



Dave Yost • Auditor of State



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To the residents, administrators and elected officials of the Delaware City School District:

Based on a request from the District, a performance audit of the Delaware City School District was initiated on October 18, 2010. The functional areas assessed in the performance audit were Financial Systems, Staffing, and Facilities. These areas were selected by the District and the Auditor of State because they are important components of the School operations that support its mission of educating students, and because improvements in these areas can assist in future management decision-making in lean economic periods.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of selected operations in the Delaware City School District. While the recommendations contained in the audit report are resources intended to assist in management decision-making, the School is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; a District overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, issues for further study and financial implications. This report has been provided to Delaware City School District, and its contents discussed with the appropriate officials and School management. The School has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

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

Sincerely,

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA
Chief Deputy Auditor

May 5, 2011

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Executive Summary

Background

Project History

In September 2010, the Delaware City School District (Delaware CSD or the District) asked the Auditor of State (AOS) to conduct a performance audit of its financial and strategic management practices, staffing allocations, and facilities. The Board of Education (the Board) requested this independent assessment to determine whether management practices are efficient and effective; and to identify areas for improvement.

The overall objective of this project was to identify opportunities for savings and process improvements, as well as the use of leading practices within the District. This was accomplished by comparing District results and processes to leading practices, industry benchmarks, and similar school districts. Where appropriate, recommendations were made that could reduce costs, improve efficiency, or enhance management effectiveness. The resulting recommendations provide options that the District should consider in continuing efforts to improve and stabilize its long-term financial condition. This information should be helpful to the District as it makes decisions about future programs and operations in the context of its limited financial resources.

District Overview

Delaware CSD is located in Delaware County and encompasses 36 square miles. In FY 2009-10, the District reported an enrollment of 5,047 students. It operates eight schools, including a high school, a middle school, an intermediate school, and five elementary schools. In FY 2010-11, the District employed 566.5 full-time equivalent (FTE) staff, including 222.8 FTE classroom teachers, 38.0 education service personnel (ESP), 34.0 FTE office/clerk staff, and 28.0 FTE administrative/supervisory personnel. Its regular education student-to-teacher ratio was 19.8 to 1.

The Ohio Department of Education (ODE) reported that Delaware CSD received 54.1 percent of its revenue from local sources, 37.9 percent from State sources, and 8.0 percent from federal and other sources in FY 2009-10. While some additional operating revenue was associated with the replacement of existing levies, the last time voters approved additional operating millage was March 2004. In FY 2009-10, which was the latest year for which data was available at the time of the audit, the District's expenditures per pupil were \$9,821, approximately \$700 per pupil below the State average of \$10,512. In FY 2009-10 the District's general operating budget was approximately \$42.3 million. For FY 2009-10, Delaware CSD was categorized as Effective, having met 24 of 26 academic performance indicators established by ODE; however, the District did not meet its adequate yearly progress goals.

Audit Methodology and Scope

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

AOS conducted the performance audit of Delaware CSD in accordance with Generally Accepted Government Auditing Standards (GAGAS). These 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.

To complete this report, auditors gathered and assessed data from Delaware CSD; conducted interviews with District personnel; identified applicable benchmarks and leading practices; and developed a composite of ten “peer” districts from across the State. The peer districts include: Troy City SD (Miami County), Miamisburg City SD (Montgomery County), Plain Local SD (Stark County), North Olmsted City SD (Cuyahoga County), Vandalia-Butler City SD (Montgomery County), Boardman Local SD (Mahoning County), Howland Local SD (Trumbull County), Amherst Exempted Village SD (Lorain County), and Austintown Local SD (Mahoning County).

In addition to peer data, AOS used external organizations to identify leading and recommended practices for comparisons. Key external sources included the Ohio Department of Education (ODE), the Government Finance Officers Association (GFOA), the National State Auditors Association (NSAA), the Society for Human Resource Management (SHRM), the American School and University Magazine (AS&U), the National Center for Education Statistics (NCES), and other industry organizations. Data from peer districts and external sources used as criteria were not tested for reliability.

The performance audit process involved significant information sharing with Delaware CSD, 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 District of key issues impacting selected areas, and to confirm preliminary findings. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. Finally, Delaware CSD provided verbal and written comments in response to the various recommendations that were taken into consideration during the reporting process. Where warranted, audit staff modified the final report based on the District’s comments.

The Auditor of State and staff express their appreciation to Delaware CSD for its cooperation and assistance throughout this audit.

Conclusions and Key Recommendations

Each section of the audit report contains recommendations that are intended to provide the District with options to enhance its operational efficiency and improve its long-term financial stability. In order to obtain a full understanding of the assessed areas, the reader is encouraged to review the recommendations in their entirety. The following items summarize the key recommendations from the performance audit report.

1. Financial Systems

- Enhance the District-wide strategic plan by identifying measureable goals and specific performance measures, and linking the plan to the budgeting process.
- Develop a budgetary process based on priorities and results.
- Include more detailed assumptions and supporting documentation with five-year forecast.
- Provide the Board with additional financial reports.
- Develop a popular annual financial report and publishing additional financial information on the District's web site.
- Require all employees to use direct deposit and electronic pay stubs.

2. Staffing

- Develop a comprehensive District-wide staffing plan.
- Eliminate 2.5 FTE administrative/supervisory positions.
- Eliminate 2.0 FTE educational service personnel positions.
- Eliminate 2.0 FTE library staff positions.
- Eliminate 1.0 FTE educational support staff positions.
- Eliminate 4.0 FTE other certificated staff positions.

3. Facilities

- Eliminate 3.5 FTE maintenance and operations staff positions.
- Bring overtime costs more in line with the peer district average.

- Identify ways to reduce purchased services for facilities in order to bring facility costs more in line with peer district average and charge a portion of utility costs to food service operations.
- Implement leading-practice energy conservation policies and education programs.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations

Recommendation	Impact
R2.2 Eliminate 2.5 FTE administrative/supervisory positions.	\$202,000
R2.3 Reduce 2.0 FTE educational service personnel (ESP) positions.	\$204,000
R2.4 Eliminate 2 FTE library staff positions.	\$50,000
R2.5 Eliminate 1.0 FTE educational support staff positions.	\$48,000
R2.6 Eliminate 4.0 FTE other certificated staff positions.	\$298,000
R3.1 Reduce facility staffing levels by 3.5 FTE positions.	\$142,000
R3.2 Monitor and control overtime costs.	\$25,000
R3.3 Review and control purchased services through the budget and appropriation process.	\$277,000
Total Cost Savings from Performance Audit Recommendations:	\$1,246,000

Audit Objectives

The following audit objectives were used in conducting the performance audit of the Delaware City School District. According to *Government Auditing Standards*, “the objectives are what the audit is intended to accomplish. They identify the audit subject matter and performance aspects to be included, and may also include the potential findings and reporting elements that the auditors expect to develop. Audit objectives can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.” In some instances, objectives were modified based on actions taken by the District to address its future deficit or high risk environments identified by the auditors during the course of their work.

Financial Systems and Management

- What has been the District's recent financial history?
- Does the District’s financial data appear to be valid and reliable?
- How do the District’s revenue and expenditures per pupil compare with peer districts?
- Does the District have comprehensive policies and procedures that meet recommended practices?
- Do the District’s forecasting and budgeting processes meet leading practices?
- Does the District report appropriate financial information to the Board, key administrators, and the community?
- Has the District developed a strategic plan and performance measures which meet recommended practices?
- Does the District effectively manage payroll operations?

Staffing

- Are the District's staffing levels comparable to the peer district averages when compared by classification and function, and by grade and building?
- How do facilities, transportation, and food service staff workloads compare to industry standards?
- How does the District conduct its staff planning efforts and how do these compare to leading practices?

Facilities

- How has spending on facilities changed recently and how does it compare with benchmarks?
- How do maintenance and operations (M&O) staff allocations and workloads compare with industry benchmarks?
- Does the M&O function have the operational procedures, employee training, and performance standards recommended for maintaining an effective workforce?

- Does the District have a formal energy conservation program that is comparable to leading practices?
- Should the District change how it plans to use its facilities in order to improve efficiency and/or save money?
- Does the District utilize leading practices for planning and maintaining its facilities?

Financial Systems

Background

This section focuses on the strategic and financial management systems in the Delaware City School District (Delaware CSD, or the District). It analyzes strategic planning, financial policies and procedures, historical revenue and expenditures, and the budgeting and forecasting processes of the District for the purpose of developing recommendations to improve strategic and financial decision making. Plans, procedures, and results were evaluated and compared to leading practices, industry benchmarks, operational standards, and selected peer districts (see **executive summary** for list of peer districts). Leading practices and industry standards were drawn from various sources, including: the Government Finance Officers Association (GFOA), the National State Auditors Association (NSAA), the National Institute on Governmental Purchasing (NIGP), and the Ohio Ethics Commission (OEC).

Treasurer's Office Operations

The Treasurer's Office is responsible for forecasting, budgeting, payroll, accounts payable, accounts receivable, and accounting for the District's grants. The Treasurer's Office consists of five full-time staff, including the Treasurer, an Assistant Treasurer, an accounts payable clerk, a payroll coordinator, and a payroll clerk. The Treasurer has been with the District since 1996, and has over 21 years experience as a school treasurer.

Historical Expenditures

Table 1-1 compares Delaware CSD's expenditures over the past three fiscal years. Expenditures are based on the ODE Expenditure Flow Model (EFM). The purpose of the EFM, as described by ODE, is to categorize and report expenses related to the education of students. Because districts often account for funds unrelated to the education of the students they are required to serve (i.e., adult education and student activities), the EFM does not include all the funds accounted for by a school district. Furthermore, the funds identified within the EFM are broader than, and thus do not match, the limited funds included in the five-year forecast.

Table 1-1: Historical EFM Expenditures

	FY 2007-08	FY 2008-09	% Change	FY 2009-10	% Change
Administrative	\$4,078,888	\$4,418,955	8.3%	\$4,161,732	(5.8%)
Building Operations	\$8,596,893	\$9,762,598	13.6%	\$9,513,163	(2.6%)
Staff Support	\$1,186,335	\$1,159,343	(2.3%)	\$1,195,811	3.1%
Pupil Support	\$4,652,938	\$4,961,039	6.6%	\$5,275,947	6.3%
Instruction	\$24,686,031	\$26,783,253	8.5%	\$26,508,010	(1.0%)
Total	\$43,203,093	\$47,087,198	9.0%	\$46,656,673	(0.9%)

Source: ODE Expenditure Flow Model Reports

The fluctuations in expenditures shown in **Table 1-1** are exaggerated due to the fact that there were 27 pay periods in FY 2008-09. Typically only 26 pay periods fall within a fiscal year. The extra pay period expensed in FY 2008-09 added about \$1 million to the year's expenditures. Without this extra pay period, expenditures would have increased by approximately 6.7 percent in FY 2008-09 and 1.2 percent in FY 2009-10. From FY 2007-08 to FY 2009-10 expenditures increased about 8 percent or about 4 percent per year. Some of the increase in expenditures was offset by increased enrollment. For example, from FY 2007-08 to FY 2009-10, Delaware CSD expenditures on a per pupil basis increased only 3.8 percent or about 1.9 percent per year.

Expenditure Comparisons

Table 1-2 compares Delaware CSD's FY 2009-10 expenditures on a per pupil basis to the peer average.

Table 1-2: EFM Expenditure per Pupil Comparison (FY 2009-10)

	Delaware CSD Expenditure per Pupil	Peer Average Expenditure per Pupil	Difference per Pupil	Percent Difference
Administrative	\$876	\$1,029	(\$153)	(14.9%)
Building Operations	\$2,003	\$1,645	\$358	21.8%
Staff Support	\$252	\$174	\$78	44.8%
Pupil Support	\$1,111	\$1,030	\$81	7.9%
Instruction	\$5,580	\$5,835	(\$255)	(4.3%)
Total	\$9,821	\$9,712	\$109	1.1%

Source: ODE Expenditure Flow Model Reports

Table 1-2 shows that Delaware CSD's total expenditure per pupil was \$109 or 1.1 percent higher than the peer average. Lower per pupil spending on administrative and instruction functions was offset by higher spending on building operations, staff support, and pupil support. Within building operations, the largest functional area with expenditures greater than the peer average was transportation, accounting for \$203 of the \$358 per pupil difference. While this audit found the District's riders per bus and ODE efficiency index to be higher than the peer average, AOS did not assess bus driver salaries or district benefit costs. In addition, facilities costs were found to be \$73 per pupil above the peer average. Implementing the recommendation in the **facilities** section would help bring District facilities costs more in line with the peers.

