



Mary Taylor, CPA  
Auditor of State

BOARDMAN TOWNSHIP  
PERFORMANCE AUDIT

FEBRUARY 14, 2008



Mary Taylor, CPA  
Auditor of State

To the Residents and Board of Trustees of Boardman Township:

Boardman Township (or the Township) engaged the Auditor of State's Office (AOS) to conduct a performance audit of the financial systems, human resources, fire, police and road department operations. The performance audit was designed to assess the selected areas of the Township's operations and develop recommendations based on comparisons with peer townships and other benchmarks.

The performance audit contains recommendations which identify the potential for cost savings and operational improvements. As requested by the Township, the performance audit also includes five-year financial forecasts of the General Fund, Police District Fund, and Road and Bridge Fund. While the recommendations contained in the audit are resources intended to assist with continuing improvement efforts, the Township is also encouraged to assess overall operations and develop alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; a Township overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, financial forecast conclusions, recommendations, issues for further study, assessments not yielding recommendations, and financial implications. This report has been provided to the Township, and its contents discussed with the appropriate officials and administrators. The Township has been encouraged to use the results of the performance audit as a resource to further improve 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 "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

February 14, 2008





# **Executive Summary**

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## **Project History**

Boardman Township (or the Township) engaged the Auditor of State's Office (AOS) to conduct a performance audit of the financial systems, human resources, fire, police and road department operations. The performance audit was designed to assess the selected areas of the Township's operations and develop recommendations based on comparisons with peer townships and other benchmarks.

## **Overview of Boardman Township**

Boardman Township is a northeast Ohio community located in central Mahoning County, covering 24 square miles. During the 2000 census, the Township's population was approximately 41,000 with a median family income of \$42,159 and an unemployment rate of 1.9 percent.

The Township is governed by a locally elected three member Board of Trustees. The Trustees serve a four-year term and are entrusted by the community to protect and to preserve the community's investment. In this capacity, the Trustees must assign competent personnel and establish efficient procedures to ensure sound management of fiscal affairs. The Township Fiscal Officer is the legally designated fiscal officer for the Township and is also elected to a four-year term. The Fiscal Officer is independent of Boardman Township's Board of Trustees, yet by law, must work closely with the Trustees to manage the financial operations of the Township. The Fiscal Officer works on a part-time basis and is expected to develop an efficient and effective procedure for fiscal accounting. The Fiscal Officer is also required to submit the budget to the County Budget Commission in a timely manner, present the budget to the Trustees and the public, and record Township Trustee meeting minutes.

The Township offers general government services including fire and emergency medical services (EMS), police, road maintenance, and zoning. Property taxes and other local taxes are the Township's primary funding source, representing 66 percent of total revenue in 2006 for all funds. The Township's operating revenues have decreased 21 percent from 2002 through 2006.

Employee wages and benefits are the largest Township expenditures, representing approximately 78 percent of total expenditures in 2006. In addition to the three Trustees and the Fiscal Officer, the Township employed 167.9 full-time equivalent (FTE) employees during the course of this audit.

## **Objectives**

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function, or activity to develop findings, recommendations and conclusions. The overall objective of this performance audit is to assess selected operations of Boardman Township. The following assessments were conducted in this performance audit for each of the departments evaluated:

- Key financial management practices such as forecasting, management and stakeholder reporting, planning, budgeting, and purchasing were reviewed in the financial systems section. The arrangement with the Township also included the development of a five-year financial forecast of the major funds in the Township, which included the General Fund, Police District Fund, and the Road and Bridge Fund
- Township-wide staffing levels, collective bargaining agreements, and benefit costs were assessed in the human resources section.
- Police Department revenues and expenditures were reviewed and compared to peer townships. Patrol, dispatch and detective staffing levels and operations were evaluated by reviewing available data, such as calls for service, response times, crime rates, and crime clearance rates. The size and maintenance of the Police Department's vehicle fleet was also assessed, including replacement schedules. Finally, technology use, purchasing processes and grant-seeking activities were reviewed.
- Fire Department revenues and expenditures were reviewed and compared to peer townships. Staffing levels were examined based on relevant performance measures, such as calls for service. Indicators such as response times, number of structural fires, and average square miles per fire station were reviewed to gauge the efficiency and effectiveness of service. Fire prevention and investigation activities were also evaluated. The use of mutual aid agreements and fee schedules were analyzed, along with the billing and collection process for EMS services. Also, the size and maintenance of Fire Department's vehicle fleet was reviewed, including replacement schedules. Finally, technology use, purchasing processes and grant-seeking activities were reviewed.
- Road Department revenues and expenditures were reviewed and compared to peer townships. Staffing levels were examined based on the types of services performed and the number of lane miles maintained by the department. The processes for road and pothole repairs, road maintenance, street sweeping, snow and ice removal, recycling, and storm sewer maintenance were evaluated and compared to peers and best practices as appropriate. Also, the technology systems used to track work orders and requests were assessed. Furthermore, the level of planning for capital and equipment replacement needs

was evaluated. The size and maintenance of the Road Department's vehicle fleet was reviewed, including replacement schedules. Finally, the technology use, purchasing processes and grant-seeking activities were also reviewed.

The performance audit was designed to develop recommendations providing cost savings, revenue enhancements, and/or efficiency improvements. The recommendations comprise options that the Township can consider in its continuing efforts to stabilize financial conditions.

## **Scope and Methodology**

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Additionally, data was deemed reliable unless noted otherwise in the report sections. Peer township data and other information used for comparison purposes were not tested for reliability, although the information was reviewed for reasonableness and applicability.

This performance audit was conducted between April 2007 and September 2007 and data was drawn from fiscal years 2004 through 2006. To complete this report, the auditors gathered a significant amount of data pertaining to the Township; conducted interviews with numerous individuals associated internally and externally with the various departments; and reviewed and assessed available information.

The performance audit process involved significant information sharing with the Township, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the Township of key issues impacting selected areas, and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the Township was solicited and considered when assessing the selected areas and framing recommendations. Finally, the Township provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on the Township's comments.

In addition, Austintown and Miami townships were selected to provide benchmark comparisons for the areas assessed in the performance audit. These Townships were selected based upon demographic and operational data. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, including the following:

- Government Finance Officers' Association (GFOA);
- State Employment Relations Board (SERB),
- Society for Human Resource Management (SHRM),

- Ohio Department of Administrative Services (DAS);
- Commission on Accreditation for Law Enforcement Agencies (CALEA);
- American Public Works Association (APWA);
- United States Environmental Protection Agency (EPA);
- Federal Highway Administration (FHA); and the
- Ohio Public Works Commission (OPWC).

The Auditor of State and staff express their appreciation to Boardman Township and the peer organizations for their cooperation and assistance throughout this audit.

## Noteworthy Accomplishments

This section of the executive summary highlights specific Boardman Township accomplishments identified throughout the course of the audit.

### *In the area of Human Resources:*

- **Workers Compensation:** The Township has been an active participant in the Mahoning County Safety Council incentive program and receives a 4 percent rebate on its workers compensation premium.

### *In the area of Police Operations:*

- **Response Time:** Boardman PD should be commended on its response time to calls for service. The department provided an average response to priority 1 calls of 3 minutes 31 seconds and to non-priority 1 calls of 3 minutes 43 seconds. According to *Municipal Benchmarks – Assessing Local Performance and Establishing Community Standards* (David M. Ammons, 2001), an excellent police response time is five minutes, regardless of the type of call and can range up to 10 to 30 minutes for non-emergency calls.
- **Training:** Boardman PD has established an efficient and effective training program. The department has made a commitment to individual employee development and is ensuring that each obtains significantly more training than the minimum requirements established by ORC § 109.803 and ORC § 109.901. Additionally, the Department maintains accurate training records on every officer, thereby ensuring that professional development needs are met and well-documented.

- **CALEA Accreditation:** The Department has attained CALEA accreditation. This level of accreditation has only been provided to 45 police departments throughout the State. Accreditation represents significant professional achievement and has resulted in many positive benefits for the Department, including greater accountability for police operations, improved employee training, and enhanced overall community policing efforts.
- **Personnel Early Warning System:** Boardman PD identifies potential employee performance and behavior issues through the development and monitoring of a personnel early warning system (PEWS). This system is recommended by ICMA to effectively deal with employee behavior and it allows the department to identify and address personnel problems and provide greater accountability to the public for employee performance.

*In the area of Fire Operations:*

- **Fire Prevention:** The Boardman FD experienced fewer fires per 1,000 residents and per square mile than both peers. Considering that the Township has a higher number of commercial parcels than both Austintown and Miami, and more houses than the peer average, the lower number of fires per resident and per square mile can be partially linked to the Department's fire prevention activities.
- **Fire Investigation:** The Boardman FD conducts more investigations than the peers. A lower number of fires results in the Department investigating a much higher percentage of its fires when compared to the peers. In addition to ensuring arsons are identified, investigating more fires can help the Department identify additional fire prevention methods and contribute to the lower number of fires per 1,000 residents and per square mile.

## Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified permit and inspection fees as an issue requiring further study. Additional detail pertaining to this issues is presented in the **Fire** section of the report.

## **Assessments Not Yielding Recommendations**

In addition to the analysis presented in this report, assessments were conducted on several areas which did not warrant changes or yield any recommendations. These areas include the following and additional detail is presented in the respective sections of the report.

- **Financial Systems:** Investments and controls over payroll;
- **Human Resources:** Administrative staffing, health care premiums;
- **Police:** Sworn personnel and preventive maintenance expenditures;
- **Fire:** Staffing, overtime costs, mutual aid, commercial false alarm policy, certain provisions in the collective bargaining unit agreement, technology, fleet size, and grants; and
- **Road:** Revenue enhancements, provisions within the bargaining unit agreement, mechanic staffing, and salt usage.

## **Financial Forecast Conclusions**

Boardman Townships' General Fund and Police District Fund are both projected with deficits, with and without the impact of the performance audit recommendations. In contrast, the Road and Bridge Fund is projected with positive balances throughout the forecast period, even without the impact of the performance audit recommendations. However, the ending fund balance is estimated to be only approximately \$54,000 in FY 2011.

For the Township to avoid projected deficits in the General Fund and Police District Fund, it will need to make difficult management decisions regarding means for increasing revenues and reducing expenditures. This effort can be aided, in part, by reviewing and implementing the recommendations in this performance audit. For example, taking measures to improve economic development activities could help the Township increase revenues (see **R2.5**). Due to the numerous variables that can affect future growth in the Township, the analysis of the performance audit recommendations in **Tables 2-3, 2-4, and 2-5** does not include the impact of **R2.5**.

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## Conclusions and Key Recommendations

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

*In the area of Financial Systems:*

- The Township should adopt formal policies and procedures for the budget process. The policies and procedures should establish guidelines, instructions, milestones and responsibilities, and allow for stakeholder involvement and adequate time for review and preparation. The Trustees should carefully review budgetary performance and question administrators as needed to ensure adherence to the budget and obtain justification for potential deviations. Furthermore, Boardman should prepare and publish a formal budget on its website that includes elements suggested by the Government Finance Officers Association (GFOA).
- The Township should consider developing formal policies for several major financial management areas recommended by GFOA. Accordingly, the Township should periodically review and revise its financial management policies. The creation of formal policies would help ensure that financial management personnel are clearly aware of important considerations, and Trustee expectations and requirements.
- The Township should strengthen existing internal controls to minimize risks. Specifically, the Trustees should assist the Clerk in the formal development of an internal control structure which would segregate cash management processes, avoid appropriations exceeding available resources, limit the use of “then and now” purchase orders as defined by ORC § 5705.11. The development of such a structure would be aided, in part, by developing formal policies and procedures, and using an audit committee or assigning internal audit functions to the appropriate employee. The Clerk and Trustees should carefully review the existing internal control structure to identify other weaknesses and make adjustments accordingly.
- Boardman Township should develop a comprehensive purchasing manual. To aid in this process, the Township should review the Police Department’s purchasing manual to identify the items that can be applied to all departments. The Township-wide manual should clearly delineate approval paths, purchasing authority, and statutory requirements. The manual should also include competitive bidding requirements, the request for proposal process, and instructions for making purchases and documenting price comparisons from multiple sources. The manual should be updated annually, distributed to all departments, and be a part of new employee training.

*In the area of Human Resources:*

- Boardman should require all full-time employees to contribute at least 10 percent towards the cost of the monthly health insurance premiums, similar to its AFSCME and non-union staff. This will help to mitigate the high costs associated with providing health insurance coverage. Furthermore, Boardman should renegotiate its employee health care premium contribution to be stated as a percentage rather than a fixed dollar amount, which would help offset annual increases in healthcare premiums.

In addition, the Township, through its insurance committee, should closely monitor plan design and benefits. Specifically, during future negotiations, the Township should consider requiring increasing employee co-pays for prescription drugs and ER visits; employee annual deductibles; and out-of-pocket and lifetime maximums. Also, the Township should consider bidding out its healthcare and dental insurance plans or renegotiating plan benefits in order to obtain lower premiums.

- Boardman Township should work with its BWC Employee Services representative to implement the appropriate programs to reduce premiums and future claims. Examples of these programs are the Premium Discount Program, Transition to Work program, Drug Free Workplace, and the Retrospective Rating program. By working closely with the BWC representative, the Township will be able to realize a cost savings through discounts. Furthermore, by participating in these programs, it may also be able to reduce the number of future claims.
- Boardman Township should take steps to more closely align its compensation levels with the peers, including the following:
  - During future collective bargaining, the Township should eliminate the practice of paying a portion of the employees' share of retirement contributions for the Road Department. (See the **road section** for further discussion.)
  - During future collective bargaining, the Township should alter the salary schedules for the Fire and Police (supervisors, and patrol officers) to bring them more in line with the peers. For example, the Township could consider reducing the first step and last step for OPBA (police) and AFL-CIO (fire) of the schedules.

- Limit negotiated wage increases for staff in future years, particularly if the Township encounters financial difficulties (see financial systems section), maintains current salary schedules, or continues to pay the full employee retirement contribution for the road department staff. (see **road section** for further assessment and financial implication)
- Boardman Township should eliminate the attendance incentive programs it offers its employees. By eliminating this provision, the Township will reduce its future financial liability.

*In the area of Police Operations:*

- The Township should reduce operational expenditures for the communications center either by reducing dispatch staffing by 2 FTEs or outsourcing dispatch services. If the services are to remain in house, Township officials should evaluate the potential to reduce the dispatch center staffing by reducing auxiliary services provided by this division. Pursuant to ORC § 505.43, Township trustees have the ability to choose police-related services in the most cost efficient manner without jeopardizing the level of protection within its borders.
- During future negotiations with the Ohio Patrolmen’s Benevolent Association (OPBA), the Township should consider eliminating or revising the following language from its collective bargaining agreements with patrolmen, supervisors and dispatchers:
  - Remove the minimum patrolman “staffing per shift” and “preservation of rank” clauses;
  - Negotiate a sick leave balance limit of 480 hours and provide payment of only 25 percent of this balance or 120 hours, which would be equivalent of the minimum limits established by ORC 124.39; (see R4.6 for further assessment of sick leave)
  - Reduce the number of vacation days provided to employees with 12 or more years of service to the amounts provided by Austintown PD and Miami PD and ensure that the Township does not provide more than 25 days of vacation to any employee;
  - Reduce the number of paid holidays for dispatchers and patrolmen from 11 days to 10 days. Additionally, the Township should consider reducing the holiday pay rate from double time in addition to holiday pay to time and a half in addition to holiday pay which is the benefit offered at the peers.

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- Eliminate the 7.0 hour guarantee for officers who are on call from the patrolmen's and supervisor's negotiated agreements.
  - Eliminate the shift differential compensation payments for patrolmen working afternoons and midnights when negotiating a new agreement with OPBA.
  - Boardman PD should examine ways to lower its overtime expenditures and ensure that it is effectively managed by the Department. The Department should consider compiling cumulative, detailed reasons for overtime use in a format that can be analyzed by the Chief. The detailed reasons should include sources of overtime payments, as well as a cost-benefit analysis of overtime use versus increasing staffing levels. During the course of this audit, the Police Chief indicated that the Department implemented measures to assess and control overtime costs. According to the Police Chief, the Department reduced patrol overtime by 1,440 hours in 2007.
  - Boardman PD should establish a comprehensive vehicle take home policy to ensure that it maintains only those vehicles necessary to ensure safety within the Township.
  - Boardman PD should repair the records management system (RMS) used by the field officers for incident reporting. When the RMS is functioning properly, the Department will be able to reduce up to 4 FTE records clerk (civilian) positions. By not repairing the current RMS, the Department's manual process is redundant, time consuming and costly. The Township should consider hiring an information technology coordinator to assist with this recommendation and other technology issues. If the Township decides to hire a technology coordinator in-house it should not continue its outside technology services.

*In the area of Fire Operations:*

- In future negotiations, the Township should seek to address the following items in the Fire Department's collective bargaining agreement:
  - Revise the fire prevention officers work week to 40 hours, excluding lunch;
  - Consider reducing the vacation schedule for fire prevention officers to a level similar to the peers' fire prevention staff;
  - Minimize increases to salaries (see human resources section);
  - Reduce or eliminate attendance incentives (see **human resources** section); and
  - Require Fire Department personnel to contribute to the cost of health insurance premiums, similar to other Township employees (see **human resources** section).

Renegotiating these provisions would decrease expenditures and better align these provisions with peers and other bargaining unit agreements in the Township (see human resources section.)

*In the area of Road Operations:*

- Boardman Township should consider reducing its Road Department staffing by up to six FTEs. For example, based on peer comparisons, these six reductions could include 2.0 Assistant Superintendent FTEs, 1.0 Road Inspector FTE, and 3.0 Operator/ Truck Driver/ Laborer FTEs. In accordance with the collective bargaining agreement, the Department should consider reducing three of its lowest seniority positions in the Operator/ Truck Driver/ Laborer classifications. The Township should also seek an opinion from its legal advisors on contract language dealing with elimination of positions based on seniority to ensure that it does not affect mechanic positions.
- During future negotiations with the Township Workers Association (TWA), the Department should consider eliminating or revising the following language in the collective bargaining agreement with Road Department Workers:
  - Reduce the number of vacation days provided to employees with 6 or more years of service. In addition, the vacation accumulation schedule should be adjusted so that Boardman RD employees do not receive more than 30 days of vacation.
  - Eliminate the sick leave buy-back option as it has not been effective controlling sick leave. While no employees took advantage of the provision in 2006, it represents a significant potential cost to the Department. (see human resource section for further assessment)
  - Eliminate the attendance incentive offered to TWA employees. (see human resource section for further assessment).
  - Reduce the uniform allowance provision to the peer average of \$375. Furthermore, the benefit should be eliminated for all administrative staff not covered under the TWA agreement. By reducing the benefit for TWA employees and eliminating it for administrative staff, the Department will be able to reduce costs while still offering a benefit that is higher than Austintown Township.

- Discontinue paying 100 percent of Boardman RD employees' portion of retirement contributions.
  - Eliminate the Commercial Drivers License (CDL) bonus provision.
- Boardman Township should develop a five-year, comprehensive capital improvement/replacement plan (CIP) as part of its overall strategic plan, to include all capital assets. As part of the CIP process, the Township should ensure that all capital assets are inspected to determine maintenance needs and priority. This will ensure that critical repair work or equipment replacement is completed as funds become available. The CIP should be incorporated into the Township budget and updated annually. Developing a CIP will provide the Township with an opportunity for effective long-range financial planning and management.
- Boardman RD should implement a full cost accounting system to track its program-related costs, not only for recycling but also any other Department program, such as street sweeping, snow and ice control or pothole patching. (see R6.2, R6.3, R6.4, R6.5, and R6.6) Once full cost accounting is implemented and Boardman Township's Recycling Program costs are accurately calculated, the Township has three options:
  1. Increase its revenue by selling compost and mulch to the residents instead of providing these items free of charge. This option is most viable if the difference in the support from Mahoning County Green Team (MCGT) and recycling program total costs is minimal.
  2. Seek additional grant funding to offset the difference in the support from MCGT and total recycling program costs. This option should be implemented if the difference is too large and revenue from the sale of compost and mulch is not sufficient to offset losses.
  3. If options 1 or 2 cannot be implemented, the Township should shut down its recycling program. This would eliminate the costs associated with operating the program and avoid the potential for a deficit.

## Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that Boardman Township should consider. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

### Summary of Financial Implications

Recommendation	Estimated Annual Cost	Estimated Annual Cost Savings
<b>R3.2</b> Obtain Workers Compensation discount		\$111,000
<b>Subtotal Human Resources</b>		<b>\$111,000</b>
<b>R4.1</b> Contract with neighboring community for dispatch services or reduce 2.0 FTE dispatch positions		\$91,000
<b>R4.7</b> Reduce 4.0 FTE records clerks and hire 1.0 FTE technology coordinator		\$188,000
<b>Subtotal Police</b>		<b>\$279,000</b>
<b>R6.1</b> Reduce the Boardman RD by 6 FTEs		\$400,280
<b>Subtotal Road</b>		<b>\$400,280</b>
<b>TOTAL Not Subject to Negotiations</b>		<b>\$790,280</b>
<b>R3.1</b> Require bargaining unit employees health care contribution		\$108,000
<b>R3.4</b> Eliminate quarterly sick leave bonus.		\$32,700
<b>Subtotal Human Resource</b>		<b>\$140,700</b>
<b>R4.3</b> Reduce number of holidays for patrolmen by one day		\$35,000
<b>R4.3</b> Eliminate shift differential for patrolmen		\$20,000
<b>R4.4</b> Eliminate overtime clauses from patrolmen agreement		\$92,000
<b>R4.5</b> Reduce number of unmarked vehicles by 11		\$32,000
<b>Subtotal Police</b>		<b>\$179,000</b>
<b>R6.7</b> Eliminate the vacation buy-back option.		\$8,000
<b>R6.7</b> Reduce the uniform allowance down to \$375 per year.		\$11,200
<b>R6.7</b> Eliminate payment of the employees' portion of retirement contributions.		\$137,000
<b>R6.7</b> Eliminate the CDL bonuses.		\$17,000
<b>Subtotal Road</b>		<b>\$173,200</b>
<b>TOTAL Subject to Negotiations</b>		<b>\$492,900</b>
<b>TOTAL FINANCIAL IMPLICATIONS</b>		<b>\$1,283,180</b>

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# Financial Systems

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## Background

This section of the performance audit analyzes the Township's current and future financial condition through the development of five-year forecasts of the General Fund, Police District Fund, and Road and Bridge Fund. The Capital Fund is supported solely by transfers from the General Fund. In addition, all capital projects were placed on hold during the course of this audit. Consequently, AOS did not create a forecast of capital fund revenues and expenditures. This section of the performance audit also analyzes financial systems, strategic planning, performance measurement, and economic development activities within Boardman Township (Township). To illustrate various operational issues, comparisons are made throughout this section to the following peer townships: Miami Township and Austintown Township. Information from other applicable sources was also used for comparison purposes, including the Government Finance Officers Association (GFOA).

### *Organizational Structure and Function*

The Township is located in northeast Ohio in Mahoning County. It comprises approximately 24 square miles and provides services to approximately 41,000 citizens. Services include law enforcement, fire protection, road and bridge maintenance, emergency medical services, and zoning. Boardman Township operates on a fiscal year (FY) that runs from January 1 to December 31. In FY 2006, the Township operated on a budget of \$29 million. The largest source of revenue for Boardman Township is property taxes, representing 66 percent of total revenue in FY 2006. The largest expenditure for the Township is salaries, representing 53 percent of expenditures in FY 2006. Fringe benefits are the second largest expenditure, comprising 25 percent of total expenditures in FY 2006. In addition, the Township ended FY 2006 with a cash balance (all funds) of \$7,812,689.

The Township is governed by a locally elected three member Board of Trustees (Trustees). The Trustees appoint an Administrator to handle the day-to-day administration of the Township. The Trustees act as advisors on Township finances and exercise legislative authority within the Township. Furthermore, the Trustees approve all purchases within the Township that are \$500 or greater.

In addition to the Board of Trustees, the Township also elects a clerk. The Clerk is the legally designated fiscal officer for the Township. The Clerk is independent of the Trustees, yet by law, must work closely with them, especially on financial matters. According to Ohio Revised Code (ORC) section § 507.04, the Clerk works part time, and is responsible for keeping accurate

records of the proceedings of Trustee meetings, maintaining accurate records of all the accounts and transactions of the Township Trustees, issuing all checks, and preparing payroll. Additionally, the Clerk's Office is responsible for all accounting transactions for all departments within the Township.

### *Revenue and Expenditure Comparisons*

#### **Local Revenue:**

**Table 2-1** compares Boardman Township's revenues by source on a per citizen basis for all funds to the peers.

**Table 2-1: FY 2006 Revenues by Source (Per Citizen)**

	<b>Boardman</b>	<b>Austintown</b>	<b>Miami</b>	<b>Peer Average</b>
Local Taxes	\$250	\$185	\$430	\$307
Intergovernmental	\$64	\$74	\$89	\$81
Fines & Fees	\$11	\$10	\$29	\$20
Interest	\$8	\$3	\$22	\$12
Other <sup>1</sup>	\$23	\$74	\$103	\$88
<b>Total Operating Revenue</b>	<b>\$356</b>	<b>\$346</b>	<b>\$672</b>	<b>\$509</b>

Source: AOS UAN and Miami Township FY 2006 Financial Report

<sup>1</sup> Includes sales of notes, forfeited land, donations, and sales of fixed assets

As shown in **Table 2-1**, the Township's total revenues per citizen for FY 2006 are significantly lower than Miami Township. Boardman Township's total revenues per citizen are comparable to Austintown Township, which is within the same county. Miami Township's higher revenues are due, in part, to higher effective tax rates for levies. For instance, Miami Township has separate operating levies for garbage disposal, fire department, police department, and general operations, with a combined total of 18.06 effective mills. This is significantly higher than Boardman at 9.67 effective mills and Austintown at 12.70 effective mills. Despite the lower effective millage rates, the Township's local revenues per citizen are 35 percent higher than Austintown. This is due to Boardman's significantly higher total property value. While Boardman collected more local tax revenue per citizen in FY 2006 than Austintown, **Table 2-1** shows that it received fewer intergovernmental revenues per citizen.

**Table 2-1** also indicates that Miami Township's fines and fees per citizen more than double Boardman and Austintown. This is due to Miami collecting fees for its emergency medical services (EMS), while Boardman and Austintown contract for this service. Due to higher revenues and consequently a higher volume of cash, Miami Township's interest revenue is also much higher than Boardman and Austintown. Additionally, Boardman's other revenue, which includes sales of notes, forfeited land, donations, and sales of fixed assets, is significantly below the peer average. This is primarily due to Boardman not selling notes. In contrast, Austintown

received \$1,672,000 and Miami Township received \$996,000 in proceeds from the sale of notes in FY 2006.

**Expenditures Per Citizen:**

**Table 2-2** compares the Township's expenditures per citizen by function to the peers.

**Table 2-2: FY 2006 Expenditures by Function (Per Citizen)**

	<b>Boardman</b>	<b>Austintown</b>	<b>Miami</b>	<b>Peer Average</b>
General Government	\$40	\$27	\$55	\$41
Public Safety	\$294	\$183	\$407	\$295
Public Works	\$88	\$46	\$68	\$57
Health	\$7	\$6	\$0	\$3
Conservation/Recreation	\$0	\$9	\$8	\$9
Other	\$75	\$103	\$57	\$80
Capital Outlay	\$15	\$22	\$95	\$38
Debt Service	\$0	\$30	\$7	\$19
<b>Total</b>	<b>\$519</b>	<b>\$425</b>	<b>\$697</b>	<b>\$561</b>

**Source:** AOS UAN and Peer District FY 2006 Financial Reports

As shown in **Table 2-2**, the Township overall spent less than Miami, but more than Austintown. The higher spending per citizen when compared to Austintown is primarily due to the following:

- **Public Safety** – Boardman Township's public safety expenditures per citizen were significantly higher than Austintown. The public safety expenditures include all expenses incurred for providing police and fire services. The higher expenditures are primarily the result of higher salaries for the Police and Fire departments. In addition, Fire Department employees covered by the collective bargaining agreement do not contribute towards the monthly health insurance premiums. See the **human resources, police and fire department** sections of this report for further discussion.
- **Public Works** – Boardman Township's public works expenditures were higher than the peer average by \$31 per citizen (54 percent). This is due to higher staffing and compensation levels in the Road Department. See the **road department and human resources sections** for more information.

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*Financial Forecast*

**Tables 2-3, 2-4 and 2-5** present five-year financial projections for the three largest funds within Boardman Township: General Fund (**Table 2-3**) Police District Fund (**Table 2-4**), and the Road and Bridge Fund (**Table 2-5**). **Tables 2-3, 2-4, and 2-5** also include the potential impact of implementing the performance audit recommendations on Boardman Township's projected financial condition.

As shown in **Tables 2-3 and 2-4**, the General Fund and Police District Fund are both projected with deficits, both with and without the impact of the performance audit recommendations. In contrast, **Table 2-5** shows that the Road and Bridge Fund is projected with positive balances throughout the forecast period, even without the impact of the performance audit recommendations. However, without the impact of the performance audit recommendations, the Road and Bridge Fund is projected with a positive ending fund balance of only approximately \$54,000 in FY 2011.

For the Township to avoid the projected deficits in the General Fund and Police District Fund, it will need to make difficult management decisions regarding potential means for increasing revenues and reducing expenditures. This can be aided, in part, by reviewing and implementing the recommendations in this performance audit. For example, taking measures to improve economic development activities could help the Township increase revenues (see **R2.5**). Due to the numerous variables that can affect future Township growth, the analysis of the performance audit recommendations in **Tables 2-3, 2-4, and 2-5** does not include the impact of **R2.5**.

The assumptions disclosed herein were developed by the Auditor of State's Office (AOS), based upon historical trends<sup>1</sup> and information obtained from applicable sources, including Boardman Township and the Ohio Department of Taxation (ODT). Because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time the projections are prepared, there may be differences between projected and actual results.

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<sup>1</sup> In instances where detailed information for FY 2000 through FY 2002 was unavailable, AOS had to use an abbreviated historical trend for forecasting purposes.

## General Fund Financial Forecast

Table 2-3 presents the five-year forecast of the Township's General Fund, along with three years of historical information.

Table 2-3: General Fund Forecast (in 000s)

	General Fund Historical Values			General Fund Forecast Values				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>Revenues</b>								
Real Estate Property	\$4,768	\$4,879	\$5,107	\$5,241	\$5,267	\$4,164	\$1,935	\$104
Personal Property	\$927	\$1,006	\$967	\$783	\$340	\$102	\$51	\$0
Permissive Sales Tax	\$278	\$286	\$266	\$270	\$270	\$270	\$270	\$270
Licenses, Permits, and Fees	\$280	\$467	\$351	\$409	\$409	\$409	\$409	\$409
Local Government	\$756	\$758	\$754	\$756	\$756	\$756	\$756	\$756
Estate Taxes <sup>1</sup>	\$1,069	\$8,303	\$794	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Rollback and Homestead	\$596	\$597	\$428	\$855	\$1,040	\$1,252	\$1,116	\$823
Other Intergovernmental	\$44	\$168	\$59	\$47	\$47	\$47	\$47	\$47
Interest	\$103	\$178	\$295	\$298	\$301	\$304	\$307	\$310
Miscellaneous	\$4	\$4	\$22	\$10	\$10	\$10	\$10	\$10
<b>Total Operating Revenues</b>	<b>\$8,824</b>	<b>\$16,646</b>	<b>\$9,043</b>	<b>\$10,470</b>	<b>\$10,241</b>	<b>\$9,115</b>	<b>\$6,701</b>	<b>\$4,529</b>
Transfers In	\$98	\$241	\$0	\$100	\$100	\$100	\$100	\$100
Advances In	\$407	\$261	\$1,076	\$0	\$0	\$0	\$0	\$0
Other	\$315	\$243	\$303	\$124	\$124	\$124	\$124	\$124
<b>Total</b>	<b>\$820</b>	<b>\$745</b>	<b>\$1,379</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>	<b>\$224</b>
<b>Total Other Financing Sources and Operating Revenues</b>	<b>\$9,644</b>	<b>\$17,391</b>	<b>\$10,422</b>	<b>\$10,694</b>	<b>\$10,465</b>	<b>\$9,339</b>	<b>\$6,925</b>	<b>\$4,753</b>
<b>Expenditures</b>								
Personal Services	\$7,479	\$7,926	\$8,000	\$8,662	\$9,021	\$9,392	\$9,672	\$10,040
Fringe Benefits	\$1,934	\$1,995	\$2,101	\$2,242	\$2,343	\$2,550	\$2,699	\$2,871
Purchased Services	\$879	\$1,014	\$925	\$994	\$1,009	\$1,016	\$1,009	\$1,006
Supplies/Materials	\$1,068	\$577	\$442	\$490	\$490	\$490	\$490	\$490
Other	\$294	\$277	\$278	\$283	\$283	\$283	\$283	\$283
Capital Outlay	\$476	\$238	\$593	\$467	\$467	\$467	\$467	\$467
<b>Total Operating Expenditures</b>	<b>\$12,130</b>	<b>\$12,027</b>	<b>\$12,339</b>	<b>\$13,138</b>	<b>\$13,614</b>	<b>\$14,197</b>	<b>\$14,620</b>	<b>\$15,156</b>
Transfers Out	\$1,542	\$568	\$918	\$1,009	\$1,009	\$1,009	\$1,009	\$1,009
Advances Out	\$407	\$261	\$1,076	\$0	\$0	\$0	\$0	\$0
<b>Total Other Financing Uses and Operating Expenditures</b>	<b>\$14,079</b>	<b>\$12,856</b>	<b>\$14,333</b>	<b>\$14,147</b>	<b>\$14,623</b>	<b>\$15,207</b>	<b>\$15,629</b>	<b>\$16,166</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(\$4,435)</b>	<b>\$4,536</b>	<b>(\$3,911)</b>	<b>(\$3,454)</b>	<b>(\$4,158)</b>	<b>(\$5,868)</b>	<b>(\$8,704)</b>	<b>(\$11,412)</b>
<b>Beginning Fund Balance</b>	<b>\$8,696</b>	<b>\$4,261</b>	<b>\$8,797</b>	<b>\$4,886</b>	<b>\$1,432</b>	<b>(\$2,726)</b>	<b>(\$8,594)</b>	<b>(\$17,298)</b>

	General Fund Historical Values			General Fund Forecast Values				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>Expenditures</b>								
<b>Ending Fund Balance</b>	\$4,261	\$8,797	\$4,886	\$1,432	(\$2,726)	(\$8,594)	(\$17,298)	(\$28,710)
<b>Encumbrances</b>	\$220	\$349	\$319	\$274	\$274	\$274	\$274	\$274
<b>Renewal Levies</b>	\$0	\$0	\$0	\$0	\$0	\$1,459	\$3,896	(\$5,902)
<b>Cumulative Balance of Renewal Levies</b>	\$0	\$0	\$0	\$0	\$0	\$1,459	\$5,355	\$11,258
<b>Unencumbered Fund Balance</b>	<b>\$4,041</b>	<b>\$8,448</b>	<b>\$4,567</b>	<b>\$1,158</b>	<b>(\$3,000)</b>	<b>(\$7,409)</b>	<b>(\$12,216)</b>	<b>(\$17,726)</b>
<b>Cumulative Impact of Performance Audit Recommendations <sup>2</sup></b>					\$251	\$775	\$1,321	\$1,891
<b>Adjusted Fund Balance</b>					(\$2,749)	(\$6,634)	(\$10,896)	(\$15,836)

Source: AOS Assumptions and Boardman Township Historical Information

<sup>1</sup>Estate taxes are extremely volatile and difficult to project. Boardman Township relies heavily upon this revenue stream in order to remain solvent. Consequently, the Township should examine other revenue options in order to decrease dependency.

<sup>2</sup>Due to the numerous variables that can impact economic development, this excludes the impact of **R2.5**. In addition, only half of the total annual impact of the performance audit recommendations is included in FY 2008, due to timing.

The following lists the assumptions used to develop the revenue and expenditure projections in **Table 2-3**.

### **Revenues:**

#### *Real Estate Property Taxes*

The General Fund includes four voted levies that total 9.4 mills and 0.65 inside (non-voted) mills. All four levies expire during the forecast period. Specifically, a 3.2 mill levy expires in FY 2008, a 2.5 mill levy expires in 2009, and both a 3.0 mill levy and a 0.70 mill levy expire in FY 2010. Consequently, the property tax line item is adjusted to reflect the expiration of these levies as they occur, and a separate row at the end of **Table 2-3** captures the impact of renewing the levies. All four levies were passed prior to 1996.

A triennial update occurred in FY 2002, leading to an increase of 6.2 percent in property tax revenues for FY 2003. In FY 2005, a complete reappraisal occurred, resulting in an increase in revenues of 4.7 percent for FY 2006. Additionally, House Bill (HB) 66 repealed a 10 percent reduction in taxes for commercial/industrial property (effective tax year 2005), which also contributed to the increase in revenues in FY 2006. This resulted in approximately one half of commercial/industrial property tax revenue being included in FY 2006 revenue. When the HB 66 changes are excluded, the resulting reappraisal increase for the General Fund was 3.3 percent. From FY 2000 to FY 2006, property tax revenues increased each year approximately one percent during non-update/reappraisal years. During reappraisal/update years, property tax revenue increased by 4.8 percent, after accounting for HB 66. As a result, real estate revenue growth

during non-update/reappraisal years will be projected at 0.5 percent to be conservative, and the update year (FY 2009) will be projected at 4.8 percent.

#### *Tangible Personal Property Taxes*

Personal property taxes are taxes levied upon property used in business, such as machinery, equipment, inventory, and furniture. Although personal property tax revenues fluctuated significantly from FY 2000 to FY 2006, they decreased by an annual average of 0.7 percent. However, HB 66 accelerated the phase-out of the tax on tangible personal property. The tax on business and railroad property will be eliminated by TY 2009, while telephone and telecommunications will be eliminated by TY 2011. Consequently, per HB 66, tangible personal property tax revenue will be projected by using the lowered assessment rates and the 2004 base year property values. The Ohio Department of Education uses this methodology as well to help school districts project tangible personal property tax revenues during the phase out. As a result of this methodology, the Township's local revenue from tangible personal property tax is projected to decline an average of 55 percent for FY 2007 through FY 2010. It should be noted that in FY 2007, public utility tangible personal property<sup>2</sup> will be converted to business tangible personal property. As a result, in FY 2007, the Township will receive taxes from the FY 2006 public utility tangible personal property, as well as FY 2007 business tangible personal property.

