



**Auditor of State
Betty Montgomery**

BARBERTON CITY SCHOOL DISTRICT PERFORMANCE AUDIT

NOVEMBER 15, 2005



**Auditor of State
Betty Montgomery**

To the Residents and Board of Education of the Barberton City School District:

On February 15, 2005, Barberton City School District (Barberton CSD) was placed in fiscal caution because of the possibility of ending the 2005 fiscal year in a deficit as well as the potential for deficits in future years. Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit was initiated in Barberton CSD. The four functional areas assessed in the performance audit were financial systems, human resources, facilities, and transportation. These areas were selected because they are important components of District operations which support its mission of educating children, and because improvements in these areas can assist in eliminating the conditions which brought about the declaration of fiscal caution.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of Barberton CSD's financial situation and a framework for its financial recovery plan. While the recommendations contained in the audit report are resources intended to assist in developing and refining the financial recovery plan, the District is also encouraged to assess overall operations and develop other alternatives independent of the performance audit. During the course of the performance audit, Barberton CSD decreased expenditures in several areas.

An executive summary has been prepared which includes the project history; a discussion of the fiscal caution, watch and emergency designations; a district overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, and financial implications. This report has been provided to Barberton CSD, and its contents discussed with the appropriate officials and District management. The District has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

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

Sincerely,

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 15, 2005

Executive Summary

Project History

Pursuant to Ohio Revised Code (ORC) §3316.031(A), the Ohio Superintendent of Public Instruction, in consultation with the Auditor of State (AOS), has developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of fiscal watch or fiscal emergency within a school district. ORC § 3316.031(B)(1) further stipulates that the State superintendent may declare a school district in fiscal caution based upon a review of a school district's five-year forecast. According to ORC § 3316.042, AOS may conduct a performance audit of any school district in a state of fiscal caution, fiscal watch or fiscal emergency, and review any programs or areas of operation in which AOS believes that greater operational efficiency, effectiveness and accountability of services can be achieved. Barberton City School District (Barberton CSD or the District) was placed in fiscal caution by the Ohio Department of Education (ODE) on February 15, 2005 because of projected operating deficits in FY 2004-05 and future years.

Pursuant to ORC §3316.031 and ORC §3316.042, AOS initiated a performance audit of Barberton CSD. Based on a review of the District's information and discussions with the Superintendent and the Treasurer, the following four functional areas were included in the performance audit:

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

District Overview

The District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the District. Barberton CSD operates in the City of Barberton, OH (Summit County) and receives approximately 62 percent of its revenues from the State of Ohio, 36 percent from local property taxes and two percent from federal grants and other sources. According to the United States Census Bureau's 2000 Census, the District's population of 27,899 residents includes 7,449 family households with an average family size of 2.96 persons. The percentage of the District's population that was school aged was 19.5 percent (19 years old and under), while an additional 7.7 percent was less than 5 years old.

In addition, 79.2 percent of the population had a high school diploma or higher, and 10.6 percent had bachelor's degrees or greater.

During FY 2004-05, Barberton CSD operated nine school buildings including one high school, two middle schools and six elementary schools. The District had a total of approximately 484 full-time equivalent (FTE) employees consisting of approximately 29 administrator FTEs, 295 certificated teaching FTEs, and 160 classified and other support staff FTEs. These employees were responsible for providing educational services to an average daily membership (ADM) of 4,289 students. Students with physical and learning disabilities comprise 13.9 percent of the student population. The regular education student-to-teacher ratio for FY 2004-05 is estimated to be 20.0 to 1, and the special education student-to-teacher ratio is 14.1 to 1. In FY 2003-04, the District met 10 of 18 academic performance indicators established by ODE and was categorized as a continuous improvement district. For the FY 2004-05 school year, the District remained classified as a continuous improvement district.

In FY 2003-04, the District's total general fund expenditure per pupil of \$7,371 was approximately five percent lower than the peer average of \$7,724. The low general fund expenditures are due to the District limiting its discretionary spending in recent years as well as the nearly \$7.8 million (\$1,858 per student) the District is receiving in Federal grants (accounted for in different funds). These grants allow the District to supplement its various educational programs while also easing the burden on the general fund. In contrast to Barberton CSD, the peer districts receive an average of only \$3.8 million in federal grants, or \$815 per student.

The District has experienced a declining ending unencumbered general fund balance in recent years, ranging from a surplus of nearly \$504,000 in FY 2001-02, to a deficit of approximately \$339,000 in FY 2003-04. In FY 2004-05, the District was facing a projected operating deficit of approximately \$1.6 million, for which it was placed in fiscal caution by ODE. However, the district passed a five-year, 8.7 mill emergency levy on February 8, 2005. This levy will generate approximately \$3.7 million annually beginning in January 2006. To avoid a deficit situation at the end of FY 2004-05, the District issued five-year tax anticipation notes for the full \$3.7 million and will repay this amount during the life of the new levy. Despite the new levy, ODE has not removed Barberton CSD from fiscal caution status because it is still projecting operating deficits in FY 2006-07 through FY 2008-09 of the five-year forecast.

As a result of being placed in fiscal caution by the ODE, the District adopted a financial recovery plan that is projected to result in a reduction of approximately \$1.8 million in expenditures for FY 2005-06. These reductions include approximately \$1.8 million in personnel reductions, \$35,000 in purchased services reductions and shifting \$200,000 in general fund expenses to the permanent improvement fund. However, the District is planning to contract its technology department at a cost of \$175,000, for a net reduction of \$1.8 million. The detailed personnel and purchased service reductions identified by the District include the following:

- 13 certificated staff through reduction-in-force procedures;
- 1 teaching position through contract non-renewal;
- 3 technology staff through outsourcing;
- 4 non-certificated staff through the closing of the Oakdale elementary building;
- 1 certificated staff member through closing of the Oakdale elementary building; and
- Reduced utility costs through the closing of the Oakdale elementary building.

Table 2-15 presents the AOS financial recovery plan for the District and incorporates the additional levy proceeds from the new 8.7 mill emergency levy, the \$1.8 million in budget reductions adopted by the District and approximately \$736,000 in additional savings identified in recommendations in this performance audit. **Table 2-15** shows that the combination of the additional revenues and expenditure reductions will allow the District to eliminate the projected deficits and achieve financial recovery.

Objectives and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Audit work was conducted between February and October 2005. The goal of the performance audit process is to assist Barberton CSD management in identifying cost saving opportunities, with the primary objective of eliminating the conditions which brought about the declaration of fiscal caution. The ensuing recommendations comprise options that Barberton CSD can consider in its continuing efforts to improve and stabilize its financial condition. This performance audit assessed the key operations of Barberton CSD in the areas of financial systems, human resources, facilities, and transportation. Major assessments included the following:

- The District's March 2005 five-year financial forecast, its underlying financial data, and accompanying notes and assumptions were assessed for reasonableness.
- District-wide staffing levels, collective bargaining agreements and benefit costs were core areas assessed in the human resources section.
- Building capacity and utilization, and custodial and maintenance operations were examined in the facilities section.
- Key transportation operational statistics, such as staffing, average costs per bus, and average costs per student were reviewed to identify potential efficiency improvements and cost savings for the District's transportation operations.

To complete this report, auditors gathered and assessed data from various sources pertaining to key operations, conducted interviews with Barberton CSD personnel, and assessed requested information from the comparison (peer) districts. Throughout this report, comparisons are made to three similarly sized school districts. These districts include Garfield Heights City School

District (Garfield Heights CSD) in Cuyahoga County; Massillon City School District (Massillon CSD) in Stark County; and Newark City School District (Newark CSD) in Licking County. These districts were selected as peers based on their identification as comparable districts by the Ohio Department of Education, reviews of various demographic information, and input from Barberton CSD personnel. Criteria included in ODE's comparable district listings include geographic size, average daily membership, socioeconomic demographics, population density, and real property valuation. Best practice information from ODE, the State Employment Relations Board (SERB), American Schools and Universities (AS&U), and related service industries was also used as a basis for comparison.

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

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

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following are key noteworthy accomplishments that were identified during the course of the performance audit.

Financial Systems

- The Treasurer is commended for the methodology used in preparing the five-year forecast. The detailed analyses and supporting documentation that are maintained have resulted in a document that is generally a fair and understandable presentation of the District's financial situation.
- Barberton CSD is commended for improving its academic performance in FY 2003-04 while operating on a general fund budget that was significantly less than the peers.

- Barberton CSD is commended for reducing its discretionary expenditures in FY 2003-04. The District recognized its financial difficulties and has taken action to limit the expenditures that are within its direct control.

Facilities

- The District took action to improve its operating efficiency by closing one of its underutilized school buildings.

Transportation

- The District is commended for developing a cooperative relationship with the City of Barberton (the City) for the procurement of vehicle fuel. The agreement allows the District and the City to purchase fuel at discounted prices while minimizing the cost and liability associated with maintaining separate fuel depots.

Key Recommendations

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

Financial Systems

- Barberton CSD should analyze and use the proposed financial forecast outlined in **Table 2-15** to evaluate the recommendations presented in this performance audit and determine the impact of the related cost savings on its financial condition. Barberton CSD should also consider implementing the recommendations in this performance audit to improve its current and future financial situation.
- Barberton CSD should adequately plan its yearly textbook and instructional material purchases to comply with the spending requirements in ORC § 3315.17. Not only will this ensure that the students are provided with updated instructional materials on a yearly basis, but it will also prevent the District from accruing a large liability that will place unnecessary burdens on future budgets. Because of the requirement to either spend the full amount on instructional materials in the current year or reserve enough cash to cover the shortfall so that it can be spent in subsequent years, there is no financial advantage to the District from not spending the full amount each year.

Human Resources

- Barberton CSD should continually monitor student-to-teacher and ESP staffing ratios and regularly evaluate the impact of staffing changes on the District, both financially and educationally. As shown in **Table 2-15** (see the financial systems section), the Auditor of State's revised forecast is projecting financial recovery for the District without considering any staffing reductions beyond those already adopted by the District. However, if the projections in the forecast are not achieved and the District is forced to make additional reductions, the regular education and ESP staffing levels represent two areas where additional reductions could be made and still comply with State law. Based on the current staffing levels, the District could potentially reduce up to 26 regular education teachers and 15 ESP while still meeting state minimum standards. However, since the District is currently in continuous improvement status based on the ODE report card, any decisions to reduce teacher and ESP staffing should be weighed against the impact the reductions may have on educational outcomes.
- Although the District's vocational program appears efficient based on the percent of general fund expenditures being reimbursed through state funding in FY 2003-04, this may not always be the case based on the changing nature of student enrollment, state funding, and vocational program needs. Therefore, to minimize the risk of being negatively impacted by changes in the factors noted above, Barberton CSD should perform a cost/benefit analysis to determine if it is in the District's best interest to join the local joint vocational school district. If Barberton CSD determines that it is not beneficial to join the JVSD, then it should consider alternative strategies to help eliminate the potential general fund subsidy of the vocational program.
- During future contract negotiations, Barberton CSD should negotiate to require all full-time employees, and all employees receiving full benefits, to pay 10 percent of the monthly health care premiums. Furthermore, any employee contributions that are negotiated should be stated as a percentage rather than a fixed dollar amount in order to help the District offset annual increases in health care premiums. If the District were to negotiate a 10 percent employee contribution toward monthly healthcare premiums (\$29.57 for single coverage) and (\$76.61 for family coverage), the potential annual cost savings would exceed \$385,000.
- The District should evaluate health insurance benefits as a means to control premium costs. Specifically, Barberton CSD should negotiate to increase the minimum work hour requirement for employees to receive full medical coverage. Additionally, Barberton CSD should seek competitive bids for life insurance to determine if current premium costs could be reduced. If the District increased the minimum work hour requirement to 30 hours per week for all employees, it could reduce the current enrollment by 12

classified employees and 12 certificated employees. This would result in an estimated annual savings of approximately \$187,000 in health care premium costs. Additionally, if Barberton CSD was able to reduce its life insurance premium costs through competitive bidding to Newark CSD's level, it would save approximately \$3,500 annually.

- Barberton CSD should periodically review the certified and classified salaries to determine the appropriateness of the current salary schedules and make any necessary adjustments. Additionally, in order to achieve the financial recovery plan modeled in **Table 2-15** (see the financial systems section); the District should attempt to negotiate COLAs of no more than two percent annually for all employees (certificated and classified) during the next contract period. Limiting the COLA's to no more than two percent would temper the rate of compensation increases, generate cost avoidances and gradually bring the higher paid employee classifications in line with the peers. In addition, COLA's of no more than two percent will also help bring some of the District's higher paid supplemental head coaching positions in line with the peers.

Facilities

- To more evenly distribute workloads between employees, the District should consider having two FTE's from the maintenance function help perform groundskeeping duties during the spring, summer and fall seasons. Since the current job descriptions for the maintenance positions include lawn care duties, the District can assign these duties to the maintenance employees without having to formally transfer them. This would provide the District with additional groundskeeping staff during the growing seasons while still permitting the District to assign building maintenance functions to these employees during the winter months. In addition, prior to accepting grants in the future, the District should ensure that consideration has been given to the long-term impact the grant may have on the District, both financially and operationally.
- The District should consider not filling vacant positions based primarily on seniority. In choosing between applicants, the District should make ability to perform the work the highest priority with seniority being a secondary consideration. This appears to be in accordance with the current AFSCME agreement as the contract indicates that consideration be given to employees applying for vacant positions based on qualifications, seniority and ability to perform the work.

Transportation

- Barberton CSD should establish formal policies and procedures to ensure accurate T-reports are prepared, reviewed, and reconciled before submission to ODE. In developing these policies, the District should consider allowing the treasurer's office to have more

involvement in the final review of the T-forms. Additionally, the District should develop policies that inform bus drivers of the importance of obtaining accurate student counts and assist them in separately identifying the regular and special needs students. Improving the report review process should ensure T-reports are completed in a timely manner, reconciled, and accurate prior to submission. This would subsequently ensure that the District receives the appropriate State reimbursements for its transportation services.

- Since the current certificated contract allows starting and ending times to vary by 30 minutes, the District should consider staggering the bell schedules within the 30 minute parameter at the various school buildings. For example, three of the elementary schools could start at 8:05 am and end at 2:35 pm to allow an extra bell tier for each bus. Implementing the changes necessary to allow for three runs per bus could enable the District to reduce at least three buses. Reducing three buses would save an estimated \$129,000 annually based on the average cost per regular bus in FY 2003-04.
- Prior to reducing buses or making other operational changes, the District should identify the number of additional students it will transport because of any policy change. Subsequently, the District should revisit the performance audit recommendations in this report and update the various ratios to reflect the new policy. However, the overall conclusions that financial and operational improvements can be made by implementing practices similar to the peers are still valid. For example, if the number of additional students requiring transportation is 450, the District could increase the number of students transported per bus to the peers' level with its current fleet by adjusting the bell schedule and using routing software (**R5.7**). The District would still realize a net financial benefit as reimbursements would increase by transporting more riders with its current fleet.

Additional Recommendations

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

Financial Systems

- In an effort to regain financial stability, Barberton CSD should closely examine the spending patterns indicated in **Table 2-11** and the cost reductions recommended in the human resources, facilities and transportation sections of this report. Opportunities may exist to reduce operating expenditures in certain areas without impacting the overall quality of education.

- In developing future forecasts, the Treasurer should carefully apply his methodology and supporting assumptions to the projections and ensure that the stated assumption matches the forecast methodology.
- The Treasurer should update the forecast to account for the portion of the new levy that is attributable to property tax allocations. In addition, the Treasurer should update the forecast to incorporate the potential impacts from scheduled property reappraisals and the District dropping below the 20 mill floor. This will provide the District with more reliable revenue information with which to make informed decisions.

Human Resources

- During future contract negotiations, Barberton CSD should attempt to reduce the vacation accrual rates for employees with 10 or more years of service. Implementing this recommendation will potentially increase productivity while helping to minimize the need for substitutes and/or overtime.
- Barberton CSD should attempt to negotiate a lower number of holidays for its classified employees. More specifically, the District should attempt to reduce the number of paid holidays for 11 and 12 month employees to the peer average of 12 days per year, while the 9 and 10 month employees should be reduced to 10 holidays per year. By reducing the number of holidays to a level similar to the peers, the District would increase productivity as staff would be working two additional days during the year.
- The District should attempt to negotiate a requirement that employees give the District at least a three day advance notice if they intend to use personal leave. This would allow the District to determine staffing and work requirements ahead of time in an effort to minimize the impact of the absence on productivity and/or substitute and overtime costs.
- Barberton CSD should strive to reduce the amount of sick leave used by its employees by strengthening the policies to ensure its proper use. More specifically, the District should consider modifying the existing policies to include prohibitions against “patterns of abuse.” These prohibitions should indicate that if an employee engages in a “pattern of abuse,” he or she may be subject to discipline. To identify potential patterns of abuse, the District should begin active monitoring of sick leave usage. In addition, the District should consider following the American Society for Public Administration’s (ASPA’s) suggestions for effectively managing sick leave abuse. The District would realize a cost savings of approximately \$27,000 if each certificated staff member (334 certificated employees) used, on average, one less sick leave day per year. Reducing sick leave by an average of five days (40 hours) per certified staff member would enable Barberton CSD

to match the ODAS state average and would save approximately \$135,000 in annual substitute costs.

Facilities

- Although the Maintenance Supervisor is tracking work orders electronically, the District should strive to improve the effectiveness of the process by having the supervisor prioritize the status of individual work orders when they are received. In addition, the Maintenance Supervisor should begin tracking and monitoring the amount of supplies and materials used on a project, the cost of labor (including staffing levels and overtime usage), and the productivity and performance of assigned personnel.
- Using the current facilities plan as a starting point, the District should work with a cross-section of school personnel, parents, students, and community members to update the plan to reflect current building configurations and needs as well as to incorporate some of the items missing from the existing plan. In carrying out this process, many of the recommended planning documents noted in this section of the report should be used as major pieces of the master plan, including the capacity analysis and enrollment projections (see **R4.4**), the preventative maintenance program (see **R4.5**) and the capital improvement plan (see **R4.5**).
- In conjunction with updating its facilities master plan (see **R4.3**), Barberton CSD should develop and formally adopt a 5 to 10-year methodology for projecting student enrollment. The District should then use the adopted methodology to prepare a formal enrollment projection. Based on past accuracy, the District could use the enrollment projections prepared by DeJong & Associates as a starting point in completing this process. Once the District has reliable enrollment projections in place, it should review and update them on a yearly basis as well as compare them with building capacities to determine the appropriate number of school buildings and classrooms.
- Barberton CSD should establish a preventive maintenance (PM) program that addresses all routine, cyclical, and planned building maintenance functions. With the development of a PM program, the District should also develop a formal five-year capital improvement plan that is updated on an annual basis to ensure that critical repair work or equipment replacement is completed. The capital improvement plan should include a capital project categorization and prioritization system that provides management with a breakdown between maintenance tasks and capital projects, ensures work is completed in a timely manner, and minimizes both safety hazards and facility deterioration. The preventive maintenance program and capital improvement plan can also be used as major pieces of the facilities master plan (**R4.3**).

Transportation

- Barberton CSD should determine the level of transportation that is most effective and efficient within the constraints of its financial condition. If the District is faced with future decisions regarding changes to service levels, it should perform a formal study that evaluates and documents the costs and benefits of the various alternatives prior to implementing the change. For example, the cost savings derived from a reduction in buses and drivers in each scenario must be balanced against the loss in State transportation reimbursement resulting from fewer students being transported and fewer miles being driven.
- In future contract negotiations, the District should consider eliminating the provision guaranteeing work hours based on the prior year. This would allow the District to avoid having to pay employees for time that is not worked.
- The District should consider adding another threshold to its purchasing policy that would require more items to be purchased in a competitive environment. The new threshold should be devised by the Board in consultation with the Business Manager, the Treasurer, and other personnel to ensure that more items are being subjected to competitive price quotations while not being overly cumbersome. The policy should also state whether the vendor quotes are to be written or verbal and should also require that the quotes be attached (noted on the p.o. if verbal) to the purchase order prior to submitting them to the treasurer's office for processing. Additionally, the District should periodically bid for insurance to ensure that the policy costs are the lowest available. If, through competitive bidding, the District was able to reduce its tire and tube cost per bus and maintenance and supplies cost per bus to the next highest peer, it would save approximately \$4,300 annually. In addition, by raising the deductible to \$1,000 for both comprehensive and collision insurance, the District would save a total of \$239 for the 18 buses used in transporting students.
- Barberton CSD should investigate strategies to reduce its special needs transportation costs including actively promoting the use of parent/guardian contracts, revising its IEP development process, and soliciting competitive bids when contracting transportation for special needs students.
- Since Barberton CSD has already paid for transportation software, regular updates, and employee training, it should ensure that it is fully utilizing all of the capabilities of the software, including the bus route optimization feature. This would allow for the most cost efficient bus routing while minimizing the time needed to update routes based on students moving in or out of the District.

- Barberton CSD should draft, approve, and update a bus replacement plan that describes its strategy for bus procurement in future years. All bus and equipment replacement should be based upon economic modeling that allows for replacement at the most advantageous point in the equipment's life cycle. The District should maintain and periodically review important bus information, such as mileage and maintenance records to determine the cost benefit for each bus. This plan should include the number of buses to be replaced each fiscal year, along with the age, mileage, maintenance costs, and estimated cost at the time of replacement. By reviewing and updating the plan annually, Barberton CSD will be able to plan for future costs while maintaining its fleet.
- The District should also consider implementing a formal bus rotation system whereby older buses are moved to routes with fewer miles. Implementing a bus rotation system in conjunction with the route optimization software and increasing the runs per bus could enable the District to extend the useful life of its fleet.

Summary of Financial Implications

The following tables summarize the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which Barberton City School District should consider. Some of the recommendations are dependent on labor negotiations or collective bargaining agreements (see **human resources** section). Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations

	Estimated Annual Cost Savings
Financial Systems: Revised Assumptions	
R2.1 Real Estate and Property Tax Allocation	\$762,000
R2.2 Revise purchased services, supplies & materials and capital outlay ¹	(\$39,000)
Total Impact of Revised Assumptions	\$723,000
Total Recommendations Subject to Negotiation	
R3.3 Increase employee share of benefit costs to 10% of the monthly premium	\$385,000
R3.4 Increase minimum work requirements to 30 hours for participation in health benefits Implement	\$187,000
R3.7 Reduce sick leave usage by one day through stricter policies	\$27,000
Total Recommendations Subject to Negotiation	\$599,000
Recommendations Not Subject to Negotiation	
R3.4 Reduce life insurance costs through competitive bidding	\$3,500
R5.3 Reduce three buses through increasing the runs per bus	\$129,000
R5.5 Adjust purchasing policies to subject more items to competitive bidding	\$4,540
R5.6 Increase use of parent/guardian contracts	\$7,100
Total Recommendations Not Subject to Negotiation	\$144,140
Total Financial Implications (Excludes Revised Assumptions)	\$743,140

Source: AOS Recommendations

¹ Reflects annual average change of revised assumptions over the forecasted period.

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

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Financial Systems

Background

This section focuses on the financial systems within Barberton City School District (Barberton CSD or the District). The objective is to analyze the current financial condition of Barberton CSD and develop recommendations for improvements and efficiencies. Comparisons are made throughout the report to the following peer districts: Garfield Heights City School District (Garfield Heights CSD), Massillon City School District (Massillon CSD) and Newark City School District (Newark CSD).

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

The Ohio Department of Education (ODE), in consultation with AOS, developed guidelines to identify fiscal practices that could lead to financial crisis if uncorrected. Prior to declaring fiscal caution, ODE consults with the school district board of education. The board is then required to provide a written proposal to ODE to correct the fiscal deficiencies. Further examination by ODE and AOS that identifies potential problems can initiate fiscal caution status. Once a school district is declared to be in fiscal caution, the district is required to submit a financial recovery plan proposing changes that would eliminate the potential deficits within 60 days of the declaration. If ODE finds a district has not made reasonable proposals or taken action to correct the practices or conditions that lead to the declaration, it may report to the Auditor of State that a declaration of fiscal watch is necessary to prevent further decline.

On February 15, 2005, ODE placed Barberton CSD in fiscal caution due to the possibility of ending the 2005 fiscal year in a deficit, as well as the potential for deficits in future years. In response to being placed in fiscal caution, Barberton CSD adopted a proposed recovery plan that will result in an estimated savings of approximately \$1.8 million in FY 2005-06. In addition, Barberton CSD passed an 8.64 mill emergency levy on February 8, 2005, that will generate approximately \$3.7 million annually. The combination of the additional levy proceeds and the budget reductions are projected to eliminate the District's potential deficits in FY 2004-05 through FY 2006-07.

Financial Forecast

Table 2-1 presents the District’s five-year financial forecast. AOS reviewed the assumptions developed by the treasurer that have a significant impact on the forecast, such as tax revenue, state funding, salaries and benefits. Where appropriate, changes were made to the treasurer’s assumptions and/or methodology to present more reliable projections of future revenues and expenditures. The projections, which incorporate the combined general and disadvantaged pupil impact aid (DPIA) funds, and that portion of the debt service fund relating to general fund obligations, are accompanied by three years of comparative historical information, general assumptions and explanatory comments.

Table 2-1: Barberton CSD Financial History and Forecast (in 000's)

	Actual 2001-02	Actual 2002-03	Actual 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Real Estate Property Tax	\$7,569	\$8,142	\$7,924	\$7,939	\$9,226	\$11,103	\$11,103	\$11,103
Tangible Personal Property Tax	3,425	3,224	3,016	3,032	2,875	3,236	3,095	2,960
Unrestricted Grants-in-Aid	17,202	15,153	17,156	16,961	16,685	16,685	16,685	16,685
Restricted Grants-in-Aid	80	3,030	2,326	2,340	2,316	2,316	2,316	2,316
Property Tax Allocation	1,209	1,056	1,097	1,113	1,113	1,113	1,113	1,113
Other Revenues	565	727	741	2,173	2,183	2,194	2,205	2,216
Total Operating Revenues	\$30,049	\$31,332	\$32,260	\$33,559	\$34,397	\$36,647	\$36,517	\$36,393
Salaries & Wages	\$19,291	\$20,357	\$20,522	\$20,099	\$20,601	\$21,528	\$22,497	\$23,510
Fringe Benefits	5,722	6,255	7,003	7,356	7,974	8,531	9,180	9,884
Purchased Services	3,563	3,293	3,572	5,676	5,789	5,905	6,023	6,144
Supplies, Materials & Textbooks	987	855	684	1,080	996	996	1,016	1,036
Capital Outlay	941	283	44	215	240	440	375	580
Debt Service	0	0	65	30	184	919	882	845
Other Expenditures	603	705	702	645	662	695	730	767
Total Operating Expenditures	\$31,108	\$31,747	\$32,593	\$35,100	\$36,446	\$39,015	\$40,703	\$42,765
Net Transfers/ Advances	(537)	(10)	0	3,675	0	0	0	0
Other Financing Sources	0	0	0	30	0	0	0	0
Net Financing	(\$537)	(\$10)	\$0	\$3,705	\$0	\$0	\$0	\$0
Result of Operations (Net)	(\$1,595)	(\$426)	(\$333)	\$2,164	(\$2,049)	(\$2,368)	(\$4,186)	(\$6,372)
Beginning Cash Balance	\$2,734	\$1,139	\$713	\$381	\$2,544	\$495	(\$1,872)	(\$6,059)
Ending Cash Balance	\$1,139	\$713	\$381	\$2,544	\$495	(\$1,872)	(\$6,059)	(\$12,431)
Outstanding Encumbrances	471	330	324	300	300	150	150	150
Total Reservations	164	164	396	152	152	0	0	0
Ending Fund Balance	\$504	\$219	(\$339)	\$2,092	\$43	(\$2,022)	(\$6,209)	(\$12,581)

Source: Barberton CSD

The projections in **Table 2-1** present the expected revenues, expenditures and fund balances of the general fund for each of the fiscal years including June 30, 2005 through June 30, 2009, with historical information presented for the fiscal years ended June 30, 2002, 2003 and 2004.

Barberton CSD ended FY 2003-04 with a deficit balance of approximately \$339,000. By FY 2008-09, Barberton CSD projected the deficit to increase to approximately \$12.6 million.

One of the primary objectives of this performance audit is to test the reasonableness of the District's forecast methodology and assumptions in order to develop a reliable financial recovery plan. Accordingly, the methodology and major assumptions used by the District in preparing the financial forecast are presented below. The Auditor of State's conclusions as to the reasonableness of the assumptions and methodology are also presented.

The District's forecast (**Table 2-1**) was prepared on March 5, 2005 and includes projections for FY 2004-05 which were tested for reasonableness by AOS. However, during the audit, actual revenue and expenditure information became available for FY 2004-05. Unless noted otherwise, the actual figures for FY 2004-05 compared favorably with the treasurer's projected figures and no additional assessments were needed to determine the overall reasonableness of the forecast. The financial recovery plan shown in **Table 2-15** has been updated based on the actual ending fund balance for FY 2004-05. Furthermore, during the course of this audit, the State of Ohio adopted its budget for the next biennium beginning with FY 2005-06. While the new budget does include major tax reforms, including acceleration of the phase-out period for tangible personal property taxes, the overall impact on Barberton CSD's total revenues during the next five-years will be negligible due to various hold-harmless clauses contained in the legislation.

