

OHIO AUDITOR OF STATE
KEITH FABER



Blanchester
Local School District

Performance Audit

April 2022

OHIO AUDITOR OF STATE
KEITH FABER



88 E. Broad St.
Columbus, Ohio 43215
Phone: (614) 466-4514
Toll Free: (800) 282-0370
www.ohioauditor.gov



To the Blanchester Local School District community,

The Auditor of State's Office recently completed a performance audit for the Blanchester Local School District (the District). The District was selected for a performance audit based on its projected financial condition. This review was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. The performance audit has been provided at no cost to the District through state funds set aside to provide analyses for districts that meet certain criteria, including conditions that would lead to fiscal distress.

This performance audit report contains recommendations, supported by detailed analysis, to enhance the District's overall economy, efficiency, and/or effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management. The District has been encouraged to use the recommendations contained in the report and to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report.

This data-driven analysis of operations provides the District valuable information which can be used to make important financial decisions. Additional resources related to performance audits are available on the Ohio Auditor of State's website.

This performance audit report can be accessed online through the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2022

This page intentionally left blank.

Table of Contents

Introduction.....	3
Blanchester Local School District.....	4
Financial Condition	4
School Funding.....	5
BLSD Revenues	8
Expenditures	12
Results of the Audit.....	13
Tier I Recommendations	16
Financial Management.....	16
Recommendation 1: Develop Formal Strategic and Capital Plans	16
Recommendation 2: Enhance Financial Communication	18
Recommendation 3: Reduce the General Fund Subsidy for Extracurricular Activities to the Local Peer Level.....	20
Human Resources	22
Recommendation 4: Eliminate 1.0 FTE General Education Teaching Position	22
Recommendation 5: Align Employer Insurance Costs with SERB Regional Average	23
Facilities.....	25
Recommendation 6: Formalize Preventative Maintenance Plan.....	25
Transportation.....	27
Recommendation 7: Eliminate Two Routes from the Active Bus Fleet	27
Recommendation 8: Develop a Formal Bus Replacement Plan.....	30
Food Service	31
Recommendation 9: Continually Evaluate Participation Levels Within Food Service Operations to Effectively Plan for Staffing Needs.....	31
Tier II and Tier III Recommendations	34
Tier II Recommendations	34
Eliminate the General Fund Subsidy for Extracurricular Activities	34
Eliminate Tuition Reimbursement	34
Freeze Salaries at FY 2022 Forecast Levels	35
Tier III Recommendations.....	35

Eliminate up to 18.5 FTE Classroom Teachers 35

Client Response Letter 36

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit 38

 Performance Audit Purpose and Overview 38

 Audit Scope and Objectives 38

 Audit Methodology 40

Appendix B: Financial Systems 42

Appendix C: Financial Management 44

 Extracurricular Activity Net Cost Comparison 44

Appendix D: Human Resources..... 45

 Staffing Comparison Tables 45

Appendix E: Facilities..... 58

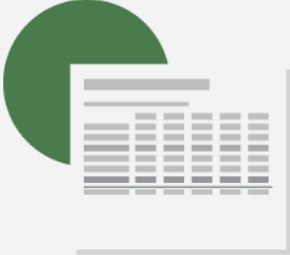
Appendix F: Food Service 59

Introduction

The public expects and deserves government entities to be good stewards of taxpayer dollars. School officials have a responsibility to maximize program outcomes and success while minimizing costs. Transparent management of taxpayer dollars promotes a good relationship with the constituents served by a school district. School districts in Ohio are required to submit budget forecasts to the Ohio Department of Education (ODE) annually in the fall, with updates to the forecast submitted in the spring.¹ These documents provide three years of historical financial data, as well as the projected revenues and expenses for a five-year period.

Ohio Department of Education Five-Year Forecasts

Ohio school districts provide a five-year financial forecast to ODE twice a year. These forecasts provide an overview of a district's financial health. To ensure all interested parties are able to understand the forecasts, ODE has developed a guide with information including definitions of key terms, general ideas of what a good forecast should contain, and a line by line explanation of the forecast.



[Click here for the full document.](#)

The Ohio Auditor of State's Office Ohio Performance Team (OPT) routinely reviews the submitted forecasts in order to identify districts which may benefit from a performance audit. These audits are designed to assist school districts that are struggling financially. We use data-driven analyses to produce and support recommendations that identify opportunities for improved operations, effectiveness, increased transparency and reductions in cost. While we have the authority to initiate a performance audit for school districts facing financial distress, any school district can request, and benefit from, an audit.²



NOTE TO REPORT USERS

Due to the COVID-19 pandemic, districts received federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The aid was provided through Elementary and Secondary School Emergency Relief (ESSER) funding. Nearly \$500 million was allocated to traditional public schools and community schools throughout Ohio. Districts are allowed to use this funding on a variety of expenditures, and may, for a short time, impact the five-year forecasts.

¹ Ohio Rev. Code § 5705.391 and Ohio Admin. Code 3301-92-04.

² Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see **Appendix A** for more details.

Blanchester Local School District

Blanchester Local School District (BLSD or the District) is located in Clinton County and, as of FY 2021, had 1,262 students enrolled. The District spans approximately 70 square miles and has a median income of \$34,641. Of the total enrolled students, 13.7 percent were students with disabilities. The District has a 1.25 percent, six-year earned income tax levy on the ballot in May 2022. This income tax would raise an estimated \$2.1 million annually and be used for both current expenses and permanent improvement expenses.³



Financial Condition

In May 2021, BLSD released its semi-annual five-year forecast, which showed progressively declining year-end fund balances throughout the forecast period. That forecast showed deficit spending projected in FY 2021 through FY 2025, and negative fund balances, beginning in FY 2023 and continuing throughout the remainder of the forecast period. Due to the declining financial condition, and in consultation with ODE, we chose to conduct a performance audit for the District.

Financial Condition Overview (May 2021)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Revenue	\$15,990,443	\$16,353,375	\$16,404,704	\$16,436,675	\$16,469,311
Total Expenditures	\$16,002,573	\$17,348,248	\$18,546,344	\$18,949,344	\$18,917,720
Results of Operations	(\$12,130)	(\$994,873)	(\$2,141,640)	(\$2,512,669)	(\$2,448,409)
Beginning Cash Balance	\$2,677,227	\$2,665,097	\$1,670,224	(\$471,416)	(\$2,984,085)
Ending Cash Balance	\$2,665,097	\$1,670,224	(\$471,416)	(\$2,984,085)	(\$5,432,494)
Encumbrances	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$2,265,097	\$1,270,224	(\$871,416)	(\$3,384,085)	(\$5,832,494)

Source: ODE

The District's most recent five-year forecast was released in November 2021 and shows an improved financial condition in FY 2022 and FY 2023. This improvement delayed the projected

³ The District previously had a permanent improvement levy which expired in 2021. This levy collected approximately \$100,000 annually from property taxes.

negative fund balance by one year, from FY 2023 to FY 2024. The following table is a high-level summary of the November 2021 five-year forecast.

Financial Condition Overview (November 2021)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Revenue	\$16,673,477	\$16,729,806	\$15,980,095	\$16,196,689	\$16,196,689
Total Expenditures	\$16,143,566	\$17,197,682	\$18,199,945	\$19,615,345	\$19,620,345
Results of Operations	\$529,911	(\$467,876)	(\$2,219,850)	(\$3,418,656)	(\$3,423,656)
Beginning Cash Balance	\$2,665,954	\$3,195,865	\$2,727,990	\$508,140	(\$2,910,516)
Ending Cash Balance	\$3,195,865	\$2,727,990	\$508,140	(\$2,910,516)	(\$6,334,172)
Encumbrances	\$650,000	\$650,000	\$650,000	\$425,000	\$425,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$2,545,865	\$2,077,990	(\$141,860)	(\$3,335,516)	(\$6,759,172)

Source: ODE

While the November 2021 forecast also shows an improved financial condition, based on the projected expenditures and revenues, the District will have a negative fund balance beginning in FY 2024. The deficit is projected to grow to more than \$6.7 million by the end of the forecast period in FY 2026. District officials approved an income tax levy after the release of the most recent forecast. This income tax is expected to raise approximately \$2.1 million annually. This additional revenue would allow BLSD to eliminate projected fund deficits.

However, while the income tax would raise enough revenue to resolve the projected negative fund balance, it would not fully address the District’s projected budget deficit, which will result in declining fund balances throughout the forecast period. This means that BLSD officials are projecting to have expenditures which are more than expected revenues throughout the forecast period, even if the income tax passes.

School Funding

Historically, school funding in Ohio has been a partnership between the state and local districts. Local districts can raise funds through property and income taxes and the state provides funding primarily through a foundation formula, which is intended to ensure a basic level of education funding for all students. Districts may also receive some funding from other sources, such as federal grants. In FY 2021, of the approximately \$25.3 billion in reported revenue for public education in Ohio, nearly 84 percent, or \$21.2 billion, came from state and local sources.

State Funding

On June 30, 2021, House Bill 110 of the 134th General Assembly (the biennial budget bill) was signed by the Governor. This bill included changes to the state foundation funding formula, commonly referred to as the Fair School Funding Plan, which replaced the previous state funding allocation model. This new model establishes and implements a cost methodology using student-teacher ratios, minimum staffing levels, local property values, and district-level income data. Further, the legislation includes guarantees to ensure no school district receives less funding than it did in FY 2021.

The new model is planned to be phased-in over several years, which will impact the amount of state funding received under the new formula over the period of the phase-in. During the phase-in period, the amount of state funding received in any given year may be less than what would have been received if the formula were fully funded. ODE transitioned to the new funding model in January of 2022.

Local Funding

Local revenue can be raised through a combination of property and income taxes. While property taxes are assessed on both residential and business properties within a district, income tax is assessed only on residents⁴ – that is, individuals who work in a district but do not reside there would not be assessed an income tax on wages. Approximately one third of Ohio school districts currently have an income tax.

Property Tax

Property taxes levied in Ohio are subject to restrictions in the Ohio Constitution⁵ and the Ohio Revised Code (ORC).⁶ These restrictions limit the amount of tax that can be levied without voter approval to 10 mills⁷ or 1 percent of property value. While the Constitutional limitation is based on fair market value, the ORC sets a more restrictive limit based on taxable value which is defined as 35 percent of fair market value. These taxes are split between the various taxing districts that operate where a property is located.

The 10 mills allowed by the Constitution are typically referred to as inside, or un-voted mills. School districts usually receive revenue from 4 to 6 inside mills and the remainder of property tax revenue would come from voted, or outside millage.

School districts can obtain additional property tax revenue through voter approved bonds and levies. These taxes can have a variety of purposes that are defined in the authorizing language

⁴ See <https://tax.ohio.gov/wps/portal/gov/tax/individual/school-district-income-tax>

⁵ Ohio Const. Art. XII, Section 2.

⁶ Ohio Rev. Code § 5705.02.

⁷ A mill is defined as one-tenth of one percent or \$1 for every \$1,000 of taxable value.

which are generally divided into three broad categories: general operations, permanent improvement, and construction.

Levies may be defined as either a fixed-rate or a fixed-sum. A fixed-rate levy identifies an amount of mills that will be assessed in order to raise revenues. If new construction occurs within the district, the rate would apply and the district would realize additional revenues. Current expense levies, used for general operations, and permanent improvement levies are typically fixed-rate. A fixed-sum levy identifies an amount that will be generated from the levy. While there may be an estimated millage rate, the actual rate will vary based on assessed property values. If new construction occurs within the district, there would be no new revenues for a fixed-sum levy. Emergency levies⁸ for general operations, and bond levies for the financing of new buildings, are typically fixed-sum levies.

Ohio has historically had laws which limit the impact rising property values can have on property taxes. The most recent version of these limitations was enacted in 1976, and requires that the amount collected on fixed-rate millage is frozen at the dollar value collected in its first year.⁹ In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.¹⁰ Instead, the outside mills are subject to reduction factors¹¹ which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.¹²

However, under state law, in order to receive state foundation funding, a district must collect a minimum of 20 mills in property taxes for general purposes, or current expenses.¹³ In order to prevent a district from failing to meet this minimum threshold, reduction factors stop being applied once a district reaches an effective rate of 20-mills, colloquially known as the 20-mill floor. Practically speaking, this means that if a district's effective tax rate is reduced to 20 mills for current expenses, the amount of revenue generated from levies will increase with property values unless a new operating levy is approved by voters. It is important to note, as discussed below, not all levies count toward the 20-mill floor.

⁸ Authorized by ORC §5705.194.

⁹ Am.Sub.H.B. No. 920, 136 Ohio Laws, Part II, 3182, 3194.