Table 1-3 shows spending per pupil by object of expenditures in comparison to the peer district average.

Table 1-3: Expenditure per Pupil by Object Comparison (FY 2009-10)

	Delaware CSD Expenditure per Pupil	Peer Average Expenditure per Pupil	Difference per Pupil	Percent Difference
Personal Service	\$5,993	\$5,954	\$39	0.6%
Retirement & Insurance Benefits	\$2,090	\$2,197	-\$107	(4.9%)
Purchased Services	\$898	\$807	\$91	11.3%
Supplies and Materials	\$505	\$444	\$61	13.7%
Capital and Other Objects	\$335	\$311	\$24	7.7%
Total	\$9,821	\$9,712	\$109	1.1%

Source: ODE Expenditure Flow Model Reports

When examining expenditures by object, the District spent significantly more than the peers on purchased services, supplies and materials, and capital outlay that were partially offset by lower per pupil spending in the area of employee retirement and insurance benefits.

Revenue Comparisons

ODE uses school districts' year-end financial data to categorize revenue by three sources: local, State, and federal. **Table 1-4** compares Delaware CSD's revenue per pupil with the peer average for FY 2009-10.

Table 1-4: Revenue per Pupil Comparison (FY 2009-10) ¹

	Delaware CSD		Peer Average		Difference	
	Per Pupil	% of Total	Per Pupil	% of Total	Amount	Percent
Local Revenue	\$4,817	54.1%	\$5,284	55.5%	(\$467)	(8.8%)
State Revenue	\$3,369	37.9%	\$3,504	36.8%	(\$135)	(3.8%)
Federal Revenue	\$714	8.0%	\$738	7.8%	(\$24)	(3.3%)
Total Revenue	\$8,899	100.0%	\$9,526	100.0%	(\$627)	(6.6%)

Source: FY 2009-10 year-end financial records for Delaware CSD and peer districts

¹ Because districts often account for funds that are unrelated to the instruction of school-age students (i.e., special trust funds or adult education), not all money accounted for by a school district is included in the revenue per-pupil calculation.

Table 1-4 shows that in FY 2009-10, Delaware CSD received approximately 6.6 percent less total revenue per pupil than the peer average. In general, Delaware CSD's percent of revenue by source is similar to the peer district average, although the District is slightly more reliant on State revenue than the peers and slightly less reliant on local revenue.

Table 1-5 compares Delaware CSD's local tax effort, and other statistics influencing financial support for schools, with the peer averages for FY 2008-09. In general, Delaware CSD's lower valuation per pupil in comparison to the peer district average is offset by a higher effective millage rate.

Table 1-5: Local Tax Effort Analysis (FY 2008-09)

	ODE Local Effort Index	Property and Income Tax per Pupil	Class 1 Effective Millage	Median Income	Assessed Valuation per Pupil	ADM
Delaware CSD	1.03	\$5,695	35.25	\$35,211	\$150,980	4,873
Amherst EVSD	0.65	\$4,129	29.13	\$37,473	\$134,384	4,381
Austintown LSD	0.87	\$3,906	29.91	\$29,959	\$120,202	5,192
Boardman LSD	0.92	\$6,775	33.23	\$31,556	\$191,723	4,767
Howland LSD	0.90	\$6,164	32.07	\$32,751	\$188,156	3,156
Miamisburg CSD	0.78	\$5,049	29.62	\$35,149	\$166,889	5,770
North Olmsted CSD	1.32	\$9,393	41.97	\$35,099	\$206,969	4,331
Plain LSD	0.69	\$4,098	22.87	\$31,313	\$165,864	6,130
Springfield LSD	1.29	\$6,645	31.73	\$35,858	\$198,631	4,052
Troy CSD	1.42	\$5,988	23.42	\$32,731	\$145,650	4,669
Vandalia-Butler CSD	1.09	\$7,708	39.44	\$34,389	\$192,267	3,488
Peer Avg.	0.99	\$5,985	31.34	\$33,628	\$171,073	4,594
Difference vs. Peers	0.04	(\$290)	3.91	\$1,583	(\$20,093)	280
Percent Difference	3.7%	-4.9%	12.5%	4.7%	-11.7%	6.1%

Source: FY 2008-09 ODE District Profile Report (formerly known as the Cupp report)

Table 1-5 shows the ODE local tax effort index for Delaware CSD and the peer districts. ODE designed the local tax effort index to reflect the level of financial support by local residents for their schools. According to ODE, this index, one of many possible measures for evaluating local effort, is calculated in the context of residents' ability to pay by determining the relative position of each school district in the State in terms of the portion of residents' income devoted to supporting public education.¹ Delaware CSD's local tax effort index is 1.03 compared with a peer average of .99, which indicates that, based on their ability to pay, residents are slightly more supportive financially of their schools than the peer districts.

¹ For this calculation a four-step process is utilized. In the first step the ratio of any school income tax and class 1 property taxes charged, to federal adjusted gross income is calculated at the district and the state level. In the second step the median income of districts' residents is divided by the statewide median income to get a ratio of district to state median income. In the third step the district ratio calculated in step one is divided by the ratio calculated in step two to measure the effort in the context of ability to pay. In the fourth step the ratio calculated in the third step above is divided by the statewide ratio calculated in the first step above to determine the relative effort index in the context of the state as a whole. This effort measure, like others we have experimented with suffers from shortcomings resulting from inherent complexities in data collection, manipulation and availability.

Policies and Procedures

The District has detailed Board policies and administrative guidelines that govern its purchases. Through its policies, the Board has limited its authorization to the use of phone and gas credit cards and has developed administrative guidelines to govern their use. The District also has a flowchart that illustrates the purchasing process. It was determined that the Board purchasing policies and administrative guidelines were sufficiently detailed and include policies that encourage cooperative purchasing agreements, purchasing from local merchants, and prompt payment of invoices.

While the District does not have an ethics policy specifically for Treasurer's Office staff, it has several Board policies applicable to all staff that address matters related to ethics. These policies address conflicts of interest, staff ethics, staff gifts, outside activities, and vendor relations. Collectively these policies are generally consistent with the Ohio Revised Code and Ohio Ethics Commission's model policy. It was also determined that the past and current Superintendent, the Assistant Superintendent, and the Treasurer had all filed the appropriate financial disclosure forms with the Ohio Ethics Commission for the most recent reporting period (2009).

Payroll

Delaware CSD has 26 or 27 bi-weekly payrolls each fiscal year. All staff are paid on a single payroll run which allows adequate time to reconcile each payroll. Although there is not a formal payroll manual, payroll staff follow a check list to process payrolls. The check list includes the payroll reconciliation process. The District uses the AESOP system to track and check employee time and attendance. Staff members are also required to request pre-approval for leave from their supervisors. Personal leave is approved by the Human Resources Department. Finally, the payroll supervisor is responsible for reviewing payroll records. These practices are consistent with recommended payroll practices.

Recommendations

R1.1 Develop and implement a District-wide strategic plan that includes measurable goals and appropriate performance measures.

Delaware CSD should enhance and update its strategic plan so that it clearly identifies measurable goals and the strategies for achieving them; the priorities the Board assigns to its goals, objectives, and strategies; the performance measures and standards the District will use to judge its progress toward meeting its goals; and the individuals or departments responsible for implementing the strategies. Once a comprehensive strategy is adopted, Delaware CSD should track and report performance measures to the Board, staff, and the community. It should also link strategies and goals to the budgeting process and build educational and operational plans around the District-wide strategic plan. Finally, the District should assess all parts of the strategic plan on an annual basis and, as appropriate, amend its priorities to reflect changes in internal and external conditions.

The District is in the third year of a three-year strategic plan. The plan the District first drafted in January, 2008, was developed using staff, parents, students, and community members. The strategic planning process resulted in a District vision/mission statement and four goals: student engagement and achievement; facilities; communications; and community relationships. Each of the four goals has strategies and action plans. The action plans lay out tasks and work steps as a means for implementing the strategies and meeting the goals. While Delaware CSD has identified broad goals and strategies, it has not linked these priorities with specific educational, building, or operational plans. Moreover, many of the goals and strategies do not have performance measures that would help the District to measure attainment. Those that do include performance measures reference only the mechanism for measuring performance, not the specific target. For example, the District's goal related to student achievement identifies student attendance as something to measure but does not set a specific target attendance rate or the amount of improvement it hopes to achieve. Additionally, while some of the action plans identify required resources, there is not a clear connection between the strategic plan and the District's budget priorities.

According to *Recommended Budget Practices on the Establishment of Strategic Plans* (GFOA, 2005), every government entity should develop a multi-year strategic plan that provides a long-term perspective for services delivered and budgeting, thus establishing logical links between authorized spending and annual goals based on identified needs, projected enrollment, and revenues. GFOA recommends the following actions when developing a strategic plan:

- Initiate the strategic planning process;
- Prepare a mission statement;
- Assess environmental factors and critical issues;
- Agree on a small number of goals and develop strategies and action plans to achieve them;
- Develop measurable objectives and incorporate performance measures;
- Approve, implement and monitor the plan; and

- Reassess the strategic plan annually.

According to *Best Practices in Performance Measurement- Developing Performance Measures* (National State Auditors Association (NSAA), 2004), performance measurement is a critical element of accountability for public resources. It is important to know and understand the public resources used to provide government services and whether these resources were spent in accordance with laws, rules, and regulations. Equally important is the ability to show what was received from the use of these resources and whether the public is receiving an acceptable benefit. Before beginning the process of developing performance measures, NSAA states that public program managers must first know what they are measuring. That involves developing a mission statement, establishing goals, setting objectives, and developing an action plan. According to NSAA, a good process for developing performance measures would include:

- Defining the desired performance measures based on the agency's mission, goals, and objectives;
- Assessing each performance measure to ensure it is meaningful, focused on stakeholder needs and demands, based upon available data, and simple enough to be understood;
- Selecting key performance measures to be reported to Board members, the public, and other stakeholders;
- Clearly defining each performance measure so that all users can easily understand it; and
- Establishing performance targets.

While the District has engaged in a strategic planning process and has developed a strategic plan, the plan is missing some leading practice elements. Delaware CSD's strategic plan does not guide budget decisions and identify specific academic and operational performance indicators to measure achievement of goals. The District also lacks operational plans that are linked to its strategic plan. While comprehensive strategic plans of this kind represent leading practices, their use in public-sector entities is rare because of the time intensive nature of plan development and management.

Strategic planning identifies short-and long-range goals and the strategies necessary to achieve them. By linking its strategic plan to the budget process, Delaware CSD can gain a better perspective on its future financial needs and develop a more comprehensive approach to balancing finances with its educational mission. The absence of measureable goals and performance indicators hinders the District's ability to demonstrate improvement and the effectiveness of its strategies and action plans. Implementing such a strategic plan will enable the District to communicate its goals to staff and the community in a clear and effective manner; allocate its scarce resources more effectively; and determine which programs are most efficient in achieving its goals.

R1.2 Link the budget process to the strategic plan and performance results.

Delaware CSD should move away from incremental budgeting practices and develop a process that links the budget to strategic priorities and results. Unless additional revenue is secured, the District must significantly reduce future spending in order to avoid the

projected deficits identified in its five-year forecast. Rather than implementing across the board reductions, Delaware CSD should allocate its limited resources for the initiatives and strategies most likely to achieve desired results. Departments and building principals should be able to explain how budgeted dollars will be used to maintain key programs or operations and identify the expected results.

The budget process starts with the Superintendent, Treasurer, Assistant Superintendent, and other key administrators evaluating priorities, programs, staffing levels, reductions, and enrollment projections. To budget salaries and benefits, the Treasurer looks at year-to-date spending, current staffing levels, planned retirements and staff changes, and any other known changes, then adjusts the salary and benefit projection in the five-year forecast. This adjusted forecast is then built into the salary and benefit appropriations for the next fiscal year. Buildings and departments receive an initial budget allocation for non-salary and benefit items based either on a per pupil amount or prior year spending, plus adjustments carried over from prior years or for new specified purposes. These budget allocations typically include an inflationary increase, either in total (for departments) or in the per pupil amount (for school buildings). The buildings and departments then appropriate the funds in their budgets to specific line items that are used to complete the appropriation measure for the year. The appropriation measure ties to the five-year forecast and is approved by the Board.