Revenues

Real Estate Property Taxes

The real estate property tax revenue estimates include residential real estate tax, public utility property tax and manufactured home tax revenues. Real estate property tax collections represented approximately 25 percent of the District's FY 2003-04 revenues. The District's assumptions for projecting real estate property taxes are based on the following factors:

- Barberton CSD passed an emergency levy on February 8, 2005 that will generate a total of nearly \$3.7 million (\$3.2 million in real estate taxes and \$460,000 in tangible taxes) annually. Based on the collection cycle of the levy, the District will collect approximately half of the levy in FY 2005-06. The first full collection will occur in FY 2006-07 and will continue through the remainder of the forecast.
- The District is currently collecting on four operating levies. Two of the levies are continuous, while the other two are set to expire during the forecasted period. The general current expense levy that generates \$2.4 million will expire in FY 2006-07. The \$3.7 million emergency levy (just passed) is set to expire in FY 2008-09. The forecast assumes that both

levies will be renewed. For operating purposes, the District currently collects on 21.4 effective mills (51.6 voted mills).

- The treasurer's projections show tax growth of approximately 0.2 percent in FY 2004-05 and 16 percent in FY 2005-06. The treasurer's FY 2004-05 projections were based on the Summit County Budget Commission's certificate of estimated resources. In FY 2005-06, the treasurer incorporated the proceeds from the levy, but did not anticipate any other growth in real estate property taxes.
- The projections for FY 2006-07 through FY 2008-09 incorporate the proceeds from the levy, but no additional growth is anticipated due to recent declines in real estate property taxes.

The projections for FY 2004-05 look reasonable based on the year-to-date collections and information provided by the County Auditor. The projections for FY 2005-06 through FY 2007-08 are overstated because the treasurer allocated the entire \$3.7 million from the new levy to real estate and tangible property taxes. This assumption does not account for the portion of the levy that will be generated through property tax allocations. The projection for FY 2008-09 is likely to be understated because it does not take into consideration the impact the reappraisal will have on real estate property taxes. In addition, the District should also drop below the 20 mill tax floor in FY 2008-09. (See R2.1)

Tangible Personal Property Taxes

Tangible personal property taxes are paid by businesses based on the assessed value of the furniture and fixtures, machines, equipment, supplies and inventory used in conducting their business. Legislation (ORC § 5711.22) is in place that phases out the tangible personal property tax by reducing the yearly assessed valuation rates. The tangible personal property taxes represented approximately nine percent of the District's FY 2003-04 revenues. The District's assumptions for projecting the tangible property tax receipts are based on the following:

- The treasurer projected the tangible personal property tax collections to increase by 0.5 percent in FY 2004-05 and decline approximately five percent in FY 2005-06. The FY 2004-05 tangible personal property tax projection is based on the Summit County Budget Commission's current certificate of estimated resources. The decline in the FY 2005-06 projection is based on the legislation phasing out the tangible personal property tax rates.
- The treasurer projects the FY 2006-07 tangible personal property taxes to increase by nearly 13 percent due to the collection of the new levy. For FY 2007-08 and FY 2008-09, the tangible personal property taxes are projected to decrease by approximately four percent due to the legislation phasing out the tangible personal property tax rates and past history.

The projections for FY 2004-05 and FY 2005-06 look reasonable based on the year-to-date collections and information provided by the County Auditor. The projection for FY 2006-07 looks reasonable based on the projected impact of the new levy. The FY 2007-08 through FY 2008-09 tangible personal property tax collections also look reasonable based on recent trends and the legislation phasing out the tangible personal property tax rates.

State Funding (Unrestricted & Restricted Grants-in-Aid)

State funding represents restricted and unrestricted revenues received from the State of Ohio through the state foundation program. The funding levels are established by the state legislature and the program is administered by ODE. For Barberton CSD, state funding represented approximately 60 percent of the District's FY 2003-04 revenues. The District's assumptions for projecting state funding are based on the following:

- The FY 2004-05 state funding projections are based on the January #1 SF-3 state funding report prepared by ODE.
- The FY 2005-06 state funding projections are based on ODE simulations and were adjusted to account for the recent decline in ADM and the projected increase in property values from the triennial property value update.
- The treasurer's projections for FY 2006-07 through FY 2008-09 hold all state funding fixed at the FY 2005-06 levels based on the uncertainty of the state budget for the next biennium.

The projections for FY 2004-05 look reasonable based on the SF-3 state funding report prepared by ODE and the year-to-date receipts. The projections for FY 2005-06 also appear reasonable based on the simulation prepared by ODE, the recent decline in ADM and the projected increase in property values from the triennial update. The projections for FY 2006-07 through FY 2008-09 look reasonable based on the uncertainty surrounding the state budget for the next biennium. However, because state funding represents 60 percent of the District's revenues, if the state legislature does increase the funding levels during the next biennium, a material difference would occur and the District's assumptions likely would need to be revised.

To avoid the potential for a material misstatement, and to show the impact on the District if the State Legislature does increase the future funding levels, the recovery plan includes the incremental impact of a 2.2 percent increase in state funding levels. This increase is based on the current legislation which increased the per pupil funding amount by 2.2 percent in FY 2003-04 and FY 2004-05. The impact of the 2.2 percent increase in state funding levels is shown in a line-item inserted just below the AOS Recommendations line-item in the recovery plan. The impact on the recovery plan is also shown in **Table 2-2**.

Table 2-2: Impact on Forecast Adjustment for State Funding (in 000's)

	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Barberton CSD Projections:					
Unrestricted State Funding	\$16,961	\$16,685	\$16,685	\$16,685	\$16,685
Restricted State Funding	2,340	2,316	2,316	2,316	2,316
Total State Funding	\$19,301	\$19,001	\$19,001	\$19,001	\$19,001
AOS Revised Projections:					
Unrestricted State Funding	\$16,961	\$17,376	\$17,716	\$18,142	\$18,115
Restricted State Funding	2,340	2,364	2,416	2,440	2,465
Total Revised State Funding	\$19,301	\$19,740	\$20,132	\$20,582	\$20,580
Net Impact on Fund Balance	\$0	\$739	\$1,131	\$1,581	\$1,579

The AOS revised projections were prepared using the District's projections for FY 2004-05. The FY 2005-06 and FY 2006-07 projections were developed using ODE's state funding simulation models that assume a 2.2 percent increase in the per pupil funding amount. AOS projections for FY 2005-06 and FY 2006-07 are approximately four to six percent higher than the treasurer's projection due to the ODE simulations showing DPIA, parity aid and other various funding items increasing at nearly eight percent. These items are calculated outside of the basic per pupil formula and can increase at rates greater than 2.2 percent. In FY 2007-08 and FY 2008-09, it is assumed that the per pupil amount in the state foundation formula will increase 2.2 percent, and the other components of state funding that are calculated outside of the per pupil formula will increase at historical rates. However, the total state funding revenues are projected to remain approximately the same in FY 2008-09 due to the impact the property reappraisal will have on the charge-off portion of the state funding formula.

Property Tax Allocation

The property tax allocation line-item represents reimbursements received from the State of Ohio for various real estate property tax credits. Because of this relationship, the growth in property tax allocations will usually parallel the growth in real estate property taxes. For Barberton CSD, property tax allocations represented approximately three percent of the District's FY 2003-04 revenues. The FY 2004-05 projection is based on the Summit County Budget Commission's certificate of estimated resources. The treasurer's projections for FY 2005-06 through FY 2008-09 are held flat because he projected real estate property taxes to not experience any inflationary growth (all growth due to new levy).

The projections for FY 2004-05 look reasonable based on the year-to-date collections and information provided by the County Auditor. The projections for FY 2005-06 through FY 2008-

09 are understated because they do not take into consideration the effect the new tax levy will have on property tax allocations. In addition, the FY 2008-09 projection will be adjusted to reflect the growth that is being projected in real estate taxes due to the property reappraisal. (See R2.1)

Other Revenues

The other revenues category represented approximately two percent of the District's FY 2003-04 revenues and consists of interest receipts, tuition, rentals, and various other sources. The FY 2004-05 projection increases nearly \$1.4 million from FY 2003-04 due to ODE requiring Barberton CSD to separately report total revenue received from open enrollment students entering the District. Prior to this, the District netted this revenue against the expenditures associated with students leaving the District through open enrollment and recorded the net loss as a purchased service. The other revenues for FY 2005-06 through FY 2008-09 are projected to increase 0.5 percent annually to account for improving interest rates.

The FY 2004-05 projection appears reasonable based on the year-to-date receipts. The treasurer's assumptions for FY 2005-06 through FY 2008-09 also appear reasonable based on past history and the uncertainty of interest rates and open enrollment.

Expenditures

Salaries & Wages

Employee salaries and wages represented approximately 63 percent of the District's FY 2003-04 expenditures and consist of employee wages, substitute costs, supplemental contracts, severance and overtime. The District's assumptions for projecting salaries and wages are based on the following:

- The projections for FY 2004-05 are based on the actual salaries for all employees for the year.
- The collective bargaining agreements for the classified staff expire in December 2005, and stipulate no cost of living (COLA) increases in FY 2005-06. The collective bargaining agreement for certificated staff is set to expire in August 2006, and also stipulates no COLA increase in FY 2005-06.
- FY 2005-06 is projected by increasing the FY 2004-05 projections by an estimate for the annual step increases.

- FY 2006-07 through FY 2008-09 is projected by assuming a 4.5 percent increase to account for step and COLA increases for all employees.

The projections for FY 2004-05 look reasonable based on the year-to-date expenditures. While the assumptions and methodology used to project FY 2005-06 through FY 2008-09 appear reasonable, the projections do not account for the savings associated with the reduction of 22 staff members at the conclusion of the FY 2004-05 school year. This is a timing issue as the treasurer’s forecast was prepared before the District adopted its financial recovery plan and made the associated budget reductions.

Table 2-3 shows the revised projections for wages assuming 22 fewer employees in FY 2005-06 through FY 2008-09. The District estimates that the reduction in staff will result in a salary savings of approximately \$842,000 in FY 2005-06. The impact that these revisions will have on the District’s forecast is shown below in **Table 2-3**:

Table 2-3: Impact on Forecast Adjustment for Wages (in 000’s)

	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Barberton CSD Projections:					
Personal Services	\$20,099	\$20,601	\$21,528	\$22,497	\$23,510
AOS Revised Projections:					
Personal Services	\$20,099	\$19,760	\$20,649	\$21,578	\$22,549
Net Impact on Forecast	\$0	(\$842)	(\$880)	(\$919)	(\$961)

Fringe Benefits

Employee fringe benefits represented approximately 21 percent of the District’s FY 2003-04 expenditures and consist of employee health insurance, pension costs, Medicare benefits and unemployment costs. The District’s assumptions for projecting employee fringe benefits are based on the following:

- In the notes to the financial forecast, the treasurer states that the health care premiums are projected to increase 15 percent in FY 2004-05 and ten percent throughout the remainder of the forecast.
- Retirement, workers’ compensation and Medicare are projected as a percentage of total salaries and wages.

The projections for FY 2004-05 look reasonable based on the year-to-date expenditures. However, after the forecast was prepared in March 2005, the District made staffing and other reductions that are estimated to save approximately \$911,000 in benefits and will take effect beginning in FY 2005-06. This is a timing issue as the treasurer’s forecast was prepared before the District adopted its financial recovery plan.

Table 2-4 shows the revised AOS projections for employee benefits assuming 22 fewer staff members and the other benefit reductions implemented for FY 2005-06. The impact that these revisions will have on the District’s forecast are shown below in **Table 2-4**:

Table 2-4: Impact on Forecast Adjustment for Employee Benefits (in 000’s)

	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Barberton CSD Projections:					
Employee Benefits	\$7,356	\$7,974	\$8,531	\$9,180	\$9,884
AOS Revised Projections:					
Employee Benefits	\$7,356	\$7,062	\$7,537	\$8,094	\$8,698
Net Impact on Forecast	\$0	(\$911)	(\$995)	(\$1,086)	(\$1,186)

Purchased Services

Purchased services represented approximately 11 percent of the District’s FY 2003-04 expenditures and consists of utilities, legal fees, open enrollment deductions, building and vehicle insurance and various other items. The District’s assumptions for projecting the purchased services include the following:

- In FY 2004-05, all line items within purchased services are projected to increase by two percent except utilities, which are expected to increase 11 percent. In addition, adjustments were made to account for open enrollment payments and community school costs.
- The projections for FY 2005-06 through FY 2008-09 are based on utility costs increasing five percent and all other purchased services increasing two percent for inflation. The lower growth rate for utility costs is due in part to the District transferring ownership of the old high school and industrial arts buildings to the City of Barberton.

The projections for FY 2004-05 look reasonable based on the year-to-date actual expenditures. Although the notes to the forecast state that utilities are projected to increase five percent annually beginning in FY 2005-06, an analysis of the utility line item shows that the treasurer mistakenly projected utility costs to increase by two percent. In addition, after the forecast was

prepared in March 2005, the District adopted a financial recovery plan which identified organizational changes that impact the purchased services line-item. These changes include closing one school building and outsourcing the Districts technology function. (See R2.2)

Supplies, Materials & Textbooks

Supplies, materials and textbooks represented approximately two percent of the District's FY 2003-04 expenditures and consist of textbooks and instructional and non-instructional supplies and materials. Legislation (ORC § 3315.17) is in place that requires school districts to maintain a minimum level of spending for textbooks and instructional materials. The District's assumptions for projecting the supplies, materials, and textbooks expenditures are based on the following:

- The FY 2004-05 projection is based on past expenditures with an adjustment for critical needs that are the result of deferring purchases during the last two years.
- The supplies, materials, and textbooks for FY 2005-06 through FY 2008-09 are projected to increase two percent to account for inflation.

The FY 2004-05 projections for supplies, materials and textbooks look reasonable based on the year-to-date expenditures. The FY 2005-06 projection for supplies, materials, and textbooks also looks reasonable based on the reduction of a one-time software expense from FY 2004-05. Although the notes to the forecast state that supplies and materials are projected to increase two percent annually beginning in FY 2005-06, an analysis of the supplies and materials line-item shows that the treasurer mistakenly projected supplies and materials to stay constant in FY 2006-07. Therefore, the projections for FY 2006-07 through FY 2008-09 are likely understated. Based on an AOS analysis of the District's projected compliance with ORC § 3315.17, it appears that the District will comply with the spending requirements for textbooks and instructional materials during the forecast period. (See R2.2)

Capital Outlay

Capital outlay expenditures represented less than one percent of the District's FY 2003-04 expenditures. Historically, the District has used the capital outlay line item to account for the cost of acquiring new assets such as buses, computers and other district vehicles. Legislation (ORC § 3315.18) is in place that requires school districts to maintain a minimum level of spending for capital improvement purposes. The District's assumptions for projecting capital outlay expenditures include the following:

- The FY 2004-05 projections are based on spending \$50,000 for normal capital outlay expenditures with an adjustment to account for the purchase of three new school buses.

- The FY 2005-06 through FY 2008-09 projections are based on spending \$100,000 for normal capital outlay expenditures. In addition, adjustments are made to account for the purchase of three buses in FY 2006-07, two buses each in FY 2007-08 and FY 2008-09, and new computers in FY 2005-06 through FY 2008-09.

The FY 2004-05 projections for capital outlay look reasonable based on the year-to-date expenditures. While the methodology and assumptions used to project FY 2005-06 through FY 2007-08 appear reasonable, the projections do not account for the savings in the general fund associated with the financial recovery plan. More specifically, the District indicated in the recovery plan that it will begin charging \$200,000 of general fund capital outlay expenditures to the permanent improvement funds during the forecast period. This is a timing issue as the forecast was prepared before the recovery plan was adopted.

The treasurer also indicated that the large increase in the FY 2008-09 capital outlay projection was a mistake and that the figure should equal the FY 2007-08 levels. However, even with the reduction in the projected capital outlay expenditures in FY 2008-09, the District is projected to comply with the ORC § 3315.18 spending requirements. (See **R2.2**)

Debt Service

Debt service expenditures represented less than one percent of the District's FY 2003-04 expenditures. The District based its debt projections on the general fund debt obligations outstanding in March, 2005.

The projections for FY 2004-05 appear reasonable based on a review of debt agreements and amortization schedules. However, the debt service projections for FY 2005-06 through FY 2008-09 are overstated. When the District passed the new tax levy in February 2005, it issued tax anticipation notes to borrow against the levy proceeds. The tax anticipation notes were formally issued on April 28, 2005 at an interest rate of 3.6 percent. In preparing the forecast in March 2005, the treasurer estimated that the interest rate for the tax anticipation notes would be five percent. This is a timing issue since the tax anticipation note was formally issued after the forecast was prepared.

Based on the lower actual interest rate associated with the tax anticipation note, the forecast does not accurately portray the District's future debt service requirements. The tax anticipation note will be paid back in five equal installments of \$735,000, starting in FY 2006-07. However, since the actual interest rate is only 3.64 percent (instead of the five percent estimate used by the treasurer), the projected interest payments in FY 2005-06 through FY 2008-09 need to be adjusted to reflect the new interest rate. **Table 2-5** shows the impact of these adjustments on the forecast.

Table 2-5: Forecast Adjustment for Debt Services

	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Barberton CSD Projections:					
Debt Service Costs	\$30,000	\$183,750	\$918,750	\$882,000	\$845,250
AOS Revised Projections:					
Debt Service Costs	\$30,000	\$155,830	\$855,393	\$828,639	\$801,885
Net Impact on Forecast	\$0	(\$27,920)	(\$63,357)	(\$53,361)	(\$43,365)

Other Expenditures

Other expenditures represented approximately two percent of the District's FY 2003-04 expenditures. Historically, the District has used the other expenditure line-item to account for the cost of county auditor and treasurer fees, county board of education contributions, financial audit fees, delinquency tax collection fees and various other miscellaneous items. The FY 2004-05 projection is based on FY 2003-04 with adjustments to account for reductions in vocational education and special education tuition payments and the addition of a one-time levy election expense. The other expenditures for FY 2005-06 through FY 2008-09 are projected to increase five percent annually based on past history and to account for inflation.

The FY 2004-05 projections for other expenditures look reasonable based on year-to-date expenditures. The projections for FY 2004-05 are expected to decrease due to a decline in the number of Barberton CSD students attending vocational and special education courses outside the District through the compact agreement. In addition, there was also a decline in court ordered placements of Barberton CSD students into other neighboring districts. The FY 2005-06 through FY 2008-09 other expenditures also appear reasonable based on past history and the uncontrollable nature of certain line items within the other expenditures category.

Net Transfers

The treasurer's projections for FY 2004-05 through FY 2008-09 assume no revenues or expenditures in operating transfers. The treasurer is projecting \$30,000 in other financing sources in FY 2004-05. This other financing source represents a refund of an advance that took place in FY 2003-04. The treasurer's assumption showing no revenues or expenditures in operating transfers appears reasonable based on Barberton CSD correcting the issues that necessitated the transfers in prior years.

Recommendations

Financial Forecast & Planning

- R2.1 The treasurer should update the forecast to account for the portion of the new levy that is attributable to property tax allocations. In addition, the treasurer should update the forecast to incorporate the potential impacts from scheduled property reappraisals and the District dropping below the 20 mill floor. This will provide the District with more reliable revenue information with which to make informed decisions.**

The emergency levy that passed on February 8, 2005 will generate nearly \$3.7 million annually. In an effort to quickly determine the impact this levy will have on the District's financial forecast, the treasurer allocated the entire \$3.7 million to real estate and tangible property taxes. However, some of the proceeds from the levy are due to homestead and rollback exemptions accounted for within the property tax allocation line-item. The treasurer did not account for the property tax allocation portion of the levy and projected this revenue source to remain flat during the forecast period. Historically, property tax allocations have represented approximately 14 percent of real estate property taxes. The allocation of the levy is a classification change that will have no impact on the District's total revenues.

In addition, the treasurer's real estate property tax assumptions do not consider that the District will be impacted by the next property reappraisal in FY 2008-09. The last reappraisal resulted in property tax growth of 7.5 percent in FY 2002-03. Furthermore, Barberton CSD will fall below the 20 mill floor in FY 2008-09, which should result in additional tax revenue for the District. The 20 mill floor protects districts with low millage, prohibiting tax reductions below 20 effective mills as a result of reappraisals and readjustments from triennial updates. Once a district reaches the 20 mill floor, the district receives an increase in income proportional to the increase in the tax duplicate for all future reassessments and updates. Despite the reappraisal and dropping below the 20 mill floor, the District projected no growth in real estate property tax collections in FY 2008-09.

Table 2-6 presents AOS' revised projections for real estate property taxes and property tax allocations and compares them to the projections prepared by Barberton CSD. Since the District's projections do not incorporate the proceeds from the levy in the property tax allocation line-item, 14 percent of the scheduled levy proceeds are deducted from real estate property taxes and allocated to property tax allocations. In addition, the AOS revised real estate property tax estimates allow for seven percent growth in FY 2008-09

due to the scheduled property reappraisal and the District dropping below the 20 mill floor. This growth rate is consistent with the increase experienced during the last reappraisal in FY 2002-03. The FY 2008-09 property tax allocations are also increased by an additional one percent to reflect the growth in real estate tax collections from the property reappraisal. The one percent growth rate is based on the historical average annual growth rate in property tax allocations.

Table 2-6: Net Effect of Revised Real Estate Taxes & Property Tax Allocation Receipts (in 000's)

	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Barberton CSD Projections:					
Real Estate Property Taxes	\$7,939	\$9,226	\$11,103	\$11,103	\$11,103
Property Tax Allocation	1,113	1,113	1,113	1,113	1,113
Total	\$9,052	\$10,339	\$12,216	\$12,216	\$12,216
AOS Revised Projections:					
Real Estate Property Taxes	\$7,939	\$9,046	\$10,661	\$10,661	\$11,407
Property Tax Allocation	1,113	1,293	1,555	1,555	1,571
Total	\$9,052	\$10,339	\$12,216	\$12,216	\$12,978
Net Impact on Forecast	\$0	\$0	\$0	\$0	\$762

R2.2 In developing future forecasts, the treasurer should carefully apply his methodology and supporting assumptions to the projections and ensure that the stated assumption matches the forecast methodology.

The notes to the forecast state that all line items within purchased services are projected to increase two percent except utilities, which are expected to increase 11 percent in FY 2004-05 and five percent in FY 2005-06 through FY 2008-09. The treasurer indicated that the decrease in the utility growth rate from 11 percent in FY 2004-05 to five percent in all remaining years is based on the District transferring ownership of the old high school and industrial arts buildings to the City of Barberton. However, an analysis of the utility line item shows that the treasurer mistakenly projected utility costs to increase by only two percent annually during the forecast period.

According to the forecast notes, the treasurer was supposed to project the supplies and materials to increase two percent annually beginning in FY 2005-06. However, the treasurer held the FY 2006-07 projections constant at the FY 2005-06 levels. The treasurer indicated that this was a mistake and the FY 2006-07 projections should have increased by two percent. Similarly, the FY 2008-09 capital outlay expenditures were

projected to increase by 55 percent. The treasurer also indicated that this was a mistake and that the FY 2008-09 projection should have been held constant at the FY 2007-08 levels.

In addition, the District adopted a formal recovery plan after the forecast was prepared that included various organizational changes. The changes that have an impact on the purchased services and capital outlay projections include outsourcing the technology function to a private firm at an annual cost of \$175,000, reducing utility costs by closing one elementary building (savings of \$35,000) and charging \$200,000 of general fund capital expenditures to the permanent improvement fund.

Table 2-7 presents the AOS revised projections for purchased services, supplies and materials and capital outlay. The purchased services are adjusted to show a five percent annual increase in utility costs, the cost of the technology contract, and the savings in utilities associated with the closing of the elementary building. The cost of the technology contract is projected to increase by two percent each year for inflation. The FY 2006-07 through FY 2008-09 supplies and materials expenditures are projected to increase two percent as stated in the notes to the forecast. The FY 2005-06 and FY 2006-07 capital outlay projections are reduced by \$200,000 to reflect the District’s intention to charge these expenditures against the permanent improvement fund. In addition, the FY 2008-09 capital outlay projection is reduced to reflect the FY 2007-08 level.

Table 2-7: Net Effect of Revised Purchased Service, Supplies and Materials & Capital Outlay (in 000’s)

	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Barberton CSD Projections:					
Purchased Services	\$5,676	\$5,789	\$5,905	\$6,023	\$6,144
Supplies and Materials	1,080	996	996	1,016	1,036
Capital Outlay	215	240	440	375	580
Total	\$6,971	\$7,025	\$7,341	\$7,414	\$7,760
AOS Revised Projections:					
Purchased Services	\$5,676	\$5,959	\$6,078	\$6,200	\$6,324
Supplies and Materials	1,080	996	1,016	1,036	1,057
Capital Outlay	215	40	240	375	375
Total	\$6,971	\$6,995	\$7,334	\$7,611	\$7,756
Net Impact on Forecast	\$0	(\$30)	(\$7)	\$197	(\$4)

C2.1 The treasurer is commended for the methodology used in preparing the five-year forecast. The detailed analyses and supporting documentation that are maintained have resulted in a document that is generally a fair and understandable presentation of the District's financial situation.

Despite the immaterial mathematical mistakes noted in **R2.2**, the methodology and assumptions used by the treasurer in preparing the District's five-year forecast generally appear accurate and reasonable. This is based on the detailed analysis of the financial forecast shown in pages 2-3 through 2-14, and the accuracy of the treasurer's projections for FY 2004-05. The actual revenues and expenditures for FY 2004-05 came within approximately one percent of the projected figures included on the financial forecast shown in **Table 2-1**. In preparing the forecast, the treasurer developed detailed analyses and gathered documentation to support all material line-items. The forecast also includes detailed notes and comments which explain the assumptions and methodology used in projecting the various line items.

Revenue & Expenditure Analysis

C2.2 Barberton CSD is commended for improving its academic performance in FY 2003-04 while operating on a general fund budget that was significantly less than the peers.

Table 2-8 compares Barberton CSD's general fund revenues by source and expenditures by object to the peer districts for FY 2003-04. The data is presented on a per student basis to account for differences in student population.

Table 2-8: Revenues and Expenditures per Student

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Property Taxes	\$2,626	\$3,493	\$3,243	\$3,149	\$3,295
Intergov. Revenues	4,537	3,804	4,298	3,841	3,981
Other Revenues	128	304	265	168	246
Total Revenue	\$7,292	\$7,601	\$7,806	\$7,158	\$7,522
Wages	\$4,565	\$4,856	\$4,703	\$4,879	\$4,813
Fringe benefits	1,554	1,371	1,568	1,456	1,465
Purchased Services	855	1,083	955	661	900
Supplies & Textbooks	164	169	239	279	229
Capital Outlay	11	26	113	8	49
Debt Service	16	42	0	0	14
Miscellaneous	168	175	142	91	136
Other Financing Uses	40	146	63	147	119
Total Expenditures	\$7,371	\$7,868	\$7,783	\$7,520	\$7,724

Table 2-8 shows that Barberton CSD is below the peer average in total general fund revenue per student by \$230, or 3.2 percent, due to its lower property tax revenues. In FY 2003-04, Barberton CSD property taxes per student were 25.5 percent lower than the peer average. Additionally, the District's property taxes represented only 36 percent of its total revenues while the peer average was approximately 44 percent. However, on February 8, 2005 (FY 2004-05), Barberton CSD passed a five-year emergency levy that will generate approximately \$3.7 million annually beginning in FY 2005-06. If **Table 2-8** were adjusted to reflect the new levy, Barberton's property taxes would have accounted for approximately 43 percent of its total FY 2003-04 revenues, or \$3,512 per pupil.

Table 2-8 also indicates that Barberton CSD is dependent on state funding for the majority of its revenues. More specifically, Barberton CSD's state funding per pupil was the highest of the peers in FY 2003-04 and 14.6 percent higher than the peer average. Furthermore, state funding comprised 62 percent of Barberton CSD's total revenues whereas the peer average was only 53 percent in FY 2003-04. Given Barberton CSD's dependency on state funding, any changes in the state funding formula can have a significant impact on the District's revenue base. This occurred in FY 2004-05, when the three-year average ADM count was eliminated from the state funding formula. The

current legislation uses only the current year ADM for state funding purposes. Since Barberton CSD lost 69 students in FY 2004-05 and was not able to partially offset this by using the three-year average ADM, it lost approximately \$424,000 in total state revenues.

Although Barberton CSD's FY 2003-04 general fund revenues per student were lower than the peer average, the District has been successful in controlling its operating expenditures. **Table 2-8** indicates that Barberton CSD is spending less per student than each of the peers and \$353 less than the peer average. This is due in large part to the nearly \$7.8 million (\$1,858 per student) the District is receiving in Federal grants (accounted for as special revenue funds). According to the treasurer, these grants allow the District to supplement its various educational programs while also easing the burden on the general fund. In contrast to Barberton CSD, the peer districts receive an average of only \$3.8 million in federal grants, or \$815 per student.

In terms of the individual line items, the District is only significantly higher than the peers in the fringe benefits category. According to the treasurer, this is due to a generous policy by the District that gives full health benefits to part-time employees (see the **human resources** section). Although Barberton CSD's expenditures per pupil were lower than each peer in FY 2003-04, the District made significant budget reductions prior to the start of FY 2004-05. The District's reductions included the following:

- 3 administrators,
- 21 certificated staff,
- 21 support staff,
- Numerous extracurricular clubs and supplemental contracts, and
- All elementary libraries.

For more information concerning these staffing reductions, please see the **human resources** section of the report. The following tables compare Barberton CSD's academic performance indicators to those of its peers as a way to link performance standards to the District's spending patterns.

Table 2-9: ODE Performance Standards Comparison

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Number of 22 Performance Standards Met					
FY 2001-02	12	13	11	13	12
FY 2002-03	9	9	9	9	9
Number of 18 Performance Standards Met					
FY 2003-04	10	12	8	8	9

Source: District report cards

Table 2-10: Comparison of Performance Index Scores

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
FY 2001-02	80.2	79.1	75.3	85.5	80.0
FY 2002-03	79.8	79.4	75.3	83.9	79.5
FY 2003-04	84.4	90.9	79.6	87.9	86.1

Source: District report cards

As shown in **Table 2-9** and **Table 2-10**, Barberton CSD was equal to or above the peer average in the number of performance standards met and the performance index scores, with the exception of FY 2003-04; while maintaining a lower general fund cost per student. Potential reasons for this include the large amount of instruction-related grant revenue the District is receiving and the fact that the District allocates the highest percentage of its total expenditures to instructional activities (see **Table 2-11**).

