting firm were assumed by technology staff.
- *Supplies and Materials:* A 93.6 percent increase in supplies and materials from FY 2001-02 to FY 2002-03 was the result of a decentralized purchasing order system for computer supplies in each school and the lack of policies and procedures guiding technology purchases (see **R6.2** and **R6.5**). Further, the technology department appears to have stockpiled supplies

in the past. A 25.2 percent decrease in supplies and materials from FY 2002-03 to FY 2003-2004 was the result of consolidating printer supplies and purchasing fewer supplies because of the existing stockpile. Furthermore, the District instituted new purchasing procedures that eliminated excess supplies held in inventory.

- *Capital Outlay: A 237.8 percent increase in capital outlay from FY 2001-02 to FY 2002-03 resulted from the replacement of all principals' computers from Mac to Dell in FY 2002-03. In FY 2002-03, the technology department received additional revenues for capital purchases from the Ohio SchoolNet Funds (OSNF). However, the District received fewer grant awards in FY 2003-04, thus decreasing capital outlay expenditures by 59.4 percent.*

Table 6-3 compares total technology expenditures per average daily membership (ADM) in FY 2002-03 to the peers, and includes Mentor EVSD's technology expenditures per ADM in FY 2003-04.

Table 6-3: Technology Expenditures by all Funds per ADM for FY 2002-03

Accounts	Mentor EVSD FY 2002-03	Mentor EVSD FY 2003-04	Lakota LSD	Willoughby- Eastlake CSD	Peer Average
ADM	9,673	9,281	16,355	8,873	12,614
Salaries/ Benefits	\$68.16	\$56.76	\$54.09	\$55.07	\$54.58
Purchased Services	\$57.38	\$42.65	\$46.51	\$5.26	\$25.88
Supplies/ Materials	\$17.22	\$13.42	\$ 3.91	\$5.48	\$4.69
Capital Outlay	\$23.68	\$10.02	\$55.00	\$1.04	\$28.02
Other	\$0.02	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$166.46	\$122.85	\$159.51	\$66.85	\$113.17

Source: Mentor EVSD and peer district financial records

Note: Pickerington LSD is not included in this analysis as was it was unable to provide the requested information.

Mentor EVSD's total technology expenditures per ADM in FY 2002-03 were 47 percent greater than the peer average. While the District reduced its total technology expenditures per ADM by 26 percent in FY 2003-04, supplies and materials expenditures remained considerably higher than the peers. This appears to be due to the lack of formal technology policies and procedures, including purchasing of software (see **R6.2** and **R6.5**), and insufficient planning processes (see **R6.3**).

Assessments Not Yielding Recommendations: Staffing

In addition to the analyses in this report, a staffing assessment was conducted within the technology section which did not warrant changes and did not yield any recommendations. **Table 6-4** shows Mentor EVSD's staffing in comparison to peers.

Table 6-4: Staffing Comparison

Position	Mentor EVSD	Lakota LSD	Pickerington ¹ LSD	Willoughby -Eastlake CSD	Peer Average
Managers/Director/Supervisor	1.0	1.0	1.0	1.0	1.0
Programmer Analyst/Specialists	2.0	3.0	0.0	3.0	3.0
Technicians	2.0	3.0	3.0	0.0	3.0
Support/Help desk/Clerical	0.5	6.0	0.0	2.0	4.0
Total	5.5	13.0	4.0	6.0	8.0
District Staff per Technology FTE	163	139	188	157	161
Students per Technology FTE	1,687	1,198	2,145	1,420	1,588
Computers per Technology FTE	480	808	716	564	739

Source: Mentor EVSD and peers districts

¹ Pickerington has 3.6 resource FTEs which were not included in **Table 6-4** because they are teachers working to integrate technology into the curriculum

As shown in **Table 6-4**, Mentor EVSD technology staff support the second highest number of staff and students per technology FTE when compared to the peers. However, the District maintains 34 percent fewer computers per FTE than the peer average. Therefore, the District overall appears adequately staffed to meet current needs. While technology use continues to increase, the District can best utilize its current staffing level to meet the needs of the District through improvements in the following areas:

- Adequate technical support through effective planning and training (see **R6.3** and **R6.5**);
- Policies and procedures (see **R6.2**); and
- Development of a help desk system (see **R6.1**).

Recommendations

Policies and Procedures

R6.1 Mentor EVSD should implement a help desk system to manage the technical support needs of District users, help document all reported problems, and track time frames for the resolution of issues. The District should also develop help desk procedures that address complaint priorities, and service level agreements for its technicians. This would allow staff to identify critical support needs. Additional benefits of a help desk include:

- **Collecting service call data to enable effective decision-making;**
- **Allowing for efficient deployment of technical services; and**
- **Providing users with notification and an explanation of how the problem was resolved.**

During the course of this performance audit, the District indicated that it implemented a help desk system that incorporates the aforementioned suggestions in August 2004.

Prior to August 2004, Mentor EVSD did not have a formal help desk system to log and track any hardware or software issues faced by users. Without a tracking system, the District may have difficulty identifying critical support needs and adequately explaining their resolution to users. Furthermore, the District cannot quantify the number of calls received or determine the average length of time to resolve technical problems. In the past, media specialists have been used as an unofficial help desk to solve non-emergency computer problems. Although the number of media specialists has been reduced due to staffing reductions, the District appears sufficiently staffed when compared to peers. Moreover, the implementation of a help desk system could help the technology department effectively respond to and resolve computer-related issues, thereby improving the overall efficiency of the department.

According to the Technology Support Index (TSI), best practices for help desk technical support include the following:

- Establishing help desk procedures that include an escalation process, with identified steps of escalation, and a clear path for resolution.
- Developing an on-line knowledge base as a first line of defense for most issues. The on-line database is used readily and automatically grows based on trend data generated in other tracking systems.

- Tracking and evaluating technical issues and closed tickets through an electronic trouble-ticketing system. Quality assurance and customer service are measured through the system.

In order to respond to questions and computer-related problems, Lakota LSD has created help desk policies and procedures. These policies and procedures are contained in a written format and include the following key provisions:

- Identifies the primary functions of the help desk;
- Assigns level ratings for possible problems;
- Prioritizes categories and associated actions;
- Discusses hours of operation;
- Provides emergency procedures; and
- Creates help desk goals and defines how the information will be tracked.

The creation of a formalized help desk system will enhance the overall level of service provided to Mentor EVSD technology users, while decreasing the amount of time lost due to technology-related problems. Data collected through the help desk system will give the District a more detailed and accurate record of technology demands, which will be useful in future planning.

R6.2 Mentor EVSD should develop and implement formal technology policies and procedures that identify protocol and standards for technology throughout the District. Some examples of these policies and procedures include the following:

- **Prioritization process for technical issues (see R6.1);**
- **Disaster recovery;**
- **Vulnerability assessments;**
- **Network back-up;**
- **Managing of supplies and materials (including inventory);**
- **Software support protocols and standards;**
- **New equipment deployment;**
- **All technical tasks for technicians and users; and**
- **Coordination of support services.**

Developing policies and procedures would ensure consistency and enhance the security and integrity of all computer systems.

The District has a computer use policy for teachers and students, who must formally acknowledge that they understand the policy. However, Mentor EVSD does not have formal policies or procedures addressing other key areas of technology operations. An absence of comprehensive policies and procedures prevents the technology department from having structure and control over daily operations. Furthermore, the absence of policies and procedures contributes to a higher security risk and potential abuse of the District's information systems.

According to a performance review of Texas State school districts, in an article titled *"Helping Schools Make Technology Work"* (2003), unwritten rules are simply no substitute for clearly outlined procedures. Districts need clear policies and procedures for the purchase of technology, its acceptable use, the application of copyright laws, and the control of software and hardware inventories.

Lakota LSD has developed comprehensive policies and procedures relating to technology that include the following:

- Purchasing hardware and software;
- Acceptable use by students, teachers and staff;
- Access;
- Vandalism;
- Security;
- Internet and Intranet use; and
- Consequences for violation of these policies.

Lakota LSD requires all students and teachers to sign that they understand the policies. Additionally, Lakota LSD's information security policy manual addresses the following:

- Roles and responsibilities;
- Appropriate use;
- Prohibited activities;
- Copyright policy;
- Access philosophy;
- Account management;
- E-mail;
- Change control;
- Physical security; and
- Back up and recovery.

The development of formal policies and procedures in the areas outlined above will ensure consistency and enable users and staff to fully understand key technology issues. Implementing technology policies and procedures will also increase the communication of requirements and expectations to users, improve security, and reduce the risk of fraud and abuse. Lastly, establishing and adhering to policies and procedures related to purchasing and maintaining technology supplies and materials will help minimize the potential for inappropriate or excessive purchases (see **Table 6-3**).

Technology Planning

R6.3 The technology director should complete a five year technology improvement plan (TIP) which address both short and long term technology needs. The TIP should describe long-term objectives, time frames, funding, and all of the costs associated with acquiring new technology. The TIP should be updated annually.

In addition, the District should develop a formal planning process that would aid in establishing an effective TIP, such as the following:

- **Board approval (following superintendent approval);**
- **Evidence of annual assessments of technology needs from users throughout the district;**
- **Evidence of involvement of relevant stakeholders;**
- **Inclusion of measurable objectives for educational and operational goals;**
- **List of individuals responsible for leading strategies; and**
- **Identification of grant opportunities to fund technology operations.**

Furthermore, Mentor EVSD should link plan strategies and objectives to the District budget and overall strategic plan. This could be done by including the superintendent and fiscal staff.

During the course of this performance audit, Mentor EVSD developed a TIP using the Ohio School Net website.

Because the District was operating without a plan prior to this performance audit and lacks formal policies and procedures (see **R6.2**), all new software was being purchased without assessing the total cost of ownership or compatibility with other software systems. In addition, Mentor EVSD was previously purchasing equipment and software without training users. OPPAGA outlines technology planning best practices, which include the following:

- An annual self-assessment for identifying technology needs;
- Evidence of stakeholder feedback for technology plan development;
- Measurable objectives that reflect desired outcomes for educational and operational programs;
- Evidence that the District's budget provides funds for technology initiatives;
- Evidence that the District takes advantage of opportunities to improve technology operations;
- An identified individual responsible for implementing and updating the plan; and
- Evidence that the District investigates grant opportunities for technology funding.

Technology planning can create a computing environment that facilitates more efficient use of staff time and assists with establishing future budgets by identifying needed technology updates and replacements. An effective TIP and planning process will help detail how Mentor EVSD expects to meet its long-term goals and objectives given the existing technical architecture. The planning process will also open lines of communication throughout the District since technology affects all users. Through improved planning, Mentor EVSD will be better able to manage its information technology resources and the implementation of new hardware and software.

R6.4 The technology director should secure grant funding from additional resources, particularly from the Federal government and private sources. Any additional funding and attempts to secure funds should be accounted for in the District TIP. The use of any funds acquired through grants should also align with goals and objectives as established in the technology plan. By acquiring additional grant funding, Mentor EVSD can address their equipment and technology planning needs while reducing its reliance on District subsidies.

Mentor EVSD relies on the School Net grant to supplement its revenues; however, these grant dollars will be eliminated after FY 2005. Mentor EVSD did receive grant funding through the Ohio School Net program for technology in the amounts of \$160,000 in FY 2002-03 and \$86,000 in FY 2004-05. In addition, the District received grant funding of approximately \$48,000 from OneNet in FYs 2002-03 and 2003-04, and \$45,000 in FY 2004-05. This grant provides \$3,000 annually per building.

Although Mentor EVSD has been successful in obtaining some technology grants, additional grant opportunities exist through federal and private resources. **Table 6-5** lists some grants available to school districts, along with the grant purpose, and the maximum and minimum awards.

Table 6-5: List of Available School Technology Grants

Grant Title	Purpose	Grant Maximum	Grant Minimum
National Education Foundation Grants for Assistive Technology	The development, application and use of technology by and for people with disabilities	\$75,000	\$1,500
Adopt-A-Classroom Grant	Teachers to purchase items that enrich the learning environment, including technology		\$500 per teacher
American Honda Foundation Grants	For imaginative, scientific, creative, humanistic, youthful, innovative, and forward-thinking programs.	\$100,000	\$10,000
Box Tops for Education	Earn school cash through everyday activities/purchases.	\$60,000	\$20,000
Corning Foundation Grants	Community service programs for students, curriculum enrichment, student scholarships, facility improvements, and instructional technology.	\$2,250,000	N/A
Internet Technology Grant	Web-based applications to help K-12 schools and districts add new features to their existing school web sites.	\$100,000	\$500
K-12 School Teacher Enhancement	Projects designed to enhance K-12 education through teacher training, course or curriculum development, construction of laboratory exercises, or innovative use of electronic media.	\$20,000	N/A
Sprint Foundation Grants	Foster school reform through the use of new technologies and through fresh approaches to the enhancement of teacher's skills.	\$500,000	N/A
Staples Recycle For Education	Donate used ink cartridges for recycling.		\$1 per cartridge
Texas Instruments Foundation Grants	Civic, research, educational, health, welfare, charitable, and cultural organizations.	\$10,000	\$5,000
Total		\$3,115,000	\$37,501

Source: eSchool News Online

As shown in **Table 6-5**, a substantial amount of grant funding is available to qualifying school districts. Additionally, many teaching resource web sites offer access to grant opportunities. For example, E-School News (www.eschoolnews.com/erc/funding), and the United States Department of Education (www.ed.gov) provide lists of grant resources. Examples of private programs providing grants include the Target's Take Charge of Education School Fundraising program and Best Buy Children's Foundation.

Peers fund technology through a variety of sources. Lakota LSD is considering a student fee as a source of funding for a storage area network to house student files. Pickerington LSD proposed technology funding sources that include interest money from bonds sold for building projects and community partnerships.

Considering the decline in state grant funding provided to Mentor EVSD during FY 2004, it would be beneficial for technology staff to begin seeking other grant opportunities to support its technology. Obtaining additional grant funding could reduce technology expenditures currently drawn from the General Fund.

Hardware and Software

R6.5 Mentor EVSD should develop a program for training administrators, faculty, and staff on the Sungard Pentamation software modules pertinent to each group. This would help the District establish guidelines for effective use of current technology, improve operations, and avoid spending additional funds on unnecessary software. The District should also require all proposed technology purchases to be reviewed and approved by the technology department, which would help ensure compatibility with other systems. Mentor EVSD should link all hardware and software purchasing to its strategic plan, as recommended in R6.3.

According to the technology director, previous staff purchased software that was not compatible with the Pentamation system. For example, the District purchased the Kronos attendance system with palm reading terminals that could not be used with Pentamation without purchasing the integration module. According to the assistant treasurer, staff also purchased an industrial appraisal fixed asset system that is not being used due to a lack of training. These purchases contribute to the high cost of materials per ADM for FY 2002-03, as shown in **Table 6-3**.

The School Administrator's Guide to Planning for the Total Cost of New Technology (2001) indicates that controlling the types of software packages that the technology department supports would control costs. By requiring all proposed technology purchases to be reviewed by the technology department, the District would be better able to ensure purchases are compatible with current systems, which could subsequently help control purchases and costs.

Table 6-6 provides an overview of the functionality of the District's major software systems.

Table 6-6: Pentamation Modules Used vs. Not Used

Functional Area	Used	Not Used
Financial	Cognos Impromptu- Report Writer ¹ Student Course Fees- Fee Tracker Personnel Payroll Accounts Receivable General Ledger Purchasing Kronos-Human Resources	Budgeting ⁴ Fixed Assets Personnel Budgeting ⁴ Website Intelligent System- Information Database for Decision Making Kronos Interface- Human Resources
Student Information	Four J's- Academic Management ² Cognos Impromptu- Report Writer ¹ Web Teacher Workstation- Classroom Management ³ Master Schedule Builder- Student Scheduling Elementary Report Cards Longitudinal Testing Database- Test Score Database Student Course Fees- Fee Tracker ⁴	GSMS-Demographics ⁵
Other Operations (Transportation, Food Service, Human Resources etc.)	Transportation	

Source: Mentor EVSD

¹ Preparing to train users

² Waiting for latest version

³ Pilot with one school

⁴ Will implement in 2004-2005 School Year

⁵ Limited use throughout the District

Table 6-6 indicates that staff is not using numerous software modules, primarily due to a lack of training. Therefore, the District is not realizing all of the benefits of the system and their potential positive effect on employee productivity, efficiency and effectiveness. However, Mentor EVSD stated that it has taken steps, during the course of this performance audit, to develop training programs for staff.

When procedural changes or software implementations are planned, the District should provide adequate training to all affected users. The inclusion of training requirements in project planning can help the technology staff develop a more holistic and accurate

picture of resource requirements and timelines, while ensuring that users receive any training necessary for a smooth transition. As help desk staff (see **R6.1**) identify common problems and issues, appropriate training sessions can be tailored to address recurring needs. Improved identification of training needs and increased opportunities to resolve potential training issues will improve user satisfaction and the overall efficiency of information technology use within the District.

R6.6 Mentor EVSD should develop and implement a formal replacement schedule for District hardware. District management should support the plan with adequate funding when possible. In addition, Mentor EVSD should investigate alternative funding sources such as grants for a replacement initiative (see R6.4). Mentor EVSD should consider the investment in technology a primary concern given the focus placed on it from both the administrative and instructional perspectives. It should also consider the cost of maintaining old equipment.

The replacement schedule should be prepared by the technology department, be consistent with the TIP and include a cost-benefit analysis for alternate means of acquiring equipment, such as leasing. The replacement schedule and cost-benefit analysis should be revisited regularly to ensure that Mentor EVSD is approaching hardware acquisition and replacement in the most cost-effective manner. Furthermore, although its current allocation of workstations appears to be sufficient and equitable, Mentor EVSD should ensure its allocation of workstations to staff and students is adequate to accomplish its mission and goals.

Mentor EVSD does not currently use a formal equipment replacement schedule for upgrading technology equipment on a regular basis. Technology personnel reported that equipment replacement is currently completed on an irregular basis when funds become available. As a result, this process has not been adequate to replace workstations at an acceptable rate.

The National Center for Education Statistics recommends that school district hardware be updated every three years. In order for Mentor EVSD technology staff to adequately plan for hardware replacement every three years, funding must be consistently budgeted. Given current enrollment projections, the replacement of computers would be stable over the next five years. By replacing old equipment according to a schedule and phasing out the oldest units first, Mentor EVSD could better monitor its hardware to ensure it is not maintaining outdated equipment.

Table 6-7 compares the number of students per workstation at Mentor EVSD to the peers.

Table 6-7: Students Per Workstation Comparison FY 2002-03

	ADM	Total number of instructional use workstations	Number of Students per Workstation ¹
Mentor	9,281	2,448 ²	3.8
Lakota	15,581	3,163 ³	4.9
Pickerington	8,583	2,725 ³	3.1
Willoughby-Eastlake	8,520	1,128 ²	7.6
Peer Average	10,895	2,339	4.7

Source: School District Technology Data

¹ Numbers are rounded

² Instructional workstations are used by students and teachers

³ Instructional workstations are only used by students

As illustrated in **Table 6-7**, Mentor EVSD has approximately four students for every workstation, which is one less than the peer average of approximately five students per workstation and the Ohio SchoolNet's standard of five students per computer. Mentor EVSD and Willoughby-Eastlake CSD's instructional workstations are operated both by students and teachers. **Table 6-7** indicates that Mentor allocates more workstations for its students than Willoughby-Eastlake CSD. Furthermore, considering that Mentor EVSD employs fewer regular education teachers, it maintains more workstations per regular education teacher than Willoughby-Eastlake CSD. In contrast, Pickerington LSD's teachers use administrative workstations, while Lakota LSD maintains separate workstations for its teachers. In addition to allocating the above workstations solely to students, **Table 6-7** shows that Pickerington LSD maintains more workstations for its student population when compared to Mentor EVSD and Willoughby-Eastlake CSD.

Table 6-8 compares the number of staff (FTEs) per administrative workstation at Mentor EVSD to the peers. The number of FTEs includes employees classified as administrators, technical, professional, and clerical in EMIS because they appear more likely to use administrative workstations.

Table 6-8: FTEs Per Administrative Workstation Comparison

	FTEs	Total number of Administrative workstations	Number of FTEs per Workstation ²
Mentor	243	194	1.2
Lakota	382	423	0.9
Pickerington	519 ¹	243	2.1 ¹
Willoughby-Eastlake	175	148	1.2
Peer Average	279	286	1.0

Source: School District Technology Data

Note: Peer average does not include Pickerington because teachers also use administrative workstations.

¹ Since teachers use administrative workstations, this includes the number of regular teacher FTEs to determine FTEs per workstation.

Table 6-8 shows that Mentor EVSD has approximately one workstation for every administrative employee, similar to Lakota LSD and Willoughby-Eastlake CSD. Pickerington LSD's ratio includes regular education teachers because they use administrative workstations. As a result, Pickerington has 2.1 employees per workstation.

Increasingly, school districts are becoming dependent on technology to accomplish vital administrative and instructional tasks. As hardware ages, it is difficult for older units to operate interactive software and web pages, thereby diminishing the effectiveness of the units. Given the amount of time, money and human resources that Mentor EVSD has invested in technology and its infrastructure, keeping that technology up-to-date and running at optimum levels is important to the success of students and staff. In order to accomplish this, Mentor EVSD should ensure that hardware is replaced on a regular and reasonable schedule. As units age, the District will have to continue investing money in the older machines just to keep them operational.

Financial Implication: The District has 2,448 computers for students and teachers. If the District established a ratio of five students per computer and a three-year replacement schedule, it would cost approximately \$550,000 annually to replace one-third of the student computers, assuming a cost of \$800 per unit. Conversely, if the District maintains its current ratio of 4 students per computer, it would cost approximately \$653,000 annually to replace one-third of the student computers. In addition, the District has 136 administrative units. The cost of replacing one-third of the administrative units annually at an approximate cost of \$1,200 per unit would be \$54,000. The cost for the District to follow a three-year replacement schedule for all computers, while maintaining a ratio of five students per computer, would be approximately \$604,000 annually.

Financial Implications Summary

The following table represents a summary of the annual costs for the recommendations in this section of the report. Only recommendations with quantifiable financial implications are listed.

Summary of Financial Implications

Recommendations	Estimated Annual Costs
R6.6 Follow a ratio of five students per computer and a three year computer replacement schedule.	\$604,000
Total	\$604,000

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"THE CORNERSTONE OF THE COMMUNITY"

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Administration Building

Jacqueline A. Hoynes, Ph.D.
Superintendent

Daniel L. Wilson
Chief Financial Officer

February 9, 2005

Board of Education
Gwen J. Corban, President
William J. Shaw, Vice President
Richard D. Cicero, Member
Alan J. Mihok, Member
Andrew J. Sparacia, Member

Auditor of State
Betty D. Montgomery
88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Dear Auditor Montgomery:

The Board of Education received the final draft of the performance audit during a post-audit conference on Tuesday, February 8, 2004. The Auditor of State's Office conducted the performance audit of the Mentor Exempted Village School District as a result of being declared to be in fiscal emergency. In completing the second fastest recovery from fiscal emergency in the history of the program, the Mentor Exempted Village School District reaffirmed its commitment to managing to long-term plans to ensure fiscal stability as the district moves into the future.

The long-term plans include the school district's strategic plan, the financial recovery plan, the five-year budget plan, the capital repair plan, the continuous improvement plan, long-term enrollment projections, as well as your performance audit. The administration has embraced the performance audit as a valuable management tool to ensure fiscally prudent decisions are made on behalf of the community.

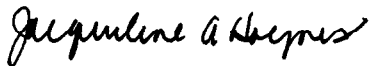
The ability to analyze our operations and compare to our peer districts provides additional important data for us to use as we further enhance the fiscal management of the school district.

The audit team led by Jim Pyers is to be commended for their professional approach to the engagement, as well as a sensitivity to the fiscal crisis the district has managed throughout the performance audit period.

The recommendations have been carefully reviewed and analyzed. A comprehensive response to the performance audit recommendations has been prepared and will be presented to the Board of Education and community. The response indicates that some recommendations are already being implemented and that many more will be pursued. Implementation timing will be dependent on whether or not it is necessary to engage in the collective bargaining process.

The support and assistance of your office has been very important to our recovery and will assist in our enhancement of the fiscal management of the school district.

Sincerely,



Jacqueline A. Hoynes, Ph.D.
Superintendent of Schools



Daniel L. Wilson
Chief Financial Officer