¹⁰ If property value decreased due to reappraisal, it is possible that a district would receive less revenue than originally intended.

¹¹ ORC § 319.301

¹² We are providing this information for historical purposes only. The law which regulates collection of on outside millage has been amended since enacted in 1976. The District should consult with the most current version of the law for a clear understanding of how this process works today.

¹³ The term 'current expense' refers to revenue generated from levies that are not restricted in their use. It does not include bonds or levies that generate revenues for restricted funds, such as Permanent Improvement levies.

Ultimately, the mixture of property taxes approved by voters can have a wide-ranging impact on both the revenues collected by a district and the amount of tax that individual property owners are required to pay on an annual basis.

Income Tax

A school district income tax is an alternative method of raising local revenue. Like property taxes, an income tax must be approved by voters and may be for either general use or specific purposes, such as bond repayment. Once approved, a tax becomes effective on January 1st of the following year. Unlike municipal income taxes which are generally levied on wages earned in the municipality by both residents and nonresidents, school district income taxes are levied on wages earned by residents of the district, regardless of where the resident may work. Businesses operating within the school district are not required to pay the income tax.

A school board, when determining that an income tax is necessary for additional revenue, must submit a resolution to the Ohio Tax Commissioner identifying the amount of revenue to be raised and the tax base to be used for calculations. A school district income tax can be assessed on either a traditional tax base or an earned income tax base. The traditional tax base uses the same income base as Ohio's income tax and the earned income tax base is only earned income from an employer or self-employment. Under the earned income tax base, income such as capital gains or pension payments is not taxable, though this type of income may be taxed under the traditional tax base. Once this information is received, the Tax Commissioner identifies the income tax rate and equivalent property tax millage for the district.

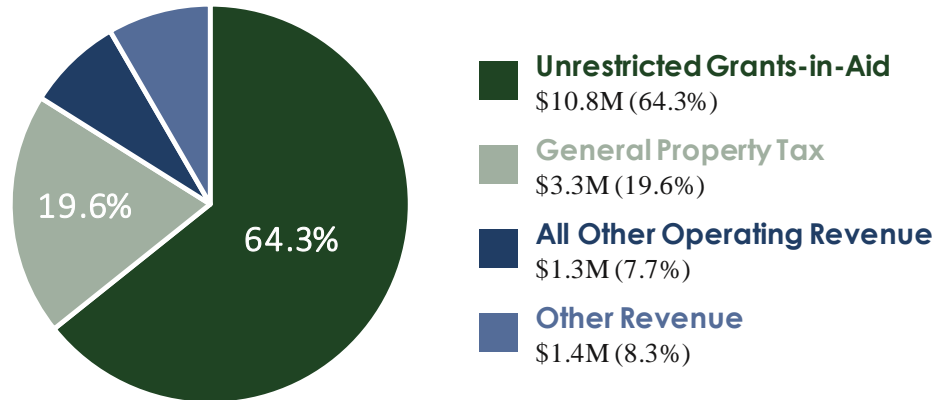
The Ohio Department of Taxation collects income tax through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as are currently used for state income taxes. Districts receive quarterly payments from the Department of Taxation and each payment is for the amount collected during the prior quarter. A district receives the total amount of revenue collected less a 1.5 percent fee retained by the state for administration purposes. The amount of revenue collected via income tax each year will vary based on the earnings of the district's residents.

BLSD Revenues

In FY 2021, the District's total general fund revenue was approximately \$16.8 million. The District's primary sources of revenue are general property taxes and state foundation funding. The remaining revenue is comprised of a variety of sources as seen in the chart on the following page.

FY 2021 Total General Fund Revenue Composition

Total: \$16.8M



Source: ODE

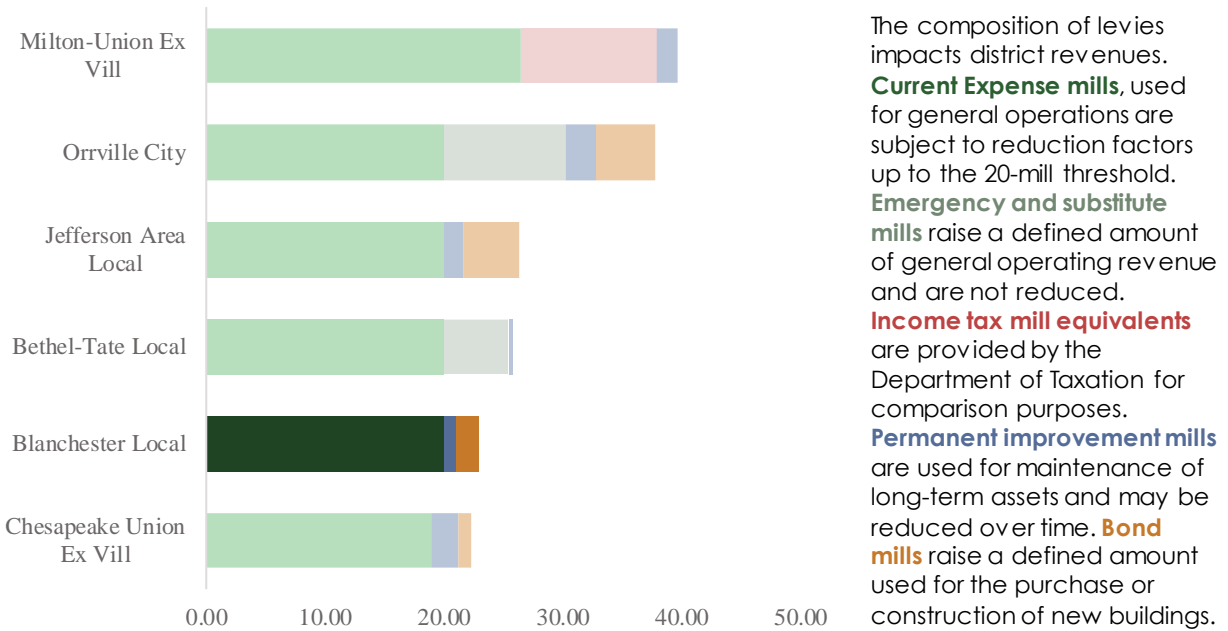
Note: Other Revenue includes Advances-In, Restricted Grants-in-Aid, and Property Tax Allocation.

In 2020, BLSD collected revenues on 22.96 mills of property tax for residential properties.¹⁴ This included 4.1 inside mills and 15.9 outside mills for current expenses. The District’s current expense millage rate is at the 20-mill floor and therefore not subject to reduction factors. In addition to the 20 mills collected for current expenses, the District collects additional property tax revenue that does not count toward the 20-mill floor. In 2020, this additional millage totaled 2.96 mills and was comprised of a permanent improvement levy of 1.06 mills, and a bond levy of 1.9 mills.

Because the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for BLSD to that of its primary peers. This comparison is found in the chart on the following page. The green portion of the bar represents the current expense millage rate, where all but one of the peers are also on the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding. While BLSD does not yet have a school district income tax, some peers do have revenue from income taxes. This revenue is converted to an estimated millage equivalent by the Department of Taxation and represented in pink.

¹⁴ Residential and agricultural property is considered Class 1 real estate. Commercial Property is considered Class 2 real estate and subject to a different set of reduction factors. The effective millage rate for Class 2 property in 2020 was 27.47.

2020 Millage and Millage Equivalents | Primary Peers



Source: Ohio Department of Taxation

Overall, the District’s effective millage rate of 22.96 is less than all but one of the primary peers. It is important to understand that the revenue generated from bond and emergency levies remains the same regardless of changes to property values as they are voted as a fixed-sum levies. The current expense millage and permanent improvement millage also stay the same until the 20-mill floor is hit for current expense taxes. At that point, a district at the floor would see additional revenues from increases in value to existing properties. BLS and the majority of its peers are currently at the 20-mill floor, or very close to it, which means most will see additional revenue if property values increase.

Local Tax Effort

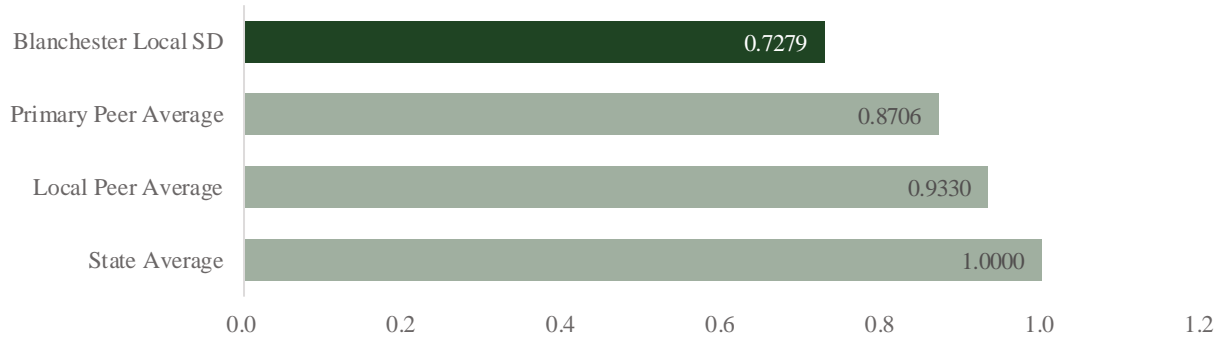
ODE uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents’ abilities 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. This index uses median income data and provides context to better understand a community’s tax burden, not only compared to other districts, but also as a function of the residents’ ability to pay.

On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a

Efficient • Effective • Transparent

smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. The index is updated annually by ODE as part of its District Profile Reports, also known as the Cupp Report, to reflect changes in local conditions from year to year.

FY 2021 Local Tax Effort Comparison



Source: ODE

The District’s local tax effort was compared to the local peers, primary peers, and the state average. The District has a local tax effort of 0.728. This is the 499th highest local tax effort in the state, which is approximately the 18th percentile of all districts. By comparison, the local peer average of 0.933 would rank approximately 353rd out of all districts, or the 42nd percentile. BLSD’s local tax effort could change as a result of the passage of any additional tax initiatives.

Revenue per Pupil

Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. Because our audit focuses on the projected deficit in the five year forecast, we reviewed only the forecasted fund revenues for this purpose.¹⁵ In FY 2021, the District received \$13,471 per pupil, with 19.6 percent, or approximately \$2,647, coming from local taxes.¹⁶ In FY 2021, the primary peer average was \$11,772 in revenue per pupil, with 34.1 percent, or approximately \$4,010, coming from local taxes. The District’s local revenue was lower than the primary peer average in FY 2021.

¹⁵ Forecasted funds include the District’s General Fund and funds derived from emergency levies.

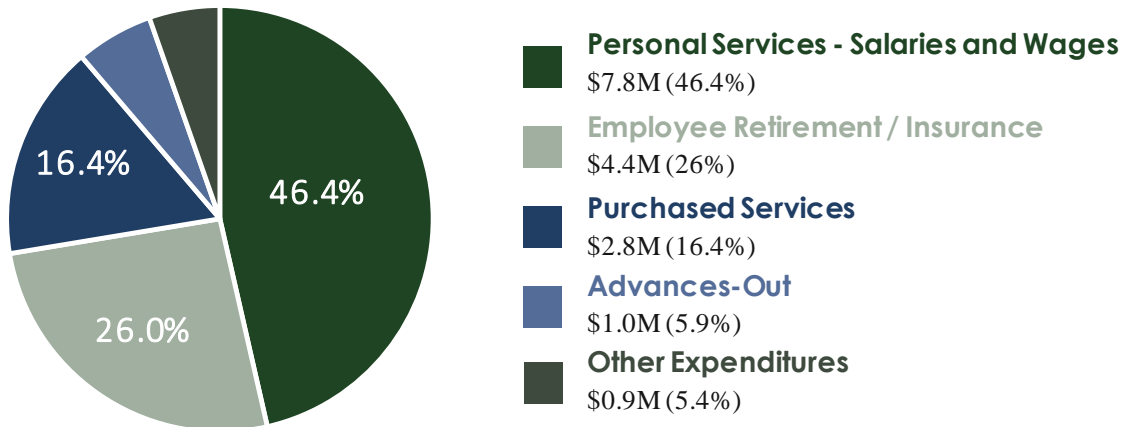
¹⁶ The Cupp Report, issued by ODE, provides information on all revenues received by a district. Because of this, the percentage of revenues from local revenues in the Cupp report may vary from the amount in our report due to the inclusion of additional revenues. This is particularly true when reviewing FY 2021 data as districts received federal funding for COVID-19 relief through ESSER grants.

Expenditures

In FY 2021, the District’s total expenditures were \$16.8 million. The largest source of expenditures was human resources, which includes salaries, wages, and benefits, followed by purchased services. The chart that follows provides additional detail regarding District expenditures.