R2.3 In an effort to regain financial stability, Barberton CSD should closely examine the spending patterns indicated in Table 2-11 and the cost reductions recommended in the human resources, facilities and transportation sections of this report. Opportunities may exist to reduce operating expenditures in certain areas without impacting the overall quality of education.

Table 2-11 shows the amount and percent of expenditures posted to the various Uniform School Accounting System (USAS) function codes for Barberton CSD and the peer districts. Function codes report expenditures by their nature or purpose. The following table shows operational expenditures per pupil and percentage of operation expenditures by function for all funds that are classified as governmental fund types.

Table 2-11: FY 2003-04 Pupil Operational Expenditures by Function

USAS Function Classification	Barberton CSD		Garfield Heights CSD		Massillon CSD		Newark CSD		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instruction Expenditures	\$5,608	61.2%	\$4,549	50.6%	\$5,109	54.3%	\$5,107	61.0%	\$4,966	56.2%
Regular Instruction	3,425	37.4%	3,741	41.6%	3,433	36.5%	3,975	47.5%	3,755	42.5%
Special Instruction	1,560	17.0%	536	6.0%	1,048	11.1%	967	11.5%	881	10.0%
Vocational Instruction	298	3.3%	73	0.8%	504	5.4%	163	1.9%	241	2.7%
Adult/Continuing Instruction	13	0.1%	0	0.0%	8	0.1%	0	0.0%	2	0.0%
Other Instruction	310	3.4%	200	2.2%	117	1.2%	2	0.0%	86	1.0%
Support Services Expenditures	\$3,155	34.4%	\$3,760	41.8%	\$3,890	41.4%	\$3,032	36.2%	\$3,471	39.3%
Pupil Support	553	6.0%	632	7.0%	548	5.8%	442	5.3%	522	5.9%
Instructional Support	495	5.4%	550	6.1%	474	5.0%	547	6.5%	526	6.0%
Board of Education	5	0.1%	11	0.1%	50	0.5%	36	0.4%	34	0.4%
Administration	657	7.2%	730	8.1%	822	8.7%	627	7.5%	711	8.0%
Fiscal Services	134	1.5%	303	3.4%	263	2.8%	157	1.9%	225	2.6%
Business Services	101	1.1%	253	2.8%	91	1.0%	80	1.0%	127	1.4%
Plant Operation/Maintenance	1,014	11.1%	1,022	11.4%	1,095	11.6%	705	8.4%	901	10.2%
Pupil Transportation	194	2.1%	179	2.0%	305	3.2%	317	3.8%	278	3.1%
Central Support Services	2	0.0%	80	0.9%	242	2.6%	120	1.4%	146	1.7%
Non-Instructional Services Expenditures	84	0.9%	506	5.6%	103	1.1%	100	1.2%	204	2.3%
Extracurricular Activities Expenditures	311	3.4%	183	2.0%	304	3.2%	135	1.6%	197	2.2%
Total Governmental Fund Operational Expenditures	\$9,157	100%	\$8,998	100%	\$9,407	100%	\$8,373	100%	\$8,839	100%

Table 2-8 considered only the general fund and showed that the District spent the lowest amount per student in comparison to the peers. **Table 2-11** considers all governmental fund expenditures and shows the District's total expenditures per student being approximately \$318, or 3.6 percent, higher than the peer average. This is due in part to the large amount of instruction-related grant revenue the District is receiving from various sources. These grants are accounted for in special revenue funds because they are usually awarded for a specific purpose and were not included in **Table 2-8**. In the case of Barberton CSD, these grants are used to supplement the instructional program. The following table shows the amount of grant revenue received by the District in FY 2003-04 in comparison to the peers:

Table 2-12: FY 2003-04 Schedule of Federal Awards

Schedule of Federal Awards – 2004	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Total Federal Awards	\$ 7,762,701	\$ 3,202,648	\$ 3,873,249	\$ 4,358,311	\$ 3,811,403
ADM	4,178	3,679	4,291	6,498	4,823
Federal Award per pupil	\$ 1,858	\$ 871	\$ 903	\$ 671	\$ 815

Table 2-12 shows that Barberton CSD is receiving \$1,043 more per pupil than the peer average of \$815, which is over two times the peer average grant funding per pupil. In addition, the District's total federal awards are higher than the peer average by approximately \$4.0 million.

Table 2-11 indicates that Barberton CSD's instructional expenditures (\$5,608 per student) were approximately 13 percent higher than the peer average of \$4,966 per student. In terms of pupil instruction, Barberton CSD was higher in the following categories:

- *Special Education* – Barberton CSD spent approximately 77 percent more per student than the peer average in this category. The treasurer indicated that the District has a high percentage of special needs students and that the cost to educate these students is typically higher than a regular education student. The District is receiving a significant amount of federal grant revenue to help cover these costs. The special education staffing levels will be reviewed in more detail in the **human resources** section.
- *Vocational Education* – Barberton CSD spent approximately 24 percent more per student than the peer average in this category. For vocational education purposes, Barberton CSD is a member of a compact agreement with several area school districts. Under the terms of this agreement, each district offers certain vocation-related classes and makes these available to the other member districts. The treasurer indicated that Barberton CSD's vocational education expenditures are probably higher than the peers due to the District offering a number of intensive vocational trade programs (auto, machinery, etc.). The District receives minimal grant revenue to offset the cost of vocational programs. The District's vocational program will be reviewed in more detail in the **human resources** section.
- *Adult Instruction* – The District spent approximately \$11 more per student than the peers on adult education programs. These expenditures represent various education and training programs offered to adults primarily through funding from two federal and state grants. However, at the end of FY 2003-04, the District discontinued the program because it was not entirely self-sufficient and required some general fund

transfers to avoid deficits. According to the treasurer, the Summit County Project Learn group is now receiving these grant monies and is making these educational programs available to the citizens of Barberton.

- *Other Instruction* – The District spent approximately \$224 more per student than the peers on other instruction. The treasurer indicated that this was due to some account coding issues at the District. More specifically, Barberton CSD codes all the certificated health care and substitute teacher costs in the other instruction category instead of breaking them out into the functional categories. Including these expenditures within the functional categories would further contribute to the higher spending per student in special and vocational education.

The District was below the peer average for total expenditures per student in support services and non-instructional services. The only detailed line items where Barberton CSD was significantly higher than the peer average were pupil support services and plant operation and maintenance. However, Newark CSD is spending significantly less than the other peers in these areas, thereby skewing the peer average. When Newark CSD is excluded, Barberton CSD's pupil support service expenditures per student were similar to Massillon CSD and much lower than Garfield Heights CSD, while the District's plant operation and maintenance expenditures per student were lower than both of these peers. Similarly, although Barberton CSD was below the peer average in business services expenditures, this is due to Garfield Heights CSD skewing the peer average. When compared to Massillon CSD and Newark CSD, Barberton CSD's business services expenditures were slightly higher. The treasurer attributed the high business services expenditures to the salaries and benefits of two employees working at the centralized warehouse. These full-time employees are responsible for maintaining and operating the warehouse and are charged against the business services line-item for accounting purposes.

Barberton CSD expenditures for extracurricular activities were also higher than the peer average by approximately \$114 per student. The treasurer indicated that the high expenditures are due to the District accounting for the cost of the athletic director, band director and full-time groundskeepers within the extracurricular line-item. The groundskeepers are responsible for maintaining Barberton CSD properties, including the athletic fields. In contrast, the peers account for the cost of groundskeepers primarily within the plant operation and maintenance line-item. The staffing and operational issues associated with the centralized warehouse and maintaining the athletic fields will be reviewed in more detail in the **facilities** section. When compared to FY 2002-03, Barberton CSD's total governmental fund expenditures increased by \$71 per student in FY 2003-04, which amounts to less than one percent.

C2.3 Barberton CSD is commended for reducing its discretionary expenditures in FY 2003-04. The District recognized its financial difficulties and has taken action to limit the expenditures that are within its direct control.

R2.4 Barberton CSD should adequately plan its yearly textbook and instructional material purchases to comply with the spending requirements in ORC § 3315.17. Not only will this ensure that the students are provided with updated instructional materials on a yearly basis, but it will also prevent the District from accruing a large liability that will place unnecessary burdens on future budgets. Because of the statutory requirement to either spend the full amount on instructional materials in the current year or reserve enough cash to cover the shortfall so that it can be spent in subsequent years, there is no financial advantage to the District from not spending the full amount each year.

Table 2-13 shows discretionary expenditures from the general fund at Barberton CSD and the peers. The discretionary expenditures are shown on a per student basis to account for differences in student population.

Table 2-13: FY 2003-04 Discretionary Expenditures per Student

	Barberton CSD FY 2002-03	Barberton CSD FY 2003-04	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Prof. and Technical Services	\$70	\$60	\$246	\$71	\$121	\$146
Property Services	166	226	264	220	62	182
Mileage/Meeting Expense	12	8	7	9	18	11
Communications	29	30	26	30	36	31
Contract, Craft, Trade Services	0	0	10	0	1	4
Pupil Transportation Services	7	5	10	0	2	4
Other Purchased Services	35	30	0	0	4	1
General Supplies	108	77	67	65	102	78
Textbooks/Reference Materials	25	18	46	74	57	59
Supplies/Materials for Resale	0	2	0	0	26	9
Plant Maintenance and Repair	50	50	32	54	46	44
Fleet Maintenance and Repair	25	17	22	45	45	37
Other Supplies & Materials	0	0	0	0	2	1
Land & Bldg. Improvements	32	0	1	0	0	0
Equipments	35	10	40	87	2	43
Buses/Vehicles	2	0	6	26	5	13
Dues and Fees	89	88	146	114	87	116
Insurance	2	7	26	27	0	18
Miscellaneous	68	73	0	1	3	1
Total	\$755	\$700	\$952	\$824	\$623	\$800

Source: Annual Financial Reports (4502's) Statement P

Table 2-14 compares Barberton CSD's FY 2003-04 purchased services and supplies and materials expenditures to FY 2002-03 to determine if the District contained spending levels.

Table 2-14: District Purchases FY 2002-03 and FY 2003-04

	FY 2002-03	FY 2003-04
Professional and Technical Services	\$557,999	\$588,751
Property Services	3,817,596	3,159,785
Mileage/Meeting Expense	72,345	53,296
Communications	123,674	126,933
Utilities	1,094,409	1,208,980
Contracted Craft or Trade	6,077	756
Tuition	1,032,274	1,079,709
Pupil Transportation Services	162,792	178,028
Other Purchased Services	2,400,071	2,471,911
Total Purchased Services	\$9,267,236	\$8,868,149
General Supplies	\$876,528	\$765,914
Textbooks	90,650	57,293
Library Books	25,012	30,473
Periodicals and Films	1,950	5,484
Supplies and Materials	123,054	106,107
Food and related Supplies and Materials	649,945	616,680
Maintenance and Repairs to Plant	215,117	214,136
Maintenance and Repairs to Fleet	101,001	70,538
Other Supplies & Materials	8,810	12,249
Total Materials and Supplies	\$2,092,067	\$1,878,874

Source: Annual Financial Reports (4502's)

As shown above in **Table 2-13**, Barberton CSD's total FY 2003-04 discretionary expenditures are below the peer average by \$100 per student, or 12.5 percent. Barberton CSD is also at or below the peer average in 17 out of 22 categories.

Although Barberton CSD is the lowest in terms of total discretionary spending per student, it only spent \$18 per pupil on textbook/reference materials while the peer average was \$59. The textbook/reference materials is the primary line item used by most districts to comply with ORC § 3315.17, which stipulates the spending requirements for textbooks and instructional materials. ORC § 3315.17 states that each school district must spend a minimum of three percent of certain revenues on textbooks and instructional

materials on an annual basis. The legislation goes on to state that if a district fails to spend the required amount in any year, it must reserve enough cash in the current year to cover the shortfall. The reserved cash must then be spent on textbooks and instructional materials in subsequent years.

The financial audits conducted in FY 2002-03 and FY 2003-04 noted that the District fell short of the textbook and instructional materials spending requirements by \$9,948 in FY 2002-03 and \$275,981 in FY 2003-04. Consequently, the District had a liability to spend an additional \$285,929 on textbooks and instructional materials in FY 2004-05. The last year that the District met the full spending requirement was in FY 2001-02. If the District had spent the required amounts on textbooks and instructional materials during the last two years, their total discretionary expenditures per pupil would have increased, but they would still have been lower than the peer average.

The discretionary expenditure line items where Barberton CSD was significantly higher than the peer averages include the following:

- *Miscellaneous* – Barberton CSD spent approximately \$72 more than the peer average in this category. The treasurer indicated that the high expenditure amount was due to adjustments made to the District's state funding by ODE. More specifically, the adjustments were made to account for Barberton CSD students who attend compact vocational and special education classes in other districts. In contrast, the peers are all members of their respective joint vocational school districts. Therefore, their adjustments for vocational education funding would likely be captured in other categories.
- *Other Purchased Services* – Barberton CSD spent significantly more than the peers in this category. The treasurer attributed the high other purchased services costs to additional contracts required by the special needs students (occupational and physical therapy, nursing, etc., see **human resources** section). However, this also appears to be an account coding issue as the peers charge these costs to the professional and technical services line-item. In FY 2003-04, Barberton CSD spent approximately \$86 less than the peer average in the professional and technical services line-item.
- *Property Services* – The District spent approximately \$44, or 24.2 percent, more per student than the peer average on property services. In addition, property services increased from \$166 per pupil in FY 2002-03 to \$226 per pupil in FY 2003-04. According to the assistant treasurer, the higher property services expenditures are due to timing issues that resulted in some FY 2002-03 invoices not being paid until FY 2003-04. Furthermore, Barberton CSD's property service expenditures per pupil were similar to Massillon CSD and lower than Garfield Heights CSD in FY 2003-04.

According to the Superintendent, the District has tried to limit its discretionary expenditures during the past year in an effort to deal with the current financial difficulties. Compared to FY 2002-03, Barberton CSD was able to decrease total discretionary expenditures by \$55 per pupil or 7.3 percent. **Table 2-14** further supports that the District has taken action to control its discretionary spending. Barberton CSD lowered its total purchased services expenditures by 4.3 percent. In addition, Barberton CSD was also able to reduce supplies and materials expenditures by 10.2 percent.

R2.5 Barberton CSD should analyze and use the proposed financial forecast outlined in Table 2-15 to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on its financial condition. Barberton CSD should also consider implementing the recommendations in this performance audit to improve its current and future financial situation.

Table 2-15 demonstrates the impact of the revised assumptions and recommendations discussed in this report. The revised forecast contains the same financial projections presented in **Table 2-1**, with additional lines to incorporate various adjustments. The adjustments that were made in **Table 2-15** include the following:

- **FY 2004-05 Ending Fund Balance** – During the course of this audit, actual revenue and expenditure information became available for FY 2004-05. The actual figures for FY 2004-05 compared favorably with the treasurer’s projected figures. For example, the actual total revenues and expenditures were within one percent of the projected amounts. Because the actual figures are similar to the projected amounts, the individual line items within **Table 2-15** have not been updated to include actual information. However, a net adjustment is included in **Table 2-15** within a line item titled “FY 2005 Adjustment to get Actual Ending Fund Balance.” This adjustment, for approximately \$872,000, represents the difference between the District’s actual ending fund balance (a surplus of approximately \$3.0 million) and the projected amount (a surplus of approximately \$2.1 million). Because of this adjustment, the ending fund balance shown for FY 2004-05 represents the actual ending fund balance. In addition, since **Table 2-15** has been updated to include the actual ending fund balance for FY 2004-05, another year of projected information (FY 2009-10) has been incorporated into the forecast. The projections for FY 2009-10 are based on the assumptions listed for each line-item within this report.
- **Impact of AOS Recommendations** – The financial savings and implementation costs associated with the performance audit recommendations have been included in a line-item titled “Cumulative Impact of AOS Recommendations.” **Table 2-16** summarizes the financial implications associated with the recommendations contained within this report. Some of the recommendations can be implemented

immediately, while others will require further management action to realize the proposed savings.

- **State Funding Adjustments** – At the time the forecast was prepared by the District, it was uncertain how the State Legislature would fund school districts during the next biennium. Because of this uncertainty, the District projected state funding to remain fixed at the FY 2004-05 levels in all years of the forecast. In an effort to show the impact on the District if the State Legislature did increase future funding levels, an adjustment was included in the recovery plan to show the incremental impact of a 2.2 percent increase in state funding levels. This adjustment is shown in a line item titled “Cumulative Impact of State Funding Adjustments” and the amounts are based on the analysis and figures shown in **Table 2-2**.

During the course of this audit, the State legislature adopted the budget for the biennium beginning with FY 2005-06. The new budget includes major tax reforms, including the acceleration of the phase-out period for tangible personal property taxes. However, it is expected that the overall impact of this legislation on Barberton CSD’s total revenues during the next five-years will be negligible due to various hold-harmless clauses contained in the legislation.

Table 2-15 shows that the District can achieve financial recovery by implementing the recommendations contained within this performance audit. However, for Barberton CSD to achieve and maintain financial stability, it will be necessary to make difficult management decisions. The ideas and recommendations included in this report should be considered for implementation by the District. However, the audit is not all inclusive, and other cost savings and revenue enhancements should be explored and incorporated into the financial recovery plan.

Table 2-15: Proposed Financial Recovery Plan (in 000's)

	Actual 2001-02	Actual 2002-03	Actual 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09	Forecast 2009-10
Real Estate Property Tax	\$7,569	\$8,142	\$7,924	\$7,939	\$9,046	\$10,661	\$10,661	\$11,407	\$11,407
Tangible Property Tax	3,425	3,224	3,016	3,032	2,875	3,236	3,095	2,960	2,842
Unrestricted Grants-in-Aid	17,202	15,153	17,156	16,961	16,685	16,685	16,685	16,685	16,685
Restricted Grants-in-Aid	80	3,030	2,326	2,340	2,316	2,316	2,316	2,316	2,316
Property Tax Allocation	1,209	1,056	1,097	1,113	1,293	1,555	1,555	1,571	1,571
Other Revenues	565	727	741	2,173	2,183	2,194	2,205	2,216	2,227
Total Operating Revenues	\$30,050	\$31,332	\$32,260	\$33,558	\$34,398	\$36,647	\$36,517	\$37,155	\$37,048
Salaries & Wages	\$19,291	\$20,357	\$20,522	\$20,099	\$19,760	\$20,649	\$21,578	\$22,549	\$23,564
Fringe Benefits	5,722	6,255	7,003	7,356	7,062	7,537	8,094	8,698	9,350
Purchased Services	3,563	3,293	3,572	5,676	5,959	6,078	6,200	6,324	6,451
Supplies & Materials	987	855	684	1,080	996	1,016	1,036	1,057	1,078
Capital Outlay	941	283	44	215	40	240	375	375	375
Debt Service	0	0	65	30	156	855	829	802	775
Other Expenditures	603	705	702	645	662	695	730	767	805
Total Operating Expenditures	\$31,107	\$31,747	\$32,592	\$35,101	\$34,635	\$37,070	\$38,842	\$40,572	\$42,398
Other Financing Sources	(538)	(11)	0	3,706	0	0	0	0	0
Net Financing	(\$538)	(\$11)	\$0	\$3,706	\$0	\$0	\$0	\$0	\$0
Result of Operations (Net)	(\$1,595)	(\$426)	(\$332)	\$2,163	(\$237)	(\$423)	(\$2,325)	(\$3,417)	(\$5,350)
Beginning Cash Balance	\$2,734	\$1,139	\$713	\$381	\$2,544	\$2,307	\$1,884	(\$441)	(\$3,858)
Ending Cash Balance	\$1,139	\$713	\$381	\$2,544	\$2,307	\$1,884	(\$441)	(\$3,858)	(\$9,208)
Encumbrances & Reservations	635	494	720	452	452	150	150	150	150
Ending Unencumbered Balance	\$504	\$219	(\$339)	\$2,092	\$1,855	\$1,734	(\$591)	(\$4,008)	(\$9,358)
FY 2005 Adjustment to get Actual Ending Balance	0	0	0	872	872	872	872	872	872
Cumulative Impact of AOS Recommendations	0	0	0	0	0	796	1,659	2,595	3,610
Revised Ending Unencumbered Fund Balance	\$504	\$219	(\$339)	\$2,964	\$2,727	\$3,402	\$1,940	(\$541)	(\$4,876)
Cumulative Impact of State Funding Adjustment	0	0	0	0	739	1,870	3,451	5,030	7,077
Revised Ending Unencumbered Fund Balance	\$504	\$219	(\$339)	\$2,964	\$3,466	\$5,272	\$5,391	\$4,489	\$2,201

Source: Barberton CSD five-year forecast adjusted for AOS revised projections and recommendations.

Table 2-16: Summary of Performance Audit Recommendations

Recommendation	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Recommendations Not Subject to Negotiation:					
R3.4 Reduce life insurance costs through competitive bidding	\$3,500	\$3,570	\$3,641	\$3,714	\$3,789
R5.3 Reduce three buses by increasing the runs per bus	\$129,000	\$131,580	\$134,212	\$136,896	\$139,634
R5.5 Adjust purchasing policies to subject more items to competitive bidding	\$4,540	\$4,631	\$4,723	\$4,818	\$4,914
Total Recommendations Not Subject to Negotiation	\$137,040	\$139,781	\$142,576	\$145,428	\$148,337
Recommendations Subject to Negotiation:					
R3.3 Increase employee share of benefit costs to 10% of the monthly premium	\$385,000	\$423,500	\$465,850	\$512,435	\$563,679
R3.4 Increase minimum work requirements to 30 hours for participation in health benefits	\$187,000	\$205,700	\$226,270	\$248,897	\$273,787
R3.7 Reduce sick leave usage by one day through stricter policies	\$27,000	\$27,540	\$28,091	\$28,653	\$29,226
Total Recommendations Subject to Negotiation	\$599,000	\$656,740	\$720,211	\$789,985	\$866,692
Total Recommendations Included in Forecast	N/A	\$796,521	\$862,787	\$935,413	\$1,015,029

Source: AOS Recommendations

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Human Resources

Background

This section of the performance audit focuses on Barberton City School District's (Barberton CSD or the District) various human resources operations. The objective is to analyze human resource operations and develop recommendations for improvements and reductions in District expenditures. Best practice data from the Ohio Department of Education (ODE), the State Employment Relations Board (SERB), and peer school districts are used for comparisons throughout this section of the report. The peer districts include Garfield Heights City School District (Garfield CSD), Massillon City School District (Massillon CSD), and Newark City School District (Newark CSD).

Organizational Structure and Function

Barberton CSD does not have a separate department dedicated to human resources functions. The primary responsibilities are completed by the Superintendent, Assistant Superintendent, Director of Personnel, Business Manager, Treasurer, school principals, and department heads. The Superintendent coordinates activities and programs used to recruit, select, and evaluate employees, and monitors compliance with minimum employment standards. The Assistant Superintendent supervises grant, title, and gifted programs; and develops and recommends curriculum. The Director of Personnel conducts activities that consist of personnel and contract administration, and administrative assistance. The Business Manager coordinates all classified personnel activities and functions, and oversees care for the District's property and buildings. The Treasurer conducts payroll functions and reviews budgetary items, as well as, receives, deposits, and accounts for all school funds of the district. The principals and department heads complete evaluations, and address performance issues for staff in their buildings and departments.

Staffing

Table 3-1 illustrates the actual full-time equivalent (FTE) staffing levels at Barberton CSD and the peer districts during FY 2004-05 as reported to ODE through the Educational Management Information System (EMIS). During FY 2004-05, Barberton CSD employed 483.8 FTEs. Since **Table 3-1** was adjusted for classified staff to reflect FTEs based on an 8 hour day, the total FTEs listed do not match the total number of positions listed within the FY 2004-05 EMIS report.

Table 3-1: FTE Staffing Levels for FY 2004-05

Category	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Administrative: Central/Site Based					
Administrative Assistant	0.0	0.0	1.0	0.0	1.0
Asst Superintendent	1.0	1.0	1.0	1.0	1.0
Superintendent	1.0	1.0	1.0	1.0	1.0
Supervising/Managing/Directing	5.0	2.0	3.0	1.0	2.0
Treasurer	1.0	1.0	1.0	1.0	1.0
Coordinator	5.0	1.0	1.0	2.1	1.4
Education Administrative Specialist	0.0	0.0	1.0	2.0	1.5
Director	2.0	1.0	6.0	2.0	3.0
Other Official/Administrative	0.0	0.0	1.0	2.0	1.5
Central Administrators Subtotal	15.0	7.0	16.0	12.1	11.7
Principal	9.0	5.0	10.0	16.0	10.3
Assistant Principal	5.0	4.0	5.0	4.0	4.3
Site-Based Administrators Subtotal	14.0	9.0	15.0	20.0	14.7
Professional Education					
Curriculum Specialist	0.0	0.0	3.0	0.0	3.0
Counseling	8.0	5.0	8.4	8.5	7.3
Librarian / Media	3.0	5.0	3.0	5.3	4.4
Remedial Specialist	8.0	2.0	6.0	49.0	19.0
Regular Teaching	181.1	151.0	176.0	296.4	207.8
Special Education Teaching	39.0	5.0	42.0	64.3	37.1
Vocational Education Teaching	14.7	2.0	26.0	15.4	14.5
Tutor / Small Group Instructor	14.0	10.0	32.2	1.0	14.4
Educational Service Personnel Teacher	24.9	11.0	30.0	53.5	31.5
Supplemental Teacher (Spec. Ed.)	1.0	21.0	1.7	5.5	9.4
Teacher Mentor/Evaluator	0.0	0.0	0.0	4.0	4.0
Other Professional	1.0	2.0	2.7	5.2	3.3
Professional Education Subtotal	294.7	214.0	331.0	508.1	351.0
Professional-Other					
Accounting	0.0	0.0	6.6	1.0	3.8
Analyst	0.0	0.0	0.0	1.0	1.0
Dietitian/Nutritionist	0.0	0.0	0.0	1.0	1.0
Psychologist	2.9	2.8	3.0	5.0	3.6
Publicity Relations	0.0	0.0	0.0	2.0	2.0
Registered Nursing	1.4	0.0	3.5	6.5	5.0
Social Work	0.0	3.0	0.0	0.0	3.0
Physical Therapist	1.0	0.0	0.0	0.1	0.1
Speech and Language Therapist	3.4	3.5	4.0	6.0	4.5
Occupational Therapist	1.0	1.0	0.0	0.8	0.9
Mobility Therapist	0.0	0.0	0.0	0.1	0.1
Occupational Therapy Asst.	0.0	0.0	0.0	0.6	0.6
Physical Therapist Assistant	0.0	0.0	0.0	0.3	0.3
Adaptive Physical Education Therapist	1.0	0.0	0.0	2.0	2.0

Other	0.0	3.0	2.0	0.0	2.5
Professional - Other Subtotal	10.7	13.3	19.1	26.4	19.6
Technical					
Computer Operating	0.0	4.0	0.0	0.0	4.0
Practical Nursing	0.0	0.0	0.0	11.9	11.9
Computer Programming	0.0	0.0	1.0	0.0	1.0
Purchasing Agent	1.0	0.0	0.0	0.0	0.0
Library Technician	0.0	0.0	7.0	0.0	7.0
Printer	0.0	0.0	0.0	1.5	1.5
Library Aide	0.0	5.9	1.0	5.4	4.1
Instructional Paraprofessional	0.0	0.0	0.0	20.5	20.5
Other Technical	3.0	3.1	2.0	0.0	2.6
Technical Subtotal	4.0	13.0	11.0	39.3	21.1
Office/Clerical					
Bookkeeping	1.0	0.0	1.0	4.0	2.5
Clerical	32.6	33.6	26.5	43.3	34.5
Messenger	0.0	0.0	0.6	0.0	0.6
Records Managing	0.0	1.0	5.0	5.0	3.7
Teaching Aide	27.1	44.4	34.5	12.8	30.6
Telephone operator	1.0	0.0	0.0	1.0	1.0
Parent Mentor	0.0	0.0	0.0	0.8	0.8
Other Office / Clerical	0.0	2.0	1.8	0.0	1.9
Office / Clerical Subtotal	61.7	81.0	69.4	66.9	72.4
Crafts/ Trades¹	7.0	8.0	11.0	11.3	10.1
Transportation²	8.7	14.3	16.2	35.4	22.0
Operative Subtotal	8.7	14.3	16.2	35.4	22.0
Service Work/ Laborer					
Attendance Officer	0.0	1.0	1.0	2.0	1.3
Custodian ¹	28.7	8.3	25.2	50.7	28.1
Food Service	29.6	19.6	27.9	31.0	26.2
Guard/Watchman	2.7	0.0	3.5	4.3	3.9
Monitoring	0.0	9.1	22.6	14.9	15.5
Stores Handling	0.0	0.0	2.0	0.0	2.0
Groundskeeping ¹	3.0	1.0	3.0	1.0	1.7
Attendant	0.0	0.0	0.0	10.5	10.5
Other Service Worker / Laborer	4.0	13.2	1.0	0.0	7.1
Service Work / Laborer Subtotal	68.0	52.2	86.2	114.4	84.3
DISTRICT GRAND TOTALS³	483.8	411.8	574.9	834.6	607.1

Source: FY 2004-05 EMIS Staff Summary Report, Staff Demographic reports, and School Enrollment from Barberton CSD and the peer district and interviews.