GFOA recommends that governments consider budgeting for results as a practical way to integrate performance into the budgetary process. In its publication, *Budgeting for Results and Outcomes* (2007), GFOA recommends several steps to help move away from the incrementalism that often is characteristic of government budgeting. They include:

- Determining how much money is available;
- Prioritizing results by determining what outcomes matter most to citizens;
- Allocating resources among high priority results.
- Conducting analysis to determine what strategies, programs, and activities will best achieve desired results;
- Budgeting available dollars to the most significant programs and activities;
- Setting measures of annual progress;
- Checking what actually happened; and
- Communicating performance results.

Most governments use traditional, incremental budgeting. The use of performance budgeting is rare in the public sector.

Delaware CSD has historically used a budget process that is based on prior year spending with inflationary increases, but the District must now address significant future budget deficits. By identifying priorities and having buildings and departments justify their budget needs, the District will be better able to link its limited resources to strategic plans and goals and identify areas that are less critical to its mission.

R1.3 Provide more detailed forecast assumptions and supporting documentation.

Delaware CSD should revise its methodology for projecting major line items in the five-year forecast to include more detailed assumptions and supporting documentation. The District's assumptions should document historical trends and any known changes in legislation, educational programs, or District operations. The basis for assumptions should be fully explained in the forecast notes and should include the impact of general economic conditions as well as the District's specific financial situation. Projections should be supported by detailed calculations, historical information, and appropriate documents. Sufficiently detailed assumptions and supporting documentation will allow Delaware CSD to more easily explain forecast adjustments when circumstances and assumptions change, to quickly and accurately update projections, and to more easily prepare multiple forecasts under different scenarios.

The Treasurer leads the District through a detailed annual budget and appropriation process that includes appropriate department and building administrators. The tax budget, annual appropriation, and five-year forecast is reviewed and approved by the Board as required. The Treasurer monitors current year revenue and expenditures throughout the year and provides updates to the Board, Superintendent, and other appropriate administrators.

FY 2010-11 general property taxes are based on the most recent County Auditor's certificate of estimated resources. For FY 2011-12, property taxes are expected to be flat based on calculations using updated assessed valuations and effective millage rates from the County Auditor. Starting in FY 2012-13, property taxes are expected to increase by one percent per year due to new construction. Given the slow economic recovery in the State, a one percent increase in property taxes for future years seems reasonable, although somewhat conservative.

Revenue from property tax allocations from the State are based on the property tax projections as well as the personal tangible property tax reimbursements calculated using a Department of Taxation spreadsheet. No new property tax millage is assumed during the five-year forecast period. Unrestricted grants-in aid from the State are assumed to decrease by 10 percent in FY 2010-11 due to the State's budget deficit. The District is also assuming no increases or decreases in State aid for FY 2011-12 through FY 2014-15 due to the uncertainty over future State funding. Restricted State Aid in FY 2010-11 includes the federal fiscal stimulus allocation from the State. In FY 2011-12 the District is assuming the elimination of the federal stimulus dollars but that 100 percent of the Federal Education Jobs funding allocation will be received. There are no restricted State or federal dollars in the District's forecast for FY 2012-13 through FY 2014-15.

FY 2010-11 expenditure line items in the five-year forecast reflect reductions from the original budget appropriation implemented by the District. In future years, certificated salaries are based on current salary schedules, while classified and administrative salaries are based on a fixed increase that primarily represents scheduled step increases. Retirement and insurance benefits are based on salary and wage projections and fixed increases in insurance premiums. Finally, non-salary and benefit line items are projected to remain at FY 2010-11 levels in FY 2011-12 then increase by a fixed inflationary amount for the remainder of the forecast period.

Although the Treasurer's assumptions appear reasonable and are based on sound data, the level of detail in published assumptions could be enhanced through the inclusion of certain information. Similarly, supporting schedules would help users of the forecast better understand the underlying assumptions and methodology.

The auditing and accounting guide *Prospective Financial Information* (American Institute of Certified Public Accountants (AICPA), 2008) identifies numerous guidelines for preparing and reviewing financial forecasts, including the following:

- Forecasts should be prepared in good faith, using the best information available at the time to develop appropriate assumptions.
- Forecasts should be prepared with care by qualified personnel using appropriate accounting principles. Procedures should be established to facilitate the prevention, detection, and correction of errors.
- The process used to develop financial forecasts should allow users to identify the best information that is available at that time.
- Key factors should be identified as a basis for assumptions. Assumptions used in preparing the financial forecasts should be appropriate, reasonable and well-supported, and could include the following components: market surveys, general economic indicators, trends and patterns developed from the entity's operating history (historical trends), and internal data analysis (union contracts and labor rates).
- The process used to develop financial forecasts should provide adequate documentation of both the financial forecast and the process used to develop them. Documentation should also include recording the underlying assumptions as well as summarizing the supporting evidence for the assumptions. As a result of well supported documentation, users can trace forecasted results back to the support for the basic underlying assumptions.
- The process used to develop financial forecasts should include, where appropriate, the regular comparison of the financial forecasts with the attained results. Comparing prospective financial results with actual fiscal numbers provides a historical measure of success and can be an indicator of the reliability of future forecasts.

The process used to prepare financial forecasts should include adequate review and approval by the responsible party at appropriate levels of authority. The responsible party should have access to the financial forecasts and supporting documentation in order to adequately review and approve the financial forecasts.

While revenue assumptions seem reasonable and properly supported, the District's expenditure projections could be better supported with more detailed calculations and documentation. In May 2009, the District's five-year forecast projected revenue for FY 2009-10 to be \$40,582,363. Actual FY 2009-10 revenue was \$40,754,350 or less than \$200,000 above projections.

Conversely, the May 2009 forecast projected expenditures to be \$43,413,728 but actual expenditures for FY 2009-10 were \$42,213,949, more than \$1 million less than projected. Due to the lack of detail in forecast methodologies and calculations, it is difficult to determine if the District actively controlled expenditures or simply made conservative assumptions. Detailed assumptions and calculations, accompanied by supporting documents will allow Delaware CSD to better understand differences between actual and forecasted expenditures, thereby improving the accuracy of its forecast. Forecasts of expenditures considered not controllable by the District should be based on historical trends and documented assumptions. Controllable expenditures should be forecasted based on well-articulated educational and operational needs, as well as current financial constraints.

R1.4 Consider enhancing the financial information Board members receive.

The Delaware CSD Board should review leading practice financial information received by other school boards then discuss with its Treasurer the value and feasibility of providing additional financial reports. Financial reports should include information and analyses deemed necessary by District officials and Board members to help them understand the District's financial situation and make informed decisions. The reports should be presented in a user-friendly format with explanatory comments and any additional information needed to help explain the District's financial situation.

The Treasurer provides Board members with monthly financial reports approximately three days before each Board meeting. Distributed electronically, the reports include monthly and year-to-date comparison data for nearly all major forecasted line items. The reports also contain summaries of the District's cash accounts and investment funds. While the reports contain some elements of recommended practices, they could be enhanced to provide additional information helpful for decision making.

Best Practices in Public Budgeting (GFOA, 2000) notes that regular monitoring of budget performance provides an early warning of potential problems and gives decision makers time to consider actions that may be needed due to changing circumstances. Districts such as the Lebanon City School District in Warren County (Lebanon CSD) provide their Board members with a more comprehensive set of monthly reports to facilitate timely and informed decision making. Lebanon CSD's reports are presented in a user-friendly format that includes narrative updates, charts, and graphs, and include the following components:

- **Treasurer's Update** – This includes a summary of major transactions and an update on the operations of the Treasurer's Office.
- **Financial Notes** – This report highlights larger receipts and provides a list of significant expenditures.
- **General Fund Monthly Cash Balance** – This report includes the recent history and the current cash balance of the General Fund by month.
- **General Fund Monthly Expenditures** – This report shows recent expenditure history

and current total expenses by month.

- **General Fund Monthly Revenue** – This report shows recent revenue history and current monthly revenue.
- **General Fund Cash Flow Analysis** – This report details the year-to-date actual revenue and expenditures, the projected totals, and the difference between the two.
- **Bank Reconciliation Summary** – This report shows the balance of each fund, the bank balance, investment balances, and all outstanding checks.
- **Financial Report by Fund (FINSUM)** – This report shows the beginning balance of each fund, month-to-date expenditures and receipts, current fund balances, and current encumbrances.
- **Monthly Warrant/Refund/Payroll Check** – This report shows all investment checks, transfer checks, distribution checks, payroll checks, and missing checks.

The District could improve the quality and clarity of its monthly financial reports by supplementing them with narrative updates, charts, and graphs. Including this information would help Board members better understand the financial condition of the District. The Treasurer should continue to distribute the reports electronically to the Board in advance of Board meetings, as this is an efficient and cost-effective method for distribution. In addition, if the monthly Board packet was made available on the District's web site, community members would have access to more financial information.

R1.5 Publish a popular annual financial report and make more financial information available to the public via the District's web site.

Delaware CSD should develop a popular annual financial report (PAFR) that contains GFOA-recommended characteristics in order to increase stakeholders' understanding of the District's financial history and current situation. The District should also consider publishing additional financial information on its web site, consistent with practices identified in other area school districts. This financial information should include the annual budget document and the monthly Board financial information packet (see R1.3). Publishing a PAFR and other additional financial information on its web site will expand community access to financial information; promote transparency and financial accountability; and provide residents with an accurate depiction of the District's financial condition.

Delaware CSD publishes some financial information on its web site, including the five-year financial forecast and assumptions and the *Cornerstone*, a quarterly newsletter that includes articles written by the Treasurer that focus on a variety of financial topics. However, the District does not publish a popular annual financial report (PAFR) and does not make other recommended types of financial information available to the public.

According to *Preparing Popular Reports* (GFOA, 2006), government entities should supplement their CAFRs with simpler, "popular" reports designed to assist those who need or desire a less detailed overview of financial activities. Such reporting can take the form of consolidated or aggregated presentations, or a variety of other formats. GFOA recommends that popular reports 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 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. Narratives should be used, as appropriate, to highlight and explain items of particular importance.
- The popular report should **use comparative data constructively** to help identify trends useful in the interpretation of financial data.
- Most importantly, the popular report should establish credibility with its intended readers by **presenting information in a balanced and objective manner**.

Hilliard and Worthington City School Districts in Franklin County both develop a PAFR and make them available on their respective web sites. The web sites make this information easily accessible for use by community members, Board members, staff, and local businesses to gain insight into the financial operations of the respective districts.

According to *Website Presentation of Official Financial Documents* (GFOA, 2009), the benefits of using a government agency's web site to communicate financial information include:

- **Heightened awareness:** Many potential users of a government's financial information may only discover that it is available because they find it on the website;
- **Universal accessibility:** Information furnished on a website is readily available to a wide range of potential users (e.g., citizens, rating agencies, regulatory agencies, other governments, and the press) without charge;
- **Increased potential for interaction with users:** A website can offer two-way, multi-conversational, or interactive formats. This capacity may be especially helpful for proposed documents or for citizen surveys;
- **Enhanced diversity:** A website may offer the possibility of providing the same financial information in a variety of languages, which may be needed pursuant to the policies of a particular governmental entity;

- **Facilitated analysis:** Computerized tools can be used to find, extract, and analyze data presented in electronic form;
- **Increased efficiency:** Presenting all financial information in a single location can help to avoid calls for redundant specialized reports (e.g., reproducing data already presented in the comprehensive annual financial report or the budget document);
- **Lowered costs:** Electronic publication can be accomplished relatively quickly and can reduce or eliminate many of the costs associated with producing a hard copy report, including those associated with handling and mailing the reports;
- **Contribution to sustainability:** Using a web site to disseminate financial information may reduce paper consumption, thereby contributing to the core value of sustainability; and
- **Broadened potential scope:** The use of hyperlinks allows for easy referencing of relevant information from other sites.

Several other districts use their web sites to make useful financial information more accessible to the public. For example, Hilliard City School District (Franklin County), Lakota Local School District (Butler County), and Westerville City School District (Franklin County) all publish annual budget documents on their web sites. Lebanon City School District (Warren County) makes the monthly Board financial report available on its web site.

The Treasurer has not considered publishing a PAFR but has considered publishing additional financial information on the District's web site. However, no firm plans are in place to publish additional financial information.

Publishing a PAFR in addition to other financial information such as the annual budget document and monthly financial reports, and making them available its web site, will help the District promote transparency and accountability while increasing the financial information publically available.

R1.6 Require all employees to enroll in direct deposit and receive electronic pay stubs.

Delaware CSD should approach bargaining unit representatives and request a memorandum of understanding requiring mandatory direct deposit for all employees and long-term substitutes, regardless of hire date. Furthermore, the District should discontinue the practice of issuing paper pay stubs, and instead, issue only electronic pay stubs. By expanding the use of these practices, the District could further reduce the supply and material costs associated with producing paper paychecks and pay stubs while improving the efficiency of operations in the Treasurer's Office. In addition, the District's employees would benefit from ease of access to and availability of historical pay stub information. The District should also adopt formal written procedures to govern the direct deposit and electronic pay stub programs and their related processes.

The District's collective bargaining agreements require all new employees to use direct deposit. In addition, electronic pay stubs via email are available, but optional, for all employees having direct deposit. Over 80 percent of District employees have direct deposit; however, only about one-fourth of employees with direct deposit opt to have their pay stubs emailed to them.

According to *Costs and Benefits of Direct Deposit of Salary Checks* (National Federation of Independent Businesses (NFIB), 2004), direct deposit of paychecks provides many benefits to both employers and employees. Benefits to employers include:

- Reduced risk of check fraud and lost or stolen checks;
- Greater control over payroll and payroll expenses;
- Timely payment of salary checks, even when employees are away from the office;
- Reduced time spent on bookkeeping because of immediate payments into employee accounts (no lost checks, delayed check cashing, etc.); and
- Online transaction reports are available immediately.

Benefits to employees include:

- Reduced time required for checks to clear;
- Reduced chance of losing checks or having checks stolen;
- No need to spend time visiting a bank or ATM to deposit paychecks;
- Payments can be divided automatically among designated employee accounts; and
- There is no cost to employees for direct deposit. In fact, many banks offer free checking services to individuals who will be paid via direct deposit.

The Electronic Payment Association states that employers and employees can financially benefit from the use of electronic pay stubs while simultaneously increasing efficiencies within a payroll department. The employer benefits because electronic pay stubs eliminate the need to print, mail, and distribute pay stubs or reproduce lost pay stubs. At the same time, the employee benefits because he or she can easily access pay information from any computer with a browser and internet connection. Also, a more extensive record of the employee's pay history is available, beginning with the first electronic pay stub. Electronic pay stubs also make it easy for employees to provide pay stub information to third parties, such as accountants, mortgage lenders, and other agencies requiring pay verification. While computer access for bus drivers, cooks, and custodians sometimes creates a logistical problem, the District could provide access to a centralized computer for these employees.

Although the savings associated with implementing mandatory direct deposit and electronic pay stubs for all employees is difficult to quantify, the District could save money from a reduction in paper, envelopes, and stamps. In addition, the time associated with Treasurer's Office employees printing checks and stuffing envelopes could be allocated to other activities.

Staffing

Background

This section of the performance audit focuses on the allocation of staff at Delaware City School District (Delaware CSD or the District). The District's planning and allocation of staff was compared to leading practices and industry benchmarks, as well as the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), and selected peer districts (see **executive summary** for list of peer districts). Leading practices and industry standards were drawn from the Society for Human Resource Management (SHRM).

District Level Staffing

Table 2-1 illustrates the full-time equivalent (FTE) staffing levels per 1,000 students at Delaware CSD in comparison to the average of the peer districts. AOS used staffing data from FY 2009-10 as reported to the Ohio Department of Education (ODE) through the Education Management Information System (EMIS). While staffing data obtained through EMIS represents staffing as of October, 2009, staff levels for Delaware CSD were updated to reflect staffing for FY 2010-11. Similarly, preliminary enrollment data for FY 2010-11 was obtained for the District, while the most recent enrollment data available for the peer districts was FY 2009-10. EMIS position codes were grouped into categories that represent broad functional areas and do not match the sub-totals shown on EMIS reports. The staff levels shown in **Table 2-1** have been presented on a per 1,000 student basis because staffing levels are partially dependent on the number of students served. In addition, presenting staffing data in this manner decreases variances attributable to the size of the peers.

Table 2-1: Staffing Comparison Summary (in FTEs) ¹

	Delaware CSD			Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Percent of Total	Staff/1,000 Students		
Administrative/Supervisory	28.0	4.9%	5.8	5.3	0.5
Office/Clerical	34.0	6.0%	7.1	7.5	(0.4)
General Teaching	222.0	39.2%	46.1	48.1	(2.0)
Special Education Teaching	50.5	8.9%	10.5	9.9	0.6
Education Service Personnel (ESP)	38.0	6.7%	7.9	7.5	0.4
Educational Support	14.0	2.5%	2.9	2.6	0.3
Other Certificated	9.0	1.6%	1.9	1.0	0.9
Non-Certificated Classroom Support	38.0	6.7%	7.9	9.2	(1.3)
Comparative Sub-Total	433.5	76.5%	90.1	91.1	(1.0)
Operations ²	113.0	19.9%	23.5	27.6	(4.1)
All Other Staff	20.0	3.5%	4.2	4.4	(0.2)
Total	566.5	100.0%	117.7	123.3	(5.6)

Source: Delaware CSD and ODE's Education Management Information System (EMIS).

Table Notes: Delaware CSD staffing levels include 13 FTE employees who are contracted through an educational service center. In FY 2010-11, Delaware CSD had 4,816.19 FTE students. Totals may vary due to rounding.

¹ According to ODE instructions for reporting staff data, full-time equivalent (FTE) is defined the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time.

² Operations staffing was assessed separately based on industry standards.

As illustrated in **Table 2-1**, the *comparative sub-total* staff per 1,000 students for Delaware CSD's is 1.0 FTEs lower than the peer average. While staffing levels for operations and all other staff are also below reported peer averages on a per 1,000 student basis, these categories do not lend themselves to suitable comparisons to the peer averages. Operations, including maintenance, custodial, food service, and transportation staff among others, are more appropriately compared to industry benchmarks. The all other staff classification includes psychologists, therapists, and other professional staff, many of whom are contracted through educational service centers or private providers. Since most contracted staff are not required to be reported in EMIS, peer comparisons in this category may not be valid.

Maintenance and custodial staffing levels were examined in **facilities**. Bus drivers and substitute drivers are employed as necessary to cover the bus routes. AOS reviewed routing efficiency and found that Delaware CSD had more riders per bus and a higher ODE transportation efficiency index than the peer districts. Food service staff levels were examined based on the industry standard meals per labor hour (see **Table 2A-8** in the **appendix**).

The following provides a more detailed explanation of the staffing categories and variances shown in **Table 2-1**.

- **Administrative/Supervisory:** Delaware CSD employed 5.8 administrative staff per 1,000 students which was 0.5 FTE per 1,000 students greater than the peer average. This category includes central office and building level administrators, directors and

coordinators, and other personnel responsible for the planning, management, evaluation, and operation of the District. A more in-depth evaluation of this staffing area showed the District employed about the same number of building level administrators per 1,000 students and a greater a number of district-wide administrative/supervisory staff when compared with the average of the peer districts (see **R2.2**).

- **Office/Clerical:** Delaware CSD employed 7.1 office/clerical staff per 1,000 students that was 0.4 FTE per 1,000 students less than the peer average. This category includes administrative assistants, secretaries, clerks, bookkeepers, and other personnel responsible for clerical duties (see **Table 2A-1** in the **appendix**).
- **General Teaching:** This category includes general, gifted and talented, career technical, and limited English proficiency (LEP) teachers. Delaware CSD employed 46.1 teachers per 1,000 students, which was 2.0 FTE per 1,000 students less than the peer average (see **Table 2A-2** in the **appendix**). An additional analysis indicates the District had a higher regular student to classroom teacher ratio than the peers (see **Table 2A-3** in the **appendix**). While Delaware CSD is already operating at a more efficient level than the peers, future deficits projected in the five-year forecast may require additional staff reductions. Using State minimum requirements for regular education teachers outlined in OAC 3301-35-05(A)(3) that requires 1.0 FTE classroom teacher for every 25 students in the regular student population, Delaware CSD could potentially eliminate up to 44.0 FTE teachers and still meet minimum standards (see **Table 2A-4** in the **appendix**). However, such a reduction could significantly impact educational programs provided by the District.
- **Special Education Teaching:** Personnel in this category include special education, supplemental service, preschool special education, and preschool handicapped itinerant staff. While Delaware CSD employed 10.5 FTE per 1,000 students, a level 0.6 FTE per 1,000 students greater than the peer average, the number of special education instructors is often based on the number and severity of special education students instructed. A separate analysis indicated that Delaware CSD special education staffing levels are consistent with the staffing ratios outlined in OAC section 3301-51-09(I).
- **Educational Service Personnel (ESP):** The District employed 7.9 FTE staff per 1,000 students in this category, which was 0.4 more FTEs per 1,000 students than the peer average. This category includes kindergarten through grade eight art, music, and physical education teachers, as well as counselors, librarians/media specialists, school nurses, visiting teaches, and social workers (see **R2.3**).
- **Educational Support:** Personnel in this category are certificated or licensed employees who work directly with students but who are not classroom teachers. Specifically, educational support staff includes the positions of remedial specialists and tutors/small group instructors who serve the regular student population. Delaware CSD employed 2.9 FTE staff per 1,000 students, which was about 0.3 more FTEs per 1,000 students than the peer average (see **R2.6**).

- **Other Certificated:** This category represents the remaining certificated positions at the District and includes curriculum specialists and other education specialists. At Delaware CSD, the majority of employees in this category are employees who support District teachers in implementing new teaching methods and integrating technology into the curriculum. The District had 1.9 FTEs per 1,000 students in this category which was 0.9 FTEs per 1,000 students more than the peer district average (see **R2.5**).
- **Non-Certificated Classroom Support:** This category represents support staff that assist in the classroom, such as teaching aides, instructional paraprofessionals, or attendants. The District employed 7.9 FTEs per 1,000 students which was 1.3 FTEs per 1,000 students less than the peer average (see **Table 2A-6** in the **appendix**).

In addition to the district-wide staffing comparison presented in **Table 2-1**, staff allocations were also examined at the building level. School buildings at Delaware CSD, as well as at the peer districts, were classified as either elementary, intermediate/middle, or high school buildings. A full listing of building level comparisons can be found in the **appendix** to this section.

Recommendations

R2.1 Implement a comprehensive staffing plan.

Delaware CSD should develop a formal and comprehensive staffing plan at the District level that addresses current and future staffing needs. Establishing staffing allocations for administrative, certificated, and support staff will assist the District in long-range planning. Additionally, the development of a formal staffing plan will help Delaware CSD ensure it complies with State and federal requirements. A staffing plan will also help formalize data already gathered by the District; identify and help achieve staffing goals; and better communicate those goals to the public.

Delaware CSD uses several measures to monitor and review staffing levels at each building. District administrators analyze enrollment numbers each spring to help equalize student teacher ratios, especially at the five elementary school buildings. Enrollment numbers are also reexamined at the beginning of the school year. Additionally, a similar process occurs with special education staffing, comparing workloads with provisions contained within the OAC regarding student teacher ratios for special needs students. Teachers are reassigned to buildings as appropriate. These informal assessments by administrators complement specific provisions within the certificated negotiated agreement, including student teacher ratio goals for grades K-1, 2-4, 5-8, and 9-12. The negotiated agreement specifically notes these target goals are not binding requirements however, the agreement also suggests the need for dialogue between administrators and certificated staff when classrooms exceed these target goals. The District has an Academic Standards Committee, comprised of administrators, certificated staff from all buildings and disciplines, and community members that seeks to study and make recommendations regarding the educational opportunities at the District. From an operational standpoint, the District assigns custodial staffing based on the amount of square footage cleaned. While these activities, goals, and informal examinations of staffing can assist in the development of a staffing plan, a formal plan that meets recommended practices has not been implemented.