FY 2021 Total General Fund Expenditure Composition

Total: \$16.8M



Source: ODE

Note: Other Expenditures includes Capital Outlay, Operating Transfers-Out, Principal on Loans, Interest & Fiscal Charges, Supplies and Materials, and Other Objects.

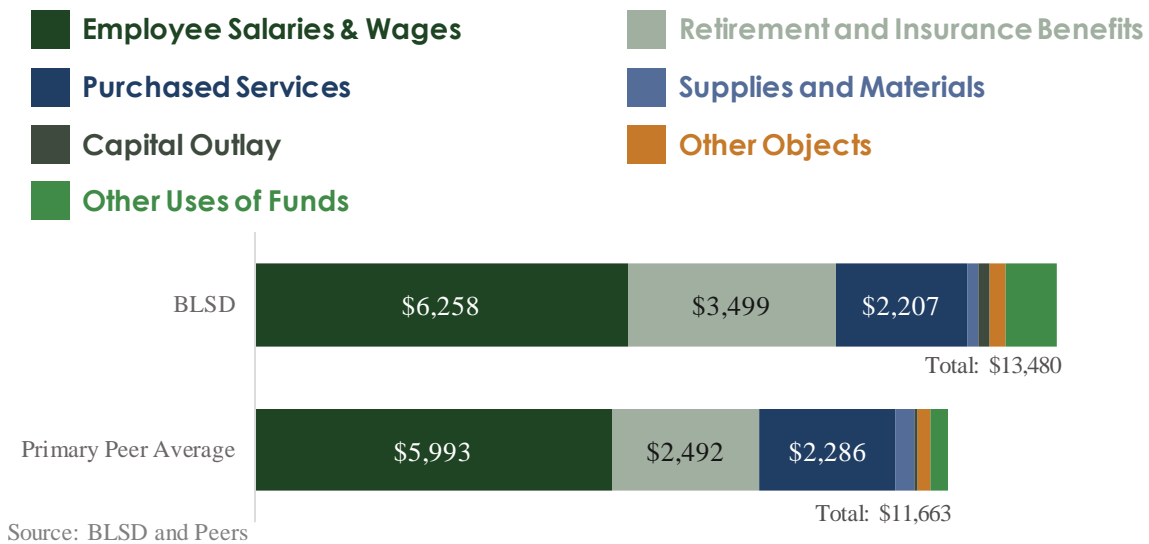
Expenditures per Pupil

In FY 2020, BLSD spent \$13,480, or 15.6 percent more, per pupil when compared to the primary peer average of \$11,663 per pupil. The District spent more than the primary peer average on employee salaries and wages, employee benefits, capital outlays, other objects, and other uses of funds. The District spent less than the primary peer average on purchased services as well as supplies and materials.¹⁷

The chart that follows provides a graphic comparison of expenditures per pupil for BLSD and the primary peer average.

¹⁷ The category of “Other Objects” includes things such as interest on loans, memberships in professional organizations, County Board of Education contributions, and various types of non-healthcare insurance. “Other Uses of Funds” mainly consists of transfers, contingencies, and advances within the various accounting dimensions.

FY 2022 Total Expenditures Per Pupil



Results of the Audit

Based on an initial analysis of the District’s data as compared to its peer groups, the following scope areas were included for detailed review and further analyses: Financial Management, Human Resources, Facilities, Transportation, and Food Services. We identified nine recommendations which would result in reduced expenses or an improvement in the District’s operational management based on industry standards and peer averages. These nine recommendations are referred to as **Tier I** recommendations in the audit. The table below provides a summary of the **Tier I** recommendations identified in this report.

Summary of Tier I Recommendations

Recommendations		Savings
R.1	Develop Strategic & Capital Plans	N/A
R.2	Enhance Financial Communication	N/A
R.3	Reduce Extra-Curricular Activity Subsidy	\$37,000
R.4	Eliminate 1.0 FTE General Education Teaching Positions	\$46,000
R.5	Align Employer Insurance Costs	\$1,056,000
R.6	Formalize Preventative Maintenance	N/A
R.7	Eliminate Two Routes from the Active Bus Fleet	\$113,000
R.8	Formalize Bus Replacement Plan	N/A
Total Cost Savings from Performance Audit Recommendations (General Fund)		\$1,252,000
R.9	Continually Evaluate Participation Levels within Food Service Operations to Effectively Plan for Staffing Needs (Food Service Fund)	N/A

Note: Numbers in this table are rounded down to the nearest \$1,000 to provide conservative estimates and for readability purposes.

The impact of this audit's **Tier I** recommendations on the November 2021 five-year financial forecast is shown in the following table.

Results of the Tier I Audit Recommendations

	FY 2023	FY 2024	FY 2025	FY 2026
Original Ending Fund Balance	\$2,077,990	(\$141,860)	(\$3,335,516)	(\$6,759,172)
Cumulative Balance of Tier I Recommendations	\$964,573	\$2,101,975	\$3,446,225	\$5,019,633
Revised Ending Fund Balance with Tier I Recommendations	\$3,042,563	\$1,960,115	\$110,709	(\$1,739,539)

Source: BLS D

The District's current financial condition is such that implementation of these **Tier I** recommendations would not resolve the projected deficit fund balance in the most recent five-year forecast. Because of this, we identified additional recommendations that the District can consider that go beyond alignment with peer averages and industry standards. In the audit, **Tier II** recommendations are those that have potential for increased savings but do not include additional personnel reductions. **Tier III** recommendations are additional personnel reductions identified on a case-by-case basis in areas where the District was staffed in-line with, or lower than, the respective peer averages. The potential cost savings associated with **Tier II** and **Tier III** recommendations are seen in the table below.

Efficient • Effective • Transparent

Additional Recommendations

Recommendations		Savings
Tier II	Implement a Base Salary and Step Freeze for all Positions ¹	\$545,000
Tier II	Fully Eliminate General Fund Subsidy of Extracurriculars	\$226,000
Tier II	Eliminate Tuition Reimbursement	\$15,000
Tier III	Eliminate up to 18.5 FTE Classroom Teacher Positions ²	\$1,568,000

Note: Numbers in this table are rounded down to the nearest \$1000 to provide conservative estimates and for readability purposes.

¹ Note: The cost savings associated with a salary freeze is based on current staffing levels. Actual savings may be less if staffing reductions in Tier I are made.

² Savings shown is based on current rates for insurance. If the District is successful in renegotiating its insurance policy as shown in R.5, estimated savings would be lower.

When considering implementation of either **Tier II** or **Tier III** recommendations, the District must consider the impact on overall operations. Some recommendations identified in **Tier II** could require contract negotiations and likely would not be implemented immediately. Reducing the number of general education teachers in the District is something that officials can do without negotiations. However, doing so may result in BLSD operating at levels that could impact the level of services provided to the community. BLSD may wish to consider implementing these additional recommendations, or some combination of them, based on the current financial needs of the District.

Tier I Recommendations

Financial Management

Any organization needs to consider both short-term needs and long-term goals when developing policies and procedures related to financial management. This requires strategic planning in order to identify the best use of available resources. School districts, in particular, must have sound planning processes in place so that they can effectively and transparently provide services to their residents. We reviewed BLSD’s financial management policies in order to determine if there were areas for improved management.

Recommendation 1: Develop Formal Strategic and Capital Plans

Impact

Developing long-term strategic and capital plans that are linked to annual budgets could provide the District with necessary guidance on overall spending and program allocations based on plan-related goals and objectives. The development of these plans could also assist the District in making more efficient and effective long-term decisions.

Methodology

We interviewed District officials to confirm that the District does not have formal strategic or capital plans. We also reviewed BLSD’s current strategic and capital planning practices and compared them to the Government Finance Officers’ Association (GFOA) best practices to identify opportunities for improvement.

Analysis

The District does not have a strategic plan. Furthermore, our analysis revealed that while the District does have some capital planning processes in place, there is no formal capital plan. As a result, BLSD’s annual budget is not linked to formal planning goals, objectives, or performance measures.

The Government Finance Officers’ Association (GFOA) provides guidance to governmental entities in the development and maintenance of effective long-term planning. *Establishment of Strategic Plans* (GFOA, 2005) defines strategic planning as a “comprehensive and systemic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness,

and develop commitment to the organization’s mission, and achieve consensus on strategies and objectives for achieving that mission.”

Key steps in the strategic planning process include:

- Initiating the strategic planning process;
- Preparing a mission statement;
- Assessing and identifying environmental factors and critical issues;
- Agreeing upon and developing strategies for a small number of broad goals;
- Creating an action plan, including measurable objectives and performance measures;
- Obtaining approval of the plan; and
- Implementing, monitoring, and reassessing the plan.

Long-Term Financial Planning (GFOA, 2008) specifies that long-term financial planning should encompass the following elements:

- Planning at least five to 10 years into the future;
- Considering all appropriated funds;
- Updating long-term planning activities as needed in order to provide direction to the budget process;
- Analyzing the financial environment, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance, and a plan for monitoring mechanisms, such as a scorecard of key indicators of financial health, and;
- Informing the public and elected officials about the long-term financial prospects of the government and strategies for financial balance.

Finally, *Multi-Year Capital Planning* (GFOA, 2006) recommends that public entities create and implement a multi-year capital plan as a component of their comprehensive strategic plan. An adequate capital plan should:

- Identify and prioritize expected needs based on the entity’s strategic plan;
- Establish project scopes and costs;
- Detail estimated amounts of funding from various sources; and
- Project future operating and maintenance costs.

Conclusion

The District should concurrently develop a strategic plan and a capital plan. By not having formal strategic and capital plans linked to the budget, BLSD is not able to effectively address all financial, programmatic, and operational needs of the District. Therefore, it should concurrently develop such plans in order to improve program and funding decisions.

Recommendation 2: Enhance Financial Communication

Impact

The District limits financial information provided to stakeholders via its website to Board meeting dates and times, and meeting agendas and minutes. By providing greater access to key financial information, BLSD could improve transparency and increase stakeholder confidence in its financial decision making.

Methodology

We conducted a review of the District's website to determine its financial information-sharing practices. We also confirmed with Treasurer that the website is the primary method of making financial data available to the community, other than attendance at Regular or Special meetings of the Board.

Analysis

BLSD does not regularly share key financial information with the community. While the District does have a website, only the very limited financial information published in board meeting agendas is posted there. As a result, stakeholders have no easy means for monitoring the use of scarce resources and may be less likely to understand and support the District's financial decision-making.

According to *Website Posting of Financial Documents* (GFOA, 2018), using a government website to disseminate information demonstrates both accountability and transparency to stakeholders in an easily accessible format. The GFOA recognizes the following benefits from communicating financial information on a government's website:

- Heightened awareness;
- Universal accessibility;
- Increased potential for interaction;
- Enhanced diversity;
- Facilitated analysis;
- Lowered costs;
- Contribution to sustainability; and
- Broadened potential scope.

Most of the local peers (four out of five) post a variety of financial information on their respective websites. The following are examples of the types of information posted by these peers:

- A five-year revenue versus expenditure graph through FY 2025.
- Links to their respective five-year forecasts.
- A link to the Comprehensive Annual Financial Report (CAFR).
- A link to the most recent financial audit.
- Rates of taxation.
- Key monthly revenue and expenditure data.
- A detailed explanation of the CARES/ESSER money received by the District.
- A link to the Ohio Checkbook Online.
- An explanation of Ohio's new school funding model under HB 110.

Conclusion

The District should enhance the communication of its financial information by more fully utilizing its website to disseminate important data and pertinent news to stakeholders. By failing to make relevant financial information available on its website, the District increases the risk that it will not be able to fully engage with community stakeholders who can provide meaningful input based on readily available financial information. Improving the communication of such information will help to ensure accountability and transparency to stakeholders and the community.

Recommendation 3: Reduce the General Fund Subsidy for Extracurricular Activities to the Local Peer Level

Impact

Reducing expenditures and/or increasing revenue to bring the General Fund subsidy of extracurricular activities in line with the local peer average would save BLSD an average of approximately \$37,000 annually in each year of implementation.

Background

BLSD has been using a larger portion of its General Fund subsidy to go towards extracurricular activities than local peers, particularly in the areas of occupation-oriented, school and public service co-curricular, and sports-oriented activities.

Methodology

The District's per pupil General Fund subsidy for extracurricular activities was compared to the local peer average, as was the use of pay to participate fees.