Note: Totals may vary slightly from actual due to rounding.

Note: Barberton CSD and the peer special education teachers are listed as special education teachers and supplemental special education teachers. The two classifications were added together to determine the total number of special education teachers.

¹Crafts/Trades, custodian, and groundskeeping employees for Barberton CSD and peers were provided by the facilities section.

²Operative employees for Barberton CSD and the peers were provided by the transportation section.

³Supplemental positions are excluded as are all 800s for extracurricular/intracurricular activities.

Table 3-2 illustrates the staffing levels per 1,000 students, using average daily membership (ADM) at Barberton CSD and the peer districts for FY 2004-05.

Table 3-2: FTE Staffing Levels for FY 2004-05 per 1,000 ADM

Category	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Administrative: Central/Site Based					
Administrative Assistant	0.0	0.0	0.2	0.0	0.2
Asst Superintendent	0.2	0.3	0.2	0.2	0.2
Superintendent	0.2	0.3	0.2	0.2	0.2
Supervising/Managing/Directing	1.2	0.5	0.7	0.2	0.4
Treasurer	0.2	0.3	0.2	0.2	0.2
Coordinator	1.2	0.3	0.2	0.3	0.3
Education Administrative Specialist	0.0	0.0	0.2	0.3	0.3
Director	0.5	0.3	1.3	0.3	0.6
Other Official/Administrative	0.0	0.0	0.2	0.3	0.3
Central Administrators Subtotal	3.5	2.0	3.4	2.0	2.4
Principal	2.1	1.3	2.2	2.5	2.1
Assistant Principal	1.2	1.0	1.1	0.6	0.9
Site-Based Administrators Subtotal	3.3	2.3	3.3	3.1	3.0
Professional Education					
Curriculum Specialist	0.0	0.0	0.7	0.0	0.6
Counseling	1.9	1.3	1.9	1.3	1.5
Librarian / Media	0.7	1.3	0.7	0.8	0.9
Remedial Specialist	1.9	0.5	1.3	7.5	3.8
Regular Teaching	42.2	39.0	39.2	45.5	41.9
Special Education Teaching	9.1	1.3	9.4	9.9	7.5
Vocational Education Teaching	3.4	0.5	5.8	2.4	2.9
Tutor / Small Group Instructor	3.3	2.6	7.2	0.2	2.9
Educational Service Personnel Teacher	5.8	2.8	6.7	8.2	6.4
Supplemental Teacher (Spec. Ed.)	0.2	5.4	0.4	0.8	1.9
Teacher Mentor/Evaluator	0.0	0.0	0.0	0.6	0.8
Other Professional	0.2	0.5	0.6	0.8	0.7
Professional Education Subtotal	68.7	55.2	73.9	78.0	70.8
Professional-Other					
Accounting	0.0	0.0	1.5	0.2	0.8
Analyst	0.0	0.0	0.0	0.2	0.2
Dietitian/Nutritionist	0.0	0.0	0.0	0.2	0.2
Psychologist	0.7	0.7	0.7	0.8	0.7
Publicity Relations	0.0	0.0	0.0	0.3	0.4
Registered Nursing	0.3	0.0	0.8	1.0	1.0
Social Work	0.0	0.8	0.0	0.0	0.6
Physical Therapist	0.2	0.0	0.0	0.0	0.0
Speech and Language Therapist	0.8	0.9	0.9	0.9	0.9
Occupational Therapist	0.2	0.3	0.0	0.1	0.2
Mobility Therapist	0.0	0.0	0.0	0.0	0.0

Occupational Therapy Asst.	0.0	0.0	0.0	0.1	0.1
Physical Therapist Assistant	0.0	0.0	0.0	0.0	0.1
Adaptive Physical Education Therapist	0.2	0.0	0.0	0.3	0.4
Other	0.0	0.8	0.4	0.0	0.5
Professional - Other Subtotal	2.4	3.5	4.3	4.1	4.0
Technical					
Computer Operating	0.0	1.0	0.0	0.0	0.8
Practical Nursing	0.0	0.0	0.0	1.8	2.4
Computer Programming	0.0	0.0	0.2	0.0	0.2
Purchasing Agent	0.2	0.0	0.0	0.0	0.0
Library Technician	0.0	0.0	1.6	0.0	1.4
Printer	0.0	0.0	0.0	0.2	0.3
Library Aide	0.0	1.5	0.2	0.8	0.8
Instructional Paraprofessional	0.0	0.0	0.0	3.1	4.1
Other Technical	0.7	0.8	0.4	0.0	0.5
Technical Subtotal	0.9	3.3	2.4	6.0	4.3
Office/Clerical					
Bookkeeping	0.2	0.0	0.2	0.6	0.5
Clerical	7.6	8.7	5.9	6.7	7.0
Messenger	0.0	0.0	0.1	0.0	0.1
Records Managing	0.0	0.3	1.1	0.8	0.7
Teaching Aide	6.3	11.5	7.7	2.0	6.2
Telephone operator	0.2	0.0	0.0	0.2	0.2
Parent Mentor	0.0	0.0	0.0	0.1	0.2
Other Office / Clerical	0.0	0.5	0.4	0.0	0.4
Office / Clerical Subtotal	14.3	21.0	15.4	10.4	14.6
Crafts/ Trades¹	1.6	2.1	2.4	1.8	2.1
Operative²	2.0	3.6	3.6	5.7	4.4
Service Work/ Laborer					
Attendance Officer	0.0	0.3	0.2	0.3	0.3
Custodian ¹	6.7	2.1	5.6	7.8	5.7
Food Service	6.9	5.1	6.2	4.8	5.3
Guard/Watchman	0.6	0.0	0.8	0.7	0.8
Monitoring	0.0	2.4	5.0	2.3	3.1
Stores Handling	0.0	0.0	0.4	0.0	0.4
Groundskeeping ¹	0.7	0.3	0.7	0.2	0.3
Attendant	0.0	0.0	0.0	1.6	2.1
Other Service Worker / Laborer	0.9	3.4	0.2	0.0	1.4
Service Work / Laborer Subtotal	15.8	13.6	19.1	17.7	17.0
DISTRICT GRAND TOTALS	112.5	106.6	127.7	128.2	122.4

Source: FY 2004-05 EMIS Staff Summary Report, Staff Demographic Report, and School Enrollment from Barberton CSD and the peer district and interviews.

Note: Totals may vary slightly from actual due to rounding and formulas.

Note: Barberton CSD and the peer special education teachers are listed as special education teachers and supplemental special education teachers. The two classifications were added together to determine the total number of special education teachers.

¹Crafts/Trades, custodian, and groundskeeping employees for Barberton CSD and peers were provided by the facilities section.

²Operative employees for Barberton CSD and the peers were provided by the transportation section.

³Supplemental positions are excluded as are all 800s for extracurricular/intracurricular activities.

As illustrated in **Table 3-2**, Barberton CSD had a higher FTE per 1,000 ADM staffing allocation when compared to the peers in the following classifications:

- **Supervising, Managing, and Directing:** Barberton CSD has 0.8 more employees per 1,000 ADM in the classification of supervising, managing, directing when compared to the peer average. The District's supervising, managing, directing EMIS classification consists of a student services director, a technology director, a bus supervisor, a food service supervisor, and a maintenance supervisor. The higher staffing levels at Barberton CSD are due primarily to coding issues as the peers have some of these employees classified differently for EMIS purposes. For example, Garfield Heights CSD employs a student services and food services director within the director classification; and a technology director within the coordinator classification. In addition, according to Barberton CSD's Assistant Superintendent, the technology director position was eliminated for FY 2005-06 due to outsourcing of the technology function.
- **Coordinator:** Barberton CSD has 0.9 more employees per 1,000 ADM in the coordinator classification when compared to the peer average. The District's coordinator classification consists of a head start curriculum coordinator, primary and secondary curriculum coordinators, a gifted program coordinator, and an athletic director. The higher staffing levels at Barberton CSD are due primarily to coding issues as the peers have these employees classified differently for EMIS purposes. For example, Garfield Heights CSD and Newark CSD employ gifted and curriculum coordinators and have coded some of them within the special education EMIS classifications. The peers also contract with their respective Educational Service Centers (ESC) for curriculum coordinator services. In addition, each of the peers has an athletic director coded in varying classifications such as the director classification. Lastly, Barberton CSD's Head Start position is funded with grant monies and has no impact on the general fund.
- **Director:** Although Barberton CSD is below the peer average in the director classification, the District is higher than Garfield Heights CSD and Newark CSD. The District's director classification consists of a business manager and a head start program director. The District's head start position is funded with grant monies and has no impact on the general fund. If the Head Start program director were removed from consideration, the District's staffing levels within the director classification would be similar to the peers.
- **Assistant Principal:** Barberton CSD's site based administration staffing is higher than the peer average in the assistant principal classification by 0.3 FTEs per 1,000 ADM. Although Barberton CSD's staffing levels exceed the peer average for the assistant principal classification, it is due to Newark CSD skewing the peer average. If Newark CSD were removed from consideration, the peer average staffing for assistant principals would be 1.1 FTEs per 1,000 ADM, which is comparable to Barberton CSD.

Additionally, Barberton CSD's assistant principals are responsible for a number of buildings (2.0) similar to Massillon CSD (2.0) and greater than Garfield Heights CSD (1.3). This indicates that Barberton CSD's staffing levels in the assistant principal classification appear reasonable.

- **Counselors:** Barberton CSD employs the highest number of counselors per 1,000 ADM when compared to the peers (see **R3.1**).
- **Regular Education:** Barberton CSD employs the second highest number of regular education teachers per 1,000 ADM when compared to the peers. Additionally, the District's regular education staffing levels are approximately one percent greater than the peer average (41.9) (see **R3.1**).
- **Special Education:** Barberton CSD currently employs a total of 40.0 special education and supplemental service teachers, or 9.3 FTEs per 1,000 ADM. When the special education teachers are combined with the supplemental service teacher classification (this classification also performs special education duties), Barberton CSD's combined special education staffing level is one percent lower than the peer average. Furthermore, the Ohio Revised Code (ORC) requires that Barberton CSD employ approximately 38.2 special needs teachers based on a special education enrollment of 564 students. By employing 40 special education teachers, Barberton CSD is comparable to the minimum requirements established by the ORC.
- **Vocational Education:** As indicated in **Table 3-2**, Barberton CSD employs more vocational education teachers per 1,000 ADM when compared to the peers (see **R3.2**).
- **Tutor/Small Group Instructors/Remedial Specialists:** Barberton CSD and the peers classify tutors in the classifications of tutor/small group instructors and remedial specialists. As shown in **Table 3-2**, when Barberton CSD's tutor/small group instructors and remedial specialists are combined, the District's staffing levels (5.2) are lower than the peer average (6.4).
- **Physical Therapist:** Barberton CSD has 0.9 more FTE's (one employee) in the classification of physical therapist when compared to the peer average. The District's higher staffing for the physical therapist position is due to an EMIS reporting error. According to the treasurer, the physical therapist is no longer employed by the District and the position has not been replaced.
- **Purchasing Agent:** Barberton CSD employs a Purchasing Agent who performs some secretarial activities for the District's Business Manager. Therefore, the Purchasing Agent will be included in the clerical analysis (see **clerical**).

- **Other Technical:** Barberton CSD has 0.2 more employees per 1,000 ADM in the classification of other technical when compared to the peer average. The District's other technical EMIS classification consists of two technology employees and a family services worker for the Head Start program. However, according to the Assistant Superintendent, the technology positions were eliminated for FY 2005-06 due to the outsourcing of the technology function. In addition, the family services position within the Head Start program is funded with grant monies and has no impact on the general fund. With the reduction of the technology staff, Barberton CSD's other technical staffing levels are lower than the peer average.
- **Clerical:** Due to Barberton CSD using the employees coded within the bookkeeping, clerical, and purchasing classifications to carry out similar duties, they are combined in this section for the staffing analysis. **Table 3-2** illustrates that Barberton CSD's total combined bookkeeping/clerical staffing level per 1,000 ADM (8.0) is seven percent higher than the peer average (7.5). However, Barberton CSD utilizes three bookkeeping/clerical employees who conduct activities for the Head Start program. The District's three Head Start employees are paid from grant funds and have no impact on the general fund. Furthermore, Barberton CSD's Treasurer indicated that two clerical employees are being reduced as part of the Oakdale elementary closing for FY 2005-06. After adjusting for the Head Start employees and the FY 2005-06 reductions, the District's clerical staffing levels are comparable to the peers.
- **Teaching Aide:** Although Barberton CSD has 0.1 more FTE's per 1,000 ADM within the teaching aide classification when compared to the peer average, the District's FTE's per 1,000 ADM (6.3) is significantly lower than Garfield Heights CSD (11.5) and Massillon CSD (7.7). In addition, the District utilizes some of its teaching aides to assist with the Head Start program. These employees are paid with grant funds and have no impact on the general fund.
- **Carpentering, Custodian, and Groundskeeping:** See the **facilities** section.
- **Food Service:** Barberton CSD employs 6.9 FTE food service staff per 1,000 ADM, which is higher than the peer average of approximately 5.3 FTEs. Although the District's food service staffing levels are higher than the peer average, its food service function is self-funded and does not receive assistance from the general fund through operating transfers (see the **financial systems** section). In addition, the higher food service staffing levels may be attributed to the District operating a breakfast program that is funded through grant monies.

Collective Bargaining Agreements

Certificated personnel are governed by a negotiated agreement between the Barberton Board of Education and the Barberton Education Association. Classified employees are organized under a labor agreement between the Barberton CSD Board and the American Federation of State, County and Municipal Employees, Ohio Local 265 AFSCME/AFL-CIO (classified staff excluding bus drivers and aides) and the Ohio Association of Public School Employees OAPSE/AFSCME Local 140 (bus drivers and aides). During the performance audit, certain contractual and employment issues were assessed and compared to the state minimum standards and peer districts. Since contractual and employment issues directly affect the operating budget, they have been assessed and compared to the peer districts to illustrate any financial implications for Barberton CSD.

Table 3-3 and **Table 3-4** illustrate key contractual issues in the certificated and classified employees' negotiated agreements for Barberton CSD and the peer school districts.

Table 3-3: Certificated Contractual Agreement Comparisons

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD
Length of work day	Elementary: 7 hours, 15 minutes Junior High: 7 hours, 15 minutes Senior High: 7 hours, 15 minutes	K-12: 7 hours, 10 minutes	Elementary: 7 hours, 15 minutes Middle School: 7 hours, 30 minutes High School: 7 hours, 30 minutes	K-12: 7 hours and 30 minutes
Planning Time	K-5: 180 minutes planning / week 6-12: 200 minutes planning / week SLD/BD-DH tutors: 1-2 hours planning / week	K-5: 200 minutes planning / week 6-8: 200 minutes planning / week 9-12: 200 minutes planning / week	Elementary: 200 minutes planning / week Middle School: 80 minutes planning / day High School: 5 planning periods / week	K-3: 5 periods per week of no less than 30 minutes planning 4-12: 200 minutes planning / week
Maximum class size	Kindergarten: 60 students 1-5: 30 students 6-12: 30 students	K-12: 1 teacher per 25 pupils in average daily membership	Pre-school-2: 28 students 3-5: 30 students 6-12: 40 in-class classroom teachers per 1,000 students	Pre-K – 6: 1 teacher: 25 pupils per ADM 7-12: 170 per day
Number of Contract Days	K-12: 187 days	K-12: 185 days	K-12: 184 days	K-12: 186 days
Instructional Days	179	180	178	180
In-Service Days	4	5	3	3
Parent/Teacher Conference	1	0	1	0
Preschool Days	0	0	0	0
Record Days	3 ¹	0	1	2
Planning Days		0	1	1
Incentives:				
Sick Leave	\$200 annual bonus / no sick leave used	N/A	N/A	N/A
Personal Leave	The greater of \$80 or the substitute rate per unused days	N/A	3 unused personal days = 2 sick leave days	1 personal leave day = 2 sick leave days 3 personal leave days = 1 day of pay at the member's per diem rate
Maximum number of sick days accrued	253 days	240 days	303 days	Unlimited
Sick Leave Accrual Rate	1 ¼ days per month	15 days per year	1 ¼ days per month	1 ¼ days per month
Maximum sick leave pay out at retirement	25% of sick leave up to a maximum of 52 days	50% of sick leave up to a maximum of 70 days	25% of sick leave up to a maximum of 74 days	¼ of sick leave up to a maximum of 70
Number of personal days	2 ²	3	3	3
Notice required	1 day	48 hours	1 week	2 days
Sabbatical leave	Paid at the difference between the employee's expected salary and the substitute salary	1 or 2 semesters paid at the difference between the employee's base salary and the substitute salary	1 full semester or 1 one full year	1 year paid at the difference between staff salary and substitute salary
Cost of living increases each year of the contract	FY 2002-03: 3.25% FY 2003-04: 3% FY 2004-05: 3%	FY 2001-02: 4% FY 2002-03: 4% FY 2003-04: 4%	FY 2002-03: 4% FY 2003-04: 4% FY 2004-05: 4%	FY 2005-06: 3% FY 2006-07: 3%

Source: Certificated negotiated agreements from Barberton CSD and the peer districts

¹Barberton CSD employees are required to work two (work days) at the beginning and end of each school year.

²Barberton CSD certificated employees may request up to one additional personal day annually.

Table 3-4: Classified Contractual Agreement Comparisons

	Barberton CSD (AFL-CIO) Local #265 (Other Classified)	Barberton CSD (OAPSE) Local #140 (Bus Drivers)	Garfield Heights CSD	Massillon CSD (OAPSE)	Massillon CSD (Secretaries)	Newark CSD
Vacation time to accumulate	Full-time 1-5 years = 10 days 6-9 years = 15 days 10-15 years = 20 days 16-21 years = 25 days 22 years = 30 days	N/A	6 months = 1 week 1 year = 2 weeks, plus one day up to 5 years 6 years = 3 weeks 7 years = 3 weeks, plus one day up to 10 years 11 years = 4 weeks, plus one day up to 15 years 16 years = 5 weeks, plus one day up to 20 years 21 years = 6 weeks	1 – 6 years = 10 working days 7 -12 years = 15 working days 13-18 years = 20 working days 19 years = 21 working days 20 years = 22 working days 21 years = 23 working days 22 years = 24 working days 23 years = 25 working days 24+ years = 26 working days	1-5 years = 10 days 6-10 years = 15 days 11-15 years = 20 days 16+ = 1 additional day for each year up to a maximum of 26 days	1 –5 years: 10 days 6-10 years: 15 days 11-15 years: 17 days 16-20 years: 20 days 21 years: 22 days 22+: maximum of 25 days Employees will be paid for vacation if they have at 96% attendance rate.
Sick/personal leave incentive	Sick leave is 1.25 days / month – 15 days per year N/A	Sick leave is 1.25 days / month – 15 days per year Unused personal leave shall be converted to sick leave	Sick leave is 15 days per year. N/A	Sick leave is 1.25 days/ month – 15 days per year Bargaining units who do not use any sick leave will be paid \$100. 3 unused personal days = 2 sick leave days	Sick leave is 1.25 days /month – 15 days per year 3 unused personal days = 2 sick leave days	Sick leave is 1.25 days/month Unused personal leave will be converted to sick leave at the end of each fiscal year
Maximum number of sick days accrued	<u>12 months</u> 2002: 225 days 2003: 230 days 2004: 235 days <u>9 months</u> 2002: 210 days 2003: 215 days 2004: 220 days	212 days	260 days	FY 2001 -2003 – 246 days FY 2003-2007 – 303 days	303 days	N/A
Maximum number of sick days paid at retirement (percentage payout)	25% of sick leave up to a maximum of 47 days in 2002, 48 days in 2003, 49 days in 2004	Accumulated sick leave up to a maximum of 46 days in 2003, 47 days in 2004, 48 days in 2005	75 days (1/2 of 150 days)	¼ of the employees total accumulated and unused sick leave at time of retirement	¼ of the employees total accumulated and unused sick leave at time of retirement	¼ of accrued unused sick leave up to a maximum of 60 days After 1997, employees who have perfect attendance shall receive one additional day of severance up to a maximum of 10 days
Number of personal days	3 days ¹	3 days	3 days	3 days	3 days	3 days

Notice required	Last working day	N/A	48 hours	5 days	5 days	3 days
Number of holidays paid for 12-month employees	11 and 12 month employees = 14 holidays	N/A	260/261 day employees = 11 holidays	13	13	9
Number of holidays paid for less than 12 month employees	9 and 10 month employees = 12 holidays	12	216-229 day employees = 9 holidays < 215 day employees = 8 holidays	11	11	8 or 9
Number of days to file a grievance	10 working days of the time the grievant knew or should have known of the occurrence	10 working days of the time the grievant knew or should have known of the occurrence	15 working days after the conditions giving rise to the grievance are known or should have been known	30 working days after the condition giving rise to the grievance	30 working days after the condition giving rise to the grievance	21 days of the occurrence
Cost of living increases each year of the contract	2002: 3% 2003: 3% 2004: 3%	2003: 3% 2004: 3% 2005: reopen negotiations	2002: 4% 2003: 4% 2004: 4%	FY 2002-03: 4% FY 2003-04: 4% FY 2004-05: 4% FY 2005-06: 4% FY 2006-07: 4%	FY 2002-03: 4% FY 2003-04: 4% FY 2004-05: 4% FY 2005-06: 4% FY 2006-07: 4%	FY 2003-04: 3% FY 2004-05: 3% FY 2005-06: 3%

Source: Barberton Classified Employee Agreement and peer contracts.

¹Barberton CSD employees may request a 4th and 5th personal day annually.

Assessments Not Yielding Recommendations

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

- **Staffing Analysis:** As analyzed previously, (see **Table 3-2**), staffing assessments not yielding recommendations include the following categories: site based administration, special education teachers, tutor and remedial specialists, clerical, and food service.
- **Dental Coverage:** Barberton CSD’s dental premiums and benefits offered are comparable to the peers.
- **Certificated Contracts:** The provisions within the District’s certificated bargaining agreement are generally comparable to the peers.
- **Classified Contracts:** The provisions within the District’s classified bargaining agreements are comparable to the peers in all areas except for vacation accrual, advance notice for using personal days, and number of holidays (see **R3.5** and **R3.6**).

- **Pick-up on the pick-up:** An assessment of payments by the Board for the employees' share of contributions to STRS or SERS was conducted for administrative, certificated and classified bargaining unit employees. The Superintendent and Treasurer are the only employees within the District who receive the additional retirement pickup and their respective salaries are comparable to the peers.

Recommendations

Staffing

R3.1 Barberton CSD should continually monitor student-to-teacher and ESP staffing ratios and regularly evaluate the impact staffing changes have on the District, both financially and educationally. As shown in Table 2-15 (see the financial systems section), the Auditor of State’s revised forecast is projecting financial recovery for the District without considering any staffing reductions beyond those already adopted by the District. However, if the projections in the forecast are not achieved and the District is forced to make additional reductions, the regular education and ESP staffing levels represent two areas where the District could make additional reductions and still comply with State minimum standards. Based on the current staffing levels, the District could potentially reduce up to 26 regular education teachers and 15 ESP staff while still meeting the state minimum requirements. However, since the District is currently in continuous improvement status based on the ODE report card, any decisions to reduce teacher and ESP staffing levels should be weighed against the impact the reductions may have on the District’s education outcomes.

In terms of regular education staffing levels, Barberton CSD is required by ORC §3301.35 to maintain a ratio of 40 teachers per 1,000 students on a district-wide basis. In addition, the District’s certificated bargaining agreement stipulates that the District must maintain individual class sizes at no more than 30 students per teacher.

Table 3-5 illustrates the teacher staffing levels for Barberton CSD and the peers on a regular and per 1,000 ADM basis.

Table 3-5: Total Number of Regular Education Teachers and Regular Teachers per 1,000 ADM

Category	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Regular Teacher Staffing Total	181.1	151.0	176.0	296.4	207.8
Regular Teachers per 1,000 ADM	42.2	39.0	39.2	45.5	41.9

Source: Barberton CSD and peer FY 2004-05 EMIS Staff Summary Reports

Note: Barberton CSD reduced 15 regular education teaching staff for FY 2005-06 through retirement and reduction in force.

Based on **Table 3-5**, Barberton CSD employs the second highest number of regular education teachers per 1,000 ADM when compared to the peers using FY 2004-05 data. In addition, the District’s regular education staffing levels are approximately one percent higher than the peer average (41.9). However, during the course of this audit, the District adopted a financial recovery plan which calls for the reduction of 15 regular education teaching positions prior to the start of FY 2005-06. If **Table 3-5** was adjusted to reflect the staffing reductions, the revised regular teaching staffing levels would be 38.7 on a per 1,000 ADM basis, which is comparable to Garfield Heights CSD and Massillon CSD and lower than Newark CSD.

Table 3-6 illustrates the regular education student-to-teacher ratios for Barberton CSD and the peers based on the FY 2004-05 EMIS student enrollment. The peer’s FY 2003-04 ODE District Report Cards were used to determine the percent of disabled students, which were deducted from the total EMIS enrollment totals to determine the regular education student population.

Table 3-6: Barberton CSD and peer Student-to-Teacher Ratios

	Barberton CSD FY 2004-05	Barberton CSD FY 2005-06 ¹	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Regular Teachers	181.1	166.1	151.0	176.0	296.4	207.8
Regular Student Enrollment	3,614	3,614	3,423	3,786	5,703	4,304
Student to Teacher Ratio	20.0	21.8	22.7	21.5	19.2	21.1

Source: Barberton CSD and peer EMIS enrollment and FTE count.

¹Barberton CSD made 15 regular education teacher reductions for FY 2005-06.

As illustrated in **Table 3-6**, Barberton CSD's student-to-teacher ratio during FY 2004-05 was 20.0, which is lower than the peer average by six percent. Additionally, Barberton CSD’s student-to-teacher ratio is lower than the 25 to1 state minimum regular education teacher staffing ratio required by OAC §3301.35. However, as noted in **Table 3-5**, the District has taken action to reduce 15 regular teaching positions prior to the start of FY 2005-06. When accounting for these reductions, **Table 3-6** shows that the student-to-teacher ratios increase from 20.0 to 21.8, which is greater than the peer average of 21.1, but still lower than state minimum standards. Based on the revised staffing levels, the District could potentially reduce up to 26 regular education teachers and still meet the state minimum requirements.

Educational service personnel (ESP), as outlined in the Ohio Administrative Code (OAC) §3301-35-05(A)(4), includes art, music and physical education teachers, counselors, registered nurses, social workers, and library/media specialists. **Table 3-7** compares the

FY 2004-05 staffing levels for all ESP positions at Barberton CSD and the peer districts on a per 1,000 ADM basis.

Table 3-7: FY 2004-05 Comparison of ESP Staffing Levels Per 1,000 ADM

ADM	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average	Percentage Difference
ESP Teachers ¹	5.8	2.8	6.7	8.2	5.9	(2%)
Counselors	1.9	1.3	1.8	1.3	1.5	25%
Librarian Media Specialists	0.7	1.3	0.7	0.8	0.9	(24%)
Registered Nurse	0.3	0.0 ²	0.8	1.0	0.9	(63%)
Social Worker	0.0	0.8	0.0	0.0	0.8	(100%)
Totals	8.7	6.2	10.0	11.3	9.1	(5%)

Source: Interviews and EMIS reports from Barberton CSD and peers.

¹ Includes those individuals who teach art, music or physical education at all levels.

² Garfield Heights CSD contracts out its nursing services for a total of approximately \$88,000 per year.

As illustrated in **Table 3-7**, Barberton CSD has a total of 8.7 ESP staff per 1,000 students (37.3 FTE's), which is lower than two peers and the peer average. However, while the District's ESP staffing levels are lower than the peer average, the District still exceeds the minimum standards of five FTE's per 1,000 ADM identified in the Ohio Administrative Code (OAC §3301-35-05 (A) (4)). Based on current enrollment and the OAC requirements, the District is required to maintain only 21.4 ESP personnel, which is approximately 15 employees less than the current FTE staffing level of 37.3. Approximately 67 percent of Barberton CSD's ESP staff members are art, music and physical education teachers who have direct instructional contact with students throughout the day. Another 21 percent of the ESP staff are counselors, with the remaining 12 percent consisting of registered nurses and librarians.

Ohio law requires that each school district receive a performance accountability rating based on 18 performance standards. These 18 standards are minimum performance goals for public education in Ohio. **Table 3-8** shows the number of standards that Barberton CSD and the peers met for FY 2003-04.

**Table 3-8: Barberton CSD and Peer State Academic Indicators
Reported on District Report Cards**

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
District Report Card Standards Met	10	12	8	8	9.3

Source: Barberton CSD and Peer ODE District Report Cards.

Table 3-8 shows that Barberton CSD met 10 out of 18 indicators on the FY 2003-04 ODE report cards, which was more than two of the peers and the peer average. However, despite the favorable report card performance in comparison to the peers, the District is classified as being in continuous improvement.

R3.2 Although the District's vocational program appears to be efficient based on the percent of general fund expenditures being reimbursed through state funding in FY 2003-04, this may not always be the case based on the changing nature of student enrollment, state funding, and vocational program needs. Therefore, to potentially minimize the risk of being negatively impacted by changes in the factors noted above, Barberton CSD should perform a cost/benefit analysis to determine if it is in the District's best interest to join the local joint vocational district. Garfield Heights CSD utilizes its joint vocational district to provide all vocational education programming and pays only \$72.90 per student, whereas Barberton CSD's cost was \$298.40 per student. Some of the issues the District should consider in the cost/benefit analysis include the following:

- The enhanced curriculum offerings that will be available to Barberton CSD students through the JVSD;
- The impact on residents of the District from the unvoted two mill tax levy that will be assessed;
- The savings to the District's regular education program from not having to subsidize the vocational program; and
- The current contract for the compact agreement and the impact on the other member districts if Barberton CSD decides to leave the agreement.