Strategic Staffing Plans (SHRM, June 2002) notes that high performing organizations use plans and a system to monitor and control the cost of engaging human capital. A strategic staffing plan forms an infrastructure to support effective decision-making in an organization. In addition, *Estimating Future Staffing Levels* (SHRM, 2006) notes that the most important question for any organization is what type of workforce it will need in order to successfully implement its strategic mission. Once this question is answered, the organization can focus on recruiting, developing, motivating, and retaining the number and mix of employees that will be required at each point in time.

The Lakota Local School District in Butler County has a formal staffing plan that incorporates staffing allocation factors such as State and federal regulations, workload measures, and other leading practices. In general, staffing benchmarks in this plan are calibrated to available General Fund revenues, assisting the district in ensuring a balanced budget. The Cincinnati City School District (Hamilton County) has developed a staffing plan that incorporates State requirements, contractual agreements, available resources, and educational goals. In addition, the plan includes

central and site-based administrators in the process and serves as a valuable planning tool for the district's leadership team. Staffing plans can be used not only as guides for determining staffing levels on an annual basis, but also as aids in determining mid-year staffing levels should changes be necessary.

Delaware CSD has developed components of a staffing plan that it has determined would be helpful in making hiring and personnel allocation decisions. As the District has seen an increase in student enrollment and the complexity of operations, coupled with a stagnate funding, it has identified methods to evaluate staffing. However, like many school districts in Ohio, it has not formalized a strategic staffing plan.

By implementing a formal, comprehensive, and strategic staffing plan, the District can openly communicate staffing strategies and priorities, as well as contingency plans should it fail to secure sufficient revenue to avoid projected deficits. Moreover, because Delaware CSD is projecting future deficits, a staffing plan will not only allow it to explain or defend its decisions to hire or reduce personnel based on the objective analysis and clear reasoning that a staffing plan offers, but also reveal any gaps between the goals and staffing strategies and the reality of limited financial resources. Such a document may better assist administrators and Board members in communicating the District's plans and the resources required to implement such plans.

R2.2 Eliminate 2.5 FTE administrative/supervisory positions.

Delaware CSD should eliminate approximately 2.5 FTE administrative/supervisory staff positions, thereby reducing salary and benefit costs and making staffing levels in this category more consistent with the peer average.

Table 2-2 compares district-wide and building level administrative and supervisory staff at Delaware CSD to the peer district average.

Table 2-2: Administrative/Supervisory Staff Comparison

	Delaware CSD		Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
Building Level Administrators	13.0	2.70	2.82	(0.12)
All Other Administrative/Supervisory Staff	15.0	3.13	2.51	0.62
Total Administrative/Supervisory Staff	28.0	5.83	5.33	0.50

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

As **Table 2-2** indicates, on a per 1,000 student basis, building level administrator staffing at the District is slightly below the peer average. However, the level of other administrative and supervisory staff at Delaware CSD exceeds the level reported by the peer districts. Based on an enrollment of 4,816 FTE students in FY 2001-11, the elimination of about 2.5 FTE positions would make the District's administrative/supervisory staffing levels per 1,000 students more consistent with the peer average. Building level analyses provided in the **appendix** of this report

support the finding that the number of building level administrators is not the cause of the higher administrative/supervisory staffing in comparison to the peer average.

A reduction in administrative/supervisory staffing levels would provide Delaware CSD with additional General Fund resources to help offset future year deficits.

Financial Implication: Eliminating 2.5 FTE administrative or supervisory positions would save the District approximately \$202,000 annually in salary and benefit costs.

R2.3 Reduce 2.0 FTE educational service personnel (ESP) positions.

The District should eliminate 2.0 FTE educational service personnel (ESP) staff positions. Taking such action would reduce salary and benefit expenditures and bring staffing levels in line with the peer average.

Table 2-3 compares the number of ESP staff employed at Delaware CSD to the peer district average. These employees are defined in OAC 3301-35-05 and include kindergarten through grade eight art, music, and physical education teachers, as well as counselors, librarians/media specialists, school nurses, visiting teachers, and social workers.

Table 2-3: Educational Service Personnel (ESP) Comparison

	Delaware CSD		Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
ESP Teachers	21.0	4.36	4.39	(0.03)
Counselors	11.0	2.28	2.30	(0.02)
Librarians / Media Specialists	2.0	0.42	0.37	0.05
School Nurses	2.0	0.42	0.35	0.07
Social Workers	2.0	0.42	0.13	0.29
Visiting Teachers	0.0	0.00	0.00	0.00
Total Educational Service Personnel	38.0	7.90	7.54	0.36

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

As shown in **Table 2-3**, Delaware CSD employed ESP staff at a level greater than the peer average on a per 1,000 student basis. Based on an enrollment of 4,816 FTE students in FY 2010-11, a reduction of 2.0 FTE educational service personnel positions would make staffing levels on a per 1,000 student basis more consistent with the peer average.

The greatest difference between the peer average and Delaware CSD is the number of social worker FTEs per 1,000 students. At Delaware CSD, social workers are employed and used in a manner similar to counselors. As such, the building level analyses provided in the **appendix** combined these two positions. Compared to the peer average for elementary buildings, Delaware CSD has more counselors/social workers in each of its five elementary buildings than the peers. This suggests that the peer districts do not employ a full counselor in each elementary building, as is the practice at Delaware CSD.

A reduction in counselors or social worker positions at the elementary buildings would make staffing levels more consistent with the peer average and help offset future year deficits. However, if these reductions are not sufficient to close projected operating deficits, Delaware CSD may find it necessary to make additional reductions. Based on State minimum staffing requirements outlined in OAC § 3301-35-05(A)(4) that require a minimum of 5.0 FTE ESP staff for each 1,000 regular students, Delaware CSD could eliminate up to 17.0 FTEs (see **Table 2A-5** in the **appendix**). While this may have a significant impact on the educational programs offered by the District, reducing additional staff may be necessary to eliminate projected deficits.

Financial Implication: Eliminating 2.0 FTE educational service personnel staff positions would save the District approximately \$204,000 annually in salary and benefit costs.

R2.4 Eliminate 2 FTE library staff positions.

Delaware CSD should eliminate 2.0 FTE library staff positions, which would reduce salary and benefit costs and bring library staffing levels more in line with the peer average.

Delaware CSD employees both librarians and library aides. **Table 2-4** compares library staffing levels at Delaware CSD to the peer district average.

Table 2-4: Library Staff Comparison

	Delaware CSD		Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
Librarians	2.0	0.42	0.37	0.05
Library Aides	10.0	2.08	1.76	0.32
Total Library Staff	12.0	2.50	2.13	0.37

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

As shown in **Table 2-4**, Delaware CSD has more librarians and library aides per 1,000 students than the peer average. In order to be more consistent with the peer average, the District would need to eliminate 2.0 FTE library staff positions based on an enrollment of 4,816 FTE students.

Delaware CSD employed 12.0 FTE library staff in 8 buildings. Each elementary and intermediate school is staffed with a library aide, while the middle school and high school each have 2.0 FTE library aides and a librarian. The building level analysis found in the **appendix** of this report, indicates that library staffing at both the middle school and high school was above the peer average (see **Table 2A-16** and **Table 2A-17** in **appendix**).

A reduction in library positions would provide Delaware CSD with additional General Fund resources to help offset future year deficits and bring staffing levels more consistent with peer staffing levels.

Financial Implication: Eliminating 2.0 FTE library positions would save the District approximately \$50,000 annually in salary and benefit costs.

R2.5 Eliminate 1.0 FTE educational support staff positions.

Delaware CSD should eliminate 1.0 FTE educational support staff positions, which would reduce salary and benefit costs and make its educational support staffing levels more consistent with the peer average.

Table 2-5 compares educational support staffing levels at Delaware CSD to the peer district average. These certificated employees are responsible for the provision of instruction to students outside of the regular classroom environment and include remedial specialists and tutors.

Table 2-5: Educational Support Staff Comparison

	Delaware CSD		Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
Remedial Specialists	14.0	2.91	1.51	1.40
Tutors/Small Group Instructors	0.0	0.00	1.10	(1.10)
Total Educational Support Staff	14.0	2.91	2.61	0.30

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

As shown in **Table 2-5**, Delaware CSD has more educational support staff per 1,000 students than the peer average. In order to be more consistent with the peer average, the District would need to eliminate 1.0 FTE educational support staff positions based on the 4,816 FTE students the District had in FY 2001-11.

A reduction in this staffing category would provide Delaware CSD with additional General Fund resources to help offset future year deficits.

Financial Implication: Eliminating 1.0 FTE educational support position would save the District approximately \$48,000 annually in salary and benefit costs.

R2.6 Eliminate 4.0 FTE other certificated staff positions.

Delaware CSD should eliminate 4.0 FTE positions in the other certificated staff category, which would reduce salary and benefit costs and bring its staffing levels more in line with the peers.

Table 2-6 compares other certificated staff employed at Delaware CSD to the peer district average. These staff positions are primarily responsible for providing instruction or support to a school district's teaching staff and include employees responsible for developing curriculum, mentoring teachers, and performing other duties not involved in the direct instruction of students.

Table 2-6: Other Certificated Staff Comparison

	Delaware CSD		Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
Curriculum Specialists	0.0	0.00	0.39	(0.39)
Audio-visual Staff	0.0	0.00	0.01	(0.01)
Permanent Substitutes	0.0	0.00	0.06	(0.06)
Teacher Mentors / Evaluators	0.0	0.00	0.03	(0.03)
Other Professional – Educational	9.0	1.87	0.55	1.32
Total Other Certificated Staff	9.0	1.87	1.04	0.83

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

As shown in **Table 2-6**, Delaware CSD has more other certificated staff per 1,000 students than the peer average. In order to be in line with the peer average, the District would need to eliminate 4.0 FTE other certificated staff positions based on an enrollment of 4,816 FTE students in FY 2010-11.

Delaware CSD employed 9.0 FTE other certificated staff. Of these employees, 7.0 FTE are academic and literacy coaches, who work to instruct teachers in methods of classroom instruction, and 2.0 FTE who are employed to assist teachers with the integration of technology into the curriculum.

A reduction in other certificated staff would provide Delaware CSD with additional General Fund resources to help offset future year deficits.

Financial Implication: Eliminating 4.0 FTE other certificated positions would save the District approximately \$298,000 annually in salary and benefit costs.

Appendix 2A Staffing

District Level Staffing Comparisons

The following tables are displayed to provide the reader with additional detail on staffing assessments that did not lead to specific recommendations.

Table 2A-1: Clerical Staff Comparison

	Delaware CSD		Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
Clerical Staff	29.0	6.02	6.15	(0.13)
All Other Staff	5.0	1.04	1.37	(0.33)
Total Office/Clerical Staff	34.0	7.06	7.52	(0.46)

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-2: Teaching Staff Comparison

	Delaware CSD		Per Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
General Education Teachers	211.42	43.90	46.55	(2.65)
Career-Technical Teachers	5.57	1.16	0.99	0.17
All Other Teachers	5.0	1.04	0.55	0.49
Total Teachers	221.99	46.10	48.09	(1.99)

Source: Delaware CSD and ODE Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-3: Regular Teacher Ratios

	Delaware CSD	Peer Average	Difference
General Education Teachers (FTE) ¹	211.42	197.67	13.75
Regular Student Population	4,185.7	3,791.0	394.8
Regular Student to Teacher Ratio	19.8	19.2	0.6

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD staffing levels were updated to reflect FY 2010-11, while regular student population is only available for FY 2009-10. Peer staff levels and student population are from FY 2009-10. Totals may vary due to rounding.

Table 2A-4: Regular Teacher State Minimum Requirement

Comparison to State Minimum Requirements	FTE Teachers	20% Above State Minimum Requirements
General Education Teachers	211.4	211.4
State Minimum Required Regular Teachers	167.4	200.9
Regular Teachers Above State Minimum Requirement	44.0	10.5

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD staffing levels were updated to reflect FY 2010-11, while regular student population is only available for FY 2009-10. Peer staff levels and student population are from FY 2009-10. Totals may vary due to rounding.

Table 2A-5: ESP Comparison to State Minimum Requirement

	FTE Staff
Total ESP	38.0
State Minimum Required ESP	20.9
ESP Above State Minimum Requirement	17.1

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD staffing levels were updated to reflect FY 2010-11, while regular student population is only available for FY 2009-10. Peer staff levels and student population are from FY 2009-10. Totals may vary due to rounding.

Table 2A-6: Nursing Staff Comparison

	Delaware CSD		Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
Registered Nurse	2.0	0.42	0.35	0.07
Practical Nurse	0.0	0.00	0.52	(0.52)
Total Nursing Staff	2.0	0.42	0.87	(0.45)

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-7: Non-Certificated Classroom Staff Comparison

	Delaware CSD		Peer Average Staff/1,000 Students	Difference /1,000 Students
	FTE Staff	Staff/1,000 Students		
Teaching Aides	0.0	0.0	6.34	(6.34)
Instructional Paraprofessionals	37.0	7.68	1.52	6.16
Attendants	1.0	0.21	1.38	(1.17)
Total Classroom Support	38.0	7.89	9.24	(1.35)

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD data were updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-8: Food Service Staffing (Meals per Labor Hour)

Building	Meal Equivalents Served per Day	Daily Labor Hours	MPLH	Industry Benchmark	Total Labor Hours Required	Equivalent Labor Hours Over/(Under) Industry Standard
Hayes (Conger/Smith)	1369	87.75	15.6	23.0	59.5	28.2
Dempsey (Schultz/Carlisle)	1271	48.25	26.3	23.0	55.2	(7.0)
Willis (Woodward)	858	35.25	24.4	23.0	37.3	(2.1)
Total	3498	171.25	N/A	N/A	152.1	19.1

Source: Delaware CSD, National School Food Management Institute, and *School Foodservice Management for the 21st Century*.

Building Level Staffing Comparisons

The following tables provide building level comparisons that support the conclusions and recommendations made from District level assessments. The building level analyses exclude special education, operations, and all other staff which do not lend themselves to per student comparisons at the building level. ESP staff were not grouped together in order to provide a greater level of detail. Comparisons were made on a per 100 student rather than a per 1,000 student basis. Because some peer districts do not assign staff who may be serving multiple buildings to each building, but rather code the employee as a district-wide employee, these building level analyses should serve as a complementary source of data to district-wide staffing, rather than a primary means of making staffing decisions.

Table 2A-9: David Smith Elementary School Comparison

	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.29	0.28	0.01
Other Administrator	0.0	0.00	0.01	(0.01)
Clerical Staff	2.0	0.58	0.37	0.21
Regular Teachers	17.0	4.93	4.41	0.52
Art Teacher	0.5	0.14	0.12	0.02
Music Teacher	0.5	0.14	0.16	(0.02)
PE Teacher	0.5	0.14	0.18	(0.04)
Library Staff	1.0	0.29	0.28	0.01
Counselors/Social Workers	1.0	0.29	0.09	0.20
Nursing Staff	0.3	0.07	0.09	(0.02)
Educational Support	0.0	0.00	0.47	(0.47)
Other Certificated	1.0	0.29	0.05	0.24
Non-Certificated Classroom Support	5.0	1.45	1.16	0.29
Total	29.8	8.62	7.68	0.94
FY 2010-11 FTE Enrollment				345.10

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-10: Ervin Carlisle Elementary School Comparison

	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.21	0.28	(0.07)
Other Administrator	0.0	0.00	0.01	(0.01)
Clerical Staff	2.0	0.42	0.37	0.05
Regular Teachers	23.0	4.81	4.41	0.40
Art Teacher	1.0	0.21	0.12	0.09
Music Teacher	1.0	0.21	0.16	0.05
PE Teacher	1.0	0.21	0.18	0.03
Library Staff	1.0	0.21	0.28	(0.07)
Counselors/Social Workers	1.0	0.21	0.09	0.12
Nursing Staff	0.3	0.05	0.09	(0.04)
Educational Support	1.0	0.21	0.47	(0.26)
Other Certificated	0.0	0.00	0.05	(0.05)
Non-Certificated Classroom Support	5.0	1.04	1.16	(0.10)
Total	37.3	7.78	7.68	0.10
FY 2010-11 FTE Enrollment				478.50

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-11: James Conger Elementary School Comparison

	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.26	0.28	(0.02)
Other Administrator	0.0	0.00	0.01	(0.01)
Clerical Staff	2.0	0.52	0.37	0.15
Regular Teachers	18.0	4.71	4.41	0.30
Art Teacher	0.5	0.13	0.12	0.01
Music Teacher	0.5	0.13	0.16	(0.03)
PE Teacher	0.5	0.13	0.18	(0.05)
Library Staff	1.0	0.26	0.28	(0.02)
Counselors/Social Workers	1.0	0.26	0.09	0.17
Nursing Staff	0.3	0.07	0.09	(0.02)
Educational Support	2.0	0.52	0.47	0.05
Other Certificated	1.0	0.26	0.05	0.21
Non-Certificated Classroom Support	4.0	1.05	1.16	(0.11)
Total	31.8	8.30	7.68	0.62
FY 2010-11 FTE Enrollment				382.50

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-12: Laura Woodward Elementary School Comparison

	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.35	0.28	0.07
Other Administrator	0.0	0.00	0.01	(0.01)
Clerical Staff	2.0	0.71	0.37	0.34
Regular Teachers	13.0	4.61	4.41	0.20
Art Teacher	0.5	0.18	0.12	0.06
Music Teacher	0.5	0.18	0.16	0.02
PE Teacher	0.5	0.18	0.18	(0.00)
Library Staff	1.0	0.35	0.28	0.07
Counselors/Social Workers	1.0	0.35	0.09	0.26
Nursing Staff	0.3	0.09	0.09	(0.00)
Educational Support	5.0	1.77	0.47	1.30
Other Certificated	1.0	0.35	0.05	0.30
Non-Certificated Classroom Support	4.0	1.42	1.16	0.26
Total	29.8	10.55	7.68	2.87
FY 2010-11 FTE Enrollment				282.00

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-13: Robert Schultz Elementary School Comparison

	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.21	0.28	(0.07)
Other Administrator	0.0	0.00	0.01	(0.01)
Clerical Staff	2.0	0.43	0.37	0.06
Regular Teachers	21.0	4.51	4.41	0.10
Art Teacher	0.5	0.11	0.12	(0.01)
Music Teacher	0.5	0.11	0.16	(0.05)
PE Teacher	0.5	0.11	0.18	(0.07)
Library Staff	1.0	0.21	0.28	(0.07)
Counselors/Social Workers	1.0	0.21	0.09	0.12
Nursing Staff	0.3	0.05	0.09	(0.04)
Educational Support	2.0	0.43	0.47	(0.04)
Other Certificated	0.0	0.00	0.05	(0.05)
Non-Certificated Classroom Support	4.0	0.86	1.16	(0.30)
Total	33.8	7.24	7.68	(0.44)
FY 2010-11 FTE Enrollment				466.00

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-14: Total Elementary School Comparison

	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.27	0.28	(0.01)
Other Administrator	0.0	0.00	0.01	(0.01)
Clerical Staff	2.0	0.53	0.37	0.16
Regular Teachers	18.4	4.71	4.41	0.30
Art Teacher	0.6	0.15	0.12	0.03
Music Teacher	0.6	0.15	0.16	(0.01)
PE Teacher	0.6	0.15	0.18	(0.03)
Library Staff	1.0	0.27	0.28	(0.01)
Counselors/Social Workers	1.0	0.27	0.09	0.18
Nursing Staff	0.3	0.07	0.09	(0.02)
Educational Support	2.0	0.59	0.47	0.12
Other Certificated	0.6	0.18	0.05	0.13
Non-Certificated Classroom Support	4.4	1.16	1.16	0.00
Total	32.5	8.50	7.68	0.82
FY 2010-11 FTE Enrollment (AVERAGE)				390.82

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-15: Frank Willis Intermediate School Comparison

	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.12	0.13	(0.01)
Other Administrator	1.0	0.12	0.17	(0.05)
Clerical Staff	3.0	0.37	0.38	(0.01)
Regular Teachers	28.0	3.43	4.58	(1.15)
Art Teacher	1.0	0.12	0.18	(0.06)
Music Teacher	3.0	0.37	0.20	0.17
PE Teacher	2.0	0.25	0.26	(0.03)
Library Staff	1.0	0.12	0.18	(0.06)
Counselors/Social Workers	2.0	0.25	0.22	0.03
Nursing Staff	0.3	0.03	0.04	(0.01)
Educational Support	3.0	0.37	0.11	0.26
Other Certificated	1.0	0.12	0.01	0.11
Non-Certificated Classroom Support	7.0	0.86	0.80	0.06
Total	53.3	6.53	7.27	(0.74)
FY 2010-11 FTE Enrollment				815.50

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-16: John Dempsey Middle School Comparison

	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.14	0.13	0.01
Other Administrator	1.0	0.14	0.17	(0.03)
Clerical Staff	3.0	0.43	0.38	0.05
Regular Teachers	33.0	4.78	4.58	0.20
Art Teacher	1.0	0.14	0.18	(0.04)
Music Teacher	3.0	0.43	0.20	0.23
PE Teacher	2.0	0.29	0.26	0.03
Library Staff	3.0	0.43	0.18	0.25
Counselors/Social Workers	2.0	0.29	0.22	0.07
Nursing Staff	0.3	0.04	0.04	(0.00)
Educational Support	0.0	0.00	0.11	(0.11)
Other Certificated	2.0	0.29	0.01	0.28
Non-Certificated Classroom Support	3.0	0.43	0.80	(0.37)
Total	54.3	7.85	7.27	0.58
FY 2010-11 FTE Enrollment				690.75

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Table 2A-17: Rutherford B. Hayes High School Comparison

Rutherford B Hayes High School	FTE	FTE per 100 Students	Peer Average FTE per 100 Students	Difference per 100 Students
Principal	1.0	0.08	0.07	0.01
Other Administrator	3.0	0.23	0.26	(0.03)
Clerical Staff	7.0	0.54	0.53	0.01
Regular Teachers	64.0	4.97	5.25	(0.28)
Library Staff	3.0	0.23	0.15	0.08
Counselors/Social Workers	4.0	0.31	0.33	(0.02)
Nursing Staff	0.3	0.02	0.02	(0.00)
Educational Support	1.0	0.08	0.10	(0.02)
Other Certificated	0.0	0.00	0.09	(0.09)
Non-Certificated Classroom Support	5.0	0.39	0.51	(0.12)
Total	88.2	6.86	7.31	(0.45)
FY 2010-11 FTE Enrollment				1,286.50

Source: Delaware CSD and ODE's Education Management Information System.

Table Notes: Delaware CSD's data was updated to reflect FY 2010-11 staffing levels. Peer staff levels are from FY 2009-10. Totals may vary due to rounding.

Facilities

Background

This section of the audit focuses on the maintenance and operations (M&O) of facilities in the Delaware City School District (Delaware CSD or the District), including assessments of staffing levels, planning, expenditures, policies, and operating procedures. The District's operations were evaluated against leading practices, operational standards, and selected peer districts (see **executive summary** for list of peer districts). Leading practices and operational standards were derived from the American School and University Magazine (AS&U), the National Center for Education Statistics (NCES), the International Sanitary Supply Association (ISSA), the Minnesota Office of the Legislative Auditor, and DeJong and Associates, Inc.

Buildings

Delaware CSD has a total of eight school buildings plus an administrative building, a bus garage, and a technology center. The District also owns seven modular units which are used at some of the elementary schools to help alleviate capacity problems. The elementary schools house students in grades kindergarten through 4 and include the following:

- Carlisle, which was built in 1955, with additions made in 1979 and 2000.
- Conger, which was built in 1913, with additions made in 1966, 1981, and 1995.
- Schultz, which was built in 1995.
- Smith, which was built in 1950, with additions made in 1954 and 1981.
- Woodward, which was built in 1950, with additions made in 1975 and 1979.

Willis Intermediate School houses students in grades 5 and 6, and was built in 1883, with additions made in 1933 and 1985. Dempsey Middle School was built in 2000 for students in grades 7 and 8. Hayes High School houses students in grades 9 through 12 and was built in 1962, with additions made in 1998. The District was not actively involved in any Ohio School Facilities Commission (OSFC) projects at the time of the audit.

Staffing

Delaware CSD contracts with the Central Ohio Educational Service Center (the ESC) for its Director of Facilities and Transportation (the Director) who splits time between the M&O Department and the Transportation Department. The Director reports to the Superintendent and is responsible for budgeting, tracking cost and usage data, planning, attending board and committee meetings, purchasing fixed assets for the buildings, copier leases, executing building changes, and maintaining the communications system. There is a M&O supervisor who oversees the custodial and maintenance staff and reports to the Director. Each building has either a head custodian or an assistant head custodian who, along with the building principal, helps manage the

daily activities of the custodians at that site. Custodial staff are responsible for the following duties:

- Cleaning all assigned areas;
- Minor maintenance duties;
- Snow/ice removal of sidewalks and areas near building;
- Loading/unloading food trucks;
- Safety patrol at the elementary buildings in a.m. and p.m.;
- Monitoring the energy management system;
- Set up and take down of equipment for all events; and
- Other duties as assigned.

There are seven maintenance workers, one of whom is a security person who is scheduled on the weekends. All maintenance workers report to the M&O Supervisor. All maintenance workers must have experience with HVAC systems, plumbing, or electrical systems, and have a general aptitude for maintenance duties. The District contracts with two local vendors for grass mowing, snow removal in parking lots, salt spreading, athletic field mowing, shrub/tree trimming, and chemical applications for weed control.

Facility Planning

The District has a growing student population that is expected to increase from 5,044 students in FY 2010-11 to 5,621 in FY 2016-17. Delaware CSD uses an outside consultant that employs standard industry methodologies to project enrollment. AOS reviewed the consultant's projections and found them to be reasonable. The consultant's projections are updated annually to ensure they accurately reflect changes in the community.

In general, Delaware CSD's facility planning approach, preventive maintenance processes, and work order system meet industry leading practices. The District has a facilities committee that meets several times a year to identify facility needs and discuss the facility planning process. Over the past few years, the facilities committee proposed several options for expanding facilities to meet the District's growing student population and to accommodate an expanded all-day kindergarten program. In November 2010, the committee narrowed its list to five possible building options for the Board of Education to review. The Director worked with an architect to develop cost estimates for each of the options that were presented to the Board. The estimates include not only the costs associated with changes to buildings, but also needed improvements and replacements. These renovations and replacements include:

- Energy conservation technology;
- HVAC system;
- Commons/gym area;
- North academic wing repairs (roof, windows, doors, restrooms, ADA accessible elevators, etc.);
- South academic wing (roof, technology in the classrooms);
- Interior utilities (plumbing, water, and sanitary sewer);

- Kitchen renovation into a preparation status (meaning they would prepare and cook food there instead of transporting from other buildings);
- Site improvements (bus and drive areas, additional parking, storm water drainage, etc.); and
- Playground equipment.

On an ongoing basis, the Director inspects each building and gathers requests for needed improvements and replacements. All items identified go onto an "open item list." The list contains the location at each site, a description of the item, the status of completion, the costs, the fund to be used for the item, the target completion date, and to whom the task was assigned. Due to budget concerns in the District, some items are listed as "on hold." Other items were highlighted as a high priority and will be completed as funds become available.

For preventive maintenance and repairs, the District uses a computerized work order system from Public School Works. This system tracks work requests from the date of submission to completion, the employee assigned to the work, the costs associated with the work, whether overtime was used, and the fund to be charged. Furthermore, the M&O Department actively monitors the HVAC and energy management systems as part of a preventive maintenance program. All head and assistant head custodians are required to monitor their assigned building's HVAC system via the computerized (Metasys) system twice a day. Additionally, a maintenance worker is specifically assigned to monitor all the buildings and has remote access to make system changes as needed. The District also contracts with a local vendor to fine tune both the HVAC and energy management systems throughout the year.

Facility Expenditures

As shown in **Table 3-1**, Delaware CSD facilities expenditures increased by 10.6 percent in FY 2008-09 then decreased by 2.3 percent in FY 2009-10. A large part of the increase in personnel services and retirement and insurance benefits from FY 2007-08 to FY 2008-09 was due to the 27th pay period in FY 2008-09 (see **financial systems**).

Table 3-1: Historical Facilities Expenditures

Object of Expenditure	FY 2007-08	FY 2008-09	Percent Change	FY 2009-10	Percent Change	Percent Change vs. FY 2007-08
Personnel Service	\$1,424,592	\$1,561,421	9.6%	\$1,575,382	0.9%	10.6%
Retirement & Insurance Benefits	\$576,792	\$625,169	8.4%	\$646,280	3.4%	12.1%
Purchased Services (Excl. Utilities)	\$818,882	\$808,226	(1.3%)	\$781,233	(3.3%)	(4.6%)
Utilities	\$1,015,417	\$1,250,952	23.2%	\$1,185,153	(5.3%)	16.7%
- Electric	\$669,091	\$785,289	17.4%	\$692,872	(11.8%)	3.6%
- Water & Sewage	\$92,392	\$102,944	11.4%	\$113,048	9.8%	22.4%
- Gas	\$253,935	\$362,719	42.8%	\$379,232	4.6%	49.3%
Supplies and Materials	\$229,651	\$246,558	7.4%	\$215,604	(12.6%)	(6.1%)
Capital Outlay	\$70,153	\$82,102	17.0%	\$65,426	(20.3%)	(6.7%)
Total	\$4,135,489	\$4,574,428	10.6%	\$4,469,078	(2.3%)	8.1

Source: ODE Expenditure Flow Model.

Overall, FY 2009-10 facilities expenditures were up 8.1 percent when compared with FY 2007-08 expenditures. This translates to an average increase of approximately 4 percent per year. Lower expenditures on purchased services, supplies and material, and capital outlay have helped offset increases in personnel services, retirement and insurance benefits, and utilities.

Table 3-2 shows how Delaware CSD's FY 2009-10 expenditures compare with the peer district average on a per square foot basis.

Table 3-2: FY 2009-10 Expenditures Per Square Foot

Object of Expenditure	Delaware CSD Expenditures per Sq. Ft.	Peer Average Expenditures per Sq. Ft.	Difference per Sq. Ft.	Percent Difference
Personnel Services	\$2.19	\$2.40	(\$0.21)	(8.8%)
Retirement and Insurance Benefits	\$0.90	\$0.93	(\$0.03)	(3.2%)
Purchased Services (Excl. Utilities)	\$1.09	\$0.47	\$0.62	131.9%
Utilities	\$1.65	\$1.67	(\$0.02)	(1.2%)
451 – Electric	\$0.96	\$0.90	\$0.06	6.7%
452 - Water & Sewage	\$0.16	\$0.14	\$0.02	14.3%
453 – Gas	\$0.53	\$0.63	(\$0.10)	(15.9%)
Supplies & Materials	\$0.30	\$0.31	(\$0.01)	(3.2%)
Capital Outlay & Other Objects	\$0.09	\$0.09	\$0.00	0.0%
Total Expenditures	\$6.21	\$5.87	\$0.34	5.8%

Source: ODE Expenditure Flow Model and Education Management Information System

As shown in **Table 3-2**, Delaware CSD facilities costs per square foot in FY 2009-10 were \$6.21, exceeding the peer average by 5.8 percent. The AS&U national median for facility costs in FY 2009-10 was \$4.42 per square foot. The District's higher spending on purchased services was partially offset by lower spending in other areas. Purchased services was the only area where the District's spending on a per square foot basis was higher than the peers (see **R3.3**).

Work Assignments and Specialization

The M&O Department uses a series of work assignment sheets (complete with maps of the assigned area), job descriptions, equipment schedules, and other documents to convey each worker's responsibilities. The work assignment sheets and equipment schedules disclose how frequent each task is to be performed. The job descriptions also clearly state reporting relationships and list tasks that must be completed. Staff members are evaluated against their adherence to District policies and the quality of their work. The building principals and the Custodial and Maintenance Supervisor complete the evaluations on an annual basis.

For custodians, a benchmark of 25,000 square feet is assigned per worker. This means that the custodian is held responsible for the cleanliness of that assigned space. For maintenance, workers have designated specialties (i.e., electrical, plumbing, or HVAC) and are assigned to work throughout the district. Overall, the District meets the criterion for having a M&O handbook and performance standards.

All facilities staff members attend annual safety training that is normally held before in-service meetings. Staff also view online training modules offered and tracked through Public School Works. If new equipment or different cleaning chemicals are purchased, additional trainings are held to address these issues. Additional HVAC trainings are also provided to the maintenance worker who is responsible for monitoring the system as needed. The maintenance worker then trains the M&O staff annually on general monitoring and upkeep of the HVAC system. In general, the District meets the standards for staff training and development.

Recommendations

R3.1 Reduce facility staffing by 3.5 FTE positions.

Delaware CSD should eliminate 3.5 FTE M&O staff positions which would make staffing levels more consistent with those suggested by industry averages and national benchmarks. Such a reduction could be accomplished by making each custodian responsible for cleaning a larger area and sharing more custodians between buildings. Delaware CSD could also require M&O staff to perform more grounds keeping functions, making better use of staff while reducing the amount spent on purchased service contracts (see R3.3). A reduction in staffing levels would increase operating efficiency and reduce salary and benefit costs in the M&O Department

Table 3-3 shows a breakdown of M&O Department staffing for FY 2010-11.

Table 3-3: M&O Department Staffing

Classification	Positions	FTEs
Administration & Support:		
Director	1.00	0.50
Supervisor	1.00	1.00
Secretary	1.00	1.00
Total Administration & Support	3.00	2.50
Maintenance:		
Maintenance	6.00	6.00
Security	1.00	1.00
Total Maintenance	7.00	7.00
Custodial:		
Head custodians	4.00	4.00
Assist. Head custodians	4.00	4.00
Custodians ¹	22.00	21.00
Total Custodial	30.00	29.00
Total M&O Department Staff	40.00	38.50

Source: Delaware CSD staffing list.

¹Five of the 22 custodians are 9 month employees.

As shown in **Table 3-3**, there is a total of 30 custodial staff, 5 of whom are 9 month employees (or 0.8 FTE employees), resulting in a total of 29 FTE custodial positions. The District also employs 7 FTE maintenance staff and 2.5 FTE administrative support staff. For custodians, the District assigns staff to a particular building and requires each worker to clean 25,000 square feet. In some instances, the custodian is required to clean additional spaces in other buildings to meet the square footage threshold. For example, the custodian at Smith Elementary also cleans the administrative building. The District primarily contracts with local vendors for snow

plowing, grass cutting, and other grounds care.

Table 3-4 provides a summary of M&O staffing workloads in comparison to selected benchmarks. Because most grounds keeping functions are contracted out, grounds keeping benchmarks were not used in the analysis shown in **Table 3-4**.

Table 3-4: M&O Staffing Workload Comparison

District Statistics	
Number of Buildings	11
Square Footage Maintained	768,359
Square Footage Cleaned	715,011
Facilities Staffing (FTEs)	
Maintenance Staffing	7.00
Custodian Staffing	29.00
Total FY 2009-10 Staffing	36.00
Maintenance Staffing Benchmark	
AS&U Five Year Avg. Sq. Ft. per FTE	95,000
Calculated FTE Maintenance Need	8.09
Custodian Staffing Benchmark	
NCES Level 3 Cleaning Median Square Footage per FTE	29,500
Calculated FTE Custodians Need	24.24
Total FY 2009-10 Maintenance & Custodial FTE Staffing	36.00
Total Calculated M&O Department Staffing Need	32.33
Difference	3.67

Source: Delaware CSD staffing list, building floor plans, AS&U Maintenance and Operations Cost Annual Study, and National Center for Education Statistics.

As shown in **Table 3-4**, the overall M&O staffing is 3.67 FTEs over the calculated staffing need based on the national benchmarks. For maintenance, the District is 1.09 FTE below the benchmark while custodial staff is 4.76 FTEs above the benchmark.

Higher staffing in M&O classification than levels recommended by national benchmarks may cause Delaware CSD to allocate scarce resources to non-essential functions. By reducing staff in this area, the District can realize savings in the General Fund and help offset future projected deficits.

Financial Implication: By eliminating 3.5 FTE custodial positions the District could save approximately \$142,000 in salary and benefit costs.

R3.2 Monitor and control overtime costs.

Delaware CSD should continue to decrease overtime expenditures and strive to bring overtime costs more in line with the peer district average. In order to reduce overtime costs, the District should identify the causes of overtime then look for ways to eliminate the need for the overtime. For example, more flexible and creative scheduling of M&O staff may reduce the need for overtime. Likewise, charging the departments or organizations that create the need for overtime for this cost would create an incentive for them to find ways to avoid scheduling activities when overtime might be incurred.

Table 3-5 shows that M&O Department overtime as a percent of regular salaries has been decreasing in recent years.

Table 3-5: Historical Overtime Costs

	FY 2007-08	FY 2008-09	FY 2009-10	Three-Year Average
Overtime Costs	\$111,499	\$102,032	\$92,506	\$102,012
Regular Salaries	\$1,241,489	\$1,343,341	\$1,374,455	\$1,319,761
Overtime as % of Regular Salaries	9.0%	7.6%	6.7%	7.8%

Source: ODE Expenditure Flow Model.

According to the Director of Facilities and Transportation, all overtime is tied to an event, such as a winter snow storm, equipment failure, or school activity. There is no scheduled overtime and all overtime use is approved by the M&O Supervisor. Additionally, the District does not rotate overtime but rather when an extracurricular event is scheduled at a particular building, the custodians assigned to that site are the only staff eligible to work the event. For maintenance staff, overtime would be caused by an emergency situation requiring a particular set of skills to address the problem. Therefore, only the maintenance staff member who had the needed skill would be eligible for the overtime. In addition, staff schedules are staggered to help alleviate the need for overtime, especially if a snow storm is forecasted. For example, the night time custodians may stay two hours later and the first shift custodians may arrive two hours early in order to prepare the sidewalks and building for the school day.

According to *Best Practices: Maximizing Maintenance* (2003), overtime should make up less than 2 percent of total maintenance time. The average percent overtime for the peer districts in FY 2009-10 was 4.9 percent of salary costs which was 1.8 percentage points less than the District's 6.7 percent.

Reducing overtime will help Delaware CSD reduce its overall M&O salary costs and allow it to redirect these funds into other activities.

Financial Implication: If the District was able to reduce overtime to the peer average, it could save approximately \$25,000 based on FY 2009-10 M&O salaries.

R3.3 Review and control purchased services through the budget and appropriation process.

Delaware CSD should use the budget and appropriation process to carefully review purchased service expenditures for facilities. Such a review can serve as a means by which to reduce expenditures and bring facility costs more in line with the peer average. The District should also change how it budgets and accounts for equipment repairs associated with the food service operation and athletics so the dollars are not categorized as facility costs. By using different function codes in the accounting system, the District could more accurately reflect the equipment costs for food service and extracurricular activities, and avoid overstating purchased service expenditures attributable to facilities. Additionally, Delaware CSD should consider charging a portion of its utility costs to the food service operation. The recommended accounting and budgeting changes would provide the District with a better understanding of the true cost of these operational areas.

As shown in **Table 3-2** Delaware CSD's purchased service expenditures (excluding utilities) on a per square foot basis were \$0.62 higher than the peer average in FY 2009-10. **Table 3-2** also indicates that Delaware CSD expenditures per square foot on personnel services and benefits were below the peers by \$0.21 and \$0.03 respectively. The District purchases most grounds care, landscaping, and snow and ice removal services. Therefore, its personnel services and benefits are lower than the peer average because some of the peers employ additional staff to perform most of the grounds keeping functions. Even after offsetting the District's higher purchased services costs with its lower personnel and benefit costs, it remains \$0.38 per square foot higher than the peer average.

Based on the District's FY 2009-10 year-end financial data, purchased service expenditures were charged to the following categories:

- Garbage Removal and Cleaning Services - \$43,434
- Repairs and Maintenance Services - \$430,048
- Rentals - \$28,409
- Other Property Services - \$83,992
- Telephone Service - \$160,933
- Postage - \$34,210

More than half of the \$781,000 spent in FY 2009-10 on purchased services (excluding utilities) was for repair and maintenance services which include grounds keeping. Delaware CSD needs to review and control purchased service costs for facilities through the budget and appropriation process in order to reduce expenditures. During the course of the audit, the Director of Facilities and Transportation informed AOS that equipment repairs for the food service program and athletic teams are charged to the purchased service budget for facilities. It would be more appropriate to use the accounting system to identify these expenditures as food service and extracurricular activity costs. Separately, AOS determined the District does not charge the food service operation for utilities.

Measuring the Cost of Government Services (GFOA, 2002), suggests governments should measure the full cost of their services. For the food service operation, ORC 3313.81 emphasizes the need for this practice by stating: "All receipts and disbursements in connection with the operation of food service for school food service purposes and the maintenance, improvement,

and purchase of equipment for school food service purposes shall be paid directly into and disbursed from the food service fund which shall be kept in a legally designated depository of the board.”

The peer average facilities expenditures per square foot were \$0.34 less than Delaware CSD in FY 2009-10. By coding food service and athletic equipment repairs to facilities, the District is overstating its costs for purchased services related to facilities. Moreover, by not charging the food service fund for a portion of utilities expenses, it is understating the true cost of food service operations. By changing how expenditures are charged and reviewing purchased services for facilities, the District could reduce its facility costs and provide better cost information to decision makers.

Financial Implication: If Delaware reduced its per square foot facilities costs to the peer average, it would save about \$230,000 based on FY 2009-10 spending. Additionally, based FY 2009-10 utility costs and the number of square feet used for kitchens and cafeterias, the District could legitimately charge about \$47,000 for utilities to the food service operation, further improving the General Fund balance.

R3.4 Develop a more detailed energy policy and conservation program.

Delaware CSD should expand its policies and procedures to reflect and recognize all the activities used to control energy costs. The District should also implement a leading practice energy conservation education program for faculty, staff, and students. Having a formal energy conservation policy and educational program would help the District further reduce energy costs.

Delaware CSD's Board policy 7460 *Conservation of Natural and Material Resources* states, in part, that, "The increasing costs of natural energy resources coupled with the growing need to inhibit pollution mandate the District implement strategies which will conserve all forms of energy used and/or ensure proper recycling of reusable materials." Further, the policy directs the Superintendent to develop plans to meet these concerns. The accompanying administrative guideline states that "the Superintendent shall convene an environmental impact committee to enact a plan, monitor and track progress toward conservation goals, and monitor conservation activities in each of the buildings."

The District uses technology extensively to control and monitor energy use in its buildings. There are temperature controls, unoccupied settings, and air handler settings for unoccupied times, among other things in place at the buildings. The Director tracks the use and cost of electricity, gas, water/sewer, and trash by building and fleet fuel by bus, on a monthly basis to identify problem areas. The Director also compares similarly sized buildings in the District to see if there are differences. The Director uses this data to help prepare building budgets. In addition, the District uses an outside company to audit its electricity and gas costs on a per square foot basis annually. The company compiles a cost analysis that has helped the District reduce its energy costs per square foot. For example, during FY 2009-10, the District was able to negotiate with an electricity supplier who matched the price quoted in the cost analysis. Last, before holidays, staff memos are sent out to all buildings to remind faculty to turn off computers and

other electrical equipment before the holiday break. Many of the District's activities adhere to industry practices, but they are not formally documented in policies, procedures, or guidelines.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), the cost of energy is a major item in any school budget. Thus, school planners should embrace ideas that can lead to reduced energy costs. The following guidelines will help a school district to accomplish more efficient energy management:

- Establish an energy policy with specific goals and objectives;
- Assign someone to be responsible for the district's energy management program, and give this energy manager access to top-level administrators;
- Monitor each building's energy use;
- Conduct energy audits in all buildings to identify energy-inefficient units;
- Institute performance contracting when replacing older, energy-inefficient equipment;
- Reward schools that decrease their energy use;
- Install energy-efficient equipment, including power factor correction units, electronic ballasts, high-efficiency lamps, right setbacks and variable-speed drives for large motors and pumps; and
- Install motion detectors that turn lights on when a room is occupied.

According to *School Operations and Maintenance: Best Practices for Controlling Energy Costs* (U.S. Department of Energy, 2004), a successful maintenance and operations program will typically achieve savings of between \$0.06 and \$0.30 per square foot in annual utility costs, depending on the program type, aggressiveness of changes, the state of current maintenance and operations practices, and the conditions of plants. First year costs may be somewhat higher if the district purchases software or program equipment or contracts for initial consulting assistance. Costs will be less if substantial assistance is provided by utilities or other parties.

Mansfield City School District implemented an aggressive energy conservation program. It developed energy conservation policies which were distributed to all employees. All employees were required to participate in the program. Administrators and support personnel (particularly custodians) were invested in the process and enlisted to help ensure its success. The policy not only contained recommended practices outlined in NCES and U.S. Department of Energy publications, but also included several other leading practices. Some of the stipulations of the policy that exceed recommended practices include the following:

- Controlling temperatures within the range of 74-78 degrees during summer and 68-72 during winter;
- Turning off the lights when areas are unoccupied, including the gym, auditorium, and cafeteria;
- Turning off exterior lights during the day;
- Eliminating personal electric devices (space heaters, microwaves, hot plates, personal refrigerators, etc.) from all buildings;
- Turning off all computers, monitors, printers, etc., when not in use; and
- Closing blinds and doors to conserve heat.

The steps outlined in the policy save energy dollars while eliminating energy waste in the District's buildings. The policy also educates students and staff to contribute to energy efficiency in the District.

The energy conservation program at Westerville CSD resulted in a \$1.1 million cost avoidance for FY 2007-08 through the use of HVAC technology to decrease costs for unoccupied building times. Fifth grade students from Amherst elementary also hosted an energy awareness fair for students and parents. The District de-lamped many of the vending machines, instituted transitional lighting whereby custodians only turn on lights in the area they are working, and limited heating and cooling during the night, holidays, and summer months.

By expanding its policies and formalizing its energy management practices, Delaware CSD can ensure the policies and administrative guidelines reflect all of the practices in place that promote energy conservation and attempt to control costs.

District Response

The letter that follows is the Delaware City School District's official response to the performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement with the factual information presented in the report. When the District disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.



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ACHIEVING EXCELLENCE, HONORING TRADITION

Paul A Craft, Superintendent

Christine Blue, Treasurer

March 30, 2011

David Yost
Auditor of State
88 East Broad Street, 5th Floor
Columbus, OH 43215

Dear Auditor Yost,

On behalf of the Delaware City School District, we would like to thank the entire Performance Audit team for their time and effort in preparing the audit report for our district. The staff was thorough and professional during all phases of the performance audit. The district voluntarily engaged in this audit process to give the Board of Education and district leadership an additional tool to further streamline district operations and continue to improve district efficiencies.

We appreciate the many accomplishments noted within the report which have helped the Delaware City School District provide excellent educational services while maintaining a lean budget. We are committed to continuing our efforts in this area.

The recommendations for improvement identified in the report will help guide district decisions. Specifically, the treasurer's office affirms a commitment to providing important financial data to the Board of Education and the community at large through a variety of means including improved printed financial reports and additional information on the district web site. The district budget process has been revised to better reflect district priorities.

The district staffing analysis has already been used to inform decisions in recent budget reductions resulting in the elimination of several identified positions. The Human Resources department also has plans to implement a comprehensive staffing plan to guide future staffing allocations.

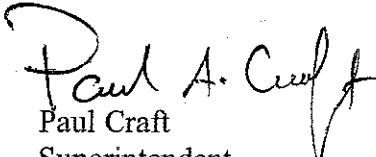
State Auditor Yost


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The facilities audit has provided valuable guidance for effectively maintaining district facilities. Staffing levels are being analyzed with the goal of reducing the total number of maintenance and custodial staff. Overtime costs are being analyzed and a system will be implemented to better track tasks associated with overtime in an effort to reduce those costs. The district has undertaken several energy conservation projects over the past few years and will continue all efforts to reduce energy costs.

Delaware City Schools will continue to analyze the information gained through the audit process for the continued improvement of our district. We thank you for your time and efforts on our behalf.

Sincerely,


Paul Craft
Superintendent


Christine Blue
Treasurer



Dave Yost • Auditor of State

DELAWARE CITY SCHOOL DISTRICT

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 5, 2011**