Analysis

In FY 2021, the District spent approximately \$472,000 on student extracurricular activities, which included the salaries and benefits of directors, coaches, advisors; supplies and materials; transportation services; awards and prizes; and other miscellaneous expenditures. A total of \$264,000 was subsidized by the General Fund, an amount that has increased by 7.7% in the last three years as enrollment has declined. On a per-pupil basis, this amounts to a General Fund expenditure of approximately \$211 per pupil. The local peer average was approximately \$181 per pupil, resulting in a difference of \$30 per pupil.

Reducing extracurricular per-pupil spending to the local peer average would reduce the total General Fund subsidy by \$37,000. While it is common for Ohio school districts to subsidize extra-curricular activities from the General Fund, doing so at a rate that exceeds the local peer average may represent an undue burden on the District's General Fund.

Conclusion

The District subsidizes its extracurricular activities on a per pupil basis to a greater degree than the local peers. BLSD should reduce General Fund subsidies for extracurricular activities to be in line with the local peer average by implementing one or more of the following steps:

- Implement pay-to-participate fees for extracurricular activities;

- Increase admissions and sales;
- Increase booster club funding;
- Reduce the supplemental salary schedule; and/or,
- Eliminate programs that require higher expenses than the revenue generated, or activities that have low participation levels.

Instituting any of these measures would help reduce the General Fund subsidy, allowing more resources to be dedicated to student instruction. However, the District leadership should continue to consider the impact on families and students within BLSD resulting from the implementation of any of these measures.

Human Resources

Recommendation 4: Eliminate 1.0 FTE General Education Teaching Position

Impact

By eliminating 1.0 FTE General Education teaching position to be in line with the primary peer average, the District could save an average of approximately \$46,000 annually.

Background

Human resource (HR) expenditures are significant to both the operational and financial conditions within school districts. OPT reviewed BLSD's staffing levels, salaries, and CBA provisions and compared them to peer districts. Title I and Special Education staffing were excluded from our analyses due to various legal and contractual requirements within these programs.

Methodology

Staffing levels for BLSD were identified and compared to primary peer averages. In order to make data-driven decisions, the data was normalized on both a per-1,000 student and per-building basis and compared to the primary peer average (See **Appendix D**).

Analysis

While the District's staffing levels were generally at or below the peers, the area of General Education Teacher is one classification where BLSD staffing is above the primary peer average. BLSD employs 60.0 FTE general education teachers, which is 1.0 FTEs above the primary peer average per 1,000 pupils. Eliminating 1.0 FTE general education teaching positions could save an average of \$46,000 annually, bringing the District's baseline staffing ratio to a level consistent with the primary peer average.

Conclusion

The elimination of 1.0 FTE General Education teaching position would result in average annual savings of \$46,000 in each year of implementation during the forecast period and bring the District's baseline teacher staffing to a level consistent with the primary peer average.

Recommendation 5: Align Employer Insurance Costs with SERB Regional Average

The District should align its employer costs for medical, dental, and vision insurance premiums with the SERB regional average.

Impact

Aligning employer costs with the State Employment Relations Board (SERB) regional average would reduce expenditures and result in average annual savings of approximately \$1 million beginning in FY 2023 and total savings of approximately \$4.2 million over the course of the five-year financial forecast. This could be accomplished by removing provisions that are more generous than SERB regional averages from their plan designs, further lowering contributions towards premium costs, and further exploring cost sharing options.

Background

Employees are offered a choice between two medical plans pursuant to provisions in the CBA. Both plans offer an option for single or family coverage. Currently, BLSD has 76 enrollees in the high deductible health plan (HDHP) plan and 85 in the Preferred Provider Organization (PPO) plan. The District's vision and dental plan offerings both have 171 enrollees with 20 single and 151 family plan enrollees in each.

Methodology

BLSD plan provisions and costs were compared to the SERB regional peer average of premium costs from the FY 2021 SERB Survey. This peer average excluded outlier districts whose plans were more than two standard deviations outside the mean.

Analysis

Both BLSD plans have costs that are higher than the SERB regional peer average. These higher costs are due to several factors, including recent price increases, more generous plan provisions, and a larger district contribution towards premium costs.

BLSD could save approximately \$316,000 annually on its HDHP plan, and \$694,000 annually on its PPO plan if District contributions were reduced to the SERB regional peer average. Similarly, aligning vision and family dental plan costs with the peer average could save approximately \$45,000 annually.

Potential savings stem primarily from the medical plans, which account for most of the cost differences between BLSD and the regional peers. The largest contributing factors to these differences include the following:

Efficient • Effective • Transparent

- The District’s PPO and HDHP premium costs are higher than the SERB regional average. Further, BLSD’s portion of the premium costs outlined in the certificated and classified contracts exceed the SERB regional peers in each plan.
- BLSD's vision premium costs by plan type are higher than the SERB regional peer average.
- BLSD's deductibles are well below peer average for both the PPO and HDHP plans, except for the Single Non-network HDHP.
- The out of pocket maximums for both plans are well below the SERB regional peer average.
- Copayments are below the peer average for both BLSD plans.

The following table shows cost savings that would be associated with aligning insurance plans with the SERB regional average plans, with individualized savings summarized based on single or family plans within each employment contract.

Potential Insurance Savings at SERB Regional Peer Average

	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Single Medical Certified	\$0	\$17,880	\$21,456	\$25,747	\$30,897
Single Medical Classified	\$0	\$11,396	\$13,675	\$16,410	\$19,692
Family Medical Certified	\$0	\$370,957	\$445,148	\$534,178	\$641,014
Family Medical Classified	\$0	\$353,341	\$424,009	\$508,811	\$610,573
Family Dental	\$0	\$10,986	\$13,184	\$15,820	\$18,984
Single Vision	\$0	\$670	\$804	\$965	\$1,158
Family Vision	\$0	\$22,299	\$26,759	\$32,111	\$38,533
Total Insurance Savings	\$0	\$787,529	\$945,035	\$1,134,042	\$1,360,851
Cumulative Savings	\$0	\$787,529	\$1,732,565	\$2,866,607	\$4,227,458
			Average Yearly Savings		\$1,056,864

Source: SERB

Conclusion

BLSD should work to bring its insurance premiums for Medical, Dental, and Vision more in line with the SERB regional peer average. Doing so could result in average annual savings of approximately \$1 million and total savings of approximately \$4.2 million over the course of the five-year financial forecast period. These savings can be realized by modifying plan provisions that are overly generous compared to SERB regional averages, reducing District contributions toward premium costs, and further exploring cost sharing options.

Facilities

The changing landscape of education requires periodic reviews of facility staffing and maintenance to ensure that a district is using limited resources wisely. We reviewed BLSD's facilities staffing levels and maintenance practices in comparison to best practices and industry standards to determine if there were any areas for improvement.

Recommendation 6: Formalize Preventative Maintenance Plan

BLSD should formalize a preventative maintenance (PM) plan as recommended by the American Public Works Association (APWA) and National Center for Education Statistics (NCES) to help ensure that preventative maintenance of its facilities is conducted at optimal intervals, which could help mitigate otherwise unneeded costly repairs.

Impact

There is no direct financial implication of this recommendation; however, a formal preventative maintenance plan can assist the District in forecasting costs and reducing the impact of emergency repairs or replacements. It is generally more efficient to regularly maintain facilities as repairs and replacements are needed rather than attempt to conduct all repairs and replacements simultaneously.

Methodology

We conducted interviews with District officials regarding their PM practices. Their practices were then compared to industry standards and best practices from the APWA and NCES.

Analysis

According to the APWA, a formal PM program that includes scheduling, recording performance, and monitoring should be developed for all equipment. Planning for PM activities includes:

- Defining work to be performed;
- Diagnosing work to be performed prior to scheduling;
- Estimating labor hours, materials, shop space and time; and,
- Documenting support maintenance action.

Per NCES criteria, PM is the cornerstone of any effective maintenance initiative. It begins with an audit of the buildings, grounds, and equipment. Once facilities' data has been assembled, structural items and pieces of equipment can be selected for PM. Once the items that should receive PM have been identified, planners can decide on the frequency and type of inspection.

Manufacturers' manuals are a good place to start when developing this schedule since they usually provide guidelines about the frequency of preventative service, as well as a complete list of items that must be maintained.

Although facilities staff at BLSD conduct PM activities regularly, the District does not have a formal maintenance plan. While the supervisor stated that they plan to create one in the future, staff members currently spend their time performing maintenance/repairs in a reactionary manner using a work order system.

Conclusion

The lack of a formal PM plan can make it difficult to forecast and accurately plan for expenditures related to maintenance and repairs. The establishment of a formal PM plan as recommended by the APWA and NCES could assist the District in planning for repairs and the costs associated with those repairs.

Transportation

Transportation of students is a critical function for school districts. Ensuring that busing services are provided in a safe and efficient manner is important for both the well-being of students and the fiscal health of the school district. We examined BLSD’s reporting policies and procedures as well as bus routing, preventative maintenance, and bus replacement practices in comparison to industry standards and best practices to determine whether there were any areas for improvement.

Recommendation 7: Eliminate Two Routes from the Active Bus Fleet

Impact

Eliminating two bus routes could save an average of approximately \$113,000 in salaries and benefits in each year of implementation over the forecasted period.

Background

In FY 2022, BLSD operated with 16 active buses, 6 spares, and 1 out-of-service bus. The District’s practice is to provide service to all resident students requesting transportation, regardless of distance from their assigned schools. The only exception is for students living near their assigned school who do not have to cross a main road.

The District uses a two-tier system for transportation. This means that buses run two routes in the morning and in the afternoon based on differing start and end times at schools. Tier I bus routes serve middle and high school students and Tier II bus routes serve elementary and intermediate school students. Once a bus is finished collecting and dropping off students on a Tier I route, it may then be used for the transportation of students on Tier II routes.

ORC § 3327.01 establishes minimum transportation requirements, including an obligation to transport all resident K-8 students living two or more miles from their assigned schools, and an obligation to transport all non-public riders to their destinations if the location is within a 30-minute drive of the otherwise assigned resident school.

State law does not cap bus ride times for students. While BLSD does not have a formal policy in place to cap ride times, it has an informal goal of 60 minutes. However, the District has eight routes which exceed 60 minutes of ride time. Overall, the District’s ridership remains lower than pre-pandemic levels; so, in order to provide a conservative estimate, ridership data from prior to the pandemic was used in our analysis.

Methodology

Opportunities for improved efficiency were identified in order to bring all possible bus routes up to the goal of 80 percent capacity utilization, consistent with benchmark criteria from the American Association of School Administrators (AASA). According to the AASA (*Hidden Savings in Your Bus Budget*, 2017), “an effective pupil-to-bus ratio should average at least 100 pupils on a double-route, two-tier bus system. Actual capacity use must be measured with 80 percent of rated capacity as a goal.” The District’s ridership on each tier was compared to this industry benchmark.

Analysis

BLSD currently transports K-12 students using two-tiered routes. The District currently operates 30 regular education routes and 2 special education routes and reported transporting 707 total riders, including 18 special education riders in FY 2022. During the course of our audit, District officials noted that ridership data from FY 2022 was still low due to the impacts of the pandemic. In FY 2020, the District reported 927 total riders, including 30 special education riders on a total of 34 routes. We chose to use ridership data from FY 2020 with the District’s current routes for our analysis.

When evaluating opportunities for improved efficiency without significant changes to tiers, start times, and bell schedules, it is important to determine whether all routes that are underutilized can be reasonably improved. This determination can be problematic for special purpose routes and for that reason, special education and non-public routes have been excluded from our analysis.

The following table shows a baseline overview of utilization for Tiers I and II, and focuses on which one has the highest baseline utilization. This analysis was used to identify opportunities for improved efficiency to bring all possible routes up to the goal of 80 percent utilization. For purposes of this analysis, we used the current routes used by the District and the number of riders reported in FY 2020.

FY 2020 Baseline Utilization by Tier

Tier	Total Routes	Average Capacity	Total Capacity	Peak Riders	Baseline Utilization
Tier I	15	63.2	948	492	51.9%
Tier II	14	64.1	897	469	52.3%

Source: BLSD and ODE

The tables that follow show a detailed review of Tier I and II routes after accounting for and excluding those routes that are currently meeting or exceeding the 80 percent utilization goal, as well as those that are already at or above the 80th percentile threshold for reported route times.

The remaining routes were then reviewed for additional efficiency opportunities. When considering only Tier I needs, it is possible to eliminate four routes without exceeding the 80 percent utilization goal. However, a similar analysis of Tier II was necessary to affirm whether that level of reduction was fully achievable.

FY 2020 Tier I Routes Additional Efficiency Review

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier I	13	63.6	827	441

Tier I Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	1	2	3	4
Capacity Eliminated	63.6	127.2	190.8	254.4
Adjusted Total Capacity	763	700	636	572
Adjusted Total Utilization	57.8%	63.0%	69.3%	77.1%

Source: BLS and ODE

As shown in the table below, it is possible to eliminate two routes without exceeding the 80 percent utilization goal for Tier II routes.