If Barberton CSD determines that it is not beneficial to join the JVSD, then it should consider alternative strategies to help eliminate the subsidy of the vocational program. For example, the District should consider eliminating any duplication of services within the compact agreement by determining if teaching assignments and/or programs can be streamlined and consolidated. In addition, the District could try to eliminate programs with low enrollment and/or work to increase enrollment within current programs.

Barberton CSD offers a number of vocational trade programs through its compact agreement with area school districts. The participants in the vocational compact are Wadsworth CSD, Copley CSD, Norton CSD, and Barberton CSD. The District receives state funding to help offset the cost of offering these vocational programs.

Table 3-9 compares Barberton CSD's governmental fund vocational expenditures to the peers on a per student basis.

Table 3-9: Barberton and Peer FY 2004-05 Vocational Cost per Student

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Vocational Education	\$298.4	\$72.9	\$503.7	\$163.2	\$241.2

Source: Barberton CSD and Peer 4502's

Note: The peer average was calculated by dividing peer total vocational expenditures by the peer average enrollment.

Table 3-10 compares vocational education teacher staffing levels at Barberton CSD and the peer districts on a per 1,000 student basis.

Table 3-10: Vocational Education Teachers per 1,000 Students

Category	Barberton CSD	Garfield Heights CSD ¹	Massillon CSD ²	Newark CSD ³	Peer Average
Vocational Education Teaching	3.4	0.5	5.8	2.4	2.9

Source: Barberton CSD and peer EMIS Staff Summaries.

¹Garfield CSD is a member of the Cuyahoga Valley Career Center.

²Massillon CSD is a member of RG Drage Career and Technical Assistance for vocational education of its student enrollment.

³Newark CSD is a member of C-TEC for its vocational assistance.

As illustrated in **Table 3-9**, Barberton CSD spent approximately \$57 more per student than the peer average for vocational education in FY 2003-04. In addition, **Table 3-10** shows that Barberton CSD employs more vocational education teachers per 1,000 ADM than the peer average. However, both of these unfavorable ratios are due, in part, to the fact that Garfield Heights CSD skews the peer averages. If Garfield Heights CSD was removed from consideration, the peer average vocational education expenditure would have been \$333 per student while the revised staffing per 1,000 ADM would have been 4.1 FTEs. Garfield Heights CSD is able to achieve the favorable operating ratios because they are members of the Cuyahoga Valley Career Center and utilize only two employees for internal vocational activities (see **Table 3-10**). In contrast, Barberton CSD, Newark CSD and Massillon CSD all provide some vocational instruction in-house. Newark CSD

has approximately 150 students attending the Career Technical Education Center (CTEC), while Massillon CSD uses the RG Drage Career Center for technical assistance.

Table 3-11 illustrates student enrollment in Barberton CSD's vocational programs.

Table 3-11: Barberton CSD Vocational Programs and Enrollment

Barberton CSD	Enrollment	Percentage of Total Enrollment
Cosmetology		
I	13	2%
II	15	3%
CBI	31	5%
Business-Administration I and II	33	6%
Marketing	15	3%
Information Technology I and II	36	6%
Law and Public Safety I and II	31	5%
Arts-Communication	10	2%
Work and Family Studies	400	68%
Total FY 2004-05 Enrollment	584	100%

Source: Barberton Employee and Enrollment Roster FY 2004-05

Although Barberton CSD is in a compact agreement with three other school districts to help reduce duplication of vocational programming, the Treasurer indicated that a few classes such as cosmetology and business are duplicated by the other districts within the compact. Based on **Table 3-11**, Barberton CSD's student enrollment fluctuates among all programs and 4 out of the 8 programs only enroll 10 to 15 students.

The District receives state foundation funding for its vocational program and charges back the costs for the students from other districts attending its programs. However, the state foundation funding is less than the District's vocational education expenditures. As a result, the District is potentially using general fund revenue to supplement the cost of its vocational program (see **Table 3-12**). **Table 3-12** compares the expenditures and revenues of Barberton CSD and the peers' vocational education programs.

Table 3-12: Barberton CSD and Peer Vocational Expenditures and Revenues

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Revenue	\$1,194,773	\$200,527	\$1,155,140	\$553,635	\$636,434
Expenses	\$1,246,520	\$268,104	\$2,161,428	\$1,060,677	\$1,163,403
Percent of General Fund Expenditures Exceeding Revenue	4%	25%	47%	48%	45%

Source: Barberton CSD and peer SF3 Reports and 4502's

As illustrated in **Table 3-12**, Barberton CSD's expenditures exceed its revenue from the vocational program. However, the District's vocational expenditures exceeded the revenues by a lower percentage than all the peers.

Financial Implication: Due to the uncertainty of potential program options under the compact agreement, the savings associated with a potential reduction of staff could not be determined.

Benefit Administration

R3.3 During future contract negotiations, Barberton CSD should seek to require all full-time employees, and all employees receiving full benefits, to pay 10 percent of the monthly health care premiums. Furthermore, any employee contributions that are negotiated should be stated as a percentage rather than a fixed dollar amount in order to help the District offset annual increases in health care premiums.

Barberton CSD is self-insured for health care purposes and contracts with Klais and Company to act as the District's third-party claims administrator. Accordingly, the District works in conjunction with Klais and Company to set the monthly premiums. The premiums are determined based on actuarial analyses, the year-end fund balance in the self-insurance fund, and other district specific factors such as level of coverage offered and recent claims histories.

Table 3-13 compares Barberton CSD's monthly medical and prescription premium costs and employee contribution levels to the peers and the State Employment Relations Board (2004 SERB Report) averages for comparable school districts.

Table 3-13: Healthcare Insurance Premium Comparison for FY 2004-05

City	Provider(s)	Monthly Premium for Single Plan	Full-time Employee Share	Monthly Premium for Family Plan	Full-time Employee Share
Barberton CSD	Medical Mutual PPO	\$295.70	\$0.00	\$766.16	\$0.00
Garfield Heights CSD¹	Medical Mutual				
	Super Med Classic PPO Certificated	\$325.67	\$0.00	\$863.03	\$0.00
	Base	\$390.89	\$0.00	\$1,035.84	\$0.00
	Super Med Classic PPO Administrative	\$399.67	\$0.00	\$1,059.11	\$0.00
	Super Med Classic PPO Classified	\$325.67	\$0.00	\$863.03	\$0.00
	Kaiser	\$339.27	\$0.00	\$902.46	\$0.00
Massillon CSD	Medical Mutual L	\$303.18	\$0.00	\$736.52	\$0.00
Newark CSD	United Healthcare Plan 149 Certificated	\$294.30	\$73.57	\$735.80	\$183.95
	United Healthcare Plan 149 Classified/Administration/ Exempt Classified	\$367.87	\$91.97	\$919.75	\$229.94
	Cobra Plan 149	\$375.23	\$7.36	\$938.15	\$18.40
Peer Average²		\$346.86	\$57.63	\$894.85	\$144.10
2004 SERB		\$349.22	\$41.30	\$913.18	\$112.43
SERB Regional Average Akron/Canton		\$337.97	\$19.90	\$902.96	\$55.18

Source: School Districts and health plans medical and prescription costs

¹Garfield Heights CSD negotiated a \$25.00 contribution for its certificated employees toward its single and family premium costs beginning 2005-06 school year.

²Peer average includes only those districts that have an employee share.

As illustrated in **Table 3-13**, Barberton CSD's premiums are lower than the peer average by 14.7 percent for single coverage and 14.3 percent for family coverage, respectively. According to the Treasurer, the lower premiums are due to the District maintaining extremely low reserve balances within the self-insurance fund in prior years. For FY 2005-06, the District made the decision to hold the premiums constant as a cost saving measure included in the financial recovery plan. A representative from Klais indicated that holding the premiums constant in FY 2005-06 is feasible based on the District's current health care claims and the fund balance that existed in the health insurance fund at the conclusion of FY 2004-05. However, because the District's premiums will not keep pace with inflation in FY 2005-06, it may be difficult for the District to sustain the low premium rates going forward.

In contrast to Newark CSD and Garfield Heights CSD, Barberton CSD employees do not contribute toward the health care premium costs. Newark CSD requires its employees to

contribute anywhere from \$7.36 to \$91.97 for single coverage and \$18.40 to \$229.94 for family coverage. Garfield Heights CSD also negotiated a \$25.00 employee contribution toward the single and family premium costs beginning in the 2005-06 school year. SERB completes an annual report on the cost of health insurance in Ohio’s public sector. Its 2004 Report on Healthcare Costs found that Ohio’s public employees were required to contribute an average of \$41.30 for single and \$112.43 for family medical coverage. These rates represent 11.8 percent of the monthly premium cost for single coverage and 12.3 percent of the monthly premium cost for family coverage.

Table 3-14 compares Barberton CSD’s general fund expenditures for employee fringe benefits to the peer school districts for FY 2003-04. The data is presented on a per student basis to account for differences in student population size.

Table 3-14: Fringe Benefit Expenditures per Student for FY 2003-04

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Fringe Benefits	\$1,554	\$1,371	\$1,568	\$1,456	\$1,465

Source: Barberton CSD and the peers

As illustrated in **Table 3-14**, Barberton CSD is spending more on employee fringe benefits than two of the peers, and approximately \$89 more per student than the peer average. As Barberton CSD has relatively low premium costs, these higher benefit costs per student are due to the lack of employee contributions toward health care costs and maintaining a generous policy that gives full health benefits to part-time employees (see **R3.4**).

Financial Implication: Barberton CSD’s current enrollment for medical coverage as of April 28, 2005 consists of 93 single plans and 383 family plans. If the District negotiated a 10 percent employee contribution toward monthly healthcare premiums (\$29.57 for single coverage) and (\$76.61 for family coverage), the potential annual cost savings would exceed \$385,000.

R3.4 The District should evaluate health insurance benefits as a means to control premium costs. Specifically, Barberton CSD should negotiate to increase the minimum work hour requirement for employees to receive full medical coverage. Additionally, Barberton CSD should seek competitive bids for life insurance to determine if current premium costs could be reduced. During future negotiations, contract language should be included to allow a reduction of unusual or extraordinary benefits if required in order to regain financial stability.

Barberton CSD’s AFSCME, OAPSE, and certificated health contracts were negotiated during 1999, 1998, and 2001, respectively. Barberton CSD has not updated the minimum

eligibility requirements for medical insurance since that time. **Table 3-15** compares the key medical insurance benefits at Barberton CSD to the peer districts for FY 2004-05.

Table 3-15: Key Medical Plan Benefits

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD
Health Plan	Klias and Company Inc. A.F.S.C.M.E. Local # 265 (all classified staff except bus drivers) O.A.P.S.E. Local # 140 (bus drivers) Certificated	Medical Mutual PPO (Certificated, Classified, and Administrative) ³ Base	Medical Mutual PPO Traditional CCM	United Healthcare Plan 149
Hours Worked for Eligibility¹	Minimum of 20 hours per week (AFSCME) Minimum of 20 hours per week (OAPSE) Minimum of 20 hours (certificated staff with dependents) No eligibility limit (without dependents)	Local #4.- Minimum of 31 hours per week Certificated- Minimum of approximately 35 hours per week	Local #148 Secretaries- Minimum of 35 hours per week Local #114 Operators- Minimum of 30-35 hours per position/week Certificated- Minimum of 35 hours per week ⁴	Local #190- Minimum of 20-34 hours per week; and minimum of 35 hours per week dependent upon position Certificated- maximum of 37.5 hours per week Less than 15 hours- no benefits 15 hours to less than 25 hours-50% benefits Minimum of 25 hours- 100% benefits
Office Visits	80% (Network) after deductible ²	80% after deductible	90% (Network) after co-pay 80% (Network) after co-pay is met	\$15 per visit
Prescription Plan	Yes	Yes	Yes	Yes
Cost	\$5.00 generic/ \$10.00 cost for brand name ²	20 % Co-pay	20% Co-pay ⁵	\$10 generic \$20 brand name \$30 brand name not on product list/
Mail Order	No co-payment required for cost, 100% coverage for mail order, \$3.00 mail order fee	\$3.00 generic/brand name-no mail in option		\$20 generic \$40 brand name \$60 brand name not on product list
Employee Annual Deductible	\$150 S/\$450 F (Network) \$150 S/\$450 F (Network) \$150 S/\$450 F (Network)	\$100 S/ \$200 F \$200S/\$400F	\$100 S/ \$200 F (Network) ⁵	\$150 S/\$300 F (Network)
Employee Out of Pocket Maximum	\$750 (Network) \$1,500 (Non-network) \$750 S (Network)/ \$2,250 F: \$1,500 S (Non-network)/\$4,500 F \$750 (Network) \$1,500 (Non-network)	Yearly deductible then \$500 per person	\$500 S (Network)/ \$1,000 F ⁵	\$500 S/\$1,000 F (Network) /\$1,500 S/\$3,000 F (Non-network)

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD
Maternity	80% after deductible ²	100%	After deductible is met: 90% (Network) 80%	90% covered by employer 10% co-payment of eligible expenses
Well Child Care	0-1 Years: \$500 maximum benefit payable >1-9 Years: \$150 maximum benefit payable ²	\$500	100% Up to \$500 per calendar year (to age 9) ⁵	0-1 Years: \$500 maximum benefit payable >1-9: Years: \$150 maximum benefit payable
Inpatient Hospital Care	80% after deductible ²	Yes: 100% 730 days	90% 80%	90% covered by employer 10% co-payment of eligible expenses
Maximum Lifetime Benefit Amount	\$2,000,000 ²	\$1,000,000	Unlimited ⁵	Unlimited in Network \$1,000,000 (Non-network)

Source: Healthcare booklets and collective bargaining agreements for Barberton and peers

¹Represents hours needed to receive full health care benefits.

²Barberton CSD office visits, maternity, well child care, inpatient hospital care benefits, and maximum life-time benefit amounts are the same for all three benefit plans. Barberton CSD prescription plan costs are the same for AFSCME and OAPSE employees.

³Garfield Heights’ Certificated, Classified, and Administrative Super Med Classic health contracts are the same.

⁴Massillon CSD Certificated teachers and special education teachers both work a minimum of seven hour per day (35 hours per week).

⁵Massillon CSD’s prescription plan, employee annual deductible, employee out of pocket maximum, well child care, and maximum lifetime benefit amount is the same for the PPO and the Traditional CCM Plan.

As indicated in **Table 3-15**, Barberton CSD’s total benefit package is comparable to the peer districts. More specifically, the employee payments for office visits, out of pocket maximum (excluding OAPSE), and well child care appear similar to the peers. While the employees’ annual deductible, and co-payments for maternity and inpatient hospital care are higher than the peers, this could help contribute to the lower premium costs shown in **Table 3-15**. However, as shown in **Table 3-14**, Barberton CSD’s total benefit costs per student are higher than two peers, which is due in part to the District’s significantly lower minimum work hour requirement to receive full health care coverage. The primary differences in Barberton CSD’s minimum eligibility requirements when compared to the peers include the following:

- Barberton CSD offers full medical insurance to all employees who work a minimum of 20 hours per week.
- Garfield Heights CSD requires its classified employees to work a minimum of 31 hours per week to receive full health care coverage while the certificated employees must work 35 hours per week.
- Massillon CSD requires its classified employees to work a minimum of 30 hours per week to receive full health care coverage while the certificated staff must work 35 hours per week.

- Newark CSD requires all of its classified employees to work a minimum of 20 hours per week for 75 percent single plan coverage and 65 percent family plan coverage (employees pay 25% for single plan and 35% for family plan); and certificated employees work 37.5 hours per week for 75 percent coverage (employees pay 25%).

Another factor contributing to the high benefit cost per employee is the District’s life insurance premium. **Table 3-16** illustrates the cost of life insurance coverage provided by Barberton CSD and the peer districts.

Table 3-16: Barberton CSD and Peer Life Insurance

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD
Life Insurance	\$0.170 per \$1,000	\$0.098 per \$1,000	\$0.180 per \$1,000	\$0.137 per \$1,000

Source: Healthcare booklets and collective bargaining agreements for Barberton CSD and peers

Table 3-16 shows that Barberton CSD’s life insurance premium levels are higher than Garfield Heights CSD and Newark CSD, but lower than Massillon CSD. The treasurer indicated that the life insurance has not been competitively bid during the last three years.

Financial Implication: By negotiating to increase the minimum work hour requirements for full health insurance coverage, the District would reduce its healthcare costs. For example, if the District increased the minimum requirements to 30 hours per week for all employees, it could reduce the current enrollment by 12 classified employees and 12 certificated employees. This would result in an estimated annual savings of approximately \$187,000 in premium costs. Alternatively, the District could still provide coverage to part-time employees and reduce costs by increasing the employee monthly contribution rate and/or payments for the different items covered in the health care plan, similar to Newark CSD certificated employees. For example, if the District negotiated to require employees working under 30 hours per week to contribute 50 percent of the premium costs, it would save approximately \$93,500 annually. This assumes that all 24 employees would continue participation.

Additionally, if Barberton CSD was able to reduce its life insurance premium costs to Newark CSD’s level through competitive bidding, it would save approximately \$3,500 annually. This is based on the number of employees receiving life insurance as of April 28, 2005.

Collective Bargaining Agreements

R3.5 During future contract negotiations, Barberton CSD should attempt to reduce the vacation accrual rates for employees with 10 or more years of service.

Implementing this recommendation will potentially increase productivity while helping to minimize the need for substitutes and/or overtime.

Classified employees are organized under a labor agreement between the Barberton CSD Board of Education and the Ohio Association of Public School Employees, Ohio Local 265 AFSCME/AFL-CIO (all classified employees excluding bus drivers and aides). **Table 3-4** illustrates that Barberton CSD's vacation accrual rate is comparable to the peers for employees with one to nine years of service. However, **Table 3-4** also illustrates that after 10 years of service, Barberton CSD provides a higher number of vacation days for the corresponding years of service than the peers. For example, the vacation accrual rates for Barberton CSD's classified employees range from 20 days per year for ten years of service to 30 days per year for 22 years of service. In contrast, the peer average vacation accrual rate for employees with 10 years of service is 16 days per year, and 26.3 days per year for 22 years of service. Additionally, the District's maximum vacation accrual rate of 30 days is more generous than Massillon CSD and Newark CSD.

Providing full-time employees with more vacation days than the peers can reduce productivity since there are fewer work days devoted to District operations. In addition, providing employees with more days off can potentially increase expenditures if substitutes and/or overtime are needed.

Financial Implication: Although not readily quantifiable, implementation of this recommendation could reduce overtime and substitute costs.

- R3.6 Barberton CSD should attempt to negotiate a lower number of holidays for its classified employees. More specifically, the District should attempt to reduce the number of paid holidays for 11 and 12 month employees to the peer average of 12 days per year, while the 9 and 10 month employees should be reduced to 10 holidays per year. By reducing the number of holidays to a level similar to the peers, the District would increase productivity as staff would be working two additional days during the year.**

In addition, the District should attempt to negotiate a requirement that employees give the District at least a three day advance notice if they intend to use personal leave. This would allow the District to determine staffing and work requirements ahead of time in an effort to minimize the impact of the absence on productivity and/or substitute and overtime costs.

As shown in **Table 3-4**, the District's current negotiated agreement with the classified staff provides 11 and 12 month employees with 14 paid holidays per year while the 9 and 10 month employees receive 12 paid holidays per year. In contrast, the peer average for

11 and 12 month employees is 12 paid holidays per year, while the 9 and 10 month employees receive 10 paid holidays per year. This indicates that the District grants two additional holidays to the classified staff when compared to the peers. These additional holidays consist of extra days off for Easter and Independence Day. Providing full-time employees with more holidays than the peers can reduce productivity since there are fewer work days devoted to District operations.

According to ORC §3319.08.7, the District is required to provide 11 and 12 month employees with a minimum of seven paid holidays per year, while 9 and 10 month employees must be provided with a minimum of six paid holidays per year. Barberton CSD's current classified contract exceeds the ORC minimums by seven holidays for the 11 and 12 month employees and six holidays for the 9 and 10 month employees.

In addition, **Table 3-4** indicates that the District only requires employees to request the use of a personal day on the last working day before using the personal day (less than 24 hour notice). In contrast, Newark CSD requires a three day advance notice while Massillon CSD requires a five day advance notice. The District's policy to require less than a 24 hour notice for the use of personal leave can have a negative impact on productivity; and potentially increases operating costs if substitutes and/or overtime are needed.

Financial Implication: Although not readily quantifiable, implementation of this recommendation could substantially reduce overtime and substitute costs.

Sick Leave

R3.7 Barberton CSD should strive to reduce the amount of sick leave used by its employees by strengthening the policies to ensure its proper use. More specifically, the District should consider modifying the existing policies to include prohibitions against "patterns of abuse." These prohibitions should indicate that if an employee engages in a "pattern of abuse," he or she may be subject to discipline. To identify potential patterns of abuse, the District should begin actively monitoring sick leave usage. For example, the District could prepare payroll reports at month-end that show the amount of sick leave used by each employee during the prior month, the year-to-date leave usage by employee, and a comparison of the year-to-date sick leave totals by employee classification to the same time period from the prior year. In addition, the District should also consider following the American Society for Public Administration's (ASPA's) suggestions for effectively managing sick leave abuse.

Barberton CSD should consult with its legal counsel prior to implementing this recommendation to ensure that all required notices are given to employees

concerning the policy, that the discipline procedures are fair and appropriate, and that a process is in place for employees to dispute sick leave abuse claims that is compliant with all applicable laws and/or collective bargaining agreements. If the District successfully reduced sick leave use, it would reduce additional administrative time, enhance the quality of education by eliminating interruptions in the delivery of the curriculum and reduce overall substitute costs. Reducing sick leave by 5 days per FTE would bring the District in line with the state average of 6.7 days per year as reported by the Ohio Department of Administrative Services (ODAS).

Barberton CSD’s collective bargaining agreements stipulate the procedures that are to be followed when an employee uses sick leave. For example, each employee must fill out a District leave form for an absence that resulted in the use of sick leave, regardless of the duration of the absence. If medical attention was required by the employee during the absence, the employee's statement on the form must list the name and address of the attending physician and the dates when he/she was consulted. The District requires that the absence form accompany the payroll reports that are signed and submitted by the building principals.

Table 3-17, illustrates the leave usage for Barberton CSD in FY 2003-04.

Table 3-17: Barberton CSD Certificated and Classified Sick Leave Use

	Total Sick Leave Hours	Total Number of District Employees	Average Sick Leave Hours per Employee
Certificated/Classified	47,022.0	483.8	97.2

Source: Barberton CSD FY 2004 Sick Leave Reports

Barberton CSD’s certificated and classified staff averaged 97.0 hours of sick leave per employee in FY 2002-03, 97.2 hours per employee during FY 2003-04, and had used 48.5 hours per employee during the first seven months of FY 2004-05 (through January, 2005). In contrast, the Ohio Department of Administrative Services (ODAS) state average for sick leave usage for FY 2003-04 was only 53.7 hours per FTE. The ODAS sick leave average encompasses 8 unions in the State.

It appears that the District’s high average sick leave use per employee can be attributed to approximately 20 percent of the employees. For example, Barberton CSD had 45 certificated employees and 48 classified employees who used more than 15 days of sick leave during FY 2004. Although the employees only receive 15 days of sick leave per year, it is possible to use more in a year if the employee had carried over a sick leave balance from prior years. Barberton CSD's high rate of sick leave use may be due, in part, to the fact that the District does not actively monitor sick leave use and lacks a policy for identifying and disciplining employees suspected of abusing sick leave.

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

ASPA also indicates that methods for monitoring sick leave abuse can vary from one organization to the next, but there are common guidelines all employers can follow. Some tips for managing leave abuse cases include:

- Recognizing the problem and intervening early before it escalates. Managers need to enforce leave policies and take appropriate action;
- Finding out why the employee is abusing leave. If a manager finds that it stems from a personal problem, recommend counseling or refer them to an employee assistance program;
- Learning to say "no." Employers should not let employees get away with abusing leave policies;
- Using procedures, regulations, practices, and knowledge so that all employees are aware of leave policies and how to use them; and
- Documenting everything to learn from past mistakes.

High levels of sick leave use can result in decreased productivity and can lead to the district incurring additional substitute costs.

Financial Implication: Barberton CSD would realize a potential cost savings of approximately \$27,000 if each certificated staff member used, on average, one less sick leave day per year. Reducing sick leave by an average of five days (40 hours) per certificated staff member would enable Barberton CSD to match the ODAS state average and would save approximately \$135,000 annually in substitute costs. Savings from a reduction in classified sick leave use could not be quantified because substitutes are not consistently used to cover absences.

Salaries

R3.8 Barberton CSD should periodically review certificated salaries to determine the appropriateness of the current salary schedules and make any necessary adjustments. During future salary negotiations, Barberton CSD should attempt to

negotiate a new salary schedule for certificated employees who begin their employment after the current fiscal year.

Salaries for Barberton CSD’s certificated employees are stipulated in the collective bargaining agreement, which is effective through August, 2006. The current contract was approved in August 2003, and has been amended to include wage freezes for FY 2005-06. Based on an analysis for all administrative and certificated positions, Barberton CSD’s average salaries were higher than the peer averages in the coordinator, counselor, librarian/media and special education teaching classifications. **Table 3-18** compares the average adjusted administrative and professional education salaries for the employee classifications in which Barberton CSD appears higher than the peers.

Table 3-18: Comparison of Administration and Professional Education Staff Salaries

	Barberton CSD		Garfield Heights CSD		Massillon CSD		Newark CSD		Peer Average	% Difference
	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	Avg. Salary	Avg. Salary
Coordinators	5.0	\$62,042	1.0	\$63,526	1.0	\$50,121	2.1	\$51,544	\$55,063	13%
Counselors²	8.0	\$56,594	5.0	\$52,345	8.4	\$52,626	8.5	\$48,183	\$51,051	11%
Librarian/Media²	3.0	\$60,413	5.0	\$58,841	3.0	\$50,621	5.3	\$46,173	\$51,878	16%
Special Education Teaching²	39.0	\$47,325	5.0	\$41,933	42.0	\$42,742	64.3	\$45,867	\$43,513	9%

Source: Barberton CSD and Peer EMIS Salary Information FY 2004-05

Note: Salary Amounts were obtained by dividing the total adjusted salary amounts by the total number of peer employees

¹Barberton CSD and peer total salaries were divided by its respective districts’ cost of doing business factor provided on the district SF-3 reports to provide a more accurate baseline comparison of salaries.

²Classifications are listed under professional education within EMIS.

As illustrated in **Table 3-18**, Barberton CSD’s salaries for coordinators are approximately 13 percent higher than the peer average. Furthermore, within the professional education category, Barberton CSD’s salaries for counselors, librarian/media and special education teachers are higher than the peer averages by approximately 11, 16, and 9 percent, respectively.

Table 3-19 illustrates the current certificated step schedule for Barberton CSD and the peers.

Table 3-19: Certificated Salary Step Schedule Comparison

Barberton CSD						
Years	Non-Degree	Bachelors	150 Hours	Master	Masters+15	Masters +30
0	\$28,583	\$30,570	\$32,710	\$34,850	\$36,684	\$38,213
1	\$29,500	\$31,793	\$33,933	\$36,684	\$38,213	\$39,741
5	\$33,168	\$37,295	\$39,435	\$43,409	\$45,244	\$46,772
10	\$37,754	\$44,021	\$46,772	\$51,969	\$53,803	\$55,332
15	\$40,658	\$49,218	\$51,969	\$58,083	\$59,917	\$61,446
27	\$44,632	\$54,109	\$56,860	\$62,974	\$64,503	\$66,337
Garfield Heights CSD ¹						
Years	Non-Degree	Bachelors	150 Hours ²	Master	Masters+15	Masters +30
0	\$28,849	\$32,054	N/A	\$36,862	N/A	\$40,228
1	\$29,810	\$33,336	N/A	\$38,465	N/A	\$41,830
5	\$34,618	\$40,068	N/A	\$46,799	N/A	\$50,165
10	N/A	\$48,081	N/A	\$56,736	N/A	\$60,101
15	N/A	\$54,812	N/A	\$65,070	N/A	\$68,435
27	N/A	\$58,787	N/A	\$69,044	N/A	\$72,410
Massillon CSD						
Years	Non-Degree	Bachelors	150 Hours ²	Master	Masters+15	Masters +30
0	\$22,533	\$28,523	N/A	\$31,090	\$31,946	\$32,802
1	\$23,446	\$29,949	N/A	\$32,830	\$33,714	\$34,599
5	\$27,810	\$35,654	N/A	\$39,790	\$40,788	\$41,786
10	\$33,372	\$42,785	N/A	\$48,489	\$49,630	\$50,771
15	\$38,506	\$48,489	N/A	\$55,449	\$56,704	\$57,959
26	\$41,073	\$51,056	N/A	\$58,016	\$59,271	\$60,526
Newark CSD						
Years	Non-Degree	Bachelors	150 Hours ²	Master	Masters+15	Masters +30
0	N/A	\$30,011	N/A	\$35,113	N/A	\$37,664
1	N/A	\$31,361	N/A	\$36,613	N/A	\$39,164
5	N/A	\$36,763	N/A	\$42,616	N/A	\$45,167
10	N/A	\$43,516	N/A	\$50,118	N/A	\$52,667
15	N/A	N/A	N/A	N/A	N/A	N/A
27	N/A	\$50,719	N/A	\$59,122	N/A	\$61,673
Peer Average						
Years	Non-Degree	Bachelors	150 Hours ²	Master	Masters+15	Masters +30
0	\$25,691	\$30,196	N/A	\$34,355	\$ 31,946	\$36,898
1	\$26,628	\$31,549	N/A	\$35,969	\$33,714	\$36,898
5	\$31,214	\$37,495	N/A	\$43,068	\$40,788	\$45,706
10	\$33,372	\$44,794	N/A	\$51,781	\$49,630	\$54,513
15	\$38,506	\$51,651	N/A	\$60,260	\$56,704	\$63,197
26-27	\$41,073	\$53,521	N/A	\$62,061	\$59,271	\$64,870
Percent Difference						
Years	Non-Degree	Bachelors	150 Hours	Master	Masters+15	Masters +30
0	11%	1%	N/A	1%	15%	4%
1	11%	1%	N/A	2%	13%	8%
5	6%	(1%)	N/A	1%	11%	2%
10	13%	(2%)	N/A	0%	8%	2%
15	6%	(5%)	N/A	(4%)	6%	(3%)
26-27	9%	1%	N/A	1%	9%	2%

Source: Barberton CSD and peer certificated contract agreements.