#### *Tangible Personal Property Tax Loss Reimbursement*

While HB 66 accelerated the phase-out of the tax on tangible personal property, it also contained a provision that the State would fully reimburse taxing authorities for lost revenue through FY 2010, and partially reimburse them from FY 2011 through FY 2017. Therefore, this line item is forecast using the ODT scheduled reimbursements for FY 2007. For FY 2008 and beyond, AOS will project the reimbursements based upon ODT's phase out schedule. The tax loss reimbursement is captured in the rollback and homestead line item.

#### *Permissive Sales Tax*

Under a 1967 law, townships are permitted to enact a lodging tax of up to 3 percent. The law was revised in 1980 to allow a township to levy an additional 3 percent tax, if the county it is located in (wholly or partly) was not levying a lodging tax. Therefore, since Mahoning County is levying a 3 percent lodging tax, Boardman Township can and does levy the maximum 3 percent. From FY 2000 to FY 2006, permissive sales tax revenue has remained relatively stable, averaging \$270,000 annually. Additionally, this revenue source ranged from a low of approximately

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<sup>2</sup> In Ohio, the tangible personal property of public utility companies is treated the same as real property: Taxes are paid in the year following the tax year (e.g. 2006 taxes are paid in 2007). Tangible personal property taxes are paid during the tax year (e.g. 2006 taxes paid in 2006). Consequently, when the tangible personal property of public utility companies is converted to business tangible personal property in 2007, an entity will receive two years worth of taxes.

\$246,000 (FY 2001) to a high of approximately \$286,000 (FY 2005). Given the consistency in this revenue source, permissive sales tax will be projected at the historical average of \$270,000.

#### *Licenses, Permits, and Fees*

The Township charges fees for CPR and first aid classes offered by the Fire Department, and for permits issued by the Zoning Department for construction and the Fire Department for fire extinguisher/alarm systems. These revenues are primarily driven by need and fee schedules. As a result, this revenue source fluctuated significantly from FY 2000 to FY 2006, ranging from a low of approximately \$108,000 in FY 2002 to a high of approximately \$467,000 in FY 2005. Charges for Fire Department services have not changed recently; however, effective April 2005, the Zoning Department's fees were increased. This contributed to the 66 percent increase in revenue for FY 2005. Therefore, AOS will project licenses, permits, and fee revenues at the average for FY 2005 and FY 2006, \$409,000.

#### *Rollback and Homestead Exemption Reimbursement*

ORC sections § 319.302 and § 323.151 grant tax relief through two main methods: homestead and rollback exemptions. The homestead reduction is tax relief granted to low income, elderly, and disabled homeowners. This is factored as a 2.5 percent reduction. The rollback reduction is tax relief granted through a universal 10 percent reduction in each tax payer's real property tax bill. The State reimburses local governments for these losses. From FY 2000 to FY 2005, these reimbursements averaged 12.7 percent of real property tax revenue collected for the same time period, and ranged from 12.2 to 13.1 percent. However, HB 66 repealed the 10 percent rollback reduction for commercial/industrial real property, effective tax year 2005 (collections in 2006). As a result, homestead and rollback revenues comprised only approximately 8 percent of real property tax revenue in 2006. Given that rollback and homestead reimbursement is closely tied to property tax revenue, and based on the elimination of the rollback on the commercial/industrial property, rollback and homestead exemption revenue will be projected to be 8 percent of real property tax revenue.

#### *Tax Loss Reimbursement*

Boardman Township receives reimbursement for revenue lost due to changes in the electric and gas tangible personal property assessment rates. From FY 2002 through FY 2006, reimbursement was 100 percent of lost revenue. However, for FY 2007 through FY 2011, reimbursement is set at 80 percent. From FY 2002 to FY 2006, the reimbursement for Boardman Township was \$130,000 annually. However, due to the provisions within SB 3, reimbursement will be approximately \$104,000 annually through FY 2011. This revenue will be accounted for in the real estate property tax line item.

*Local Government Fund Distributions*

Each county government in Ohio receives funding from the Ohio Department of Taxation in a revenue sharing process. The funding comes from major State taxes (e.g. sales tax). Every August, the county budget commission computes each subdivision's (township, municipality, etc) share for the next calendar year. Beginning with HB 95, which was the State's budget bill for FY 2003-04 and FY 2004-05, a freeze was enacted. The freeze was continued by HB 66 for another two fiscal years (FY 2005-06 and FY 2006-07). As a result, the subdivisions will receive approximately the same amount in calendar years 2006 and 2007 that they received in calendar year 2004. For Boardman Township, local government fund distributions totaled \$755,662 in FY 2004, \$758,261 in FY 2005, and \$753,952 in FY 2006. Therefore, AOS will use the average of FY 2004, FY 2005, and FY 2006 for the local government fund distributions throughout the forecast period (approximately \$756,000).

*Estate Taxes*

The State of Ohio levies a tax against the value of a resident decedent's gross estate. For estates ranging from \$338,333 to \$500,000, the tax is \$13,900 plus 6 percent of the excess over \$338,833. For estates over \$500,000, the tax is \$23,600 plus 7 percent of the excess over \$500,000. Beginning in January 2002, 80 percent of collections are distributed to the township of origination, and 20 percent is distributed to the State. From FY 2000 to FY 2006, Boardman Township has received an average of \$2.7 million annually. However, beginning in FY 2003, estate tax revenue has declined every year, with the exception of FY 2005. In FY 2005, the Township received the highest historical payment: \$8.3 million. Given that estate tax revenues are inconsistent from year to year, AOS will project estate taxes at the historical annual average, \$1.8 million (excluding the \$8.3 million). Because FY 2007 estate taxes have generated \$1.7 million as of June 2007, this estimate is conservative.

*Other Intergovernmental Revenue*

Other intergovernmental revenue received by Boardman Township comes from liquor permit fees and cigarette license fees. The Ohio Division of Liquor Control (Division) issues all liquor permits in the State of Ohio. The Division then distributes a portion of the fees to local governments for liquor law enforcement. Further, the Mahoning County Treasurer collects a license fee from individuals wishing to sell cigarettes in Mahoning County. Per ORC section 5743.15, 37.5 percent is paid to the township in which the business is located. Other intergovernmental revenues totaled \$212,581 in FY 2000; \$480,157 in FY 2001; approximately \$43,000 from FY 2002 to FY 2004; \$167,880 in FY 2005; and \$59,066 in FY 2006. Consequently, other intergovernmental revenues appear more consistent after FY 2001, with the exception of FY 2005. The Township received \$118,000 in FY 2005 from the Federal Emergency Management Agency, which in turn resulted in an increase of 283 percent from FY 2004 to FY 2005. The reimbursement from FEMA was for a safety trailer for the Fire

Department. Other intergovernmental revenue will be projected at the historical average of \$47,000 from FY 2002 to FY 2006, excluding the one-time FEMA reimbursement in FY 2005.

#### *Interest*

Boardman Township maintains both deposits and investments. Per policy, the investments are limited to certificates of deposits, demand deposits, STAR Ohio, and repurchase agreements. In FY 2006, investments generated \$295,000 in revenue for the Township. From FY 2000 to FY 2006, earnings on investments experienced dramatic swings. Specifically, annual earnings ranged from a 72 percent increase from FY 2004 to FY 2005 to a 55 percent decrease from FY 2001 to FY 2002. The swings are primarily attributable to swings in interest rates. However, in FY 2004, the Township's certificates of deposit carrying amount decreased by approximately \$5.6 million, which contributed to a 33 percent decrease in interest revenues for FY 2004. Despite the significant yearly fluctuations, the average rate of change in interest earning revenues was a 1 percent annual increase from FY 2000 to FY 2006. Consequently, AOS will project interest revenues to increase 1 percent annually.

#### *Transfers and Advances*

Occasionally, Boardman Township will transfer or advance funds from the General Fund to other funds. Generally, this is to cover short term cash flow issues, and most advances are repaid. Since FY 2000 to FY 2006, Boardman Township's General Fund has received an average of \$620,000 in advances from other funds. The advances received are repayments of prior advances from various other funds made by the General Fund. Historically, this has had a net effect of zero. Thus, AOS will not project any advances throughout the forecast period. Also, since FY 2000 to FY 2006, the Township's General Fund has received transfers in averaging about \$100,000 annually. This is significantly below the transfers out. AOS will project transfers in at the historical average.

#### *Other Financing Sources*

Other financing resources represent miscellaneous, non-operating revenues (e.g. Trustee health insurance co-pays, refunds, and scrap money). From FY 2000 to FY 2006, other financing sources have ranged from a low of \$0 in fiscal years 2001, 2002, and 2003 to a high of \$315,000 in FY 2004. However, from FY 2004 through FY 2006, revenue was relatively stable, averaging \$286,000 annually. Given that this line item has become stable in recent years, AOS will project this line item using the average for FY 2000 through FY 2006.

#### *Miscellaneous Revenues*

Miscellaneous revenues received by Boardman Township are primarily gifts and donations. Historically, miscellaneous revenues have ranged from a high of \$528,000 in FY 2002, to a low

of \$3,700 in FY 2005. Given that this line item is largely unpredictable and in order to remain conservative, AOS will project this line item using the average value from FY 2004 through FY 2006 of approximately \$10,000.

### **Expenditures**

#### *Personal Services*

Personal service expenditures represent the salaries, wages, and overtime paid to employees of Boardman Township. In FY 2006, personal services represented 53 percent of total operating expenditures. From FY 2005 to FY 2006, personal service expenditures increased approximately 1 percent. This is largely due to a significant decrease in overtime, and is not consistent with historical trends. Excluding overtime, personal services increased 3 percent from FY 2005 to FY 2006. From FY 2000 through FY 2006, personal services expenditures increased an average of 7.2 percent annually.

Boardman Township has six separate negotiated agreements governing employees. In addition, the Township has several non-bargaining employees. The negotiated agreements are with the American Federation of State, County, and Municipal Employees (AFSCME), the Ohio Patrolmen's Benevolent Association (OPBA: police officers, supervisors, and dispatchers), the International Association of Firefighters (IAF, AFL-CIO), and the Township Workers Association of Boardman (TWAB) (TWAB impacts the Road and Bridge Fund forecast – see **Table 2-5**). With the exception of AFSCME, all negotiated agreements average 4 percent negotiated wage increases from 2004 through 2009. AFSCME's most recent negotiated agreement contained negotiated wage increases of 1.25 percent for FY 2007, 1.50 percent for FY 2008, and 1.75 percent for FY 2009. Employees who have achieved the highest step will receive a lump sum payment based upon a full assumed work year (2080 hours) multiplied by the difference between the two highest steps (e.g. 0.87 cents). AOS will also assume that negotiated wage increases will occur in the next contract, using the 1.75 percent through the remaining forecast years. Additionally, based upon information provided by the Assistant Fiscal Officer, approximately 34 (19 percent) employees have not reached the maximum step in their respective step schedules.

Using FY 2006 personal services expenditures as a base year, Boardman Township's salaries will be projected to increase as follows:

- With the exception of AFSCME employees, all the salaries of employees that are members of bargaining units will be projected to increase 4 percent annually. This is based upon wage increases contained within the negotiated agreements for the Road Department, Police Department (dispatchers, supervisors, and police officers), and the Fire Department. Based on the current negotiated agreement, AFSCME employees' salaries will be projected to increase 1.25 percent for FY 2007, 1.5 percent for FY 2008,

and 1.75 percent for FY 2009 through FY 2011, with lump sum payments for staff achieving the maximum step.

- The salaries of the 34 employees who have not achieved the highest step in their respective negotiated agreement will be increased based upon the steps in the related contracts.
- Increases in the salaries for the Township Trustees or the Fiscal Clerk are projected at 1.7 percent annually. This is based upon the most recent salary increase for Trustees.
- Overtime will be projected based upon historical trends. From FY 2003 through FY 2006, overtime has averaged \$440,000 annually, with expenditures peaking in FY 2005 at \$489,000. Consequently, AOS will project overtime expenditures at the historical annual average.

#### *Fringe Benefits*

Fringe benefits are the amounts paid by employers for employee benefits such as retirement, health insurance, unemployment insurance, and life insurance. From FY 2000 to FY 2006, fringe benefits increased an average of 10 percent annually. From FY 2003 to FY 2006, health insurance expenditures increased an average of 9 percent annually. However, the rate of growth in expenditures decreased from an average of 18 percent for FY 2003 to FY 2004 to 0.2 percent for FY 2005 to FY 2006. Although the Township was unable to explain the minimal growth in costs from FY 2005 to FY 2006, the cause is likely due, in part, to the switch to a new insurance provider. Specifically, in December 2005, Boardman Township Trustees approved a change in providers. In order to remain conservative, AOS will project health insurance costs to increase at 9.0 percent, based on the average increase from FY 2003 through FY 2006. This is also conservative based on industry trends. For instance, the State Employment Relations Board (SERB) reported statewide increases in single and family premiums of 6.4 and 7.7 percent, respectively, from 2005 to 2006. In addition, *Employer Health Benefits* (Kaiser Family Foundation, and Health Research and Educational Trust, 2006 Annual Survey) reports health insurance premium costs for state/local governments increasing at lower rates from 2002 to 2006, with a 7.6 percent increase in 2006.

Boardman Township contributes to the Public Employees Retirement System (PERS), and Medicare on behalf of Township employees. From FY 2003 through FY 2006, PERS General Fund contributions averaged 9.3 percent of total salaries. According to PERS, the employer and employee retirement contributions for local governments increased from 13.7 and 9.0 percent in FY 2006 to 13.85 percent and 9.5 percent in FY 2007, respectively. They are set to further increase to 14 and 10 percent in FY 2008, respectively, and are set to remain at these amounts through FY 2011. However, because Boardman Township does not pay retirement for the Police and most of the Road Department staff from the General Fund, these retirement expenditures

have averaged 9.3 percent of total salaries. Thus, AOS will project General Fund retirement expenditures at the historical rate of 9.3 percent of salaries for FY 2007, plus an additional 0.15 percent to account for FY 2007 rate increases. The FY 2007 rate will be increased to 9.6 percent for FY 2008 through FY 2011 to account for the FY 2008 rate increase.

Medicare contributions from the General Fund, as with retirement, do not include the Police Department or the majority of staff within the Road Department. Consequently, General Fund Medicare expenditures have averaged 0.7 percent of salaries from FY 2003 to FY 2006. Thus, AOS will project General Fund expenditures at the historical average. Further, workers' compensation costs have remained relatively stable, averaging 2.7 percent of salaries from FY 2003 to FY 2006. Consequently, AOS will project workers' compensation at the historical average. Lastly, the General Fund pays life insurance for Administrative Department, Zoning Department, Road Department supervisors, and Fire Department employees. Since FY 2003 to FY 2006, this has averaged 0.2 percent of total salaries. Thus, AOS will project life insurance costs at the historical average.

Boardman Township also provides a clothing allowance for uniform purchases for the Fire and Road department. The allowance is to cover the cost of new/replacement uniforms. The allowance also covers uniforms for new hires and newly promoted individuals. Since FY 2003 to FY 2006, this line item has averaged \$59,000 annually, and ranged from \$48,000 in FY 2005 to \$72,000 in FY 2006. Thus, given the yearly fluctuations, it will be projected at the historical average of \$59,000.

#### *Purchased Services*

Purchased service is the second largest category of operating expenditures for the General Fund. In FY 2006, purchased services represented 7.5 percent of the General Fund's operating expenditures. It includes utilities, contracted services, insurance, tax collection fees, and legal fees. The following assesses these line items, and includes the forecast methodology and assumptions used to project these line items:

- **Utilities:** From FY 2003 through FY 2006, utilities increased by an average of 6.3 percent annually. In FY 2006, utilities expenditure increased by only 0.1 percent, due to decreases in water, garbage, and natural gas expenses. Nevertheless, in order to provide a conservative forecast, AOS will project utility expenditures to increase at the historical annual average of 6.3 percent.
- **Property Insurance:** Boardman Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA provides legal, third party claims, auto, wrongful acts, and property liability insurance coverage for the Township. Since FY 2003, property insurance expenditures have averaged \$88,189 annually. Specifically, property insurance expenditures were \$89,000 in FY 2003,

\$98,000 in FY 2004, \$100,000 in FY 2005, and \$65,000 in FY 2006. For FY 2007, Boardman Township renewed their contract with OTARMA for a cost of \$102,000. Given that this represents a significant increase from FY 2006, and is consistent with FY 2004 and FY 2005, AOS will hold the FY 2007 value constant throughout the forecast period.

- **Repairs and Maintenance:** This line item consists of General Fund expenditures to maintain the Township's buildings and equipment, including the Fire and Road Departments' trucks, stations, and gear. Although expenditures reached approximately \$149,000 in FY 2003, they remained relatively stable thereafter, averaging \$106,000 annually. As a result, AOS will project this line item at the average of expenditures from FY 2004 through FY 2006.
- **Tax Collecting Fees:** Tax collecting fees are fees charged by the Mahoning County Auditor for collecting and disbursing property tax and State taxes (e.g., estate taxes, motor vehicle licensing tax, etc.) for the Township. These fees depend on the dollar value of taxes collected and fluctuate accordingly. For example, in FY 2005, Boardman Township's estate tax collections increased 676 percent. Consequently, tax collecting fees nearly doubled in FY 2005. From FY 2003 to FY 2006, total property tax collection fees have averaged 1.0 percent of tax revenues. Thus, AOS will project tax collecting fees as 1.0 percent of tax revenues.
- **Accounting and Legal Fees:** This category includes fees paid by the Township to local law firms and the Mahoning County Prosecutors Office for legal representation. From FY 2003 to FY 2006, these expenditures averaged \$125,000 annually, and ranged from \$115,000 in FY 2004 to \$137,000 in FY 2003. Therefore, given the lack of a consistent annual change in prior years, AOS will project accounting and legal fees at \$125,000 throughout the forecast period.
- **Payments to Other Political Subdivisions:** This line item represents payments to the Mahoning County Health Department. The funds are provided by 0.28 inside mills. According to the Assistant Fiscal Officer, this is likely the cost sharing for health inspections of restaurants. While expenditures decreased by 0.3 percent from FY 2003 to FY 2006, they increased each year thereafter. From FY 2003 to FY 2006, this line item increased an average of 3.3 percent annually. AOS will project this line item at the historical annual average growth rate.
- **Other:** Other purchased services include postage, advertising, elections fees, employee training, and travel. In FY 2006, these expenditures totaled \$37,000. Although these expenditures reached approximately \$77,000 in FY 2003, they remained relatively stable thereafter, averaging approximately \$43,000 annually. Consequently, AOS will project these expenditures the average since FY 2004.

*Supplies and Materials*

This line item includes office supplies, technology supplies, fuel, medical supplies for the Fire Department, and miscellaneous supplies for the Road Department. From FY 2000 to FY 2006, supplies and materials spending increased by an average of 15 percent, and ranged from a high of \$1,068,004 in FY 2004 to a low of \$341,907 in FY 2000. The spike in spending in FY 2004 is due to the purchase of a fire truck at a cost of approximately \$465,000. Excluding this purchase, FY 2004 supplies and materials spending was approximately \$594,000. Since FY 2004, the historical average annual spending has been approximately \$546,000, excluding the fire truck purchase. AOS will project supplies and materials spending to be \$490,000, which is the historical average for FY 2000 through FY 2006, excluding the fire truck purchase. Given that FY 2006 spending was \$442,000 and expenditures averaged approximately \$412,000 from FY 2000 to FY 2002, this projection is conservative.

*Other*

Other expenditures include dues and fees paid on behalf of employees, dues and fees paid to associations, copy service charges, and other expenses not easily classified into other specific categories. From FY 2000 to FY 2006, the other expenditures line item has fluctuated widely, ranging from a high of \$417,000 in FY 2003 to a low of \$79,000 in FY 2000. However, since FY 2004, other expenses have remained relatively stable, averaging \$283,000 annually. Given the stability in recent years, AOS will project this line item based on the average of expenditures from FY 2004 through FY 2006.

*Capital Outlay*

Historically, capital outlay spending ranged from a low of \$237,000 in FY 2005 to a high of \$730,000 in FY 2002. Capital outlay includes expenditures for vehicle repair and police equipment. Given that this line item has exhibited dramatic fluctuations, AOS will project this line item at the average from FY 2000 to FY 2006 of approximately \$467,000.

*Transfers and Advances Out*

Boardman Township transfers funds from the General Fund to other Funds (e.g. Road and Bridge; Police) in order to cover temporary shortfalls. From FY 2000 to FY 2006, transfers from the General Fund averaged \$632,000 annually. Transfers out peaked in FY 2004 at \$1,542,158, which is primarily attributable to the completion of the renovation of Fire Station 73 and the replacement of Fire Station 74. Transfers from FY 2004 through FY 2006 averaged \$1 million annually, which is significantly higher than the \$588,000 average from FY 2000 through FY 2004. However, this includes an abnormally high transfer of \$1.5 million. Thus, in order to remain conservative, transfers out will be projected at the average of FY 2005 and FY 2006 (\$742,000). The \$742,000 accounts for the increasing dollar amount of transfers, but excludes

the abnormal amount of \$1.5 million. Of this \$742,000, \$650,000 is assumed to be transferred to the Police District Fund (\$400,000) and the Road and Bridge Fund (\$250,000). This leaves approximately \$112,000 to cover other funds or potential needs in the Township. Advances in and advances out have historically had a net effect of zero. Consequently, AOS will not project any advances for the forecast period.

#### *Encumbrances*

Encumbrances occur when purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Historically, the General Fund's encumbrances have ranged from a high of \$349,000 in FY 2005 to a low of \$170,000 in FY 2001. Overall, since FY 2000, encumbrances have averaged \$273,000 annually. Consequently, given that encumbrances fluctuate from year to year, AOS will project General Fund encumbrances at the average for FY 2000 through FY 2006.

#### *Police District Fund Financial Forecast*

**Table 2-4** presents the five-year forecast of the Township's Police District Fund, along with three years of historical information.

**Table 2-4: Police District Fund Financial Forecast (in 000s)**

	Police Fund Historical Values			Police Fund Forecasted Values				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>Revenues</b>								
Real Estate Property	\$1,393	\$1,427	\$1,533	\$1,541	\$1,549	\$1,586	\$1,594	\$1,602
Personal Property	\$251	\$273	\$244	\$212	\$92	\$28	\$14	\$0
Fines and Fees	\$71	\$82	\$94	\$97	\$100	\$103	\$106	\$109
Rollback	\$178	\$178	\$126	\$204	\$239	\$298	\$306	\$280
Other	\$179	\$25	\$37	\$32	\$32	\$32	\$32	\$32
<b>Total Operating Revenues</b>	<b>\$2,072</b>	<b>\$1,985</b>	<b>\$2,034</b>	<b>\$2,086</b>	<b>\$2,011</b>	<b>\$2,046</b>	<b>\$2,052</b>	<b>\$2,022</b>
Transfers In	\$0	\$200	\$600	\$400	\$400	\$400	\$400	\$400
Advances In	\$50	\$40	\$645	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$50</b>	<b>\$240</b>	<b>\$600</b>	<b>\$400</b>	<b>\$400</b>	<b>\$400</b>	<b>\$400</b>	<b>\$400</b>
<b>Total Other Financing Sources and Operating Revenues</b>	<b>\$2,122</b>	<b>\$2,225</b>	<b>\$2,634</b>	<b>\$2,486</b>	<b>\$2,411</b>	<b>\$2,446</b>	<b>\$2,452</b>	<b>\$2,422</b>
<b>Expenditures</b>								
Fringe Benefits	\$1,893	\$1,911	\$1,965	\$2,160	\$2,322	\$2,485	\$2,647	\$2,835
Purchased Services	\$359	\$356	\$365	\$384	\$396	\$412	\$429	\$448
Supplies/Materials	\$196	\$181	\$181	\$183	\$183	\$183	\$183	\$183
Other	\$116	\$104	\$127	\$115	\$115	\$115	\$115	\$115
<b>Total Operating Expenditures</b>	<b>\$2,564</b>	<b>\$2,553</b>	<b>\$2,638</b>	<b>\$2,841</b>	<b>\$3,017</b>	<b>\$3,195</b>	<b>\$3,374</b>	<b>\$3,580</b>
Transfers Out	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Advances Out	\$50	\$40	\$645	\$0	\$0	\$0	\$0	\$0
<b>Total Other Financing Uses and Operating Expenditures</b>	<b>\$2,615</b>	<b>\$2,593</b>	<b>\$3,283</b>	<b>\$2,841</b>	<b>\$3,017</b>	<b>\$3,195</b>	<b>\$3,374</b>	<b>\$3,580</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(\$493)</b>	<b>(\$369)</b>	<b>(\$4)</b>	<b>(\$355)</b>	<b>(\$605)</b>	<b>(\$749)</b>	<b>(\$922)</b>	<b>(\$1,158)</b>
Beginning Fund Balance	\$926	\$434	\$65	\$61	(\$294)	(\$899)	(\$1,648)	(\$2,570)
Fund Balance Adjustments	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revised Beginning Fund Balance	\$928	\$434	\$65	\$61	(\$294)	(\$899)	(\$1,648)	(\$2,570)
Ending Fund Balance	\$434	\$65	\$61	(\$294)	(\$899)	(\$1,648)	(\$2,570)	(\$3,728)
Encumbrances	\$51	\$42	\$54	\$46	\$46	\$46	\$46	\$46
Unencumbered Fund Balance	<b>\$383</b>	<b>\$24</b>	<b>\$7</b>	<b>(\$340)</b>	<b>(\$945)</b>	<b>(\$1,694)</b>	<b>(\$2,616)</b>	<b>(\$3,774)</b>
Cumulative Impact of Performance Audit Recommendations <sup>1</sup>					\$181	\$563	\$964	\$1,386
<b>Adjusted Fund Balance</b>					<b>(\$764)</b>	<b>(\$1,132)</b>	<b>(\$1,653)</b>	<b>(\$2,388)</b>

Source: AOS Assumptions and Boardman Township Historical Information

<sup>1</sup>Due to the numerous variables that can impact economic development, this excludes the impact of R2.5. In addition, only half of the total annual impact of the performance audit recommendations is included in FY 2008, due to timing.

The following lists the major assumptions used to develop the revenue and expenditure projections in **Table 2-4**.

**Revenues:**

*Real Estate Property Taxes*

Boardman Township's Police District Fund has one voted levy to fund day to day operations. The levy was approved by voters in 1988, and is a continuous levy. Total voted millage for this levy is 2.8 mills, while effective millage is 1.55 mills. A triennial update occurred in FY 2002, leading to an increase of 3.5 percent in property tax revenues for FY 2003. In FY 2005, a complete reappraisal occurred, resulting in an increase in revenues of 7.5 percent for FY 2006. Additionally, HB 66 repealed a 10 percent reduction in taxes for commercial/industrial property (effective tax year 2005), which also contributed to the increase in revenues. From FY 2000 to FY 2006, property tax revenues increased each year approximately one percent during non-update/reappraisal years. During reappraisal/update years, property tax revenue increased an average of 2.4 percent, after excluding the increase in FY 2006 from the elimination of the rollback of commercial/industrial property. Consequently, revenue growth during non-update/reappraisal years will be projected at 0.5 percent to be conservative, and the update year (FY 2009) will be projected at the historical average of 2.4 percent.

*Tangible Personal Property Taxes and Reimbursement*

Tangible personal property taxes and tangible personal property tax loss reimbursements are forecasted in accordance with the same methodology used for the General Fund. See the related assumptions in the General Fund forecast for more information. Reimbursements are captured in the rollback and homestead line item.

*Rollback and Homestead Exemption Reimbursement*

Similar to the General Fund, rollback and homestead revenues comprised approximately 8 percent of real property tax revenue in 2006, which is lower than prior years because HB 66 repealed the rollback for commercial/industrial property. Accordingly, rollback and homestead exemption revenue will be projected to be 8 percent of real property tax revenue.

*Fines and Fees*

Fines and fees include home rule violations, parking tickets, local shares of misdemeanor and felony fines, copy fees, and false alarm fees. From FY 2000 to FY 2006, fines and fees fluctuated from a high of \$94,000 in 2006 to a low of \$68,000 in FY 2004. Overall, fines and fees revenues have increased by an average of 4.4 percent annually. AOS will project fines and fees to increase three percent annually in order to remain conservative.

*Other Revenue*

Other revenue sources for the Police Fund include reimbursement for overpayment of per diem expenditures, workers' compensation refunds, and various other refunds/reimbursements. When excluding the \$145,000 workers' compensation refund in FY 2004, revenues have remained relatively stable from FY 2004 to FY 2006, averaging \$32,000 annually. Thus, AOS will project other revenue at \$32,000.

*Transfers and Advances In*

In FY 2001, FY 2005, FY 2006, the Township's Police Fund has received transfers in averaging \$300,000 annually. The transfers in FY 2005 and FY 2006 averaged \$400,000. According to the Assistant Fiscal Officer, transfers are only made when a fund is out of money. Since transfers are occurring more often in recent years, AOS will project transfers in at the average for FY 2005 and FY 2006. Historically, advances in and advances out have resulted in a net effect of zero. Consequently, AOS will not project advances in or out.

**Expenditures:***Fringe Benefits*

From FY 2000 to FY 2006, fringe benefits for the Police Fund increased by an average of 6.6 percent annually. From FY 2003 to FY 2006, health insurance expenditures increased an average of 11.2 percent annually. However, the rate of growth in expenditures has decreased from 20.4 percent growth from FY 2003 to FY 2004 to a 0.2 percent decrease for FY 2005 to FY 2006. The cause is likely the switch to a new insurance provider. In December 2005, Boardman Township Trustees approved a change in provider from Medical Mutual to Anthem. In order to remain conservative and similar to the General Fund forecast methodology, AOS will project health insurance costs to increase at 11.0 percent, which is the average increase from FY 2003 to FY 2006.

Since FY 2004, retirement expenditures for the Police Fund have remained relatively stable, averaging 8.8 percent of salaries. Thus, AOS will project Police Fund retirement expenditures at the average historical rate of 8.8 percent of salaries for FY 2007, and will increase the employee contribution to 8.95 percent through FY 2011 to coincide with PERS' estimates detailed under **Table 2-3** General Revenue Fund assumptions.

AOS will project Police Medicare, workers' compensation, and life insurance expenditures at 0.5, 4.3, and 0.1 percent of total Township salaries, respectively, which are the averages from FY 2003 to FY 2006. Boardman Township also provides a clothing allowance for uniform purchases for the Police Department, which covers the costs to employees for the purchase of new/replacement uniforms. The allowance also covers uniforms for new hires and newly

promoted individuals. Since FY 2003, this line item has averaged \$63,000 annually, and ranged from \$57,000 in FY 2006 to \$68,000 in FY 2003. Despite a trend of decreasing costs, AOS will project this line item at the average of FY 2003 to FY 2006 in order to remain conservative.

#### *Purchased Services*

Purchased services are the second largest category of operating expenditures for Boardman Township's Police Department. In FY 2006, purchased services represented 13.8 percent of the Police Fund's operating expenditures. It includes utilities, contracted services, insurance, tax collection fees, and training fees. The following assesses these line items, and includes the forecast methodology and assumptions used to project these line items:

- **Utilities:** From FY 2003 through FY 2006, utilities increased an average of 11 percent annually. In FY 2006, utilities expenditure decreased by 3.4 percent, which is due to decreases in water, garbage, and natural gas expenses. Despite this decrease, utility expenditures increased 17 percent from FY 2003 to FY 2004 and 19 percent from FY 2004 to FY 2005. Consequently, in order to remain conservative, AOS will project utility expenditures to increase at the historical annual average of 11 percent.
- **Property Insurance:** OTARMA provides legal, third party claims, auto, wrongful acts, property liability, and police professional liability insurance coverage for the police department, which is paid out of the Police District Fund. Since FY 2003, property insurance expenditures have averaged \$41,000 annually. Specifically, property insurance expenditures were \$47,463 in FY 2003, \$41,907 in FY 2004, \$41,912 in FY 2005, and \$33,767 in FY 2006. For FY 2007, Boardman Township has budgeted expenditures to be approximately \$45,000. Since this represents a significant increase from FY 2006, and is consistent with FY 2003, FY 2004, and FY 2005, AOS will hold the FY 2007 value constant throughout the forecast period.
- **Repairs and Maintenance:** For FY 2005 and FY 2006, repair and maintenance expenditures were relatively stable, averaging \$102,000. By comparison, expenditures totaled approximately \$147,000 and \$131,000 in FY 2003 and FY 2004, respectively. For FY 2007, expenditures have been budgeted at \$100,000. Given the consistency in FY 2005, FY 2006, and FY 2007, AOS will project this line item at the average of FY 2005 and FY 2006 expenditures.
- **Tax Collecting Fees:** From FY 2003 to FY 2006, tax collection fees averaged 1.5 percent of tax revenues. Thus, AOS will project tax collecting fees as 1.5 percent of tax revenues.

- **Training:** The Police Department occasionally sends employees for additional training, as well as training for newly hired officers (cadets). From FY 2003 to FY 2006, training expenditures averaged \$60,860, and ranged from a high of \$69,922 in FY 2003 to a low of \$49,476 in FY 2005. Therefore, AOS will project this line item at the average historical amount.
- **Contracted Services:** Contracted services include rent paid for the North Substation, kennel costs for police dogs, and fuel. In FY 2006, the expenditures in these various categories totaled \$21,000, which is higher than the prior three years. Due to the relatively small amount of this line item, AOS will project this line item at the FY 2006 level.

#### *Supplies and Materials*

This line item includes office supplies, technology supplies, automotive supplies, fuel, miscellaneous equipment, and postage for the Police Department. From FY 2000 to FY 2006, supplies and materials averaged \$183,000 annually, ranging from a low of 168,000 in FY 2001 to a high of \$196,000 in FY 2004. As a result, AOS will project supplies and materials spending to be \$183,000 annually throughout the forecast period.

#### *Other*

Other expenditures include dues and fees paid on behalf of employees, copy service charges, and other expenses. Since FY 2000, the other expenditures line item has fluctuated widely, ranging from a high of \$127,000 in FY 2006 to a low of \$86,000 in FY 2000. However, since FY 2004, other expenses have remained relatively stable, averaging \$115,000 annually. Given that this line item has become relatively stable in recent years, AOS will project this line item based on the average of expenditures from FY 2004 through FY 2006.

#### *Transfers and Advances Out*

Historically, Boardman Township has not transferred money from the Police District Fund to any other funds. Thus, AOS will not project any transfers for the forecast period. Additionally, because advances in and advances out have historically had a net effect of zero, AOS will not project any advances out.

*Encumbrances*

Encumbrances occur when purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Historically, the Police District Fund's encumbrances have ranged from a high of \$54,000 in FY 2006 to a low of \$38,000 in FY 2003. Overall, since FY 2000, encumbrances have averaged \$46,000 annually. Consequently, given that encumbrances fluctuate from year to year, AOS will project General Fund encumbrances at the average for FY 2000 through FY 2006.

*Road and Bridge Fund Financial Forecast*

**Table 2-5** presents the five-year forecast of the Township's Road and Bridge Fund, along with three years of historical information.

**Table 2-5: Road and Bridge Fund Forecast (in 000s)**

	Road and Bridge Fund Historical Values			Road and Bridge Fund Forecast Values				
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>Revenues</b>								
<b>Real Estate Property</b>	\$1,350	\$1,377	\$1,577	\$1,584	\$1,592	\$1,622	\$1,630	\$1,639
<b>Personal Property</b>	\$172	\$187	\$168	\$146	\$63	\$19	\$9	\$0
<b>Rollback and Homestead</b>	\$173	\$178	\$139	\$208	\$242	\$309	\$309	\$282
<b>Miscellaneous</b>	\$56	\$1	\$0	\$1	\$1	\$1	\$1	\$1
<b>Total Operating Revenues</b>	<b>\$1,752</b>	<b>\$1,742</b>	<b>\$1,884</b>	<b>\$1,938</b>	<b>\$1,899</b>	<b>\$1,943</b>	<b>\$1,949</b>	<b>\$1,922</b>
<b>Transfers In</b>	\$350	\$100	\$300	\$250	\$250	\$250	\$250	\$250
<b>Advances In</b>	\$350	\$200	\$350	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	\$700	\$300	\$300	\$250	\$250	\$250	\$250	\$250
<b>Total Other Financing Sources and Operating Revenues</b>	<b>\$2,452</b>	<b>\$2,042</b>	<b>\$2,184</b>	<b>\$2,188</b>	<b>\$2,149</b>	<b>\$2,193</b>	<b>\$2,199</b>	<b>\$2,172</b>
<b>Expenditures</b>								
<b>Personal Services</b>	\$1,351	\$1,395	\$1,446	\$1,516	\$1,577	\$1,640	\$1,705	\$1,771
<b>Fringe Benefits</b>	\$496	\$444	\$457	\$504	\$535	\$556	\$578	\$601
<b>Purchased Services</b>	\$76	\$83	\$80	\$85	\$87	\$90	\$92	\$94
<b>Other</b>	\$6	\$41	\$1	\$13	\$13	\$13	\$13	\$13
<b>Total Operating Expenditures</b>	<b>\$1,928</b>	<b>\$1,964</b>	<b>\$1,984</b>	<b>\$2,118</b>	<b>\$2,211</b>	<b>\$2,299</b>	<b>\$2,388</b>	<b>\$2,479</b>
<b>Transfers Out</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Advances Out</b>	\$350	\$200	\$350	\$0	\$0	\$0	\$0	\$0
<b>Total Other Financing Uses and Operating Expenditures</b>	<b>\$2,278</b>	<b>\$2,164</b>	<b>\$2,334</b>	<b>\$2,118</b>	<b>\$2,211</b>	<b>\$2,299</b>	<b>\$2,388</b>	<b>\$2,479</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$174</b>	<b>(\$121)</b>	<b>(\$150)</b>	<b>\$70</b>	<b>(\$62)</b>	<b>(\$106)</b>	<b>(\$189)</b>	<b>(\$307)</b>
<b>Beginning Fund Balance</b>	\$53	\$227	\$105	\$305	\$375	\$313	\$207	\$18
<b>Ending Fund Balance</b>	\$227	\$105	(\$45)	\$375	\$313	\$207	\$18	(\$289)
<b>Encumbrances</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Renewal Levy</b>	\$0	\$0	\$0	\$0	\$0	\$114	\$114	\$115
<b>Cumulative Balance of Renewal Levy</b>	\$0	\$0	\$0	\$0	\$0	\$114	\$228	\$343
<b>Unencumbered Fund Balance</b>	<b>\$227</b>	<b>\$105</b>	<b>\$305</b>	<b>\$375</b>	<b>\$313</b>	<b>\$207</b>	<b>\$246</b>	<b>\$54</b>
<b>Cumulative Impact of Performance Audit Recommendations <sup>1</sup></b>					\$221	\$675	\$1,147	\$1,637
<b>Adjusted Fund Balance</b>					<b>\$534</b>	<b>\$882</b>	<b>\$1,394</b>	<b>\$1,691</b>

Source: AOS Assumptions and Boardman Township Historical Information

<sup>1</sup>Due to the numerous variables that can impact economic development, this excludes the impact of R2.5. In addition, only half of the total annual impact of the performance audit recommendations is included in FY 2008, due to timing.

The following lists the major assumptions used to develop the revenue and expenditure projections in **Table 2-5**.

### **Revenues:**

#### *Real Estate Property Taxes*

Boardman Township's Road and Bridge Fund has one voted levy to fund day to day operations. The levy was originally approved by voters in 1976, and most recently renewed in November 2003. Collections began in FY 2004 and will continue through FY 2009. Total voted millage for this levy is 0.30 mills, while effective millage is 0.10 mills for residential/agricultural property, and 0.11 mills for commercial/industrial property. The Township also dedicates a portion of its inside millage to the road and bridge fund. For FY 2007, the millage is set at 1.62 mills.

A triennial update occurred in FY 2002, leading to an increase of 3.4 percent in property tax revenues for FY 2003. In FY 2005, a complete reappraisal occurred, resulting in an increase in revenues of 14.5 percent for FY 2006. Excluding the additional revenue stemming from HB 66, property tax revenues increased approximately 8.5 percent for FY 2006. Historically, property tax revenues increased an average of 1.0 percent during non update/reappraisal years. During reappraisal/update years, property tax revenue increased an average of 6.0 percent, excluding HB 66 changes. Thus, property tax revenue growth during non-update/reappraisal years will be projected to be 0.5 percent to be conservative, and reappraisal/update years will be projected at the historical average of 6.0 percent.

#### *Tangible Personal Property Taxes and Reimbursement*

Tangible personal property taxes and tangible personal property tax loss reimbursements are forecasted in accordance with the methodology used for the General Fund. See the related assumptions in the General Fund forecast for more information. Reimbursements are captured in the rollback and homestead line item.

#### *Rollback and Homestead Exemption Reimbursement*

Similar to the General Fund and Police Fund, rollback and homestead revenues comprised approximately 8 percent of real property tax revenue in 2006, which is lower than prior years because HB 66 repealed the rollback for commercial/industrial property. Accordingly, rollback and homestead exemption revenue will be projected to be 8 percent of real property tax revenue.

*Other Revenue*

Other sources of revenue for the Road and Bridge Fund include payments for used oil, sold appliances, workers' compensation refund, and reimbursement for employees involved in jury duty. Excluding FY 2004, the Road and Bridge Fund's other revenues have remained relatively stable from FY 2004 to FY 2006. In FY 2004, the Road and Bridge Fund received a workers' compensation premium refund in the amount of \$55,804. Excluding this amount, other revenue would have been \$655. Therefore, AOS will project this line item at the average of FY 2004 through FY 2006, excluding the one-time workers' compensation refund.

*Transfers/Advances*

Occasionally, Boardman Township transfers or advances funds to the Road and Bridge Fund. Generally, this is to cover short-term cash flow issues. Although no transfers in were received from FY 2000 to FY 2003, Boardman Township's Road and Bridge Fund received an average of \$250,000 annually in transfers from other funds after FY 2003. Given that the Township has recently been transferring money into the Road and Bridge Fund to meet annual financial obligations, AOS will project transfers in to be the average of FY 2004 through FY 2006. Also, since FY 2000, the Township's Road and Bridge Fund has received advances in averaging \$269,286 annually. During the same time period, the Road and Bridge Fund repaid advances to the General Fund, for a net effect of zero. Thus, AOS will not project any advances in or out for the Road and Bridge Fund.

**Expenditures:***Personal Services*

Personal service expenditures represent the salaries, wages, and overtime paid to most Boardman Township Road Department employees (Road Department supervisors are paid from the General Fund). In FY 2006, personal services represented 73 percent of total operating expenditures. From FY 2005 to FY 2006, personal services increased approximately 4 percent. This is largely due to contractual agreements (steps and negotiated wage increases). Historically, from FY 2001 through FY 2006, personal services expenditures increased an average of 3.3 percent annually.

Boardman Township's Road Department has one negotiated agreement governing all, with the exception of the superintendent and assistant superintendents. The negotiated agreement is with the Township Workers Association of Boardman (TWAB). The TWAB negotiated agreement contained 4 percent negotiated wage increases through out its life (2005-2007). Additionally, based upon information provided by the Assistant Fiscal Officer, only 2 employees have not reached their maximum step in their respective step schedules.

Using FY 2006 personal services expenditures as a base year, Boardman Township's road department salaries will be projected to increase as follows:

- The salaries of employees that are members of bargaining units will be projected to increase 4 percent annually, based upon negotiated wage increases contained within the current negotiated agreement
- The salaries of the 2 employees who have not achieved the highest step in their respective negotiated agreement will have their salaries increased based upon the steps in the contracts.
- From FY 2003 through FY 2006, overtime averaged \$91,000 annually. However, since FY 2003, expenditures decreased each year. Since overtime expenditures have been dramatically reduced, the FY 2006 overtime expenditures (\$31,276) will be held constant throughout each year of the forecast.

#### *Fringe Benefits*

From FY 2001 to FY 2006, fringe benefits in the Road Department increased an average of 3.1 percent annually. Boardman Township contributes to the Public Employees Retirement System (PERS), and Medicare on behalf of Township employees. From FY 2003 through FY 2006, PERS contributions averaged 23.4 percent of Road Department salaries. According to PERS, the employer and employee retirement contributions for local governments increased from 13.7 and 9.0 percent in FY 2006 to 13.85 percent and 9.5 percent in FY 2007, respectively. They are set to further increase to 14 and 10 percent in FY 2008, respectively, and will remain at these amounts through FY 2011. The higher contribution rate is primarily due to the Township paying the employees' share of retirement contributions. Thus, AOS will project General Fund retirement expenditures at the average historical rate of 23.4 percent of salaries for FY 2007, plus a 0.15 increase to account for employer contribution rate changes and an increase of 0.5 to account for employee contribution increases in FY 2007. The contribution rate will then be increased by an additional 0.15 and 0.5 for FY 2008, and held constant through FY 2011 in order to account for the FY 2008 employer and employee contribution rate increases. Lastly, AOS will project Medicare and workers compensation expenditures at 1.0 and 8.1 percent of salaries, respectively, which represents the averages from FY 2003 to FY 2006.

#### *Purchased Services*

In FY 2006, purchased services represented 4.0 percent of the Road and Bridge Fund's operating expenditures. It includes utilities and tax collection fees. The following assesses these line items, and includes the forecast methodology and assumptions used to project these line items:

- **Utilities:** From FY 2003 through FY 2006, utilities increased an average of 4 percent annually. In FY 2006, utilities expenditure decreased by 3.4 percent, which is due to decreases in water, garbage, and natural gas expenses. Despite this decrease, utility expenditures increased 1 percent from FY 2003 to FY 2004 and 18 percent from FY 2004 to FY 2005. Consequently, in order to remain conservative, AOS will project utility expenditures to increase at the historical annual average of 4 percent.
- **Tax Collecting Fees:** From FY 2003 to FY 2006, property tax collection fees averaged 1.5 percent of tax revenues. Thus, AOS will project tax collecting fees as 1.5 percent of tax revenues.

*Other*

Other expenditures include dues and fees paid on behalf of employees, dues and fees paid to associations, other expenses not easily classified into more specific areas, and the perfect attendance incentive. From FY 2001 to FY 2006, the other expenditures line item has fluctuated widely, ranging from a high of \$41,250 in 2005 to a low of \$1,432 in FY 2006. The peak in FY 2005 is primarily attributable to reimbursements for meals, CDLs, and clothing. Since this line item has exhibited wide swings, AOS will project this line item based on the average of expenditures from FY 2001 through FY 2006 of approximately \$13,000.

*Transfers and Advances Out*

Historically, Boardman Township has not transferred money from the Road and Bridge Fund to any other funds. Thus, AOS will not project any transfers for the forecast period. Additionally, because advances in and advances out have historically had a net effect of zero, AOS will not project any advances out.

## **Assessments Not Yielding Recommendation**

In addition to the analyses presented in this section, assessments were conducted on other aspects of financial systems, which did not warrant changes and did not yield recommendations. These areas include the following:

- **Investments:** Investments made by Boardman Township include certificates of deposit, STAR Ohio, and repurchase agreements. In FY 2006, interest revenue generated by the Township's investments totaled \$333,372. Further, the investments currently maintained by the Township comply with its policy and the Ohio Revised Code. For example, the policy allows funds to be invested in United States Treasury bills, bonds, notes, or securities issued by any federal governmental agency; interim deposits in depositories as long as they are insured/collateralized; bonds of the State of Ohio; no-load money market mutual funds; STAROhio; and repurchase agreements. The aforementioned deposits are allowable under the Ohio Revised Code.
- **Payroll:** Controls over payroll processing appear satisfactory. The controls used by Boardman Township include supervisor approval of all time sheets, overtime approval, and sick leave slip usage.

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## Recommendations

### *Budgeting*

- R2.1 The Township should adopt formal policies and procedures for the budget process. The policies and procedures should establish guidelines, instructions, milestones and responsibilities, and allow for stakeholder involvement and adequate time for review and preparation. The Trustees should carefully review budgetary performance and question administrators as needed to ensure adherence to the budget and to obtain justification for potential deviations. Furthermore, Boardman should prepare and publish a formal budget on its website that includes elements suggested by the Government Finance Officers Association (GFOA), such as important goals (see R2.4), key performance measures (see R2.3), and a budget summary.**

Boardman Township's process for creating the budget begins in early December. The Assistant Fiscal Officer meets with department heads to discuss revenues and expenditures for the upcoming year. According to the Assistant Fiscal Officer, salaries and benefits are largely predetermined by contracts, and consequently, most of the discussion centers on purchased services, supplies/materials, and capital outlay. The Trustees are periodically involved and updated as changes are made.

The Township does not produce an official budget document; rather, the Uniform Account Network report for appropriations and revenues serves as the budget. While meeting minutes show that an appropriation measure is adopted prior to December 31 of a given year, the Assistant Fiscal Officer indicated that the Township does not have formal budgeting procedures and budget monitoring is largely the duty of the individual department heads. However, Trustees are provided with revenue and appropriation status reports twice per month as part of the budget monitoring process. The revenue and appropriation status reports contain beginning balances, appropriations, encumbrances, unencumbered amounts, year-to-date expenditures, and year-to-date percent of appropriation spent. An AOS review of meeting minutes for FY 2006 and FY 2007 found no discussion of budgetary performance.

According to GFOA, a government should establish an administrative structure that facilitates the preparation and approval of a budget in a timely manner. Procedures should be established for ensuring coordination of the budget process. A process is also needed to develop and communicate the policies and guidelines that will guide budget preparation. In order for the budget to be adopted in a timely manner, processes should be developed to assist stakeholders in understanding tradeoffs and to help decision-makers make choices among available options. The processes should include reporting to,

communicating with, involving, and obtaining the support of stakeholders. Recommended practices include:

- Develop a budget calendar;
- Develop budget guidelines and instructions;
- Develop mechanisms for coordinating budget preparation and review; and
- Identify opportunities for stakeholder input.

GFOA also recommends that a government evaluate its financial performance relative to the adopted budget. Budget-to-actual or budget-to-projected actual comparisons of revenues, expenditures, cash flow, and fund balances should be periodically reviewed during the budget period. Staffing levels should also be monitored. Comparisons for at least the current year should be included in the budget document and be generally available to stakeholders during discussion related to budget preparation and adoption. Consistency and timeliness are particularly important when implementing this practice: it is essential that reports are prepared on a routine, widely publicized basis. In addition to monitoring budget-to-actual results, reasons for deviations should be evaluated. GFOA also recommends that governments prepare and adopt a budget that includes the following elements:

- A description of key programmatic and financial policies, plans, and goals;
- Identification of key issues and decisions;
- A description of the short-term and long-term financial plan of the government;
- A guide to the programs the government operates and the organizational structure in place to provide those programs;
- A description of the relationship between the form of accounting used to describe revenues and expenditures in the budget, and the form of accounting used to prepare the annual financial report; and
- A concise summary of key issues, choices and financial trends (GFOA recommends governments prepare a summary of both the proposed and final budget).

Developing formal policies and procedures would help ensure that all aspects of the budget process have been considered, adequate time has been provided, the budget is prepared in an appropriate and consistent manner, and stakeholders participate in the process. By developing a formal budget document, the Township would provide stakeholders with a clearer and more thorough understanding of the budget and financial condition, and its relationship to the strategic plan (see **R2.4**).

**R2.2 The Township should consider developing formal policies for several major financial management areas recommended by GFOA. Accordingly, the Township should periodically review and revise its financial management policies. The creation of formal policies would help ensure that financial management personnel are clearly aware of important considerations, and Trustee expectations and requirements.**

Boardman Township does not have any financial policies, except an investment policy. Conversely, GFOA recommends that the following financial policies be established:

- **Stabilization funds-** A government should develop policies to guide the creation, maintenance, and use of resources for financial stabilization purposes. The policies should establish how and when a government builds up stabilization funds and should identify the purposes for which they may be used.
- **Fees and Charges-** A government should adopt policies that identify the manner in which fees and charges are set and the extent to which they cover the cost of the service provided.
- **Debt Management-** A government should adopt a policy on the maximum amount of debt and debt service that should be outstanding at any one time. A government should develop distinct policies for general obligation debt, debt supported by revenues of government enterprises, and other types of debt such as special assessment bonds, tax increment financing bonds, short-term debt, variable-rate debt, and leases. Limitations on outstanding debt and maximum debt service may be expressed in dollar amounts or as ratios, such as debt per capita.
- **One-time Revenues-** A government should adopt a policy limiting the use of one-time revenues for ongoing expenditures. A policy on the use of one-time revenues provides guidance to minimize disruptive effects on services due to non-recurrence of these sources. One-time revenues and allowable uses for those revenues should be explicitly defined. The policy should be publicly discussed before adoption and should be readily available to stakeholders during the budget process. The policy, and compliance with it, should be reviewed periodically.
- **Unpredictable Revenues-** A government should identify major revenue sources it considers unpredictable and define how these revenues may be used. For each major unpredictable revenue source, a government should identify those aspects of the revenue source that make the revenue unpredictable. Most importantly, a government should identify the expected or normal degree of volatility of the revenue source.

- **Balancing the Operating Budget-** A government should develop a policy that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs. Because of its importance in budget decisions, it should be readily available to stakeholders and publicly discussed at key points in the budget process. Compliance with the policy should be reviewed and disclosed during each budget period.
- **Revenue Diversification-** A government should adopt a policy that encourages a diversity of revenue sources. A diversity of revenue sources can improve a government's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services.
- **Contingency Planning-** A government should have a policy to guide the financial actions it will take in the event of emergencies, natural disasters, or other unexpected events. When emergencies or unexpected events occur, having a policy that can be applied, or at least serve as a starting point, for financial decisions and actions improves the ability of a government to take timely action and aids in the overall management of such situations.

It should be noted that Boardman Township has not had outstanding debt for several fiscal years. Nevertheless, the lack of policies for the aforementioned areas could hinder the Trustees' efforts to effectively manage the finances of the Township.

**R2.3 Boardman Township should establish a formal performance measurement system for the various departments and use performance measures in decision-making. This would be aided, in part, by evaluating the measures currently being used by some departments, and reviewing the other sections of this performance audit. Developing and using performance measures would increase the Township's ability to budget according to outcomes and make needed changes in the event of financial difficulties. Furthermore, it would help the Township ensure that residents are provided with efficient and effective services.**

Boardman Township does not have documented performance standards for measuring, monitoring, or evaluating the performance of the various departments. However, certain departments do track workload indicators. For example, the Fire Department tracks fire responses, medical emergencies, and service calls, and the Police Department tracks crime statistics. The Police Department also began tracking departmental operating performance measures with the Commission on Accreditation for Law Enforcement Agencies (CALEA) accreditation. The Police Department's performance measure report provides the user with three years of historical performance measures (e.g. arrests, traffic citations, and vehicle impoundments), by month, and provides the total, and averages.

Additionally, the Road Department tracks material usage annually. However, according to the Assistant Fiscal Officer, these performance measures are not used to help make decisions about operations. Further, the Township does not compare any statistics to those of similar townships.

GFOA encourages all governments to use performance measures as an integral part of the budget process. Over time, performance measures should be used to report on the outputs and outcomes of each program and should be related to the mission, goals and objectives of each department. Governments in the early stages of incorporating performance measures into their budget process should strive to:

- Develop a mission statement for government and its service delivery units by evaluating the needs of the community;
- Develop its service delivery units in terms of programs;
- Identify goals, short- and long-term, that contribute to the attainment of the mission;
- Identify program goals and objectives that are specific in timeframe and measurable to accomplish goals;
- Identify and track performance measures for a manageable number of services within programs;
- Identify program inputs in the budgeting process that address the amount of resources allocated to each program;
- Identify program outputs in the budgeting process that address the amount of service units produced;
- Identify program efficiencies in the budgeting process that address the cost of providing a unit of service;
- Identify program outcomes in the budgeting process that address the extent to which the goals of the program have been accomplished;
- Take steps to ensure that the entire organization is receptive to evaluation of performance;
- Integrate performance measurements into the budget that at a minimum contains, by program, the goals and input, output, efficiency and outcome measures; and
- Calculate costs and document changes that occur as a direct result of the performance management program in order to review the effectiveness it.

As governments gain experience, they are encouraged to develop more detailed information and use a variety of performance measures to report on program outcomes. These measures should be linked to the goals of the programs and the missions and priorities of the organization. Governments should:

- Ensure that the benefits of establishing and using performance measures exceed the resources required to establish performance measures;
- Develop multiyear series of efficiency indicators to measure the efficiency of service delivery within programs;
- Develop multiyear series of quality or outcome indicators to measure the effectiveness of service delivery (are accomplishments being met?) within programs;
- Develop a mechanism to cost government services;
- Analyze the implications of using particular measures for decision making and accountability;
- Use customer or resident satisfaction surveys;
- Adopt common definitions of key efficiency and effectiveness performance measures to allow intergovernmental comparisons;
- Develop, measure, and monitor more detailed information within programs;
- Develop common or improved approaches to utilization of financial and non-financial performance measures in making and evaluating decisions;
- Use community condition measures to assess resident needs that may not be addressed by current programs;
- Develop and periodically review supportable targets for each performance measure;
- Evaluate the data to use in long term resource allocation and budget decisions for continuous improvement; and
- Utilize performance information in resource allocation decisions and report the efficiency, effectiveness, and the extent to which the program goals have been accomplished.

It is important that management satisfy itself the performance measures used are reliable. In the final analysis, GFOA recognizes the value of any performance measurement program is derived through positive behavioral change. Stakeholders at all levels must embrace the concept of continuous improvement and be willing to be measured against objective expectations. GFOA urges governments to recognize that establishing a receptive climate for performance measurement is as important as the measurements themselves.

## Planning

**R2.4 The Township should develop and publish a clearly written, multi-year strategic plan with annual goals and measurable objectives, based on identified needs and projected revenues and expenditures (see Tables 2-3, 2-4, and 2-5). The Township should update the plan on a regular basis, and link the plan to its budgets (see R2.1) and performance measurement system (see R2.3). Furthermore, the Township should use the five-year forecasts developed by AOS and update them as conditions change.**

According to the Assistant Fiscal Officer, Boardman Township conducts strategic planning every two years. The Township Trustees, department heads, union members, the public, and the fiscal officer assemble at a retreat. During the retreat, the general condition of the respective departments is discussed and various cost-cutting measures are brought forward. The most recent strategic plan presented 33 cost-saving and revenue generating ideas, including charges for copies of police reports, false alarm fees, zoning fee increases, and a charge for mulch. However, according to the Assistant Fiscal Officer, approximately 2 of the 33 ideas were implemented: charges for copies of police reports and an increase in zoning fees. It is unclear why the Township did not pursue any of the additional suggestions. The Township is currently preparing for the next strategic planning session. While the Township conducts some strategic planning activities, it does not maintain a strategic plan with measurable goals and objectives, nor does it include progress reports on prior goals.

GFOA recommends that all governmental entities use some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending and broad organizational goals. This process should include the following steps:

- **Initiate the Strategic Planning Process** - It is essential that the strategic plan be initiated and conducted under the authorization of the organization's chief executive (CEO), either appointed or elected. Inclusion of other stakeholders is critical, but a strategic plan that is not supported by the CEO has little chance of influencing an organization's future.
- **Prepare a Mission Statement** - The mission statement should be a broad but clear statement of purpose for the entire organization. One of the critical uses of a mission statement is to help an organization decide what it should do and, importantly, what it should not be doing. The organization's goals, strategies, programs and activities should logically cascade from the mission statement.

- **Assess Environmental Factors** - A thorough analysis of the government's internal and external environment sets the stage for an effective strategic plan. A frequently used methodology for conducting an environmental assessment is a "SWOT" (Strengths, Weaknesses, Opportunities, Threats) analysis. Strengths and weaknesses relate to the internal environment, while analysis of opportunities and threats focuses on the environment external to the organization. Local, regional, national, and global factors affecting the community should be analyzed, including economic and financial factors, demographic trends, legal or regulatory issues, social and cultural trends, physical (e.g., community development), intergovernmental issues, and technological change. Also, a government should develop mechanisms to identify stakeholder concerns, needs, and priorities. Among the mechanisms that might be employed to gather such information are public hearings, surveys, meetings of community leaders and citizen interest groups, meetings with government employees, and workshops for government administrative staffs and the legislative body.
- **Identify Critical Issues** - Once the environmental analysis has been completed, the next step is to use the resulting information to identify the most critical issues. Issue recognition should reflect stakeholder concerns, needs, and priorities as well as environmental factors affecting the community.
- **Agree on a Small Number of Broad Goals** - These written goals should address the most critical issues facing the community. It may be necessary to define priorities among goals to improve their usefulness in allocating resources.
- **Develop Strategies to Achieve Broad Goals** - Strategies relate to ways that the environment can be influenced (internal or external) to meet broad goals. A single strategy may relate to the achievement of more than one goal. There should be a relatively small number of specific strategies developed to help choose among services and activities to be emphasized. Use of flowcharts or strategy mapping is encouraged in the design of strategies. To optimize the success of these strategies, opportunities should be provided for input from those who will be affected.
- **Create an Action Plan** - The action plan describes how strategies will be implemented and includes activities and services to be performed, associated costs, designation of responsibilities, priority order, and time frame involved for the organization to reach its strategic goals. There are various long-range planning mechanisms available to enable organizations to clarify their vision and strategy and translate them into action.

- **Develop Measurable Objectives** - Objectives are specific, measurable results to be achieved. Objectives and their timelines are guidelines, not rules set in stone. Objectives should be expressed as quantities, or at least as verifiable statements, and ideally would include timeframes.
- **Incorporate Performance Measures** - Performance measures provide an important link between the goals, strategies, actions and objectives stated in the strategic plan and the programs and activities funded in the budget. Performance measures provide information on whether goals and objectives are being met.
- **Obtain Approval of the Plan** - Policymakers should formally approve the strategic plan so it can provide the context for policy decisions and budget decisions.
- **Implement the Plan** - Organization stakeholders should work together to implement the plan. Moreover, the strategic plan should drive the operating budget, the capital plan, and the government's other financial planning efforts.
- **Monitor Progress** - Progress toward planned goals should be monitored at regular intervals. Organizations should develop a systematic review process to evaluate the extent to which strategic goals have been met.
- **Reassess the Strategic Plan** - Many external factors, such as the national or regional economy, demographic changes, statutory changes, legislation, mandates, and climate/environmental changes, may affect the environment and thus achievement of stated goals. To the extent that external events have long-range impacts, goals, strategies and actions may need to be adjusted to reflect these changes. New information about stakeholder needs or results may also require changes to the plan. It is desirable to minimize the number of adjustments to longer term goals in order to maintain credibility. However, governments should conduct interim reviews every one to three years, and more comprehensive strategic planning processes every five to ten years, depending on how quickly conditions change. Performance measure results need to be reviewed more frequently than the strategic plan.

By developing a strategic plan that includes measurable goals and objectives, the Township will be able to measure progress toward meeting goals and demonstrate increased accountability.

**R2.5 The Township should formally assign economic development activities to one Trustee, who would be responsible for coordinating activities and tracking key data. In addition, the Trustees should appropriately address the items in the report**

developed by the Cleveland Urban Design Collaborative and Kent State University by developing a master plan that is included in a strategic plan (see R2.4). Taking these measures would help the Trustees determine whether to offer incentives to encourage development and, in general, better plan for the future economic development of the Township. This could subsequently help the Trustees address the future financial stability of the Township (see Tables 2-3, 2-4, and 2-5).

No one in Boardman is in charge of economic development. According to the Assistant Fiscal Officer, the large commercial centers and shopping malls were created by private developers. The Township has no tax abatements, nor does it offer any economic incentives for businesses to relocate. Further, the Township does not track any economic indicators, such as building permits, new jobs, new businesses, and residents entering/leaving the area.

The Cleveland Urban Design Collaborative and Kent State University prepared a report for Boardman Township in November 2006, based on the results of a charrette. The charrette was a workshop designed to elicit ideas for the Boardman's future, which involved Township staff, community stakeholders, and residents. According to the report, many residents feel that much of the development in the Township just occurred, rather than being planned. However, the report indicates the outcomes of the charrette could form the basis of a master plan for the Township that would further address the ideas arising from the charrette, including development opportunities. In particular, the report notes that Boardman could create development standards for Township-owned land at the intersection of Route 224 and Southern Boulevard to influence the design and configuration of future development. Furthermore, the report indicates that a master plan should thoroughly examine housing issues, connections within and between residential areas, and traffic calming strategies. To date, the Township has not addressed this report, nor created a master plan.

In an effort to measure economic development, **Table 2-6** compares Boardman Township's ratios of property valuations per citizen and per square mile for residential/agriculture, commercial/industrial, and tangible personal property to the peers.

**Table 2-6: 2006 Property Values Per Citizen and Per Square Mile**

	Residential/Agricultural		Commercial/Industrial		Tangible Property	
	Per Citizen	Per Sq. Mile	Per Citizen	Per Sq. Mile	Per Citizen	Per Sq. Mile
<b>Boardman</b>	\$15,087	\$26,039,604	\$7,611	\$13,136,653	\$2,225	\$3,840,508
<b>Austintown</b>	\$12,083	\$17,839,638	\$4,082	\$6,026,372	\$1,310	\$1,933,429
<b>Miami</b>	\$9,577	\$11,473,264	\$7,736	\$9,268,023	\$2,329	\$2,789,769
<b>Peer Average</b>	\$10,830	\$14,656,451	\$5,909	\$7,647,197	\$1,819	\$2,361,599

Source: Ohio Department of Taxation

With the exception of commercial/industrial valuation per citizen and tangible personal property valuation per citizen, which are only 1.6 and 4.4 percent lower than Miami Township, respectively, Boardman Township's ratios are higher than both Austintown and Miami Township. Additionally, Boardman Township has 17.8 percent of its land zoned for commercial/industrial use, which is much higher than Austintown (10.0 percent) and Miami (7.7 percent). This explains, in part, the significantly higher commercial/industrial property per square mile in Boardman. It should be noted that land use data was obtained from land use reports for Boardman and Miami, and from an interview with Austintown.

**Table 2-7** compares building permits issued for Boardman Township to the peers in 2006, while **Table 2-8** compares building permits issued for townships in Mahoning County for 2005 and 2006.

**Table 2-7: Building Permit Comparison – 2006**

	Boardman	Austintown	Miami	Peer Average
<b>Residential</b>	83	138	134	136
<b>Commercial</b>	158	85	274	178

Source: Montgomery and Mahoning County Building Departments

**Table 2-8: Mahoning County Business Permits**

	Residential 2005	Commercial 2005	Residential 2006	Commercial 2006
Austintown	178	110	138	85
Beaver	66	32	57	24
Berlin	15	4	18	1
<b>Boardman</b>	<b>118</b>	<b>167</b>	<b>83</b>	<b>158</b>
Canfield	105	31	104	42
Coitsville	13	2	10	5
Ellsworth	22	1	14	3
Goshen	33	5	13	5
Green	40	7	18	4
Jackson	19	6	14	20
Milton	35	5	40	6
Poland	86	13	73	11
Smith	20	9	20	4
Springfield	44	18	58	5

Source: Mahoning County Building Department

As shown in **Table 2-7**, Boardman Township issued fewer residential permits than both peers, but significantly more commercial permits than Austintown in 2006. **Table 2-8** shows that Boardman Township issued more residential and commercial building permits than other localities within Mahoning County, with the exception of Austintown's residential permits in both years and Canfield's residential permits in 2006.

Contrary to Boardman Township, Austintown Township and Miami Township have used tax abatements. **Table 2-9** shows the number of tax abatements and the resulting investment in business property that occurred in these townships.

**Table 2-9: Township Tax Abatement Use**

	Austintown	Miami	Peer Average
<b>Residents</b>	36,614	26,357	31,486
<b>Number of Abatements</b>	11	2	7
<b>Amount of Investment</b>	\$30,939,470	\$6,218,254	\$18,578,862
<b>Investment per Resident</b>	\$845	\$236	\$540
<b>Amount of Abatement</b>	\$12,976,550	\$2,182,254	\$7,579,402
<b>Abatement per Resident</b>	\$354	\$83	\$219
<b>Net Investment</b>	\$17,962,920	\$4,036,000	\$10,999,460
<b>Net Investment per Resident</b>	\$491	\$153	\$322
<b>Net Investment per Abatement Agreement</b>	\$1,632,993	\$2,018,000	\$1,825,496
<b>Number of Jobs Retained or Created</b>	377	171	274
<b>Jobs per Abatement Agreement</b>	34	86	60
<b>Jobs per 1,000 Residents</b>	10	6	6

Source: Ohio Department of Development

**Table 2-9** shows that Austintown granted 11 abatements, while Miami granted two. These abatements have resulted in an average net investment of \$10 million and the creation/retention of 274 jobs.

Despite the absence of tax abatements and other incentives, and economic development being primarily driven by the Township's location near major corridors of traffic and private development, **Tables 2-6 to 2-9** show that economic development in Boardman compares favorably to the peers and other localities in Mahoning County. Nevertheless, the lack of structured, planned approach to economic development that includes formally assigning economic development to one person and tracking economic indicators can prevent the Township from further promoting residential and commercial development. This is particularly important in light of the Township's projected financial condition (see **Tables 2-3, 2-4 and 2-5**).

*Financial Implication:* Numerous variables will impact the future growth of the Township. Therefore, it is difficult to quantify a financial impact of increased development. However, if a concerted effort by the Township resulted in an increase of 5 percent in property valuations (2.7 percentage points above the historical average increase of 2.3 percent), the Township's General Fund would realize an annual increase in revenues of approximately \$16,000 and the Road and Bridge Fund would realize an

increase of \$40,000. The revenue increase was calculated by applying inside millage<sup>3</sup> rates only to the estimated 5 percent growth in property valuation.

### *Internal Controls*

**R2.5 The Township should strengthen existing internal controls to minimize risks. Specifically, the Trustees should assist the Clerk in the formal development of an internal control structure which would segregate cash management processes, avoid appropriations exceeding available resources, and limit the use of “then and now” purchase orders as defined by ORC § 5705.11. The development of such a structure would be aided, in part, by developing formal policies and procedures (see R2.1, R2.2 and R2.6), and using an audit committee or assigning internal audit functions to the appropriate employee. The Clerk and Trustees should carefully review the existing internal control structure to identify other weaknesses and make adjustments accordingly. Furthermore, the internal control structure should be reviewed periodically to identify any new or previously uncontrolled risks.**

Boardman Township does not have a strong internal control process. This is evidenced by several factors:

- Boardman Township does not have cash management policies or procedures. There is one employee who receives money, deposits money, and conducts bank reconciliations. This results in a lack of segregation of duties and an increased risk of abuse.
- Once the budget is adopted, the Township uses the Uniform Accounting Network (UAN) computer system to record all the accounting transactions and monitor budgetary status. The UAN has automatic flags built into the system that prevent purchases that exceed the budget from being entered into the system. The user receives a message that indicates the amount exceeds the unencumbered balance, and the system will default to the amount available in that expenditure account. However, the most recent management letter, for FY 2003 and FY 2004, noted several instances of appropriations exceeding available resources, and instances of actual receipts being less than estimated receipts. This indicates that controls are being overridden, which can be partially due to the absence of formal policies and procedures for the budget process (see **R2.1**).
- The Township does not have an internal audit function or audit committee. Without such a function/committee, the Township could miss opportunities to

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<sup>3</sup> Any increases in valuation will be applied to inside millage. This is consistent with ORC § 319.301, which states that tax reduction factors do not apply to inside (unvoted) millage.

identify fraud, misuse, abuse, or waste, as well as identify inappropriate financial management practices.

- In FY 2006, 6.5 percent of purchases were “then and now” purchases. This is significantly higher than Austintown Township, which had no such purchases in FY 2006. This limits the ability of the Trustees and the Assistant Fiscal Officer to exercise adequate oversight. According to ORC § 5705.11, a then and now certificate is used in cases where a purchase order was not issued before a purchase was made. In these cases, the certificate verifies that a sufficient sum of money was appropriated and is free of any encumbrances at both the time of the contract or order and at the time of the certificate. However, the Township indicated that its then and now purchases were made only when the original cost of the good or service had changed upon purchase. Nevertheless, the lack of a comprehensive purchasing manual that delineates approval paths can increase the likelihood of staff issuing then and now certificates (see **R2.6** for further discussion).

The Community of Sponsoring Organizations of the Treadway Commission (COSO) broadly defines internal control as a process, affected by an entity’s board of directors (in this case, the Trustees), management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

According to COSO, internal control consists of the following five interrelated components:

- **Control Environment:** The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors.
- **Risk Assessment:** Every entity faces a variety of risks from external and internal sources that must be assessed. A precondition to risk assessment is establishment of objectives, linked at different levels and internally consistent. Risk assessment is the identification and analysis of relevant risks to achievement of the objectives, forming a basis for determining how the risks should be managed. Because

economic, industry, regulatory and operating conditions will continue to change, mechanisms are needed to identify and deal with the special risks associated with change.

- **Control Activities:** Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.
- **Information and Communication:** Pertinent information must be identified, captured and communicated in a form and timeframe that enable people to carry out their responsibilities. Effective communication also must occur in a broader sense, flowing down, across and up the organization. All personnel must receive a clear message from top management that control responsibilities must be taken seriously. They must understand their own role in the internal control system, as well as how individual activities relate to the work of others. They must have a means of communicating significant information upstream. There also needs to be effective communication with external parties, such as customers, suppliers, regulators and shareholders.
- **Monitoring:** Internal control systems need to be monitored – a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities, and other actions personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the board.

### *Purchasing*

**R2.6 Boardman Township should develop a comprehensive purchasing manual. To aid in this process, the Township should review the Police Department's purchasing manual to identify the items that can be applied to all departments. The Township-wide manual should clearly delineate approval paths, purchasing authority, and statutory requirements. The manual should also include competitive bidding requirements, the request for proposal process, and instructions for making purchases and documenting price comparisons from multiple sources. The manual**

**should be updated annually, distributed to all departments, and be a part of new employee training.**

**Further, the Township should consider joining additional consortiums and require departments to document pricing from applicable consortiums to ensure the selection of cost-effective goods and services. Lastly, the Township should limit or restrict use of the Township's credit card. Doing so would increase the level of scrutiny over purchases, and strengthen the overall purchasing process.**

Boardman Township does not have a comprehensive purchasing manual. The exception is the Police Department, which maintains its own purchasing manual. More specifically, the Township does not have any policies or procedures addressing bidding, requests for proposals, quotes, or approval processes, although Township Trustees approve all purchases over \$500. The personnel manual does contain a policy governing the use of credit cards. However, the Township paid its credit card company \$41,000 in FY 2006 and \$38,000 in FY 2005. By contrast, Austintown Township made credit card purchases totaling only \$13,000 in FY 2006. Excessive use of a credit card could indicate that employees are circumventing Trustee approval. Boardman Township does have a credit card policy that allows anyone with Clerk approval to sign the card out for use. In addition, the lack of a comprehensive purchasing manual could increase the use of then and now certificates (see **R2.5**). Although there are no formal policies governing bids, the Township does comply with ORC § 307.86. For example, the Township annually issues requests for proposals for its paving program. Additionally, the prior three financial audits have not cited the Township for violation of competitive bidding requirements. Lastly, the individual departments frequently solicit multiple quotes for items less than \$15,000.

Boardman Township does not regularly participate in purchasing consortiums to obtain discounts. The Township does purchase from the Ohio Department of Administrative Services (ODAS). For example, a review of meeting minutes for FY 2005 through FY 2007 found that past purchases from ODAS have included police cruisers, Fire Department equipment, and salt for the Road Department. However, a review of purchases for the road, fire, and police departments found that few items are purchased from ODAS. Instead, local vendors are the primary suppliers. According to the Township, local vendors are used because the availability of support (e.g. radio repairs for police). In the instance of the Road Department, fuel was not purchased from ODAS because local providers have offered higher discounts.

According to the *Financial Accountability System Resource Guide* (Texas Education Agency, 2004), a good purchasing manual typically addresses the following items:

- Purchasing goals and objectives;
- Statutes, regulations and board policies applicable to purchasing;
- Purchasing authority;
- Requisition and purchase order processing;
- Competitive procurement requirements and procedures;
- Vendor selection and relations;
- Receiving;
- Distribution;
- Disposal of obsolete and surplus property;
- Bid or proposal form;
- Purchase Order;
- Purchase Requisition (if separate from the purchase order);
- Receiving Report;
- Vendor Performance Evaluation form; and
- Request for Payment voucher.

Boardman Township could join the Northeast Ohio Public Energy Council (NOPEC). NOPEC is made up of 118 member communities, large and small, spread across eight Northeast Ohio counties. Voters in each of these communities approved the formation of NOPEC in November, 2000, by passing ordinances that authorized their local government to aggregate all utility customers within the community. This would likely result in reduced expenditures for electricity and natural gas.

### *Financial Reporting*

**R2.8 In addition to including a formal budget document on its web site (see R2.1), Boardman Township should enhance its current means of communication with the public. This could be accomplished by producing comprehensive and popular annual financial reports (CAFR and PAFR, respectively) and including them on the web site.**

The Township prepares annual financial statements, and receives a biannual audit. However, the Township does not produce a CAFR or a PAFR. In addition, the Township makes the financial audits available for review at the Administration building, but does not distribute them throughout the community. Moreover, the Township includes only the 2004 and 2005 budgeted and actual financial results on its website. Lastly, the Township does not send newsletters/post cards/emails regarding the Township's finances, operations, etc., except those required by law (e.g., RFP announcements, public nuisance letters). However, the Township does have a mass email system setup to notify citizens of happenings.

GFOA encourages governments to publish comprehensive annual financial reports (CAFR), and supplement their CAFRs with simpler, popular annual financial reports (PAFR) designed to assist those who need or desire a less detailed overview of a government's financial activities. Such reporting can take the form of consolidated or aggregated presentations, or a variety of other formats. GFOA recommends that PAFRs exhibit the following characteristics to be most effective:

- The popular report should be issued on a timely basis, no later than six months after the close of the fiscal year, so that the information it contains is still relevant.
- The scope of the popular report should be clearly indicated.
- The popular report should mention the existence of the CAFR for the benefit of readers desiring more detailed information.
- The popular report should attract and hold readers' interest, convey financial information in an easily understood manner, present information in an attractive and easy-to-follow format, and be written in a concise and clear style.
- The popular report should avoid technical jargon to meet the needs of a broad, general audience and the report's message should be underscored, as appropriate, by photographs, charts, or other graphics.
- The narrative should be used, as appropriate, to highlight and explain items of particular importance.
- Comparative data should be used constructively to help identify trends useful in the interpretation of financial data.
- Popular reports should be distributed in a number and manner appropriate to their intended readership.
- Popular report preparers should strive for creativity.
- Users of popular reports should be encouraged to provide feedback.
- The popular report should establish its credibility with its intended readers by presenting information in a balanced and objective manner.

GFOA further notes the objectives of the budget document and CAFR can only be fully realized if they are readily available to all interested parties. Presentation on a government's web site offers an unparalleled means of providing easy access. Benefits of inclusion of the budget document and CAFR on the government's web site include the following:

- **Increased awareness:** Many potential users of the information provided in the budget document and the CAFR are completely unaware of the existence of these important sources of financial data. Presentation on the government's website is a practical means of ensuring that all those with a potential interest in the government's finances are able to profit from the information they contain.

- **Increased usage:** The difficulties inherent in obtaining any published document pose a significant barrier to usage by ordinary citizens. An additional barrier arises when a government must charge for the budget document or the CAFR to recover the cost of printing or copying. Both barriers are eliminated when the budget document and the CAFR are presented on the government's website.
- **Application of analytical tools:** The availability of the budget document and the CAFR in electronic form makes it easy for users to employ computerized tools to find, extract, and analyze the data contained in these often lengthy documents.
- **Avoidance of disclosure redundancy:** Much information of use to potential purchasers of a government's debt securities is already available in either the budget document or the CAFR. In particular, the statistical section of the CAFR is a rich source of data for investors and analysts. Consequently, the routine presentation of both documents on the government's website may help to avoid redundancy and assist in complying with federally mandated disclosure requirements.
- **Savings:** The length and detail typical of the budget document and the CAFR often make both expensive to print. Electronic publication can help to reduce this cost.

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# Human Resources

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## Background

This section of the performance audit focuses on the human resource functions within Boardman Township (Boardman or the Township). The objectives are to assess Boardman's administrative staffing levels, Township salaries, and contracts and benefit practices for effectiveness and efficiency. However, the staffing levels and contracts pertaining to the individual departments, such as police, fire, and roads, will be assessed in those individual sections of the audit report. To illustrate various operational issues, comparisons are made throughout this section to peer townships, and other sources such as the State Employment Relations Board (SERB) and the Kaiser Foundation. The peer townships used in this section include Austintown Township (Austintown), and Miami Township (Miami).

### *Organizational Function*

The Township does not have a separate department that performs human resources activities. However, the Township's human resources and administrative-related functions are carried out by the Administrator. The Trustees (elected positions) are responsible for hiring and terminating employees, establishing employee salaries and benefits, managing the workers' compensation program, and adopting employment policies and procedures. The Fiscal Officer is also an elected position that serves the Township on a part-time basis. According to ORC § 507, the clerk or fiscal officer is responsible for recording township trustee meeting minutes, signing all township checks, publishing financial reports, and keeping records of accounts and transactions. In Boardman Township, the Fiscal Officer's specific human resource duties include processing payroll, and contracting for health insurance and other employee benefits with the help of the Assistant Fiscal Officer. The Assistant Fiscal Officer is appointed by the Fiscal Officer and is a full-time position. The departmental supervisors are responsible for those human resource functions specific to their respective departments (e.g. submitting payroll and other administrative functions). The Township's employees are all represented by collective bargaining units, with the exception of 12 employees that include the administration staff.

Employees in the Township are represented by the following bargaining units:

- The Ohio Patrolmen's Benevolent Association (OPBA), which represents supervisors, patrolmen, and dispatchers.
- The Township Workers Association (TWA), which represents the road department staff.

- The American Federation of State, County and Municipal Employees (AFSCME), which represents clerical and maintenance personnel, the crime analyst, and the case manager.
- The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), which represents the firefighters.

### Staffing

**Table 3-1** illustrates actual staffing levels for the Township's Administrative and all other Departments as of March 2007.

**Table 3-1: Comparison of Township Staffing Levels**

Positions	Number of Staff FTEs			
	Boardman	Austintown	Miami	Peer average
<b>Elected Officials</b>				
<b>Trustees</b>	3.0	3.0	3.0	3.0
<b>Fiscal Officer</b>	1.0	1.0	1.0	1.0
<b>Non- Elected Personnel</b>				
<b>Administrator</b>	1.0	1.0	1.5	1.3
<b>Administrative Assistant</b>	1.0	2.0	2.0	2.0
<b>Administrative Maintenance</b>	1.0	0.0	1.0	1.0
<b>Microfilm</b>	0.5	0.0	0.0	0.0
<b>Fiscal</b>	3.8	2.0	3.0	2.5
<b>Human Resources</b>	0.0	0.0	1.0	1.0
<b>Police Chief</b>	1.0	1.0	1.0	1.0
<b>Sworn</b>	57.0	36	37.0	36.5
<b>Civilian</b>	20.8	9.7	15	12.4
<b>Fire Chief</b>	1.0	1.0	1.0	1.0
<b>Fire Staff<sup>1</sup></b>	44.0	25.7	49.6	37.6
<b>Zoning Inspector</b>	1.0	1.0	1.5	1.3
<b>Zoning Staff</b>	2.8	1.0	3.0	2.0
<b>Roads Supervisor</b>	1.0	0.0	1.0	1.0
<b>Road Staff</b>	32.0	17	15.0	16.0
<b>Township Staffing Totals<sup>2</sup></b>	167.9	97.4	132.6	115

Source: Boardman Township

<sup>1</sup>Fire Department Staff includes assistant chiefs, captains, fire fighters, and fire prevention secretary.

<sup>2</sup>Total Excludes elected officials

As shown in **Table 3-1**, Boardman has more staff compared to peer townships. Higher staffing levels in Boardman Township compared to peer townships, are primarily driven by higher staffing levels in the Police, Fire and Roads Departments. See the Police, Fire and Road sections for additional analysis of staffing levels.

### *Noteworthy Accomplishments*

During the course of this performance audit, AOS identified the following noteworthy accomplishment related to human resources:

**Workers Compensation:** The Township has been an active participant in the Mahoning County Safety Council incentive program and receives a 4 percent rebate on its workers compensation premium. See **R3.2** for an assessment of possibilities for further premium discounts)

### *Assessments Not Yielding Recommendations*

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

**Staffing:** Boardman Township has a total of 10 administrative and clerical positions which is half a position less than the peer average of 10.5; conversely, the Township has 0.25 more FTEs than the peer average. The Township also has 0.1 fewer FTEs per 1,000 citizens than the peer average.

**Health Care Premiums:** Boardman's health insurance family coverage premiums are lower than the peers and SERB average. However, their single health plan premium is higher than the peers due to the generous health insurance coverage. To help correct the high premium issue, the Township has established a healthcare committee to bid on new healthcare plans and discuss costs and coverage. However, select township personnel are not required to pay their portion of healthcare premiums, and the amount paid by some staff is less than industry standards and peer averages (see **R3.1** for further assessment).

## Recommendations

### *Employee Benefits*

**R3.1 Boardman should require all full-time employees to contribute at least 10 percent towards the cost of the monthly health insurance premiums, similar to its AFSCME and non-union staff. This will help to mitigate the high costs associated with providing health insurance coverage. Furthermore, Boardman should renegotiate its employee health care premium contribution to be stated as a percentage rather than a fixed dollar amount, which would help offset annual increases in healthcare premiums.**

**In addition, the Township, through its insurance committee, should closely monitor plan design and benefits. Specifically, during future negotiations, the Township should consider requiring increasing employee co-pays for prescription drugs and ER visits; employee annual deductibles; and out-of-pocket and lifetime maximums. Also, the Township should consider bidding out its healthcare and dental insurance plans or renegotiating plan benefits in order to obtain lower premiums.**

**Table 3-2** compares the Township's 2007 health, dental, vision and life insurance premiums, and employee contributions to the peers. It also compares Boardman Township's health premium to the State average as reported by the State Employment Relations Board (SERB).

**Table 3-2: 2007 Employee Insurance Premium Analysis**

	<b>Boardman Township</b>	<b>Austintown Township</b>	<b>Miami Township</b>	<b>Peer Average</b>	<b>2006 SERB</b>
<b>Provider</b>	Anthem Blue Cross and Blue Shield	Anthem <sup>1</sup>	United Healthcare Choice Plus <sup>2</sup>	Single: \$313.02 Family: \$1,096.84	PP0: Single: \$396.08 Family: \$1,042.89
<b>Monthly Premiums Medical and Rx</b>	Single: \$392.34 Family: \$980.83	Single: \$274.13 Family: \$1,107.36	Single: \$351.91 Family: \$1,086.32		
<b>Full-Time Employee Share</b>	10 percent <sup>3</sup> AFSCME and non-union only	5 percent 2007 7.5 percent 2008 10 percent 2009	10 percent non-union employees and 20 percent union employees	N/A	Single 7.3 percent Family 8.6 percent
<b>Dental:</b>	Single: \$30.05 Family: \$84.12	Single: \$24.33 Family: \$75.98	Single: \$18.52 <sup>4</sup> Family: \$63.83	Single: \$21.43 Family: \$69.91	Single: \$25.71 Family: \$68.95
<b>Vision:</b>			Additional service included with SDC premium	N/A	
<b>Single Family Life Insurance</b>	Single \$8.25: Family: \$20.31  Medical Life Insurance Company  \$16 per month / \$50,000 basic life coverage (elected officials and department heads)  \$8 per month / \$25,000 basic life for all employees	Single: \$5.43 Family: \$14.59  Anthem Life  \$10.00 per month / \$50,000 basic life	Colonial Life  \$4.83 per month / \$25,000 basic life	Not Reported	Single: \$12.99 Family: \$24.05  \$0.1892 per \$1,000 of coverage per employee per month, with a mean benefit of \$32,661 <sup>5</sup>

**Source:** Boardman Township and peers, 2006 SERB

N/A= Not Applicable

<sup>1</sup>Austintown also provides its employees the option of the EE + spouse plan for \$575.67 and the EE +1 or more children plan for \$466.02.

<sup>2</sup>Miami Township also provides its employees the option of the EE + spouse plan for \$773.48 and the EE +1 or more children plan for \$594.03.

<sup>3</sup>Departments at Boardman Township each have a set premium contribution amount stated in their contracts; Fire, Roads and Police (dispatch and patrolmen) the supervisory police staff does not list an amount and are currently in the process of negotiating their contract.

<sup>4</sup>Miami Township's dental coverage is voluntary, and each employee is financially responsible if they elect to receive it.

<sup>5</sup> 2004 SERB report, not reported for 2006.

As illustrated in **Table 3-2**, the statewide premium reported by SERB for 2006 is \$396.08 for single coverage and \$1,042.89 for family coverage, which represents an increase of approximately eight percent from 2005 for the family plan and approximately six percent for the single plan. Assuming that the monthly premiums reported through SERB will increase at a similar level in 2007, it is estimated that the average single plan will cost \$419.85 in 2008 while the average family premium will cost \$1,126.32.

Boardman Township's current healthcare premiums are lower for both single and family coverage when compared to SERB. However when compared to the peer average, the Township's 2007 health insurance premium is 25 percent higher for single coverage, and almost 11 percent lower for family coverage. To control healthcare costs, the Township has established a healthcare committee to bid on new healthcare plans and to discuss claims, costs and coverage.

Also, as shown in **Table 3-2**, the Township's dental single plan premium is 40 percent higher than the peer average and 17 percent higher than SERB (see **Table 3-4**). In addition, Boardman's single vision coverage is higher than Austintown's premium by 52 percent but lower than SERB's premium by 36 percent. Furthermore, the Township's life insurance costs are 60 percent higher than Austintown's per \$50,000 and 66 percent higher than Miami's per \$25,000 coverage.

Furthermore, **Table 3-2** shows the employee health insurance premium contributions for AFSCME and non-union employees is 10 percent. However a review of all other bargaining unit contracts shows employee healthcare premium contributions differ, both within the Township and in comparison to the peers, as shown below:

- Police Contracts:
  - Supervisors: Boardman- 0 percent; Austintown- 5 percent; Miami- 20 percent; and Perry- Any increase greater than 8 percent is paid by staff.
  - Patrolmen: Boardman- 6.9 percent; Austintown- 5 percent; Miami- 20 percent; Perry- Any increase greater than 8 percent is paid by staff.
  - Dispatch: 9 percent; Austintown- 7 Percent single coverage, 3 percent of family coverage, Miami- 20 percent; Perry- Any increase greater than 8 percent is paid by staff
- Road Contract: Boardman- 9 percent; Austintown- 7 percent single coverage, 3 percent of family coverage, Perry 0 percent.

- Fire Contract: Boardman- 0 percent; Austintown- 6 percent; Miami 10 percent; Perry 0 percent.
- AFSCME: Boardman- 10 percent. Peers do not have a similar contract.
- Non-union: as expressed in **Table 3-2**.

Other than the AFSCME and non-union employees, the healthcare contribution amounts specified in the Township's other bargaining unit agreements are less than 10 percent of the premium amount. Conversely the OPBA police supervisors and ALF-CIO fire personnel do not pay any portion of their health care premiums. This illustrates the fact that Boardman Township's health care premium contributions are not equitable among all employees.

SERB's 2006 report on healthcare costs indicated that the State of Ohio's public employee contribution portion was 7.3 percent of the average monthly premium for single coverage and 8.6 percent of the monthly premium for family coverage. The current amount paid by AFSCME and non-union staff exceeds this, but for all other staff, the amount is at or below the SERB average.

The Center for Public Management and Regional Affairs at the Miami University collects and maintains a database on municipal wages, salaries, benefits, and other compensation issues for Ohio's townships, and used this information in its 2006 Ohio Township Survey. According to The Center for Public Management and Regional Affairs Survey, out of 21 townships that responded, six require employee contributions towards monthly premium costs.

The main factor that determines premium costs is the composition of plan benefits. **Table 3-3** shows Boardman Township's key medical plan benefits in comparison to the peers and the 2006 Kaiser Survey averages.

**Table 3-3 Key Employee Medical Plan Benefits**

	<b>Boardman Township</b>	<b>Austintown Township</b>	<b>Miami Township</b>	<b>Kaiser Survey 2006</b>
<b>Office Visits Deductible Network</b>	Single: \$15 Family: \$15	\$15	\$10 co-pay	\$15 to \$25 Not Reported
<b>Non-Network</b>	10%	30% Co-payment	Deductible and Co-insurance	
<b>Prescription Drugs – Generic / Formulary/ Non Formulary</b>				
<b>Retail</b>	\$10/\$15/\$20	\$5/\$12/\$22	\$10/\$20/\$30	\$11/\$24/\$38
<b>Mail Service</b>	\$20/\$30/\$40	\$10/\$24/\$44	\$25/\$50/\$75	Not Reported
<b>Employee Deductible: Network (Individual/Family)</b>	Single: \$0 Family: \$0	Single: \$100 Family: \$200	None	PPO (In Network ) Single- \$473 Family: \$1034
<b>Non Network (Individual/Family)</b>	Single: \$100 Family: \$200	Single: \$200 Family: \$400	\$300 Single \$600 Family	Not Reported
<b>Employee Out-of-Pocket Maximum: Network (Individual/Family)</b>				<b>Single Coverage</b> 10%: \$999 or less: 22%: \$1,000 - \$1,499 23%: \$1,500 - \$1,999 20%: \$2,000 - \$2,499 8%: \$2,500 - \$2,999 18%: \$3,000 or greater <sup>1</sup>
<b>Non Network (Individual/Family)</b>	Single: \$0 Family: \$0	Single: \$1,000 Family: \$2,000	Single: \$1,000 Family: \$2,000	<b>Family Coverage</b> 14%: \$1,999 or less 16%: \$2,000 - \$2,999 25%: \$3,000 - \$3,999 18%: \$4,000 - \$4,999 10%: \$5,000 - \$5,999 18%: \$6,000 or greater <sup>1</sup>
	Single: \$1,100 Family: \$2,200	Single: \$2,000 Family: \$4,000	Single: \$2,300 Family: \$4,600	Not Reported
<b>Emergency Room (ER) Visit<sup>2</sup></b>	No Co-pay	\$50 co-pay	\$75 co-pay	Not Reported
<b>In-Patient Hospital Care Network</b>	No Co-pay/Coinsurance	Covered in full	Full Coverage	17% Coinsurance
<b>Non Network</b>	10 percent	30 percent	Deductible & Co-Ins.	Not Reported
<b>Out- Patient Hospital Care Network</b>	No Co-pay/Coinsurance	Covered in full	Full Coverage	
<b>Non Network</b>	10 percent	30 percent	Deductible & Co-Ins	Not Reported
<b>Lifetime Maximum</b>			Unlimited (network)	
	\$5 million <sup>2</sup>	\$1,000,000 <sup>2</sup>	\$1,000,000 (Non-network)	Not Reported

Source: Boardman Township and peer townships, 2006 Kaiser Survey.

<sup>1</sup>Above data is for workers facing out-of-pocket maximums. 21 to 22 percent of workers have no limit.

<sup>2</sup>Cost for both network and non-network

As illustrated in **Table 3-3**, the Township's co-pays for office visits, in-patient and out-patient care are similar to the peers. However, its prescription drug co-pays, employee deductible, and out-of-pocket maximums, are lower than all the peers and the 2006 Kaiser Survey average. Furthermore, **Table 3-3** also shows the Township's co-pay for ER visits and its lifetime maximums are lower than Austintown and Miami; however, the Kaiser survey does not report on this. These variables in plan design may partially explain why the Township's health care premiums are higher than both peers and the 2006 Kaiser Survey for single coverage.

**Table 3-4** provides a comparison of plan benefits for dental coverage.

**Table 3-4: Dental Benefit Comparisons**

Description	Boardman	Austintown	Miami
Maximum Benefit each calendar year for class 1,2, and 3 per person	\$1,000	\$1,000	\$1,000
Lifetime Maximum for Orthodontic services per person	\$1,000	\$0 not covered	\$1,000
Annual Deductible	\$25 Single \$75 Family	\$50 per person	N/A
<b>Percent Coverage for Dental Procedures</b>			
Class 1- Preventative and Diagnostic	100%	100%	100%
Class 2-Basic Restoration	80%	80%	50%
Class 3- Major Restoration	80%	50%	50%
Class 4- Orthodontia	60%	0%	50%

Source: Boardman and Peers benefits summaries.

N/A= not available

As previously shown in **Table 3-2**, the Township's dental premiums are high for both single and family. The premium for single coverage is 40 percent higher than the peer average and is 17 percent higher than the SERB average. While the premium for family coverage is 20 percent higher than the peer average and 22 percent higher than the SERB average. This is due to the higher levels of coverage, shown in **Table 3-4**, for basic restoration, major restoration and orthodontia. Another reason for the Township's high dental premiums is the Township's annual deductibles for single which are lower than Austintown's \$50 per person. Miami could not provide this information.

Lastly, the Township provides hospitalization waivers to bargaining unit employees who chose not to enroll in the health care benefit program. The payment is from 20 to 50 percent of the premium for which they are eligible. Although this is a cost savings to the Township, it is offered to those employees that would otherwise have not opted to enroll

in the Township health care plan even without this bonus. There are no employees that take advantage of this bonus, but as the Township works with its provider to reduce costs through a reduction of benefits, it may become more of cost to the Township.

Overall, the Township's health insurance premiums are competitive for the level of insurance that they are receiving. For instance, family premiums are lower even though plans include lower co-pays and lower out of pocket maximums. However, dental premiums are high due to more generous plan provisions.

Increasing the full-time employee contribution would help the Township improve its future financial situation (see **financial systems**) and balance the generous plan provisions when compared to data reported by Kaiser.

*Financial Implication:* If Boardman were to require all employees to pay 10 percent of premium costs, it could realize a cost savings of approximately \$108,000. Additional cost savings could be realized through competitive bidding of healthcare and dental plans, and an adjustment in the plan design; however, these savings could not be quantified.

**R3.2 Boardman Township should work with its BWC Employee Services representative to implement the appropriate programs to reduce premiums and future claims. Examples of these programs are the Premium Discount Program, Transition to Work program, Drug Free Workplace, and the Retrospective Rating program. By working closely with the BWC representative, the Township will be able to realize a cost savings through discounts. Furthermore, by participating in these programs, it may also be able to reduce the number of future claims.**

The Township is currently participating in the Mahoning County Safety Council incentive program, and receives a 4 percent discount (see noteworthy accomplishment). However, other than safety, the Township is not involved in any programs that would provide further premium discounts. **Table 3-4** presents the Township's workers compensation data from 2004 through 2006.

**Table 3-5: Workers Compensation Data**

	2004	2005	2006
<b>Total Claims</b>	12	23	31
<b>Total Claims Costs</b>	\$38,319	\$31,235	\$52,677
<b>Average Cost Per Claim</b>	\$3,193	\$1,358	\$1,699
<b>Premium Cost</b>	\$716,325	\$652,765	N/A
<b>Experience Modifier</b>	1.04	0.90	1.10

Source: Ohio Bureau of Workers Compensation

**Table 3-5** shows that the Township's claims costs and experience modifiers declined in 2005 and increased in 2006 with the increase in claims. The experience modifier is the primary calculation used by the Bureau of Workers' Compensation (BWC) to establish the annual premiums and is based upon several factors, including the total number of claims in any previous time period, the severity of those claims, and the extent to which lost time claims went into effect. According to the BWC, an experience modifier less than 1.00 indicates that the entity has effectively managed workers' compensation costs and would be eligible for group rating programs in most cases. Group rating allows employers who are substantially similar in business type to merge their experiences (as one large employer) in an effort to achieve a lower premium rate than they could on their own. The Township has high workers' compensation claims and costs and therefore is not eligible for group rating due to an experience modifier greater than 1.00. Furthermore, according to a BWC representative, the base rate being offered to entities that are not penalty rated is \$6.02 (per \$100 of premium). Currently, due to the Township's experience modifier, it is being charged \$7.25 (per \$100 of premium), which is 20 percent higher than the base.

BWC offers many programs that provide discounts on premium costs, which include the following:

**Drug Free Workplace:**

Entities that implement the Drug Free Workplace program through BWC are eligible to receive premium discounts ranging from 10 percent to 20 percent during the first five years of the program. The actual discount an entity receives depends on the number of employees the entity is subjecting to random drug tests and the year of implementation. According to the Township Administrator and the Assistant to the Fiscal Officer, Boardman Township is in the process of implementing the Drug Free Workplace program; however, Township officials are not working with a BWC representative. According to a BWC representative, an organization may have an internal drug policy, but unless it is accepted into BWC's Drug free workplace program, no discounts will be provided. However, if the Township collaborates with BWC, it will be eligible for a 10 percent premium discount. To supplement the Drug Free Workplace program and receive additional discounts the Township can also implement the Premium Discount Program.

**Premium Discount Program (PDP):**

This program can be incorporated along with the Mahoning County Safety Council discount. The PDP is an incentive program designed by the Bureau of Workers' Compensation (BWC) with the goal of helping an entity design a safer, more cost effective workplace. Entities participating in the PDP receive a 10 percent premium discount in the first two years of participation and five percent in the third year, upon

implementing the BWC's ten-step business plan. As additional incentives, an entity can also receive a 10 percent premium rebate if they achieve a 15 percent reduction in claim severity in a given year, a five percent rebate if they achieve a 15 percent claims frequency reduction, and another five percent rebate if they achieve both incentives.

**Transition to Work Program:**

The Township has language in its contracts addressing work transition programs, which, if it works with the regional BWC representative, could result in additional savings. The transitional work program identifies light job duties that can be completed for a specified time period by an injured worker in an effort to gradually return the worker to his/her normal responsibilities.

In addition to the Drug Free Workplace, PDP, and Transition to Work Programs, the BWC representative indicated that retrospective rating would be an appropriate rating program for the Township.

*Financial Implication:* The Township could realize a cost savings of \$111,000, based on the difference between BWC's base rate of \$6.02 for townships in good standing, and Boardman's current rate of \$7.25.

### *Employee Salaries*

**R3.3 Boardman Township should take steps to more closely align its compensation levels with the peers, including the following:**

- **During future collective bargaining, the Township should eliminate the practice of paying a portion of the employees' share of retirement contributions for the Road Department. (see the road section for further discussion)**
- **During future collective bargaining, the Township should alter the salary schedules for the Fire and Police (supervisors, and patrol officers) to bring them more in line with the peers. For example, the Township could consider reducing the first step and last step for OPBA (police) and AFL-CIO (fire) of the schedules.**
- **Limit negotiated wage increases for staff in future years, particularly if the Township encounters financial difficulties (see financial systems section), maintains current salary schedules, or continues to pay the full employee retirement contribution for the road department staff. (see road section for further assessment and financial implication)**

**Table 3-6** compares Boardman Township’s average salaries to the peers, by department. The departments include Administration, Fire, Police, Road, Zoning and Other. Boardman pays 100 percent of the Road Department employees’ share of retirement contributions. Austintown pays varying portions of employees’ retirement contributions; and Miami Township pays 100 percent of the employees’ share of retirement contributions for all departments. However, because Boardman provides this benefit only to the Road Department, this salary analysis will compare the base salaries for Boardman and the peer townships, and the retirement benefit will be addressed in the **roads section** of this audit.

**Table 3-6: Boardman Township Average Salary Comparison**

	<b>Boardman</b>	<b>Austintown</b>	<b>Miami</b>	<b>Peer Average</b>
<b>Total Administration<sup>1</sup></b>	<b>\$70,570</b>	<b>\$67,449</b>	<b>\$89,665</b>	<b>\$78,557</b>
Township Administrator	\$60,008	\$78,062	\$103,438	\$90,750
Fire Chief	\$73,278	\$67,517	\$85,478	\$76,497
Police Chief	\$93,205	\$67,517	\$85,488	\$76,502
Roads Supervisor	\$70,741	\$0 <sup>2</sup>	\$63,648	\$63,648
Zoning Supervisor	\$55,619	\$56,701	\$71,032	\$63,866
<b>Fire Fighters</b>	<b>\$51,750</b>	<b>\$39,807</b>	<b>\$49,083</b>	<b>\$44,445</b>
<b>Civilian Police</b>	<b>\$37,000</b>	<b>\$38,317</b>	<b>\$36,019</b>	<b>\$37,168</b>
<b>Sworn Officers</b>	<b>\$59,699</b>	<b>\$51,431</b>	<b>\$49,074</b>	<b>\$50,252</b>
<b>Roads Staff</b>	<b>\$43,447</b>	<b>\$39,270</b>	<b>\$38,749</b>	<b>\$39,010</b>
<b>Zoning Staff</b>	<b>\$31,578</b>	<b>\$36,005</b>	<b>\$44,816</b>	<b>\$40,410</b>
<b>Other<sup>3</sup></b>	<b>\$35,180</b>	<b>\$33,862</b>	<b>\$50,202</b>	<b>\$42,032</b>
<b>Departments Total Average (does not include Adm.)</b>	<b>\$50,040</b>	<b>\$43,839</b>	<b>\$46,269</b>	<b>\$45,054</b>
<b>Township Total Average (Includes Admin.)</b>	<b>\$50,651</b>	<b>\$45,830</b>	<b>\$48,233</b>	<b>\$46,531</b>

**Source:** Boardman and peers fiscal offices

**Note:** An FTE is assumed to work 8 hours a day 260 days per year; therefore, the average salaries may appear to be greater than the salaries reported by the individual Townships and allows for an equitable comparison.

<sup>1</sup> Includes the Township Administrator, Fire Chief, Police Chief, Roads Super, and Zoning Supervisors; however, Miami also includes an Assistant Township Administrator. Also, this compensation amount does not include the private use of township vehicles, however this should be included in the township’s overall compensation package.

<sup>2</sup> Position is currently vacant

<sup>3</sup> Other includes maintenance, microfilm, and clerical staff.

According to **Table 3-6**, Boardman pays higher salaries compared to the peer average in the following areas:

- Fire Department employees;
- Sworn Police Officers; and
- Roads personnel.

In order to identify potential the factors that contribute to higher salaries; a salary schedule comparison was conducted for the fire and police departments' collective bargaining agreements, as shown in **Table 3-7**.

**Table 3-7: Fire and Police Department Salary Schedule Comparison (2007)**

Fire							
	Boardman	Austintown	Austintown Adjusted <sup>1</sup>	Miami	Miami Adjusted <sup>2</sup>	Perry <sup>3</sup>	Peer Average <sup>4</sup>
<b>First Step</b>	\$34,092	\$28,840	\$30,570	\$42,924	\$47,259	\$28,840	\$35,837
<b>Step 2</b>	\$37,123	\$32,960	\$34,988	\$45,202	\$49,767	\$33,765	\$39,834
<b>Step 3</b>	\$39,714	\$43,232	\$45,826	\$47,100	\$51,857	\$38,268	\$45,688
<b>Step 4</b>	\$42,387	N/A	N/A	\$49,377	\$54,364	\$41,644	\$48,611
<b>Final Step</b>	\$54,541	N/A	N/A	\$51,713	\$56,936	\$41,957	\$50,058
<b>Number of Steps</b>	7	3	N/A	5	N/A	4	4
<b>Average Step Increase</b>	8.18%	22.73%	N/A	4.77%	N/A	13.08%	13.52%
<b>Average Negotiated Increase</b>	4.0%	2.0%	N/A	3.0%	N/A	3.0%	2.7%
Police- Patrolman							
<b>First Step</b>	\$44,831	\$41,746	N/A	\$42,848	\$47,216	\$34,038	\$41,000
<b>Step 2</b>	\$48,866	\$44,096	N/A	\$44,429	\$48,996	\$39,415	\$44,169
<b>Step 3</b>	\$51,009	\$44,096	N/A	\$46,301	\$51,127	\$42,357	\$45,860
<b>Step 4</b>	\$53,068	\$44,096	N/A	\$48,069	\$53,124	\$45,131	\$47,450
<b>Final Step</b>	\$59,562	\$48,734	N/A	\$51,979	\$57,479	\$45,131	\$50,448
<b>Number of Steps</b>	10	3	N/A	5	5	4	4
<b>Average Step Increase</b>	3.24%	5.30%	N/A	4.90%	N/A	9.94%	6.71%
<b>Average Negotiated Increase</b>	4.0%	4.0%	N/A	5.0%	5.0%	2.5%	4.1%
Police-Dispatch							
<b>First Step</b>	\$31,533	\$33,342	\$35,343	\$31,762	\$35,010	N/A	\$35,176
<b>Step 2</b>	\$36,171	\$35,194	\$37,305	\$33,342	\$36,790	N/A	\$37,048
<b>Step 3</b>	\$37,690	\$37,066	\$39,290	\$35,006	\$38,692	N/A	\$38,991
<b>Step 4</b>	\$40,019	N/A	N/A	\$36,774	\$40,689	N/A	\$40,689
<b>Final Step</b>	\$42,598	N/A	N/A	\$40,498	\$44,838	N/A	\$44,838
<b>Number of Steps</b>	5	3	3	6	N/A	N/A	4.5
<b>Average Step Increase</b>	7.9%	5.4%	N/A	5.0%	N/A	N/A	5.2%
<b>Average Negotiated Increase</b>	4.0%	N/A	N/A	3.3%	N/A	3.0%	3.1%

**Source:** Boardman and Peer Contract Agreements.

N/A= Not Applicable

<sup>1</sup> Adjusted Salaries for Austintown police include retirement contribution of 6 percent as well as a \$50.00 longevity amount which is paid every two years. The police department's adjusted salaries only include an employer paid employee retirement contribution portion of 6 percent, but no longevity pay.

<sup>2</sup> Adjusted salaries for Miami's fire department include the employer paid retirement contribution of 10 percent as well as longevity paid when employees have completed their salary steps. the police department's adjusted salaries include employer paid retirement contribution of 10.1 percent, as well as longevity paid on a graduated scale, which starts at forty dollars on year one and increases with the number of years served.

<sup>3</sup> Perry's contract expired in 2006, but schedules were adjusted by 3 percent to account for 2007 wages using the average percentage of past negotiated wage increases.

<sup>4</sup>The peer average includes adjusted salaries for the peers where applicable.

As shown in **Table 3-7**, the Fire Department's salary schedule is higher than Austintown and Perry, even after adjusting Austintown to include retirement contributions and longevity, with the exception of the third step. However, Miami's salary schedule is higher than Boardman, even before adjusting Miami for retirement contributions and longevity.

**Table 3-7** further illustrates that the Police Department patrolmen's salary schedule is higher than the peers. However, Miami's pay schedule is slightly higher than Boardman's after adjusting for retirement contributions and longevity, with the exception of its final step. Boardman's dispatcher salary schedules are lower than Miami and Austintown after adjusting pay schedules to include retirement contributions and longevity. However, Boardman police dispatchers have more steps than Austintown, which makes salary scale higher in its final steps.

Overall, the average step increase is not a factor in the firefighter and police patrol schedules as they are lower than the peer average and each peer in those categories. However, the average step increase for police dispatchers is 51 percent higher than the peer average, indicating the step schedule itself is the cause of the higher salaries compared to the peers. Additionally, **Table 3-7** shows that the negotiated salary increase for Boardman is higher than the peer average in the Fire and Road Departments. The Police Department increase is comparable to the peer average. (see **Table 3-6** below for an assessment of the road salaries)

The Township did not provide its Road Department employees with any negotiated step schedule; therefore, a salary step comparison could not be completed. However, **Table 3-8** provides a comparison of the Townships' Road Department average salaries and negotiated wage increases to the peers.

**Table 3-8: Road Department Salary Schedule Comparison (2006)**

	Boardman	Boardman Adjusted <sup>1</sup>	Austintown	Austintown Adjusted <sup>1</sup>	Perry	Peer Average
<b>Foreman</b>	\$49,400	\$54,093	\$43,867	\$48,035	\$39,042	\$41,454
<b>Mechanic</b>	\$47,112	\$51,588	N/A	N/A	\$40,310	\$40,310
<b>Assistant Mechanic</b>	\$43,763	\$47,921	N/A <sup>2</sup>	N/A <sup>2</sup>	\$37,149	\$37,149
<b>Operator</b>	\$45,302	\$49,606	\$40,518	\$44,368	\$37,149	\$38,834
<b>Driver</b>	\$42,536	\$46,577	\$37,170	\$40,701	N/A	\$37,170
<b>Laborer</b>	\$38,376	\$42,022	N/A	N/A	N/A	N/A
<b>Average Negotiated Increase</b>	4.0%	N/A	3.0%	N/A	2.8%	2.9%

**Source:** Boardman Township and peer negotiated agreements.

**Note:** Miami's Road Department is not a part of a bargaining unit, so no salary schedule is available. See **Table 3-6** for further salary comparisons that include Miami using actual average salaries.

<sup>1</sup>Adjusted Boardman and Austintown salary schedules to include the 9.5 percent employee share of retirement contributions which is paid by the Townships. Austintown was further adjusted to include longevity.

<sup>2</sup> Mechanics are not included in the road department's collective bargaining agreement.

Looking strictly at base salaries, the Road Department has higher salaries than the peers, even before applying the adjustment to reflect the Township's payment of 100 percent of the employees' share of retirement contributions. (see the **road** section for further assessment.) This may be due to higher starting salaries as well as the Township's negotiated salary increase of four percent while the peers offer approximately three percent. The higher salaries in these areas contribute to higher overall personnel costs for Boardman Township in its Fire, Road, and Police Departments.

### *AFSCME Contract Incentives*

#### **R3.4 Boardman Township should eliminate the attendance incentive programs it offers its employees. By eliminating this provision, the Township will reduce its financial liability in the future.**

Boardman Township's clerical, maintenance, crime analyst, and case manager employees are members of the American Federation of State, County and Municipal Employees (AFSCME), Ohio Council 8, Local 2498. Their collective bargaining agreement covers the time period from January 1, 2007 through December 31, 2009. The provisions of the AFSCME contract were reviewed based on other contracts within Boardman Township, as the peers do not have a contract for clerical staff. However, the attendance incentives were compared to the peers for the **road**, **police** and **fire** sections. The majority of clauses in the contract were found to be comparable to other Township departments, except in the area of sick, and vacation leave incentives.

Boardman Township provides its employees with two sick leave incentives and a vacation incentive, that are generous when compared to the peers. However, only the non-use sick leave bonus will be addressed in this section, as the vacation and sick leave conversion incentives are addressed in the **fire**, **police**, and **road** sections.

All full-time employees who do not use sick leave during each quarter are eligible for a bonus payment of \$150.00. Boardman Township provides all employees with the sick leave incentive at varying benefit levels. Only Austintown Township provides a similar but less generous incentive to its police, fire, and roads supervisors. Given the Townships current financial condition, maintaining this provision can be very costly, assuming a large number of employees participate. Furthermore, **Table 3-9** illustrates that sick leave usage was an issue during both FY 2005 and FY 2006 in the Townships Police, Fire and Road departments, which encompasses the majority of the Townships personnel. The high usage compared to state averages indicates that this incentive is may not be helping to reduce sick leave usage, but is potentially providing additional compensation to employees who would not use sick leave anyway.

*Financial Implication:* Based on AFSCME members who received the attendance incentive in 2006, if Boardman eliminates this incentive language from its contract it should realize a cost savings of \$32,700 annually.