FY 2020 Tier II Routes Additional Efficiency Review

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier II	7	63.3	443	231

Tier I Route Elimination Sensitivity Analysis and Impact on Utilization

Routes Eliminated	0	1	2	3
Capacity Eliminated	0.0	63.3	126.6	189.9
Adjusted Total Capacity	443	380	317	253
Adjusted Total Utilization	52.1%	60.8%	72.9%	91.3%

Source: BLS and ODE

Conclusion

The District's bus fleet is not operating as efficiently as possible by continuing to operate two more routes than necessary. Eliminating two bus routes could save an average of approximately \$113,000 in salaries and benefits in each year of implementation.

Recommendation 8: Develop a Formal Bus Replacement Plan

Impact

Adopting a formal bus replacement plan will assist the district in planning for large purchases, will reduce the risk of incurring large maintenance expenses for buses that have exceeded their expected lifespan, and will help avoid the need to replace a major portion of the fleet at the same time.

Background

In FY 2022, BLSD had 16 assigned buses, 6 spares, and 1 out-of-service bus. The average age of an assigned, or active, bus is 4.1 years and the average mileage is approximately 63,000.

Methodology

We visited BLSD's transportation facility and confirmed the bus fleet inventory along with mileage and model year. The current state of the bus fleet was compared to industry benchmarks.

Analysis

The National Association of State Directors of Pupil Transportation Services (NASDPTS) suggests a bus replacement cycle of 12 to 15 years, or when buses reach 250,000 miles. The District does not have a formal Bus Replacement plan (see **Recommendation 1**). Currently, one active bus meets or exceeds the NASDPTS replacement criteria of 12 to 15 years or 250,000 miles. The lack of a formal bus replacement plan has the potential to increase fleet maintenance costs and could contribute to the number of replacement-eligible buses in the fleet.

Conclusion

BLSD should develop a formal, data driven bus replacement plan that considers the full cost of bus operations, including fuel, parts, labor, and vehicle depreciation, in addition to safety and emissions. Adopting a plan could reduce overall operating costs and help to avoid the need to replace a major portion of the fleet at the same time. Doing so would allow the District to communicate progress in meeting its schedule of replacement and any risks posed by the current state of the fleet.

Food Service

Providing meals to students is a critical component of any school district’s operations. The way districts choose to provide and fund food services can have a significant impact on the annual budget and the overall fiscal health of the district.

Recommendation 9: Continually Evaluate Participation Levels Within Food Service Operations to Effectively Plan for Staffing Needs.

Impact

There are no immediate savings associated with this recommendation. However, as the District’s food service operations return to pre-pandemic levels, careful monitoring and evaluation can help to ensure that labor hour and staffing levels are appropriate.

Background

BLSD currently provides food service in its three buildings using a hybrid system of convenience/conventional with most of the preparation and workload being considered convenience type service.¹⁸ The District does not have a centralized kitchen. Instead, all buildings have stand-alone kitchens and cafeterias.

Due to the COVID-19 pandemic, free breakfast and lunch was offered to all students through the National School Lunch Program in FY 2021, which increased the District’s overall participation. Because of this, data from FY 2020 was used in our analysis as it best approximates normal operations.

Methodology

We conducted interviews with the Food Service Supervisor, the Superintendent, and the Treasurer to gain an understanding of food service operations and confirm relevant data. Primary food service data sources were the District’s point-of-sale system, the Ohio Department of Education’s Claims Reimbursement and Reporting System (CRRS), the District’s most recent financial audit, and its CN-7 and CK reports.

¹⁸ A convenience food service system uses primarily processed foods which are either partially or fully prepared off-site and requires minimal preparation prior to serving. A conventional food service system involves the preparation of food at a school using a combination of fresh ingredients and convenience foods.

Using District revenue and expenditure data, we assessed Food Service Fund trends and cash balances for the three most recent fiscal years. We also reviewed BLSD’s five-year financial forecast to assess the extent to which General Fund subsidies were used to support food service operations. Finally, we assessed food service meal pricing, student participation, and staffing efficiency.

Analysis

The table below shows the results of operations for the Food Service Fund from FY 2019 to FY 2021. In FY 2019 and FY 2020, the District had an operating deficit in this fund, meaning that food service revenues were less than expenditures.¹⁹

Food Service Fund Performance

	FY 2019	FY 2020	FY 2021
Beginning Fund Balance	\$966.48	\$0.00	\$0.00
Revenues	\$594,831.66	\$462,275.81	\$734,417.87
Expenditures	\$623,851.87	\$616,637.65	\$652,162.05
Results of Operations	(\$29,020.21)	(\$154,361.84)	\$82,255.82
Net Transfers	\$28,053.73	\$154,361.84	\$0
Ending Fund Balance	\$0	\$0	\$82,255.82

Source: BLSD

As a result of the operational deficit, the District has subsidized food service operations with transfers from the General Fund. Based on the three-year average results of operations, and if no further actions are taken, the District may need to continue to transfer money from General fund to avoid future deficits.

To better understand the factors contributing to the historical Food Service Fund deficits, we examined revenues and expenditures on a per-meal basis, meal pricing, and staffing using FY 2020 data.

- The District’s cost per meal was \$1.31 more than the revenue per meal.

¹⁹ The District’s Food Service Fund had a positive balance in FY 2021, due primarily to the fact that all school children in grades K-12 were offered free meals through the National School Lunch Program because of the COVID-19 pandemic. The District was fully reimbursed for these meals and was not required to submit reimbursement claims to the Ohio Department of Education’s Claims Reimbursement and Reporting System (CRRS) in FY 2021 and FY 2022.

- The District’s meal price was higher than that of the primary peer, local peer, and state average for elementary, middle, and high school.
- The District’s meals prepared per labor hour (MPLH) exceeded industry benchmarks by 14.7 hours per day.²⁰

Because meal prices are high compared to peer and state averages, the District will need to consider other options to prevent the need for future General Fund subsidies as operations return to normal. These options include, but are not limited to:

- Increase food service participation;
- Decrease labor costs;
- Restructure food service operations in the District; and/or
- Decrease food costs through competitive bidding.

Making these changes would help prevent a General Fund subsidy in the future, help the Food Service Fund remain self-sufficient, and allow for more resources to be dedicated to student instruction.

Conclusion

In FY 2019 and FY 2020, the District had an operational deficit in the Food Service fund which required subsidies from the General Fund. While this did not occur in FY 2021, that is due to all students being eligible for free breakfast and lunch and the District receiving full reimbursement through the National School Lunch Program. As programs related to COVID-19 relief end, the District will need to monitor the food service operations and respond appropriately to eliminate the need for future General Fund subsidies.

²⁰ In FY 2021, when all students were provided free lunch, program participation increased by 452 meals per day. The District’s labor hours for FY 2021 were below the benchmark by approximately 6 hours per day.

Tier II and Tier III Recommendations

As discussed in detail throughout the preceding sections of this report, BLSD could gain efficiencies by aligning its operations with the peer averages and industry standards and implementing the baseline, or Tier I, recommendations. However, the recommendations identified previously in this report would not resolve the projected deficit in the most recent five-year forecast. The following recommendations are additional actions that District leadership can consider when addressing the current fiscal situation.

Implementing the following Tier II and Tier III actions could have a significant impact on the District's operations and instructional activities. However, without additional revenue, the District will likely need to consider one, or a combination, of the following recommendations in order to remain fiscally solvent.

Tier II Recommendations

Eliminate the General Fund Subsidy for Extracurricular Activities

In order to reduce expenditures, the District should reduce the general fund subsidy of extracurricular activities as discussed in **Recommendation 3**. To achieve additional savings, the District could consider fully eliminating the subsidy, which would save an additional \$226,000 per year.

To fund extracurricular activities without a General Fund Subsidy, the District may consider implementing pay-to-participate fees, reducing supplemental salaries, and eliminating programs.

Eliminate Tuition Reimbursement

The District has a CBA with the Blanchester Education Association that is effective through June 30, 2023. Under this agreement, BLSD provides up to \$1,200 in tuition reimbursement to certificated employees each year. The agreement does not set a cap on the total amount of available reimbursement funds and this benefit is not required by the ORC or OAC.

The District could consider renegotiating this CBA provision in order to obtain additional cost savings. Eliminating tuition reimbursements for certified staff could result in average annual savings of approximately \$15,000 based on actual expenditures in FY 2019 through FY 2021.

Freeze Salaries at FY 2022 Forecast Levels

The District could consider implementing additional salary-related measures in order to achieve additional savings. While its certificated and classified career compensation is generally lower than the peer average, significant annual savings could be realized without reducing additional staff by implementing a freeze in salaries. The District's five-year financial forecast assumes a 2 percent average increase in salaries for FYs 2023 through FY 2026. If the District froze salaries at the FY 2022 forecast levels for FY 2023 through FY 2026 instead of implementing the 2 percent average annual increase, it could realize average annual savings of approximately \$545,000.

Tier III Recommendations

If the District is unable to return to fiscal solvency through the implementation of other recommendations within this report, it could consider making additional changes to reduce expenditures. One potential option could be the reduction of general education teachers.

Eliminate up to 18.5 FTE Classroom Teachers

Though **Recommendation 4** addressed the District's staffing levels relative to the primary peer average, the District could make additional staffing reductions in order to regain fiscal solvency.

State law requires that for every 25 students, districts employ at least one classroom teacher, for a districtwide student-to-teacher ratio of 25 to 1.²¹ At the end of FY 2021, the District had a student-to-teacher ratio of approximately 17.6 to 1.

BLSO could eliminate up to 18.5 FTE classroom teachers and remain in compliance with state minimum staffing requirements. If other recommendations in this report are implemented, the number of additional reductions needed to address the deficit will likely be lower. If this level of reduction becomes necessary, the District should work with ODE to ensure compliance with the state minimum requirement in OAC 3301-35-05 before reducing classroom teaching levels.

This reduction would represent the elimination of 29.4 percent of the District's classroom teacher positions and would save the District an average of approximately \$1.5 million annually. While this option would provide significant additional savings each year, it would noticeably alter service levels within the District.

²¹ The student number used in this ratio represents the regular student population – a formula driven number that reflects students enrolled and educated within the district, excluding categories two through six of special education students. Classroom teachers include K-12 general education teachers as well as art, music, physical education, English language instructional program, and gifted and talented teachers. Preschool teachers, special education teachers and career-technical teachers are excluded from the ratio (*Source, ODE*).

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the District's official statement in regards to this performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on 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.



BLANCHESTER LOCAL SCHOOLS

951 Cherry Street, Blanchester, Ohio 45107

937-783-3523 Fax 937-783-2990

April 7, 2022

The Honorable Keith Faber, Auditor of State
Office of the Auditor of State
88 East Broad Street, 5th Floor
Columbus, Ohio 43215

Auditor Faber:

Blanchester Local Schools appreciates the work of the auditor's office during this State Performance Audit of our school district. We value the dialogue and the collaborative structure of this endeavor in support of our ongoing efforts to provide a quality education for our students in the most fiscally responsible way possible. We commend your team and welcome the recommendations that are presented to our district in an effort to remain transparent with our community as we work to balance our budget.

Blanchester Local Schools are committed to improving our performance, reducing costs, and prioritizing needs. The audit will provide us with a template for future decisions that impact our school district and community. This process is providing our district with a third party perspective of our operations, finances, and obstacles we are currently facing and will face for the next few years. It will guide our decisions as we prepare for an upcoming levy in May of 2022.

The audit report provides several tiered recommendations for our Board and leadership to consider. It has provided us with significant data to share as we make these decisions based on the best interest of our stakeholders. In all cases, impact on students will be in the forefront as we work to balance our budget through informed decision making. As a leadership team we began addressing some of the proposed recommendations as the process unfolded. We are currently working on implementing a facility maintenance plan, addressing our food service needs through our wellness plan, and starting the process of a strategic plan for capital improvements, technology, resources and personnel.

Blanchester Local Schools would like to acknowledge the professionalism of the audit team and the simplicity with which we were able to work together. The insights gained through this process will drive operational and staffing decisions by the district administration.

Sincerely,

Randy Dunlap, Superintendent

Megan Thompson, Treasurer

SUPERINTENDENT

Randy Dunlap

TREASURER

Megan Thompson

**DIRECTOR OF
INSTRUCTION**

Raechel Purdon

**DIRECTOR OF
STUDENT SERVICES**

Kristin Unversaw



**BOARD OF
EDUCATION**

PRESIDENT

John Panetta

VICE PRESIDENT

Jeremy Kaehler

MEMBER

Kathy Gephart

MEMBER

Mike Williams

MEMBER

Kyle Wilson

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight 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.