¹ Garfield Heights CSD certificated step schedules are for FY 2003-04 due to contract expiration.

² The peers do not have a certificated step schedule for 150 hours.

Although Barberton CSD's adjusted average salary for the coordinators is higher than the peer average, it is due primarily to the way employees are coded within EMIS by the peers. For example, Barberton CSD includes a Head Start curriculum coordinator, a gifted program coordinator, primary and secondary curriculum coordinators, and an athletic director within the coordinator classification for EMIS. In contrast, Garfield Heights CSD and Newark CSD have included these positions within the supervising, managing, and directing classification, the director classification, and the other professional classification.

The higher average adjusted salaries for Barberton CSD's counselors, librarian/media and special education teacher classifications are due primarily to the District's high salary schedules for employees with advanced education. For example, **Table 3-19** shows that Barberton CSD is the only district to have a separate salary schedule for the bachelors + 150 category, and Barberton CSD and Massillon CSD are the only districts that maintain separate salary schedules for the masters + 15 category. In addition, most of the steps within the District's masters and masters + 30 categories are higher than the peer averages. For example, Barberton CSD's starting and ending steps for the masters + 30 category are approximately four and two percent higher than the peer averages, respectively.

An analysis of employee education levels indicates that six of the District's counselors have attained at least a masters' degree while the remaining two are in the bachelors + 150 category. In addition, all staff within the District's librarian/media classification have attained at least a master's degree plus 15 hours of college credit; and the majority (estimated to be 77 percent) of the District's special education teachers have attained at least a master's degree.

Financial Implication: If the District implemented this recommendation, the revised pay schedule would likely only impact new employees. As a result, the immediate impact of a revised salary schedule would depend on the number of existing certificated employees who leave their positions and are replaced by new hires.

R3.9 Barberton CSD should periodically review classified salaries to determine the appropriateness of the current salary schedules and make any necessary adjustments. Additionally, in order to achieve the financial recovery plan modeled in Table 2-15 (see the financial systems section); the District should attempt to negotiate COLAs of no more than two percent annually for all employees (certificated and classified) during the next contract period. Limiting the COLA's to no more than two percent would temper the rate of compensation increases, generate cost avoidances and gradually bring the higher paid employee classifications in line with the peers. In addition, COLA's of no more than two

percent will also help bring some of the District’s higher paid supplemental head coaching positions in line with the peers.

Based on an analysis of all classified employee positions, Barberton CSD’s average salaries were higher than the peer averages for the teaching aide, food service, monitors and other service worker/laborer positions. **Table 3-20** shows the average salaries for these positions for Barberton CSD and the peers.

Table 3-20: Comparison of Classified Adjusted Staff Salaries

	Barberton CSD		Garfield Heights CSD		Massillon CSD		Newark CSD		Peer Average	% Difference
	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	# FTEs	Avg. Salary ¹	Avg. Salary	Avg. Salary
Teaching Aide	27.1	\$18,164	44.4	\$15,312	34.5	\$12,515	12.8	\$21,396	\$16,408	11%
Food Service	29.6	\$17,482	19.6	\$17,555	27.9	\$14,752	31.0	\$15,034	\$15,780	11%
Monitors	2.7	\$14,020	9.09	\$10,322	22.6	\$12,091	14.9	\$14,152	\$12,188	15%
Other Service Laborer Worker	4.0	\$31,455	16.0	\$21,081	1.0	\$29,984	0.0	N/A	\$25,533	23%

Source: Barberton CSD and Peer EMIS Salary Information FY 2004-05

Note: Salary Amounts were obtained by dividing the total adjusted salary amounts by the total number of peer employees

¹Barberton CSD and peer average salaries were divided by its respective districts’ cost of doing business factor provided on the district SF-3 reports for a more accurate baseline comparison of salaries.

Table 3-20 shows that Barberton CSD’s average salaries for the teaching aide, food service, monitor and other service laborer/worker positions exceeded the peer averages by 11 percent, 11 percent, 15 percent and 23 percent, respectively. However, the collective bargaining agreement for classified staff expires in December 2005, and stipulates no COLA increase in FY 2005-06. **Table 3-21** shows the adjusted average salaries for the teaching aide, food service, monitor and other service laborer/worker positions for Barberton CSD and the peers based on the COLA increases scheduled for FY 2005-06.

Table 3-21: Comparison of Adjusted Average Salaries and COLA's

	FY 2004-05 Adj. Avg. Teaching Aide Salary	FY 2005-06 COLA	FY 2005-06 Adj. Avg.
Barberton CSD	\$18,164	0%	\$18,164
Garfield Heights CSD	\$15,312	4%	\$15,925
Massillon CSD	\$12,515	4%	\$13,016
Newark CSD	\$21,396	3%	\$22,038
Peer Average	\$16,411	N/A	\$16,993
Percent Difference	11%	N/A	7%
	FY 2004-05 Adj. Avg. Monitor Salary	FY 2005-06 COLA	FY 2005-06 Adj. Avg.
Barberton CSD	\$14,020	0%	\$14,020
Garfield Heights CSD	\$10,322	4%	\$10,735
Massillon CSD	\$12,091	4%	\$12,575
Newark CSD	\$14,152	3%	\$14,577
Peer Average	\$12,188	N/A	\$12,676
Percent Difference	15%	N/A	11%
	FY 2004-05 Adj. Avg. Food Service	FY 2005-06 COLA	FY 2005-06 Adj. Avg.
Barberton CSD	\$17,482	0%	\$17,482
Garfield Heights CSD	\$17,555	4%	\$18,257
Massillon CSD	\$14,752	4%	\$15,342
Newark CSD	\$15,034	3%	\$15,485
Peer Average	\$15,780	N/A	\$16,361
Percent Difference	11%	N/A	7%
	FY 2004-05 Adj. Avg. Other Service Laborer/Worker	FY 2005-06 COLA	FY 2005-06 Adj. Avg.
Barberton CSD	\$31,455	0%	\$31,455
Garfield Heights CSD	\$21,081	4%	\$21,924
Massillon CSD	\$29,984	4%	\$31,183
Newark CSD	N/A	3%	N/A
Peer Average	\$25,533	N/A	\$26,554
Percent Difference	23%	N/A	18%

Source: Barberton CSD and Peer EMIS Salary Information FY 2004-05

Note: Barberton CSD and peer adjusted average salaries listed for FY 2005-06 do not include step increases.

As illustrated in **Table 3-21**, after increasing the peers by their respective contractual COLA increases and holding the District's salaries for the teaching aide, food service, monitor and other service laborer/worker positions constant, Barberton CSD's average salaries are still higher than the peer averages. The higher salaries within certain classified positions may be due, in part, to the higher salary schedules for Barberton CSD employees. For example, **Table 3-22** shows the starting and ending salaries for the teaching aide and clerical positions for Barberton CSD and the peers.

Table 3-22: Comparison of Selected Classified Salary Schedules

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average	Percent Difference
Teaching Aide						
Starting Salary	\$11.85	\$ 9.95	\$8.83	\$9.78	\$ 9.52	24%
Ending Salary	\$12.23	\$10.71	\$9.57	\$10.59	\$10.29	19%
Clerical						
Secretary I Starting Salary	\$12.02	\$10.70	\$9.99	\$12.57	\$11.09	8%
Secretary I Ending Salary	\$13.45	\$11.45	\$11.23	\$13.61	\$12.10	11%

Source: Barberton CSD and Peer Contractual Agreements

Table 3-22 shows that the District’s starting and ending salaries for teaching aides are 24 percent and 19 percent higher than the peer averages, respectively. Additionally, **Table 3-22** also shows that the District’s starting and ending salaries for the secretary/clerical employees are 8 percent and 11 percent higher than the peer averages, respectively. It should be noted that the salary schedules were tested only for these two employee classifications due to comparability issues between the bargaining agreements for Barberton CSD and the peers.

In addition to the higher wages within certain certificated (see **R3.8**) and classified positions, the District also experiences higher supplemental contract costs than the peers. **Table 3-23** is taken from the governmental funds expenditures by function table in the **financial systems** section (see **Table 2-11**) and shows the expenditures per pupil for extracurricular activities at Barberton CSD and the peers in FY 2003-04.

Table 3-23: Governmental Expenditures per Pupil: Extracurricular Activities

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Extracurricular Activities Expenditures Per Pupil	\$311	\$183	\$304	\$135	\$207

Source: Barberton CSD and peer 4502’s and SF-3 Reports.

Table 3-23 illustrates that the District is spending more per pupil than each of the peers on extracurricular activities, and approximately 50 percent more than the peer average. The treasurer attributed the District’s higher costs for extracurricular activities to accounting for the salaries and benefits of the athletic director, the band director and four groundskeepers within this line-item. If these positions were removed from consideration, the revised extracurricular cost per student would be \$231, which is still approximately 12 percent higher than the peer average.

Table 3-24 illustrates the total number of supplemental contracts identified in the certificated bargaining agreements for Barberton CSD and the peers.

Table 3-24: Comparison of Number and Type of Supplemental Contracts

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average	Percent Difference
High School						
Academic	36	54	66	29	50	(28 %)
Middle and Elementary School						
Academic	21	53	44	2	33	(36%)
Fall Sports						
Football	15	4	23	5	11	41%
Cross County	4	2	2	2	2	100%
Tennis	4	1	4	4	3	33%
Volleyball	8	3	8	6	6	41%
Soccer	4	2	4	4	3	20%
Golf	2	1	1	1	1	100%
Winter Sports						
Basketball Boys	10	6	9	7	7	36%
Basketball Girls	10	6	9	6	7	43%
Wrestling	3	0	5	3	4	(25%)
Swimming	2	0	3	2	2.5	(20%)
Spring Sports						
Softball	3	2	4	2	3	13%
Baseball	3	2	4	2	3	13%
Track Boys	4	2	11	3.5	6	(27%)
Track Girls	4	1	8	3.5	4	(4%)
Athletic Assignments General						
Athletic Department	10	2	11	4	6	76%
Cheerleaders	6	5	6	2	4	38%
Total	149	146	222	88	152	(2%)

Source: Barberton CSD and peer certificated contract agreement

As **Table 3-24** illustrates, Barberton CSD has more supplemental contracts than two of the peers. More specifically, Barberton CSD offers a higher number of supplemental contracts in the areas of sports and athletic assignments. However, as part of the District's recovery plan, the treasurer indicated that the District is not going to fill 73 supplemental positions for FY 2005-06, which is estimated to save approximately \$73,000. After adjusting for the 73 supplemental contracts that will remain vacant for FY 2005-06, the District's revised extracurricular cost per student is \$214, which is more comparable to the peer average of \$207.

Table 3-25 shows a sample of supplemental contracts that were selected to determine if the salaries for Barberton CSD’s supplemental contracts are comparable to the peers. The salary for a supplemental contract is based on a percentage of the base teaching salary, as stipulated in the collective bargaining agreements. Therefore, these percentages were multiplied by the base teaching salaries to determine the annual cost of the supplemental contracts for Barberton CSD and the peers, as shown in **Table 3-25**.

Table 3-25: Barberton CSD and Peer Total Supplemental Salaries

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average	Percent Difference
Basketball (Male) Head Coach						
Percentage	27%	16%	22%	29%	22%	22%
Total Supplemental	\$8,254	\$5,129	\$10,024	\$8,733	\$7,962	4%
Basketball (Female) Head Coach						
Percentage	27%	16%	22%	29%	22%	22%
Total Supplemental	\$8,254	\$5,129	\$10,024	\$8,733	\$7,962	4%
Football Head Coach						
Percentage	28%	18%	15%	29%	21%	35%
Total Supplemental	\$8,560	\$5,770	\$7,105	\$8,733	\$7,203	19%
Softball Head Coach						
Percentage	15%	11%	12%	14%	12%	18%
Total Supplemental	\$4,433	\$3,526	\$5,595	\$4,142	\$4,421	0%
Baseball Head Coach						
Percentage	15%	11%	12%	14%	12%	18%
Total Supplemental	\$4,433	\$3,526	\$5,595	\$4,142	\$4,421	0%
Track Middle School Assistant						
Percentage	4%	8%	4%	7%	6%	(35%)
Total Supplemental	\$1,223	\$2,564	\$1,632	\$2,071	\$2,089	(41%)
Volleyball Middle School Assistant						
Percentage	8%	7%	3%	12%	7%	12%
Total Supplemental	\$2,446	\$2,244	\$1,399	\$3,451	2,365	3%
Spanish Club						
Percentage	1%	5%	1%	2%	3%	(63%)
Total Supplemental	\$306	\$1,603	\$466	\$630	\$900	(66%)
Art Club						
Percentage	1%	5%	1%	2%	3%	(63%)
Total Supplemental	\$306	\$1,603	\$466	\$630	\$900	(66%)
Honor Society						
Percentage	2%	4%	2%	3%	3%	(33%)
Total Supplemental	\$611	\$1,282	\$699	\$1,020	\$1,001	(39%)

Source: Barberton CSD and the peer contractual agreements

Table 3-25 shows that Barberton CSD has higher total supplemental salaries than the peer averages for the male and female basketball coaches, the football coach, and the volleyball coach by 4, 19, and 3 percent, respectively. Additionally, the supplemental contract percentages offered by the District are higher than the peers for the male and female basketball coaches, the football coach, the baseball coach, the softball coach and the assistant volleyball coach at the middle school. Therefore, it appears that the District's higher extracurricular costs in FY 2003-04 (**Table 3-23**) were due, in part, to a higher number of athletic supplemental contracts than the peers and higher pay for certain coaching positions.

The recovery plan shown in **Table 2-15** assumes that the District will negotiate two percent COLA's in future years. If the District is able to negotiate the lower COLA amount of two percent for the next three years, the average salaries for the certificated positions noted in **R3.8** and the District's teaching aide, food service, monitor and other service worker/laborer employees will be more comparable to the peers by the end of the contract. In addition, the reduced COLA percentages should also help bring the salaries of the supplemental coaching positions more in line with the peers.

Financial Implication: The two percent COLA and the \$73,000 reduction in supplemental costs have already been factored into the financial recovery plan presented in **Table 2-15**.

Financial Implications Summary

The following tables are summaries of estimated average and annual cost savings. The financial implications are divided into two groups: those that are, and those that are not subject to negotiation. Implementation of those recommendations subject to negotiation may require agreement from the affected bargaining units.

Table 3-26: Recommendations Not Subject to Negotiation

Recommendations	Estimated Annual Costs Savings
R3.7 Reduce the amount of sick leave used by certificated and classified employees by one day	\$27,000
Total	\$27,000

Table 3-27: Recommendations Subject to Negotiation

Recommendations	Estimated Annual Costs Savings
R3.3 Require full-time employee contributions equal to 10 percent of monthly premium costs	\$385,000
R3.4 Negotiate to increase the minimum work hour requirement for employees to receive full medical coverage	\$187,000
R3.4 Reduce life insurance premium costs	\$3,500
Total	\$575,500

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Facilities

Background

This section of the performance audit focuses on Barberton City School District's (Barberton CSD) custodial, maintenance and building operations. The objective is to analyze these areas and develop recommendations for operational improvements and reductions in expenditures. The District's operations are evaluated against best practice and operational standards from the American Schools and University (AS&U) *Maintenance & Operations Cost Study*, the National Center for Educational Statistics (NCES), and other peer districts. The peer districts include Garfield Heights City School District (Garfield CSD), Massillon City School District (Massillon CSD), and Newark City School District (Newark CSD).

Organizational Structure and Function

During FY 2004-05, Barberton CSD consisted of 9 schools: 6 elementary schools (grades K through 5), 2 middle schools (grades 6-8), and 1 high school (grades 9-12). The District also operated a preschool and an administration building separate from the other facilities. The custodial and maintenance departments are responsible for the operation and upkeep of these additional facilities. The business manager is ultimately responsible for the oversight of all classified employees.

Staffing

The goal of the custodial, maintenance and groundskeeping staff is to provide the students with a safe, attractive and clean place in which to learn, play and develop. Accordingly, the custodial and cleaning staff are responsible for opening, closing and cleaning the buildings. During days when school is in session and it is not possible to enter classrooms to clean, the day custodians and cleaning staff maintain common areas; perform minor building repairs; maintain grounds, including mowing and trimming; and perform other duties as assigned. The building principals are responsible for the daily supervision of the custodial staff assigned to their buildings.

The maintenance staff helps support the goals of the District by maintaining the heating, ventilating, air conditioning and plumbing systems within the various buildings. In addition, the maintenance staff also performs general painting, carpentry and electrical work for the District. The groundskeeping staff is responsible for providing a safe, attractive and clean exterior environment by performing lawn maintenance duties on the athletic fields throughout the District and assisting in other duties (snow removal, painting, etc.) during the winter months. The

maintenance supervisor is responsible for the daily supervision of the maintenance and groundskeeping staff.

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

Table 4-1: Number of Positions and Full-Time Equivalents for FY 2004-05

Classification	Total Number of Positions	Number of Full-time Equivalents
Business Manager	1	0.3
Maintenance Supervisor	1	1.0
Total Administration	2	1.3
Custodian	28	27.4
Cleaner	2	1.3
Total Custodial	30	28.7
Groundskeeper	1	1.0
Sports Groundskeeper	4	4.0
Total Grounds	5	5.0
Painter	1	1.0
Carpenter	3	3.0
Maintenance	5	5.0
Total Maintenance	9	9.0
Total	46	44.0

Source: Barberton CSD

Key Statistics

Key statistics related to the facility maintenance and operations (M&O) of Barberton CSD are presented in **Table 4-2**. In addition, results from the 34th Annual American School and University (AS&U) Maintenance and Operations Cost Study, which was released in April 2005, are also included in **Table 4-2** and throughout this section of the report. AS&U conducted a detailed survey of chief business officials at public school districts across the nation to gather information regarding staffing levels, expenditures and salaries for maintenance and custodial workers. This year's report provides the median number of each category on a national level and by district enrollment.

According to the 34th annual AS&U study, school districts are continuing to attempt to make up budget shortfalls by cutting maintenance and operations expenditures. However, since this has been a common practice for decades, the AS&U study noted that continued reliance on maintenance and operation spending reductions can be equated to "trying to get blood from a stone – there is little left to cut without causing additional harm, and some districts have reduced spending so much that learning environments are being impacted significantly".

Table 4-2: Key Statistics and Indicators

Number of School Buildings¹	14
• Elementary Schools	6
• Middle School	2
• High School	1
• Other	5
Total Square Feet Maintained¹	725,014
• Elementary Schools	269,050
• Middle School	134,499
• High School	264,000
• Other	57,465
Square Feet Per FTE Custodial Staff Member (28.7 FTEs)	25,262
• Elementary Schools (11.8 FTEs)	22,801
• Middle School (6.0 FTEs)	22,417
• High School (8.6 FTEs)	30,698
• Other (2.3)	24,985
AS&U 34th Annual Cost Survey (>3,500) Students Median	20,311
AS&U 34th Annual Cost Survey National Median	25,444
Peer District Average	23,367
Square Feet Per FTE Maintenance Staff Member (9.0)²	83,757
AS&U 34th Annual Cost Survey (>3,500) Students Median	85,572
AS&U 34th Annual Cost Survey National Median	87,931
Peer District Average	130,124
Acres per Groundskeeper FTE (5.0)	37
AS&U 34th Annual Cost Survey (>3,500) Students Median	50
AS&U 34th Annual Cost Survey National Median	41
Peer District Average	29
FY 2004-05 Maintenance and Operations Expenditures Per Square Foot – All Funds	\$5.81
• Custodial and Maintenance	\$4.28
• Utilities	\$1.53
AS&U 34th Annual Cost Survey (>3,500) Students Median	\$4.29
AS&U 34th Annual Cost Survey National Median	\$3.84
Peer District Average	\$6.08

Source: Barberton CSD and peer districts; AS&U 34th Annual Maintenance and Operations Cost Survey

¹ Total School Buildings and square footage exclude Arnold Elementary building (closed prior to FY 2003-04), and include both Oakdale Elementary and Decker Preschool. Oakdale Elementary and Decker preschool were included in the ratios since they were open to the students during the 2004-05 school year.

² Includes Arnold elementary school square footage of 28,797 because maintenance staff must maintain the building and grounds.

As illustrated in **Table 4-2**, Barberton CSD’s square footage per custodial FTE is comparable to the AS&U national median and higher than the median for similar sized districts, as well as the peer average. Additionally, Barberton CSD’s acres per groundskeeper are comparable to the AS&U national median and are significantly higher than the peer average (see **R4.1**). In contrast, the District’s square footage per maintenance FTE is lower than both the AS&U medians and the peer averages (see **R4.1**). Although the District’s total facility related expenditures per square foot are significantly higher than AS&U national median and the median for similar sized districts, they are lower than the peer average.

Financial Data

Table 4-3 illustrates the general fund expenditures incurred to maintain and operate Barberton CSD’s facilities for FY 2002-03, FY 2003-04 and budgeted information for FY 2004-05.

Table 4-3: Maintenance and Operations Expenditures

	FY 2003 Expenditures	FY 2004 Expenditures	Percentage Change	FY 2005 Budget	Percentage Change FY04 to FY05
Salaries/wages	\$1,451,867	\$1,428,263	(1.63%)	\$1,299,214	(9.04%)
Benefits	\$609,179	\$679,004	11.46%	\$833,398	22.74%
Purchased services	\$423,103	\$687,997	62.61%	\$719,741	4.61%
Utilities	\$962,542	\$1,093,548	13.61%	\$1,125,000	2.88%
Supplies & materials	\$208,272	\$210,585	1.11%	\$207,500	(1.47%)
Capital outlay	\$835	\$0.00	(100.00%)	\$3,050	100.00%
Total	\$3,655,798	\$4,099,397	12.13%	\$4,187,903	2.16%

Source: Barberton CSD’s Treasurer’s Office

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

- **Salaries & Wages** – Salaries and wages have declined significantly since FY 2002-03. This is due to the District allowing staffing levels to decline during the last two years through attrition. In addition, prior to FY 2004-05, the District went through a reorganization in which 21 part-time cleaners were replaced with nine full-time custodians, and one maintenance worker and one custodian were replaced with two groundskeepers.
- **Benefits** – Despite the decline in salaries and wages for FY 2004-05, the benefit costs are projected to increase nearly 23 percent. The treasurer attributed this increase to the 15 percent increase in health insurance premiums that was budgeted for FY 2004-05. In addition, the treasurer indicated that the Workers’ Compensation, unemployment insurance and classified employee pension rates also increased prior to the start of FY 2004-05.
- **Purchased Services** – The District’s FY 2003-04 purchased services costs increased approximately 63 percent from FY 2002-03. The District attributed this increase to a capital

loan that was received from the Ohio Association of School Business Officials’ (OASBO) pooled asset program administered by Seasongood and Mayer in FY 2002-03. This loan was used to consolidate a number of existing lease agreements at more favorable terms and to purchase new equipment and various other capital items. Because the purpose of the loan was to consolidate various lease agreements, the District accounted for the first loan repayment in FY 2003-04 as a purchased service. The Treasurer indicated that based on an AOS financial audit recommendation, he will account for the loan payment as a debt service cost in the future (see **financial systems** section). The Treasurer also attributed the large increase in purchased services to higher property insurance rates.

- **Utilities** – Despite a nearly 14 percent increase in utility costs in FY 2003-04, the District is only projecting a three percent increase in FY 2004-05. The Treasurer attributed the large increase in FY 2003-04 to timing issues associated with certain FY 2002-03 invoices not being paid until FY 2003-04. In addition, the decline in growth rates for FY 2004-05 can be attributed to the District transferring ownership of the old high school and industrial arts buildings to the City of Barberton at the end of FY 2003-04.

Table 4-4 compares Barberton CSD’s general fund custodial and maintenance related expenditures on a per square footage basis to the peers.

Table 4-4: General Fund Expenditures per Square Foot in FY 2003-04

Cost Area	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average	AS&U Median >3,500 Students
District Square Feet	753,811	479,975	798,045	866,987	715,002	N/A
Salaries & Benefits	\$2,107,267	\$1,785,253	\$2,068,278	\$2,739,055	\$2,197,529	
Per Square Foot	\$2.80	\$3.72	\$2.59	\$3.16	\$3.08	\$2.39
Purchased Services	\$687,997	\$246,243	\$763,099	\$411,254	\$473,532	
Per Square Foot	\$0.91	\$0.51	\$0.96	\$0.47	\$0.66	\$0.14
Utilities	\$1,093,548	\$1,255,659	\$1,319,102	\$942,517	\$1,172,426	
Per Square Foot	\$1.45	\$2.62	\$1.65	\$1.09	\$1.64	\$1.37
Supplies/Materials	\$210,585	\$124,164	\$257,289	\$345,962	\$242,472	
Per Square Foot	\$0.28	\$0.26	\$0.32	\$0.40	\$0.34	\$0.25
Capital Outlay	\$0	\$33,394	\$124,678	\$0	\$52,691	
Per Square Foot	\$0.00	\$0.07	\$0.16	\$0.00	\$0.07	N/A
Other	\$0	\$10,219	\$39,862	\$160	\$16,747	
Per Square Foot	\$0.00	\$0.02	\$0.05	<\$0.01	\$0.02	\$0.14
Total General Fund Expenditures	\$4,099,397	\$3,454,932	\$4,572,308	\$4,438,948	\$4,155,397	
Per Square Foot	\$5.44	\$7.20	\$5.73	\$5.12	\$5.80	\$4.29

Source: Barberton CSD, the peers and AS&U

Table 4-4 shows that Barberton CSD’s total general fund expenditures per square foot are approximately seven percent lower than the peer average. In addition, with the exception of purchased services, Barberton CSD is in-line with or below the peer average in each expenditure category. The District’s expenditures for purchased services are approximately 38 percent higher than the peer average. However, Massillon CSD skews the peer average. If Massillon CSD were removed from consideration, the revised peer average is \$0.49 per square foot.

As noted above, Barberton CSD’s FY 2003-04 purchased services expenditures are inflated due to the District consolidating several existing leases and purchasing new equipment through an OASBO capital asset loan. However, the District’s purchased services expenditures in FY 2002-03 were \$423,103, or \$0.56 per square foot, which is still higher than two of the peers and the revised peer average (\$0.49). The business manager indicated that the higher purchased services expenditures are due, in part, to the District having to contract for HVAC services to maintain the geothermal heating and cooling system (specialized equipment) at the high school.

The District and peers use other funding sources, such as permanent improvement funds, for facility operations. **Table 4-5** compares Barberton CSD’s FY 2003-04 all funds maintenance and operations expenditures per square foot to the peers and AS&U.

Table 4-5: FY 2003-04 All Expenditures per Square Foot

Cost Area	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average	AS&U Median >3,500 Students
District Square Feet	753,811	479,975	798,045	866,987	715,002	N/A
Salaries & Benefits	\$2,254,386	\$1,785,253	\$2,105,471	\$2,746,123	\$2,212,282	
Per Square Foot	\$2.99	\$3.72	\$2.64	\$3.17	\$3.09	\$2.39
Purchased Services	\$762,623	\$349,725	\$772,156	\$442,231	\$521,371	
Per Square Foot	\$1.01	\$0.73	\$0.97	\$0.51	\$0.73	\$0.14
Utilities	\$1,151,257	\$1,255,659	\$1,319,102	\$1,033,597	\$1,202,786	
Per Square Foot	\$1.53	\$2.62	\$1.65	\$1.19	\$1.68	\$1.37
Supplies/Materials	\$213,703	\$124,164	\$257,289	\$345,962	\$242,472	
Per Square Foot	\$0.28	\$0.26	\$0.32	\$0.40	\$0.34	\$0.25
Capital Outlay	\$0	\$234,270	\$205,150	\$9,752	\$149,724	
Per Square Foot	\$0.00	\$0.49	\$0.26	\$0.01	\$0.21	N/A
Other	\$0	\$10,219	\$39,862	\$5,890	\$18,657	
Per Square Foot	\$0.00	\$0.02	\$0.05	\$0.01	\$0.03	\$0.14
Total All Fund Expenditures	\$4,381,969	\$3,759,290	\$4,699,030	\$4,583,555	\$4,347,292.00	
Per Square Foot	\$5.81	\$7.84	\$5.89	\$5.28	\$6.08	\$4.29

Source: Barberton CSD, the peers and AS&U

As illustrated in **Table 4-5**, Barberton CSD's ratios are lower than the peer averages, with the exception of purchased services (see explanation above). Overall, Barberton CSD's expenditures per square foot are less than the peers by approximately five percent.

Assessments Not Yielding Recommendations

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

- **Custodial Staffing Levels:** Barberton CSD's custodial staff maintains a square footage amount per FTE that is comparable to the peer districts and the AS&U national median. The District's favorable ratios are due in part to allowing staffing levels to decline during the last two years through attrition. In addition, prior to FY 2004-05, the District went through a reorganization in which 21 part-time cleaners were replaced with nine full-time custodians.
- **Purchased Services Expenditures:** Although Barberton CSD's purchased services expenditures per square foot appear high in comparison to AS&U and its peers, this is due to some unusual expenditures. For example, when compared to its peers, Barberton CSD is the only one that operates a Head Start preschool program. The District spent \$60,333 for preschool related expenditures in FY 2003-04. In addition, the District spent \$61,608 in FY 2003-04 on a fiber optics lease. The District is currently in the fifth and final year of the lease agreement. Lastly, the District received an OASBO pooled assets program loan through Seasongood and Mayer which was used to consolidate various lease agreements at favorable terms, as well as purchase additional equipment and various other capital items. Because the purpose of the loan was to consolidate various lease agreements, the District accounted for the first loan repayment in FY 2003-04 as a purchased services expenditure (\$171,537). Excluding these exceptions, Barberton CSD's purchased services expenditures per square foot are \$0.62, which is lower than two of the peers and the peer average.
- **Energy Management:** Although the District has not implemented a formal energy management plan, its utility costs per square foot are less than two of the peers and the peer average. This could be due to the District's current energy management practices which include participation in consortiums for major utilities, and internal control policies which prohibit non-maintenance staff members from overriding the classroom thermostats. In addition, the District transferred ownership of the old high school and industrial arts buildings to the City of Barberton at the conclusion of FY 2003-04 and closed Oakdale Elementary prior to the start of FY 2005-06. These actions should allow for additional utility savings.

- **Building Capacity and Utilization:** After adjusting for the closure of Oakdale Elementary (closed prior to the start of FY 2005-06), the building utilization for the entire District is at 88 percent, which is comparable to industry benchmarks. Furthermore, there does not appear to be enough excess capacity at the remaining elementary schools, middle schools or high school to allow for another building closure.

Noteworthy Accomplishments

During the course of this performance audit, the following noteworthy accomplishment or best practice was observed.

The District took action to improve its operating efficiency by closing of one of its underutilized school buildings.

Prior to the initiation of this performance audit, Barberton CSD decided to close Oakdale Elementary School in an effort to reduce expenditures. The result of this building closure increases the utilization of the remaining facilities without reducing educational resources. During the building closure process, the District hired Versatran to ensure that the new elementary school boundaries allow for the most efficient use of teaching, transportation and facility resources.

Recommendations

Staffing

R4.1 To more evenly distribute the workloads between employees, the District should consider having two FTE's from the maintenance function help perform groundskeeping duties during the spring, summer and fall seasons. Since the current job descriptions for the maintenance positions include lawn care duties, the District can assign these duties to the maintenance employees without having to formally transfer them. This would provide the District with additional groundskeeping staff during the growing seasons while still permitting the District to assign building maintenance functions to these employees during the winter months.

The District should also consider not awarding vacant positions based primarily on seniority. In choosing between applicants, the District should make ability to perform the work the highest priority with seniority being a secondary consideration. This appears to be in accordance with the current AFSCME agreement as the contract indicates that consideration be given to employees applying for vacant positions based on qualifications, seniority and ability to perform the work. Implementing this recommendation will ensure that the District is maintaining the appropriate staffing levels. In addition, prior to accepting grants in the future, the District should ensure that consideration has been given to the long-term impact the grant may have on the District, both financially and operationally.

Table 4-6: Square Footage per FTE Maintenance and Acres per Groundskeeping FTEs

<i>Maintenance</i>	Square Footage
Barberton CSD	83,757
Peer Districts:	
- Garfield Heights	96,730
- Massillon	99,756
- Newark	192,664
Peer District Average	129,716
Difference	(45,960)
AS&U 34th Annual Cost Survey National Median	87,931
Difference	(4,174)
<i>Groundskeeping</i>	Acres
Barberton CSD	37
Peer Districts:	
- Garfield Heights	20
- Massillon	31
- Newark	33
Peer District Average	29
Difference	8
AS&U 34th Annual Cost Survey National Median	41
Difference	(4)

Source: Barberton and the peers; AS&U

Table 4-6 indicates that Barberton CSD's maintenance staff are maintaining fewer square feet per FTE than the peers. According to the maintenance supervisor, the higher staffing levels within the maintenance function are due to a District practice that gives preference to employees based on seniority when posting for vacant positions. As a result, employees who receive these positions may not be the most qualified applicants. This practice potentially leads to higher staffing levels as more people are needed to help cover for employees who may not have the appropriate qualifications.

In contrast to the maintenance staff, the District's groundskeeping staff are maintaining 37 acres per staff member while the peer average is only 29. This is primarily due to the 130 acre sports complex that must be maintained by the District. From 2001 through 2003, the District constructed a \$7.7 million sports complex consisting of an all weather track, a soccer field, baseball and softball fields, practice only football fields, a cross-country running trail and three ponds, which are required to be maintained at a level that meets EPA standards. A significant amount of the funding for the sports complex came from a grant from a local foundation. Within the grant agreement, there are stipulations that the District is responsible for the maintenance and upkeep of the facility. Prior to the

construction of the sports complex, the District was able to operate with three less groundskeeping (sports utility) staff.

At the same time that the school district's sports complex was being constructed, the City of Barberton also received a grant from the same local foundation to construct a similar sports complex at a different location. The City-owned sports complex is now being used to accommodate all the youth and adult athletic leagues sponsored by the City's parks and recreation department while the school district sports complex is being used only for school sponsored athletic leagues (high school sports). Furthermore, some of the athletic fields that were used by the District prior to the construction of the sports complex are still located at the various school buildings throughout the District and are not being used on a regular basis.

The District currently has 753,811 square feet of building space that is maintained by the maintenance staff and 187 acres of land that is maintained by the groundskeeping staff. To achieve the peer averages of 129,716 square feet per maintenance staff member and 29 acres per groundskeeper, the District would have to reduce the maintenance staffing by three FTE's and increase the groundskeeping staffing by two FTE's, resulting in a net reduction of one maintenance FTE. However, the ratios for the maintenance staff in **Table 4-6** are based on comparisons of square feet per FTE. Since the sports complex is an outdoor facility and is measured by acres of land rather than square feet, the ratios do not account for the sports complex responsibilities that the maintenance staff are performing (lining fields, cleaning and maintaining restrooms, etc.). Consequently, while the District probably can assign some of its maintenance staff to perform lawn care duties, it will be difficult for the District to reduce the overall staffing levels.

Work Order Process

R4.2 Although the maintenance supervisor is tracking work orders electronically, the District should strive to improve the effectiveness of the process by having the supervisor prioritize the status of individual work orders when they are received. In addition, the maintenance supervisor should also begin tracking and monitoring the amount of supplies and materials used on a project, the cost of labor (including staffing levels and overtime usage), and the productivity and performance of assigned personnel.

Barberton CSD's current work order system is electronic and was designed to help distribute the work orders to the current staff. However, the system does not ensure that the workload is distributed evenly, nor does it track the cost of parts, the labor hours needed to complete a repair, or the performance of the assigned personnel.

According to the National Center for Education Statistics (NCES) *Planning Guide for Maintaining School Facilities*, a work order system helps school districts register and acknowledge work requests, prioritize tasks, assign personnel, confirm progress, facilitate preventive maintenance, allow feedback from relevant stakeholders, and track the costs of parts and labor. At a minimum, the work order system should include the following:

- Date received;
- Date approved;
- Tracking number;
- Priority and location;
- Status (e.g. open or closed);
- Name of supervisor;
- Name(s) of assigned personnel;
- Supply and labor hours/costs; and
- Date completed.

The current system used by the District could be improved by including the project priority as well as the cost of supplies and labor. Once the priority is included, continued monitoring of the completion times will help the District improve overall efficiency; more effectively prioritize the custodial and maintenance projects; increase the accountability of assigned personnel; and help ensure that two maintenance personnel are available to assist the groundskeepers with the mowing duties (see **R4.1**).

Long Range Planning

R4.3 Using the current facilities plan as a starting point, the District should work with a cross-section of school personnel, parents, students, and community members to update the plan to reflect current building configurations and needs, as well as incorporate some of the items missing from the existing plan. In carrying out this process, many of the recommended planning documents noted in this section of the report should be used as major pieces of the master plan, including the capacity analysis and enrollment projections (see R4.4), the preventive maintenance program (see R4.5) and the capital improvement plan (see R4.5). For example, the capital improvement plan can serve as the piece of the master plan that assesses building needs, determines project priorities and timeframes, and identifies potential funding sources for the next five to 10 years.

Barberton CSD had a master plan developed in 2000 by the Ohio Schools Facilities Commission as part of a proposed project to consolidate certain elementary schools and the two junior high schools. The plan included enrollment projections, a building inventory, school types, square footage and possible grade configurations after the

building consolidations. The plan also suggested specific buildings to be renovated, and the associated costs for new buildings and renovations. However, the plan has not been updated since 2000 and has lost some of its usefulness since the proposed project has not yet taken place.

The *Planning Guide for Maintaining School Facilities* developed by the School Facilities Maintenance Task Force in February 2003 and a facilities master plan developed by Newark CSD contain the following:

- A policy for facilities development which includes prioritizing capital funds and employing architects to design facilities that consider long-term maintenance costs, energy consumption, insurance costs and educational utility and flexibility;
- A preventive maintenance plan and capital improvement plan; (see **R4.5**)
- A description of the community, including population characteristics, community growth patterns, housing trends and economic growth; (see **R4.4**)
- An assessment of the educational adequacy of the current school buildings;
- An analysis of capacity for each school building;
- Identification of needs such as improving cleanliness and safety, correcting deficiencies, addressing deferred projects, increasing efficiency, and decreasing utility bills;
- A collection of evidence for use as supporting data for informed decision making;
- Evidence of sharing the plan to garner support from management and key stakeholders;
- Training of staff to implement planned activities;
- Implementation of the plan;
- Evidence of systematic evaluation of the plan;
- Refinement efforts based on evaluation findings; and
- Periodic review and revision of the plan.

A master plan should serve as a roadmap for addressing Barberton CSD's facility needs. This document should specify the timing and sequence of planned projects, estimated project costs, an assessment of existing facilities, and a description of the District's future facilities needs. In addition, by working with the community to update its master facilities plan, the District can more effectively communicate its needs and vision.

R4.4 In conjunction with updating its facilities master plan (see R4.3), Barberton CSD should develop and formally adopt a 5 to 10-year forecast methodology for projecting student enrollment. The District should then use the adopted methodology to prepare a formal enrollment projection. Based on past accuracy, the District could use the enrollment projections prepared by DeJong & Associates as a starting point in completing this process. Once the District has reliable

enrollment projections in place, they should be reviewed and updated on a yearly basis, and compared with building capacities to determine the appropriate number of school buildings and classrooms.

In 2000, DeJong & Associates developed Barberton CSD's most recent enrollment projections as part of the Ohio Schools Facilities Commission (OSFC), Facilities Assessment Report. The projections were developed by analyzing live birth data, historical enrollment and housing information. **Table 4-7** presents DeJong's ten year projections.

Table 4-7: Barberton CSD Enrollment Projection

School Year	Projected Enrollment	Percentage Change from Previous Year
2000-01	4,610	N/A
2001-02	4,645	0.8%
2002-03	4,644	0.0%
2003-04	4,604	-0.9%
2004-05	4,550	-1.2%
2005-06	4,590	0.9%
2006-07	4,579	-0.2%
2007-08	4,603	0.5%
2008-09	4,628	0.5%
2009-2010	4,627	0.0%
2010-2011	4,660	0.7%

Source: OSFC, 2000 Facilities Assessment

Table 4-7 presents enrollment projections from FY 2000-01 through FY 2010-2011. When these enrollment projections were prepared in 2000, DeJong & Associates projected enrollment to remain the same or decline slightly until it reached its low point of 4,550 students in FY 2004-05. After FY 2004-05, DeJong & Associates projected enrollment to remain relatively stable with some yearly growth until enrollment reached its peak of 4,660 students in FY 2010-11.

As a way of determining the reasonableness of the DeJong & Associates enrollment projections, **Table 4-8** compares Barberton CSD's actual head count for the last five years to the enrollment projections developed by DeJong & Associates.

Table 4-8: Actual Student Head Count vs. Projected Enrollment

School Year	Projected Enrollment	Student Head Count	Difference Between Actual and Projected
2000-01	4,610	4,579	(31)
2001-02	4,645	4,633	(12)
2002-03	4,644	4,616	(28)
2003-04	4,604	4,596	(8)
2004-05	4,550	4,548	(2)

Source: OSFC and ODE

Table 4-8 indicates that the DeJong & Associates enrollment projections were only slightly higher than the actual enrollment for the last five years. Therefore, the enrollment projections in **Table 4-7** appear to be reasonable estimates of the District's enrollment trends. However, for planning purposes, the District is forced to rely solely on the enrollment projections prepared by DeJong & Associates because the Superintendent indicated that they do not prepare their own enrollment projections. Furthermore, the District has not updated the original projections prepared by DeJong & Associates to include actual enrollment for FY 2000-01 through FY 2004-05 or projected numbers for years beyond FY 2010-11.

Conducting enrollment projections on a more frequent basis will provide important planning and management information for District management. For example, having reliable enrollment projections will allow the District determine the impact of enrollment on future state funding levels and monitor building capacity to determine appropriate staffing levels.

R4.5 Barberton CSD should establish a preventive maintenance (PM) program that addresses all routine, cyclical, and planned building maintenance functions. With the development of a PM program, the District should also develop a formal five-year capital improvement plan that is updated on an annual basis to ensure that critical repair work or equipment replacement is completed. The capital improvement plan should include a project categorization and prioritization system that provides management with a breakdown between maintenance tasks and capital projects, ensures work is completed in a timely manner, and minimizes both safety hazards and facility deterioration. The preventive maintenance program and capital improvement plan can also be used as major pieces of the facilities master plan (R4.3).

Barberton CSD does not have a formal preventative maintenance program. Work order requests determine the maintenance tasks to complete. The maintenance supervisor attempts to send out reminders for limited preventive maintenance duties to the building

principals; however, this is done on an informal and irregular basis. *The Planning Guide for Maintaining School Facilities*, published by The School Facilities Maintenance Task Force (2003), warns that continual emergency repairs will cost more in the long term than a formal PM program. A PM program will help prevent sudden and unexpected equipment failures, and inhibit the accumulation of damage and repair tasks.

In addition, the District does not have a formal capital improvement plan (CIP) in place to address maintenance and capital needs. The District does have a listing of projects that are to be completed using the permanent improvement levy proceeds. However, this listing is informal and does not include many aspects of a formal CIP, such as the following:

- Complete building assessments for each school facility;
- Demographic analyses in order to determine enrollment trends;
- Explanations for planned improvements and methodology used to determine cost estimates; and
- A discussion of other funding sources available to support planned capital expenditures (General Fund).

In developing a formal CIP, the Chicago Public Schools (CPS) used the following process:

- Set up a facilities committee because working alone can isolate the district from the community, thereby isolating a potential funding source for future improvement;
- Evaluated the condition of the school buildings to identify improvements needed;
- Involved the committee when possible;
- Measured how the current school buildings are affecting the learning environment by analyzing the heating, cooling, electricity and space to ensure that adequate facilities are provided for a productive learning environment;
- Developed a timeline for completion based on the priority of the repairs; and
- Determined the results of investigations into alternative funding sources including the development of capital improvement budget once these sources have been identified.

The implementation of a PM program and the development of a five-year capital improvement plan will help the District anticipate needed facility and equipment repairs and replacements. By planning ahead, project financing sources can be identified and secured before they are needed, helping to eliminate the significant affect of unforeseen capital costs on the District's finances. In addition, having a comprehensive CIP will assist the District in demonstrating its facility needs to the public when the permanent improvement levy is up for renewal.

Transportation

Background

The Barberton City School District (Barberton CSD or the District) reported providing transportation to 1,121 students in FY 2003-04, including public, non-public and special needs students. **Table 5-1** compares Barberton CSD's total riders in FY 2003-04 with those of the peers: Garfield Heights City School District (Garfield Heights CSD), Massillon City School District (Massillon CSD), and Newark City School District (Newark CSD).

Table 5-1: FY 2003-04 Total Regular and Special Needs Riders

	Barberton CSD	Garfield Heights CSD	Massillon CSD	Newark CSD	Peer Average
Regular Needs Riders					
• Public	972	1,474	2,080	3,167	2,240
• Non-Public	82	43	189	386	206
• Total	1,054	1,517	2,269	3,553	2,446
Special Needs Riders	67	96	40	246	127
Total Riders	1,121	1,613	2,309	3,799	2,574
Payment-in-Lieu Riders					
	16	129	22	0	75
Total Enrollment	4,346	3,859	4,445	6,958	5,087
Total Riders as a Percent of Enrollment	25.8%	41.8%	51.9%	54.6%	50.6%

Source: BCSD and peers

Table 5-1 shows that Barberton CSD transported fewer students than the peers and its ridership represented the lowest percentage of total enrollment, due to its more restrictive transportation policy. In FY 2003-04 and FY 2004-05, Barberton CSD did not provide transportation services to high school students and only transported middle school students living more than two miles from the school building and elementary students living more than a mile from the school building. Beginning in FY 2005-06, the District will transport middle school students living more than one mile from the school building. According to the superintendent, this policy change was adopted due to hazardous walking conditions in certain areas around the middle schools. However, at the time of this report, the District was still determining the impact this change will have on the number of students being transported and its effect on state reimbursements.

Organizational Structure and Staffing

Barberton CSD employed 22 people, or 12.1 full time equivalents (FTEs), who perform transportation-related duties in FY 2004-05. The transportation function is overseen by the transportation supervisor and the business manager. **Table 5-2** shows the staffing and related statistics for Barberton CSD and the peers for FY 2004-05.

Table 5-2: Staffing Comparison for Barberton and Peers for FY 2004-05

Staffing	Barberton CSD		Garfield Hts CSD ¹		Massillon CSD		Newark CSD		Peer Average	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	FTE	No.
Supervisor/Assistant	2.0	1.1	2.0	1.4	1.0	1.0	1.0	1.0	1.3	1.1
Bus Driver	14.0	7.8	18.0	10.2	22.0	16.2	42.0	31.9	27.3	19.4
Admin asst./Clerical / Dispatcher	0.0	0.0	0.0	0.0	1.0	0.9	2.0	1.5	1.0	0.8
Mechanic	0.0	0.0	2.0	2.0	2.0	2.0	3.0	3.3	2.3	2.4
Aides/Monitor	6.0	3.2	2.0	1.0	2.0	1.0	8.0	5.6	4.0	2.5
Total	22.0	12.1	24.0	14.6	28.0	21.1	56.0	43.3	36.0	26.3
Total Number of Students Transported	1,062		1,045		2,337		3,780		2,387	
Students Transported per Bus Driver FTE	136		102		144		118		122	
Students Transported per Total FTE	88		72		111		87		90	
Square Miles in District	8.9		6.0		20.0		19		15	
Square Miles per Bus Driver FTE	1.1		0.6		1.2		0.6		0.8	
Square Miles per Total FTE	0.7		0.4		0.9		0.4		0.6	
Number of Active Buses	15		13		21		41		25	

Source: BCSD and peers

Table 5-2 shows that Barberton CSD's total transportation-related staffing is lower than each of the peers and the peer average. This is due in part to the District not employing any bus mechanics or substitute drivers. Barberton CSD contracts the bus repair and maintenance function to Norton CSD and requires bus aides to be licensed to drive a school bus. The District's staffing in the aides/monitor category is approximately 0.7 FTEs higher than the peer average. However, this is due to the District employing three aides (1.9 FTE's) through the Head Start grant program. If these individuals are removed from consideration, the District would have only had 1.3 FTE's in the aides/monitor category. The impact of the District's policy change to begin transporting additional middle school students is not considered in the staffing ratios shown in **Table 5-2**.

Operating Statistics

Barberton CSD maintained a fleet of 15 active buses to transport public and non-public regular and special needs students in FY 2004-05. Specifically, 12 buses were used to transport regular needs students, while the three remaining buses were used to transport special needs students. **Table 5-3** summarizes basic operating statistics and ratios for Barberton CSD and the peers for FY 2003-04.

Table 5-3: FY 2003-04 Basic Operating Statistics

	Barberton CSD	Garfield Hts CSD	Massillon CSD	Newark CSD	Peer Average
Students Transported					
Regular Needs	1,054	1,517	2,269	3,553	2,446
Special Needs	67	96	40	246	127
Total	1,121	1,613	2,309	3,799	2,574
Miles Traveled					
District Square Miles	9	6	20	19	15
Regular Needs ¹	93,960	93,780	242,100	447,840	261,240
Non-Routine	30,683	21,207	43,626	36,730	33,854
Cost					
Regular Needs	\$517,638	\$503,731	\$969,101	\$1,451,837	\$974,890
Special Needs	\$333,073	\$413,658	\$88,256	\$324,183	\$275,366
Total²	\$850,711	\$917,389	\$1,057,357	\$1,776,020	\$1,250,255
State Reimbursements³					
Regular Needs	\$444,189	\$415,990	\$586,612	\$975,479	\$659,360
Special Needs	\$75,679	\$56,026	\$13,782	\$101,504	\$57,104
Total	\$519,868	\$472,016	\$600,394	\$1,076,983	\$716,464
% Reimbursement	61.1%	51.5%	56.8%	60.6%	56.3%
Ratios					
<i>Regular Needs</i>					
Cost per Mile	\$5.51	\$5.37	\$4.00	\$3.24	\$4.21
Cost per Active Bus	\$43,137	\$38,749	\$44,050	\$41,481	\$41,427
Cost per Student	\$491	\$332	\$427	\$409	\$389
Students per Active Bus	88	117	103	102	107
Annual Miles per Regular Needs bus	7,830	7,214	11,005	12,795	10,338
<i>Special Needs</i>					
Cost per Student	\$4,971	\$4,309	\$2,206	\$1,318	\$2,611
Sites and Bus Types					
Public Sites	17	6	14	17	12
Non-public Sites	2	0	6	10	8
Active Buses	12	13	22	35	23
Active Buses (Special Needs)	3	2	1	6	3
Spare Buses	3	4	12	5	7
Total Buses	18	19⁴	35⁴	46	33
Spares as a % of Total Fleet	17%	21%	34%	11%	21%

Source: Barberton and peer T-Forms and Foundation Settlement reports

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

² Does not include payment-in-lieu.

³ Reflects FY 2004-05 reimbursements that are based on FY 2003-04 expenditures.

⁴ Does not reflect minivans used for transportation.

Table 5-3 shows that Barberton CSD transports 18 percent fewer students per bus, which contributes to its cost per student and cost per mile being 30 and 26 percent higher than the peer averages, respectively. In addition, Barberton CSD's cost per active bus is the second highest when compared to the peers. The cost per special needs student is also 90 percent higher than the peer average. However, the District misreported the number of special needs students being transported in FY 2003-04. If the FY 2004-05 special needs student count is used (122 students), the District's cost per special needs student would be \$2,730, which is still five percent higher than the peer average.

Instituting a transportation policy by which only the more distant students are served may contribute to the unfavorable ratios in **Table 5-3**. Additionally, Barberton CSD's vocational programs and the assignment of students to schools also contribute to the District's inefficient transportation operations. The District is transporting vocational education students to four different districts (including Barberton), through the compact agreement. In contrast, each of the peers are either members of a local joint vocational school or conduct vocational education in-house and are only transporting their students to one location. Furthermore, in order to equalize racial and student populations and meet the needs of special education and latchkey students, the buses transport students outside their neighborhood schools to other schools within the District. Nevertheless, the District's unfavorable ratios can also be attributed to the following factors:

- Because of a restrictive bell schedule, the District only completes one to two runs per bus, resulting in fewer students being transported over fewer miles. In contrast, the peers complete three to four runs per bus.
- Although the District had purchased transportation software in FY 2003-04, it has not been using the bus route optimization feature. The District developed its bus routes by hand during the last two years.
- The District spent more per bus, per mile and per student for bus insurance, and maintenance and repairs.
- The District inappropriately included the total fuel used by all vehicles and equipment on the T-forms for FY 2003-04. In addition, the number of special needs riders was probably understated on the District's T-forms for FY 2003-04.

Noteworthy Accomplishments

The District is commended for developing a cooperative relationship with the City of Barberton (the City) for the procurement of fuel. The agreement allows the District and the City to purchase fuel at discounted prices while minimizing the cost and liability associated with maintaining separate fuel depots.

Assessments not Yielding Recommendations

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

- **State Reimbursements:** The District had the highest percentage of its transportation expenditures reimbursed by the State when compared to the peers. This indicates that the District effectively maximized its state reimbursements in FY 2003-04.
- **Maintenance and Repair Costs:** Prior to FY 2004-05, the District contracted with a local company to provide all repair and maintenance services. However, the District chose to terminate the contract when buses began failing inspections and work was not completed in a timely manner. In July 2004, the District contracted with Norton CSD to provide repair and maintenance services. Based on data from the first seven months of the year, the new contract with Norton CSD appears to be more efficient and has addressed many of the deficiencies associated with the prior company.
- **Payment-in-Lieu:** The District pays the State minimum of \$172 per student for payment-in-lieu students. The District uses these agreements for students attending private schools outside the District, thereby avoiding the additional costs associated with transporting these students over longer distances.
- **Partnering With Other Districts:** Through the compact agreement, the District partners with three neighboring school districts to share vocational and special needs transportation when schedules permit, helping the District reduce operation costs.
- **Transporting Special Needs Students:** The District is operating efficiently by transporting a higher percentage of its special needs students with the regular students. Handicapped buses are used only when the student's disability requires special service.
- **Spare Buses:** At the conclusion of FY 2004-05, the District had an appropriate number of spare buses based on ODE recommended standards and comparisons to the peers.

Recommendations

Policy and Minimum Standards

R5.1 Barberton CSD should determine the level of transportation that is most effective and efficient within the constraints of its financial condition. If the District is faced with future decisions regarding changes to service levels, it should conduct a formal study that evaluates and documents the costs and benefits of the various alternatives prior to implementing the change. For example, the cost savings derived from a reduction in buses and drivers in each scenario must be balanced against the loss in State transportation reimbursement due to fewer students being transported and fewer miles being driven.

Barberton CSD's transportation policy has been modified in recent years based on the District's financial situation. For instance, as a result of a tax levy failure in November 2004, the District went to state minimums in an effort to reduce overall operating costs. According to the Superintendent, the District estimated that adopting state minimum standards would save \$30,000 annually. However, the District did not maintain any formal documentation to support the estimated savings. In February 2005, the District's levy proposal passed and as a result, the transportation policy was reinstated to the levels prior to November, 2004. The District's transportation policy for FY 2003-04 and most of FY 2004-05 was the following:

- Kindergarten through fifth grade living more than one mile from school;
- Sixth through eighth grade living more than two miles from school; and
- High school students are not transported except vocational students who attend schools other than Barberton High School.

Students encountering a safety hazard, as determined by the school board, will be eligible for transportation services. Approved hazard areas are explained in the policy.

In June 2005, the District further revised the transportation policy to include middle school students living more than one mile from their school building. According to the Superintendent, this policy will take effect at the beginning of the 2005-06 school year and was adopted due to hazardous walking conditions in certain areas around the middle schools. As of June 9, 2005, the District was still determining how many students would be impacted by this change in policy.

ORC § 3327.01 states that school districts must provide transportation services to "... resident school pupils in grades kindergarten through eight that live more than two miles from the school..." and the board, at its discretion may "...provide transportation for resident school pupils in grades nine through twelve to and from the high school..."

Despite the change in the District's policy, the policies at Massillon CSD and Newark CSD are still less restrictive. Furthermore, **Table 5-3** indicates that Massillon CSD and Newark CSD appear to be more efficient in transporting students. Garfield Heights CSD transports only at State minimums, while Massillon CSD transports high school students living more than one and one-half miles from the school and elementary and middle school students living more than one mile from school. Newark CSD transports elementary students living more than one mile, fifth and sixth grades living more than one and one-half miles, and high school students living more than two miles from their respective schools.

School districts are reimbursed for a percentage of transportation expenditures by the Ohio Department of Education (ODE) during the current fiscal year based on the previous year's ridership and number of daily miles traveled. For example, Barberton CSD received \$519,868 in reimbursements during FY 2004-05 for the 1,121 students transported and corresponding daily miles driven in FY 2003-04. As a result of this formula, changes in the transportation policy can have a significant impact on the state reimbursements received in subsequent years.

Data Reporting

R5.2 Barberton CSD should establish formal policies and procedures to ensure accurate T-reports are prepared, reviewed, and reconciled before submission to ODE. In developing these policies, the District should consider allowing the treasurer's office to have more involvement in the final review of the T-forms. For example, the treasurer's office should be responsible for reconciling the expenditures reported on the T-2 form to the 4502 financial statements, reviewing variances from prior year reports and signing off on the document before it is submitted to ODE. Additionally, the District should develop policies that inform bus drivers of the importance of obtaining accurate student counts and assist them in separately identifying the regular and special needs students. Improving the report review process should ensure T-reports are completed in a timely manner, reconciled, and accurate prior to submission. This would subsequently ensure that the District receives the appropriate amount of State reimbursements for its transportation services.

The Transportation Supervisor is responsible for completing the T-forms and submitting them to ODE. The Transportation Supervisor receives ridership information from the bus

drivers based on forms that are completed during the morning bus runs. The Assistant Treasurer provides the Transportation Supervisor with the expenditure information needed to complete the T-forms. The Transportation Supervisor then completes the rest of the T-forms based on her knowledge of the District's transportation activities. The Transportation Supervisor submits the T-forms to the Business Manager and Superintendent for final review prior to submitting them to ODE.

During a review of the T-forms submitted by the District to ODE, the following discrepancies were noted:

- The expenditures reported in the FY 2003-04 T-2 form (\$852,000) do not reconcile to the expenditures reported for transportation in statement Q of the FY 2003-04 4502 report (\$811,000 for all funds). At the time this report was issued, the District was determining the reasons for the variance.
- The number of special education students reported on the T-1 form for FY 2004-05 increased nearly 82 percent. According to the transportation supervisor, the District was not properly identifying all special needs riders prior to FY 2004-05. As a result, the number of special needs riders was probably understated in the District's T-reports that were filed with ODE. The District explained that the count is more accurate in FY 2004-05 due to revisions made in the process for identifying special needs students. More specifically, using the new transportation software (see **R5.7**) makes cross-checking the special education student counts against EMIS information much easier.
- In a comparison of T-forms from different years, the number of students being transported less than one mile increased from 15 students in FY 2003-04 to 513 in FY 2004-05. The District indicated that they made a mistake and the 513 figure should represent students being transported more than one mile.
- The fuel costs reported to ODE include the total fuel used by all vehicles and equipment in the District.
- The District reported on its T-forms that Barberton CSD is 26 square miles in size. In contrast, the District's audited financial statements (CAFR) state that the District's total square mileage is only 8.91 miles.

Since the information reported on the T-forms is the primary data used in determining a school district's state funding for transportation purposes, it is important that the information be accurate. By misreporting the number of students that are being transported less than one mile to a school building, the District could lose a significant amount of funding in FY 2005-06. According to "Student Transportation Funding in

Ohio” by the Legislative Office of Education Oversight, April 2003, “...by law, only those students transported more than one mile are included in the calculation for the percentage of students transported.” In addition, misreporting the special needs students can also result in lower state funding since special needs students are reimbursed at higher rates than regular needs students.

Financial Implication: The state reimbursement for regular students for FY 2003-04 was \$444,189 (received in FY 2004-05), or \$421 per regular needs student. Assuming a similar reimbursement rate will apply in FY 2004-05, the District could lose approximately \$216,000 due to inappropriately listing 513 students as being transported less than one mile in FY 2004-05.

Additionally, the District probably lost funding in FY 2003-04 since it did not report all special needs students. The special needs reimbursement was \$75,679 in FY 2003-04 (received in FY 2004-05), or \$1,130 per special needs student. Assuming that the same number of special needs students were transported in FY 2003-04 as was reported for FY 2004-05, the District potentially lost approximately \$39,000 in funding in FY 2004-05.

It should be noted that during the course of this audit, the AOS held a status meeting with the District on June 9, 2005. The potential loss of state funding associated with misreporting the T-Forms was discussed. District staff indicated that they would contact ODE in an effort to prevent the loss of state reimbursements.

Transportation Operational Efficiency

R5.3 Since the current certificated contract allows for starting and ending times varying by 30 minutes, the District should consider staggering the bell schedules within the 30 minute parameter at the various school buildings. For example, three of the elementary schools could start at 8:05 am and end at 2:35 pm to allow an extra bell tier for each bus. However, to maximize efficiency over the long-term, the District should consider negotiating to eliminate or modify the start and end-time restriction in the certificated contract.

Prior to reducing buses or making other operational changes, the District should identify the number of additional students it will transport because of its policy change. Subsequently, the District should revisit the performance audit recommendations in this report and update the various ratios to reflect the new policy. However, the overall conclusions that financial and operational improvements can be made by implementing similar practices as the peers are still valid. For example, if the number of additional students requiring transportation is 450, the District could increase the number of students transported per bus to the peers’ level with its current fleet size by adjusting the bell schedule and using

routing software (R5.7). The District would still realize a net financial benefit as reimbursements would increase by transporting more riders with its current fleet.

The District’s bell schedules are restrictive for bus routing purposes since all six elementary schools start and end the day at the same time. In addition, the two middle schools are also on the same bell schedules. In order for some buses to transport two runs, students have to be dropped off 15 to 20 minutes prior to the start of the school day. **Table 5-4** presents bell schedules for Barberton CSD and the peers.

Table 5-4: Bell Schedules for Barberton CSD and Peers

	Barberton CSD		Garfield Hts CSD		Massillon CSD		Newark CSD	
	Sites	Times	Sites	Times	Sites	Times	Sites	Times
Elementary	6	8:30-3:00	1 2	8:10-2:15 9:00-3:15	4 3	8:45-3:10 9:10-3:35	4 1 1 1 2	8:00-2:30 8:15-2:45 8:15-2:40 8:30-3:00 9:15-3:45
Middle	2	7:50-2:40	1	7:50-2:29	2	7:45-2:45	3 3	7:20-2:00 7:10-2:10
High	1	7:40-2:55	1	7:42-2:03	1	7:15-2:15	1	8:00-3:20

Source: Barberton and peers

Table 5-4 shows that Barberton CSD’s bell schedules have fewer tiers for bell times than the peers, restricting its bus routes and the runs per bus. Newark CSD’s bell times are the most staggered and therefore, can accommodate additional runs. **Table 5-5** presents the students transported per bus for Barberton CSD and the peers for FY 2004-05.

Table 5-5: Regular Students per Active Bus

	Barberton CSD	Garfield Hts CSD	Massillon CSD	Newark CSD	Peer Average
Total Regular Students	940	976	2,298	3,661	2,312
Total Regular Buses	13	10	20	35	22
Students per Bus	72	98	115	105	107

Source: Barberton and the peers

Table 5-5 shows that Barberton CSD transports fewer students per bus than each of the peers and 32 percent fewer than the peer average. Because of the District’s bell schedules, each bus can only make an average of one to two runs. In contrast, Garfield Heights CSD and Massillon CSD average three to four runs per bus, while Newark CSD averages three runs per bus. The lower number of runs per bus causes the District to need more buses to transport the same number of students when compared to the peers.

The District's bell schedules are determined based, in part, on the length of a teacher's day. According to the certificated bargaining agreement, teacher duty hours are limited to seven and one quarter hours per day for all teachers within the hours shown in **Table 5-6**.

Table 5-6: Barberton CSD Certificated Start and End Times

	Start Times	End Times
Elementary	8:00-8:30 am	3:15-3:45 pm
Middle and High Schools	7:30-8:00 am	2:45 -3:15 pm

Source: Barberton Certificated Contract

Table 5-6 shows that the duty hour clause limits school starting and ending times, causing bus scheduling difficulty. For example, Newark CSD's bell schedule and contracts are very flexible and allow for starting times at the elementary schools ranging from 8:00 AM to 9:15 AM, whereas Barberton CSD's start times are limited to the half hour between 8:00 AM and 8:30 AM.

Financial Implication: In FY 2003-04, Barberton CSD operated 12 regular active buses at an annual cost of \$43,126 per bus. Implementing the changes necessary to allow for three runs per bus could enable the District to reduce at least three buses. This would increase the number of students per bus to 94, which is still lower than the peers. Reducing three buses would save an estimated \$129,000 annually, based on the average cost per regular bus in FY 2003-04.

If the District reduced an additional bus (four buses), it would transport 104 students per bus, which is comparable to the peer average of 107. However, during the course of this audit, the District revised its transportation policy and will begin transporting middle school students living more than one mile from school (used to be greater than two miles) at the start of FY 2005-06. As the District has not yet quantified the impact this change will have on the number of students being transported or on state reimbursements, the impact of the change in policy is not considered in this performance audit. Nevertheless, this change may increase the number of students per bus to a level that makes eliminating a fourth bus impractical.

In addition, although **Table 5-2** shows that the District's bus drivers are transporting approximately 14 more students per bus driver FTE than the peer average, they are completing fewer runs per bus driver. Increasing the number of runs per bus would allow the District to operate with at least three fewer buses and bus drivers. However, because the students transported per bus driver FTE for Barberton CSD (136) is comparable to the peers (122), it appears that a bus driver staffing level of 7.8 FTEs is appropriate. As a result, if the District increased the runs per bus and reduced the bus drivers by three employees, the remaining 11 drivers will need to be assigned additional hours in order to maintain the 7.8 FTEs, which will increase their salary costs. However, the District

should experience a net-savings from reducing three buses due to reduced bus maintenance and fuel costs, as well as decreased full-time salary and benefit costs by reducing three bus drivers.

Collective Bargaining Agreement

R5.4 In future contract negotiations, the District should consider eliminating the provision guaranteeing work hours based on the prior year. This would allow the District to avoid having to pay employees for time that is not worked.

The classified contract includes language that does not permit the District to change the total number of hours for each bus driver from the previous school year. The contract stipulates that any modifications to bus driver time schedules must be made prior to November 1. Because of these provisions, the District is forced to pay drivers in the current year based on hours worked in the prior year. This became an issue for the District in FY 2004-05, when it reduced the busing levels to state minimums. Although the bus drivers were not working the same number of hours as in the past, the District still had to compensate them as if they were because of this contract provision. The provision guaranteeing work hours based on the prior year could limit the District in its attempts to improve operating efficiency. Furthermore, none of the peers have this provision within their bargaining agreements.

Purchasing Policies

R5.5 The District should consider adding another threshold to its purchasing policy that would require more items to be purchased in a competitive environment. For example, if the District adopted a policy that required all purchases costing more than \$2,500 to have a minimum of three price quotations, it would have some assurance that it was receiving the best price for routine items like tires and maintenance supplies. The new threshold should be devised by the Board in consultation with the Business Manager, the Treasurer, and other personnel to ensure that more items are being subjected to competitive price quotations while not being overly cumbersome. The policy should state whether the vendor quotes are to be written or verbal and should also require that the quotes be attached (noted on the p.o. if verbal) to the purchase order prior to submission to the treasurer's office for processing. Additionally, the District should periodically bid for insurance to ensure that the policy costs are the lowest available.

The District's purchasing policy states that the Superintendent is responsible for all purchases and the Treasurer is responsible for maintaining a budgetary and accounting system to track the cost of these purchases. The policy also states that the administrative staff is responsible for the quality and quantity of the purchased supplies with the

requirement that all purchases must fall within the appropriated funds. Vendors and contractors are judged on the basis of quality, past service, price, and delivery. Bidding is required for purchases exceeding \$25,000 and quotes are required for purchases with significant costs under \$25,000. Single items costing over \$15,000 require Board approval.

According to the Business Manager, the District solicits bids when purchasing school buses because it can get better prices than going through a consortium or a group purchasing plan. However, board policy does not require the District to solicit competitive bids or price quotes for some of the routine transportation related supplies and equipment. **Table 5-7** shows Barberton CSD’s tires and tubes, maintenance and supplies, and insurance costs compared to the peers.

Table 5-7: Barberton and Peers Maintenance and Supply Costs E6B

FY04 Data	Barberton CSD	Garfield Hts CSD	Massillon CSD	Newark CSD	Peer Average
Buses in Fleet	18	19	35	46	33
Miles Traveled	149,940	176,400	271,980	610,380	352,920
Students Served	1,137	1742	2,331	3,799	2,624

Tires and Tubes	\$9,693	\$3,277	\$15,922	\$13,355	\$10,851
per Bus	\$539	\$172	\$455	\$290	\$306
per Mile	\$ 0.06	\$0.02	\$0.06	\$0.02	\$0.03
per Student	\$8.53	\$1.88	\$6.83	\$3.52	\$4.08

Maintenance Supplies	\$11,501	\$9,118	\$1,592	\$111,974	\$40,895
per Bus	\$639	\$480	\$45	\$2,434	\$1,227
per Mile	\$ 0.08	\$0.05	\$ 0.01	\$0.18	\$0.12
per Student	\$10.12	\$5.23	\$0.68	\$29.47	\$15.58

Bus Insurance	\$29,574	\$49,446	\$27,065	\$19,377	\$31,963
Per Bus¹	\$1,643	\$2,602	\$773	\$421	\$1,266
Per Mile	\$0.20	\$0.28	\$0.10	\$0.03	\$0.14
Per Student	\$26.01	\$28.38	\$11.61	\$5.10	\$15.03

Source: Barberton CSD and peers

¹Cost per bus does not match Table in E3B because this table includes all buses while Table E3B uses only active buses.

Table 5-7 indicates that Barberton CSD is spending more per bus, per mile, and per student for tires and tubes. According to the transportation supervisor, tires and tubes were more costly in FY 2003-04 because the vendor replaced the tires on-site at the District’s garage. In addition, Barberton CSD spends the second highest amount per bus, per mile, and per student for maintenance and supplies when compared to the peers. The

higher cost of maintenance supplies is due, in part, to the age of the District’s bus fleet. (See **R5.8**.) However, without the requirement to submit these purchases to competitive bidding or a formal price quotation process, the District may be paying higher prices than necessary for these materials.

Table 5-7 also shows that although the District pays less for bus insurance than the peer average, the District’s insurance costs per bus, per mile and per student are higher than the peer averages. Furthermore, according to the business manager, the District has not competitively bid its automobile insurance policies during the last several years. However, the Business Manager did indicate that he compares the District’s insurance policy renewal prices to those offered through the Ohio Schools Consortium. **Table 5-8** shows the coverage for auto liability, auto medical payments, uninsured motorists, and deductibles for Barberton CSD and the peers.

Table 5-8: Barberton Vs. Peers Insurance Coverage for One Accident or Loss

	Barberton CSD	Garfield Hts CSD	Massillon CSD	Newark CSD	Peer Average
Covered Autos Liability	\$1,000K	\$3,000K	\$2,000K	\$3,000K	\$2,667K
Auto Medical Payments	\$5,000	\$5,000	\$5,000	\$1,000 ¹	\$3,667
Uninsured Motorists	\$1,000K	\$1,000K	\$1,000K	\$50,000	\$683,333
Deductibles per bus :					
Comprehensive	\$100	\$1,000	\$250	\$1,000	\$750
Collision	\$250	\$1,000	\$500	\$1,000	\$833

Source: Barberton CSD and peers

¹Up to \$5,000 in aggregate.

Table 5-8 shows that in comparison to the peers, Barberton CSD has lower levels of coverage for auto liability (the District does have an umbrella policy to effectively increase this coverage) and coverage for auto medical payments comparable to the peers. Furthermore, all of the peers have higher deductibles compared to Barberton CSD.

According to the ORC, insurance must be provided with the following guidelines:

- Liability for not less than \$100,000 per person, \$300,000 per occurrence
- Not less than \$50,000 in property damage
- Not less than \$3,000 in medical

Barberton CSD meets these limits as shown in **Table 5-8**.

Financial Implication: By adding another threshold to its purchasing policy to obtain more bids, the District could reduce its costs per bus. If the District reduced its tire and tube cost per bus and maintenance and supplies cost per bus to the next highest peer, it would save approximately \$4,300 annually. In addition, by raising the deductible to \$1,000 for both comprehensive and collision insurance, the District would save a total of \$239 for the 18 buses used in transporting students.

Special Needs

R5.6 Barberton CSD should investigate strategies to reduce its special needs transportation costs including the following:

- **The District should consider actively promoting the formation of parent/guardian contracts. While parents cannot be required to provide transportation, the District can promote the use of these contracts with the goal of decreasing the total number of special needs students transported by the District.**
- **The District should revise its IEP development process to include the transportation supervisor when alternatives for transporting special needs students are being discussed. Furthermore, the District should require that the request for transportation forms be completed on a consistent and timely basis. Taking these actions will help the District improve the accuracy of its T-forms while also helping to ensure that the special needs students are being transported in a cost efficient manner.**
- **The District should also solicit competitive bids when contracting out transportation for special needs students. This will ensure that the District is receiving the best price for these services.**

Table 5-9 presents the overall costs for special needs transportation for Barberton CSD and the peers.

Table 5-9: Special Needs Costs per Bus, Mile, and Student

	Barberton CSD	Garfield Hts CSD	Massillon CSD	Newark CSD	Peer Average
Special Needs Costs	\$333,073	\$413,658	\$88,256	\$324,183	\$275,366
Per Bus	\$111,024	\$206,829	\$88,256	\$54,031	\$116,372
Per Mile	\$5.95	\$5.01	\$2.95	\$1.99	\$3.32
Per Student	\$4,971	\$4,309	\$2,206	\$1,318	\$2,611

Source: Barberton and peers T-2 Forms

Table 5-9 shows that the District spends more per student on special needs transportation than the peers. This is due primarily to some operating practices that can be corrected with minimal effort. Examples of these practices include the following:

- The District's student counts and special needs transportation costs have been inaccurately reported on the T-forms in the past. (See **R5.2**) If the FY 2004-05 special needs student count is used (122 students), the District's revised cost per special needs student would be \$2,730, which is approximately five percent higher than the peer average, and still higher than Massillon CSD and Newark CSD.
- The District does not promote the use of parent/guardian contracts to transport special needs students.
- The District does not involve the transportation department in the IEP process. Furthermore, the District does not ensure that new student request for transportation forms are submitted to the Transportation Supervisor on a timely basis.
- The District does not use competitive bidding to ensure it is receiving the best price when outsourcing certain special needs transportation functions.
- The District did not use the route optimization software in the past (see **R5.7**).
- The repair and maintenance costs are significantly higher than the peer average due in part to the age and condition of the District's bus fleet. In addition, prior to FY 2004-05, the District had an expensive contract with a local vendor to provide all bus repair and maintenance services. (See **R5.5** and **R5.8**.)

School districts can negotiate parent/guardian contracts for special needs students by following the guidelines set forth in OAC § 3301-83-21. Based upon case history from the Office of Civil Rights (OCR), ODE advises basing the rate of reimbursement on the common market rate for like services available in the area. According to ODE, most parent/guardian contracts are established on a per mile basis. The District agrees to set a price per mile and then pays the parent/guardian based on the miles traveled to drop-off and pick-up the student. Assuming that the District establishes the parent/guardian contract rates at levels lower than the cost of directly transporting the special needs student, actively promoting parent/guardian contracts could assist the District in reducing special needs transportation costs.

Transportation personnel are not involved in the IEP process except in unusual situations concerning students that are considered difficult to transport. According to the special needs coordinator, the results of the IEP meeting are communicated to the transportation

department via a formal Transportation Request Form. However, the Transportation Supervisor stated that this form is not completed consistently and sometimes the student's transportation needs are communicated informally through e-mails, notes or phone-calls. Furthermore, the Transportation Supervisor also indicated that notification of the need to transport new students is sometimes not received until the day, or even hours, before they are required to pick-up the student. This limits the transportation department's ability to determine the most effective methods and routes for transporting the special needs students.

The Transportation Supervisor at Garfield Heights CSD is involved in the IEP process and makes the decisions regarding the most effective method to transport a special needs student. By excluding transportation personnel from the IEP meetings, the most efficient transportation methods may not be considered. In addition, some of the District's T-form reporting errors may also result from not including the transportation personnel in the IEP process and the inconsistent use of the special needs Transportation Request Form. (See **R5.2**)

The District outsources the transportation function for eight special needs students. More specifically, the District contracts with the YMCA to transport six behavioral handicapped students to the Phoenix House in Akron. The YMCA provides this service at a cost of \$10.00 per trip per student. Additionally, the District contracts with a company to transport two hearing and visually impaired students to a special needs school in Columbus along with students from other school districts in Northeast Ohio. The District formerly transported special needs students to Columbus in cabs until problems surfaced and parents complained. According to the Business Manager, the District entered into the current contract without competitive bidding because it is the only company in the area that provides this service. The cost to transport the special needs students to Columbus through the company was \$22,511 in FY 2003-04.

Financial Implication: In terms of daily miles, the District's bus 18 is the least efficient special needs bus. The District uses bus 18 to transport four students approximately 52 miles a day, or 13 miles per student. If the District entered into parent/guardian contracts at 40.5 cents (2005 federal mileage rate) per mile for 13 miles a day for these students, it would cost the District approximately \$3,791 annually. In contrast, the District's cost to transport a special needs student is \$2,730 per year, or \$10,920 for four students. As a result, it is estimated that the District could save approximately \$7,100 annually by establishing four parent/guardian contracts.

Software Utilization

R5.7 Since Barberton CSD has already paid for transportation software, the regular updates, and employee training, it should ensure the full use of the capabilities of the

software, including the bus route optimization feature. This would allow for the most cost efficient bus routing while minimizing the time needed to update routes based on students moving in or out of the District.

Although Barberton CSD purchased a transportation software program in FY 2003-04, the software is not fully implemented and bus routing is currently completed by hand. According to the Business Manager, the District has a high mobility rate with many residents renting homes. As a result, completing the bus routing by hand each time a student moves in or out of the District can be cumbersome and time consuming. The District indicated that the route optimization feature of the software was not implemented because some of the EMIS information that was required was deemed unreliable at the time. Since FY 2003-04, the District has purchased the regular updates to the software and two employees were trained to use the software two years ago.

During the course of this audit, the Business Manager indicated that the District resolved the EMIS reporting issues and the District is now using the software to develop bus routes for FY 2005-06.

Bus Replacement Planning

R5.8 Barberton CSD should draft, approve, and update a bus replacement plan that describes its strategy for bus procurement in future years. All bus and equipment replacement should be based upon economic modeling that allows for replacement at the most advantageous point in the equipment's life cycle. The District should maintain and periodically review important bus information, such as mileage and maintenance records, to determine the cost benefit for each bus. This plan should include the number of buses to be replaced each fiscal year, along with the age, mileage, maintenance costs, and estimated cost at the time of replacement. By reviewing and updating the plan annually, Barberton CSD will be able to plan for future costs while maintaining its fleet.

In addition, the District should consider implementing a formal bus rotation system where older buses are moved to routes with fewer miles. Implementing a bus rotation system in conjunction with the route optimization software and increasing the number of runs per bus could enable the District to extend the useful life of the fleet.

The District does not have a formal bus replacement plan and 12 out of its 18 buses are at least 14 years old. Without a formal replacement plan, the District replaces buses based on opinions about what is an excessive age, cost of repairs, mileage, and condition of the bus. According to the financial forecast, Barberton CSD plans to purchase a total of seven new buses during the next five-years, with three occurring in FY 2006-07 at a cost of

\$195,000 and two occurring in FY 2007-08 and FY 2008-09 at a cost of \$130,0000 each year. The Business Manager originally projected the need to purchase three buses in FY 2005-06 and two more each subsequent year for a total of nine new buses. However, due to a projected deficit in the general fund, the District decided to postpone all bus purchases in FY 2005-06. The last bus purchase occurred in FY 2004-05, when the District purchased two new regular education buses and one new preschool bus (purchased with Head Start grant monies).

In the past, the District has purchased used vehicles in an effort to save money. An older bus fleet could contribute to higher maintenance costs for Barberton CSD when compared to the peers (See **R5.5**). However, the District did not track repair and maintenance costs for each vehicle to determine which would be more cost-effective to replace. Additionally, the mileage reported for certain buses is not accurate since dashboard panels were replaced on some of the 1991 buses without recording the original odometer readings. For instance, one 1991 bus is reported to only have approximately 57,000 miles. The District acknowledges that this is incorrect.

The District recently contracted the bus maintenance function to Norton CSD. The District indicated that Norton CSD is now tracking the maintenance costs per bus as well as other items in order to develop an accurate maintenance and repair history for each vehicle.

Currently, Barberton CSD is not analyzing bus fleet mileage in order to project when buses will need to be replaced. The standards from the National Association of State Directors of Pupil Transportation Services Information Report on School Bus Replacement suggest the replacement of buses after 250,000 miles and 15 years. However, the climatic conditions in Northeast Ohio sometimes require earlier replacement when rust makes a bus unusable. According to ODE, the average mileage and age for buses replaced by school districts in Ohio in FY 2002-03 was 220,441 miles and 15 years.

Table 5-10 illustrates the District's bus fleet as of October 2004 and the projected mileage through FY 2008-09. Since October 2004, the District has purchased two additional regular education buses.

Table 5-10: Bus Mileage Forecast

Bus #	Seating Capacity	Model Year	Mileage	Miles per Year	2005	2006	2007	2008	2009
Active Buses³									
1	71	1990	124,841	9,900	134,741	144,641	154,541	164,441	174,341
2	71	1991	148,521	8,820	157,341	166,161	174,981	183,801	192,621
3	71	2005	8,517	10,080	18,597	28,677	38,757	48,837	58,917
5	77	1998	57,480	5,400	62,880	68,280	73,680	79,080	84,480
6	71	1991	123,636	3,240	126,876	130,116	133,356	136,596	139,836
7	71	1991	109,828	2,880	112,708	115,588	118,468	121,348	124,228
9	77	1998	62,336	8,100	70,436	78,536	86,636	94,736	102,836
10	71	1991	56,755 ¹	8,280	65,035	73,315	81,595	89,875	98,155
11	37	2002	38,127	5,940	44,067	50,007	55,947	61,887	67,827
14	71	1990	158,150	5,220	163,370	168,590	173,810	179,030	184,250
16	71	1990	110,374	9,180	119,554	128,734	137,914	147,094	156,274
18	49	2001	66,676	9,360	76,036	85,396	94,756	104,116	113,476
19	71	1989	102,684	7560 ¹	110,244	117,804	125,364	132,924	140,484
20	71	1995	102,907	10,440	113,347	123,787	134,227	144,667	155,107
23	71	1990	148,493	6,480	154,973	161,453	167,933	174,413	180,893
Spare Buses									
17	71	1989	113,815	NA	113,815	113,815	113,815	113,815	113,815
22	71	1990	144,922	NA	144,922	144,922	144,922	144,922	144,922
24	39	1991	179,193	NA	179,193	179,193	179,193	179,193	179,193

Source: BCSD interviews and ODE Bus inventory

¹ Bus 12 replaced bus 19 the week of the count.

Table 5-10 indicates that although no buses will have over 250,000 miles within the next five years, twelve will be more than 15 years old by FY 2005-06. The average age and mileage of the active buses is 10 years and 94,600 miles. However, because odometers were replaced in certain buses without recording the original mileage beforehand, the mileage information reported in **Table 5-10** may not be entirely accurate.

Financial Implication: With 12 buses older than 15 years by FY 2005-06, and seven buses being within the 15 year replacement limit in FY 2004-05, the projected replacement of seven buses is sufficient to meet the needs of the District if it begins using the route optimization software, increases the runs per bus and implements a formal bus rotation system. However, without detailed maintenance and repair histories, it is difficult to assess the exact needs of the District. The total cost to replace five (already purchased two regular education buses) additional buses at an average individual cost of \$65,000 would be \$325,000 during the five-year period. However, this cost has already been included in the District's financial forecast (see **Table 2-1**).

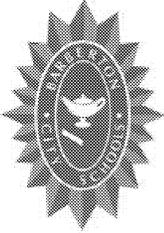
Financial Implications Summary

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

Summary of Financial Implications for Transportation

Recommendation	Estimated Implementation Costs	Estimated Annual Cost Savings	Estimated Annual Revenue Enhancements
R5.2 Submit accurate T-forms			\$216,000
R5.3 Reduce three buses		\$129,000	
R5.5 Add another tier to purchasing policy Solicit bids for bus insurance.		\$4,300 \$240	
R5.6 Implement four parent/guardian contracts		\$7,100	
R5.8 Purchase five additional buses over five years (already included in forecast)	\$325,000		
Total	\$325,000	\$140,640	\$216,000

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Barberton City Schools

...A place where the present touches the future.

October 26, 2005

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BETTY MONTGOMERY
AUDITOR OF STATE

Administration Building
479 Norton Avenue
Barberton, Ohio 44203
Ph: 330.753.1025
Fax: 330.848.0884

Barberton High School
555 Barber Road
Barberton, Ohio 44203
Ph: 330.753.1084
Fax: 330.848.5517

Highland Middle School
1152 Belleview Avenue
Barberton, Ohio 44203
Ph: 330.848.4243
Fax: 330.848.4221

UL Light Middle School
292 E Robinson Avenue
Barberton, Ohio 44203
Ph: 330.848.4236
Fax: 330.848.1272

Johnson Elementary
1340 Auburn Avenue
Barberton, Ohio 44203
Ph: 330.848.4246
Fax: 330.825.2351

Memorial Elementary
291 W Summit Street
Barberton, Ohio 44203
Ph: 330.848.4230
Fax: 330.848.1667

Oakdale Elementary
165 Third Street NE
Barberton, Ohio 44203
Ph: 330.848.4234
Fax: 330.753.1513

Portage Elementary
800 Wooster Road N
Barberton, Ohio 44203
Ph: 330.848.4241
Fax: 330.848.5535

Santrock Elementary
88 19th Street NW
Barberton, Ohio 44203
Ph: 330.848.4229
Fax: 330.825.0278

Woodford Elementary
315 E State Street
Barberton, Ohio 44203
Ph: 330.848.4232
Fax: 330.848.1790

Barberton Head Start
633 Brady Avenue
Barberton, Ohio 44203
Ph: 330.780.3208
Fax: 330.848.4226

Auditor of State
Betty D. Montgomery
Lausche Building
615 Superior Ave., NW, Twelfth Floor
Cleveland, OH 44113-1801

Dear Auditor Montgomery:

The Barberton Board of Education and the central office administrators received the final draft of the performance audit on October 24, 2005, in a post-audit conference. Prior to the audit, the Barberton City Schools had been placed in fiscal caution. Though the district made substantial reductions, the performance audit was imperative to a recovery plan.

Having a document that thoroughly analyzes the district's operations will be beneficial to future planning. The additional component of comparison districts strengthens the need to follow the recommendations.

William Rouse, Senior Audit Manager, served as the lead on the team. His organization and management of the process are to be commended. Other audit team members also should be complimented on their contributions to the audit report. Barberton had a very beneficial experience and final result.

The recommendations will be thoughtfully considered and used as we continue to plan our fiscal recovery and future stability. We will use the recommendations in our upcoming negotiations, our new CCIP, and in our updated facilities planning.

The auditor's office has provided a service that we could not have done without. The performance audit can only enhance the district's efforts. Thank you for this very useful process and final document.

Sincerely,

Elizabeth J. Lolli, Ph.D.
Superintendent

EJL/sa

cc: Mark Paprocki, Treasurer/CFO