### *Sick Leave Usage*

**R3.5 Boardman Township should strengthen the sick leave use language in its collective bargaining agreements by including statements concerning “patterns of abuse,” similar to those in the current Township policy. Also, the threshold for sick leave days taken before a physician’s statement is required, should be reduced to two days which is what was negotiated in the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) agreement for the firefighters, for the following collective bargaining agreements:**

- **The Ohio Patrolmen’s Benevolent Association for supervisors, patrolmen, and dispatch (OPBA),**
- **Township Workers Association (TWA), and**
- **The American Federation of State, County and Municipal Employees (AFSCME) union contracts.**

**Before negotiating with OPBA and TWA, the Township should gather and analyze sick leave use data to determine if the negotiated agreement provisions to reduce the amount of sick leave, such as the annual and retirement buy-backs are preventing sick leave use or providing additional financial incentives to those employees who would not have used the leave anyway. (See R3.4 and the police, fire and road sections for further assessments of contracts.)**

There is no clause in any of the Township's collective bargaining agreements that addresses sick leave abuse. However, there are 13 employees that are not a part of any union and who follow the Township's policy and procedure manual. This manual does have a section outlining sick leave abuse/pattern use and includes the following topics:

- Supervisor approval of sick leave;
- Falsification of sick leave records;
- Patterns of sick leave abuse; and
- Disciplinary action for sick leave abuse.

**Table 3-9 shows a comparison of Boardman Township's 2005 and 2006 sick leave use for the Police, Fire and Road Departments to averages compiled by the Ohio Department of Administrative Services (DAS). Also, Boardman Township Police Department sick leave use is compared to Fraternal Order of Police (FOP) averages.**

**Table 3-9: Comparison of Sick Leave Use**

Departments	Sick Leave Hours	Total Employees	Sick Leave Per Employee in Hours	Fraternal Order of Police (FOP)	Excess Hours Used per Employee	Statewide Average (Hr)	Excess Hours Used per Employee
<b>FY 2005</b>							
Police	4,467	87.0	51.3	35.12	16.23	53.72	(2.37)
Fire	3,971	45.0	88.0				34.28
Roads	2,560	32.0	80.0				54.28
<b>FY 2006</b>							
Police	5,153	85.0	60.6	29.70	30.92	51.96	8.66
Fire	4,279	45.0	95.0				43.04
Roads	2,499	30.0	80.0				31.96

**Source:** Boardman Township, Ohio Department of Administrative Services (DAS)

**Table 3-9** shows that in 2005 and 2006, Fire and Road Department staffs surpassed statewide averages in the hours of sick leave used per employee. The Police Department was lower than the statewide average in 2005, but still higher than the FOP in 2005 and 2006.

Although there was high sick leave use per employee within the Road Department, it was due, in part, to instances of major illness such as cancer or heart attack. Further, in one particular instance, the employees had donated sick time to another individual, leading to overall high sick leave use in the Department. Because the Township does not monitor sick leave abuse it is difficult to determine how many of the hours represented in **Table 3-9** are abusive. Sick leave abuse can result in higher amounts of overtime and lower service levels. As a result it is important for the Township to ensure that it has proper control over its sick leave use.

The only sick leave control in its collective bargaining agreements is the requirement of a doctors' excuse after a certain number of days in order to be eligible for paid sick leave.

- OPBA: 5 or more days (supervisors, patrolmen, dispatch);
- TWA: for roads: 5 or more days;
- AFL-CIO: 2 consecutive days; and
- AFSCME: 3 consecutive days.

According to the Society of Human Resource Managers (SHRM) one way to control sick leave use is to establish a proactive approach to reduce the frequency and amount of leave used. However, the Township does not appear to be adequately controlling the amount of sick leave use. Instead, the following additional financial benefits are provided to employees who possibly would not have used sick leave anyway:

- Sick Leave Incentive- OPBA, TWA, AFL-CIO employees with a sick leave balance of 300 hours can sell back leave at a rate of 50 percent once per year. A sick leave bonus of \$150 per quarter for non-use is awarded to AFSCME employees. AFSCME employees with over 23 years can also sell 80 hours of sick leave earned during the previous year for up to a three year period. The maximum sell back of the sick leave shall not exceed 240 hours
- Attendance Incentive- OPBA Employees with perfect attendance can receive up to 5.7 times their hourly rate at time and a half or a minimum of \$150 per quarter, whichever is greater. TWA employees receive \$100 per quarter. AFL-CIO employees receive \$150 per quarter. AFSCME does not have a separate attendance incentive, other than the sick leave and vacation buy-back.

Miami Township's Fraternal Order of Police (FOP) contract includes sick leave abuse language that includes requiring a physician's statement for three consecutive sick days, or more than two individual instances of sick leave use during a two-month period. The language also permits disciplinary action for falsification/dishonesty and excessive or pattern use.

According to an article in the 2006 Business and Legal Reports titled “*Regulatory Analysis*,” most employers provide sick leave as an important employee benefit. Employers establishing or amending a sick leave policy should consider other disability income policies, how unused sick leave should be addressed, liability for sick leave, and general discrimination issues. When adopting a policy, employers must be sure that it fully complies with federal or state family/medical leave laws, the Americans with Disabilities Act, and any other applicable laws. There are many alternatives to standard sick leave policies, including flexible leave policies, no-fault attendance policies, and leave donation programs.

Whether establishing a policy for non-bargaining unit employees, or addressing sick leave within the bargaining unit agreements, the Township must address any patterns of abuse by employees. A “pattern of abuse” typically refers to employees who, over a period of time, have violated the attendance policy on numerous occasions. In order to confidently discipline employees with attendance problems, legal experts say it is best to have a clearly written policy that specifies the organization’s standards and employee requirements. The policy should specify that discipline—including termination—may result from repeated abuse and misuse and should be flexible, since it is virtually impossible to list every single potential offense.

By establishing sick abuse language in each of its bargaining unit contracts, similar to its policy and procedure manual, along effectively managing sick leave by identifying patterns of abuse, the Township can greatly reduce the amount of sick leave used.

## Financial Implications Summary

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

### Recommendations Not Subject to Negotiation

Recommendation	Estimated Annual Cost	Estimated Annual Cost Savings
R3.2 Obtain Workers Compensation discount		\$111,000
<b>Total</b>		<b>\$111,000</b>

### Recommendations Subject to Negotiation

Recommendation	Estimated Annual Cost	Estimated Annual Cost Savings
R3.1 Require bargaining unit employees health care contribution		\$108,000
R3.4 Eliminate quarterly sick leave bonus.		\$32,700
<b>Total</b>		<b>\$140,700</b>

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# Police Department

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## Background

This section of the performance audit focuses on Boardman Township’s Police Department (Boardman PD, or the Department) operations. The objective is to analyze Department operations and develop recommendations for improvements. Data from sources such as the Government Finance Officers Association (GFOA), the Michigan State Police, the Ohio Department of Administrative Services (DAS), the Commission on Accreditation for Law Enforcement Agencies (CALEA) and peer townships is used for comparisons throughout this section of the report. The peer townships include Austintown Township (Austintown PD) and Miami Township (Miami PD), with Perry Township (Perry PD) being used only for comparisons of negotiated agreements.

### *Organizational Structure & Staffing*

According to its mission statement, Boardman PD is to “enhance the quality of life in Boardman Township in working in partnerships with the community to preserve life, enforce the law, provide quality services, reduce the fear of crime, and to promote joint problem-solving for safe secure neighborhoods”. The Boardman PD is headed by the Chief and is further staffed by full-time sworn officers, including two Captains, four Lieutenants and ten Sergeants, as well as full-time and part-time non-sworn support personnel.

**Table 4-1** compares Boardman PD FTE staffing levels, by classification, to the peers.

**Table 4-1: 2007 FTE Staffing Levels (As of June 2007)**

Positions	Boardman <sup>1</sup>	Austintown	Miami	Peer Average
Chief <sup>1</sup>	1.0	1.0	1.0	1.0
Captain	2.0	0.0	0.0	0.0
Lieutenant	4.0	5.0	0.0	2.5
Sergeant	10.0	11.0	5.0	8.0
Officer/Patrolmen	41.0	20.0	32.0	26.0
<b>Total Sworn Personnel FTEs <sup>2</sup></b>	<b>57.0</b>	<b>37.0</b>	<b>38.0</b>	<b>37.5</b>
Dispatch <sup>3</sup>	10.8	6.7	8.0	7.4
Support Services	9.0	3.0	7.0	5.0
<b>Total Civilian Personnel FTEs</b>	<b>19.8</b>	<b>9.7</b>	<b>15.0</b>	<b>12.4</b>
<b>Total FTEs</b>	<b>77.8</b>	<b>46.7</b>	<b>53.0</b>	<b>49.9</b>

**Source:** Boardman Township and the peers

<sup>1</sup> Chief is not a sworn position in Boardman Township and therefore is included in the support services category (civilian personnel). During the course of this audit the Boardman's Police Chief was taking steps to achieve sworn officer certification.

<sup>2</sup> Does not include 5.0 auxiliary/reserve patrolmen, or 2.0 FTE maintenance personnel

<sup>3</sup> Includes the service and support manager (1.0 FTE) at Boardman PD.

As illustrated by **Table 4-1**, Boardman PD has more sworn FTE personnel, more civilian FTEs and more total FTEs than the peers. Therefore, additional assessments were completed on sworn officers, non-sworn (civilian) personnel, and dispatcher staffing.

**Table 4-2** compares sworn officer staffing levels. In order to adequately assess the sworn officer staffing levels, Boardman PD was compared to the peers in the area of calls for police service per officer, citizens per officer, police reports written per officer, arrests per officer and square mileage per officer.

**Table 4-2: Sworn Officer Staffing <sup>1</sup>**

	Boardman PD	Austintown PD	Miami PD	Peer Average
<b>Sworn Officers</b>	57.0	36.0	37.0	36.5
<b>Detectives</b>	10.0	6.0	6.0	6.0
<b>Calls For Police Service</b>	38,524	31,365	18,365	24,865
<b>Calls for Service per Officer</b>	<b>675.9</b>	<b>871.3</b>	<b>496.4</b>	<b>681.2</b>
<b>Citizens Reported in 2005 Census Estimates</b>	40,904	36,614	26,357	31,486
<b>Residents per Officer</b>	<b>717.6</b>	<b>1017.1</b>	<b>712.4</b>	<b>864.7</b>
<b>Police Reports Written</b>	11,448	9,130	4,060	6,595.0
<b>Police Reports per Officer</b>	<b>200.8</b>	<b>253.6</b>	<b>109.7</b>	<b>181.7</b>
<b>Total Arrests</b>	<b>2,264.0</b>	<b>1,379.0</b>	<b>1,511.0</b>	<b>1,445.0</b>
<b>Arrests per Officer</b>	<b>39.7</b>	<b>38.3</b>	<b>40.8</b>	<b>39.6</b>
<b>Arrests per Detective</b>	<b>226.4</b>	<b>229.8</b>	<b>251.8</b>	<b>240.8</b>
<b>Square Miles of Township</b>	23.7	24.8	22.0	23.4
<b>Square Miles per Officer</b>	<b>0.4</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>
<b>Total Reported Crimes</b>	5,141	3,890	4,053	3,972
<b>Crimes per Officer</b>	<b>90.2</b>	<b>108.1</b>	<b>109.5</b>	<b>108.8</b>

Source: Boardman PD and the peers

<sup>1</sup> Chief position was excluded from this assessment for Austintown PD and for Miami PD because Boardman PD's Chief is not a sworn position. During the course of this audit Boardman's Police Chief was taking steps to become certified sworn officer.

According to **Table 4-2** Boardman PD completed more police reports per officer; has more arrests per officer; and answers a comparable number of calls for police service when compared to the peers. See **assessments not yielding recommendation** section of this report for a conclusion on sworn officer staffing.

**Table 4-3** compares the civilian staffing levels to the peers. Civilian staffing refers to support service employees excluding dispatchers who are analyzed in **R4.1**. Similar to the sworn officer staffing levels, civilian staffing levels were measured by the calls for police service, citizens per FTE, arrests per FTE and reported crimes per FTE to determine if the department is adequately staffed.

**Table 4-3: Support Service Staffing Comparison (Civilian) <sup>1</sup>**

	Boardman PD	Austintown PD	Miami PD	Peer Average
Service Support FTEs	8.0 <sup>2</sup>	3.0	7.0	5.0
Calls For Police Service	38,524	31,365	18,365	24,865
Calls for Service per FTE	<b>4,816</b>	<b>10,455</b>	<b>2,624</b>	<b>4,973</b>
2005 Census Population Estimates	40,904	36,614	26,357	31,486
Citizens per FTE	<b>5,113</b>	<b>12,205</b>	<b>3,765</b>	<b>7,985</b>
Police Reports Written	11,448	9,130	4,060	6,595
Police Reports per FTE	<b>1,431</b>	<b>3,043</b>	<b>580</b>	<b>1,812</b>
Total Arrests	<b>2,264</b>	<b>1,379</b>	<b>1,511</b>	<b>1,445</b>
Arrests per FTE	<b>283.0</b>	<b>459.7</b>	<b>215.9</b>	<b>337.8</b>
Total Reported Crimes	5,141	3,890	4,053	3,972
Reported Crimes per FTE	<b>643</b>	<b>1297</b>	<b>579</b>	<b>938</b>

Source: Boardman PD and its peers

Note: Reflects staffing as of June 2007 and includes all civilian personnel for Boardman PD and the peers such as administrative assistants, records clerks, human service employees and criminal analysts.

<sup>1</sup> Excludes Dispatch for all townships (see **Table 4-4** for dispatch) and 1.0 FTE Police Chief at Boardman PD

<sup>2</sup> Does not include police chief, who is counted in support services number in **Table 4-1**.

According to **Table 4-3**, Boardman PD civilian personnel staffing is high when compared to the peer average in calls for service per FTE, citizens per FTE, police reports per FTE, arrests per FTE and reported crimes per FTE. The largest percentage of the Police Department's civilian staff is dispatchers. Therefore further assessment on dispatching operations was performed in **R4.1**.

### *Summary of Operations*

The Boardman PD is comprised of three primary internal divisions (patrol and special support services), which are responsible for serving and protecting within the borders of the Township. There are three separate collective bargaining agreements with the Ohio Patrolmen's Benevolent Association (OPBA) for employees classified as patrolmen, supervisors (captains, lieutenants and sergeants), and dispatchers. The patrolmen's contract expires in 2008 and the dispatcher's contract expired in September 2007. The Township is still negotiating with the ranking police supervisors who are still covered by the terms of the expired agreement until all legal aspects of negotiations have been exhausted.

In addition to the Chief, the remaining administrative staff consists of an Executive Assistant, a Secretary, a support division (records and dispatch) and two captains one assigned to the patrol division and one assigned to the special operations division. Although, the captains are responsible for providing direct supervision to all aspects of patrol and special services, they also perform internal affairs investigations for the department.

**Patrol:**

The patrol division consists of 39 sworn staff members (including 1 captain, 3 lieutenants and 6 sergeants) whose primary responsibilities include responding to emergency (911) and non-emergency calls, providing various services to the community, enforcing all State and local laws, and arresting individuals on outstanding warrants. The patrol division includes patrol and traffic services.

- **Patrol Services:** The primary responsibilities of patrol services division include directed patrol activities. Using information prepared by the criminal analyst these officers are deployed in areas where crime trends have been established. These officers also provide random patrol services which allows for police presence to deter crimes and rapid response services to citizen calls for assistance.
- **Traffic Services:** Traffic services utilize sworn officers in the patrol division whose primary responsibilities include speed enforcement, traffic accident investigations and driving under the influence (DUI) arrests. Their efforts are supported by all the other patrol division officers. During the course of this audit, the Chief moved traffic service officers back into routine patrol division.

**Special Operations:**

The special operations division consists of 18 sworn staff members (including 1 captain, 1 lieutenant and 4 sergeants) whose primary responsibilities include providing follow-up investigations of cases reported to the Department. The special operations units include; K-9, narcotics enforcement, street crimes and crime scene investigations.

- **K-9 Services:** Consists of two FTE trained handlers and their canine partners who track suspects, search for drugs, and conduct foot patrols of businesses and parking lots to discover or deter burglaries, car thefts and car break-ins. Their efforts are also supported by other patrol division officers as well.
- **Narcotics Enforcement Unit:** Consists of an officer in special operations and two specially trained drug enforcement agents (DEA) who work narcotics investigations as part of the joint task force as well as narcotics investigation cases on an overtime basis. These officers are assisted by five trained patrolmen who assist with investigations on their unassigned patrol time. This unit investigates all complaints of illegal drug activity in the Township and assists the task force on larger cases which span the surrounding neighborhoods and the adjoining counties.

- **Street Crimes Unit:** Street crime service consists of one sergeant and two patrolmen that concentrate their efforts on violent crime investigation, fugitive arrests and directed patrol work.
- **Crime Scene Investigations:** This program utilizes detectives (special operations division officers) and patrol officers who, in addition to their regular duties, process the scenes of robberies, burglaries, car thefts and other crimes, looking for fingerprints and DNA evidence.
- **Special Operations:** Seven detectives are assigned primarily to conduct follow up investigations of cases reported to the Boardman PD. Two approaches to investigation are used by this division; investigating cases as they are reported and concentrating on cases involving known repeat offenders. In addition to working on local investigations, these detectives assist the criminal analyst in assessing criminal activity patterns. Another detective handles the property and evidence seized by the entire department and manages the crime scene technicians who collect fingerprints and other physical evidence for investigations.

Additionally, within the special operations division, two officers are assigned full time to the schools, one as a school resource officer (SRO) at the local middle school, and one as the drug abuse resistance education officer (DARE) at the high school. These officers also provide part time assistance to the special operations division by working cases when the schools are on break. One civilian is assigned to perform crime prevention activities and provide criminal intelligence information to the Department and has received part-time assistance of a sworn officer. Additionally, this division is responsible for victim advocacy and juvenile diversion services, using two FTE civilian personnel.

While most police operations are administered from the main police station in the administration building, the Township has created a substation to provide police presence in the north end of the Township and along the main north-south corridor between Boardman Township and the City of Youngstown. This additional building provides workspace and a police presence in the neighborhoods where crime rates are highest in the Township by providing an afternoon patrol shift, special operations involving burglary and auto theft detectives, and crime prevention activities. This location provides computer and telephone access and is located two miles north of the administration building.

### *Financial Data*

**Table 4-4** presents a summary of the actual operational revenues and expenditures for 2005 and 2006 and budgeted amounts for 2007.

**Table 4-4: Boardman PD Operational Revenues and Expenditures**

	2005	2006	Percent Change	2007	Percent Change
<b>Revenues:</b>					
Property and Local Taxes	\$1,699,206.69	\$1,777,882.00	4.6%	\$1,780,000.00	0.1%
Fines and Fees	\$82,017.10	\$93,877.26	14.5%	\$87,100.00	(7.2%)
Intergovernmental	\$178,355.17	\$125,844.82	(29.4%)	\$180,000.00	43.0%
Other	\$276,009.51	\$334,896.70	21.3%	\$207,000.00	(38.2%)
<b>Total Revenues</b>	<b>\$2,235,588.47</b>	<b>\$2,332,500.78</b>	<b>4.3%</b>	<b>\$2,254,100.00</b>	<b>(3.4%)</b>
<b>Expenditures:</b>					
Salaries	\$4,740,578.76	\$4,773,978.80	0.7%	\$5,051,831.96	5.8%
Benefits	\$1,943,496.95	\$1,983,304.40	2.0%	\$2,180,167.39	9.9%
Purchased Services	\$356,403.33	\$370,276.62	3.9%	\$399,700.00	7.9%
Supplies & Materials	\$298,089.92	\$349,586.04	17.3%	\$304,500.00	(12.9%)
Capital Outlay	\$195,221.98	\$163,727.97	(16.1%)	\$100,000.00	(38.9%)
Other	\$99,492.81	\$127,241.68	27.9%	\$134,500.00	5.7%
<b>Total Costs</b>	<b>\$7,633,283.75</b>	<b>\$7,768,115.51</b>	<b>1.8%</b>	<b>\$8,170,699.35</b>	<b>5.2%</b>

Source: Boardman Township

Total 2006 department expenditures increased by approximately 1.8 percent (\$135,000). The budgeted expenditures for 2007 are approximately \$8.2 million, which represents an increase of approximately 5.2 percent. The increase in 2007 budget is due to the department increasing expenditures related to salaries, benefits, purchased services and other. Revenues and expenditures from 2005 to 2006 and the budget for FY 2007 were analyzed to determine reasons for increases and/or decreases:

- Property tax increased from 2005 to 2006 due to property tax reassessments in the Township.
- Fines and fees increased by 14.5 percent from 2005 to 2006, primarily due to an increase in traffic citations written by the Department from 3,271 in 2005 to 4,099 in 2006.
- Intergovernmental revenues decreased due to the elimination of homestead exemption and tax rollback. However, the budgeted increase could not be explained by the Township.
- Other revenues increased from 2005 to 2006 due primarily to one-time reimbursements from the activities related to participation in the joint task force with DEA, and to County reimbursements for the purchase of the digital voice recording system and the boarding up of a local motel.

- Salary expenditures increased only slightly from 2005 to 2006 even though patrolmen in the department received negotiated wage increases, and the Department's Chief resigned and the position was not filled until February of 2007. The increase from 2006 to 2007 of 5.8 percent is primarily due to the department providing negotiated wage increases of 4.0 percent to officers and supervisors and payment of a full year of the Chief's salary.
- Benefits increased 2 percent from 2005 to 2006 due to a change in insurance providers from Medical Mutual to Anthem and a one-time reduction in premiums. The 9.9 percent increase from 2006 to 2007 budget represents the average historical increase over the last five years.
- Purchased services increased by 3.9 percent from 2005 to 2006 due to an increase in department training. The budgeted increase of 7.9 percent in 2007 could not be explained by the Township. **R2.1 financial systems** section for assessment on budgeting)
- Supplies and materials increased by 17.3 percent from 2005 to 2006 and the subsequent budgeted decrease could not be explained by the Township.
- Capital outlay decreased by 16.1 percent from 2005 to 2006 and is budgeted to decrease by 38.9 percent in 2007. This is due to the department not purchasing police vehicles during 2006 due to its financial deficit. This is also due to the Township not having a comprehensive capital improvement or replacement plan for all capital assets. (see **road section** for further assessment on capital improvement and replacement planning, and the **financial systems** section for strategic planning assessment)
- Other expenditures increased by 27.9 percent from 2005 to 2006 due to the department leasing space to open the North end neighborhood police station in 2006. The 5.7 percent increase in other expenditures budgeted for 2007 can also be attributed to anticipated increases in the lease cost for this operating space.

**Table 4-5** below identifies key operating statistics and ratios that are presented in further detail throughout this section of the report.

**Table 4-5: Operating Statistics and Ratios**

	Boardman PD	Austintown PD	Miami PD	Peer Average
<b>Total Sworn Police Officers</b>	<b>57.0</b>	<b>37.0</b>	<b>38.0</b>	<b>37.5</b>
Citizens Reported in Census Estimates <sup>1</sup>	40,904	36,614	26,357	31,486
Per 1,000 Citizens	1.4	1.0	1.4	1.2
<b>Total Non-Sworn Personnel</b>	<b>19.8</b>	<b>10.7</b>	<b>15.0</b>	<b>12.9</b>
Per 1,000 Citizens	0.5	0.3	0.6	0.4
<b>Total Police Department Positions</b>	<b>76.8</b>	<b>47.7</b>	<b>53.0</b>	<b>50.4</b>
Per 1,000 Citizens	1.9	1.3	2.0	1.7
<b>Operating Expenditures (2006 Actual)</b>	<b>\$7,768,115.51</b>	<b>\$4,257,763</b>	<b>\$5,143,159</b>	<b>\$4,700,461</b>
Per 1,000 Citizens	\$189,910.90	\$116,287.84	\$195,134.46	\$155,711.15
Per Citizen	\$189.91	\$116.29	\$195.13	\$155.71
<b>Calls For Police Service</b>	<b>38,524</b>	<b>31,365</b>	<b>18,365</b>	<b>24,865</b>
Per 1,000 Citizens	0.9	0.9	0.7	0.8
Group A Crime Statistics	4,069	3,467	2,347	2,907
Group B Crime Statistics	1,072	423	1,706	1,065
<b>Total Reported Crimes</b>	<b>5,141</b>	<b>3,890</b>	<b>4,053</b>	<b>3,972</b>
Group A Crimes Per 1,000 Citizens	99.5	94.7	89.0	91.9
Group B Crimes Per 1,000 Citizens	26.2	11.6	64.7	38.1
Total Reported Crimes Per 1,000 Citizens	125.7	106.2	153.8	130.0

**Source:** Boardman Township and peers (includes Chiefs for APD and MPD in sworn police officer comparisons)

<sup>1</sup> 2005 census

### *Assessments Not Yielding Recommendations*

During the course of the audit, areas were reviewed that yielded no recommendations. These are highlighted below:

**Sworn Personnel:** Even though Boardman PD has the largest number of sworn officer FTEs compared to the peer average, the department responds to 675.9 calls for service per officer compared to the peer average of 681.2. Furthermore, Boardman PD provides service to more residents and writes more police reports per officer than the peer average. Therefore, the department appears to be appropriately staffed to provide police services to its community. However, if crime levels increase in the Township, staffing levels for crime prevention could be increased to as many as 1.8 officers per 1,000 or an additional 16 FTE officers, according to the average staffing levels for an entity with a population between 25,000 to 49,999 residents established by the *US Department of Justice Staffing Survey (2005)*.

**Preventive Maintenance:** Boardman PD's vehicle maintenance expenditures are lower than the peers, with a cost per vehicle of \$2,864 per vehicle compared to the peer average of \$4,801. This is due not only to a greater percentage of newer police vehicles compared to the peers, but also an extensive preventative maintenance program. Boardman PD's program includes maintenance schedules based on manufacturer recommended practices by vehicle make and model, planned

inspection checklists, and documentation of service records with preventive maintenance and repairs available by vehicle and date. See the **road section** for further assessment of preventive maintenance programs relating to the roads and fire vehicles.

**Service Support Staffing:** Even though Boardman PD appears overstaffed in non-sworn (civilian) FTEs when compared to the peers, the Township civilian staff performs more services. For instance, neither of the peers has a victim advocacy or juvenile diversion section within their departments, nor do they complete criminal analysis in the manner it is provided in Boardman Township. Another reason for the higher civilian staffing is due to the technology problems in the PD that are leading to increase in paper work for the civilian staff. As the Township improves its technology systems, it will be able to reduce its civilian staffing. (see **R4.1** for further assessment on dispatch staffing and **R4.8** for further assessment on records clerks)

### *Noteworthy Accomplishments*

During the course of this performance audit, the following noteworthy accomplishments or best practices were identified.

**Response Time:** Boardman PD should be commended for its response time to calls for service. The department provided an average response to priority 1 calls of 3 minutes 31 seconds and the response time to non-priority 1 calls of 3 minutes 43 seconds. According to *Municipal Benchmarks – Assessing Local Performance and Establishing Community Standards* (David M. Ammons, 2001), an excellent police response time is five minutes, regardless of the type of call and can range up to 10 to 30 minutes for non-emergency calls.

**Training:** Boardman PD has established an efficient and effective training program. The department has made a commitment to individual employee development and is ensuring that each obtains significantly more training than the minimum requirements established by ORC § 109.803 and ORC § 109.901. Additionally, the Department maintains accurate training records on every officer, thereby ensuring that professional development needs are met and well documented.

**CALEA Accreditation:** The Department should be commended for obtaining CALEA accreditation. This level of accreditation has only been provided to 45 police departments throughout the State. Accreditation represents significant professional achievement and has resulted in many positive benefits for the Department, including greater accountability for police operations, improved employee training, and enhanced overall community policing efforts.

**Personnel Early Warning System:** Boardman PD identifies potential employee performance and behavior issues through the development and monitoring of a personnel early warning system (PEWS). This system is recommended by ICMA to effectively deal with employee behavior and it allows the department to identify and address personnel problems and provide greater accountability to the public for employee performance.

## Recommendations

### *Dispatch Center*

**R4.1 The Township should reduce operational expenditures for the communications center either by reducing dispatch staffing by 2 FTEs or outsourcing dispatch services. If the services are to remain in house, Township officials should evaluate the potential to reduce the dispatch center staffing by reducing auxiliary services provided by this division. Pursuant to ORC § 505.43, Township trustees have the ability to choose police-related services in the most cost efficient manner without jeopardizing the level of protection within its borders.**

The Police District Fund does not have sufficient revenue to cover police expenditures and the General Fund has to absorb the difference. Therefore a detailed staffing analysis for sworn officers (see **assessment not yielding a recommendation**) was performed, and an assessment of civilian staffing (Service Support) was detailed within **Table 4-3** and assessed in **R4.8**. Further civilian staffing (dispatchers) analysis is performed in **Table 4-6**, to determine possible cost savings.

Efficiency measures reflect the relationship between the work performed and the resources required to perform the work. Moreover, these measures reveal how well an entity uses the required resources. **Table 4-6** illustrates a number of measures comparing the dispatch center's operational efficiency to the peers to determine if the department is appropriately staffed.

**Table 4-6: Dispatch (Civilian) Efficiency Measures**

	<b>Boardman PD</b>	<b>Austintown PD</b>	<b>Miami PD</b>	<b>Peer Average</b>
<b>Dispatch (Civilian) FTEs <sup>1</sup></b>	10.8 <sup>2</sup>	6.7	8.0	7.4
<b>Total 2006 Expenditures <sup>2</sup></b>	\$711,340	\$395,179	\$382,853	\$389,016
<b>911 Calls Received <sup>3</sup></b>	13,006	14,361	10,054	12,208
<b>Population</b>	40,904	36,614	26,357	31,486
<b>Expenditures per FTE Dispatcher</b>	\$65,864	\$58,981	\$47,856	\$53,419
<b>911 Calls per FTE Dispatcher</b>	1,204	2,143	1,257	1,700
<b>Population per FTE Dispatcher</b>	3,787	5,465	3,295	4,380
<b>Expenditures per 911 Call</b>	\$54.69	\$27.52	\$38.08	\$32.80
<b>911 Calls per 1,000 Population</b>	318.0	392.2	381.5	386.8
<b>911 Calls per Day <sup>3</sup></b>	35.6	39.3	27.5	33.4
<b>911 Calls per FTE Dispatcher per Shift</b>	3.3	5.9	3.4	4.7

**Source:** Boardman PD and peers

<sup>1</sup> Dispatch FTEs are shown as of 2007 and includes the service and support manager (1.0 FTE) at Boardman PD.

<sup>2</sup> Communication department expenditures include only salaries and benefits for Boardman PD and the peers because Boardman does not separately budget/account for utilities and other dispatch expenditures.

<sup>3</sup> From 2006 annual reports and includes abandoned calls.

As shown in **Table 4-6**, the number of FTE dispatchers is higher than the peers and the center receives fewer 911 calls per dispatcher than the peer average. Boardman's population per dispatcher, 911 calls per 1,000 population and 911 calls per shift per FTE dispatcher further illustrate the overstaffing in the dispatch center. Additionally, Boardman's expenditures per FTE and expenditures per 911 call are the highest of the peers, due in part to higher salaries and benefit costs (see the **human resource** section of this audit) as well as overstaffing.

To examine why the dispatch center appears overstaffed, an analysis of the functions and workload of the individual dispatchers was completed. Each dispatcher is answering all of the Township's phone lines in addition to providing 911 and emergency services to the police and fire departments, providing 24 hour surveillance and processing electronic warrants. Both of the peers have general Township information lines which are answered by other support staff. Peer warrants are processed at the respective County courts, which allows the Township's to operate with fewer personnel. At Boardman PD, the dispatcher's answer approximately 44 general information calls per shift. If this call volume was reduced through the redirection of general information lines to other

Township support staff, the dispatch center would be able to reduce staffing by 2 FTEs which would be more comparable to the peer average. If services are to remain in the Township, procedures should be established to reduce general call volumes to a minimum at the dispatch center.

Consolidation of emergency dispatching services is also a viable option. Emergency dispatching services are managed differently throughout Mahoning County with some Townships using the County system and others operating independently or consolidating with neighboring communities. For instance, Mahoning County currently provides dispatch services to 18 local governments within the County. Additionally, the City of Youngstown's dispatch center operates independently only providing services to the City yet the center has the resources available to provide dispatch services to other municipalities.

Although there has been some discussion among Mahoning County officials about consolidating the County's eight dispatch centers into one location, there has not been proactive communication between the Boardman Township Trustees and Mahoning County or any other outside entity with respect to these options. Miami Township is currently participating in a County-wide Communication Center study with Montgomery County to evaluate the benefits and costs associated with consolidating its dispatch center into a County-wide operation. Therefore, consolidation appears to be a viable option for the Township with its two neighboring entities; Mahoning County and the City of Youngstown.

In determining whether to retain its own dispatch operations or seek to consolidate services to reduce expenditures, Township officials will need to consider alternatives for ancillary services currently provided by dispatchers, which include the following:

- Around-the-clock staffing and video surveillance at the administration building;
- Answering and routing general information calls; and
- Processing of electronic warrants.

Although Boardman can reduce operating expenditures by downsizing the communication center staffing, residents may be required to forfeit ancillary services and other non-sworn police personnel may be required to assume those duties currently performed by the dispatchers. The Township, for example, may be able to use current non-sworn police personnel or administrative staff to answer general information calls during normal business hours and use an answering machine during non-business hours.

If the Township decides to pursue a consolidation to ensure reasonable costs and satisfactory service levels in its contract, the Township should discuss with its legal counsel the benefits of stipulating a costing methodology, and the inclusion of periodic

performance reviews and the inclusion of an escape clause which would enable the Township to withdraw from the contract based on pre-established performance criteria.

*Financial Implication:* Based on an estimate from a neighboring community of approximately \$190,000 to \$230,000 per year for consolidated dispatch services, the Township could generate cost savings of approximately \$500,000 based on the department's 2006 costs of \$711,000.

However, if Boardman PD decides to eliminate 2.0 FTE dispatcher positions, the Township could generate a cost savings of \$91,000 based on the starting salary for a full-time dispatcher and benefits equivalent to 47.3 percent of salaries.

- R4.2 The Township should develop a separate budget for the Dispatch Center. When the budgetary expenditures are finalized, the Dispatch Center should determine the number of calls by type and allocate costs to the appropriate departments. By using the computer-aided dispatch (CAD) system, the communications supervisor can determine percentages of calls by type. In addition, the center should take into account non-dispatch related duties performed for other departments in determining an appropriate funding arrangement.**

Currently, the Police Departments' budget funds 100 percent of the dispatch operations expenditures. For 2006, dispatch center expenditures were approximately \$711,000 which includes only salaries and benefits because no other expenditure information could be obtained from the Township. Although the Dispatch Center answers all Township calls (police, fire, EMS, roads and general information), Boardman PD has never established a chargeback system to recover some of the costs from the other departments receiving services. Miami Township has established a budgeting allocation in which the police department's budget funds 60 percent of its communications center expenditures with the remaining 40 percent being charged to the fire department. By allowing the Boardman PD budget to absorb all Dispatch Center costs, departmental costs are overstated. Additionally, regardless of the funding arrangement, the Township will be unable to support the Center operations at the current staffing levels and should seek additional funding or consider alternatives to providing this service in house. (see the **financial systems** section for Police Fund forecast)

### *Negotiated Agreements*

- R4.3 During future negotiations with the Ohio Patrolmen's Benevolent Association (OPBA), the Township should consider eliminating or revising the following language from its collective bargaining agreements with patrolmen, supervisors and dispatchers:**

- **Remove the minimum patrolman “staffing per shift” and “preservation of rank” clauses;**
- **Negotiate a sick leave balance limit of 480 hours and provide payment of only 25% of this balance or 120 hours, which would be equivalent of the minimum limits established by ORC 124.39; (see R4.6 for further assessment of sick leave)**
- **Reduce the number of vacation days provided to employees with 12 or more years of service to the amounts provided by Austintown PD and Miami PD and ensure that the Township does not provide more than 25 days of vacation to any employee;**
- **Reduce the number of paid holidays for dispatchers and patrolmen from 11 days to 10 days. Additionally, the Township should consider reducing the holiday pay rate from double time in addition to holiday pay to time and a half in addition to holiday pay which is the benefit offered at the peers.**
- **Eliminate the 7.0 hour guarantee for officers who are on call from the patrolmen’s and supervisor’s negotiated agreements.**
- **Eliminate the shift differential compensation payments for patrolmen working afternoons and midnights when negotiating a new agreement with OPBA.**

**Staffing Number Clause:**

The patrolmen’s collective bargaining agreement (OPBA) indicates the Township shall provide minimum staffing levels of six officers per shift including four patrolmen. In addition, the agreement stipulates the Township must allow for the following promotional opportunities by requiring a specific number of the following ranks:

- Two captains;
- Four lieutenants;
- Eight sergeants; and
- Three supervisors of Township choice.

These promotional opportunities are also reflected in the supervisors’ collective bargaining agreement with the Township. While each of these clauses could require a specified number of patrolmen on each shift to ensure officer safety, stating the number of staffing in the negotiated agreement limits management rights to adequately respond to

the current financial situation by reducing staff. Austintown PD's agreement also stipulates staffing levels in a similar manner, but Miami PD's agreement does not.

Although staffing levels should be a concern of the Boardman PD to ensure the safety of officers within its borders, these provisions significantly impact the number of patrolmen and supervisors employed by the Township and could result in inefficiencies due to overstaffing.

**Vacation Days:**

Boardman PD provides more vacation days than both peers. When an employee reaches 15 years of service, the accrual rate of vacation increases by 1 day for each year of service until the employee is provided 35 days of vacation. The maximum number of days provided by the peers is 25 days. By providing more vacation days to staff with less seniority than the peers, the Township is incurring additional salary costs.

**Holidays:**

In a comparison to the peers, Boardman Township provides more holidays for patrolmen and the dispatchers. The number of holidays provided is 11, while two of the peers (Austintown PD and Perry PD) offer 10 days. In addition, dispatchers and patrolmen are paid double time for working the holiday in addition to receiving holiday pay, while the peers provide time and one-half in addition to holiday pay. The provision of an additional holiday and more generous pay on the holidays worked increases the Township's personnel expenditures.

*Financial Implication:* Assuming that the Township negotiates time and one-half for all holidays provided, it could save approximately \$24,000 based on the number of dispatchers, patrolmen and supervisory employees scheduled each holiday. Also, if the Township eliminates one holiday for dispatch and patrolmen it could save an additional \$11,000, for a total annual savings of \$35,000.

**On-Call:**

Boardman PD provides a 7.0 hour guarantee to officers who are designated as being on-call each week. This benefit is not offered by the peers and is additional salary for the patrolmen. While the department may use this benefit to encourage officers to respond to the department's request to staff a shift when there is a call-off for sick leave, it does increase the cost of police services to the Township.

Assuming the Township staffs this clause with 1.0 FTE sworn officer at the lowest negotiated salary for a police officer 1 (\$23.11 per hour for 2007), the cost of this provision is approximately \$8,400 per year. However, according to a Boardman PD captain the current Chief is no longer providing staffing for this clause.

**Shift Differential:**

Boardman Township provides an hourly shift differential of \$.50 for patrolmen electing to work afternoon shift and \$.65 for patrolmen electing to work midnight shift. Austintown PD and Miami PD do not offer this incentive for working these shifts. Providing a shift differential further increases the salary expenditure for the Township and should be considered for elimination when bargaining with the OPBA.

*Financial Implication:* If the Township eliminated the shift differential for patrolmen working afternoon and midnight shifts, it could save approximately \$20,000 per year.

*Compensation*

**R4.4 Boardman PD should examine ways to lower its overtime expenditures and ensure that it is effectively managed by the Department. The Department should consider compiling cumulative, detailed reasons for overtime use in a format that can be analyzed by the Chief. The detailed reasons should include sources of overtime payments, as well as a cost-benefit analysis of overtime use versus increasing staffing levels. During the course of this audit, the Police Chief indicated that the Department implemented measures to assess and control overtime costs. According to the Police Chief, the Department reduced patrol overtime by 1,440 hours in 2007.**

Currently, the Boardman PD maintains a record of the number of overtime hours charged by pay period and the reason why the overtime was needed, but no administrative review is completed to ensure that overtime is not being abused. **Table 4-7** illustrates the overtime costs per FTE and overtime as a percentage of personnel costs for Boardman PD and its peers.

**Table 4-7: Personnel Costs per FTE for 2006**

	Boardman PD	Austintown PD	Miami PD	Peer Average
<b>Personnel Costs</b>	\$6,757,283	\$3,142,289	\$3,497,313	\$3,319,801
<b>Total Departmental FTEs</b>	77.8	46.7	53.0	49.9
<b>Personnel Cost per FTE</b>	<b>\$86,855</b>	<b>\$67,246</b>	<b>\$65,987</b>	<b>\$66,617</b>
<b>Salary Costs</b>	\$4,773,979	\$2,133,765	\$2,382,479	\$2,258,122
<b>Salary Costs per FTE</b>	<b>\$61,362</b>	<b>\$45,663</b>	<b>\$44,952</b>	<b>\$45,308</b>
<b>Benefit Costs</b>	\$1,983,304	\$1,008,524	\$1,114,834	\$1,061,679
<b>Benefit Costs per FTE</b>	<b>\$25,492</b>	<b>\$21,583</b>	<b>\$21,035</b>	<b>\$21,309</b>
<b>Overtime Costs</b>	<b>\$283,364</b>	<b>\$97,607</b>	<b>\$149,318</b>	<b>\$123,462</b>
<b>Overtime Costs per FTE</b>	<b>\$3,642</b>	<b>\$2,089</b>	<b>\$2,817</b>	<b>\$2,453</b>
<b>Overtime as a Percentage of Personnel Costs</b>	<b>4.2%</b>	<b>3.1%</b>	<b>4.3%</b>	<b>3.7%</b>

Source: Boardman PD payroll and peers

As illustrated in **Table 4-7**, Boardman PD pays \$3,642 per FTE in overtime costs, while the peer average is only \$2,453. Additionally, overtime as a percentage of personnel costs is higher than Austintown PD and the peer average. These overtime costs are contributing to the higher than average personnel costs per FTE of \$86,855 compared to the peer average of \$66,617. While Boardman PD tracks reasons for overtime by officer, no cumulative analysis is completed by the Department as to the uses of overtime, or sources of funding.

There are several collective bargaining agreement clauses that also contribute to Boardman PD's high overtime: (see **R4.3**)

- Providing 35 days of vacation to its most senior employees when the peers only provide 25 days;
- Minimum manning and preservation of rank clause; and
- Guarantee of 7 hours of overtime to officers who are on call and guaranteeing three hours of overtime for court appearances.

Furthermore, overtime expenditures are impacted by the fact the Department provides narcotics and street crimes enforcement activities only on an overtime basis. This overtime is reimbursed by outside agencies but should be monitored by the department.

According *Police Overtime: An Examination of Key Issues* (National Institute of Justice (NIJ), 1998), police departments can successfully control overtime through a combination of analysis, recordkeeping, management and supervision. To manage overtime, departments should determine the following:

- Are overtime expenditures justified in terms of the work being done?
- Do the department and local government have the capacity to pay for overtime?
- Is overtime being abused?

Additionally, NIJ recommends police departments maintain the following records in order to analyze overtime:

- The department's total obligations and payments for overtime, including paid overtime and compensatory time;
- Obligations and expenditures for overtime by individual officers and units;
- The uses of overtime (where, when and under what circumstances); and
- Sources of overtime payment, whether local, state or federal government or private consumer.

If Boardman PD, negotiates reduction or elimination of the clauses contributing to the overtime expenditures, the department could reduce these expenditures to those experienced the peers.

*Financial Implication:* If the Township successfully eliminated the costly overtime clauses from its patrolmen agreement and it reduced the overtime cost to the peer average per FTE to \$2,453, the Boardman PD could save approximately \$1,189 per FTE or \$92,000 per year.

### *Vehicle Management*

#### **R4.5 Boardman PD should establish a comprehensive vehicle take home policy to ensure that it maintains only those vehicles necessary to ensure the safety within the Township.**

Boardman PD does have a vehicle take home policy (134.40) but it is general and does not provide specific guidelines that specify who is to receive a take home vehicle (marked or unmarked), its proper use, and the crime deterring benefits to the community.

*Policy 134.40 Assigned Take-Home Vehicles – The distribution and assignment of take-home vehicles is under the authority and at the discretion of the Chief of Police, based on operational needs and the availability of vehicles. All personnel must operate their assigned take-home police vehicles in accordance with this written directive.*

**Table 4-8** provides a comparison of the total number of police vehicles at Boardman PD and the peers as well as the number of vehicles being taken home by the officers.

**Table 4-8: Comparison of Vehicle Usage**

	Boardman PD	Austintown PD	Miami PD	Peer Average
<b>Number of Sworn Officers</b>	<b>57.0</b>	<b>37.0</b>	<b>38.0</b>	<b>37.5</b>
<b>Total Active Vehicles <sup>1</sup></b>	<b>52.0</b>	<b>24.0</b>	<b>29.0</b>	<b>26.5</b>
<b>Officer to Vehicle Ratio</b>	<b>1.1</b>	<b>1.5</b>	<b>1.3</b>	<b>1.4</b>
<b>Total Number of Sworn Officers Participating in Program</b>	<b>28.0</b>	<b>0.0</b>	<b>9.0</b>	<b>4.5</b>
<b>Percent of Officers Taking Home Vehicles</b>	<b>49.1%</b>	<b>0.0%</b>	<b>23.7%</b>	<b>11.9%</b>
<b>Percent of the Active Fleet Being Taken Home</b>	<b>53.8%</b>	<b>0.0%</b>	<b>31.0%</b>	<b>15.5%</b>

Source: Boardman PD and peers

<sup>1</sup> Includes marked and unmarked vehicles

As reflected in **Table 4-8**, Boardman PD has the largest fleet and the highest percentage of the fleet being taken home by sworn officers. The higher percentage of officers participating in the take home program could be the result of the language within the OPBA negotiated agreement which states that patrolmen and supervisors can take home assigned unmarked vehicles as an additional benefit, which thereby limits the Chief's authority to determine an appropriate number of vehicles in the department. However, this clause directly contradicts the Boardman PD's take home policy. Additionally, as reflected in past Department practice, the previous Chief provided police vehicles (marked and unmarked) as a benefit to officers when salary increases were not negotiated. The peers do not have a similar benefit and as a result, the Boardman PD incurs costs that the peers do not.

**Table 4-8** also shows that Boardman PD has fewer officers per vehicle than the peers, which is due, in part, to the current take home vehicle practices. For example, Boardman PD has 28 sworn officers participating in the vehicle take home program which results in 49 percent of the department's vehicles to be taken home each night. When compared to the peers, only Miami PD allows select officers to take home vehicles and only 31 percent of their fleet is being taken home. On the other hand, Austintown PD does not allow officers to take vehicles home.

If the department were to reduce the number of vehicles in the fleet to 40, a total reduction of 11 unmarked vehicles, the department could still provide unmarked vehicles to the 10 detectives and higher ranking department supervisors. This reduction would increase the sworn officer to vehicle ratio to 1.4 which is comparable to the peer average. However, no reduction can occur until the collective bargaining agreement language is changed. Lastly, if the Township continues to provide take home vehicle benefits to any patrolmen, this benefit needs to be outlined in department policy. For example, the Police Chief notes that allowing patrolmen to take vehicles home increases the Department's response capability.

*Financial Implication:* If the Township were to reduce the number of unmarked vehicles by 11, it could generate a cost savings of \$32,000 based on the average maintenance cost per vehicle of \$2,864.33 plus it could generate one-time revenue from the sale of these vehicles.

**R4.6 Boardman PD should consider adopting a formalized grant management plan and appointing a member of the administrative staff to research and complete grant writing activities. In addition, Boardman PD should consider establishing a relationship with one of the coordinators at Office of Criminal Justice Services (OCJS) to ensure that the Township is receiving all grant funding for which it is eligible.**

The Boardman PD's only grant writing is performed by the DARE officer and no research for additional funding sources is performed by the Department. The grant for DARE was in the amounts of \$35,508. As of the end of 2006, other than reapplying for the DARE grant, the Department has not completed any other research for grants management and no one has been trained to be a grant writer. Currently, the Department has an officer researching potential grant opportunities. By comparison, in 2006, Austintown PD received \$64,308 in grants provide traffic enforcement activities and other operational activities. Miami Township received \$189,000 in grants which helped support that department's overtime and technology needs.

On the OCJS homepage, there is a list of grants available for the 2007 fiscal year. The following is an abbreviated version of that list:

- Edward J. Byrne Memorial Justice Assistance Grant;
- Family Violence Prevention and Services (FVPS);
- Residential Substance Abuse Treatment (RSAT);
- Violence Against Women;
- Local Law Enforcement Block Grant (LLEBG); and
- Justice Assistance Grant-Law Enforcement (JAG LE).

In addition to the federal grants listed above, grants were also available through the Ohio Office of Criminal Justice Services (OCJS). OCJS has been established as the lead criminal justice planning agency for the state by the Ohio Revised Code. They are organized into four main areas, including grants administration, grants planning and evaluation, justice technology, and the family violence prevention center.

**Table 4-9** shows various resources for finding and applying for grant funding as identified by OCJS.

**Table 4-9: Grant Resources for Police Departments**

Available Grant Sources	Website
<b>Finding Federal Grants</b>	
Catalog of Federal Domestic Assistance (CFDA)	<a href="http://www.cfda.gov">www.cfda.gov</a>
The Foundation Grants Index	<a href="http://www.fdncenter.org">www.fdncenter.org</a>
National Directory of Corporate Giving	<a href="http://www.fdncenter.org">www.fdncenter.org</a>
Federal Register	<a href="http://www.gpoaccess.gov/nara">www.gpoaccess.gov/nara</a>
Grants.Gov	<a href="http://www.grants.gov">www.grants.gov</a>
<b>Finding Private Grants</b>	
Foundation Directory	<a href="http://www.fdncenter.org/cleveland">www.fdncenter.org/cleveland</a>
<b>Identifying Federal Grant Source</b>	
Department of Justice (DOJ)	<a href="http://www.usdoj.gov">www.usdoj.gov</a>
National Institute of Justice (NIJ)	<a href="http://www.ojp.usdoj.gov/nij">www.ojp.usdoj.gov/nij</a>
Office of Juvenile Justice and Delinquency Prevention (OJJDP)	<a href="http://www.ojjdp.ncjrs.org">www.ojjdp.ncjrs.org</a>
Bureau of Justice Assistance (BJA)	<a href="http://www.ojp.usdoj.gov/bja">www.ojp.usdoj.gov/bja</a>
The Office of Victims of Crime	<a href="http://www.ojp.usdoj.gov/ovc">www.ojp.usdoj.gov/ovc</a>
<b>Identifying State Grant Sources</b>	
The Ohio Office of Criminal Justice Services (OCJS)	<a href="http://www.ocjs.ohio.gov">www.ocjs.ohio.gov</a>
Ohio Department of Public Safety (ODPS)	<a href="http://www.ohiopublicsafety.com">www.ohiopublicsafety.com</a>
Ohio Department of Alcohol and Drug Addition Services (ODADAS)	<a href="http://www.odadas.state.oh.us">www.odadas.state.oh.us</a>
Ohio Department of Education (ODE)	<a href="http://www.ode.state.oh.us">www.ode.state.oh.us</a>
Ohio Department of Health	<a href="http://www.odh.ohio.gov">www.odh.ohio.gov</a>
Ohio Department of Job and Family Services	<a href="http://www.jfs.ohio.gov">www.jfs.ohio.gov</a>
Ohio Department of Mental Health (ODMH)	<a href="http://www.mh.state.oh.us">www.mh.state.oh.us</a>
Ohio Department of Youth Services (ODYS)	<a href="http://www.dys.ohio.gov">www.dys.ohio.gov</a>
Ohio Attorney General	<a href="http://www.ag.state.oh.us/crimevic/crimevictimservices">www.ag.state.oh.us/crimevic/crimevictimservices</a>

Source: OCJS

In addition to grant information published by specific State and federal agencies, information regarding available grants and their eligibility requirements can be found in the following sources:

- **Local Government Resources:** a research database on the State Auditor's Office web site that contains links to a variety of grant resources, including *The Nonprofit Times*;
- **Federal Register:** contains all current grant solicitation notices issued by federal agencies;

- **Catalog of Federal Domestic Assistance:** a searchable database of federal grant programs; and
- **The Foundation Center:** a comprehensive resource about grant writing and the funding process with internet links to private and corporate foundations.

According to *Grant Writing, Identifying & Applying for Funding in a Competitive Market* (OCJS, 2<sup>nd</sup> Edition), the applicant should follow set guidelines when applying for grants that will allow the process to be understood by the entity collectively, and the grant reviewer. The process should be designed to best fit the needs of the organization and may include, but is not limited to, the following.

- **Identify the organization's grant needs.** The Township should determine the existing needs or problems, and how the grant money can indirectly help meet the need or solve the dilemma.
- **Determine the program objectives.** These objectives should be tangible, specific, concrete, measurable, and achievable in a specific time period. The objectives help to define the measurable outcomes of the project.
- **Define the method(s) that will achieve the objectives.** The Township should determine the methods/programs and activities it wants to pursue. These action plans should explain the specific activities of the programs.
- **Determine a method to evaluate the outcomes of the proposed program(s).** Quantifiable measures of inputs, outcomes, and outputs allow management to assess program performance and facilitate effective management. In addition, they allow results to be communicated to all stakeholders.
- **Illustrate financial need for grant funding.** Detailed cost estimates and program budgets should be prepared to illustrate financial needs and available resources. These estimates and budgets should justify the financial need to all stakeholders involved.
- **Assess and monitor staff qualifications.** Illustrate to the stakeholders that allocated funds will be used to attract and retain qualified personnel.

Developing appropriate policies and procedures in the grant seeking process should assist the Township in researching and developing grant applications in a more efficient and cost-effective manor.

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*Technology*

**R4.7 The Boardman PD should repair the records management system (RMS) used by the field officers for incident reporting. When the RMS is functioning properly, the Department will be able to reduce up to 4 FTE records clerk (civilian) positions. By not repairing the current RMS, the Department's manual process is redundant, time consuming and costly. The Township should consider hiring an information technology coordinator to assist with this recommendation and other technology issues. If the Township decides to hire a technology coordinator in-house it should not continue its outside technology services.**

Boardman PD uses a paper-based records management system (RMS) in which the field officer captures the required data on a handwritten police report. Once the field officer captures the data, a records clerk is expected to input the handwritten report, resolve ambiguities and correct the information as it is entered into the department's RMS.

While this process is similar to the peers, Boardman PD's current technology is more advanced than either of the peers because the department's RMS offers the field officer the ability to generate police reports in the individual cruisers using a mobile data terminal (MDT). Even though this option is available to the department, the patrolmen are experiencing difficulties generating reports. In fact, a complete report takes approximately 45 minutes to upload into the RMS. The Boardman PD has not fully investigated the cause of the slowness because the Township's technology coordinator resigned in November of 2006 and has not been replaced. In the absence of the technology coordinator, Boardman PD has not been proactive in obtaining request for proposals to determine the cause of the system slowness or the feasibility of repairing the current system. Instead, the department staffs a records department with 4 FTE records clerks and contracts out other system problems to an outside provider. While the peers also have records personnel (Austintown PD has 2 FTE positions and Miami PD has 5 FTE positions), the peers do not have the report writing capabilities of the MDTs or an RMS as advanced as the Boardman PD.

According to the *Technology Desk Reference: A Technology Planning and Reference Guide* (International Association of Chiefs of Police (IACP), 2004), with the paper-based form, police agencies typically expect records clerks to resolve ambiguities and correct errors in the Uniform Crime Reporting (UCR) classification or otherwise repair the work of the field officer. Further, the records clerk recaptures the data a second time by keying the critical information into a records system. Not only is this process redundant, but also it has the potential to introduce errors by simple transposition or other variations from the original. This process costs time and money. In addition, using an RMS which allows for field reporting, the department could capture more accurate information. The time when an incident occurs which requires a police report, is when the greatest knowledge of the

event exists, and it is the officer filling out the police report that has the best opportunity to initiate the capture of reliable and accurate information.

If the Township were to hire a technology coordinator to help it with system updates, repairs or modifications, it would be financially beneficial. More specific to the Boardman PD, having a technology coordinator could help resolve the issues with its RMS and instill a greater level of confidence in the accuracy of the police reports in the community and state.

*Financial Implication:* If the department were to eliminate 4 FTE records clerk positions, it would result in cost savings of \$188,000 based on the current salary for each of the records clerks plus benefits.

The Township paid the prior in-house technology coordinator \$65,600, including salary and benefits. As of June 2007 the cost to the Township for outside technology services is \$49,200. However this cost does not include the full year. Therefore, the total cost to hire a technology coordinator may equal what the Township is already paying for outside services for a whole year, or a net cost/savings of \$0. The benefit of having a technology coordinator in-house is that the Township will be able to address technology issues immediately, ensuring that levels of services will not be interrupted.

## Financial Implication Summary

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that the Township should consider. The financial implications are divided into two groups: those that are, and those that are not subject to negotiation. Implementation of those recommendations subject to negotiation requires agreement from the affected bargaining unit(s).

### Recommendations Subject to Negotiations

Recommendation	Estimated Annual Cost Savings
<b>R4.3</b> Reduce number of holidays for patrolmen by one day	\$35,000
<b>R4.3</b> Eliminate shift differential for patrolmen	\$20,000
<b>R4.4</b> Eliminate overtime clauses from patrolmen agreement	\$92,000
<b>R4.5</b> Reduce number of unmarked vehicles by 11	\$32,000
<b>Total</b>	<b>\$179,000</b>

### Recommendations Not Subject to Negotiations

Recommendation	Estimated Annual Cost Savings
<b>R4.1</b> Contract with neighboring community for dispatch services or reduce 2.0 FTE dispatch positions	\$91,000 to \$582,000
<b>R4.7</b> Reduce 4.0 FTE records clerks and hire 1.0 FTE technology coordinator	\$188,000 <sup>1</sup>
<b>Total</b>	<b>\$279,000 to \$770,000</b>

<sup>1</sup> It is assumed that the cost for a technology coordinator is the same as the cost to the Township for purchased technology services.



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# Fire Department

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## Background

This section of the performance audit reviews Boardman Township's Fire Department (the Department or BTFD) operations. Comparisons are made throughout this report to relevant sources and the peer townships of Austintown (Mahoning County) and Miami (Montgomery County) to illustrate various operational issues. Perry Township (Stark County) was also used when comparing collective bargaining agreements. The objective of this section is to conduct reviews of expenditures, overtime use, staffing levels, fire prevention and investigation, the use of mutual aid agreements and fee schedules, the size of the fleet, technology use, and grant-seeking activities.

### *Summary of Operations*

The Boardman Township Fire Department is charged with safeguarding and preserving life and property through fire suppression activities. In addition, the Department performs fire incident investigations, hazardous materials response, and emergency medical services (EMS) as first responders. First responders are firefighters responding to medical emergencies in advance of the private ambulance companies. At each fire station, BTFD operates pumper and ladder vehicles which are maintained by the Road Department. Furthermore, BTFD cooperates with surrounding communities through a mutual aid agreement with the Mahoning County Fire Chiefs' Association.

BTFD's mission statement is as follows:

*"To keep Boardman a nice place to call home. To prevent the loss of life and property and to provide quality emergency services to the citizens and visitors to Boardman Township. By providing a high quality fire fighting force capable of handling emergencies which may include structural fire fighting, hazardous materials mitigation, all types of rescues and other catastrophes. We will also provide an emergency medical service, fire prevention, public education and fire and arson investigations. We will accomplish this mission while maintaining a high regard for the health and safety of our personnel."*

BTFD operates three fire stations, one located centrally and two in the northeast and northwest parts of the Township. BTFD's operation comprises 45 full-time equivalent (FTE) personnel organized in a three shift system, with each shift working 24 hours on-duty followed by 48 hours off-duty. Each of BTFD's three shifts consists of 1 assistant chief, 1 captain, and 11 firefighters.

The assistant chiefs report to the Chief and are responsible for directing, coordinating, and controlling all activities of firefighting personnel on the assigned tour of duty. The captains report to the assistant chiefs. Captains are responsible for directing operations at fires or emergencies until a superior relieves them of their duty, supervising activities at their assigned fire station, filling in for the assistant chiefs in the event of an absence, and enforcing department policies and procedures. The firefighters are responsible for protecting life and property through their skills in fire fighting, rescue, first aid, and related duties. In addition to the 33 firefighters, the Department has 10 volunteer firefighters that are responsible for assisting the Department during large scale catastrophes.

BTFD also employs three lieutenants on a 40-hour per week schedule. Lieutenants establish fire prevention and inspection programs, and enforce regulations pertaining to fire safety. In addition, the Department has two administrative assistants whose responsibilities include organizing and compiling any fire records, correspondence, and letters needed for the Board of Trustees or public constituents.

### *Staffing and Operational Statistics*

**Table 5-1** compares full-time equivalent (FTE) staffing levels by rank at BTFD to the peers.

**Table 5-1: Fire Department Staffing Levels (As of June 2007)**

	Boardman	Austintown	Miami	Peer Average
Chief	1.0	1.0	1.0	1.0
Clerical	2.0	2.0	2.5	2.3
Assistant / Deputy Chief	3.0	1.0	5.0	3.0
<b>Administration Total</b>	<b>6.0</b>	<b>4.0</b>	<b>8.5</b>	<b>6.0</b>
Captain	3.0	3.0	0.0 <sup>1</sup>	1.5
Lieutenant	3.0	4.0	7.5	5.8
Firefighter	33.0	15.7	34.6	25.2
<b>Total Department Positions</b>	<b>45.0</b>	<b>26.7</b>	<b>50.6</b>	<b>38.7</b>
<b>Population</b> <sup>2</sup>	40,904	36,614	26,357	31,486
<b>Population per Fire FTE</b>	<b>909</b>	<b>1,371</b>	<b>521</b>	<b>946</b>
<b>Square Miles of Township</b>	23.7	24.8	22.0	23.4
<b>Number of Square Miles per Fire FTE</b>	<b>0.53</b>	<b>0.93</b>	<b>0.41</b>	<b>0.67</b>

Source: Boardman Township FD, Austintown Township FD, and Miami Township FD

<sup>1</sup> Miami has no captain positions.

<sup>2</sup> From 2005 Census estimates

As shown in **Table 5-1**, BTFD's ratios of population per FTE and square miles per FTE are both higher than Miami, but lower than Austintown. The lower ratios when compared to Austintown are primarily due to the fact that BTFD employs more firefighters. However, other operational variables and workload levels, including the provision of EMS services and the number of calls for response, can impact staffing needs. Therefore, **Table 5-2** illustrates key operational statistics for the Department and peers.

**Table 5-2: 2006 Fire Department Key Operational Statistics**

	Boardman	Austintown	Miami	Peer Average
<b>Number of Operational Fire Stations</b>	3.0	2.0 <sup>1</sup>	3.0 <sup>2</sup>	2.5
<b>Square Miles of City</b>	23.7	24.8	22.0	23.4
<b>Average Square Miles per Station</b>	7.9	12.4	7.3	9.9
<b>Number of Fire Calls</b>	953.0	899.0	1,045	972
<b>Number of EMS Calls</b>	2,480	847	2,765	1,806
<b>Total Calls</b>	<b>3,433</b>	<b>1,746</b>	<b>3,810</b>	<b>2,778</b>
<b>Total Fire Calls per Fire Suppression FTE</b>	<b>22.7</b>	<b>40.0</b>	<b>23.2</b>	<b>31.6</b>
<b>Total Fire Calls per Total FTE</b>	<b>21.2</b>	<b>33.7</b>	<b>20.6</b>	<b>27.2</b>
<b>Total Calls per Total FTE</b>	<b>76.3</b>	<b>65.4</b>	<b>75.3</b>	<b>70.3</b>
<b>Average Response Time (in minutes)</b>	4:04	5:15	5:59	5:37
<b>Number of Inspections (all types)</b>	1,324.0	226.0	1,056.0	641.0
<b>Number of Fires</b>	110.0	152.0	157.0	154.5
<b>Number of Fires per 1,000 Residents</b>	2.7	4.2	6.0	5.1
<b>Number of Fires per Square Mile</b>	4.6	6.1	7.1	6.6
<b>Housing Count (2000 Census)</b>	19,149	16,478	20,342	18,410
<b>Total Commercial Parcels<sup>4</sup></b>	2,047	1,225	1,277	1,251
<b>Number of Fires Investigated</b>	55.0	15.0	8.0	11.5
<b>Percent of Fires Investigated</b>	50.0%	9.9%	5.1%	7.5%
<b>Fire Related Deaths</b>	0.0	1.0	0.0	0.5
<b>Fire Related Injuries</b>	8.0	8.0	4.0	6.0

Source: Boardman Township, Austintown Township, Miami Township, Mahoning County and US Census Bureau

Note: BTFD's operating statistics (calls, response time, inspections, fires, investigations, and fire related deaths and injuries) come from the 2006 annual report, and could not be tested for data reliability. Peer data was not tested for reliability. However, BTFD and peer data was reviewed for reasonableness and comparability, and confirmed where necessary.

<sup>1</sup> Austintown Township Fire Department has four stations, but uses only two on a full-time basis.

<sup>2</sup> Miami Township Fire Department has four stations, but only uses three.

<sup>3</sup> Per bargaining unit contracts

<sup>4</sup> As of August, 2007- note: one business may own several parcels.

As shown in **Table 5-2**, BTFD operates three fire stations with an average number of square miles per station that is higher than Miami but lower than Austintown. **Table 5-2** also shows that the Department responds to more fire calls per suppression FTE and per total FTE than Miami.

Although BTFD responds to fewer fire calls per fire suppression and total FTE when compared to Austintown, the Department responds to significantly more EMS calls. When including all calls, the ratio of total calls per FTE is higher than both Austintown and Miami. It should be noted that BTFD and Austintown are first responders for emergency medical services and contract for all remaining EMS services. Conversely, Miami provides advanced life support services. As a result, Miami requires all full-time staff (lieutenants and firefighters) to be trained as paramedics.

In addition to responding to the highest number of calls per FTE, the Department conducts significantly more inspections and fire investigations than the peers. For instance, BTFD investigated 50 percent of the fires in 2006, compared to the peer average of 7.5 percent. Moreover, **Table 5-2** shows that the Township experienced fewer fires per 1,000 residents and per square mile than both peers, despite having more commercial parcels than both peers and more houses than the peer average.

**Table 5-2** also shows that BTFD responds to fire calls in a timelier manner than the peers. According to *Municipal Benchmarks* (Ammons 2001), quick response is instrumental to fire rescue and suppression activities. *Municipal Benchmarks* presents response time data from numerous municipalities. Of the 41 cities reporting average response times from dispatch to arrival, 28 reported times that were higher than BTFD's average response time. According to the Fire Chief, BTFD's response times are counted from the time of the call to the Communications Department. However, even if the average response time in **Table 5-2** reflected only the time from dispatch to arrival, BTFD's average response time would still be competitive with the data reported in *Municipal Benchmarks*.

### Financial Data

**Table 5-3** presents the Department's actual expenditures in 2004, 2005 and 2006, and the budgeted expenditures for 2007.

**Table 5-3: Boardman Township Fire Department Expenditures**

Expenditures	Actual 2004	Actual 2005	Percent Change 2004-2005	Actual 2006	Percent Change 2005-2006	Budgeted 2007	Percent Change 2006-2007
Salaries	\$2,332,596	\$2,515,472	7.8%	\$2,617,868	4.1%	\$2,752,603	5.1%
Fringe Benefits	\$1,253,118	\$1,309,810	4.5%	\$1,423,496	8.7%	\$1,544,833	8.5%
Purchased Services	\$168,878	\$204,367	21.0%	\$195,123	(4.5%)	\$212,681	9.0%
Supplies and Materials	\$736,967	\$274,899	(62.7%)	\$166,732	(39.3%)	\$170,778	2.4%
Other	\$51,727	\$51,289	(0.8%)	\$69,251	35.0%	\$71,400	3.1%
<b>Total</b>	<b>\$4,543,287</b>	<b>\$4,355,837</b>	<b>(4.1%)</b>	<b>\$4,472,470</b>	<b>2.7%</b>	<b>\$4,752,296</b>	<b>6.3%</b>

Source: Boardman Township, UAN system

As shown in **Table 5-3**, BTFD spent approximately \$4.5 million in 2006, a 2.7 percent increase from 2005. The budgeted amount for 2007 is approximately \$4.8 million, a 6.3 percent increase from 2006. Explanations for the significant variances are as follows:

- **Salaries and Fringe Benefits:** Salaries increased 7.8 percent from 2004 to 2005 and are projected to increase again in 2007, due to the scheduled negotiated increases to base wages, step increases, and other contract incentives (see the **human resource** section and **R5.1**). These increases in salaries contribute to the increases in fringe benefits.
- **Purchased Services:** Purchased services increased by 21 percent from 2004 to 2005 due to increased costs for repairs and maintenance, utilities, and payments to other political subdivisions. A budgeted increase of 9.0 percent from 2006 to 2007 anticipates increased repair, maintenance, and trash removal costs.
- **Supplies and Materials:** Supply and material expenditures decreased 62.7 percent from 2004 to 2005 and 39.3 percent from 2005 to 2006. Since the Department purchased fire trucks in 2004 and in 2005, it was able to reduce spending on supplies and materials needed for the older trucks.
- **Other:** Other expenditures increased 35 percent in 2006, which is attributable to attendance incentives (see **R5.1**).

**Table 5-4** compares the Department's expenditures per call, by category, to the peers in 2006. It also compares total expenditures per citizen and per square mile to the peers.

**Table 5-4: 2006 Expenditures per Call**

Expenditure Category	Boardman	Austintown	Miami	Peer Average
Salaries	\$763	\$737	\$629	\$683
Fringe Benefits	\$415	\$393	\$255	\$324
Purchased Services	\$57	\$115	\$68	\$92
Supplies & Materials	\$49	\$20	\$50	\$35
Capital Outlay	\$0	\$0	\$97	\$48
Other	\$20	\$67	\$55	\$61
Debt	\$0	\$0	\$60	\$30
Communications	\$0	\$276	\$53	\$164
<b>Total Expenditures Per Call</b>	<b>\$1,303</b>	<b>\$1,609</b>	<b>\$1,267</b>	<b>\$1,438</b>
<b>Total Expenditures Per Citizen</b>	<b>\$109</b>	<b>\$77</b>	<b>\$184</b>	<b>\$130</b>
<b>Total Expenditures Per Square Mile</b>	<b>\$188,712</b>	<b>\$113,263</b>	<b>\$219,335</b>	<b>\$166,299</b>

**Table 5-4** shows that total expenditures per call, per citizen and per square mile are higher than one of the peers. This is primarily due to salaries and benefits. More specifically, **Table 5-4** shows that salaries per call and benefits per call are higher than both peers. The higher salaries and benefits per call are due to higher average salaries and provisions in the collective bargaining agreement, including the lack of employee contributions for health insurance (see **human resources** and **R5.1**).

### *Assessments Not Yielding Recommendation*

During the course of the performance audit, several areas were reviewed that yielded no recommendations. These are highlighted below:

- **Staffing:** BTFD's staffing levels appear adequate when compared to the peers, based collectively on the number of fire and EMS calls, number of investigations and inspections, population, square miles, and response times (see **Tables 5-1** and **5-2**, and the related analyses). In addition, when compared to the national standards reported in the *Phoenix Fire Department Survey* (2000), which is a national survey of fire departments across the United States and Canada, in the areas of average number of on duty personnel per 1,000 residents, and average number of staff per engine, Boardman Township FD is comparable to the survey's benchmarks for a city with a population less than 99,001 residents.
- **Overtime:** BTFD's overtime cost as a percent of total salaries in 2005 and 2006 (3.7 and 2.8 percent) were below the respective peer averages (6.4 and 5.8 percent). Specifically, BTFD's percentages were much lower than Austintown (9.4 and 9.3 percent) and slightly higher than Miami (3.4 and 2.2 percent).
- **Mutual Aid:** BTFD's mutual aid agreement is comparable to the peer agreements and meets the criteria reported in *The Model Intrastate Mutual Aid Legislation* (National Emergency Management Association (NEMA) in partnership with National Public Safety Organizations, March 2004).
- **Commercial False Alarm Policy:** BTFD's false alarm policy complies with Ohio Revised Code (ORC) §505.391 and is comparable to the peer policies. The Township's false alarm policy clearly states why a party would be penalized for a false alarm, the amount the party would be charged, the duration of time the parties have to comply, and the ramifications of failing to comply. Furthermore, the Township adheres to its policy by charging commercial owners for false alarms.
- **Certain Provisions in the Collective Bargaining Agreements:** BTFD is generally comparable to the peers in length of workday, average work period, minimum call in/call back hours, holidays, overtime accrual, sick leave accrual, and in providing dental and

vision coverage. Similar to Perry Township, the Department does not provide its employees with personal days. While Austintown provides one personal day, BTFD provides one more holiday than Austintown. Although the Department's life insurance amount is lower than the peers, BTFD is the only peer that provides retirees with a life insurance policy (\$2,000 with 20 years of service). Lastly, in contrast to the peers, BTFD does not offer tuition reimbursement. However, the Department provides salary increases that are one to two percent higher than the peers.

- **Technology:** BTFD uses the majority of its software. For modules not used, the related information is either tracked elsewhere or unnecessary based on Department operations. See **police section** for technology assessment relating to emergency dispatch.
- **Fleet Size:** BTFD maintains 13 fire-related vehicles, which is similar to the peer average. In addition, the number of fire-related vehicles per square mile and the number of FTEs per fire-related vehicle at BTFD are in line with the peer averages. Furthermore, the number of total calls per fire-related vehicle is higher than both peers, when including EMS vehicles at Miami. Although BTFD maintains fewer fire-related vehicles per operating station than the peer average, the Department maintains more fire-related vehicles per operating station when compared to Miami.
- **Grants:** BTFD participates in a joint district (combined local fire departments) for grant funding. In 2007, the joint district received \$1 million from FEMA to purchase new radios. BTFD's portion was approximately \$50,000. However, because its grant funding revenues are lower than its neighbor, Austintown, it should continue to research and apply for additional grants to supplement its General Fund revenues.

### *Noteworthy Accomplishments*

The following are noteworthy accomplishments identified during the course of the performance audit of BTFD:

- **Fire Prevention:** As shown in **Table 5-2**, BTFD experienced fewer fires per 1,000 residents and per square mile than both peers. Considering that the Township has a higher number of commercial parcels than both Austintown and Miami, and more houses than the peer average, the lower number of fires per resident and per square mile can be partially linked to the Department's fire prevention activities. BTFD's fire prevention program includes conducting fire inspections; educating and training businesses, school children, and adults; using the media to further educate the community; and reviewing drawings for new buildings and renovations, fire alarm and sprinkler systems, and underground water lines. BTFD has one employee designated to direct the education program for school children. The Department uses a Mobile Fire Safety Trailer (MFST), purchased through a federal grant, as a part of the education program for school children.

In 2006, BTFD conducted classes for 1,029 students in all of the Township's schools using the MFST. Additionally, during fire prevention week in 2006, BTFD provided each student in Kindergarten through 4<sup>th</sup> grade with a fire prevention activity book.

- **Fire Investigation:** According to BTFD's 2006 annual report, "we investigate arson fires with all of our resources and enthusiasm, and make every attempt to prosecute those responsible!" In addition, BTFD operates a juvenile fire setter program, which is a component of the Fire Investigation Bureau. This program includes interviewing juveniles involved in fire setting incidents to determine the extent of the problem and providing a series of classes. If professional assistance is needed, the Department refers the family to local agencies. **Table 5-2** shows that BTFD conducts more investigations than the peers. Coupled with the lower number of fires, results in the Department investigating a much higher percentage of its fires when compared to the peers. By conducting more investigations, the Department can obtain more information to help identify the causes of fires. In addition to ensuring arsons are identified, investigating more fires can help the Department identify additional fire prevention methods and contribute to the lower number of fires per 1,000 residents and per square mile.

### *Issue for Further Study*

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified the following issue:

- **Permit/Inspection Fees:** Boardman has adopted a detailed inspection fee schedule for granting operational and construction permits as permitted by the Ohio Administrative Code § 1301:7-7-01(L). The Township's fees range from \$20 to \$250, with the exception of a \$1 fee for each device in a fire alarm and detection system (e.g., smoke or heat detectors, door holder, etc.), a \$5 fee for open burning/bonfires, and a \$5 fee for temporary structure occupancy. By comparison, Austintown's fees range from \$20 to \$75. In addition, Austintown charges \$30 for every permit, with only six exceptions. In total, Austintown has four different fees for permits, with only one permit fee lower than \$30 (\$20 for general operation permit). However, Boardman has 12 different fees, including 5 different fees for sprinkler systems that are based on the number of sprinkler heads. Although the Township has established a detailed fee schedule, approximately 58 percent of its permit fees are \$20. Therefore, the Township may want to consider increasing the minimum fee to \$30, similar to Austintown, with exceptions where appropriate. This should be considered in conjunction with the Township's financial condition (see **financial systems**).

## Recommendations

### **R5.1 In future negotiations, the Township should seek to address the following in the Fire Department's collective bargaining agreement:**

- **Revise the fire prevention officers work week to 40 hours, excluding lunch;**
- **Consider reducing the vacation schedule for fire prevention officers to a level similar to the peers' fire prevention staff;**
- **Minimize increases to salaries (see human resources section);**
- **Reduce or eliminate attendance incentives (see human resources section); and**
- **Require Fire Department personnel to contribute to the cost of health insurance premiums, similar to other Township employees (see human resources section).**

**Renegotiating these provisions would decrease expenditures and better align these provisions with peers and other bargaining unit agreements in the Township (see human resources section.)**

BTFD employees are members of the International Association of Firefighters, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), and are currently negotiating their collective bargaining agreement, which expired March 31, 2007.

The following provisions in the Fire Department's agreement are more generous than the peers:

**Fire prevention/Office employees work period:** BTFD's fire prevention officers (lieutenants) work 37.5 hours per week (excluding lunch). While this is similar to Austintown, it is 2.5 fewer hours per week when compared to employees at Miami and Perry townships who work 40 hour weeks. This results in 130 fewer working hours per year, per person, for a total of 390 fewer work hours for three fire prevention officers. In 2006, these officers received overtime of 559.5 hours, although approximately 217 of these hours were to help hurricane Katrina victims (reimbursed by the Federal Emergency Management Association (FEMA)), and 342 overtime hours were for work completed after normal work hours. Therefore, assuming that overtime for fire prevention staff continues to be incurred after normal work hours, increasing the work day would not reduce costs. However, it would increase productivity.

- **Compensation:** BTFD's collective bargaining agreement provides higher compensation levels than the peers (see **human resources** section for further compensation assessment).
- **Fire prevention vacation time:** Department prevention officers (lieutenants) receive more vacation days overall, compared to the peers. For instance, BTFD prevention officers receive 18 vacation days at 10 years of service and 22 vacation days at 15 years of service, three and two more days than each of the three peers at the respective years of service. Additionally, Boardman Township fire prevention officers accrue up to 40 vacation days at 30 years, while the peers cap vacation days at 25 days. This equates to three additional weeks of vacation for BTFD prevention officers. While none of the fire prevention officers have been Township employees for more than 16 years, this contract provision could eventually become costly and reduce overall productivity.

The disparity in fire prevention staff vacation schedules is due, in part, to past inequities within the Department. More specifically, the Fire Chief indicated the Township attempted to resolve inequities in vacation provided to fire suppression and prevention staff by instituting a vacation schedule that would provide equivalent weeks of vacation. Fire suppression staff works 24 hours on duty and 48 hours off duty, while fire prevention staff work a 40-hour work week. For example, a fire suppression employee works 7 days during a three week period, while fire prevention staff works 15 days during a three week period. As a result, the Township provides fire suppression staff with 7 vacation days and fire prevention staff with 15 vacation days after six years of service, which both equate to three vacation weeks. Nevertheless, as previously mentioned, the Department's fire prevention staff receives more vacation days than the peers' fire prevention staff.

- **Sick leave incentive:** BTFD employees are paid a bonus of \$150 for perfect attendance every three months. Austintown Township Fire Department employees also receive an attendance bonus of \$160 for each six month period or \$80 if absent for only one shift in a six month period. Annually, BTFD employees can receive up to \$600, which almost doubles the maximum amount at Austintown (\$320). Miami Township does not offer an attendance bonus. Despite offering incentives, BTFD uses more sick leave per FTE when compared to peer and state averages (see **human resources** section).
- **Contributions to health insurance:** BTFD's Fire Chief and administrative assistant (non-union personnel) are required to contribute 10 percent of the cost of their health care premiums while union fire personnel do not contribute. In addition, all other Boardman Township departments contribute varying amounts

of their health insurance premium. Miami Township Fire Department employees contribute 20 percent toward their health care premiums. Lastly, Austintown Fire Department employees currently contribute 5 percent and this amount will increase to 10 percent in March 2009 (see **human resources** section).

*Financial Implication:* By negotiating to eliminate paid lunch and require the prevention officers to extend their workday to 40 hours per week, the Department would increase productivity at a value of approximately \$8,800 annually. See the **human resources** section for savings related to compensation, including healthcare contributions and attendance and sick leave incentives. Savings may also result from the reduction of vacation days, however the amount is not easily quantifiable.

**R5.2 BTFD should consider tracking residential false alarms in a manner similar to that used for commercial properties. This would help the Township determine the significance of residential false alarms and whether it should charge for such incidents. If the Township chooses to charge for residential false alarms, it should develop clear criteria that define a false alarm and the related penalties. The Township should also track collections related to false alarms in a useable format that clearly documents results. This would better ensure that payments are received and liens are attached to property taxes, if necessary.**

BTFD does not track residential false alarms. Furthermore, although the Township tracks commercial false alarms and issues fines after the third incident, per resolution established on October 13, 1997 (policy), it does not track collections of the false alarm fees in a format that easily and clearly documents collection of the fees. According to ORC § 505.391, if the fines are not paid within 30 days, the Township can place the fine on the commercial owners property tax as a lien. According to ORC § 505.391, residential properties can also be charged false alarm fees; however, Boardman and the peers do not charge for residential false alarms.

**Table 5-5** shows a comparison of BTFD's false alarm statistics to the peers.

**Table 5-5: 2006 False Alarm Statistics (Commercial<sup>1</sup>)**

	<b>Boardman</b>	<b>Austintown</b>	<b>Miami</b>	<b>Peer Average</b>
<b>Number of False Alarms</b>	368.0	213.0	222.0	217.5
<b>False Alarms as a % of Fire Calls</b>	38.6%	23.7%	21.2%	22.5%
<b>Total Commercial Parcels<sup>2</sup></b>	2,047	1,225	1,277	1,251
<b>Number of False Alarms per Commercial Parcel</b>	0.179	0.174	0.174	0.174

**Source:** Boardman Township, Austintown Township, Miami Township, Mahoning County

<sup>1</sup> Boardman and peers only track commercial false alarms.

<sup>2</sup> As of August, 2007.

As shown in **Table 5-5**, the total number of commercial false alarms and false alarms as a percent of total fire calls is significantly higher in Boardman. This is explained, in part, by the higher number of commercial parcels in Boardman Township compared to Austintown and Miami. As a result, the number of false alarms per commercial parcel is only 2.9 percent higher than both peers. Nevertheless, by not tracking residential false alarms, BTFD is unable to determine the frequency of response to such incidents. Responding to false alarms takes equipment and personnel away from other potential emergencies. By not tracking collections, the Township may not be recouping all related fees and cannot determine when to place liens on property taxes.

**R5.3 BTFD should provide a consistent level of training for each firefighter that adheres to established requirements. BTFD should also ensure that the level of training and drills is appropriate. Furthermore, BTFD should consistently and accurately track training hours to ensure it adheres to OAC § 4765-12-08 and knows the level of training provided to staff.**

BTFD does not provide the same level of training to its firefighters on both shifts. Furthermore, given the detailed regulation requirements for firefighter training, it is not adequately tracked by the Fire Department. For instance in 2006 each firefighter in the first shift (A-turn) averaged 33 hours of training; second shift (B-turn) averaged 25 hours of training each; and third shift (C-turn) averaged approximately 8 hours. The Fire Chief further stated that the drills on C-turn are not recorded regularly and the training hours could be understated.

Furthermore, according to the Fire Chief, he requires 36 hours of annual training for its firefighter personnel. However, the Fire Department does not have a training policy that outlines the 36 hour training requirement and the specific training needs for each classification. OAC § 4765-12-08 requires first responders to complete 15 hours of continuing education every three years. Even though BTFD does not accurately track its training hours, it did record an average 21.6 training hours per person annually in 2006, which is greater than the OAC requirements, but still below the Fire Chief's requirements of 36. Austintown averaged 118.9 hours of training per person, or 97 hours more per person than Boardman in 2006. Drills are included in these training hours. BTFD provides drills for firefighters once a week, while Austintown provides drills for full-time firefighters each day.

According to *Fire Services, A Best Practices Review* (Minnesota Office of the State Legislative Auditor, 1999), fire departments need training programs that set minimum training requirements for firefighters. Effective training both contributes to smooth operations and reduces the risk of injury to fire fighters. Each function fire fighters perform requires specific training.

Providing a clear set of policies detailing training requirements for each fire position and adequately tracking these training hours on an individual basis will ensure fire personnel have sufficient knowledge to safely perform their duties.

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# Road Department

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## Background

This section of the performance audit focuses on Boardman Township's Road Department (Boardman RD or the Department) operations. The objective is to analyze the Boardman RD operations and develop recommendations for improvements. Data from sources such as the American Public Works Association (APWA), the United States Environmental Protection Agency (EPA), the Federal Highway Administration (FHA), Ohio Public Works Commission (OPWC), *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards* (Ammons, 2001), the Voinovich Center for Leadership and Public Affairs' *Contract Management Manual* (2001), the Ohio Department of Administrative Services (DAS), and peer townships was used for comparisons throughout this section of the report. The peer townships include Austintown Township (Austintown RD) and Miami Township (Miami RD) with Perry Township (Perry RD) included only for comparisons of negotiated agreements.

### *Organizational Function and Summary of Operations*

The primary function of the Boardman RD is to maintain the Township's infrastructure, including over 285 lanes miles of roadway. A lane mile is defined as the number of lanes times the lane length in miles. The major responsibilities of the Boardman RD include: snow and ice control, street sweeping, pothole patching, storm sewer maintenance, and the repair and preventive maintenance of all Township vehicles and service equipment.

Under the current organizational structure, the Boardman RD Superintendent oversees the daily operations of the department. The duties described with each of the following staff members are only a summary and do not include the job descriptions in its entirety:

- **Secretary** – organize and compile any road records, correspondence and letters needed for the Board of Trustees and residents of Boardman Township.
- **Assistant Superintendents** – assist in the planning, organizing, and directing of Road Department operations. The Assistant Superintendents also ensures the proper implementation of the contract between the Township and the Workers Association. They also assist with the inspection of all new road construction to ensure compliance with all County and Township specification standards.

- **Road Inspector** – inspect road cuts, curb cuts, and new road construction. This position installs, maintains, and replaces all Township road signs and assists with ordering of Road Department supplies.
- **Utility-man and Custodian**– performs custodial and grounds duties for all road department buildings and assists with ordering of Road Department supplies. These positions issue all tools, gloves, and miscellaneous items for work crews.
- **Mechanics** – perform all maintenance related to Police, Fire, Road, and Township vehicles.
- **Foremen** – execute all daily work assignments. Foremen are responsible for all individual work crews and completion of their assigned jobs. This position also helps with decision making about individual work assignments, tracking work performed by crews, and assessing the need for future work.
- **Operators/Drivers** – operate all equipment and vehicles within the Boardman RD fleet to complete daily work assignments.
- **Laborers** – provide the manual labor needed to help with the completion of daily work assignments. In an emergency, all laborers with a commercial drivers license (CDL) can function as drivers.

Although the **Recycling Coordinators** are part of the Road Department in Boardman (1 FTE) and Austintown (1 FTE), they are funded by the Mahoning County Solid Waste Management District. Therefore, this position is not included in the staffing analysis. However, the position is included in the recycling assessment in **R6.12**.

### *Financial Data*

**Table 6-1** shows a comparison of Boardman RD's actual expenditures for 2005 and 2006, as well as the budgeted expenditures for 2007.

**Table 6-1: Three Year Boardman RD Expenditure Comparison <sup>1</sup>**

Expenditures	2005	2006	Percent Change 2005-2006	2007 Budget	Percent Change 2006-2007
Salaries	\$1,578,314	\$1,547,831	(1.9)	\$1,712,957	10.7
Benefits <sup>2</sup>	\$796,866	\$804,475	1.0	\$884,310	9.9
Purchased Services	\$142,366	\$102,552	(28.0)	\$143,200	39.6
Supplies and Materials	\$748,050	\$742,029	(0.8)	\$740,500	(0.2)
Other	\$110,272	\$83,909	(23.9)	\$130,000	54.9
Capital Outlay	\$22,616	\$419,736	1755.9	\$100,000	(76.2)
Advances Out	\$200,000	\$350,000	75.0	\$0	(100.0)
<b>Total Expenditures</b>	<b>\$3,598,483</b>	<b>\$4,050,532</b>	<b>12.6</b>	<b>\$3,710,967</b>	<b>(8.4)</b>

Source: Boardman Township UAN Financial Reports.

<sup>1</sup> Includes General Revenue Fund, Road and Bridge Fund, License Plate Fund, Gasoline Tax Fund, and Permissive Tax Fund.

<sup>2</sup> Includes medical insurance, workers compensation, Medicare, uniforms and tool equipment reimbursement, and retirement.

As shown in **Table 6-1**, total 2006 expenditures for Boardman RD were over \$4.0 million; an increase of 12.6 percent from 2005 expenditures. The methodology used to develop the 2007 Road Department budget was not formally documented. Therefore, the reasoning behind some of the variances between 2006 actual to 2007 budget could not be explained by the Superintendent or the Assistant Fiscal Officer. See **financial systems** section for further discussion on the budgeting process. Explanations for significant annual variances include the following:

- *The 10.7 percent increase in salary expenditures of 2006 actual to 2007 budget could not be fully explained by the Department. According to the Assistant Fiscal Officer, the increase is partially attributable to the four percent salary increase from 2006 to 2007.*
- *The 9.9 percent increase in benefit expenditures of 2006 actual to 2007 budget is due to an increase in the Department's premiums for medical and hospitalization insurance. See the **human resources** section for further assessment. In addition, the cost associated with the Department paying the entire Boardman RD employee portion of retirement contributions is a contributing factor (see **R6.5**).*
- *The 28.0 percent decrease in purchased service expenditures from 2005 to 2006 actual and the 39.6 percent increase in purchased services expenditures from 2006 actual to 2007 budget were the result of the Department's property insurance coverage, which decreased during 2006, but then increased to the 2005 level during 2007.*
- *The 23.9 percent decrease in other expenditures from 2005 to 2006 actual and the 54.9 percent increase from 2006 actual to 2007 budget could not be explained by the Department.*
- *The 1755.9 percent increase in capital outlay expenditures from 2005 to 2006 actual can be attributed to the purchase of a horizontal grinder and two dump trucks during 2006.*

The Department appropriated \$100,000 for capital outlay expenditures in 2007, but indicated actual 2007 capital outlay expenditures are expected to be less than this amount.

**Table 6-2** shows a comparison of Boardman RD to the peers' revenue and expenditures per lane mile.

**Table 6-2 Peer Comparison of Revenues and Expenditures per Lane Mile**

Township	Boardman RD	Austintown RD	Miami RD	
TWP Lane Miles	286	228	180	
Line Item	Rev & Exp / Lane Mile	Rev & Exp / Lane Mile	Rev & Exp / Lane Mile	Peer Average
Local Taxes	\$7,343	\$5,314	\$8,292	\$6,803
Intergovernmental	\$1,606	\$1,788	\$2,162	\$1,975
Interest	\$14	\$998	\$72	\$535
Other	\$172	\$652	\$3	\$327
<b>Total Operating Revenue</b>	<b>\$9,134</b>	<b>\$8,752</b>	<b>\$10,530</b>	<b>\$9,641</b>
Wages	\$5,418	\$2,643	\$2,472	\$2,558
Fringe Benefits	\$2,816	\$1,440	\$1,212	\$1,326
Purchased Services	\$359	\$1,549	\$735	\$1,142
Supplies & Materials	\$2,597	\$822	\$1,478	\$1,150
Capital Outlay	\$1,469	\$495	\$2,346	\$1,421
Other	\$294	\$83	\$1,361	\$722
<b>Total Operating Expenditures</b>	<b>\$12,953</b>	<b>\$7,033</b>	<b>\$9,604</b>	<b>\$8,319</b>

Source: Boardman Township and Peer financial records

Note: Does not include transfers or advances

As shown in **Table 6-2**, Boardman RD's total expenditures are nearly 56 percent higher than the peer average. The higher total expenditures per lane mile are driven by higher wages, fringe benefits, and supply and material costs. These three cost categories, which make up 84 percent of total expenditures per lane mile, are primarily a result of the Boardman RD completing more of its services in-house compared to the peers. (see **Table 6-3**) Nonetheless, Boardman RD wage expenditures per lane mile are more than double the peer average, and are attributable to higher staffing levels (see **R6.1**) and a generous bargaining unit contract compared to the peers (see **R6.7**). Additionally, the Department's fringe benefit expenditures per lane mile of \$2,816 are double those of the peers, due to the Township paying 100 percent of the employee share of retirement contributions (see **R6.7**).

### *Assessments Not Yielding Recommendations*

In addition to the analyses in the report, the following assessments were conducted in the Boardman RD that did not warrant changes and did not yield any recommendations.

**Revenue Enhancements:** Boardman RD collects all supplemental license plate tax revenue explained in Sections 4504.02, 4504.15, 4504.16, 4504.18 of ORC Chapter 4504. In addition, Boardman RD actively seeks grants from the Ohio Public Works Commission for major infrastructure improvements.

**Bargaining Unit Agreement:** The following Township Workers Association (TWA) contract items were found to be comparable to the peer townships or best practices; minimum call-in hours, sick leave accrual and payout at retirement, personal leave accrual, number of holidays, longevity pay, length of the work day, and hospitalization incentives. The remaining contract items assessed will be addressed in **R6.7**.

**Mechanic staffing:** The Boardman RD mechanic staffing level was assessed based on the number of vehicles and equipment each mechanic is responsible for maintaining. Overall, each Boardman Township mechanic maintains more vehicles and service equipment per FTE when compared to the peer average. However, this assessment was based on a high level review of the number of vehicles to staffing and does not take into consideration number of labor hours spent on each piece of equipment due to the absence of proper documentation in the vehicle maintenance garage. (See **R6.2** for further assessment on data reporting)

**Salt usage:** **Table 6-7** compares the tons of salt used per lane mile by Boardman RD and the peers. Boardman RD and Austintown RD are both located in Mahoning County. Therefore, both townships face comparable winter weather conditions. Miami RD is located in the southwest quadrant of Ohio in Montgomery County and does not face the same severe winter weather conditions. During the 2005-2006 winter weather season, Austintown RD's 10 tons of salt spread per lane mile (TS/LM) was slightly higher than Boardman RD's 9.3 TS/LM. Therefore, Boardman RD appears to be using its salt efficiently.

## Recommendations

### *Staffing*

**R6.1 Boardman Township should consider reducing its Road Department staffing by up to six FTEs. For example, based on peer comparisons, these six reductions could include 2.0 Assistant Superintendent FTEs, 1.0 Road Inspector FTE, and 3.0 Operator/ Truck Driver/ Laborer FTEs. In accordance with the collective bargaining agreement, the Department should consider reducing three of its lowest seniority positions in the Operator/ Truck Driver/ Laborer classifications. The Township should also seek opinion from its legal advisors on contract language dealing with elimination of positions based on seniority so that it does not affect mechanic positions.**

The recommended staffing reductions take into account the fact that Boardman Township is providing more services in-house than the peers, which requires maintaining a higher staffing level. The six recommended reductions would still result in Boardman RD maintaining fewer lane miles per FTE than the peers. However, if the Road Department properly tracked program related costs associated with providing services (see R6.2), it would have specific data available to make informed management level decisions regarding the adequate number of staff needed to maintain desired levels of service.

Furthermore, properly tracking the daily work activities of its crews will allow Boardman RD to compare the efficiency of its crews against benchmark industry standards to further adjust staffing levels as needed.

Boardman RD is overstaffed compared to peer townships and best practices. **Table 6-3** compares Boardman RD staffing to peer townships. In addition, **Table 6-3** compares Boardman RD's workload measures, such as lane miles maintained per FTE and equipment maintained per mechanic to peers.

**Table 6-3: Boardman RD Staffing Comparison (as of March 2007)**

Classifications	Boardman RD FTEs	Austintown RD FTEs	Miami RD FTEs	Peer Average
Superintendent	1.0	1.0 <sup>1</sup>	1.0	1.0
Assistant Superintendent	2.0	0.0	0.0	0.0
Clerical	1.0	1.0	1.0	1.0
Materials / Grounds / Custodians	2.0	0.0	1.0	0.5
Road Inspectors	1.0	0.0	0.0	0.0
Foreman	3.0	3.0	2.0	2.5
Operators / Truck Drivers / Laborers	19.0	9.0	7.0	8.0
<b>Total Road Department FTEs</b>	<b>29.0</b>	<b>14.0</b>	<b>12.0</b>	<b>13.0</b>
<b>Total Lane Miles</b>	<b>285.7</b>	<b>228.2</b>	<b>180.0</b>	<b>204.1</b>
Lane Miles per Total FTE	9.9	16.3	15.0	15.7
Lane Mile per Operator / Truck Driver / Laborer	15.0	25.4	25.7	25.5

**Source:** Boardman and peers.

**Note 1:** Table does not include Mechanics (see *Assessment Not Yielding Recommendation*)

**Note 2:** Townships did not employ seasonal help.

<sup>1</sup> Currently the Superintendent is temporarily filling the role of the vacant Township administrator position. Given this, AOS still counts the Superintendent as a full-time position.

As shown in **Table 6-3**, Boardman RD maintains 5.8 fewer lane miles per FTE (36.9 percent fewer) than the peer average of 15.7. More specifically, Boardman Township's Operators/Truck Drivers/Laborers (O/TD/L) maintain 10.5 fewer lane miles per FTE (41.2 percent fewer) than the peer average of 25.5. Based on lane miles per FTE alone, Boardman RD is overstaffed by approximately 11 FTEs.

The major staffing differences shown in **Table 6-3** revolve around the Assistant Superintendent, Road Inspector and Operator/Truck Driver/Laborer positions. Neither of the peers has an Assistant Superintendent position, but instead rely on foremen to carry out these duties. Furthermore, Boardman Township employs a Road Inspector to check signs at night to ensure the reflective material is still effective. The peers do not have this position. Instead, these functions are performed by the crew foremen.

To further determine reasons for Boardman RD's high staffing levels, an assessment of level of services was performed in **Table 6-4**.

**Table 6-4: Comparison of Major Services Provided**

Services	Boardman RD	Austintown RD	Miami RD
1. Snow and Ice Control	Yes	Yes	Yes
2. Street Rehabilitation	Yes	Contracted	Contracted
3. Street Sweeping	Yes	Yes	Yes
4. Pothole Patching	Yes	Yes	Yes
5. Sidewalk and Curb Repair	Yes	No	Contracted
6. Sign Making	Yes	Yes	Yes
7. Litter Control	Yes	No	Yes
8. Leaf Removal	Yes	Yes	Yes
9. Traffic Signal Maintenance	No	No	Contracted
10. Catch Basin Repair	Yes	Yes	Yes
11. Paving	Contracted	Contracted	Contracted
12. Stripping	Yes	No	Contracted
13. Crack Sealing	No	No	Yes
14. Tree Maintenance	Yes	Yes	Yes
<b>Total Number of Services Performed</b>	<b>11</b>	<b>7</b>	<b>9</b>

Source: Boardman and the peers

Note: No= service is provided by another department within the Department.

As shown in **Table 6-4**, Boardman RD performs 11 out of 14 services, the highest of the peers. Although this contributes to Boardman RD maintaining the lowest number of lane miles per Operator/Truck Driver/Laborer, similar positions in Miami Township maintain 25.7 lane miles per FTE while providing 9 of the 14 services mentioned in **Table 6-4**.

Also shown in **Table 6-4**, Boardman RD contracts for fewer services compared to the peers, which is supported by the lower purchased service expenditures shown in **Table 6-2**. This suggests that Boardman RD may require additional road staff to perform more in-house services. Therefore, purchased service expenditures were compared to the peers to determine how many more staff Boardman RD requires.

The difference in purchased service expenditures between Boardman and the peers (\$340,040) was compared to Boardman RD average employee's salary and benefits (\$73,500). This comparison was used to estimate the amount of work performed in-house by Boardman RD employees versus contracting out for services. It was determined that the amount of work performed in-house by Boardman RD instead of contracting out for services equates to approximately 5 FTEs. Therefore, the previously mentioned 11 Road Department staffing cuts that could be made based only on the number of lane miles maintained per FTE can be reduced by 5 FTEs to account for the added services Boardman RD performs in-house, as shown in **Table 6-4**. Using this methodology, a total of 6 FTE positions could be eliminated from the Boardman RD.

As previously discussed in conjunction with **Table 6-3**, the peers do not have Assistant Superintendent or Road Inspector positions. According to Boardman's Road Superintendent, these positions play an important role for the Township in maintaining a high level of service. Nevertheless, these three positions could account for half of the

recommended reductions in Boardman RD staff. The remaining three reductions could come from overstaffing in the Operator/Truck Driver/Laborer classifications.

The elimination of 6 positions would increase Boardman RD's the lane miles maintained per FTE (excluding mechanics) from 9.9 to 12.4, which is closer to the peer average of 15.7. The elimination of these positions would be based on seniority in accordance with the Township's contract with TWA, as follows:

*"In the event it becomes necessary to lay off employees the order shall be part-time, seasonal, those who have not completed probation, and then based on seniority"*

According to the Superintendent, the TWA contract may prohibit the Township from eliminating these specific positions based on seniority, and would instead result in the elimination of mechanics first because they have the lowest seniority. Despite the Superintendent's concerns, the TWA bargaining unit agreement also states the following:

*"The Township specifically recognizes that the mechanics shall be members of the bargaining unit and subject to the provisions of this Agreement. The Association agrees that in the event of any job action, the mechanics shall be required to work and the Associations shall not take any action to interfere with or obstruct the mechanics in the performance of their duties."*

This statement may protect the mechanic's from any and all job actions including lay off's. However, "job action" is not clearly defined, and the Township may need to seek interpretation from legal counsel to ensure it can eliminate the O/T/L positions without affecting the mechanic staff. Mechanics within the Township maintain not only Road Department vehicles/equipment but emergency service (Police and Fire) vehicles and equipment. Therefore, mechanics should be protected from any job action (lay-off's or strikes) to ensure all vehicles and equipment are kept running.

*Financial Implication:* Reducing the Boardman RD by 2 Assistant Superintendents, 1 Road Inspector, and 3 O/TD/L positions would result in annual cost savings of \$400,280.

### *Data Reporting*

**R6.2 The Boardman RD should fully utilized its work order system to track the key workload measures needed to assess performance of its crews. To accomplish this task, the Superintendent should ensure that data input columns are added to the work order spreadsheets that include cost of labor and materials. This will help the Road Department determine program costs. More specifically, the work order data should be maintained in one spreadsheet instead of multiple spreadsheets, and a**

**summary spreadsheet should be added with formulas to total each category for the month. This will allow Boardman RD staff to create formula driven monthly reports within its computer system. By doing so, accurate monthly figures would be reported, a methodology for calculating the figures can be documented, and staff time required to manually develop a summary sheet would be reduced. Also, potential errors can be reduced by eliminating the manual calculation of monthly totals. Using the data housed in these spreadsheets would help the Department with the following:**

- **Ensure that staffing levels are adequate;**
- **Provide Boardman RD with management information that can be used to track progress;**
- **Measure operational efficiency; and**
- **Determine whether to contract for certain services by calculating program-related costs.**

**As the financial condition of the Department improves, the Road Department should consider purchasing an automated work order system that includes a fleet management component (R6.9). Using a work order software system in the above manner would also enable the Boardman RD to better quantify and measure the outcome of services it provides (road repair and maintenance, snow and ice control, street sweeping, and storm sewer maintenance).**

Boardman RD does not track all the direct costs for providing services. Furthermore, the data collected within its work order system and reported in its annual report were not consistent.

The Assistant Superintendents use a manual system to record data such as the daily work completed by employees into spreadsheets. A separate spreadsheet is maintained for each work day. The daily spreadsheets contain columns that record the location, a description of employees on the crews, hours dedicated to each function, and the equipment and materials used to complete the work orders. Although Boardman RD tracks the number of labor hours dedicated to each function, the labor and material costs are not tracked. In some cases, Boardman RD does not use its work order system to track and compile key workload drivers, thereby hindering its ability to measure performance and justify staffing levels.

In order to determine data accuracy, the audit staff obtained the work order spreadsheets for the month of September, which were used to create the monthly summary report for the laying of patching material. During this test, the number of labor hours and material used from all of the September work order spreadsheets were tabulated and compared to the information reported in the September 2006 monthly summary created by the Road

Department. However, the tabulated figures from the daily spreadsheets did not match what was reported in the monthly summary. In fact, there was a 425 percent discrepancy in the number of labor hours used and a 5.7 percent discrepancy in the amount of material used.

Because Boardman RD does not use its manual work order system to track and compile key workload drivers, it limits its ability to measure performance and justify staffing levels. Also, since the costs for providing these services are not tracked, it cannot compare the costs of performing activities internally versus contracting for services. By purchasing an electronic work order system and fully implementing it, these issues may be eliminated or reduced.

Miami Township RD purchased an electronic work order system in the fall of 2006 that included both cost accounting and fleet management modules (see **R6.10**). This system has the capability of maintaining the following information:

- Vehicle maintenance work orders;
- Vehicle and parts inventories;
- Depreciation schedule;
- Employee daily activities;
- Roadway maintenance information and inventory; and
- Service call tracking.

Miami Township purchased its electronic work order and fleet management system for \$13,500 in the fall of 2006. This included the training costs associated with implementing the system and the cost of 4 quarterly maintenance fees.

Since the Department's financial condition may not allow for the purchase of a new system, Boardman RD has the capability to manipulate its current daily spreadsheet system to track this data. According to the vendor, the current spreadsheets allow users to do the following:

- Run powerful queries to sort and filter data;
- Run sophisticated calculations to derive desired information;
- Work with data interactively;
- Generate reports on data and view them in multiple formats; and
- Use forms to add, change, delete, and navigate data easily.

These existing capabilities would allow the Department to add additional columns, maintain multiple worksheets in one spreadsheet, and create a formula-driven summary worksheet within the same spreadsheet. By either purchasing a work order system or modifying its current spreadsheets, the Department would be able to better track progress, measure operational efficiency, and determine whether to contract for certain services by calculating program-related costs.

### *Service Efficiency*

**R6.3 Boardman RD should measure the productivity of pothole patching crews based on the criteria listed in *Productivity Improvement Handbook for State and Local Government*. Measuring productivity will ensure that staff perform in accordance with goals and objectives and allow the Superintendent to propose future adjustments to staffing levels based on accurate data. In addition, Boardman RD should increase its road repair program to include crack sealing to increase the useful life of roadways. By improving pothole patching productivity, Boardman RD should be able to add crack sealing to its schedule using existing staff.**

Boardman RD does not set formal service level goals or objectives, nor does it track the full program-related costs of pothole patching. As a result, it does not have the data necessary to measure efficiency for the pothole filling program. Furthermore, it does not have goals or objectives for achieving good road surface conditions. The Superintendent tries to set an informal goal of ensuring a 24 hour response time to repair pothole complaints called in by residents.

According to the Boardman Township Road Department Annual Report, the pothole patching program for 2006 included 1,204 labor hours and 369 tons of patching material. According to *Productivity Improvement Handbook for State and Local Government* (George J. Washnis 1980), as cited in the *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards* (Ammons 2001), a two man crew should take 1.044 hours to lay 1.92 tons of patching material. If Boardman Township were to operate at this standard, it would take 201 labor hours to lay 369 tons of patching material. This means that Boardman RD is operating its pothole patching program at approximately one-sixth of the standard. However, tracking the actual time spent patching potholes and the amount of patching material used would enable Boardman RD to more accurately gauge its efficiency (see **R6.2** above). As road conditions are also impacted by the process used to patch potholes, **Table 6-5** shows a peer comparison of pothole patching methods.

**Table 6-5: Comparison of Pothole Patching Methods**

Description	Boardman RD	Austintown RD	Miami RD <sup>1</sup>
Traditional method of filling by hand	Yes	Yes	Yes
Typical Size of Cold Patch Crew	2.0	3.0	N/A
Cold Patch Vehicle(s) / Equipment	Dump Truck and Shovel	Dump Truck and shovel	One Ton Truck and Shovel
Typical Size of Hot Patch Crew	4.0	3.0	N/A
Hot Patch Vehicle(s) / Equipment	Dump Truck, Looter, Shovel, and Hand Roller	Dump Truck and shovel	Two Ton Truck, shovel
Perform Crack Sealing	No	No	Yes

Source: Interviews with Boardman and the peer Road Department Superintendents

<sup>1</sup>Miami TWP does not have a designated crew for pothole patching. Miami TWP's pothole patching program does not require dedicated crews.

As shown in **Table 6-5**, Boardman RD uses a smaller cold patch crew than Austintown Township but a larger hot patch crew than Austintown TWP. **Table 6-5** also illustrates that Boardman RD does not perform crack sealing. According to The Assistant Superintendents, the Department stopped its crack sealing program approximately 4 years ago, because the program was too labor intensive. According to the Miami RD Superintendent, pothole problems are very minimal throughout the year and it does not have a designated crew for pothole repairs. The Miami RD Superintendent attributed the minimal pothole patching efforts to the aggressive preventive maintenance schedule for the Department's roads, which includes crack sealing.

The Ohio Public Works Commission (OPWC) provides road ratings on the number of center lane miles (CLM) rated critical through excellent for cities, townships, and villages in Ohio. In that report, 51.3 percent of Boardman Township's CLM are rated as poor; a significantly higher percentage than the peers. Miami Township does not have any roads rated as poor and Austintown Township only has 22.4 percent of its CLM rated as poor. The higher percentage of CLM rated as poor in Boardman Township is an indication that roads are not being effectively maintained.

Maintenance of roads is affected by many factors, including the labor hours dedicated to the task, the patching processes used, and the types of materials used. The most recent road rating reported by OPWC indicates that 96.2 percent of Miami Township's roads were rated as "Good" compared to only 13.0 percent in Boardman Township. Labor hours spent more efficiently on pothole patching would allow more time to be dedicated to performing crack sealing duties.

Crack sealing is integral to preventing and retarding the formation of potholes. According to Ohio Department of Transportation (ODOT), crack sealing is used to minimize the intrusion of water into pavement. By keeping water out of the pavement, erosion of the mix is kept to a minimum, deterioration of cracks is slowed, and less water is available to

saturate the base materials. The intent of crack sealing is to slow the rate of deterioration and prolong the useful life of the pavement.

**R6.4 Boardman RD should develop and implement a street cleaning plan that includes a level of service statement detailing the location (routes), frequency, and time of various street cleaning activities. The plan should be updated annually to ensure the current routes allow for the most efficient street sweeping operations. In addition, the Superintendent should review street sweeping operations and determine whether existing factors are preventing the Department from meeting the benchmark standard of 33.3 lane miles swept per shift. By meeting the benchmark standard, Boardman RD could reduce over two-thirds of the time dedicated to street cleaning and allocate those 446 hours to other projects that may include crack sealing. (see R6.3)**

Boardman Township does not have formally documented goals or objectives for its street cleaning program. Also, program costs (labor or materials) related to street cleaning are not tracked, but the number of labor hours dedicated to street sweeping is tracked. (see R6.2 for data reporting)

Table 6-6 compares Boardman RD street sweeping efforts to the peers.

**Table 6-6: Peer Comparison of 2006 Street Cleaning Efforts**

	Boardman RD	Austintown RD	Austintown RD (Contracted)	Miami RD	Peer Average <sup>2</sup>
Lane Miles Cleaned	285.7	159.8	68.5	180.0	169.9
Street Cleaning Cost	N/A	\$19,217	\$7,000	\$45,640	\$32,429
Number of times the Department is Swept per Year	3.0	1.0	N/A	6.0	3.5
Lane Miles Cleaned per Year	857.0	159.8	N/A	1080.0	619.9
Street Cleaning Labor Hours	652.0	640.0	N/A	1200.0	920.0
Lane Miles Cleaned per Labor Hour	1.3	0.2	N/A	0.9	0.6
Number of Street Sweepers	2.0	1.0	N/A	1.0	1.0
Cost Per Sweep	N/A	\$19,217	N/A	\$7,607	\$13,412
Cost Per Lane Mile	N/A	\$120	\$102	\$254	\$187
Contracted Out	No	Yes <sup>1</sup>	N/A	No	N/A

Source: Boardman and peer road department superintendents.

N/A= not available

<sup>1</sup>30 percent or 68.5 of the Austintown's total 228.2 lane miles were contracted out to be swept.

<sup>2</sup>Peer average does not include Austintown's street sweeping contract

As shown in **Table 6-6**, Boardman RD has the highest number of lane miles swept in-house per labor hour (LMS/H). During 2006, Boardman RD swept 1.3 lane miles per hour, or approximately 117 percent more than the peer average of 0.6 LMS/H. The higher number of lane miles swept is a function of all of Boardman Township's approximately 286 lane miles being swept three times per year. This requires a two person crew for Boardman RD; a street sweeper operator and a dump truck driver to follow behind and collect debris. Austintown RD and Miami RD use only a one person crew for street sweeping, and the sweepers dump debris directly at an approved site. The crew number is dependent on the proximity of the landfill facility. If Boardman is using a dump truck to take debris from the sweeper, then it is allowing the street sweeper to continue on its route instead of driving to a landfill to empty. During 2006, Boardman RD dedicated 652 labor hours to street sweeping.

According to the *Productivity Improvement Handbook for State and Local Government* (George J. Washnis, 1980), which was quoted in the *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards* (David Ammons, 2001), a one-person-crew should be able to sweep 4.16 lane miles per hour, or 33.3 lane miles per shift. Operating at this efficiency level, Boardman Township's 285.7 lane miles could be swept three times in 206 labor hours. Boardman RD spent 652 labor hours sweeping 857 lane miles during 2006. The increased time spent on sweeping streets could be attributed to the fact that Boardman RD has a two man crew which dumps its debris directly into a dump truck so that it may continue sweeping while the dump truck disposes at an Environmental Protection Agency (EPA) approved site.

Also, according to the *Management Practices manual*, by the American Public Works Association (APWA, 2001), street cleaning should encompass the following components:

- A quality service statement which details the location, frequency, and time (schedule) of various street cleaning activities;
- Directives which identify environmental methods for the collection and disposal of street debris;
- A comprehensive and integrated street cleaning plan which describes the relationship between litter control, street sweeping, flushing, and leaf collection, and is updated on a routine basis;
- Collection practices which are based upon the analysis of health and environmental concerns, population density, storage capabilities and the distance from disposal facilities; and
- A route design for the sweeping program which takes into account traffic patterns, parking requirements, street widths, and crew sizes. Routing can be designed using mathematical evaluations, observation and experience, or a combination of the two methods.

Because the Department does not have a formal plan for street sweeping, staff spends additional time completing street sweeping activities and has fewer labor hours to spend on other Road Department projects.

- R6.5 During future contract negotiations, Boardman Township should renegotiate the staffing clause for snow and ice removal to have only one employee in each of the trucks used for snow and ice control events. Boardman RD should also document the current snow and ice control practices in a formal snow and ice control plan. This plan should detail the level of service to be provided, prioritize streets to be cleared with specific timelines, and assign staff accordingly for snow and ice control events. The number of labor hours devoted to snow and ice control should be tracked and compared to the *Productivity Improvement Handbook for State and Local Government* (George J. Washnis, 1980), standard. Boardman RD should use these standards to adjust staffing required to plow the snow and ice control routes.**

Although the Boardman RD does have an overview of snow and ice control operations located on its website for residents, it does not have documented policies and procedures for snow and ice control operations such as storm warning notification, personnel scheduling, mobilization, equipment preparation and calibration, snow route assignments, material loading procedures, and spreading and plowing procedures. It has been the Department's practice that the two Assistant Superintendents watch the weather and make all calls to Department employees when snow and ice control becomes necessary. All hours devoted to snow and ice control are documented, but the Department does not compare those hours to any benchmarks or standards.

During a routine snow and ice control event, Boardman RD uses a total of 8 dump trucks and 16 employees, or 2 per truck. This is because the Department Workers Association of Boardman (TWA) contract, states that "except in the case of an emergency and whenever practical, the Department shall continue its present practice that when members are engaged in snow and ice removal, there shall always be a rider to accompany the driver for assistant in watching traffic."

**Table 6-7** shows a peer comparison of routine snow and ice control indicators. For purposes of comparison, only equipment used on regular routes is assessed. This does not include pick-up trucks that only plow or salt areas that the bigger trucks cannot reach (e.g. cul-de-sacs, dead-end roadways, or township and school parking lots).

**Table 6-7: Snow and Ice Control Comparison**

Description	Boardman RD	Austintown RD	Miami RD	Peer Average
Number of Trucks <sup>1</sup>	8.0	10.0	11.0	10.5
Number of Routes	8.0	10.0	10.0	10.0
Number of Lane Miles	285.7	228.2	180.0	204.1
<b>Average Lane Miles per Truck per Route</b>	<b>35.7</b>	<b>22.8</b>	<b>16.4</b>	<b>19.6</b>
Number of Employees	16.0	10.0	13.0	11.5
<b>Lane Miles per Employee</b>	<b>17.9</b>	<b>22.8</b>	<b>16.4</b>	<b>19.6</b>
Number of Trucks Per Route	1.0	1.0	1.1	1.1

**Source:** RFIs and interviews with Boardman Township and peer Road Superintendents.

<sup>1</sup> Pick-up trucks are not counted in assessment

**Table 6-7** shows that compared to the peers, Boardman RD's snow and ice control procedures for routine events are efficient on a lane mile per truck basis. However, Boardman RD is slightly below the peer average when comparing average lane miles per employee for a routine snow and ice control event because it assigns two employees to each truck. On an average lane mile basis, Boardman RD's 17.9 lane miles per truck per route is 8.7 percent lower than the peer average of 19.6.

According to *Productivity Improvement Handbook for State and Local Government* (George J. Washnis, 1980), which was cited in *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards* (David Ammons, 2001), snow plowing standards for normal snowfall indicate that a one person crew should be able to plow 4.97 lane miles in 1.61 labor hours or 24.7 lane miles in an 8 hour shift during a normal snowfall. The number of lane miles per labor hour could not be quantified for Boardman Township due to data reporting issues noted in **R6.2**. However, the Department's average lane miles per truck per route are higher than the peer average, and the lane miles per employee are lower than the peer average. This is primarily a function of the number of staff Boardman RD uses for snow and ice control events. **Table 6-7** shows that both Austintown RD and Miami RD assign one driver per truck for main routes. If Boardman RD were to negotiate language in the TWA contract requiring only one employee per truck for main routes during routine snow and ice control events, it would increase the current average lane miles per employee from 17.9 to 35.7.

According to APWA's *Public Works Management Practices Manual: Fourth Edition* (2001), a snow and ice control plan establishes control methods to meet specified levels of service. Control measures are established which specify level of service requirements for arterials, collectors, and residential streets. Procedures are established that detail the amount of time required to complete the removal effort, and specific personnel, equipment, and materials needed to meet prescribed service levels.

By documenting the priority of its snow and ice control routes along with establishing snow and ice control labor expectations, Boardman RD can ensure maximum use of equipment and equal allocation of personnel during snow and ice control events.

**R6.6 Boardman RD should use industry standards to measure the productivity of crews cleaning the storm sewer system. Measuring productivity will ensure that staff perform at an optimal level and allow the Department to make adjustments to future staffing levels. Boardman RD should also develop a written storm sewer maintenance plan detailing the frequency of cleaning the system and expectations for the amount of labor required for proper maintenance. The creation of written procedures will allow Boardman Township to better identify and direct storm sewer resources and track program related costs.**

Boardman Township is included in a regional capital improvement plan for stormwater infrastructure developed for the Ohio Public Works Commission by its engineering contractor. However, Boardman RD does not have formal policies and procedures related to storm sewer management. The Department has a total of 1,101,600 linear feet of storm sewer which is maintained by the Road Department. During 2006, the Department cleaned 434,403 linear feet or 39.4 percent of the total system. Boardman RD has nearly 5 times the number of linear feet of storm sewer compared to the next highest peer; Austintown, which reported 226,900 linear feet of storm sewer. The majority (84.0 percent) of Boardman Township's storm sewers are rated as poor. Miami Township has no storm sewers that are rated as poor, and only 34.6 percent of Austintown Township's storm sewers are rated as poor. This is an indication that Boardman RD is not properly maintaining its storm sewer system. (See **R6.9** for capital improvement planning analysis.)

According to the 2006 annual report, Boardman RD used 259 hours to clean out 1,333 storm grates (or catch basins). This means Boardman RD cleaned out 5.15 storm grates per labor hour. According to *Productivity Improvement Handbook for State and Local Government* (George J. Washnis, 1980), which was cited in the *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards* (David Ammons, 2001), a crew of 2-3 employees should dedicate 0.0764 labor hours to clean 1 drainage structure. Applying this standard to the 1,333 storm grates cleaned during 2006, only 101.8 labor hours should have been required. However, Boardman RD dedicated over 2.5 times the standard number of labor hours to clean the 1,333 storm grates during 2006.

According to the APWA, practices for storm sewer and flood management need to be documented in a policy that establishes a storm sewer and flood management service levels. This will help Boardman RD to effectively plan for current and future storm sewer and flood management operations. APWA further recommends the following:

- Activities for each functional area (i.e., engineering, design, maintenance, operations, safety, hazardous materials, equipment, etc.) should be integrated to ensure coordination and improve the agency's overall performance.
- A policy should be established to maintain storm water and flood control facilities describing inspection, maintenance, and cleaning programs to ensure that facilities are operable during storm events.
- Life expectancy of the infrastructure is maximized by recording and updating the infrastructure condition to track maintenance and operating costs.
- Necessary improvements or additions to the storm water system should be identified along with appropriated funding sources, based on both existing and projected needs.

### *Negotiated Agreement*

**R6.7 During future negotiations with the Department Workers Association (TWA), the Department should consider eliminating or revising the following language from its collective bargaining agreement with Road Department Workers:**

- **Reduce the number of vacation days provided to employees with 6 or more years of service. In addition, the vacation accumulation schedule should be adjusted so that Boardman RD employees do not receive more than 30 days of vacation.**
- **Eliminate the sick leave buy-back option as it has not been effective in controlling sick leave. While no employees took advantage of the provision in 2006, it represents a significant potential cost to the Department. (see human resource section for further assessment)**
- **Eliminate the attendance incentive offered to TWA employees. (see human resource section for further assessment).**
- **Reduce the uniform allowance provision to the peer average of \$375. Furthermore, the benefit should be eliminated for all administrative staff that is not covered under the TWA agreement. By reducing the benefit for TWA employees and eliminating it for administrative staff, the Department will be able to reduce costs, while still offering a benefit that is higher than Austintown Township.**
- **Discontinue paying 100 percent of Boardman RD employees' portion of retirement contributions.**
- **Eliminate the Commercial Drivers License (CDL) bonus provision.**

### Vacation Days

Boardman RD employees have more generous vacation schedules than the peers. **Table 6-8** illustrates the vacation time allotted to Boardman Township staff compared to the peer roads departments.

**Table 6-8: Comparison of Vacation days**

Contract Item	Boardman RD		Austintown RD	Perry RD
<b>Vacation accumulation schedule</b>	1 Year = 10 days	16 Years = 24 days	1-6 Years = 10 days	1 Year = 5 days
	6 Years = 15 days	17 Years = 25 days	7-12 Years = 15 days	2 Years = 10 days
	7 Years = 16 days	18 Years = 26 days	13-19 Years = 20 days	5 Years = 15 days
	8 Years = 17 days	19 Years = 27 days	20 Years + = 25 days	10 Years = 20 days
	9 Years = 18 days	20 Years = 28 days		15 Years = 25 days
	10 Years = 19 days	21 Years = 29 days		20 Years = 30 days
	11 Years = 20 days	22 Years = 30 days		
	12 Years = 20 days	23 Years = 31 days		
	13 Years = 21 days	24 Years = 32 days		
	14 Year = 22 days	25 Years = 33 days		
	15 Years = 23 days	26 Years = 34 days		
		27 Years + = 35 days		

**Source:** Boardman and Peer collective bargaining agreements

As shown in **Table 6-8**, TWA employees accumulate an amount of vacation comparable to the peers for the first 5 years of their employment. However, they receive a more generous vacation accrual in the later years of employment than the peers. However, Perry's schedule is closer to Boardman's, in that it offers more days than Austintown. By negotiating a vacation accrual schedule that is similar to Perry Township, Boardman Township can reduce the number of vacation days paid to staff. Based on the 27 year maximum stipulated in the TWA contract, Boardman Township employees can accrue 20 more days than Perry Township.

In addition to having more vacation days than the peer townships, Boardman also offers a vacation buy back provision. Specifically, TWA employees have the option to sell back 5 days or 40 hours of unused vacation time each year at their regular hourly rate. The vacation buy back provision represented a cost of \$7,891 the Department during FY 2006. Coupling the TWA employee vacation buy back option with a more rapid rate of vacation accrual results in contract provisions that are more costly to Boardman than the peer townships.

*Financial Implication:* If the Department were to eliminate the vacation buyback provision, it could save approximately \$8,000 annually, assuming utilization comparable to FY 2006. Additional cost savings will be realized by adjusting the vacation accrual schedule as well, but these costs cannot be quantified. The costs are affected by a number of factors such as salary increases for TWA employees, future step increases, etc., which will affect average salaries in future years.

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**Sick Leave Buy-Back /Attendance Incentive**

Austintown Township and Perry Township have the option to be compensated for unused sick leave upon retirement or death. However, Boardman RD employees receive this benefit after they have banked at least 300 sick leave hours. To achieve the necessary bank of 300 sick leave hours to take advantage of this option, TWA employees need to work approximately 65 pay periods, or 2.5 years, without using any sick hours. TWA employees who do not use any sick hours after banking the initial 300 can reach the maximum 120 sick hour buy-back after another 26 pay periods, or 1 year. Employees who reach the 120 hour maximum have the option of being compensated for 60 hours at their regular rate. As a result, employees with 300 hours of banked sick leave can annually be paid the equivalent of one and one-half weeks wages by not taking sick leave. While no employees took advantage of the provision in 2006, it represents a significant potential cost to the Department.

**Uniform Allowance**

Boardman Township's uniform allowance provision is more generous than peer Townships. Austintown Township and Perry Township provide uniform allowances of \$350 and \$400 per year, respectively, for a peer average uniform allowance of \$375. During 2006, TWA employees received a \$650 uniform allowance, which was \$275 or 73.3% higher than the peer average. During fiscal year 2006, the Department paid more than \$20,000 for this benefit. A review of the amount paid for 2006 indicates the Department is paying the uniform allowance for all Department staff except the secretary. However, the Superintendent and Assistant Superintendents are administrative staff and should not have been provided the benefit. Therefore, the Department paid an extra \$2,000 in uniform allowance benefits.

*Financial implication:* if the Department were to reduce the uniform allowance to \$375 and eliminate the benefit for administrative staff, it could realize annual cost savings of approximately \$11,200.

**Retirement**

Boardman Township picks up 100 percent of the Department employees' retirement contributions. Austintown Township employees also have the employee portion of the retirement contribution paid in full. However, Perry Township does not contribute towards the employee portion of the retirement contribution. Furthermore, none of the other unionized staff within Boardman Township receive a similar benefit.

The reasons why organizations offer the 100 percent paid retirement benefit vary, but often represent an alternative to salary increases. However, Boardman RD employees received a negotiated salary increase of 4.0 percent from 2005 to 2006 compared to the peer average increase of 2.9 percent. In addition, Department employees' salaries are significantly higher than Austintown Township (see **human resources** section for salary analysis). Payment of the employees' retirement contributions along with higher salaries and higher negotiated salary increases creates a significant financial burden for Boardman Township. In fact, the Department paid a total of \$332,804 in retirement during FY 2006 for Road Department employees. Of the total retirement expenditure, approximately \$130,000 was the employee portion.

*Financial Implication:* If the Department were to eliminate the 100 percent paid retirement provision, it could realize annual costs savings of \$137,000. This takes into account anticipated negotiated increases of 4 percent for 2007 and assumes a negotiated increase will not be offered in 2008.

#### **Commercial Drivers License (CDL) Bonus**

Boardman Township offers a CDL bonus for FY 2007 of \$600 for a Class "A" CDL license and \$575 for a Class "B" license. However, Austintown Township and Perry Township employees do not receive bonuses for possessing CDLs. Furthermore, Boardman TWA employees do not have job descriptions detailing specific job qualifications. Other townships consider possessing a CDL a necessity and do not provide incentives to obtain or maintain a CDL.

Perry Township's contract states that "each employee must have a CDL to operate Township equipment on public roads." Adding similar language would discontinue the annual CDL bonuses for TWA employees. During 2006, Boardman Township paid \$14,225 in CDL bonuses to TWA employees. The amount paid by the Department for this benefit indicates that the majority of the staff possesses a CDL. Payment of a bonus to ensure that all staff have the certification does not benefit the Department. Instead, it creates an annual financial burden that diverts funds from the upkeep and replacement of the Department's infrastructure.

*Financial implication:* If the Department eliminated CDL bonuses for TWA employees, it could save over \$15,600 during 2007 and over \$17,000 in 2008 based on the previous annual increases in the CDL bonuses negotiated in the TWA contract.

*Overtime*

**R6.8 Boardman RD should develop formal policies and procedures relating to the assignment and approval of overtime (OT). Due to the Department's nature of work, OT expenditures can vary based on the severe weather conditions that necessitate emergency call-out situations. If Boardman Township does not choose to eliminate the Assistant Superintendent positions as recommended in R6.1, it should reclassify them into a salary category that makes them exempt from receiving OT. Also, if Boardman Township does not choose to eliminate the Road Inspector position as recommended in R6.1, it should negotiate the right to adjust the Road Inspector's workday to best fit the needs of the Township based on the positions's major job functions and the amount of overtime required. Furthermore, the Road Inspector's job description along with the rest of the TWA contract positions should be updated to include specific language defining the current duties of each position.**

The Department has not formally documented the policies and procedures relating to the assignment and approval of OT. However, the Superintendent has made efforts to reduce OT expenditures. Overtime expenditures as a percentage of overall salaries showed a significant decrease from FY 2005 (5.9 percent) to 2006 (3.2 percent).

While the Superintendent has made great strides in reducing overtime since 2005, the Department's procedure for assigning and approving OT is not formally documented in the Department Workers Association of Boardman (TWA) contract. Also, the Department does not maintain any other formal policies or procedures for the assignment and approval of OT. The Superintendent explained that it is the practice of the Department to have the two Assistant Superintendents assign the OT hours when employees need to be called-out. A detailed analysis of OT expenditures showed that the Road Inspector and the Assistant Superintendents positions earned 37 percent of the total over time expenditures during 2005 and 2006. Overtime for one person totaled \$9,000 for one year. This is an indication that the Department needs increased oversight for the assignment and approval of OT hours to ensure there is a separation of duties and that the Assistant Superintendents are not approving their own overtime. Currently, the individuals assigning overtime are also earning the highest amounts of overtime in the Department. However, the Superintendent stated the Assistant Superintendents are first responders to weather emergencies and may save the Department overtime costs by handling emergencies themselves without calling out crews.

While the job descriptions for the Assistant Superintendent's position includes the ability to work unusual and prolonged work schedules during emergencies, seasonal-caused circumstances or special projects in varying climatic and temperature conditions, they still receive overtime. The Road Inspector accumulates increased amounts of OT due to his responsibility for working with the contractor that receives the Department's bid for

road resurfacing to oversee the paving crew. The Road Inspector also works at night to assess the reflectivity of signs. However, the Department does not have a flexible schedule provision to avoid incurring overtime by adjusting the Road Inspector position's hours to cover nights as needed, without incurring overtime. To make necessary sign repairs, the Road Inspector is given a work crew and receives an hour of overtime at straight pay for working out of classification.

Due to the Department's current budget constraints, the Department needs to continue to reduce OT expenditures so that these funds can be directed towards the upkeep of Township's infrastructure.

*Financial implication:* If the Department were to eliminate the overtime for its Assistant Superintendents and Road Inspector, it could save approximately \$29,000, based on taking an average of overtime spending for these classifications for FY 2005, and 2006.

### *Capital Improvement Planning*

**R6.9 Boardman Township should develop a five-year, comprehensive capital improvement/replacement plan (CIP) as part of its overall strategic plan, to include all capital assets. As part of the CIP process, the Department should ensure that all capital assets are inspected to determine maintenance needs and priority. This will ensure that critical repair work or equipment replacement is completed as funds become available. The CIP should be incorporated into the Department budget and updated annually. Developing a CIP will provide the Department with an opportunity for effective long-range financial planning and management.**

Boardman RD does not use statistical criteria to determine when capital assets other than roadways should be replaced, and does not have a documented plan for the maintenance or replacement of buildings or vehicles and equipment. As a result, the Department cannot adequately plan for costly replacement or repairs.

#### **Roads**

Boardman RD has a capital plan for roadways that is developed by its engineering consultants as required for federal highway funds. Road improvement costs are usually paid at 80 percent by Federal Highway Administration and 20 percent by the Department. Furthermore, the road CIP shows that \$400,000 is needed to fund the Road Resurfacing Program each year. However, the Department's 2006 and 2007 appropriations had only \$350,000 appropriated for that purpose. It has been the Department's past practice to transfer \$50,000 per year to the Road Resurfacing Program from the General Fund to cover program costs. However, due to the current financial status of the Department, the Department will not receive a General Fund supplement for the Road Resurfacing

Program during 2007. As previously stated in **R6.3**, the Ohio Public Works Commission rated 51.3 percent of Boardman Township's roadways in poor condition.

### **Buildings**

According to one official, the Department does not routinely inspect any of its buildings, nor does it determine if the contractor's work was completed in line with contract specifications before payment is made. Specifically, a new roof was placed on one of the police stations and it is leaking. This indicates that no one inspected the contractor's work for approval before paying them. Also, according to a Township official, there is no one assigned the responsibility for inspecting all Township buildings to budget and plan for repairs before costly replacements are needed.

### **Vehicles/Equipment**

The Boardman Road, Fire, and Police departments replace vehicles and equipment on an as needed basis. Projections for future infrastructure, vehicle, and equipment purchases or replacements are not documented. The following explains replacement practices by department:

- **Road Department:** Dump trucks are the most used vehicles, and Boardman RD tries to maintain a replacement cycle of 10 to 12 years. Other vehicles and equipment are usually replaced due to high maintenance costs.
- **Police Department:** Boardman's PD has a multi-year plan in which one section describes the department's philosophy on vehicle replacement. The plan states that each year, the Police Department attempts to replace one fourth of the vehicles with a budget of \$125,000. While the Department does not have the financial means to provide for vehicle replacement from its two major funding sources (the General Fund, and the Police District Fund) this year, alternative funding has been identified which allowed PD to purchase vehicles. However, PD has not identified criteria for defining when vehicle replacement should occur, such as mileage, age of vehicles or current vehicle condition. Instead, it generally focuses on replacing the same number of vehicles each year, even though the average mileage for the fleet is only 64,173 miles.
- **Fire Department:** The Department included a ten-year vehicle replacement schedule in its 2006 Annual Report that explains mileage, gallons of fuel used and repair costs for trucks and cars. While it indicates when the Department plans to replace vehicles, it does not list criteria for replacement or anticipated costs and funding sources due to the fact that it is the Fire Chief's belief that "ear marking funds is not legal".

According to AOS Bulletin 2007-002, this was changed in September 2006 in ORC §5705.132 which allows townships to create reserve balance accounts for up to five years as long as the money is expended for the purpose for which the account was created.

The International City/County Management Association's (ICMA) article *Vehicle Replacement Planning 101: A Key to Meeting Challenges on the Road Ahead* (November 2003), states that developing and implementing a systematic fleet replacement plan can minimize financial, operational, and environmental fleet-related costs over the total life cycle of the entire fleet by achieving the optimal balance of capital and operating costs, subject to various constraints. The use of time or mileage planning criteria, current acquisition costs, and anticipated costs impacted by inflation can help determine when a unit will need replacement and its expected cost. Accumulating this information for a fleet will provide overall equipment spending projections when evaluated against available revenue, including reserve fund balances and debt retirements. At this point, the government can then determine if it can afford to implement its projected replacement plan.

As indicated by ICMA, a government entity's rolling stock is as important a part of its capital assets as its buildings, roads and bridges, and thus should be considered in its planning process. As part of the overall CIP, the Government Finance Officers Association (GFOA) and the American Public Works Association (APWA) provides the following input on the importance of a comprehensive capital improvement plan.

According GFOA, a CIP is an essential element for managing a long-term debt program. Governments must have a clear understanding of the types of projects they intend to finance and when the projects will be implemented. Development of a CIP is an essential first step in this process. Furthermore, APWA recommends that planning and budgeting for capital improvements address the systematic development of a long-term plan for public facility and equipment needs. The following is a list of four APWA recommended capital planning practices for maximizing the life expectancy of infrastructure.

- A financial plan for the capital planning improvement program is detailed and planned over a specific period;
- A measurement guideline is established and used to evaluate, compare, and identify priorities between project proposals;
- A policy establishes assessments or fees for new developments for the construction of system-wide infrastructure or cost recovery for existing infrastructure; and
- A record of the infrastructure condition be maintained and updated on a regular basis.

Developing a comprehensive CIP as part of the Department's overall strategic plan will not only enable it to plan for capital maintenance and replacement costs, but to communicate to its stakeholders the high cost of doing so.

**R6.10 Boardman RD should consider charging end-users for services rendered by its mechanics for parts and labor. Doing so would relieve the Road and Bridge Fund of this cost and allow the Department to focus more dollars on much needed road improvements. As the Department becomes more sophisticated in tracking costs, the Department should consider funding most of vehicle maintenance operations through end user payments. This would allow Boardman RD establish a policy with fixed rate charges for services. (See R6.2 for further assessment on data reporting.)**

Boardman RD does not charge users for the mechanic labor costs. Instead, the three mechanics' salaries and benefits costs are paid from the Road and Bridge Fund. Austintown Township and Miami Township both have centralized garages as well and charge the costs of parts and labor to the respective departments.

In addition, Boardman RD does not have a comprehensive fleet management system for tracking vehicle and equipment maintenance or parts inventory. Further, it lacks formal policies to define the proper inventory procedures for vehicles, equipment, supplies, and parts. Although the Department tracks vehicle repairs and preventive maintenance activities for vehicles, the information maintained electronically cannot easily produce the repair costs associated with vehicles and equipment. In the absence of a formalized fleet management system to track parts, supplies are not recorded when taken out of inventory by mechanics. As a result, Boardman RD lacks internal controls over the vehicle repair process. From the initial request for information by audit staff, it took the Boardman RD 10 business days to produce 2006 maintenance records for 3 vehicles and 1 piece of service equipment. This is an indication that vehicle and maintenance records may not be simple to produce or readily available for management analysis. Furthermore, the maintenance records are not used to establish replacement cycles that are linked to planning and budgeting for capital improvements.

Miami Township has an electronic fleet management system that has the capability of producing printable reports and tracking vehicle maintenance work orders, vehicle inventory, parts inventory, and depreciation schedules. In addition, Miami Township has a documented capital/equipment replacement schedule.

The compilation of key data and records will allow the Superintendent to compare the historical operating costs between different vehicle makes and models. Using this data, Boardman RD would be able to make more cost effective vehicle and equipment choices when replacement becomes necessary. Compiling key data will also support overall

capital planning (see **R6.9**) and identify when each vehicle and piece of equipment is due for preventive maintenance based on manufacturer recommendations.

### *Vendor Management*

**R6.11 The Department should revise its current request for proposal (RFP) requirements to include the following elements in the existing policy and procedures.**

- **A conflict of interest statement;**
- **A budget for the project;**
- **A description of the evaluation process and basis for choosing a vendor; and**
- **A description of any reporting requirements.**

**Including all key elements in the proposal requirements will ensure the Department is getting qualified vendors who produce quality work.**

While the Department competitively bids out its street resurfacing program annually, the RFP used by the Department does not contain all essential elements. The RFP generated by the Department for its street resurfacing program, includes the following elements:

- Time tables;
- Project specifications;
- Performance and Contract bond requirements;
- Conditions of work;
- Progress schedules;
- Warranties;
- Insurance requirements; and
- Wage requirements.

The Voinovich Center for Leadership and Public Affairs' *Contract Management Manual* (2001) recommends numerous elements for inclusion in an RFP, including the following:

- Time table for the RFP process. Include in this time line preparing the RFP, advertising it, the deadline for opening the bids, or questions and answers, and the deadline for evaluating and awarding the bids;
- Request that vendors submit a budget for the project or service;
- Detailed description of the services to be performed under the contract;
- Vendor disclosures and a conflict of interest statement;
- Disclaimer indicating that the contracts resulting from the proposals are contingent on the availability of funds;
- Proposal delivery date;

- Description of the evaluation process;
- Terms and conditions; and
- Vendor project requirements and qualifications.

Based on the elements expressed in the *Contract Management Manual (2001)*, all the elements of RFP are addressed in Boardman Township's RFP except the following:

- **A conflict of interest statement.** This ensures that there are no inappropriate relationships between vendors and Township employees or officials.
- **A copy of the budget for the project.** According to the *Contract Manual (2001)*, the budget submitted by a vendor will vary with the service being bid and will include salary, health insurance and retirement benefits for employees providing the service. Also, indirect costs such as allowances for equipment used to support the project, transportation expenses and copying expenses are all items that may be included in a budget. The budget should be carefully reviewed to ensure that expenses support the bid amount.
- **A description of the evaluation process and basis for choosing a vendor.** The Township approved the Shelly and Sand bid proposal for the 2006 road construction program on June 22, 2006, but did not indicate any criteria or the reason for its selection. A review of the minutes from the Township trustee meeting did not show a rationale for the specific vendor selection and none were provided in the response to the AOS information request. According to the *Contract Management Manual (2001)*, it is important to include criteria for vendor selection within the RFP. The organization should consider the use of a rating sheet, as those sheets may help in defending the vendor selection choice.

By including RFP elements explained in the *Contract Management Manual (2001)*, the Department can more effectively ensure accountability for the purchase of its services.

### *Recycling*

**R6.12 Boardman RD should implement a full cost accounting system to track its program related costs, not only for recycling but also any other Department program, such as street sweeping, snow and ice control or pothole patching. (see R6.2, R6.3, R6.4, R6.5, and R6.6) Once full cost accounting is fully implemented and costs are accurately calculated, the Township has three options:**

1. **Increase its revenue by selling compost and mulch to the residents instead of providing these items free of charge. This option is most viable if the difference in the support from Mahoning County Green Team (MCGT) and recycling program total costs is minimal.**
2. **Seek additional grant funding to offset the difference in the support from MCGT and total recycling program costs. This option should be implemented if the difference is too large and revenue from the sale of compost and mulch is not sufficient to offset losses.**
3. **If options 1 or 2 cannot be implemented, the Township should shut down its recycling program. This would eliminate the costs associated with operating the program and avoid the potential for a deficit.**

The Recycling Program is not self-sustaining. The program began in December of 1990, and receives some grant funding through the Mahoning County Solid Waste Management District's Green Team (MCGT). The Boardman RD Recycling Program expenditures have exceeded the amount of grant funding received in each of the past three years. On average, the recycling program has lost more than \$11,000 in each of the past three years.

In addition, a Boardman RD employee performs Recycling Coordinator duties on a weekly basis without a portion of their wages and fringe benefits being charged-back to the Recycling Fund. According to the Department's payroll reports, the Recycling Coordinator is being paid a salary of \$29,536 during 2007. The Superintendent stated that the Recycling Coordinator's salary has remained relatively constant over the past few years with minimal increases. However, the amounts received by the Department from the MCGT have varied. The Department has received \$37,469, \$55,200, and \$48,647 from the MCGT in years 2004, 2005, and 2006 respectively. This variation in grant funding was attributed to the recycling efforts made by the Department. More specifically, the Superintendent explained that the MCGT offers additional funding to the Department for holding appliance, electronics, and tire drives.

The materials accepted for recycling are clear, amber and green glass, #1 and #2 plastic, cardboard, newspapers, magazines, catalogs and aluminum and metal food cans. Every spring, the Boardman Township Recycling Program sponsors a metals and appliance drive. Residents can also drop off leaves & branches for processing at the Department's Class IV compost site. EPA regulations for the Class IV site allow only leaves and wood waste. In 2006, the Boardman RD purchased a \$262,382 horizontal grinder to be used for processing of leaves and brush at its Class IV compost site. Currently the Township does not charge residents for mulch or compost.

Boardman RD does not properly calculate the program-related costs associated not only with its recycling operation, but other program operations as well. (see **R6.2**, **R6.3**, **R6.4**, **R6.5** and **R6.6**) According to the United States Environmental Protection Agency's Office of Solid Waste, making cost-effective and informed decisions about municipal solid waste (MSW) programs requires access to a broad spectrum of information. Local government officials need to know what solid waste management really costs. Full cost accounting (FCA) provides a common-sense approach to identifying and assessing the cost of managing solid waste operations. It offers a framework to aid decision-makers with short and long-term program planning and it can help identify measures for streamlining and improving operations. Many communities nationwide are already using FCA as a way to streamline solid waste programs, make programs sustainable in the long term, and provide the best service at the least cost.

There are many benefits associated with implementation of a FCA system. For example, FCA can help:

- Identify the costs of Municipal Solid Waste (MSW) management;
- See through the peaks and valleys in MSW cash expenditures;
- Explain MSW costs to citizens more clearly;
- Adopt a businesslike approach to MSW management;
- Develop a stronger position in negotiating with vendors;
- Evaluate the appropriate mix of MSW services; and
- Fine-tune MSW programs.

The EPA has many resources available on its website for local governments that have decided to implement FCA. Once program related costs are properly calculated for its recycling program, the Township can quantify the gap that needs to be filled between the grant funding received from MCGT and the total program related costs associated with recycling.

## Financial Implication Summary

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that the Department should consider. The financial implications are divided into two groups: those that are, and those that are not subject to negotiation. Implementation of those recommendations subject to negotiation requires agreement from the affected bargaining unit.

### Recommendations Subject to Negotiations

Recommendation	Estimated Annual Cost Savings
<b>R6.7</b> Eliminate the vacation buy-back option.	\$8,000
<b>R6.7</b> Reduce the uniform allowance down to \$375 per year.	\$11,200
<b>R6.7</b> Eliminate payment of the employees' portion of retirement contributions.	\$137,000
<b>R6.7</b> Eliminate the CDL bonuses.	\$17,000
<b>Total</b>	<b>\$173,200</b>

### Recommendations Not Subject to Negotiations

Recommendation	Estimated Annual Cost Savings
<b>R6.1</b> Reduce the Boardman RD by 6 FTEs	\$400,280
<b>Total</b>	<b>\$400,280</b>



## **Client Response**

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The letters that follow are the Township's official response to the performance audit: the Trustees provided one response while the Fiscal Office provided a separate response. Throughout the audit process, staff met with Township officials to ensure substantial agreement on the factual information presented in the report. When the Township disagreed with information contained in the report and provided supporting documentation, appropriate revisions were made.

Regarding the official response from the Trustees, the financial projections for salaries and benefits did use calendar year 2006 as the base year. However, the performance audit used staffing data that was more recent when analyzing staffing levels (June 2007 for Police and Fire departments, and March 2007 for the Road Department). In contrast to the General Fund and Police District Fund, the Road and Bridge Fund is projected with positive balances throughout the forecast period, even without the impact of the performance audit recommendations. However, the ending fund balance is estimated to be only approximately \$54,000 in FY 2011 if the performance audit recommendations are not implemented. Additionally, the Township requested the performance audit and defined the corresponding scope of services. While the Township's requested scope was more in line with an economy and efficiency performance audit, the performance audit also reviewed some aspects of program effectiveness. For instance, the performance audit reviewed average response times in the Fire and Police departments, road condition ratings, strategic planning efforts, and economic development activities.

In a few cases, the official response from the Fiscal Office contains anecdotal evidence that contradicts previous information provided by the Township (see comments in R2.3 and R2.5 in the Fiscal Office's official response). However, additional documentation to confirm the anecdotal evidence was not provided. Consequently, the conclusions in the performance audit are still supported by the information previously provided by the Township. Furthermore, the performance audit discloses the Township's asserted use of "then and now" purchases, as disclosed by the Township during the exit conference.

*A Nice Place to Call Home*

# **Boardman Township**

8299 MARKET STREET • BOARDMAN, OHIO 44512 • (330)726-4177 • FAX: (330)729-2054

## **BOARD OF TRUSTEES**

February 11, 2008

Auditor of State's Office  
615 W. Superior Ave 12th Fl  
Cleveland, Ohio 44113

Dear, Mary Taylor, CPA

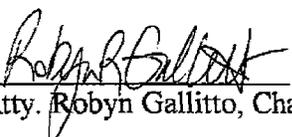
Regarding the "Boardman Township Performance Audit" Board's official response:

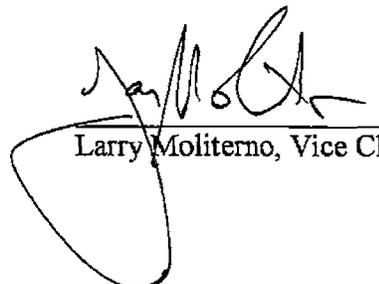
The Boardman Township Trustees are currently reviewing the township's financial situation and will consider various cost cutting options that will impact future operations and service levels. The forthcoming Performance Audit was conducted by the State Auditor's Office using financial and staffing data from calendar year 2006. It is now the beginning of fiscal year 2008 and the Trustees recognize that operating conditions have changed since the time the audit was undertaken. The Trustees appreciate the effort that went into completion of the Audit and will give serious consideration to the recommendations proposed. However, if the township were to implement each recommendation projected cost savings would not be enough to overcome current deficits. As the Township moves forward in managing our budgetary shortfalls we have already undertaken measures in the areas of collective bargaining and personnel that correspond with several audit recommendations.

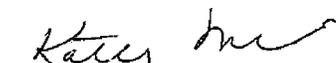
The Board of Trustees would like to take the opportunity to establish that this audit reflects findings that correspond more with an "economy and efficiency" audit. A true performance audit of township operations would require a different level of audit functions and capabilities that was not in the scope of service proposed by the State Auditor's Office.

The "Audit Team's" hard work was appreciated and we the Board of Trustees thank them for their diligence.

So signed:

  
Atty. Robyn Gallitto, Chair

  
Larry Moliterno, Vice Chair

  
Kathy Miller, Trustee

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**TRUSTEES:** ATTY. ROBYN GALLITTO • LARRY MOLITERNO • KATHY MILLER  
**FISCAL OFFICER:** WILLIAM D. LEICHT

BOARDMAN TOWNSHIP  
AUDITOR OF STATE  
PERFORMANCE AUDIT  
AUDITEES RESPONSES

The following auditee responses have been prepared by the Fiscal Office of Boardman Township. Other responses should they be included will be designated by another.

Recommendations

R 2.1 Budgeting

Auditee responses - The auditee will consider Auditor of State recommendations. The Township for calendar year 2008 has developed and implemented a new budget document.

The Township fiscal office utilizes the Uniform Accounting Network (UAN) reports as its budget monitoring document and will continue to do so.

R 2.2 Policies

Auditee response - The auditee will consider the Auditor of State recommendations.

R 2.3 Performance Measurement

Auditee response - Each operating department provides monthly performance reports in addition to annual reports which contain comparative analysis.

In contradiction to what the Auditor of State accepted from the assistant fiscal officer, these reports are used in the budgeting process and performance decisions.

The Township understands the need to adopt a better model for reporting performance measurement and will work to develop a cost beneficial system. To accomplish this, the township will appoint a committee consisting of both internal and external personnel to develop an appropriate reporting model to recommend adoption by the Board of Trustees.

#### R 2.4 Strategic Plan

Auditee response - Strategic planning has been an integral part of Township operations since 1999.

The strategic plans were a result of a collaborative effort between elected officials, employees, department heads and unions. The Township administrator was charged with the implementation, measurement and reporting. The administrator was terminated in early 2006 and no one assumed or was assigned the follow-up responsibilities.

The Township will hold a strategic planning meeting in 2008 and continue to improve its strategic planning process and consider Auditor of State recommendations.

#### R 2.5 Economic Development

Auditee response - The fiscal office has no response to this recommendation.

#### R 2.5 Internal Control

Auditee response - First the Auditor of State should know that the clerk title has been replaced with Fiscal Officer.

The fiscal officer and assistant believe that the township properly uses the "then and now" purchase order as prescribed by the Ohio Revised Code. During discussions at the exit conference it appears that the Auditor of State in charge accountant did not have an adequate understanding of this particular p.o.'s. The Township has never experienced difficulties using the system and at this time, the fiscal office has no intention of ceasing the program.

The Trustees do formally approve transfers in the minutes.

Although the cash function is vested in one individual, the activities are closely monitored, in addition with cross training. The function is not exclusive with the assistant. The accounts payable clerk and fiscal officer perform cash receipts functions including recording, preparing and making deposits and reconciliations. Redistribution of the various components will be considered.

#### R 2.6 Comprehensive Purchasing Manual

Auditee response - The auditee will consider the Auditor of State recommendations.

## R 2.8 Financial Reporting

Auditee response - The auditee's financial statements are currently being audited by the Auditor of State. The financial statements include a CAFR and management discussion and analysis. Upon release from the Auditor of State, the financials will be included on the Township web site.



**Auditor of State  
Mary Taylor, CPA**

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