Generally Accepted Government Auditing Standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

In order to provide the District with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Summary of Objectives and Conclusions

Objective	Recommendation
Financial Management	
Are the District’s budgeting and forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?	No Recommendation: We reviewed the District’s budgeting and forecasting practices and found them to be in line with industry standards.
Are the District’s strategic and capital planning practices consistent with leading practices?	R.1
Are the District’s financial communication practices consistent with leading practices?	R.2

Is the District's General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District's financial condition?	R.3
Human Resources	
Are the District's staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District's financial condition?	R.4
Are the District's salaries and wages appropriate in comparison to local peers and the District's financial condition?	No Recommendation: The District's certified and classified salaries are mostly in line with the local peers. However, this is presented as a Tier II Recommendation.
Are the District's collective bargaining agreement provisions appropriate in comparison to local peers, minimum requirements, and the District's financial condition?	No Recommendation: The District's collective bargaining agreement provisions are mostly in line with the local peers. However, this is presented as a Tier II Recommendation.
Are the District's insurance costs appropriate in comparison to other governmental entities within the local market and the District's financial condition?	R.5
Facilities	
Are the District's facility staffing levels appropriate in comparison to leading practices, industry standards, and the District's financial condition?	No Recommendation: The District's facilities staffing is lower than the industry standard.
Are the District's facilities non-regular labor expenditures appropriate in comparison to primary peers, leading practices, industry standards, and the District's financial condition?	No Recommendation: The District's non-labor costs are lower than the peer average.
Are the District's facilities preventive maintenance practices consistent with leading practices and industry standards?	R.6
Transportation	
Is the District's fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District's financial condition?	R.7
Is the District's T-1 Report accurate, and did it result in the appropriate level of State transportation	No Recommendation: The District's T-1 Report had immaterial variance.

funding?	
Are the District’s fleet replacement practices consistent with leading practices and industry standards and appropriate based on the District’s financial condition?	R.8
Is the District’s fleet maintained efficiently and appropriately in comparison to transportation peers, leading practices, industry standards, and the District’s financial condition?	Verbal Recommendation: Due to the minor nature of variance from expected performance.
Food Service	
Are the District’s food services operated in a manner consistent with peer districts, leading practices, industry standards, and the District’s financial condition?	R.9

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives:

- Control environment
 - We considered the District’s control of its EMIS system.
- Risk Assessment
 - We considered the District’s activities to assess fraud risks.
- Information and Communication
 - We considered the District’s use of quality information in relation to transportation data.
- Control Activities
 - We considered the District’s compliance with applicable laws and contracts.

Internal control deficiencies that were identified during the course of the audit are discussed in the corresponding recommendation.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from several sources, including:

Efficient • Effective • Transparent

- Peer Districts;
- Industry Standards;
- Leading Practices;
- Statutes; and
- Policies and Procedures.

In consultation with the District, we selected districts similar in population and other demographics to form the peer group for comparisons contained in this report. These peers are identified as necessary and appropriate within the section where they were used.

Peer Group Districts

Primary Peers

- Bethel-Tate Local School District, Clermont County
- Chesapeake Union Exempted Village School District, Lawrence County
- Jefferson Area Local School District, Ashtabula County
- Milton-Union Exempted Village School District, Miami County
- Orrville City School District, Wayne County

Local Peers (Compensation, Benefits, and Bargaining Agreements)

- Clermont-Northeastern Local School District, Clermont County
- Clinton-Massie Local School District, Clinton County
- East Clinton Local School District, Clinton County
- Goshen Local School District, Clermont County
- Little Miami Local School District, Warren County

Transportation Peers

- Clermont-Northeastern Local School District, Clermont County
- Northwestern Local School District, Clark County
- Norwayne Local School District, Wayne County
- Preble-Shawnee Local School District, Preble County
- West Muskingum Local School District, Muskingum County

Where reasonable and appropriate, peer districts were used for comparison. However, industry standards or leading practices were used in some operational areas for primary comparison. District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed. Each recommendation in this report describes the specific methodology and criteria used to reach our conclusions.

Appendix B: Financial Systems

The following charts and tables provide additional context regarding the District’s financial status.

Local Tax Effort

On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a smaller portion of their available income to public education whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. The index is updated annually by ODE as part of its District Profile Reports, also known as the Cupp Report, to reflect changes in local conditions from year to year.

2021 Local Tax Effort Comparison | Primary Peers

	LTE	Rank	Percentile
Bethel-Tate Local	1.0640	249	58.91%
Milton-Union Ex Vill	1.0146	286	52.81%
Orrville City	0.7998	430	29.04%
Jefferson Area Local	0.7975	432	28.71%
Blanchester Local	0.7279	499	17.66%
Chesapeake Union Ex Vill	0.6772	535	11.72%
Peer Average	0.8706	N/A	N/A

Source: ODE

2021 Local Tax Effort Comparison | Local Peers

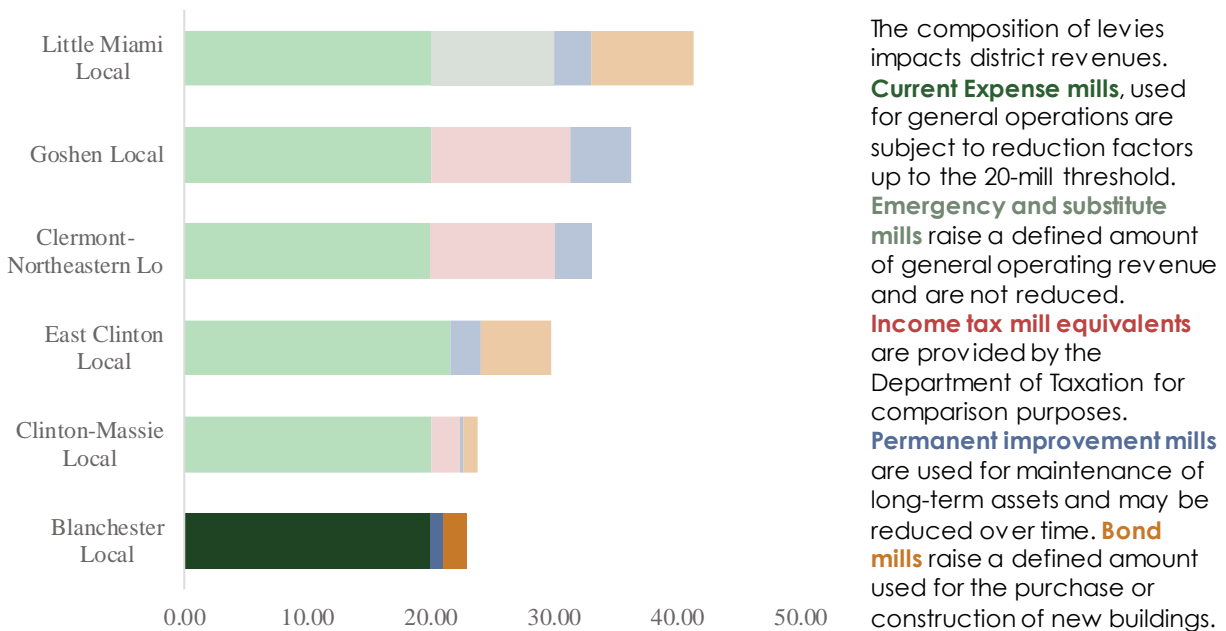
	LTE	Rank	Percentile
Goshen Local	1.1614	196	67.66%
Clermont-Northeastern Lo	1.1404	208	65.68%
East Clinton Local	0.9949	302	50.17%
Blanchester Local	0.7279	499	17.66%
Clinton-Massie Local	0.6950	523	13.70%
Little Miami Local	0.6735	538	11.22%
Peer Average	0.9330	N/A	N/A

Source: ODE

Property and Income Tax

The following chart provides a comparison of the total amount of millage or millage equivalents that were collected in 2020 by BLSD and local peer districts.

2020 Millage and Millage Equivalents | Local Peers



Source: Ohio Department of Taxation

Some districts collect revenue from an income tax on district residents. The Ohio Department of Taxation calculates the estimated amount of millage that would need to be raised in a given year to replicate the revenue generated by an income tax. The table below shows the income tax rate, revenue, and estimated millage equivalents based on 2020 tax revenue.

2020 Income Tax Revenue and Millage Equivalents

District	Tax Rate	Income Tax Revenue	Estimated Millage Equivalents
Milton-Union Ex Vill	1.25%	\$2,413,639	11.3672
Bethel-Tate Local	0.00%	-	-
Blanchester Local	0.00%	-	-
Chesapeake Union Ex Vill	0.00%	-	-
Jefferson Area Local	0.00%	-	-
Orrville City	0.00%	-	-

Source: Ohio Department of Taxation

Efficient • Effective • Transparent

Appendix C: Financial Management

Extracurricular Activity Net Cost Comparison

We analyzed the types of revenues and expenditures associated with extracurricular activities. The analysis included the identification of costs by type and a determination of the amount of expenditures from the General Fund.

Student Extracurricular Activity Net Cost Comparison

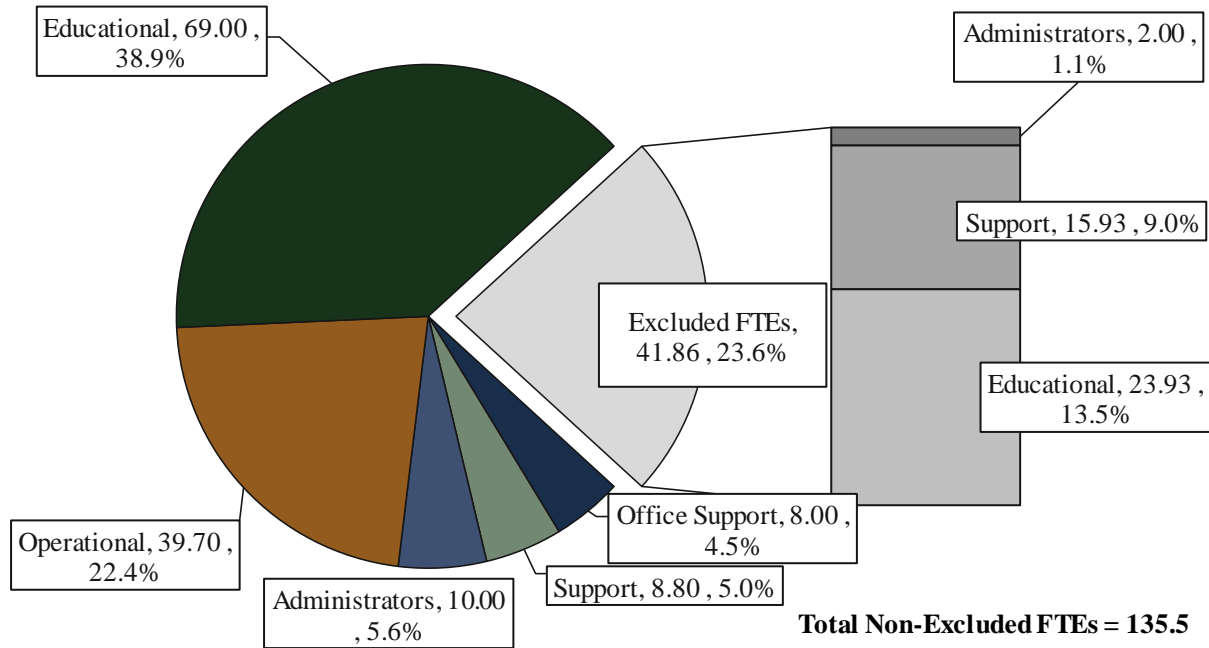
Students Activity Type	BLSD			Local Peer Avg.
	Rev.	Exp.	1,249 Net Cost	2,275 Net Cost
Academic Oriented	\$0	\$22,730	(\$22,730)	(\$43,323)
Occupation Oriented	\$0	\$31,035	(\$31,035)	(\$14,949)
Sport Oriented	\$0	\$380,077	(\$380,077)	(\$479,523)
School & Public Service Co-Curricular	\$0	\$39,061	(\$39,061)	(\$42,865)
Bookstore Sales	\$0	N/A	\$0	\$0
Other Extracurricular	\$0	N/A	\$0	\$54,443
Non-specified ¹	\$148,800	N/A	\$148,800	\$141,787
Total	\$148,800	\$472,903	(\$324,103)	(\$384,430)
Total General Fund Direct Revenue			\$0.00	\$44,905.13
Total General Fund Direct Expenditures			\$264,458.27	\$336,521.90
Total General Fund Transfers			\$322.85	\$121,600.00
Total General Fund Subsidy of Extracurricular Activities			\$264,781.12	\$413,216.77
Total General Fund Subsidy of Extracurricular Activities per Pupil			\$211.99	\$181.63
Total Difference in General Fund Subsidy to Local Peer Average			\$37,919.64	
Remaining General Fund Subsidy			\$226,861.48	

Source: BLSD, local peers, and ODE

¹ Non-specified represents revenue that was not coded to a specific activity type, but does reduce the net cost. BLSD did not code extracurricular activity revenues to specific activity types and instead coded all revenue as non-specified.

Appendix D: Human Resources

FTEs by Category with Excluded FTEs Breakout



Source: BLSD

Staffing Comparison Tables

Staffing was analyzed using Education Management Information System (EMIS) records for BLSD and the primary peer districts. Data reliability testing for the District's EMIS data was performed by comparing the EMIS report to payroll reports corresponding to the time of the report. Variances between EMIS and payroll were discussed with the District, with adjustments made as necessary.

The following tables illustrate the District's FTE staffing compared to the primary peer average. These tables contain the data associated with the analyses conducted in **R.2** and **R.3**. In order to allow for more precise comparison, employees were compared on an FTE per 1,000 student basis, consistent with ODE reporting guidelines. This calculation (shown below) allows for a more accurate comparison between districts by accounting for differences in student enrollment.

Efficient • Effective • Transparent

Adjusted Difference in FTEs Equation

$$\left[\frac{\text{Client FTE}}{\left(\frac{\text{Client Enrollment}}{1,000} \right)} \right] - \left[\frac{\text{Peer Avg FTE}}{\left(\frac{\text{Peer Avg Enrollment}}{1,000} \right)} \right] * \left(\frac{\text{Client Enrollment}}{1,000} \right)$$

Central Office Administrator Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Assistant, Deputy/Associate Superintendent	0.00	0.00	0.14	(0.14)	(0.18)
Supervisor/Manager	3.00	2.37	0.71	1.66	2.10
Coordinator	0.00	0.00	0.61	(0.61)	(0.77)
Director	0.00	0.00	0.66	(0.66)	(0.84)
Total	3.00	2.37	2.12	0.25	0.32

Source: BLS and ODE

Building Administrator Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Buildings	4.0	3.4	0.6		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Assistant Principal	1.00	0.79	1.15	(0.36)	(0.46)
Principal	4.00	3.16	2.31	0.85	1.08
Total	5.00	3.95	3.46	0.49	0.62
Position	FTEs	FTEs per Building	FTEs per Building	Difference per Building	Adjusted Difference in FTEs
Assistant Principal	1.00	0.25	0.47	(0.22)	(0.88)
Principal	4.00	1.00	0.94	0.06	0.24
Total	5.00	1.25	1.41	(0.16)	(0.64)

Efficient • Effective • Transparent

Source: BLSD and ODE

Teaching Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
General Education	60.00	47.36	46.38	0.98	1.24
Gifted and Talented	1.00	0.79	0.26	0.53	0.67
Career-Technical Programs/Career Pathways	0.00	0.00	0.14	(0.14)	(0.18)

Source: BLSD and ODE

K-8 Teaching Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	883	1,004	(121)		
Students Educated (Thousands)	0.883	1.004	(0.121)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Art Education K-8	1.00	1.13	1.66	(0.53)	(0.46)
Music Education K-8	2.00	2.26	2.01	0.26	0.22
Physical Education K-8	2.00	2.26	1.49	0.78	0.68

Source: BLSD and ODE

Non-Teaching Educational Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Curriculum Specialist	1.00	0.79	0.00	0.79	1.00
Counseling	1.00	0.79	1.86	(1.07)	(1.36)
Remedial Specialist	0.00	0.00	0.72	(0.72)	(0.91)

Efficient • Effective • Transparent

Tutor/Small Group Instructor	0.00	0.00	1.43	(1.43)	(1.81)
Other Educational	0.00	0.00	0.29	(0.29)	(0.37)

Source: BLS and ODE

Professional Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference	
Students Educated	1,267	1,387	(120)	
Students Educated (Thousands)	1.267	1.387	(0.120)	
Position	FTEs	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Psychologist	0.00	0.00	0.47	(0.60)
Social Work	0.00	0.00	0.14	(0.18)
Other Professional - Other	1.00	0.79	0.33	0.58

Source: BLS and ODE

Technical Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference	
Students Educated	1,267	1,387	(120)	
Students Educated (Thousands)	1.267	1.387	(0.120)	
Position	FTEs	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Administrative Assistant	1.00	0.79	0.14	0.82
Accounting	0.00	0.00	0.72	(0.91)
Bookkeeping	1.00	0.79	0.14	0.82
Central Office Clerical	1.00	0.79	1.73	(1.19)
Records Managing	0.00	0.00	0.14	(0.18)
Other Office/Clerical	0.00	0.00	0.72	(0.91)
Total	3.00	2.37	3.59	(1.22)

Source: BLS and ODE

Building Office Support Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Buildings	4.0	3.4	0.6		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
School Building Clerical	4.00	3.16	3.38	(0.22)	(0.28)
Bookkeeping	1.00	0.79	0.00	0.79	1.00
Total	5.00	3.95	3.38	0.57	0.72
Position	FTEs	FTEs per Building	FTEs per Building	Difference per Building	Adjusted Difference in FTEs
School Building Clerical	4.00	1.00	1.38	(0.38)	(1.52)
Bookkeeping	1.00	0.25	0.00	0.25	1.00
Total	5.00	1.25	1.38	(0.13)	(0.52)

Source: BLS and ODE

Library Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Librarian/Media	0.00	0.00	0.43	(0.43)	(0.54)
Library Aide	0.00	0.00	0.56	(0.56)	(0.71)
Total	0.00	0.00	0.99	(0.99)	(1.25)

Source: BLS and ODE

Nursing Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Registered Nursing	2.00	1.58	0.75	0.83	1.05
Practical Nursing	0.00	0.00	0.29	(0.29)	(0.37)
Total	2.00	1.58	1.04	0.54	0.68

Source: BLSD and ODE

Classroom Support Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Instructional Paraprofessional	4.80	3.79	0.70	3.09	3.92
Teaching Aide	1.00	0.79	4.60	(3.81)	(4.83)
Total	5.80	4.58	5.30	(0.72)	(0.91)

Source: BLSD and ODE

Other Support Staff Comparison

Students	Blanchester Local SD	Primary Peer Avg.	Difference		
Students Educated	1,267	1,387	(120)		
Students Educated (Thousands)	1.267	1.387	(0.120)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Monitoring	0.00	0.00	2.19	(2.19)	(2.77)

Source: BLSD and ODE

Other Clerical Staff Comparison

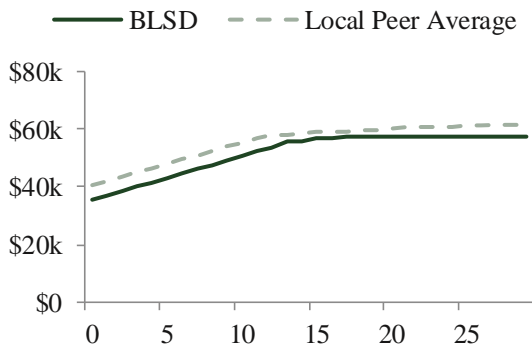
Students	Blanchester Local SD	Primary Peer Avg.	Difference	
Students Educated	1,267	1,387	(120)	
Students Educated (Thousands)	1.267	1.387	(0.120)	
Position	FTEs	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Family and Community Liaison	0.00	0.00	(0.14)	(0.18)

Source: BLS and ODE

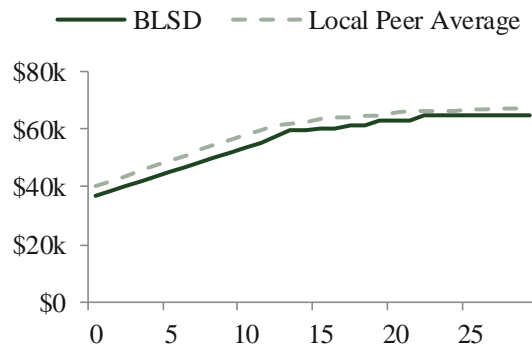
We also looked at annual salaries for all certificated employees and the hourly wage rates for some classified employee position types over the course of a career. The charts which follow show how the annual salaries compare to the peer districts based on the respective salary and wage schedules.

Certificated Career Compensation

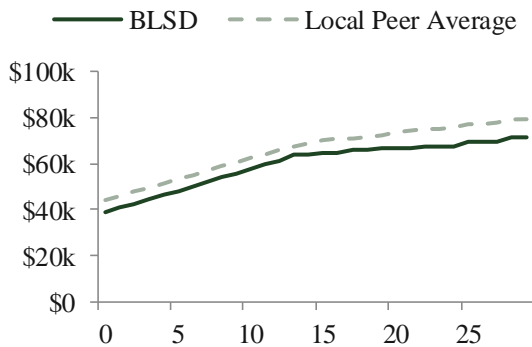
Bachelor's



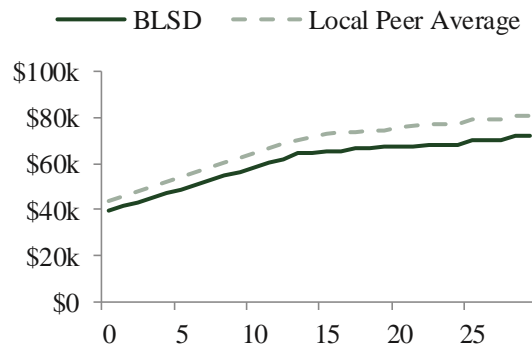
BA+150



Master's

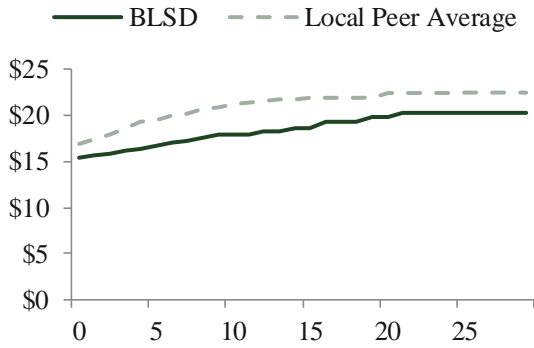


MA+15

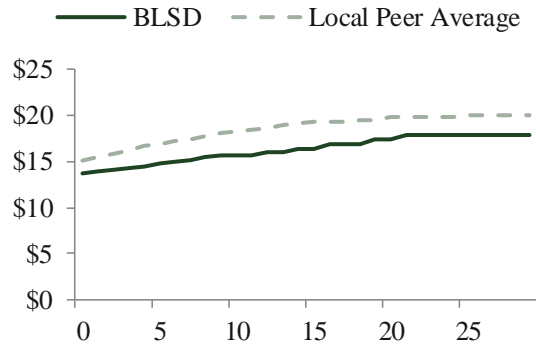


Classified Career Compensation

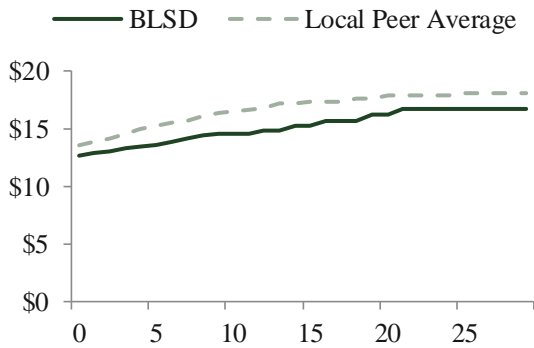
Bus Driver



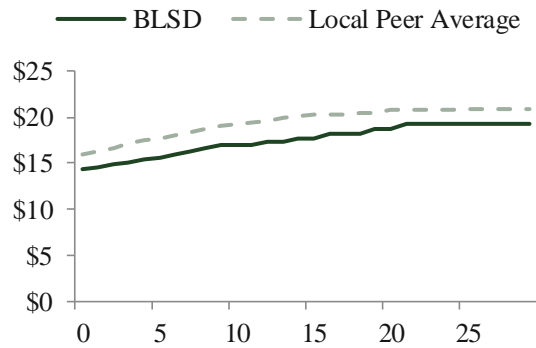
Head Cook



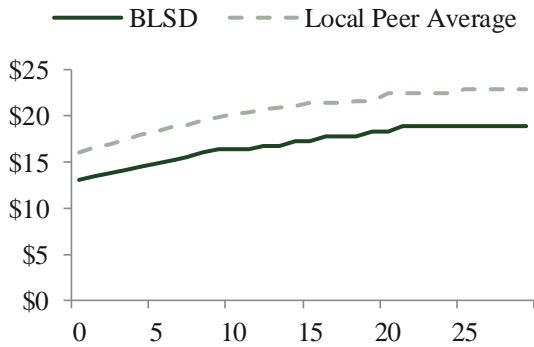
Cook



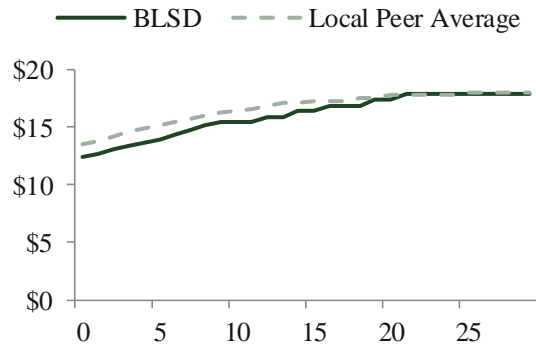
Custodian



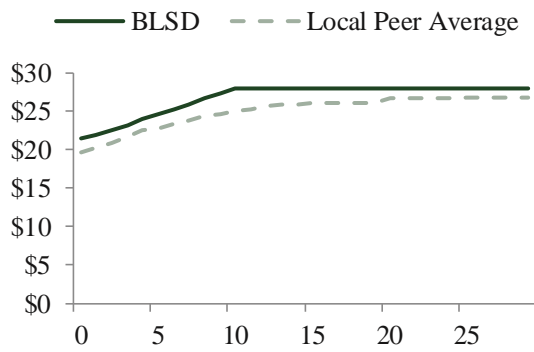
Secretary



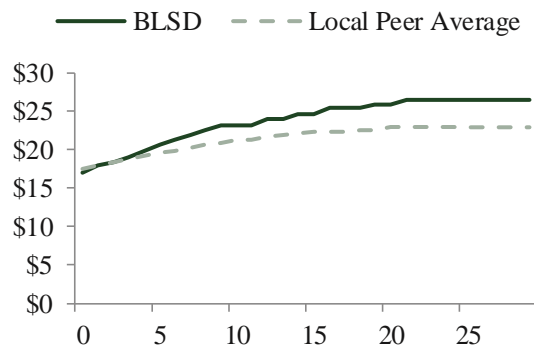
Aide



Bus Mechanic



Maintenance



Insurance

Several analyses were conducted to determine how the District could reduce insurance related expenditures. The following tables provide additional details regarding these analyses.

Premium Costs | PPO

	Plan Type	BLS D	Peer Average	Difference	% Difference
Certified					
Medical	Single	\$679.79	\$595.88	\$83.91	14.1%
	Family	\$1,960.79	\$1,530.85	\$429.94	28.1%
Dental	Single	\$35.14	\$44.00	(\$8.86)	(20.1%)
	Family	\$88.96	\$76.98	\$11.98	15.6%
Vision	Single	\$5.62	\$1.79	\$3.83	214.7%
	Family	\$14.07	\$4.90	\$9.17	186.9%
Classified					
Medical	Single	\$727.77	\$595.88	\$131.89	22.1%
	Family	\$2,099.20	\$1,530.85	\$568.35	37.1%
Dental	Single	\$35.14	\$44.00	(\$8.86)	(20.1%)
	Family	\$88.96	\$76.98	\$11.98	15.6%
Vision	Single	\$7.46	\$1.79	\$5.67	317.7%
	Family	\$17.40	\$4.90	\$12.50	254.9%

Premium Costs | HDHP

	Plan Type	BLS D	Peer Average	Difference	% Difference
Certified					
Medical	Single	\$611.81	\$581.65	\$30.16	5.2%
	Family	\$1,764.71	\$1,537.25	\$227.46	14.8%
Dental	Single	\$35.14	\$42.21	(\$7.07)	(16.8%)
	Family	\$88.96	\$83.91	\$5.05	6.0%
Vision	Single	\$5.62	\$3.29	\$2.33	70.7%
	Family	\$14.07	\$7.14	\$6.93	96.9%
Classified					
Medical	Single	\$618.61	\$581.65	\$36.96	6.4%
	Family	\$1,784.32	\$1,537.25	\$247.07	16.1%
Dental	Single	\$35.14	\$42.21	(\$7.07)	(16.8%)
	Family	\$88.96	\$83.91	\$5.05	6.0%
Vision	Single	\$7.46	\$3.29	\$4.17	126.6%
	Family	\$17.40	\$7.14	\$10.26	143.5%

Copayments Comparison | PPO

	BLS D PPO Plan	SERB Regional	Difference
Office Visit	\$15.00	\$25.96	(\$10.96)
Urgent Care Visit	\$25.00	\$52.45	(\$27.45)
Emergency Room Visit	\$50	\$194	(\$144.15)

Deductible Comparison | PPO

	BLS D PPO Plan	SERB Regional	Difference
Network			
<i>Single</i>	\$100	\$630	(\$529.79)
<i>Family</i>	\$200	\$1,260	(\$1,059.57)
Non-Network			
<i>Single</i>	\$200	\$1,551	(\$1,351.06)
<i>Family</i>	\$400	\$3,353	(\$2,953.19)

Out-of-Pocket Maximum Comparison | PPO

	BLS D PPO Plan	SERB Regional	Difference
Network			
<i>Single</i>	\$1,500	\$2,745	(\$1,244.68)
<i>Family</i>	\$3,000	\$5,436	(\$2,436.17)
Non-Network			
<i>Single</i>	\$3,000	\$6,102	(\$3,102.13)
<i>Family</i>	\$6,000	\$12,713	(\$6,713.19)

Coinsurance Comparison | PPO

	BLS D PPO Plan	SERB Regional	Difference
Network			
Office Visit	0%	18%	(18%)
Urgent Care Visit	0%	15%	(15%)
Emergency Room Visit	20%	16%	4%
Non-Network			
Office Visit	20%	39%	(19%)
Urgent Care Visit	20%	37%	(17%)
Emergency Room Visit	20%	27%	(7%)

Copayments Comparison | HDHP

	BLS D HDHP Plan	SERB Regional	Difference
Office Visit	\$15.00	\$10.00	\$5.00
Urgent Care Visit	\$25.00	\$33.00	(\$8.00)
Emergency Room Visit	\$50	\$73	(\$22.50)

Deductible Comparison | HDHP

	BLS D HDHP Plan	SERB Regional	Difference
Network			
<i>Single</i>	\$2,800	\$3,088	(\$288.37)
<i>Family</i>	\$4,000	\$6,042	(\$2,041.86)
Non-Network			
<i>Single</i>	\$5,600	\$5,159	\$440.54
<i>Family</i>	\$8,000	\$10,065	(\$2,064.86)

Out-of-Pocket Maximum Comparison | HDHP

	BLS D HDHP Plan	SERB Regional	Difference
Network			
<i>Single</i>	\$2,800	\$3,722	(\$921.51)
<i>Family</i>	\$4,000	\$7,490	(\$3,489.53)
Non-Network			
<i>Single</i>	\$5,000	\$8,797	(\$3,797.30)
<i>Family</i>	\$10,000	\$18,135	(\$8,135.14)

Coinsurance Comparison | HDHP

	BLS D HDHP Plan	SERB Regional	Difference
Network			
Office Visit	0%	6%	(6%)
Urgent Care Visit	0%	6%	(6%)
Emergency Room Visit	0%	6%	(6%)
Non-Network			
Office Visit	30%	32%	(2%)
Urgent Care Visit	30%	22%	8%
Emergency Room Visit	0%	16%	(16%)

Insurance Cost Comparisons

	Compared to Regional Peers
PPO Premium Costs	14.0% - 37.0%
HDHP Premium Costs	5.0% - 16.0%
Vision Premium Costs	70.7% - 317.7%
PPO Deductible Remainder	(\$529.79 - \$2,953.19)
HDHP Deductible Remainder	(\$288.37 - \$2,064.86)
Out of Pocket Maximum	(\$921.51 - \$8,135.14)
Co-Payments	(\$8.00 - \$144.00)

Source: [BLS, SERB]

Potential Insurance Savings at SERB Regional Average

	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Single Medical Certified	\$0	\$17,880	\$21,456	\$25,747	\$30,897
Single Medical Classified	\$0	\$11,396	\$13,675	\$16,410	\$19,692
Family Medical Certified	\$0	\$370,957	\$445,148	\$534,178	\$641,014
Family Medical Classified	\$0	\$353,341	\$424,009	\$508,811	\$610,573
Family Dental	\$0	\$10,986	\$13,184	\$15,820	\$18,984
Single Vision	\$0	\$670	\$804	\$965	\$1,158
Family Vision	\$0	\$22,299	\$26,759	\$32,111	\$38,533
Total Insurance Savings	\$0	\$787,529	\$945,035	\$1,134,042	\$1,360,851
Cumulative Savings	\$0	\$787,529	\$1,732,565	\$2,866,607	\$4,227,458
			Average Yearly Savings	\$1,056,864	

Appendix E: Facilities

We reviewed staffing related to building and grounds maintenance. This analysis, as seen below, did not result in a recommendation as the District is staffed lower than the industry benchmark.

Buildings & Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	0.0
Acreage Maintained	0.0
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	0.0
Grounds FTEs Above/(Below) Benchmark	0.0
 Custodial Staffing	
Custodial FTEs	7.0
Square Footage Cleaned	284,572
NCES Level 3 Cleaning Benchmark ¹ - Median Square Footage per FTE	29,500
Initial Benchmarked Staffing Need	9.6
Custodial FTEs Above/(Below) Benchmark	(2.6)
Adjusted NCES Level 3 Benchmark	29,500
Adjusted Benchmarked Staffing Need	9.6
Custodial FTEs Above/(Below) Benchmark	(2.6)
 Maintenance Staffing	
Maintenance FTEs	2.0
Square Footage Maintained	284,572
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	3.0
Maintenance FTEs Above/(Below) Benchmark	(1.0)
 Total Buildings & Grounds Staffing	
Total FTEs Employed	9.0
Total Benchmarked Staffing Need	12.6
Total FTEs Above/(Below) Benchmark	(3.6)

Source: BLSD, AS&U and NCES

¹ According to NCES, Level 3 cleaning is the norm for most school facilities. It is acceptable to most stakeholders and does not pose any health issues.

Appendix F: Food Service

We reviewed the District’s food service operations. As operations return to normal, District officials will need to monitor these operations to ensure efficiency and to reduce the need for General Fund transfers.

Revenue and Expenditure Analysis

Total Receipts FY 2019-20	Total Expenditures FY 2019-20	Net Profit(Loss)
\$462,275.81	\$616,637.65	(\$154,361.84)

Receipts Per Meal	Expenditures Per Meal	Net Per Meal
\$3.94	\$5.25	(\$1.31)

Source: BLS D

Note: This is based on 117,406 total meals in FY 2019-20.

FY 2020 Meal Price Comparison

	Elementary	Middle	High
Blanchester LSD	\$3.00	\$3.25	\$3.25
Primary Peer Average	\$2.66	\$2.77	\$2.77
Local Peer Average	\$2.83	\$2.96	\$2.96
Statewide Average	\$2.76	\$2.89	\$2.90

Source: ODE

FY 2020 Food Service Workload Comparison

Building	Meal Equivalents Served Per Day	BLS D Daily Labor Hours¹	Benchmark Required Daily Labor Hours²	Difference
Blanchester High School	308	29.0	18.1	10.88
Blanchester Middle School	358	21.0	21.1	(0.06)
Putnam Elementary School	248	21.0	17.1	3.88
Total	914	71.0	56.3	14.70

Source: BLS D and Pannell-Martin

¹ Supervisor hours are not included.

² Reflects the number of labor hours BLS D would need to meet the meal equivalents produced based on the benchmark meals per labor hour.

FY 2021 Food Service Workload Comparison

Building	Meal Equivalents Served Per Day	BLSA Daily Labor Hours¹	Benchmark Required Daily Labor Hours²	Difference
Blanchester High School	352	29.0	20.7	8.28
Blanchester Middle School	562	21.0	31.2	(10.22)
Putnam Elementary School	452	21.00	25.1	(4.10)
Total	1,366	71.0	77.0	(6.04)

Source: BLSA and Pannell-Martin

¹ Supervisor hours are not included.

² Reflects the number of labor hours BLSA would need to meet the meal equivalents produced based on the benchmark meals per labor hour.

OHIO AUDITOR OF STATE KEITH FABER



BLANCHESTER LOCAL SCHOOL DISTRICT

CLINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/14/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov