



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**

# WILLIAMSBURG LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

**February 12, 2002**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

To the Members of the Williamsburg Local School District Community:

The State Auditor's Office is pleased to provide the completed Williamsburg Local School District (WLSL) performance audit. As a result of WLSL's placement into fiscal watch on April 6, 2001, the Auditor of State initiated a performance audit to provide recommendations for cost savings, revenue enhancements and efficiency improvements for the District. Furthermore, the performance audit provides an independent assessment of WLSL's financial situation and will serve as a resource to District management in updating and revising its Financial Recovery Plan. WLSL's Financial Recovery Plan was submitted and approved by the Ohio Department of Education one month after being placed in fiscal watch.

The performance audit focuses on four core aspects of WLSL's operations including Financial Systems, Human Resources, Facilities and Transportation. These areas are important components in WLSL's operations and support the District's mission of educating children. The State Auditor's Office conducted an independent assessment of these functions and their associated expenditures to provide commendations for effective practices and recommendations in areas where the District can either recognize financial benefits or achieve improved efficiencies in operations and service delivery. In addition, the performance audit contains a proposed financial recovery plan which reflects WLSL's current financial condition as well as its future fiscal outlook. The plan incorporates performance audit recommendations and should be used by the District to supplement operational changes made in accordance with its ODE-approved Financial Recovery Plan.

An executive summary has been prepared which includes the project history, District overview, purpose and objective of the performance audit, and a summary of findings, commendations, recommendations and financial implications. This report has been provided to WLSL and its contents discussed with District management. WLSL has been encouraged to utilize the results of the performance audit as a resource in 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 the toll free number in Columbus, (800) 282-0370. In addition, this performance audit can be accessed on-line through the State Auditor's Office website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized "X" mark.

JIM PETRO  
Auditor of State

February 12, 2002

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# EXECUTIVE SUMMARY

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## Project History

Pursuant to Ohio Revised Code (ORC) §3316.042, the Auditor of State's Office (AOS) may conduct a performance audit of a school district in a state of fiscal watch or fiscal emergency and review any programs or areas of operations in which the AOS believes that greater operational efficiencies or enhanced program results can be achieved.

In accordance with ORC §3316.03, the AOS can declare a school district to be in a state of fiscal watch if the district has an operating deficit which exceeds 8.0 percent of the preceding year's general fund revenues, the district's unencumbered cash balance for the preceding fiscal year was less than 8.0 percent of the General Fund expenditures and a levy has not been passed which will raise sufficient revenues to eliminate these conditions. ORC §3316.04 allows AOS to declare a school district to be in a state of fiscal emergency if the district's board of education fails to submit an acceptable Financial Recovery Plan to the State Superintendent of Instruction within 120 days of being placed in fiscal watch.

On April 6, 2001, the Auditor of State declared a projected \$778,000 deficit for Williamsburg Local School District (WLS D) for fiscal year ended June 30, 2001, which met the criteria necessary to be placed in fiscal watch. WLS D received an advance of \$778,000 from the Ohio Solvency Assistance Fund and is scheduled to repay the full amount over the next two fiscal years. After being placed in fiscal watch, the WLS D Board of Education (Board) created a Financial Recovery Plan to address the District's financial difficulties. The Board submitted this plan to the Ohio Department of Education (ODE) on May 21, 2001 and it was subsequently approved by the State Superintendent.

Pursuant to ORC §3316.042, the AOS initiated a performance audit of WLS D. Based on a review of WLS D information and discussions with the District's administration and ODE, the following four functional areas were selected for assessment in the performance audit:

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

Planning for the performance audit began in May 2001, and the actual performance audit was conducted primarily during the months of May through October.

The performance audit is designed to develop recommendations which provide cost savings, revenue enhancements and efficiency improvements which should assist WLSD in alleviating the conditions which brought about the declaration of fiscal watch. Inaccurate financial forecasting led to WLSD's FY 1999-00 operating deficit, while an erroneous Certificate of Resources submitted to and approved by the Clermont County Auditor contributed to a projected operating deficit for FY 2000-01. The deficit resulted in the formal designation of fiscal watch and triggered a performance audit by the AOS. Another objective of the performance audit is to conduct an independent assessment of WLSD's financial situation, which will serve as a resource to WLSD in updating and revising its Financial Recovery Plan. WLSD is encouraged to assess overall operations and to develop other recommendations not contained within the performance audit.

## **District Overview**

WLSD is located in Clermont County and encompasses approximately 32 square miles. According to average daily membership (ADM) data, WLSD served approximately 1,036 students in FY 2000-01, a slight decrease when compared to the previous year's ADM of 1,058.

According to WLSD's 2000 and 2001 local report cards, the District has been in academic watch for two consecutive years - meeting only 10 of 27 academic performance standards in FY 1998-99 and 11 of 27 standards in FY 1999-00. Furthermore, WLSD's passage rate on the ninth grade proficiency test of 56.2 percent was significantly lower than the peer average (77.5 percent) and slightly lower than the Statewide average (63.1 percent). According to WLSD's 2002 local report card, however, the District improved by passing 17 of 27 academic performance standards which places the District in continuous improvement.

WLSD's current financial condition is due, in part, to a lack of accurate financial forecasting and an erroneous Certificate of Resources submitted and approved by the Clermont County Auditor. WLSD's certificated staff has enjoyed slightly higher salaries than the peer average, but lower salaries when compared to other districts within Clermont County. A history of expenditures exceeding revenues has contributed to WLSD's current financial deficit and, until recently, the District had taken limited steps to curtail spending.

The Auditor of State certified a projected deficit of \$778,000 in FY 2000-01. WLSD borrowed that amount from the State Solvency Assistance Fund during the current fiscal year and is required to repay these funds during FY 2001-02 and FY 2002-03. Assuming an increase in State Foundation revenue and the implementation of the Financial Recovery Plan, the financial forecast provided in **Table 2-1** of the **financial systems** section of this report shows WLSD avoiding significant operating deficits from FY 2002 through FY 2005. A recent increase in State Foundation per pupil amounts and the implementation of a new funding category, Parity Aid, has greatly improved WLSD's financial outlook.

Per pupil revenues were \$6,250 in FY 1999-00, which is below the peer average of \$6,356 and below the State average of \$7,013. Per pupil expenditures exceeded per pupil revenues by \$225 in FY 1997-98, \$212 in FY 1998-99 and \$289 in FY 1999-00. WLSD spends 74.3 percent of its operating budget to fund payroll and fringe benefit costs. In FY 1999-00, WLSD's average teacher salary was \$39,578 which is slightly below the peer average (\$39,749). WLSD's teacher salaries are impacted by the level of experience and education of its teaching corps.

In FY 1999-00, WLSD had 111.3 FTE employees consisting of 7 administrators, 64 teachers and 40.3 classified employees. However, WLSD proposed aggressive reductions in staffing for FY 2001-02 in the District's Financial Recovery Plan. Total FTE staff following the implementation of the plan was reduced to 94.0, including 12 teaching positions. After reductions, the K-12 student-to-teacher ratio increased to 25:1, equal to the State minimum standard. Although these reductions assist WLSD in its financial recovery, the District should closely monitor student-to-teacher ratios to ensure staffing levels are sufficient to achieve the District's desired educational goals.

WLSD's annual insurance cost per employee is lower than the peer and State averages. WLSD is able to maintain lower costs through the District's participation in the Clermont County Health Trust which is a consortium of school districts that achieves favorable premiums through risk sharing. WLSD offers retirees several options regarding severance pay-outs. Severance and retirement payment options which allow retirees to receive additional payments may contribute to the WLSD's current financial situation.

WLSD consists of one elementary school and one middle/high school. The elementary school is 46 years old, while the middle/high school was constructed in 1996. In May 1995, the voters approved a 4.67 mill bond issue which generated approximately \$4.5 million for the construction of a new middle/high school building and renovations at the elementary school. The Ohio School Facilities Commission (OSFC) provided WLSD with approximately \$2.9 million for the construction projects. In FY 2001, WLSD's custodial staff was responsible for maintaining 24,906 square feet, which is 13.0 percent less than the peer district average. However, WLSD's custodians maintain 20.0 percent more square feet than the American Schools & Universities (AS&U) Region 5 average.

WLSD's expenditure ratios for transporting regular and special needs students are higher than the peer district ratios. Approximately 975 students are eligible for transportation on WLSD's 17 buses. WLSD needs to plan for the replacement of four of these buses which are more than 12 years old, however, the District does not have a long-term, replacement plan for its aging bus fleet. Although WLSD is transporting a relatively high number of regular needs students per bus, its per pupil transportation expenditures are well above those of the peer districts. Routing and staffing issues appear to be operating with moderate efficiency, but maintenance and fuel expenditures are high. The best long-term solutions to these problems involve some level of up-front capital investment, such as building a bus facility or installing a fuel tank.

In an attempt to regain financial stability, WLSD must improve the financial planning and budgeting process. The current WLSD administrators have begun to improve this process by creating more reliable District forecasts and utilizing these forecasts as strategic planning tools. WLSD administrators have also made a concerted effort to make the District forecast available to the parents, employees and residents within the community. However, the current budgeting process does not guarantee the achievement of WLSD's educational goals and objectives while maintaining financial stability. In the future, WLSD must develop budgets within its available resources. The budget should be used as WLSD's spending plan to control expenditures and help ensure goals and objectives are met.

The performance audit provides a series of recommendations, many of which include associated cost reductions, redirected services or efficiency improvements. Management should carefully consider these recommendations when making the important decisions necessary to establish financial stability while improving the quality of educational services.

## **Summary Results**

The summary results of the performance audit are contained on pages 1-5 through 1-13. The summary results are followed by overall performance audit information including a definition of performance audits, the objective and methodology of performance audits and peer district comparisons of key information.

The performance audit addresses four major areas of WLSD operations. The financial systems area is further separated into financial planning as well as revenues and expenditures. A summary of background information, major findings, major commendations, major recommendations and financial implications is provided for each area. However, a thorough analysis of each of the four areas, including detailed findings and recommendations, is contained within the corresponding section of the report. All interested parties are encouraged to read the entire report.

The results of this performance audit should not be construed as criticism of WLSD management. Rather, the performance audit should be used as a management tool by WLSD and the community to improve operations within the District and to supplement its approved Financial Recovery Plan.

A table representing a summary of the financial implications of the recommendations is presented on page 1-14. However, the performance audit also contains a number of recommendations which may not generate estimated cost savings but will result in enhanced service delivery. If implemented, these recommendations would improve the operational efficiency of WLSD and its effectiveness in achieving its educational mission.

The performance audit is not a financial audit. Therefore, it was not within the scope of this work to conduct a comprehensive and detailed examination of WLSD's fiscal records and past financial

transactions. However, copies of the financial audits are available through the Auditor of State's Office.

## ***Financial Systems***

### **Background:**

A number of factors contributed to WLSD's FY 1999-00 budgetary deficit, which ultimately led to the District's fiscal watch designation. By not taking into account declining State Foundation revenues and increasing purchased services expenditures, previous WLSD administrators did not create accurate financial forecasts. Due to unreliable financial forecasting, WLSD experienced reductions in its General Fund balances which resulted in an operating deficit in FY 1999-00. Furthermore, WLSD submitted an erroneous Certificate of Estimated Resources which caused the District to over-budget by \$785,000 for FY 2000-01.

On April 6, 2001, after conducting an analysis of WLSD's financial condition, the AOS declared a \$778,000 operating deficit for the fiscal year ending June 30, 2001, which met the criteria necessary to be placed in fiscal watch. After being placed in fiscal watch, WLSD borrowed \$778,000 from the Ohio Solvency Assistance Fund and the District's Board of Education (Board) decided to create a Financial Recovery Plan which would serve as a broad outline for decisions the Board would make to reduce District expenditures and improve decision-making. The Board submitted this plan on May 21, 2001 and it was subsequently approved by the State Superintendent.

**Findings:** The significant findings in the **financial systems** section are summarized below.

- After being placed in fiscal watch, WLSD created a five-year forecast to serve as the District's Financial Recovery Plan. The forecast, which was submitted to ODE, was created in June 2001 and includes a summary of significant forecast assumptions. Past administrators at WLSD did not use the forecast as a strategic planning tool to potentially help it regain financial stability. Given the significant financial issues facing WLSD, a properly developed, detailed financial forecast is essential in the District's attempt to regain financial solvency. To this extent, WLSD should use the format of the financial forecast presented in the **financial systems** section and update the information and projections as financial issues change or materialize.
- WLSD does not prepare a formal capital or long-range capital spending plan, nor has it created a comprehensive facilities capital plan for use in guiding its long-term decisions. The WLSD middle/high school was constructed in 1996. Major renovations were completed on the elementary school at this time. No major renovations are needed for these facilities at this time. The **facilities** section of this report presents a detailed discussion of WLSD's capital needs and funding sources.

- The food services division of WLSD is an Enterprise Fund that accounts for its operations in a manner similar to a private business enterprise, where the intent of the division is that the costs (expenses, including depreciation) of providing the service to the students are financed primarily through user charges. WLSD operates one Food Service Enterprise Fund which accounts for the elementary and middle/high school cafeterias. All food service operations are accounted for separately from other fund activities and the desired outcome is a net income.
- WLSD per pupil expenditures are the highest among the peer districts. However, when comparing instructional expenditures per pupil on a percentage basis, WLSD is lower than the peer average in every category with the exception of special education. In contrast, WLSD has a higher percentage (39.7 percent) of support service expenditures than the peers (35.9 percent). It appears that the high support services expenditures can be attributed to excessive costs in the areas of instructional support, which accounted for 3.9 percent of the expenditures. In addition, WLSD's debt service expenditures accounted for 4.9 percent of total operational expenditures, while no other peer district recorded any debt service expenditures.

**Recommendations:** The significant recommendations in the **financial systems** section are summarized below.

- WLSD is provided with a proposed financial recovery displayed in **Table 2-2** to assist in its effort to regain financial stability. WLSD should use the Financial Recovery Plan to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on the District's financial condition. The recommendations are broken down into those which can be enacted immediately and those that will require further management actions. Any savings resulting from performance audit recommendations should be redirected to support WLSD's educational programs.
- WLSD should create a comprehensive long-range capital plan which addresses the need for ongoing capital repairs and maintenance. The plan should incorporate the conditions of all facilities, the impact of building style and configuration on curriculum and educational programs, and the means of maximizing the utilization of classroom space and technological resources. The plan should be formally adopted by the Board when first created, and annual segments should again be approved individually as they become current, allowing for modifications and adjustments to the original components as circumstances dictate.
- WLSD should perform a comprehensive review of food service operations to ensure that deficits will not be incurred in the future. The operations review should include a check of all food service related expenses to ensure that they are recorded in the correct fund.



- WLSD should closely examine the spending patterns indicated in **Table 2-12** and **Table 2-13**, and consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the students' education and proficiency test results. WLSD should use the recommendations contained in this performance audit to assist in identifying revenues currently being spent on support services which could potentially be shifted to further support pupil instructional activities.

## **Human Resources**

### **Background:**

WLSD does not have a separate human resources department. All WLSD employees are categorized either as certificated or classified (non-certified) staff. Certificated staff include principals, teachers, counselors, and one librarian. Classified staff include instructional teaching aides, library aides, custodians, food service workers, secretaries, bus drivers, and bookkeepers.

**Findings:** A summary of the significant findings in the **human resources** section is as follows:

- Before reductions as proposed in its Financial Recovery Plan, WLSD employed a higher number of staff per 100 students than the peers overall and in the technical, office/clerical, transportation, custodial, and food service categories. However, WLSD's overall staffing level after proposed reductions is well below the peers.
- Following reductions, WLSD's student-to-teacher ratios are well above the peer average and are equal to the ORC minimum standards. Also, WLSD has a lower percentage of direct instructional personnel to educational support personnel when compared to the peers. Although WLSD is dedicating a majority of its staff to direct instruction, the lower percentage when compared to the peers may indicate a need to allocate any additional resources to direct instructional staff.
- The majority of middle and high school teaching staff teach at least six periods a day decreasing the likelihood of overstaffing. However, WLSD's enrollment levels in 24.3 percent of its middle and high school regular education classes was below 15 students.
- WLSD's average salaries are lower than the peer averages for all classifications except administrative and technical. However, WLSD's administrative salaries are the lowest when compared to other school districts in Clermont County. WLSD's average teachers' salary, which is slightly higher than the peer average, may be impacted by the higher percentage of WLSD teachers with Masters degrees as compared to the peers. WLSD receives additional State funding because its teaching corps are above the State average in education and experience.

- WLSD teachers' average leave usage was equal to or lower than the peer average in all categories. WLSD classified staff's average sick leave usage was also lower than the peer average. WLSD transportation staff's sick leave usage accounted for 36.5 percent of the sick leave used by all classified staff. WLSD offers personal and sick leave incentives for its employees, but has not performed analyses to determine the costs and benefits of continuing its leave incentive policies.
- WLSD's total substitute cost was the highest of the peers. WLSD's substitute costs are impacted by transportation staff's high sick leave usage, higher hourly payments for classified substitutes and the District's reliance on retired teachers who are paid at a higher daily rate than other substitutes.
- WLSD's annual insurance cost per employee is lower than the peer, like-sized school district and State averages. WLSD's employee contribution for premiums is lower than the State average. However, WLSD's PPO plan requires employees to pay a greater percentage of the costs than the peer's medical plans.
- WLSD's severance option to receive a higher pay out in two installments has the potential to significantly impact the District's budget. Similarly, WLSD's retirement incentive option to receive a higher pay out in three installments also may negatively impact the District's financial situation.
- The WLSD Master Contract does not provide specific requirements for the evaluation of certificated personnel and WLSD only evaluates teachers who are up for contract renewal. Also, WLSD does not complete evaluations of classified in a consistent or timely manner.
- WLSD personnel policies include both informal and formal grievances processes to handle employee disputes in an efficient manner. Additionally, WLSD's overtime policies require hours for overtime pay are calculated based only on the actual hours worked in excess of 40 hours.

**Commendations:** A summary of the significant commendations in the **human resources** section is as follows:

- WLSD maximizes the use of its teachers by having them teach at least six periods a day. Typically, school districts require fewer periods of teaching per day. By maximizing the use of its teachers, WLSD can provide increased instructional time for students with fewer staff.
- WLSD has a high percentage of teachers with Master degrees. The higher level of educational attainment may have a positive impact on classroom teaching skills and may

assist WLSD in meeting its educational goals. Additionally, WLSD receives additional State funding based on the experience and education level of its teachers.

- WLSD teachers' leave usage is low when compared to the peers. Based on AOS performance audits of other school districts, WLSD's leave usage is also low when compared to other school districts in the State. By maintaining high teacher attendance rates, WLSD is able to decrease administrative time associated with acquiring substitutes and enhance the quality of education provided to its students.
- WLSD maintains low benefits costs by participating in the Clermont County Health Trust (CCHT). WLSD's participation in CCHT helps to keep costs low due to risk sharing among the 11 school districts enrolled in the consortium. WLSD's continued participation in CCHT will help keep benefits costs low for the District and its employees.
- By having an informal grievance process, WLSD minimizes administrative time spent on the grievance process and eliminates the need for all grievances to undergo formal proceedings. In addition, the current grievance procedure provides a method to resolve grievances in a timely manner.
- By following the guidelines set forth in the FLSA and Ohio law, WLSD limits leaves that are included in the calculation of hours worked for the purposes of determining overtime pay. This allows WLSD to minimize overtime costs.

**Recommendations:** A summary of the significant recommendations in the **human resources** section is as follows:

- WLSD should assess its current and proposed staffing levels to determine the appropriate mix of direct instructional and district educational support personnel. WLSD should continue to closely monitor these staffing levels and ensure student-to-teacher ratios do not go above the State minimum standards of 25 to 1. Additionally, WLSD should allocate any realized cost savings to offset proposed reductions in direct instructional personnel in order to ensure the appropriate mix of personnel and student-to-teacher ratios. It is possible that WLSD's ability to attain its educational goals could be compromised without a sufficient number of direct instructional personnel. Also, WLSD should assess class enrollment and determine the feasibility of consolidating classes with fewer than 10 students. WLSD may also consider the option of offering classes with low enrollment on a biennial basis to increase enrollment in low census classes.
- WLSD should monitor sick leave usage for possible misuse. If WLSD determines that classified employees are misusing sick leave for non-medical reasons, the District should consider implementing additional policies to assist with reducing sick leave usage. WLSD

should also perform an analysis on the costs and benefits of continuing its current leave incentive policies to ensure that the incentive amounts are providing the District a cost savings while continuing to provide an incentive to employees to limit their leave usage. If WLSD reduced the number of sick days taken by classified employees, the District could save \$10,000 annually.

- WLSD should consider renegotiating its severance and retirement incentive policies to eliminate the option for receiving an increased pay out in more installments. By eliminating the installment options, WLSD could reduce its future financial liability for severance and retirement incentive pay outs by an estimated \$161,000. WLSD should conduct an analysis of the retirement incentive program to determine if the current retirement incentive options provide a financial benefit to the District. WLSD should determine the amount of the pay out that will act as an incentive to employees without having a negative financial impact on the District.
- In an effort to enhance teacher performance, WLSD should consider conducting annual evaluations for all limited and continuing contract teachers. Also, evaluations for all classified employees should be conducted at least once a year.

## ***Facilities***

### **Background:**

WLSD consists of three buildings: an elementary school, a middle/high school, and the Centre - the former middle/high school building which currently houses WLSD administrative offices and three lessees. In FY 2000-01, 1.5 FTE employees performed building maintenance, and 6.9 FTEs cleaned the 2 schools, which consist of 161,891 square feet. Custodial staff members maintain 24,906 square feet per FTE, and maintenance employees are responsible for 107,927 square feet per FTE.

**Findings:** A summary of the significant findings in the **facilities** section is as follows:

- During calendar year 2000, WLSD spent a total of \$193,503 on custodial salaries and \$70,160 on maintenance salaries. WLSD spent 2.4 percent, or \$4,644, on custodial overtime and 3.3 percent, or \$2,286, on maintenance-related overtime.
- The 3.5-hour custodian in the middle/high school building is assigned to work as a dishwasher when school is in session. Prior to FY 2001-02, wages for the position were paid out of the General Fund rather than the Enterprise Fund established for Food Service. After recognizing the potential to reduce General Fund expenditures, WLSD reclassified the position, and WLSD is expecting to save approximately \$8,000 in General Fund expenditures for FY 2001-02.

- As a result of WLSD's financial situation, the Board of Education decided not to rehire the Director of Facilities and Support Services for FY 2001-02, and his contract ended on June 30, 2001. While the Director was employed at WLSD, he did not develop a structured maintenance and repair program for the District's facilities. As a result, building maintenance and repairs completed in-house have not been documented and comprehensive repair histories for each facility are unavailable. For FY 2001-02, a work order request form has been developed and is available to employees via WLSD's Intranet so all repair requests can now be documented.
- WLSD currently spends more than \$43,000 for copy machines used in three different buildings. Each building negotiated its own copier agreement and did not take advantage of a discount program such as the State of Ohio Cooperative Purchasing Program. As a result, WLSD pays higher than normal prices for its copiers.
- WLSD recognizes the importance of preventive and scheduled maintenance, however, it does not have a structured maintenance program or a facilities master plan documenting long-term facility needs.
- Despite taking advantage of discounted utilities and completing capital improvement projects to reduce energy expenditures, WLSD's utility expenditures are 9.0 percent higher than the peer district average.

**Commendations:** A summary of the significant commendations in the **facilities** section is as follows:

- Monitoring and tracking time worked has allowed WLSD to keep overtime expenditures to a minimum. By limiting overtime expenditures, WLSD can dedicate additional funds to improving the educational environment for its students.
- Using the work order request form will allow WLSD to increase the maintenance staff's accountability and can be used to develop building maintenance records.

**Recommendations:** A summary of the significant recommendations in the **facilities** section is as follows:

- WLSD should repay the General Fund for the wages paid to the 3.5-hour kitchen custodian for time worked as a dishwasher during the 1999-00 and 2000-01 school years. By repaying the General Fund for food service labor for the previous two school years, WLSD could increase its General Fund balance by approximately \$14,000.
- In addition to using the work order request form, WLSD should develop a work order log form to track maintenance requests and the time and resources used to complete each order.

Completing the daily logs will increase accountability and potentially increase productivity. Instituting the use of a formal work order form and work order logs are significant steps toward implementing a structured maintenance program.

- WLSD should determine its particular copier needs and review all available options prior to entering into a new lease agreement. By using the right size copiers to fit its needs, based on anticipated volume, WLSD could save significantly on its copier costs. If WLSD opted to participate in the State of Ohio Cooperative Purchasing Program, the District could save up to \$20,000 annually.
- WLSD should develop a facilities master plan that focuses on short and long-term building capital improvements and maintenance needs. The development of such a plan will provide facilities support staff with a clearer, more detailed plan for deploying its limited resources, and administrators can use it to communicate funding needs to the Board of Education and voters.
- To reduce utility usage and cost at the elementary school, WLSD should use the installed computerized energy management system and develop a conservation plan for the facility. At the middle/high school building, WLSD should consider adjusting the building temperature. Taking such actions could lead to an annual cost savings of \$23,000.

## ***Transportation***

### **Background:**

WLSD provides transportation for regular and special needs students to and from school using district-owned buses and vans. Transportation is provided for all students regardless of grade level or distance from assigned school. WLSD regular transportation buses traveled approximately 115,000 miles in FY 1999-00 carrying 964 students. The total cost of the regular needs transportation program was \$435,378, or \$452 per student transported. In FY 1999-00, the special education program transported 11 students using district-owned, specially-equipped buses. WLSD transported all special needs students at a total cost of \$44,083, or \$4,008 per student transported. WLSD received over \$165,000 in transportation reimbursements from the State, which represents 34.5 percent of total transportation expenditures.

**Findings:** A summary of the significant findings in the transportation section is as follows:

- WLSD does not have a formal transportation policy and transports all students, regardless of grade level or distance from assigned school. Despite the two-tiered routing methodology in place for students transportation, this practice cost WLSD approximately \$90,000 in FY 1999-00.

- WLSD filed inaccurate T forms with ODE and may be entitled to additional reimbursement monies for the provision of special needs transportation. The per student cost for transporting special needs students was significantly higher than the per student cost for transporting regular needs students.
- WLSD currently has four buses that exceed recommended guidelines for replacement. District officials have examined leasing options to upgrade the bus fleet.
- WLSD is paying retail costs for bus maintenance and fuel. Maintenance and repairs are performed by a local mechanic, and fuel is purchased from a local gas station. WLSD's costs associated with maintenance and fuel are significantly higher than the peers' costs.
- WLSD is not currently using any transportation-related software, although fleet management and maintenance software is available for free from the Hamilton/Clermont Cooperative Association (H/CCA) and may help the District reduce its maintenance costs.

**Recommendations:** A summary of the significant recommendations in the transportation section is as follows:

- WLSD should develop a formal transportation policy outlining any criteria to be used in determining students' transportation eligibility, such as distance from assigned school. This could save WLSD \$54,000 annually.
- WLSD should file an amended T-11 form with ODE to ensure that the District received all special needs reimbursement monies to which it is entitled. Submitting an amended T-11 would save WLSD \$5,000 annually. WLSD should also explore different options to reduce its special needs transportation costs. This could include transporting special needs students on minibuses in conjunction with WLSD's bus fleet replacement plan.
- WLSD should develop alternate means for the provision of bus maintenance and the procurement of bus fuel. By implementing these recommendations, WLSD could save \$75,000 annually. In the long term, WLSD should consider building its own bus facility with a fuel tank, although cheaper, short-term options are also available, such as obtaining free fleet management and maintenance software from the H/CCA.

## Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which WLSD should consider when making the important decisions necessary to establish financial stability while continuing to meet its educational needs. Certain recommendations which are footnoted in the following table are dependent on labor negotiations or community approval. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit report.

**Table 1-1: Summary of Financial Implications**

Ref. No.	Recommendations From All Sections	Annual Cost Savings (Net)	One-time Expenditure Adjustment	Cost Avoidance	One-time Implementation Costs
	<i>Human Resources</i>				
<b>R3.8</b>	Monitor sick leave usage and consider implementing policies to reduce the number of sick days taken by classified staff	\$10,000 <sup>1</sup>			
<b>R3.9</b>	Renegotiate severance payouts for certificated staff to eliminate the 35.0 percent payout over 2 years			\$161,000 <sup>1</sup>	
<b>R3.11</b>	Renegotiate its retirement incentive payout to eliminate the 60.0 percent payout over 3 years			\$161,000 <sup>1</sup>	
	<i>Facilities</i>				
<b>R4.1</b>	Repay the General Fund food service labor costs for FYs 1999-00 and 2000-01		\$14,000		
<b>R4.6</b>	Participate in the Ohio Cooperative Purchasing Program to rebid copier contracts	\$20,000			\$125 <sup>2</sup>
<b>R4.10</b>	Implement energy management and conservation efforts at the elementary school	\$9,000			
<b>R4.11</b>	Implement energy conservation efforts at the middle/high school	\$14,000			
	<i>Transportation</i>				
<b>R5.1</b>	Develop transportation policy	\$54,000			
<b>R5.2</b>	File amended T-11 Form	\$5,000			
<b>R5.5</b>	Bring bus maintenance in-house by building a garage and hiring a full-time mechanic	\$50,000 <sup>3</sup>			\$65,000
<b>R5.6</b>	Bring fuel management in-house by installing a fuel tank and purchasing fuel at discounted rates	\$25,000			\$40,000
<b>Totals</b>		<b>\$187,000 <sup>1</sup></b>	<b>\$14,000</b>	<b>\$322,000 <sup>1</sup></b>	<b>\$105,125</b>

<sup>1</sup> Some items represented in these amounts require negotiation which could affect actual savings.

<sup>2</sup> Represents annual fee to participate in program.

<sup>3</sup> Represents net savings, inclusive of mechanic salary and benefits.



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

### **Objectives and Scope**

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function or activity to develop findings, conclusions and recommendations. Performance audits are usually classified as either economy and efficiency audits or program audits.

Economy and efficiency audits consider whether an entity is using its resources efficiently and effectively. They attempt to determine if management is maximizing output for a given amount of input. If the entity is efficient, it is assumed that it will accomplish its goals with a minimum of resources and with the fewest negative consequences.

Program audits are designed normally to determine if the entity's activities or programs are effective, if they are reaching their goals and if the goals are proper, suitable or relevant. Program audits often focus on the relationship of the program's goals with the actual program's outputs or outcomes. Program audits attempt to determine if the actual outputs match, exceed or fall-short of the intended outputs. This audit was primarily designed as an economy and efficiency audit.

The objectives of performance audits may vary. The AOS has designed this performance audit with the objective of reviewing systems, organizational structures, finances and operating procedures to develop recommendations for reducing operating costs, increasing revenues or improving efficiency. Specific objectives of this performance audit include the following:

- Identify opportunities for improving district effectiveness, responsiveness and quality of service delivery which is cost beneficial;
- Identify opportunities for improving district procedures, work methods and capital asset utilization;
- Determine if the current district's organization is flexible and effectively structured to meet future demands;
- Evaluate financial policies and procedures and provide recommendations for enhanced revenue flow, expenditure reduction ideas or alternative financing techniques;
- Assure administrative activities are performed efficiently and effectively without unnecessary duplication;
- Determine if support activities are sufficient to meet educational objectives;
- Ensure education goals and objectives are supported by the administrative organization;
- Ensure the administrative hierarchy does not diminish teacher effectiveness; and
- Perform an independent assessment of the district's financial situation.

The performance audit topics focus primarily on the system/business side of school district operations. By focusing on systems, the audit provides WLSD with alternative recommendations intended to enable it to operate more efficiently and economically. Enhancements to these systems will assist in improving the delivery of educational services to students.

The performance audit on WLSD covers the following areas of operations:

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

Within WLSD operations, these areas are important to assess because they typically are major cost centers and have the potential to create a significant financial or operational risk.

### **Methodology**

To complete the performance audit, the auditors gathered and assessed a significant amount of data pertaining to WLSD, conducted interviews with various groups associated with WLSD and conducted interviews and assessed information from the peer districts along with other nearby school districts. The methodology is further explained as follows:

### **Studies, reports and other data sources**

In assessing the various performance audit areas, WLSD was asked to provide any previous studies or analyses already prepared on the subject areas. In addition to assessing this information, the auditors spent a significant amount of time gathering and assessing other pertinent documents or information. Examples of the studies and other data sources which were studied include the following:

- Financial forecasts;
- WLSD financial and budgetary reports;
- Board policy manual and meeting minutes, including appropriation resolutions and amendments;
- Negotiated union contracts;
- Organizational charts and position descriptions;
- Various reports from the Education Management Information System (EMIS);
- Cost of Health Insurance in Ohio's Public Sector Report from the State Employee Relations Board (SERB);
- Data from the Bureau of Workers' Compensation (BWC);
- Various ODE transportation forms;

- American School and University's (AS & U) 2001 Annual Maintenance and Operating Cost Study;
- Reports regarding the State Emergency Loan Program and the State Solvency Assistance Fund; and
- Ohio Revised Code and Ohio Administrative Code.

### **Interviews, Discussions and Surveys**

Numerous interviews and discussions were held with many levels and groups of individuals involved internally and externally with WLSD. These interviews were invaluable in developing an overall understanding of WLSD operations and in some cases, were useful sources in identifying concerns with WLSD's operations and in providing recommendations to address these concerns. Examples of the organizations and individuals who were interviewed include the following:

- Administrators and support staff;
- The Ohio Department of Education;
- The Ohio School Facilities Commission (OSFC);
- Representatives from the Clermont County Health Trust;
- Representatives from the State of Ohio Cooperative Purchasing Program; and
- Representatives from the Clermont County Auditor's Office.

### **Benchmark Comparisons with Other Districts**

Three school districts, Brown Local, Minster Local, and Weathersfield Local, were selected to provide benchmark comparisons with WLSD. Performance indicators were established for the various performance audit areas to develop a mechanism for determining how effectively and efficiently WLSD is providing necessary functions. The information was gathered primarily through information contained within EMIS and information provided by the selected peer districts named above.

Certain other performance audits had information or suggested procedures which were used where applicable. These suggested procedures were selected to provide certain benchmark comparisons with WLSD's operations.

### **Comparative Districts**

Peer district comparisons provide information on like practices, statistics and benchmarking data. Brown Local, Minster Local and Weathersfield Local were selected as peers because of similar demographic statistics. Peer averages exclude WLSD, unless otherwise noted. The Statewide average includes all school districts within the State of Ohio. Certain information contained within this executive summary may differ from the individual sections due to the timing of data from ODE.

In addition, information presented in the following tables does not reflect reductions as proposed in WLSD's Financial Recovery Plan for the 2001-02 school year.

Average daily membership (ADM) differs from standard enrollment in that it makes adjustments for attendance and for enrollment in kindergarten, special and vocational education. From 1997 - 2000, WLSD's ADM increased by 3.55 percent. WLSD's ADM was 1,049 in FY 1999-00, which was the lowest among the peer districts and significantly below the peer average for FY 1999-00. WLSD and Minster were the only districts that experienced an increase in ADM over the four-year trend period.

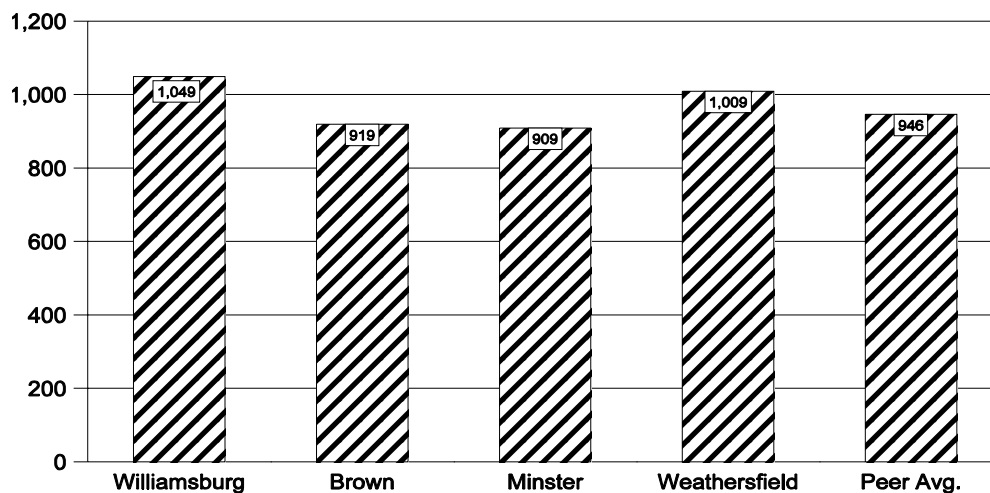
Average Daily Membership					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	1,013	994	1,065	1,049	3.6%
<b>Brown LSD</b>	952	924	989	919	(3.5)%
<b>Minster LSD</b>	857	866	913	909	6.1%
<b>Weathersfield LSD</b>	1,050	1,015	992	1,009	(4.0)%
<b>Peer Average</b>	953	935	965	946	(0.8)%
<b>State Average</b>	2,974	2,953	2,962	N/A	(100.0)%

Source: ODE's SF-12 reports for FY 1996-97 and FY 1997-98; and SF-3 reports for FY 1998-99 and FY 1999-00

Note: ADM figures for WLSD do not include career center students from other districts.

### Average Daily Membership

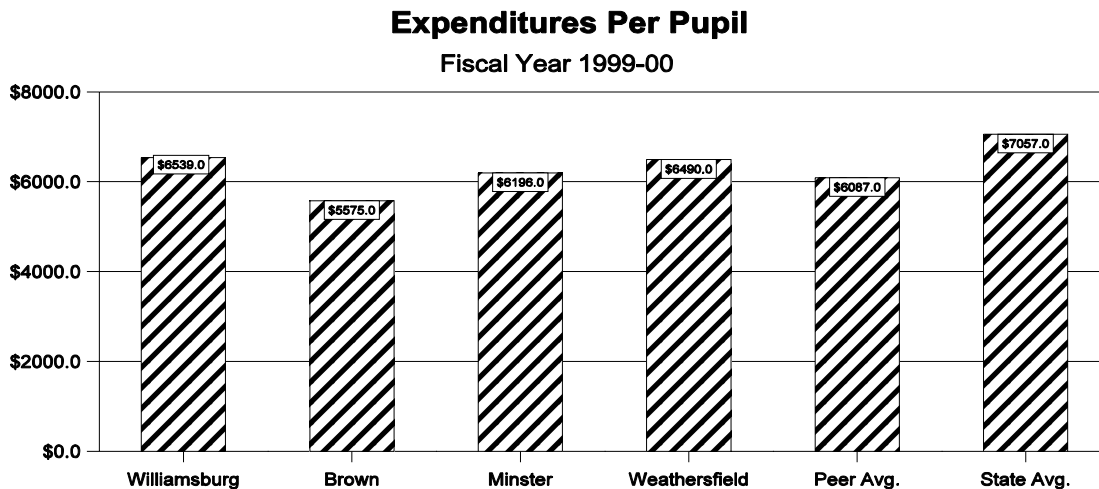
Fiscal Year 1999-00



WLSD’s expenditures per pupil of \$6,539 for FY 1999-00 was the highest among the peer districts. WLSD’s percentage increase over the four-year trend period was the highest among the peer districts, and higher than the State average increase. Furthermore, for FY 1999-00, WLSD’s expenditures per pupil was 7.4 percent higher than the peer average but 7.3 percent lower than the State average.

Expenditures Per Pupil					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	\$4,969	\$5,318	\$5,714	\$6,539	31.6%
<b>Brown LSD</b>	\$4,577	\$5,135	\$5,311	\$5,575	21.8%
<b>Minster LSD</b>	\$5,957	\$5,681	\$6,224	\$6,196	4.0%
<b>Weathersfield LSD</b>	\$5,263	\$5,722	\$6,317	\$6,490	23.3%
<b>Peer Average</b>	\$5,266	\$5,513	\$5,951	\$6,087	15.6%
<b>State Average</b>	\$5,939	\$6,232	\$6,642	\$7,057	18.8%

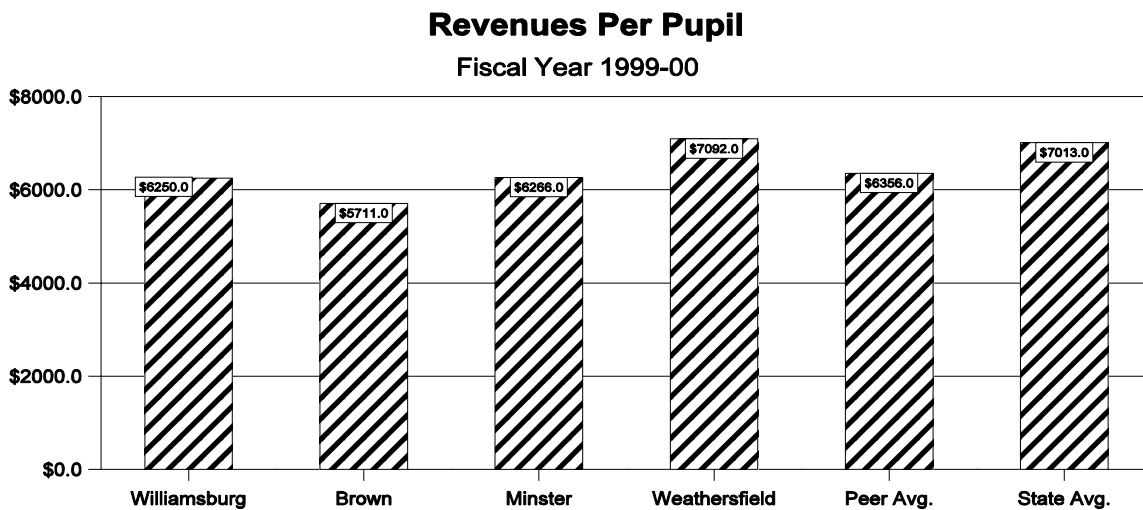
Source: ODE’s School District Report Cards



WLSD's revenues per pupil were approximately \$300 less than its expenditures per pupil for FY 1999-00. In addition, WLSD had the second lowest revenues per pupil among the peer districts in FY 1999-00 and collected \$106 less per pupil than the peer average. It should be noted, however, that WLSD's revenues per pupil in FY 1999-00 were nearly 11 percent lower than the State average.

Revenues Per Pupil					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Williamsburg LSD	\$4,783	\$4,913	\$5,502	\$6,250	30.7%
Brown LSD	\$4,141	\$4,571	\$5,616	\$5,711	37.9%
Minster LSD	\$5,105	\$5,219	\$5,587	\$6,266	22.7%
Weathersfield LSD	\$5,665	\$5,965	\$6,882	\$7,092	25.2%
Peer Average	\$4,970	\$5,252	\$6,028	\$6,356	27.9%
State Average	\$5,767	\$6,177	\$6,681	\$7,013	21.6%

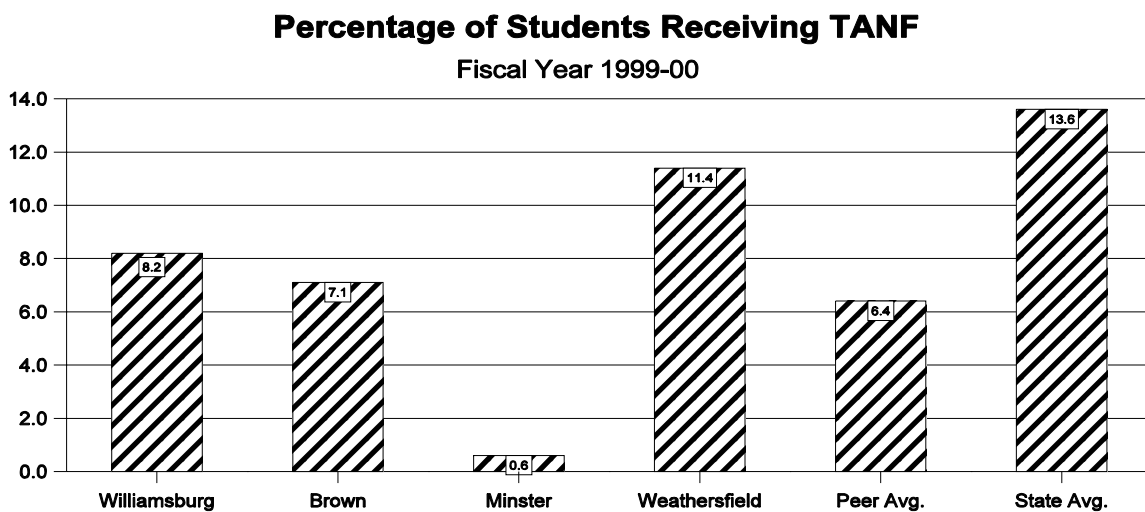
Source: ODE's School District Report Cards



WLSLD had the second highest percentage of students receiving Temporary Assistance for Needy Families (TANF) among the peer districts in FY 1999-00. Approximately 8 percent of WLSLD’s students received TANF in FY 1999-00, which was nearly 28 percent higher than the peer average but almost 40 percent below the State average. Similar to WLSLD, each peer district experienced a reduction in the percentage of students receiving TANF which is commensurate with decline in the State average.

Percentage of Students Receiving Temporary Assistance for Needy Families (TANF)					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	10.2%	9.3%	7.5%	8.2%	(19.6)%
<b>Brown LSD</b>	9.2%	8.3%	6.9%	7.1%	(22.8)%
<b>Minster LSD</b>	0.7%	0.6%	0.5%	0.6%	(14.3)%
<b>Weathersfield LSD</b>	12.6%	13.7%	12.1%	11.4%	(9.5)%
<b>Peer Average</b>	7.5%	7.5%	6.5%	6.4%	(15.1)%
<b>State Average</b>	15.9%	15.0%	13.4%	13.6%	(14.5)%

Source: ODE’s School District Report Cards

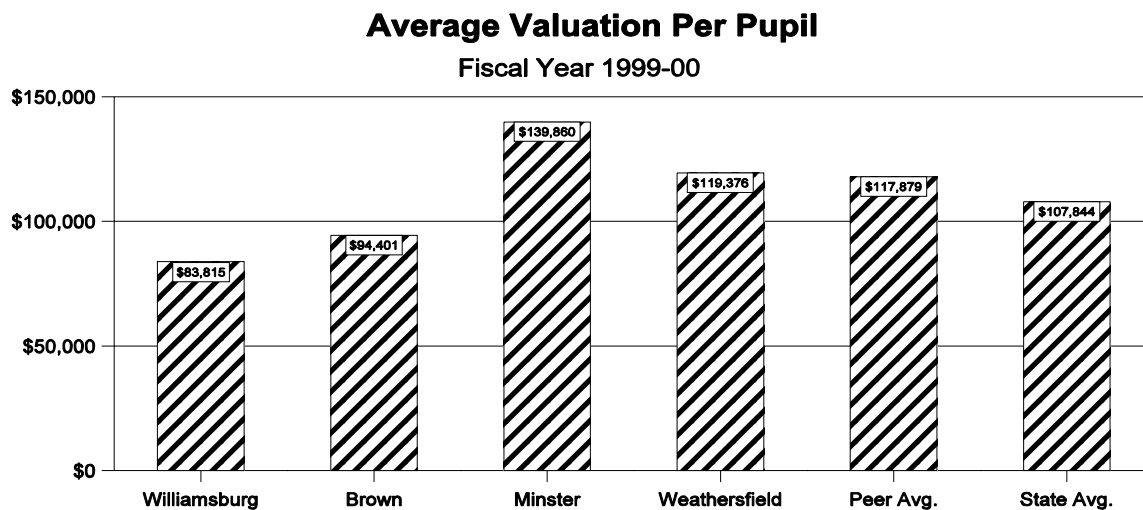


The assessed average property valuation per pupil is an important component in a school district’s funding. Average property valuation is a significant factor in determining the ability of the school district to remain financially viable. Because school district funding in the State of Ohio is driven by local property tax revenue, a higher average property valuation indicates a greater potential to generate income for a school district.

WLSLD average property valuation per pupil was \$83,815 in FY 1999-00, the lowest among the peer districts. Furthermore, this figure is approximately 28.9 percent lower than the peer average and approximately 22.3 percent lower than the State average. WLSLD’s average property valuation increase of 9.7 percent over the four-year period was the lowest among the peer districts and lower than the State average. In comparison to Brown, Minster and Weathersfield, WLSLD is less likely to generate significant revenue from local property taxes.

Average Valuation Per Pupil					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Williamsburg LSD	\$76,423	\$81,097	\$95,617	\$83,815	9.7%
Brown LSD	\$74,488	\$83,433	\$90,193	\$94,401	26.7%
Minster LSD	\$115,411	\$122,101	\$139,260	\$139,860	21.2%
Weathersfield LSD	\$79,223	\$86,257	\$97,998	\$119,376	50.7%
Peer Average	\$89,707	\$97,264	\$109,150	\$117,879	31.4%
State Average	\$91,143	\$95,461	\$99,831	\$107,844	18.3%

Source: Ohio Department of Taxation, School District Average Values per Pupil (SD-1) reports



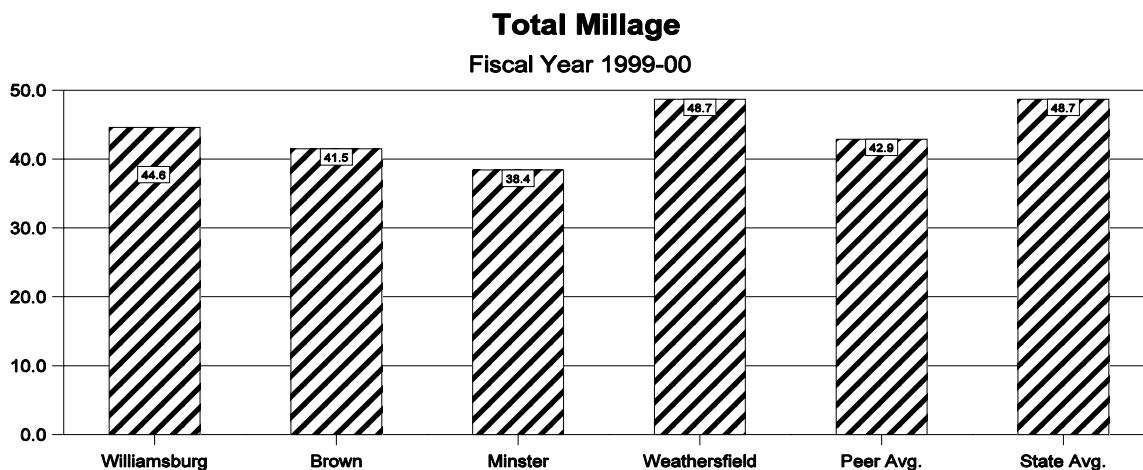


Effective millage and total millage are the measurement units of assessed local property taxes. A mill will raise \$1.00 of tax revenue for every \$1,000 of taxable property value it is levied against. Total millage is the voted rate assessed to the entire local tax base, while effective mills are the rates applied to real property in each school district after the application of the tax reduction factor.

WLSD’s total millage was lower than Weathersfield, but higher than the remaining two peer districts. WLSD’s total millage of 45.0 was 6.1 percent higher than the peer average but 2.9 percent lower than the State average for the same period. WLSD’s decline in total millage (1.3 percent) was inconsistent with the increasing trend of the State and peer averages over the same time period.

Total Millage					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Williamsburg LSD	45.6	45.6	45.6	45.0	(1.3)%
Brown LSD	33.5	40.1	40.1	39.2	17.0%
Minster LSD	38.8	36.8	39.2	39.2	1.0%
Weathersfield LSD	50.1	50.3	49.3	48.7	(2.8)%
Peer Average	40.8	42.4	42.9	42.4	3.8%
State Average	45.4	45.7	45.9	46.3	2.0%

Source: Ohio Department of Taxation, Compilation of School District Published Data reports

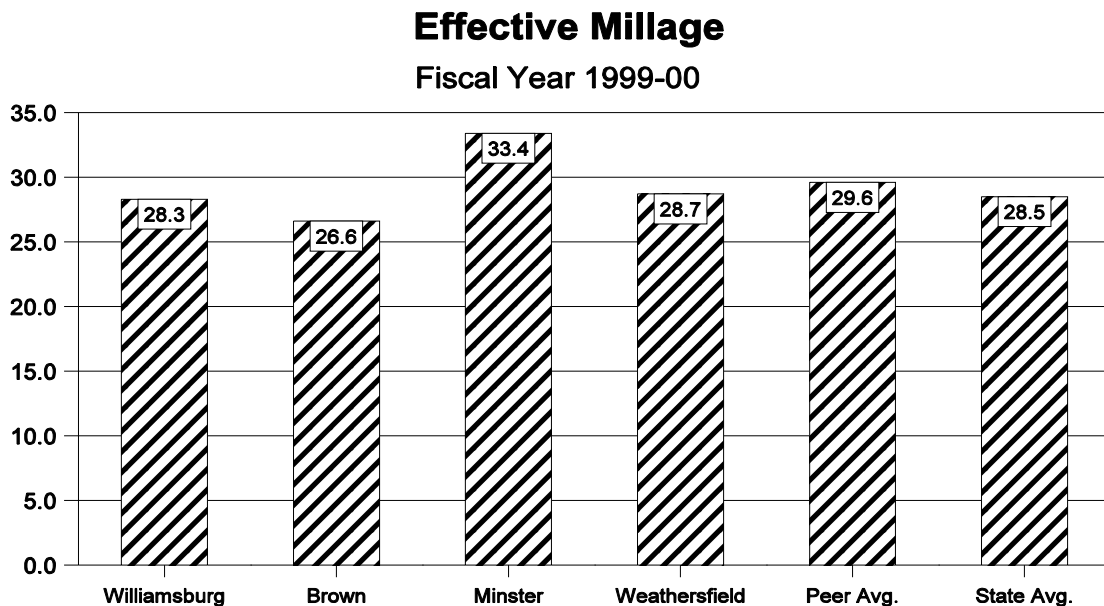


Because of the impact of H.B. 920, effective millage is a more accurate gauge for assessing the amount of revenue school districts generate from property taxes. WLSD’s effective millage was 28.3 in FY 1999-00, highest among the peer districts. For FY 1999-00, WLSD’s effective millage was 7.6 higher than the peer average of 26.3 mills, but slightly lower than the State average of 28.5 mills. However, WLSD’s effective millage declined 10.2 percent, the second highest decline in effective millage over the four-year trend period among the peer districts.

Effective Millage					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	31.5	31.5	31.4	28.3	(10.2)%
<b>Brown LSD</b>	20.8	27.4	27.2	26.3	26.4%
<b>Minster LSD</b>	28.3	26.5	28.9	25.6	(9.5)%
<b>Weathersfield LSD</b>	32.1	32.2	31.2	27.1	(15.6)%
<b>Peer Average</b>	27.1	28.7	29.1	26.3	(2.7)%
<b>State Average</b>	29.2	29.2	28.5	28.5	(2.2)%

Source: Ohio Department of Taxation, Compilation of School District Published Data reports

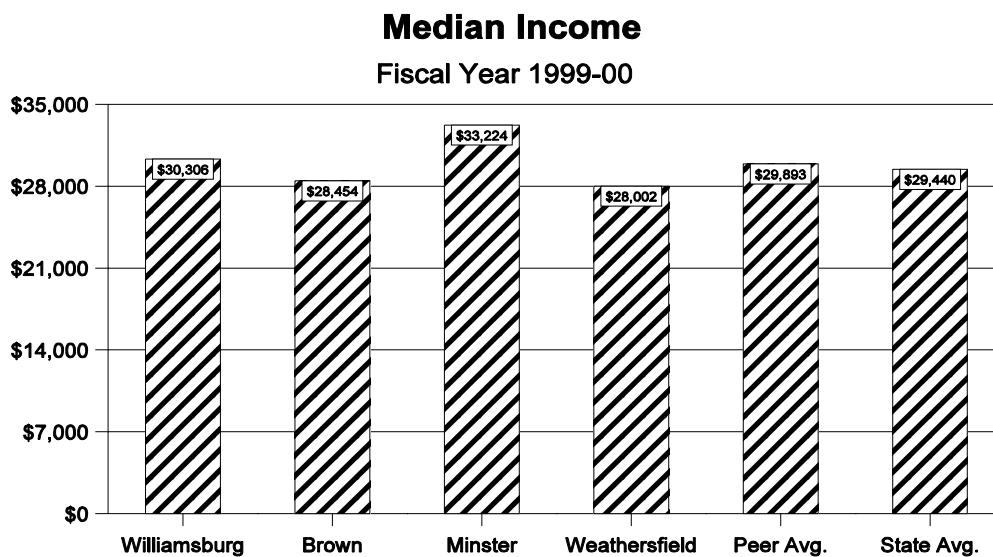
Note: Table includes emergency operating millage.



WLSD’s median income of \$30,306 in FY 1999-00 was the second highest of the peer districts. Over the four-year trend period, WLSD’s median income increased 20.0 percent, approximately the same rate as the highest peer district. For FY 1999-00, WLSD’s median income was 1.3 percent greater than the peer average and 2.9 percent higher than the State average.

Median Income					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	\$25,251	\$25,251	\$26,769	\$30,306	20.0%
<b>Brown LSD</b>	\$24,172	\$24,172	\$26,189	\$28,454	17.7%
<b>Minster LSD</b>	\$27,666	\$29,235	\$30,491	\$33,224	20.1%
<b>Weathersfield LSD</b>	\$23,830	\$25,193	\$27,197	\$28,002	17.5%
<b>Peer Average</b>	\$25,223	\$26,200	\$27,959	\$29,893	18.5%
<b>State Average</b>	\$24,446	\$26,075	\$27,244	\$29,440	20.4%

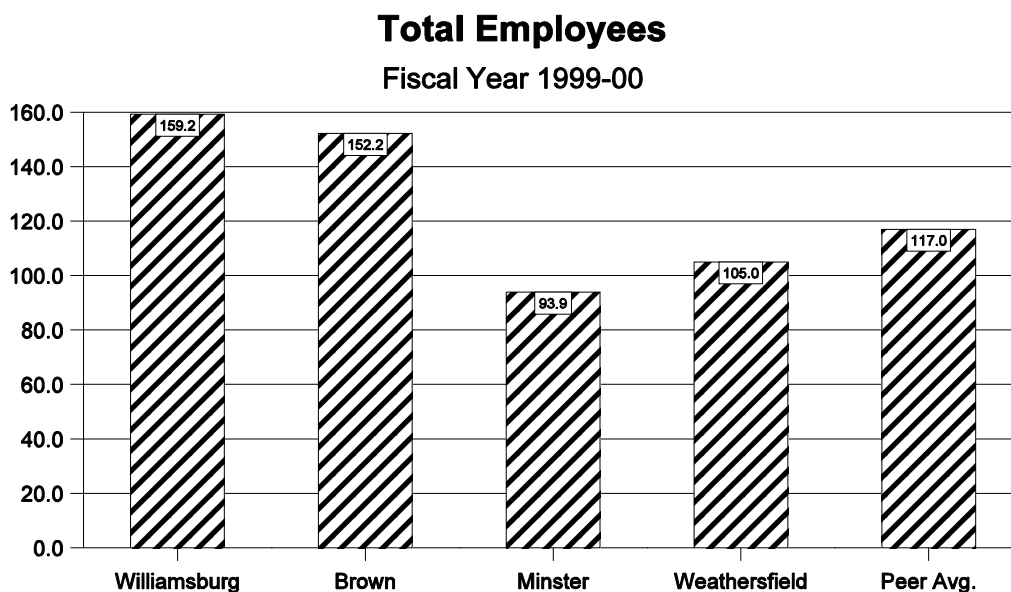
Source: Ohio Department of Taxation, Personal Income Tax Return by School District(Y-2) reports



In FY 1999-00, WLSD had 159.2 employees, which was the highest among the peer districts and significantly higher than the peer average of 117.0 employees. WLSD’s increased total employees by 5.4 percent from FY 1997 through FY 2000, which was slightly lower than the peer average. The following table reflects total employees reported to ODE through EMIS and does not reflect FTE recalculations (see **Human Resources** for adjusted total employees).

Total Employees				
	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1998-00
Williamsburg LSD	151.0	155.0	159.2	5.4%
Brown LSD	95.5	159.9	152.2	10.6%
Minster LSD	86.6	90.0	93.9	8.6%
Weathersfield LSD	99.5	102.0	105.0	5.5%
Peer Average	93.9	117.3	117.0	8.3%

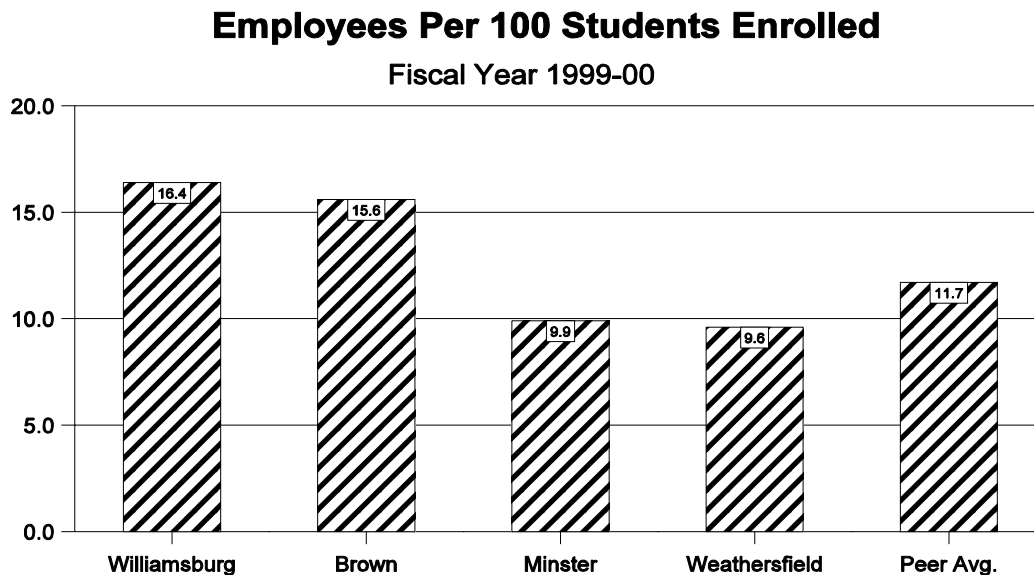
Source: Educational Management Information System (EMIS) Staff Summary reports



The number of employees per 100 students enrolled provides a means for comparing staffing levels from district to district. A higher ratio indicates higher staffing in relation to the student population, and contributes to overall costs per pupil. WLSD had 16.4 employees per 100 students enrolled in FY 1999-00. This figure was highest among the peer districts and was 40.2 percent higher than the peer district average. WLSD's employees per 100 students enrolled ratio was consistently higher than the peer average for all years examined.

Employees per 100 Students Enrolled				
	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
Williamsburg LSD	14.9	14.6	16.4	10.1%
Brown LSD	10.3	15.8	15.6	51.5%
Minster LSD	9.1	9.5	9.9	8.8%
Weathersfield LSD	9.4	9.7	9.6	2.1%
Peer Average	9.2	9.3	11.7	27.2%

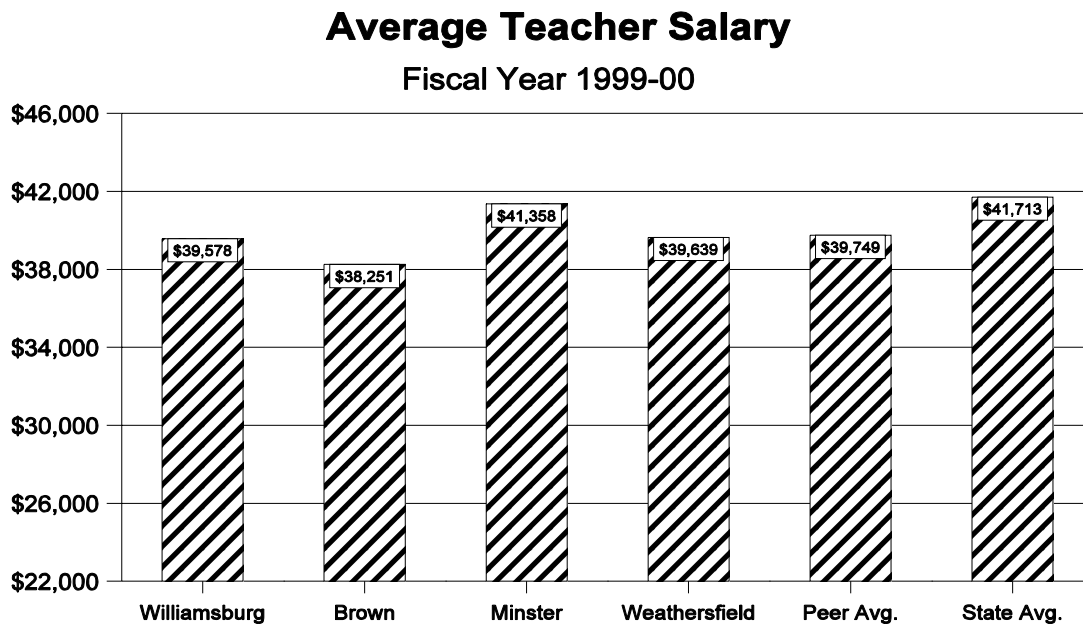
Source: ODE's SF-12 reports for FY 1997-98, and SF-3 reports for FY 1998-99 and FY 1999-00; Educational Management Information System (EMIS) Staff Summary reports



WLSD’s average teacher salary of \$39,578 in FY 1999-00 was only slightly lower than the peer average. However, WLSD’s average teacher’s salary was 5.1 percent lower than the Statewide average for FY 1999-00. Over the four-year trend period, WLSD’s average teacher salary increased at approximately the same rate as the peer average, but increased as a significantly lower rate than the State average.

Average Teacher Salary				
	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	\$38,988	\$38,560	\$39,578	1.5%
<b>Brown LSD</b>	\$39,974	\$36,098	\$38,251	(4.3)%
<b>Minster LSD</b>	\$40,148	\$40,862	\$41,358	3.0%
<b>Weathersfield LSD</b>	\$37,808	\$38,889	\$39,639	4.8%
<b>Peer Average</b>	\$39,310	\$38,616	\$39,749	1.1%
<b>State Average</b>	\$39,836	\$40,746	\$41,713	4.7%

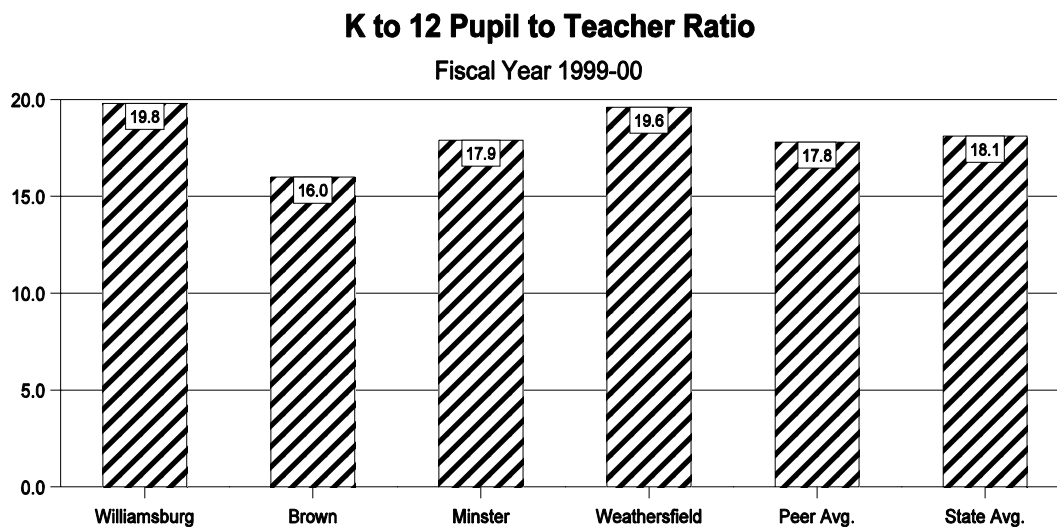
Source: Educational Management Information System (EMIS) Staff Summary reports



WLSD’s average pupil/teacher ratio (class size) was 19.8 for FY 1999-00, the highest among the peer districts and 9.4 percent higher than the State average. Over the four-year trend period, WLSD’s pupil-to-teacher ratio declined 7.9 percent which was a significantly lower than the 16.3 peer average.

K-12 Pupil/Teacher Ratio					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	21.5	21.6	19.8	19.8	(7.9)%
<b>Brown LSD</b>	19.9	19.6	18.6	16.0	(19.6)%
<b>Minster LSD</b>	22.2	22.2	20.3	17.9	(19.4)%
<b>Weathersfield LSD</b>	21.8	20.2	19.4	19.6	(10.1)%
<b>Peer Average</b>	21.3	20.7	19.4	17.8	(16.3)%
<b>State Average</b>	20.7	20.4	18.6	18.1	(12.6)%

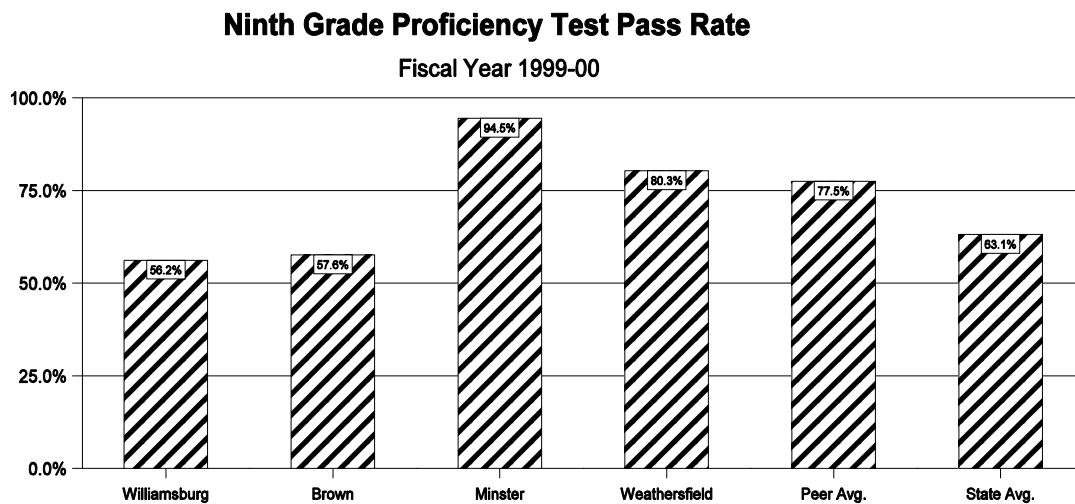
Source: ODE’s School District Report Cards



For FY 1999-00, WLSD’s ninth grade proficiency passage rate was the lowest among the peer districts. The passage rate of 56.2 percent was 27.5 percent lower than the peer average for the same year. Over the four-year trend period, WLSD’s passage rate actually declined, while every peer district showed an increase in passage rates. WLSD’s relatively low passage rate contributed to the District’s designation in academic watch.

Ninth Grade Proficiency Test Passage Rate (All Subjects)					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	56.9	56.5	57.3	56.2	(1.2)%
<b>Brown LSD</b>	46.0	52.6	52.9	57.6	25.2%
<b>Minster LSD</b>	93.5	85.5	98.4	94.5	1.1%
<b>Weathersfield LSD</b>	60.1	74.8	67.4	80.3	33.6%
<b>Peer Average</b>	66.5	71.0	72.9	77.5	16.4%
<b>State Average</b>	55.0	55.6	61.1	63.1	14.7%

Source: ODE’s School District Report Cards





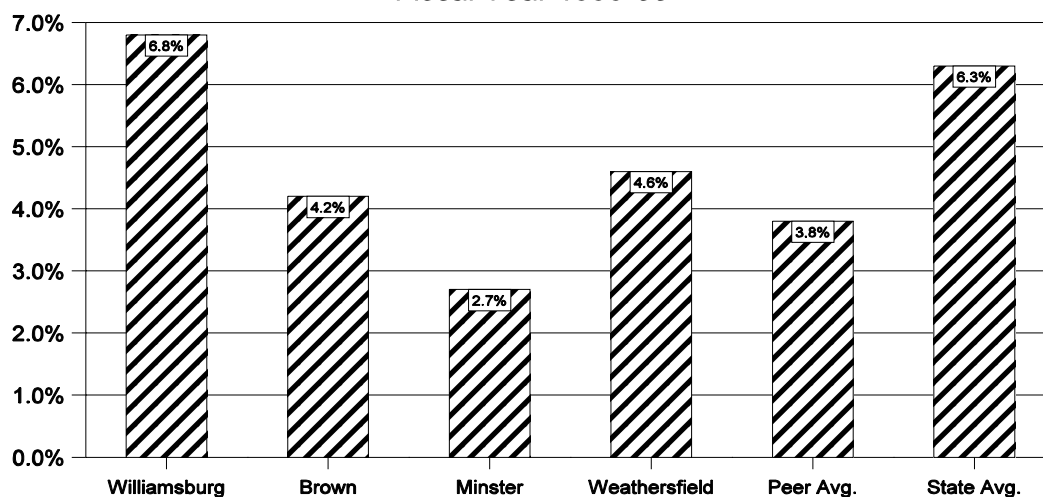
For FY 1999-00, WLSLD’s student absentee rate was 6.8 percent, significantly higher than the next closest peer district. However, WLSLD’s student absentee rate was only slightly higher than the State average. Further, WLSLD experienced an increase in the student absentee rate from FY 1997 through FY 2000 while every peer district, as well as the State average, experienced a decline for this same period.

Student Absentee Rate					
	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	% Change 1997-00
<b>Williamsburg LSD</b>	6.3%	6.4%	6.9%	6.8%	7.9%
<b>Brown LSD</b>	4.7%	4.5%	4.9%	4.2%	(10.6)%
<b>Minster LSD</b>	2.9%	2.7%	3.0%	2.7%	(6.9)%
<b>Weathersfield LSD</b>	5.0%	4.7%	4.7%	4.6%	(8.0)%
<b>Peer Average</b>	4.2%	4.0%	4.2%	3.8%	(9.5)%
<b>State Average</b>	6.4%	6.1%	6.5%	6.3%	(1.6)%

Source: ODE’s School District Report Cards

### Student Absentee Rate

Fiscal Year 1999-00

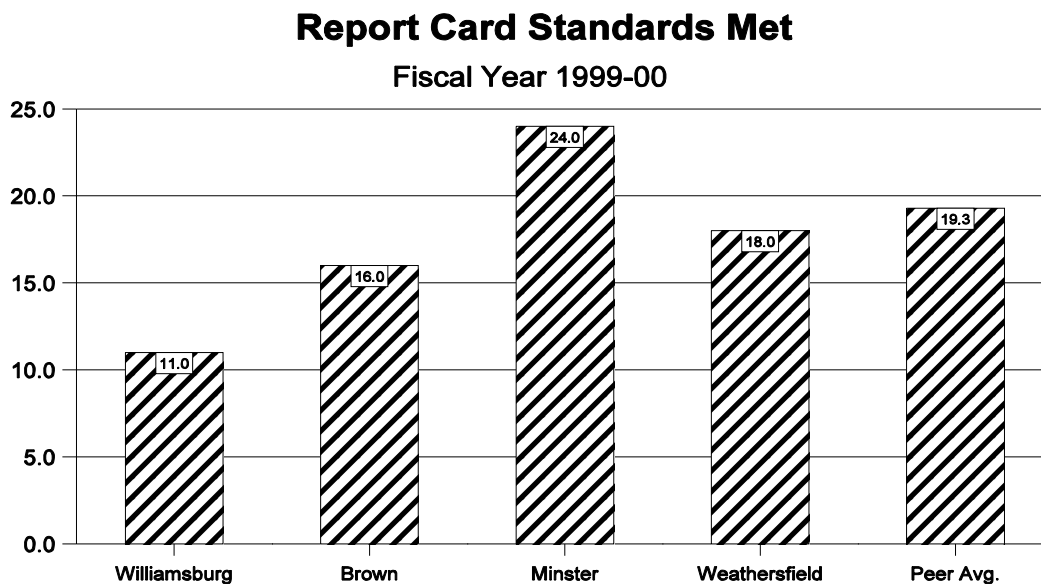


Annually, ODE issues school district report cards which measure attainment of Statewide academic performance standards. These report cards reflect data for the school year prior to the one in which the report card is issued (for example, the 2001 report cards reflect data for the 1999-00 school year). It is important to note that the number of standards increased from 18 to 27 FY 1998-99.

For all years presented, WLSD's report card scores have been lower than the peer district scores. The most recent data places WLSD in the academic watch designation.

Report Card Standards Met			
District	FY 1997-1998	FY 1998-1999	FY 1999-2000
Williamsburg LSD	10.0	10.0	11.0
Brown LSD	8.0	10.0	16.0
Minster LSD	16.0	24.0	24.0
Weathersfield LSD	13.0	18.0	18.0
Peer Average	12.3	17.3	19.3
Total Standards Possible	18.0	27.0	27.0

Source: ODE's School District Report Cards



Of the four peer districts, WLSLD had the second lowest percentage of revenue generated from local sources, nearly 16 percent lower than the peer average and 7.5 percent lower than the Statewide average. WLSLD's percentage of State funding was almost equal to local funding. In addition, WLSLD's percentage of revenues from Federal sources was higher than the peer average for FY 1999-00, although this amount only represented 6.2 percent of total funding. WLSLD's percentage of local revenues have remained relatively constant from FY 1997 through FY 2000, showing only a minimal increase. WLSLD's percentages of revenue from Federal, State and local sources is commensurate with State averages.

Percentage of Revenue - Local					
	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	% Change 1997-2000
<b>Williamsburg LSD</b>	46.6	47.9	47.0	46.7	0.2%
<b>Brown LSD</b>	34.5	40.9	41.5	44.1	27.8%
<b>Minster LSD</b>	65.8	67.6	66.9	68.7	4.4%
<b>Weathersfield LSD</b>	52.5	53.4	51.3	53.7	2.3%
<b>Peer Average</b>	50.9	54.0	53.2	55.5	9.0%
<b>State Average</b>	51.7	51.5	51.0	50.5	(2.3)%

Source: ODE's School District Report Cards

Percentage of Revenue - State					
	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	% Change 1997-2000
<b>Williamsburg LSD</b>	49.4	48.0	48.0	47.1	(4.7)%
<b>Brown LSD</b>	60.5	55.2	54.1	52.5	(13.2)%
<b>Minster LSD</b>	32.7	31.0	31.6	29.8	(8.9)%
<b>Weathersfield LSD</b>	42.6	44.1	45.9	43.5	2.1%
<b>Peer Average</b>	45.3	43.4	43.9	41.9	(7.4)%
<b>State Average</b>	42.3	42.6	43.4	43.7	3.3%

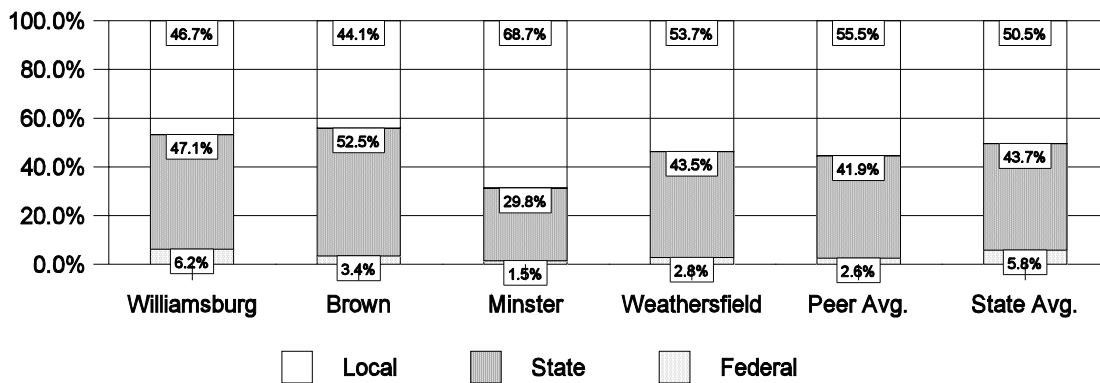
Source: ODE's School District Report Cards

Percentage of Revenue - Federal					
	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000	% Change 1997-2000
Williamsburg LSD	4.0	4.1	5.0	6.2	55.0%
Brown LSD	5.0	3.9	4.4	3.4	(32.0)%
Minster LSD	1.5	1.4	1.5	1.5	0.0%
Weathersfield LSD	4.9	2.5	2.8	2.8	(42.9)%
Peer Average	3.8	2.6	2.9	2.6	(32.5)%
State Average	6.0	5.7	5.6	5.8	(3.3)%

Source: ODE's School District Report Cards

### Percentage of Revenue by Source

Fiscal Year 1999-00



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# Financial Systems

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## Introduction

This section focuses on the financial systems within Williamsburg Local School District (WLS D). The objective of this section is to analyze the current financial condition of WLS D, to evaluate the internal controls, and to develop recommendations for improvements and efficiencies. Findings and recommendations have been segregated into two subsections: Subsection (A), Financial Planning, which includes an assessment of WLS D’s financial condition and the potential impact of the recommendations contained throughout this report on future revenues and expenditures; and Subsection (B), Revenue and Expenditures, which includes assessments of various factors affecting WLS D’s finances.

This section focuses primarily on the General Fund which accounts for approximately 83.0 percent of the revenue collected in all funds. The General Fund supports general district operations and is used to account for all financial resources except those required by law or contract to be accounted for in a separate fund. The General Fund is available for any purpose, provided the expenditures or transfers are made according to the laws of Ohio.

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## A. Financial Planning

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### Background

In accordance with Ohio Revised Code (ORC) § 3316.03, the Auditor of State (AOS) is required to declare a school district to be in a state of fiscal watch if the following conditions are met:

- The district has an operating deficit which exceeds 8.0 percent of the preceding year’s General Fund revenues.
- The district’s unencumbered cash balance in the preceding year was less than 8.0 percent of the General Fund expenditures.
- A levy has not been passed which will raise sufficient revenues to eliminate these conditions.

ORC § 3316.04 requires the AOS to declare a school district to be in a state of fiscal emergency if the district’s board of education fails to submit an acceptable Financial Recovery Plan to the State Superintendent of Public Instruction (State Superintendent) within 60 days of being placed in fiscal

watch. Furthermore, the failure to submit an acceptable update of that Financial Recovery Plan to the Superintendent on an annual basis will also result in a declaration of fiscal emergency.

On April 6, 2001, after conducting an analysis of WLSD's financial condition, AOS declared a \$778,000 operating deficit for the fiscal year ending June 30, 2001, which met the criteria necessary to be placed in fiscal watch. In an effort to avoid being placed in fiscal emergency, the WLSD Board of Education (Board) created a Financial Recovery Plan to address the District's financial difficulties. The Board submitted this plan on May 21, 2001 and it was subsequently approved by the State Superintendent.

### *Financial Forecast*

Assuming an increase in State Foundation revenue and the implementation of the Financial Recovery Plan, the financial forecast presented in **Table 2-1** represents AOS's projection of WLSD's present and future financial condition. The projections, which incorporate the combined General and Disadvantaged Pupil Impact Aid Funds, and that portion of the Debt Service Fund related to General Fund obligations, are accompanied by four years of comparative historical results, general assumptions and explanatory comments.

**Table 2-1: Four-Year Forecast with Four Years of Historical Data (Amounts in 000's)**

	Actual 1997-98	Actual 1998-99	Actual 1999-00	Actual 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05
General Property Tax	\$1,787	\$1,843	\$1,890	\$1,908	\$1,913	\$2,034	\$2,095	\$2,157
Tangible Personal Property Tax	779	938	1,071	304	316	348	358	369
Revenue in Lieu of Taxes	0	0	0	748	669	591	591	591
State Foundation	2,404	2,808	2,851	3,153	3,710	3,894	3,746	3,855
Property Tax Allocation	208	211	239	245	246	260	268	276
All Other Revenues	159	185	147	165	172	178	183	187
<b>Total Operating Revenues</b>	<b>5,337</b>	<b>5,985</b>	<b>6,198</b>	<b>6,523</b>	<b>7,026</b>	<b>7,305</b>	<b>7,241</b>	<b>7,435</b>
Salaries & Wages	3,366	3,674	3,821	3,838	3,628	3,752	3,952	4,164
Benefits	864	908	1,051	965	1,089	1,123	1,224	1,333
Purchased Services	582	708	814	866	952	1,034	1,126	1,231
Supplies and Materials	356	327	380	322	321	332	344	357
Capital Outlay	115	146	229	104	206	185	179	191
Miscellaneous Expenditures	94	170	114	108	111	114	118	121
<b>Total Operating Expenditures</b>	<b>5,377</b>	<b>5,933</b>	<b>6,409</b>	<b>6,203</b>	<b>6,307</b>	<b>6,540</b>	<b>6,943</b>	<b>7,397</b>
<b>Operating Income</b>	<b>(40)</b>	<b>52</b>	<b>(211)</b>	<b>320</b>	<b>719</b>	<b>765</b>	<b>298</b>	<b>38</b>
Ohio Solvency Assistance Loan	0	0	0	778	0	0	0	0
State Advance Payments	0	0	0	0	(389)	(389)	0	0
H.B 264 Payment	(20)	(19)	(18)	(17)	(17)	(20)	0	0
Net Transfers/ Advances - In/(Out)	(47)	(4)	(95)	(250)	(49)	(49)	(49)	(49)
All Other Financing Sources	34	0	23	0	0	0	0	0
<b>Net Financing</b>	<b>(33)</b>	<b>(23)</b>	<b>(90)</b>	<b>511</b>	<b>(455)</b>	<b>(458)</b>	<b>(49)</b>	<b>(49)</b>
<b>Net Results of Operations</b>	<b>(73)</b>	<b>29</b>	<b>(301)</b>	<b>831</b>	<b>264</b>	<b>307</b>	<b>249</b>	<b>(11)</b>
Beginning Cash Balance	338	265	294	(7)	824	1,088	1,395	1,644
<b>Ending Cash Balance</b>	<b>265</b>	<b>294</b>	<b>(7)</b>	<b>824</b>	<b>1,088</b>	<b>1,395</b>	<b>1,644</b>	<b>1,633</b>
Outstanding Encumbrances	152	87	41	80	90	90	90	90
<b>Unencumbered Fund Balance (Deficit)</b>	<b>113</b>	<b>207</b>	<b>(48)</b>	<b>744</b>	<b>998</b>	<b>1,305</b>	<b>1,554</b>	<b>1,543</b>
<b>Reservations of Fund Balance</b>								
Textbooks and Instructional Materials	0	0	0	9	0	0	0	0
Budget Reserve	32	32	86	0	0	0	0	0
Bus Purchases	0	44	20	40	0	0	0	0
<b>Unencumbered/Unreserved Fund Balance (Deficit)</b>	<b>\$81</b>	<b>\$131</b>	<b>\$(154)</b>	<b>\$695</b>	<b>\$998</b>	<b>\$1,305</b>	<b>\$1,554</b>	<b>\$1,543</b>

*Notes to Financial Forecast*

**I. Nature and Purpose of Presentation**

This financial projection presents the expected revenues, expenditures and fund balance of the General Fund of WLSD for each of the fiscal years including June 30, 2001 through June 30, 2005, with historical (unaudited) information presented for the fiscal years ended June 30, 1998, 1999, 2000 and 2001. The General Fund financial data also includes amounts recorded in the DPIA Fund and those portions of the Debt Service Fund which are considered to be General Fund obligations.

The assumptions disclosed herein are based on information obtained from WLSD. Because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time projections are prepared, there will usually be differences between projected and actual results.

These projections include the effects of legislation concerning school funding as outlined in H.B. 94, H.B. 650, H.B. 412 and H.B. 282, as well as S.B. 55, which requires certain educational enhancements. The requirements under H.B. 412 for textbooks and instructional materials are incorporated into this forecast within the supplies, materials and textbooks line item. The requirements under H.B. 412 for capital improvements and maintenance are satisfied within the capital outlay line item and qualifying expenditures in the supplies and materials line item.

In the past, WLSD was required to maintain a budget reserve whenever revenue received for current expenses for the preceding fiscal year was at least three percent greater than the revenue received for current expenses for the second preceding fiscal year. In FY 1999-00 this budget reserve reached \$86,000, however, recent legislation has eliminated this requirement.

**II. Description of the School District**

Under normal circumstances, WLSD operates under the governance of a locally elected five-member board, with each member serving a four-year term. WLSD provides educational services as authorized by State statute and/or Federal guidelines.

Annually, WLSD has a funding average daily membership (ADM) of approximately 1,100 students who are enrolled in one elementary school (grades K-6), and one middle/high school (grades 7-12). WLSD owns one additional building which houses the District administrative offices with the remaining space leased to Clermont County. As of June 2001, WLSD employed 111.3 full-time equivalent (FTE) staff members.



**A. Basis of Accounting**

This financial forecast has been prepared on the cash receipts and disbursements basis of accounting, which is the required basis (non-GAAP) of accounting used for budgetary purposes. Under this method, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligations are incurred. Under State law, WLS D is also required to encumber legally-binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

**B. Fund Accounting**

WLS D maintains its accounting in accordance with the principles of fund accounting. Fund accounting is used by governmental entities to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities. The transactions of each fund are reflected in a self-balancing group of accounts which present an accounting entity that stands separate from the activities reported in other funds.

The General Fund is the operating fund of WLS D and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to WLS D for any purpose provided it is disbursed or transferred in accordance with Ohio law. The DPIA Fund is used to account for monies received for services such as all-day kindergarten. The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and principal. Amounts shown in **Table 2-1** relating to debt service are paid from General Fund revenues.

**III. General Assumptions**

Summarized in the following pages are the significant general assumptions underlying the financial forecast shown in **Table 2-1**. Subsections IV through VII provide further detail on more specific assumptions.

**C. Enrollment/Average Daily Membership (ADM):**

**Table 2-1A** summarizes WLS D's funding ADM for FY 1997-98 through FY 2000-01 as well as the detailed projections for FY 2001-02 through FY 2004-05.

**Table 2-1A: Total Funding ADM**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>ADM</b>	994	1,065	1,058	1,036	1,036	1,036	1,036	1,036

Source: EMIS SF-12 reports FY 1997-98; SF-3 reports FY 1998-99, FY 1999-00 and FY 2000-01

Under the current State Foundation funding formula, a kindergarten student is counted as 50.0 percent of a full-time student in determining ADM. As presented in **Table 2-1A**, the ADM for funding purposes (funding ADM) for FY 1999-00 decreased to 1,058 students from FY 1998-99 levels. ODE has prepared enrollment projections for WLSD that indicate future decreases in enrollment. In contrast, a private firm hired by WLSD has projected ADM to increase steadily through FY 2006-07. Therefore, for the purpose of the forecasts shown in **Tables 2-1** and **2-2**, funding ADM is held constant at 1,036, which is the actual funding ADM reported on the Final FY 2000-01 SF-3 report.

## B. Staffing

**Table 2-1B** summarizes WLSD's historical FTE staffing for FY 1999-00, and cumulative proposed staffing changes and adjusted staffing levels for FY 2000-01 through FY 2004-05. With the exception of the staffing reductions identified in this performance audit, this forecast assumes that WLSD will continue to maintain staffing throughout the projection period at FY 2001-02 levels.

**Table 2-1B: FTE Staffing**

Category	FY 2000 Staffing	Change in FTEs	FY 2001 Staffing	Change in FTEs	FY 2002 Staffing	Change in FTEs	FY 2003 Staffing	Change in FTEs	FY 2004 Staffing	Change in FTEs	FY 2005 Staffing
Administration	6.0	0.0	7.0	(1.0)	6.0	0.0	6.0	0.0	6.0	0.0	6.0
Certificated Staff	64.9	2.4	67.3	(12.4)	54.9	0.0	54.6	0.0	54.6	0.0	54.6
Classified Staff <sup>1</sup>	40.6	(3.6)	37.0	(3.9)	33.1	0.0	33.2	0.0	33.2	0.0	33.2
<b>Total Staff</b>	111.5	(1.2)	111.3	(17.3)	94.0	0.0	93.8	0.0	93.8	0.0	93.8

Source: EMIS Staff Profiles and Superintendent's Office

<sup>1</sup> Staffing reductions for FY 2001-02 have been approved and were put into effect prior to this forecast.

**Table 2-1B** reflects staffing changes outlined in the May 21, 2001, WLSD Financial Recovery Plan. The staffing changes, which reduce 18 employees (17.5 FTEs), have been approved and were put into effect for the FY 2001-02 school year. Under the plan, 12 teachers and 6 classified positions were eliminated. Further information on WLSD staffing changes can be found in the **human resources** section of this report.

**C. Inflation**

It is assumed that inflation will remain at a level consistent with that of recent years, which has been around 3.0 percent. Certain items shown in the assumptions were projected based on a combination of historical data and inflationary increases.

**IV. Revenues - Local, State and Federal**

WLSD's primary sources of revenue are from the State of Ohio, through the State Foundation Program, and from the levying of property taxes on real, public utility and tangible personal property located within WLSD's boundaries.

**A. Local Sources**

**(1) Real Estate Taxes and Tangible Personal Property Taxes:** Property taxes are levied and assessed on a calendar year basis against real, public utility and tangible personal (used in business) property located in WLSD boundaries. Assessed values for real property taxes are established by State law at 35 percent of the appraised market value. All real property is required to be revalued every six years and updated mid-way through the six-year period. The next formal reappraisal will take place in 2002 and will take effect in 2003.

The projection for real estate taxes (residential, agricultural and public utility), tangible personal property taxes and rollback and homestead are based on the following factors:

- FY 2000-01 real estate taxes (residential, agricultural and public utility tangible) and tangible personal property taxes are based on property valuations and effective millage amounts certified by the Clermont County Auditor.
- Annual growth in assessed valuation of 3.0 percent in real property values for FY 2001-02, FY 2003-04 and FY 2004-05 is based on historical trends. A conservative annual growth projection of 10.0 percent for FY 2002-03 was used for residential/agricultural property based on previous reappraisals completed by the Clermont County Auditor.

- Annual growth in assessed valuation of 3.0 percent for commercial/industrial property values for FY 2001-02, FY 2003-04 and FY 2004-05 is based on historical trends. A growth rate of 10.0 percent was projected for FY 2002-03 for commercial/industrial property based on previous reappraisals completed by the Clermont County Auditor.
- Public utility valuations, which increased 1.8 percent in FY 2000-01, are projected to increase at an annual rate of 3.0 percent for the length of the forecast based on historical trends.
- In FY 2000-01, a Foreign Trade Zone (FTZ) was established within the boundaries of WLSD. The establishment of the FTZ causes the designated land and inventory on the property to be exempt from tangible personal property taxes. This is projected to significantly reduce the tangible personal property valuations for FY 2000-01 and beyond. An annual growth rate of 3.0 percent has been applied for FY 2001-02, FY 2003-04 and FY 2004-05 based on historical trends. A conservative growth rate of 10.0 percent has been projected for FY 2002-03 based on previous reappraisals completed by the Clermont County Auditor.

Additionally, beginning in FY 2002-03, H.B. 283 enacts an assessment rate reduction, phasing-out the tax on inventory property over a 25-year period. The inventory reductions slow down the rate of tangible tax growth rather than causing an absolute decline in revenue. A portion of the tax losses from the reductions in inventory valuations will be recovered through increased State Foundation aid.

- Property tax allocations (Homestead/Rollback) include a 10.0 percent property tax rollback for all real property tax owners. In 1979, an additional 2.5 percent rollback was enacted for owner-occupied homes. These tax credits are reimbursed to WLSD through the State and are calculated by applying the appropriate percentages to the residential and commercial properties. Also, included in this category is an exemption for businesses for the first \$10,000 in personal property tax valuation. This exemption is reimbursed by the State and is estimated based on historical trends. Property tax allocations are projected as a percentage of real property taxes (12.8 percent).

The detailed valuation, millage and revenue projections are summarized in **Table 2-1C**:

**Table 2-1C: Property Valuation and Millage**

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>Residential/Agricultural- Assessed Valuation</b>	\$59,598,400	\$61,438,280	\$63,573,712	\$69,931,083	\$72,029,015	\$74,189,886
<b>Commercial/Industrial- Assessed Valuation</b>	13,560,310	13,048,970	13,440,439	14,784,483	15,228,018	15,684,858
<b>Public Utility- Assessed Valuation</b>	7,037,310	7,166,610	7,381,608	7,603,057	7,831,148	8,066,083
<b>Personal Tangible- Assessed Valuation</b>	26,514,760	7,619,610	7,848,198	8,633,018	8,892,009	9,158,769
<b>Total Property Valuation</b>	\$106,710,780	\$89,273,470	\$92,243,957	\$100,951,641	\$103,980,190	\$107,099,596
<b>Authorized Mills</b>						
<b>Operating</b>	33.6	33.6	33.6	33.6	33.6	33.6
<b>Inside</b>	3.9	3.9	3.9	3.9	3.9	3.9
<b>Emergency Operating</b>	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total Authorized Mills<sup>1</sup></b>	40.5	40.5	40.5	40.5	40.5	40.5
<b>Effective Mills to be Levied</b>						
<b>Operating<sup>2</sup></b>	18.0	16.86	16.82	16.1	16.1	16.1
<b>Inside<sup>3</sup></b>	3.9	3.90	3.9	3.9	3.9	3.9
<b>Emergency Operating<sup>4</sup></b>	3.0	3.00	3.0	3.0	3.0	3.0
<b>Total Effective Mills to be Levied<sup>5</sup></b>	24.90	23.76	23.72	23.00	23.00	23.00
<b>Total Projected Real Property Taxes</b>	\$1,890,000	\$1,908,000	\$1,913,000	\$2,034,000	\$2,095,000	\$2,157,000
<b>Total Projected Personal/Tangible</b>	\$1,071,000	\$304,000	\$316,000	\$348,000	\$358,000	\$369,000
<b>Property Tax Allocation</b>	\$239,000	\$245,000	\$246,000	\$260,000	\$268,000	\$276,000

Source: Clermont County Auditor

<sup>1</sup> Authorized mills include all inside and voted mills

<sup>2</sup> Permanent operating effective millage is estimated for FY 2001-02 through FY 2004-05

<sup>3</sup> Inside mills are levied without a vote of the people

<sup>4</sup> Emergency operating levies are passed to yield a specific dollar amount and the millage amounts are assumed to renew throughout the forecasted periods

<sup>5</sup> Effective mills include operating and inside millage which are subject to a 20 mill floor and emergency operating millage which is not subject to a 20 mill floor.

**(1) Revenue in Lieu of Taxes:** On September 9, 1999, Milacron Inc. agreed to make payment in lieu of taxes to WLSB due to the establishment of a foreign trade zone (FTZ) within the boundaries of the company's Williamsburg, Ohio property. By establishing an FTZ within Clermont County, Milacron, Inc. became exempt from owing tangible personal

property taxes. However, Milacron agreed to pay WLSD a certain percentage of tangible personal property taxes that the company would have been liable to pay had the FTZ not been established. **Table 2-1D** displays the estimated payment in lieu of taxes by Milacron, Inc. to WLSD.

**Table 2-1D: Estimated Payment in Lieu of Taxes by Milacron, Inc.**

	Percentage of Personal Tangible Property Valuation Assessed	Projected Tangible Personal Property Valuation	Millage	Estimated Payment in Lieu of Taxes <sup>1</sup>
<b>FY 00-01</b>	95%	\$16,625,000	45 Mills	\$748,000
<b>FY 01-02</b>	85%	\$14,875,000	45 Mills	\$669,000
<b>FY 02-03</b>	75%	\$13,125,000	45 Mills	\$591,000
<b>FY 03-04</b>	75%	\$13,125,000	45 Mills	\$591,000
<b>FY 04-05</b>	75%	\$13,125,000	45 Mills	\$591,000

**Source:** Contract between WLSD and Milacron, Inc.

<sup>1</sup> Payment in lieu of taxes is estimated based on the assumption that Milacron's inventory valuations will not decrease.

## B. State Revenue

- (1) **Foundation Program:** Under the ORC, State Foundation payments are calculated by ODE on the basis of pupil enrollment, classroom teacher ratios, plus other factors for transportation, special education units, extended service and other items of categorical funding. On March 24, 1997, the Ohio Supreme Court (the Court) rendered a decision declaring certain portions of the Ohio school funding plan, including the State Foundation Program, unconstitutional. The Court stayed the effect of its ruling for one year to allow the State Legislature to design a plan to remedy the perceived defects in the system.

The Court also declared the Emergency School Loan Assistance Program (Loan Program) unconstitutional. The Loan Program allowed school districts to borrow money from commercial financial institutions with repayment going directly from the State to the lender by withholding a portion of the school district's future State Foundation payments.

In addition, the Court declared the Classroom Facilities Program unconstitutional because the program has not been sufficiently funded by the State. The Classroom Facilities Program provided money to build schools and furnish classrooms.

Since the 1997 ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Supreme

Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued February 26, 1999, determined they were not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on the issue. The Supreme Court concluded, “...the mandate of the [Ohio] Constitution has not been fulfilled.” The Supreme Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Supreme Court’s March 24, 1997, decision, however, it found that seven “...major areas warrant further attention, study, and development by the General Assembly...”, which include the following:

- the State’s reliance on local property tax funding;
- the State’s basic aid formula;
- the School Foundation Program;
- the mechanism for, and adequacy of, funding for school facilities; and
- the existence of the State’s School Solvency Assistance Fund, which the Supreme Court found to take the place of the unconstitutional Emergency School Loan Assistance Program.

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- Any change in the amount of funds distributed to school districts as a result of modifications to the current plan must be retroactive to July 1, 2001, although a time line for distribution is not specified; and
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of September 24, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

As of December 10, 2001, WLSD is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

### Unrestricted Grants in Aid/Guarantee -

The main components of the State Foundation Program, including revenues and projections by component are presented in **Table 2-1E**.

**Table 2-1E: State Foundation Revenues**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>Total Formula Aid<sup>1</sup></b>	2,065,000	2,541,000	2,492,000	2,775,000	3,227,000	3,329,000	3,157,000	3,241,000
<b>Special Education</b>	161,000	90,000	109,000	129,000	140,000	150,000	159,000	169,000
<b>Vocational Education</b>	47,000	3,000	9,000	7,000	11,000	11,000	11,000	11,000
<b>DPIA</b>	21,000	25,000	21,000	21,000	21,000	21,000	21,000	21,000
<b>Gifted Aid</b>	19,000	0	19,000	18,000	18,000	18,000	18,000	18,000
<b>Transportation</b>	91,000	128,000	157,000	158,000	169,000	182,000	196,000	211,000
<b>Extended Service</b>		1,000	1,000	0	0	0	0	0
<b>Training and Experience of Classroom Teachers</b>	0	10,000	17,000	27,000	27,000	27,000	27,000	27,000
<b>Equalization Enhancement</b>	0	10,000	17,000	3,000	0	0	0	0
<b>Special Ed Transportation</b>	0	0	9,000	15,000	15,000	15,000	15,000	15,000
<b>Speech Only</b>	0	0	0	0	9,000	8,000	9,000	9,000
<b>Parity Aid</b>	0	0	0	0	73,000	133,000	133,000	133,000
<b>Total State Foundation Revenues</b>	<b>\$2,404,000</b>	<b>\$2,808,000</b>	<b>\$2,851,000</b>	<b>\$3,153,000</b>	<b>\$3,710,000</b>	<b>\$3,894,000</b>	<b>\$3,746,000</b>	<b>\$3,855,000</b>

**Source:** SF-12 report for FY 1997-98; SF-3 reports for FY 1998-99, FY 1999-00 and FY 2000-00; ODE SF3 simulations FY 2001-02 through FY 2002-03, State Foundation Summary Statements FY 1997-98 through FY 2000-01

<sup>1</sup> Contrary to ODE projections, WLSD ADM has been kept constant at 1,036 for FY 2001-02 through FY 2004-05. Additionally, year end adjustments contained in the State Foundation Summary of Settlement Reports is included in Total Formula Aid.



**State Foundation:** State Foundation aid amounts for FY 1997-98 through FY 2000-01 are based on actual information obtained from ODE. For FY 2001-02 and beyond, figures are based on ODE State Foundation funding simulations and formula amounts outlined in H.B. 282, and the assumption that funding ADM will be held constant at 1,036.

In the April 6, 2001 LGS forecast, State Foundation payments were projected to total \$2,878,000. However, in June 2001, WLSD received an adjustment to the District's State Foundation revenues due to lower property valuations in Clermont County. In accordance with ORC § 3317.02.8, the county tax commissioner certified that the value of all tangible personal property subject to taxation in the preceding tax year was at least 5.0 percent lower than WLSD's tangible personal property taxable value during the second preceding tax year. Upon receipt of this certification, the Department of Education recomputed the State aid for FY 2000-01. As a result, ODE increased the State aid provided to WLSD resulting in an adjustment of \$251,000 in the Final June 2001 Foundation Settlement Report, increasing the District's total State revenues to \$3,153,000.

**Formula Aid:** A school district's total formula aid provided by the State is determined using a per pupil funding amount multiplied by the school district's funding ADM and reduced by the adjusted recognized property valuation. The per pupil funding amount used in this forecast for FY 2001-02 is \$4,814. For periods after FY 2001-02, the per pupil funding amounts are tentatively set by H.B. 94 to be \$4,949 in FY 2002-03, and \$5,087 in FY 2003-04 and \$5,230 for FY 2004-05. The per pupil funding amounts are reevaluated every six years.

**Special and Vocational Education:** The current State formula provides additional funding to districts to be used in educating students classified as special or vocational education. The additional funding amounts districts receive are determined based on formulas which incorporate weighted average indexes applied to the number of students qualifying under each classification. Beginning in FY 1999-00, a new *speech only* calculation is included in the amount shown for special education. This allowance is for pupils whose special education services consist only of speech therapy. Additionally, other adjustments are made to special and vocational education funding for services provided to special needs pupils attending a district other than their district of residence. The amounts projected for special and vocational education funding for FY 2001-02 are based on the ODE State Foundation funding simulations. Projections for FY 2002-03 through FY 2004-05 are based on historical trends and assume that the State Foundation formula for revenue and expenditures will not change.

**DPIA:** Disadvantaged Pupil Impact Aid provides additional financial support to school districts whose school-age populations have a high incidence of children from families covered under the Temporary Assistance for Needy Families (TANF) and Ohio Works First (OWF) Programs, as well as the subsequent State legislation. This line item provides funding to off-set additional costs associated with full-day kindergarten. Projections for FY 2001-02 are based on the ODE State Foundation funding simulation. Projections for FY 2002-03 through FY 2004-05 assume that this revenue item will remain constant at \$21,000 based on historical levels and ODE projections for FY 2001-02.

**Gifted Aid:** State Foundation funding includes aid for gifted children. If a gifted unit is approved for State funding, the gifted unit aid is determined using a formula which takes into account the experience and training of the gifted teacher, as well as the salary schedule of the teacher plus benefits. For FY 2001-02 through FY 2004-05, gifted aid is forecasted to remain at \$18,000 per year based on ODE SF-3 simulations.

**Transportation:** The State Foundation funding includes reimbursement for the State's share of WLSD's transportation costs. The calculation for this funding was modified in FY 1998-99 and again in FY 1999-00. Under the latest revision, transportation funding is based on a new regression model which establishes the relationship between per pupil transportation cost for Type 1 and 2 transportation, daily miles per pupil and percentage of pupils transported. Forecasted amounts for FY 2001-02 and FY 2002-03 are based on ODE SF-3 simulations. Transportation amounts for FY 2003-04 and 2004-05 assume a 7.6 percent increase per year based on the historical rate of increase.

**Special Education Transportation:** Funding for transportation of special education students is included in the State Foundation payments. Forecasted amounts for FY 2001-02 and FY 2002-03 are based on ODE SF-3 simulations. Funding for special education transportation is projected to remain flat for FY 2003-04 and FY 2004-05.

**Training and Experience of Classroom Teachers:** This line item reflects an adjustment to State funding based on the experience level and education level of WLSD's teachers. Districts like WLSD, that have teaching corps that are above the State average in education and experience, receive additional funding. Funding amounts for FY 2001-02 through FY 2004-05 are expected to remain flat based on ODE SF-3 simulations.

**Equity and Parity Aid:** H.B. 94 phases in a new parity aid funding program to districts that meet certain criteria. Parity aid is based on district wealth and the county cost of doing business factor as calculated by ODE. This portion of the State

Foundation funding is intended to provide additional funds for low wealth school districts. Beginning in FY 1992-93, the State increased Foundation payments by an additional amount to districts whose property wealth fell below a certain threshold established by State legislators. Based on the established formula, the poorest districts receive the most equity aid. In FY 1999-00, WLSD did not receive Equity Aid, as this aid went to the poorest 195 districts in Ohio. Recent changes to Foundation calculations have resulted in a gradual phase-out of Equity Aid by FY 2004-05. Beginning in FY 2001-02, the State began to phase in Parity Aid, which will fully replace Equity Aid in FY 2005-06.

Parity Aid provides additional State funding to approximately 80.0 percent of districts based on combined income and property wealth per pupil. State funding for Parity Aid is restricted to only new programs that the school district implements in the year that the funding is received. For FY 2001-02, and FY 2002-03, Parity Aid has been projected based on ODE SF-3 simulations. Projections for 2003-04 and 2004-05 are based on the phase-in rates of parity aid. WLSD will use parity aid for new educational programs in FY 2001-02 and did not submit a waiver to ODE requesting alternate use of these funds.

- (2) **Property Tax Allocation (Rollback and Homestead Exemptions):** State law grants tax relief in the form of a 10 percent reduction in real property tax bills. In addition, a basic 2.5 percent rollback is granted on residential property taxes and additional relief is granted to qualified elderly and disabled homeowners based on income. However, the State reimburses WLSD for the revenue lost due to these property tax exemptions. Rollback and Homestead exemption revenues are included within the assumptions of the real estate taxes and tangible personal property taxes.

- **Other Revenue Sources**

The main components of other revenues and a detailed projection by component are as follows:

**Table 2-1F: Other Revenues**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>Earnings on Investments</b>	51,000	57,000	70,000	81,000	83,000	86,000	89,000	91,000
<b>Classroom Materials and Fees</b>	16,000	17,000	22,000	32,000	32,000	33,000	34,000	35,000
<b>Tuition</b>	5,000	27,000	34,000	43,000	44,000	46,000	47,000	48,000
<b>Miscellaneous</b>	87,000	84,000	21,000	9,000	13,000	13,000	13,000	13,000
<b>Total Other Revenues</b>	<b>\$159,000</b>	<b>\$185,000</b>	<b>\$147,000</b>	<b>\$165,000</b>	<b>\$172,000</b>	<b>\$178,000</b>	<b>\$183,000</b>	<b>\$187,000</b>

Source: WLSD 4502, Exhibit 2

**Earnings on Investments:** Investment earnings are generated from a fluctuating balance of temporarily available cash. The cash is primarily held in a STAR Ohio account and certificates of deposit. Interest rates are assumed to remain fairly stable throughout the forecast period. Therefore, in projecting investment earnings for FY 2001-02 through FY 2004-05, a 3.0 annual increase is assumed based upon the assumption that WLSD will have excess cash available for investment.

**Classroom Materials and Fees:** Classroom fees are collected for items such as workbooks, vocational education supplies and laboratory materials. Each student is required to pay a fee which covers materials used for that school year. For FY 2000-01, the fees ranged from \$32 for elementary school students, to \$36 for high school students. Projected amounts for FY 2001-02 through FY 2004-05 are based on FY 2000-01 amounts, coupled with an inflationary factor of 3.0 percent per year.

**Miscellaneous:** Miscellaneous revenue consists primarily of contributions, donations, and book fines. Due to historical inconsistencies in this revenue item, future years are projected to remain flat at FY 2001-02 levels.

## V. Expenditures

### A. **Operating Expenditures**

- (1) **Salaries and Wages:** WLSD's certificated staff is currently under contract until December 31, 2001. Negotiations for a new agreement are expected to start in November 2001 with the Board. Under the current agreement, all certificated employees receive a 4.0 percent cost of living adjustment each year and an average step increase of \$1,360. Classified employees have never worked under a negotiated contract, however, the employees are expected to join the Bakery, Confectionery, Tobacco Workers, and Grain Millers Union Local 253 to negotiate a contract with

the Board before January 1, 2002. In July 2000, the classified employees received significant salary increases to make the salaries of these employees comparable to the salaries of other classified employees throughout the State.

Therefore, for the purpose of developing a realistic forecast, all certificated and classified employees are projected to receive a yearly 4.0 percent COLA increase. In addition to the COLA increase, certificated employees are projected to receive a 2.2 percent step increase. Future salary increases were determined by using an average step increase of \$1,360 and applying it to those certificated employees who are eligible.

**Table 2-1G: Salaries and Wages**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>Regular Salaries &amp; Wages</b>	3,094,000	3,359,000	3,559,000	3,489,000	3,320,000	3,489,000	3,677,000	3,876,000
<b>Overtime &amp; Substitutes</b>	118,000	118,000	96,000	111,000	77,000	80,000	82,000	84,000
<b>Supplemental Contracts</b>	130,000	114,000	123,000	134,000	85,000	87,000	92,000	97,000
<b>Severance</b>	14,000	76,000	33,000	102,000	144,000	94,000	99,000	105,000
<b>Other Salaries and Wages</b>	10,000	7,000	10,000	2,000	2,000	2,000	2,000	2,000
<b>Total Salaries &amp; Wages</b>	<b>\$3,366,000</b>	<b>\$3,674,000</b>	<b>\$3,821,000</b>	<b>\$3,838,000</b>	<b>\$3,628,000</b>	<b>\$3,752,000</b>	<b>\$3,952,000</b>	<b>\$4,164,000</b>

Source: District 4502, Statement P

WLSD's total salaries and wages expenditures are expected to decrease \$210,000 from FY 2001 to FY 2002 due to staff reductions outlined in the WLSD Recovery Plan. The following list outlines the major reasons for this decrease.

**Regular Salaries and Wages:** Classified and certificated salaries are expected to decrease 4.8 percent as a result of the reduction of 17.5 FTEs. As outlined in the WLSD Financial Recovery Plan the following staffing changes were made:

- six teachers retired at year end;
- four teachers resigned their positions for personal reasons;
- the contracts of four teachers were suspended according to Article Seven of the Master Contract between the Williamsburg Education Association and WLSD;
- one employee who is presently a counselor was reassigned to a teaching role;
- one other teaching position will be restaffed;

- the remaining twelve teaching positions will be eliminated; and
- six classified positions were eliminated.

After implementing the reductions outlined above, total salaries and wages decreased in FY 2001-02. However, salaries and wages for positions not affected by the WLSD Financial Recovery Plan increased 4.7 percent due to COLAs (4.0 percent) and step increases (0.7 percent). Salaries and wages are expected to increase 5.1 percent in FY 2002-03 with step increases accounting for 1.1 percent of this increase and the other 4.0 percent due to COLAs. In FY 2003-04, step increases will account for 1.4 percent of the total salary increase and 0.7 percent in FY 2004-05. The **human resources** section of this report contains a more detailed analysis of staffing reductions.

**Overtime and Substitutes:** Expenditures for overtime are forecasted to decrease slightly due to WLSD limiting the total amount of overtime earned by employees, however, substitute expenditures are expected to remain constant. Therefore, overtime and substitute expenditures are forecasted to increase at a rate of 3.0 percent.

**Supplemental Contracts:** Twenty-seven supplemental positions will be reduced for FY 2001-2002. Many of the eliminated positions are within the athletic department, although some of the positions are education related. For FY 2002-03 through FY 2004-05, supplemental contracts have been projected based on the percentage relation to regular salaries and wages (2.5 percent). The **human resources** section of this report contains a more detailed analysis of supplemental staffing reductions.

**Severance:** WLSD offers severance pay to both certificated and classified employees of up to one-fourth of the accumulated sick leave and unused sick leave upon retirement to be paid at the employee's current per diem rate. Classified employees can receive pay for 25.0 percent of a maximum 50 unused sick days. Severance pay is expected to increase significantly due in FY 2000-01 and FY 2001-02 due to an increase in the number of teachers who retired in FY 2000-01, and will retire in FY 2001-02 as indicated in the Financial Recovery Plan. For FY 2002-03 and beyond, severance pay expenditures are based on WLSD estimations of employees eligible for retirement. More information on severance pay is available in the **human resources** section of this report.

**Other Salaries and Wages:** Other salaries and wages are projected to remain flat for the remainder of the forecast period.

- (2) **Fringe Benefits:** The main components of fringe benefits and a detailed projection by component are presented in **Table 2-1H**.

**Table 2-1H: Fringe Benefits**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>Medical and Life Insurance</b>	313,000	350,000	375,000	356,000	402,000	455,000	514,000	580,000
<b>Retirement Contributions</b>	512,000	516,000	623,000	578,000	564,000	593,000	623,000	652,000
<b>Worker's Compensation</b>	10,000	10,000	18,000	(7,000)	27,000	34,000	44,000	56,000
<b>Unemployment Insurance</b>	1,000	0	1,000	2,000	60,000	3,000	3,000	3,000
<b>Medicare</b>	28,000	32,000	34,000	36,000	36,000	38,000	40,000	42,000
<b>Total Fringe Benefits</b>	<b>\$864,000</b>	<b>\$908,000</b>	<b>\$1,051,000</b>	<b>\$965,000</b>	<b>\$1,089,000</b>	<b>\$1,123,000</b>	<b>\$1,224,000</b>	<b>\$1,333,000</b>

Source: WLSD District 4502, Statement P

**Medical and Life Insurance:** LGS forecasted medical and life insurance costs to be \$454,000 for FY 2000-01 compared to actual costs of \$356,000. According to the WLSD treasurer, medical and life insurance costs decreased due to a decreased number of employee family members receiving coverage. For FY 2001-02 through FY 2004-05, medical and life insurance is projected to increase by 13.0 percent per year based on industry trends.

**Retirement Contribution:** Retirement contributions appeared to have decreased significantly from FY 1999-00 to FY 2000-01. However, the WLSD treasurer stated that an advance was made to STRS in June 2000, which covered retirement contributions for FY 2000-01. Retirement contributions are forecasted to decrease further in FY 2001-02 due to staffing reductions that will go into effect that year. In projecting expenditures for retirement contributions for the remainder of the forecast period, the average historical percentage of retirement to salaries and wages of 17.0 percent was applied.

**Workers' Compensation:** Workers' compensation is forecasted to increase at a rate of 28.0 percent per year based on calculations provided by the WLSD treasurer. Employee experience and total payroll expenditures were taken into consideration when calculating this line item.

**Unemployment Insurance:** An analysis for the past three years indicates that unemployment expenditures have been immaterial. However, unemployment insurance costs are expected to increase for FY 2001-02 due to the RIF of four certificated employees and the reduction of six classified employees.

**Medicare:** Medicare benefit costs are based on related anticipated payroll costs for the forecasted period. Therefore, for FY 2001-02, Medicare costs are expected to remain flat due to staffing reductions. For FY 2002-03 through FY 2004-05 the forecast assumes a 5.0 percent annual inflationary increase.

- (3) **Purchased Services:** The main components of Purchased Services and a detailed projection by component are presented in **Table 2-1I**. For purchased services line items, a 3.0 percent inflationary factor was used for future projections excluding those detailed below.

**Table 2-1I: Purchased Services**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>Professional/Technical Services</b>	88,000	239,000	269,000	315,000	369,000	431,000	505,000	590,000
<b>Property Services</b>	182,000	136,000	158,000	167,000	181,000	187,000	192,000	198,000
<b>Travel/Meeting</b>	11,000	(14,000)	8,000	(2,000)	2,000	2,000	2,000	2,000
<b>Communication</b>	47,000	38,000	22,000	46,000	47,000	49,000	52,000	54,000
<b>Utilities</b>	151,000	211,000	194,000	216,000	222,000	229,000	236,000	243,000
<b>Contracted Craft/ Trade Services</b>	6,000	5,000	4,000	1,000	2,000	2,000	2,000	2,000
<b>Tuition</b>	97,000	93,000	151,000	113,000	116,000	120,000	123,000	127,000
<b>Pupil Transportation</b>	0	0	8,000	10,000	13,000	14,000	14,000	15,000
<b>Total</b>	<b>\$582,000</b>	<b>\$708,000</b>	<b>\$814,000</b>	<b>\$866,000</b>	<b>\$952,000</b>	<b>\$1,034,000</b>	<b>\$1,126,000</b>	<b>\$1,231,000</b>

Source: WLSD 4502, Statement P

**Professional/Technical Services:** Professional/technical services are comprised mainly of expenditures for services related to special education. Services such as speech therapy and psychology are not provided by WLSD staff, but are provided by contracted professionals. The lack of qualified professionals who provide these services in Clermont County has caused a significant increase in costs. For this reason, professional/technical services are expected to increase 17.0 percent per year from FY 2001-02 through 2004-05.

**Property Services and Communication:** These line items experienced great fluctuation in years prior to FY 2000-01, due to the process of recording these expenses under the incorrect code. Starting in FY 2000-01, these expenses will be recorded consistently under the correct code and are projected to increase at a rate of 3.0 percent.



**Utilities:** Utilities expenditures have been erratic prior to FY 2000-01. Due to the inconsistent nature of this line item, expenditures for utilities have been projected to increase at a rate of three percent for FY 2001-02 through FY 2004-05.

**Travel/Meeting Expenses:** WLSD budgets expenditures for employee training and licensing. For subsequent years, these expenses are expected to remain flat.

- (4) **Materials, Supplies and Textbooks:** Qualifying H.B. 412 expenditures used to meet the textbook and instructional supplies set-aside requirements are expected to be made from the instructional supplies and textbooks line-items within the General Fund. This account typically includes supply and material items used for both instructional purposes and support activities, such as maintenance, transportation, central office and administration.

The forecast assumes that only instructional-related expenditures qualify to meet set-aside requirements. Future expenditures for instructional materials and supplies are forecasted in amounts sufficient to meet the spending requirements. It is assumed that each year the set-aside requirements will be expended and no additional unused balance will be carried forward to the succeeding year. The projected expenditures for supplies, materials and textbooks are presented in **Table 2-1J**.

**Table 2-1J: Supplies and Materials**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>Instructional Supplies</b>	141,000	158,000	166,000	61,000	60,000	61,000	63,000	67,000
<b>Textbooks</b>	69,000	31,000	45,000	122,000	123,000	127,000	131,000	134,000
<b>Library Books</b>	13,000	7,000	13,000	4,000	0	0	0	0
<b>Periodical, Newspapers, Films &amp; Filmstrips</b>	15,000	8,000	2,000	2,000	0	0	0	0
<b>Supplies and Material for Operations, Maintenance and Repair</b>	118,000	123,000	154,000	133,000	138,000	144,000	150,000	156,000
<b>Total Supplies, Materials &amp; Textbooks</b>	<b>\$356,000</b>	<b>\$327,000</b>	<b>\$380,000</b>	<b>\$322,000</b>	<b>\$321,000</b>	<b>\$332,000</b>	<b>\$344,000</b>	<b>\$357,000</b>

Source: WLSD 4502, Statement P

Prior to FY 2000-01, WLSD textbook purchases were recorded in the supplies category, which did not present an accurate representation of textbook expenditures. Starting in FY 2001-02, textbook purchases have been properly classified.

**Library Books:** Expenditures for library books have fluctuated between \$4,000 and \$13,000 from FY 1997-98 through FY 2000-01. FY 2001-02 through FY 2004-05, WLSD is projected to eliminate all expenditures for library books as outlined in the WLSD Financial Recovery Plan.

**Periodicals, Newspapers, Filmstrips:** Expenditures for periodicals, newspapers, and filmstrips have decreased significantly from FY 1997-98 to FY 2000-01. For 2001-02 through FY 2004-05, WLSD is projected to eliminate all expenditures for periodicals, newspapers, and filmstrips as outlined in the WLSD Financial Recovery Plan.

**Supplies and Materials for Operations, Maintenance and Repair:** Expenditures for supplies and materials for operations, maintenance and repairs are expected to increase at the historical rate of 4.0 percent for FY 2001-02 through FY 2004-05.

- (5) **Capital Outlay:** The main components of capital outlay and a detailed projection by component are as follows:

**Table 2-1K: Capital Outlay**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>Equipment</b>	71,000	135,000	118,000	102,000	142,000	181,000	175,000	186,000
<b>Equipment - Replacements</b>	6,000	11,000	49,000	2,000	4,000	4,000	4,000	5,000
<b>Vehicles</b>	38,000	0	62,000	0	60,000	0	0	0
<b>Totals</b>	<b>\$115,000</b>	<b>\$146,000</b>	<b>\$229,000</b>	<b>\$104,000</b>	<b>\$206,000</b>	<b>\$185,000</b>	<b>\$179,000</b>	<b>\$191,000</b>

Source: WLSD 4502, Statement P

For FY 2000-01, capital expenditures for equipment decreased 14.5 percent from FY 1999-00, due to not purchasing any school buses and fewer general equipment purchases and repairs. For FY 2001-02 through FY 2004-05, WLSD has no major initiatives planned, however, expenditures for capital improvements are expected to meet H.B. 412 spending requirements.

- (6) **Miscellaneous Expenditures:** The main components of WLSD's miscellaneous expenditures and a detailed projection by component are presented in **Table 2-1L**.

**Table 2-1L: Miscellaneous Expenditures**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
Dues & Fees	90,000	166,000	111,000	105,000	108,000	111,000	115,000	118,000
Insurance	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Awards & Prizes	2,000	1,000	0	0	0	0	0	0
<b>Totals</b>	<b>\$94,000</b>	<b>\$170,000</b>	<b>\$114,000</b>	<b>\$108,000</b>	<b>\$111,000</b>	<b>\$114,000</b>	<b>\$118,000</b>	<b>\$121,000</b>

Source: WLSLD 4502, Statement P

**Dues and Fees:** In FY 2000-01, dues and fees decreased slightly from FY 1999-00. However, for FY 2001-02 through FY 2004-05, dues and fees are projected to increase by 3.0 percent per year based on the historical inconsistencies in this line item. The majority of the cost of this line item is for county auditor fees.

**Insurance:** For FY 1998-99 through FY 2000-01, insurance expenditures increased slightly. For FY 2001-02 through FY 2004-05, insurance expenditures are projected to increase at a rate of 3.0 percent per year.

**Awards and Prizes:** Awards and prizes were eliminated in FY 1999-00 and are forecasted to remain at zero for the length of the forecast.

## VI. Debt Service

Outstanding debt balances as of June 2001 are presented in **Table 2-1M**. The table shows the annual debt service requirement in each issue for the forecasted period. The forecast assumes WLSLD will pay debt obligations as they come due.

**Table 2-1M: Debt Service**

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
H.B. 264 (October 1992)	15,000	15,000	15,000	20,000	0
Ohio Solvency Assistance Loan	0	0	389,000	389,000	0
<b>Total Principal</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$404,000</b>	<b>\$409,000</b>	<b>\$0</b>
H.B. 264	3,000	2,000	2,000	0	0
Ohio Solvency Assistance <sup>1</sup>	0	0	0	0	0
<b>Total Interest</b>	<b>\$3,000</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Debt Service</b>	<b>\$18,000</b>	<b>\$17,000</b>	<b>\$406,000</b>	<b>\$409,000</b>	<b>\$0</b>

Source: WLSLD 4502, Statement L; District debt schedules

<sup>1</sup> School Districts borrowing through the Ohio Solvency Assistance program receive the monies interest free.

In March, 1996, WLS D borrowed \$4.255 million to use for the Classroom Facilities Fund. The proceeds from this bond are used to pay the district's portion of the construction costs of the high/middle school building. The current outstanding balance is \$3.775 million.

H.B. 412 eliminates the state emergency loan fund and replaces it with the solvency assistance fund. After March 24, 1998, school districts are no longer being approved for borrowing under the state emergency loan fund and must borrow from the state solvency assistance fund. Under the new program, WLS D borrowed \$778,000 interest free in FY 2000-01 and will repay this amount with two yearly payments of \$389,000 beginning in FY 2001-2002.

The H.B. 264 energy conservation notes are authorized by legislation to be issued for the sole purpose of making capital improvements which result in energy efficiencies. Under this program, WLS D borrowed approximately \$135,000 in October 1992. The current outstanding balance on the amount borrowed in FY 1999-00 is approximately \$35,000.

**VII. Other Sources and Uses of Funds**

**A. Transfers and Advances In/Out**

For FY 2000-01, WLS D paid supplemental positions for the athletic department out of the athletic fund, which differed from the previous practice of paying these positions out of the General Fund. As a result, \$149,000 was transferred out of the General Fund to cover the costs of these contracts. After FY 2000-01, WLS D will revert to the previous practice of paying these positions out of the General Fund. For the forecast, it is assumed WLS D will have to make annual transfers of \$49,000 out of the General Fund, which is based on a historical average prior to FY 2000-01, to cover deficit balances in other funds.

**B. Reserves**

In the past, H.B. 412 required school districts to maintain a budget reserve when certain conditions were met. Whenever revenue received for current expenses for the preceding fiscal year was at least three percent greater than the revenue received for current expenses for the second preceding fiscal year, WLS D was required to set-aside as a budget reserve not less than one percent of the revenue received for current expenses for the preceding fiscal year. The minimum one percent set-aside continued each year until the accumulated budget reserve equaled five percent of the revenue received for current expenses for the preceding fiscal year.

H.B. 770 also requires districts receiving a rebate from the Ohio Bureau of Workers Compensation (BWC) to apply the amount of the rebate toward the budget reserve requirement in the year the rebate is received. For rebates occurring in FY 1997-98 or FY

1998-99, the amount received was to be added to the budget reserve in addition to any applicable one percent set aside. In future years, any rebates received should be used to offset any required contributions in that particular year.

Recently, legislation was passed which eliminated the requirement to pay additional monies to the budget reserve. In order to close the budget reserve, the accumulated balance was transferred to the General Fund.

- C. **Encumbrances and Other Reserves:** In accordance with the ORC, WLSD is required to consistently use the encumbrance method of accounting for budget management and control. Under this method, purchase orders, contracts, resolutions and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation for future payments.

Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The projection assumes the outstanding encumbrances for each year during the projection period will be \$90,000, which is the four-year historical average.

### *Summary of Performance Audit Recommendations*

**Table 2-2** is being presented as a potential financial forecast for WLSD management. It is a management tool to be utilized to assess the impact that implementation of the various performance audit recommendations will have on WLSD's financial condition. This forecast contains the same financial projections as presented in **Table 2-1** with additional lines including the financial implications associated with the performance audit recommendations, implementation costs for performance audit recommendations and any action taken to date by the WLSD management. Accompanying tables (**Table 2-2A** through **Table 2-2C**) summarize the financial implications associated with the recommendations contained within this report. Some recommendations could be implemented immediately, while others will require further management action to realize the proposed savings. In addition, implementation costs and cost avoidance associated with the various recommendations are also summarized.

The performance audit recommendations presented in **Table 2-2A** which affect WLSD are broken down into two categories; those recommendations subject to negotiation and those recommendations not subject to negotiation.

For WLSD to sustain financial stability, it will be necessary to make prudent management decisions. This performance audit provides a series of ideas and recommendations which WLSD management should consider. However, this audit is not all inclusive, and other cost savings and revenue enhancements should be explored and incorporated into the Financial Recovery Plan of WLSD.

WLSD should update the Financial Recovery Plan on an ongoing basis as critical financial issues are addressed.

**Table 2-2: Proposed Financial Recovery Plan**

	Actual 1997-98	Actual 1998-99	Actual 1999-00	Actual 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05
General Property Tax	\$1,787	\$1,843	\$1,890	\$1,908	\$1,913	\$2,034	\$2,095	\$2,157
Tangible Personal Property Tax	779	938	1,071	304	316	348	358	369
Revenue in Lieu of Taxes	0	0	0	748	669	591	591	591
State Foundation	2,404	2,808	2,851	3,153	3,710	3,894	3,746	3,855
Property Tax Allocation	208	211	239	245	246	260	268	276
All Other Revenues	159	185	147	165	172	178	183	187
<b>Total Operating Revenues</b>	<b>5,337</b>	<b>5,985</b>	<b>6,198</b>	<b>6,523</b>	<b>7,026</b>	<b>7,305</b>	<b>7,241</b>	<b>7,435</b>
Salaries & Wages	3,366	3,674	3,821	3,838	3,628	3,752	3,952	4,164
Benefits	864	908	1,051	965	1,089	1,123	1,224	1,333
Purchased Services	582	708	814	866	952	1,034	1,126	1,231
Supplies and Materials	356	327	380	322	321	332	344	357
Capital Outlay	115	146	229	104	206	185	179	191
Miscellaneous Expenditures	94	170	114	108	111	114	118	121
<b>Performance Audit Rec (Table 2-2A)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(338)</b>	<b>(158)</b>	<b>(158)</b>	<b>(158)</b>
<b>Implementation Costs (Table 2-2B)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>Total Operating Expenditures</b>	<b>5,377</b>	<b>5,933</b>	<b>6,409</b>	<b>6,203</b>	<b>6,114</b>	<b>6,422</b>	<b>6,825</b>	<b>7,279</b>
<b>Operating Income</b>	<b>(40)</b>	<b>52</b>	<b>(211)</b>	<b>320</b>	<b>912</b>	<b>883</b>	<b>416</b>	<b>156</b>
Ohio Solvency Assistance Loan	0	0	0	778	0	0	0	0
State Advance Payments	0	0	0	0	(389)	(389)	0	0
H.B 264 Payment	(20)	(19)	(18)	(17)	(17)	(20)	0	0
Net Transfers/ Advances - In/(Out)	(47)	(4)	(95)	(250)	(49)	(49)	(49)	(49)
All Other Financing Sources	34	0	23	0	0	0	0	0
<b>Net Financing</b>	<b>(33)</b>	<b>(23)</b>	<b>(90)</b>	<b>511</b>	<b>(455)</b>	<b>(458)</b>	<b>(49)</b>	<b>(49)</b>
<b>Net Results of Operations</b>	<b>(73)</b>	<b>29</b>	<b>(301)</b>	<b>831</b>	<b>457</b>	<b>425</b>	<b>367</b>	<b>107</b>
Beginning Cash Balance	338	265	294	(7)	824	1,281	1,706	2,073
<b>Ending Cash Balance</b>	<b>265</b>	<b>294</b>	<b>(7)</b>	<b>824</b>	<b>1,281</b>	<b>1,706</b>	<b>2,073</b>	<b>2,180</b>
Outstanding Encumbrances	152	87	41	80	90	90	90	90
<b>Unencumbered Fund Balance (Deficit)</b>	<b>113</b>	<b>207</b>	<b>(48)</b>	<b>744</b>	<b>1,191</b>	<b>1,616</b>	<b>1,983</b>	<b>2,090</b>
<b>Reservations of Fund Balance</b>								
Textbooks and Instructional Materials	0	0	0	9	0	0	0	0
Budget Reserve	32	32	86	0	0	0	0	0
Bus Purchases	0	44	20	40	0	0	0	0
<b>Unencumbered/Unreserved Fund Balance (Deficit)</b>	<b>\$81</b>	<b>\$131</b>	<b>(\$154)</b>	<b>\$695</b>	<b>\$1,191</b>	<b>\$1,616</b>	<b>\$1,983</b>	<b>\$2,090</b>

**Table 2-2A** details those recommendations reflected in the forecast in **Table 2-2** and are further divided into categories requiring negotiation and those not requiring negotiation.

**Table 2-2A: Summary of Performance Audit Recommendations**

Recommendations	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>RECOMMENDATIONS INCLUDED IN FORECAST (Table 2-2):</b>				
<b>Recommendations Subject to Negotiation:</b>				
<b>R3.11</b> WLSD should renegotiate retirement incentive pay outs to eliminate the 60.0 percent payout over three years	\$161,000	\$0	\$0	\$0
<b>Total Recommendations Subject to Negotiation:</b>	<b>\$161,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Recommendations Not Subject to Negotiation:</b>				
<b>R4.1</b> Repay the General Fund food service labor costs for FYs 1999-00 and 2000-01	\$14,000	\$0	\$0	\$0
<b>R4.6</b> Participate in the Ohio Cooperative Purchasing Program to rebid copier contracts	\$20,000	\$20,000	\$20,000	\$20,000
<b>R4.10</b> Implement energy management and conservation efforts at the elementary school	\$9,000	\$9,000	\$9,000	\$9,000
<b>R4.11</b> Implement energy conservation efforts at the middle/high school	\$14,000	\$14,000	\$14,000	\$14,000
<b>R5.2</b> File amended T-11 Form	\$5,000	\$0	\$0	\$0
<b>R5.5</b> Bring bus maintenance in-house by building a garage and hiring a full-time mechanic.	\$90,000	\$90,000	\$90,000	\$90,000
<b>R5.6</b> Bring fuel management in-house by installing a fuel tank and purchasing fuel at discounted rates.	\$25,000	\$25,000	\$25,000	\$25,000
<b>Total Recommendations Not Subject to Negotiation</b>	<b>\$177,000</b>	<b>\$158,000</b>	<b>\$158,000</b>	<b>\$158,000</b>
<b>Total Recommendations Included in Forecast</b>	<b>\$338,000</b>	<b>\$158,000</b>	<b>\$158,000</b>	<b>\$158,000</b>

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

**Table 2-2B** summarizes the implementation costs associated with various recommendations contained within the performance audit. Each cost is dependent on WLSD's decision to implement the associated recommendation and the timing of that implementation.

**Table 2-2B: Implementation Costs**

Recommendation Implementation Costs	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
<b>R4.6</b> Participate in the Ohio Cooperative Purchasing Program to rebid copier contracts	\$125			
<b>R5.5</b> Bring bus maintenance in-house by building a garage and hiring a full-time mechanic.	\$105,000	\$40,000	\$40,000	\$40,000
<b>R5.6</b> Bring fuel management in-house by installing a fuel tank and purchasing fuel at discounted rates.	\$40,000	\$0	\$0	\$0
<b>Total Recommendation Implementation Costs</b>	\$145,125	\$40,000	\$40,000	\$40,000

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

With the increase in State Foundation Funding and Parity Aid, as well as, cost savings implemented by WLSD and proposed in the AOS Performance Audit-- the District is forecasted to have a fund balance surplus that reflects an increasing trend. This substantial fund balance surplus could be used to improve educational programs and to hire back teachers who were eliminated in the District's Financial Recovery Plan.

**Table 2-2C** summarizes the Performance Audit recommendations not included in the forecast. The recommendations have been separated into categories requiring negotiation and those not requiring negotiation.



**Table 2-2C: Summary of Performance Audit Recommendations Not Included in the Forecast**

Recommendations	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
<b>RECOMMENDATIONS NOT INCLUDED IN FORECAST</b>				
<b>Recommendations Subject to Negotiation:</b>				
<b>R3.8</b> WLSD should monitor sick leave usage and consider implementing policies to reduce the number of sick days taken by classified staff.	\$10,000	\$10,000	\$10,000	\$10,000
<b>R3.9</b> WLSD should renegotiate severance pay outs for certified staff to eliminate 35 percent pay out over two years.	\$161,000	\$0	\$0	\$0
<b>Total Recommendations Subject to Negotiation:</b>	<b>\$171,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>Recommendations Not Subject to Negotiation:</b>				
<b>R5.1</b> Develop transportation policy.	\$54,000	\$54,000	\$54,000	\$54,000
<b>Total Recommendations Not Subject to Negotiation</b>	<b>\$54,000</b>	<b>\$54,000</b>	<b>\$54,000</b>	<b>\$54,000</b>
<b>Total Recommendations Not Included in Forecast</b>	<b>\$225,000</b>	<b>\$64,000</b>	<b>\$64,000</b>	<b>\$64,000</b>

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

## **B. Revenue, Expenditures and Financial Operations**

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### **Background**

WLSD's primary revenue source is State funding. The Ohio General Assembly determines the level of State support for schools and distributes that support through the State Foundation Program. Allocations are based on a formula that guarantees each district will receive a specified amount per student which is deemed sufficient to support an adequate educational program at the State minimum level. The distribution formula, which incorporates Average Daily Membership (ADM) and millage minimums applied to WLSD's total assessed property valuation, has undergone significant change through new legislation which became effective in FY 2000-01.

WLSD receives slightly less funding through local property taxes than through State sources. A district can increase its local contribution through a property tax, a school district income tax or a joint city/school district income tax. Each of these tax options requires voter approval. Property taxes are levied on a calendar year basis against the assessed value of real estate, public utility property and tangible (business) personal property located within WLSD. In FY 2000-01, the total assessed value of real estate, public utility and tangible property was approximately \$89 million.

Federal monies are awarded primarily through grant programs directed at helping economically disadvantaged students or those with special educational needs. Federal budget balancing is expected to negatively impact grant awards. See **Table 2-6** for percentage breakdowns of WLSD's funding by source, compared to the peer districts and State averages.

WLSD's present financial situation does not have one specific cause, rather, a collection of contributing factors led to the District's financial condition. From FY 1997-98 to FY 1998-99, WLSD was able to increase spending 10.3 percent due mainly to increases in State funding revenue as a result of the District's growth in ADM. Increased expenditures occurred mainly in salaries and wages as WLSD needed to hire more teachers to offset the increasing ADM. In the following year, FY 1999-00, ADM decreased slightly, causing revenues to increase only 3.6 percent. At the same time, expenditures continued to increase significantly (8.0 percent). As a result, WLSD incurred a \$211,000 operating loss for FY 1999-00.

Another contributing factor that led to WLSD's present financial condition was the creation of unreliable District forecasts. A district's financial forecast can be a useful tool which can aid administrators in accurate future planning by identifying areas of excessive growth. A review of WLSD's previous forecasts show that some expenditure line items experienced significant yearly increases. However, when projecting future increases for these expenditures, WLSD applied unrealistically low growth rates. WLSD should have identified why the excessive increases occurred

and formulated steps to curb the rising costs. For example, purchased services increased 17.5 percent per year from FY 1995-96 to FY 1997-98, however, this line item was projected to increase by only 2.0 percent in future years. While WLSD was projecting minimal increases in purchased services, this line item actually increased at approximately 17.0 percent during this span. The WLSD administrators should have recognized this trend and taken steps to manage the significant increases as opposed to planning for the future of the District using an inaccurate, unreliable forecast.

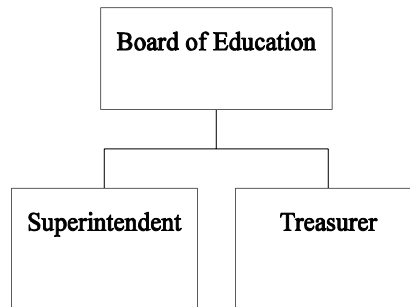
Each year, WLSD submits a Certificate of Estimated Resources (Certificate) to the Clermont County Auditor. This Certificate, which estimates WLSD's revenues, is amended throughout the year and is certificated by the county auditor before June 30 of the fiscal year. Each year, two budgets are prepared by WLSD using the Certificate: a tax budget and an operating budget. The budgeting process identifies the adequacy of financial resources for the educational programs and provides a basis for accountability in fiscal management. The tax budget also serves as the legal basis for the establishment of tax rates.

For FY 2000-01, WLSD was in position to budget for another year of deficit spending. However, an erroneous Certificate of Resources was submitted to the Clermont County Auditor. This Certificate incorrectly included \$785,000 of tax revenues that should not have been included in the estimated resources due to a tax abatement. This error, which should have been discovered by both WLSD and the Clermont County Auditor, enabled the District to budget for increased revenues. The error, which was discovered in the 2000-01 school year, caused WLSD to decrease spending in many areas. WLSD also received a year end adjustment from the State of \$251,000 due to decreased property valuations within the District. This adjustment, coupled with the decreased expenditures, enabled WLSD to avoid an operating deficit for FY 2000-01.

*Organizational Function*

Under the current organizational structure, the Board’s role is limited to establishing policy and oversight of WLS D operation. The superintendent manages the daily operations of WLS D and is charged with carrying out the Financial Recovery Plan approved by ODE. WLS D’s superintendent and the treasurer report independently to the elected Board. Within this organizational structure, all departments except the treasurer’s department report to the superintendent. The organizational chart below shows the reporting relationships of the superintendent and treasurer’s department.

**Chart 2-1: Financial Organizational Chart**



### *Summary of Operations*

Throughout the past fiscal year, the treasurer has created a financial forecast that has been periodically updated. The most recent update occurred in June, 2001. The financial forecast includes projections of estimated revenues and expenditures for the General, DPIA and the Debt Service Funds, as well as assumptions used to develop the projections. All other projections for this period were based on future needs, prior period performance, and historical trends.

The budgetary process begins with the preparation and adoption of the tax budget which shows estimated receipts and expenditures, and is submitted to the Budget Commission by January 20 in accordance with ORC and Board policy.

The treasurer's office is responsible for the preparation and issuance of various financial reports in accordance with State and Federal guidelines. These include an annual spending plan and quarterly updates submitted to ODE. The spending plan allows the WLSD superintendent to determine if the District has expenditures that may impair its ability to operate within its revenue sources. The cash-basis plan includes revenue projections by source, the nature and amount of expenditures to be incurred by WLSD, outstanding and unpaid expenses and the months in which the expenses are to be paid. WLSD prepares its required financial statements in accordance with generally accepted accounting principles (GAAP). Currently, WLSD prepares general purpose financial statements rather than a comprehensive annual financial report (CAFR).

### *Performance Measures*

The following performance measures were used to analyze WLSD's financial systems:

- Assessment of financial planning processes
- Assessment of federal, state, and local funding levels
- Assessment of District expenditures
- Review of allocation of resources for instruction, support and administrative costs
- Evaluation of relevance and timeliness of financial and management reports

## Findings / Commendations / Recommendations

### *Financial Planning*

**F2.1** After being placed in fiscal watch, WLS D created a five-year forecast to serve as the District's Financial Recovery Plan. The forecast, which was submitted to ODE, was created in June 2000 and includes a summary of significant forecast assumptions. WLS D's forecast does not depict the same level of detail with supporting tables as the forecast shown in **Table 2-1**.

Past administrators at WLS D did not use the forecast as a strategic planning tool to potentially help it regain financial stability. Given the significant financial issues facing WLS D, a properly developed, detailed financial forecast is essential in the District's attempt to regain financial solvency. To this extent, WLS D should use the format of the financial forecast presented in **Table 2-1** and update the information and projections as financial issues change or materialize. The present administration has put more emphasis on developing and utilizing a reliable forecast to ensure that Board members of WLS D are provided with sound and detailed information on which to base their decisions.

**C1.1** The present administrators at WLS D have made the forecast document available to the general public, as well as to parents, District employees and board members. By presenting more historical and projected financial information, as well as the including detailed assumptions, explanatory comments, and the methodology used in deriving the financial estimates, WLS D provides management, as well as the general public, a more comprehensive understanding of its anticipated financial condition.

**R2.1** WLS D should use the format of the financial forecast presented in **Table 2-2** and update the information and projections as financial issues change or materialize. An example of the types of information that should be included in future forecasts is as follows:

- Explanation of significant variances between forecasted and actual amounts;
- Historic and projected enrollment and Average Daily Membership;
- Detailed descriptions of the components of State Foundation revenue;
- Description of WLS D's efforts to obtain reimbursement for eligible expenditures;
- Historic and projected staffing by position;
- Descriptions of WLS D's efforts to control fringe benefits costs, especially, those related to health care and workers' compensation;
- Description of projected capital outlay expenditures, identifying amounts related to routine maintenance, specific projects and fulfilling minimum State requirements;

- Historic and projected expenditures for the main components of purchased services, material and supplies, and other expenditures, identifying amounts related to fulfilling minimum State requirements; and
- Descriptions of debt service obligations and the impact of year-end encumbrances.

The forecast should clearly articulate to what extent State spending requirements for capital maintenance and instructional supplies have been included, and whether any of the spending requirements are expected to be met through another fund, such as the Capital Improvement Fund. By including assumptions and supporting explanations along with financial data, WLSD will improve the readers' understanding of the figures presented.

- F2.2 Within 60 days of the AOS's declaration under division (A) of § 3316.03 of the ORC, the board of education of the school district shall prepare and submit to the State Superintendent a financial plan delineating the steps the board will take to eliminate the district's current operating deficit and avoid incurring operating deficits in ensuing years, including the implementation of spending reductions. The State Superintendent shall evaluate the initial financial plan, and either approve or disapprove it within thirty calendar days from the date of its submission. If the initial financial plan is disapproved, the State Superintendent shall recommend modifications that will render the financial plan acceptable. No school district board shall implement a financial plan submitted to the State Superintendent under this section unless the Superintendent has approved the plan.

The AOS declared WLSD in a state of fiscal watch on April 6, 2001. As a result, the WLSD treasurer and Board completed a Financial Recovery Plan which was submitted to the State Superintendent and approved within the 60 day time frame.

- R2.2** **Table 2-2** is presented to provide WLSD with a proposed Financial Recovery Plan to assist in its effort to adopt a plan which will allow the District to regain financial stability. WLSD should use the Financial Recovery Plan to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on the District's financial condition. The recommendations are broken down into those which can be enacted immediately and those that will require further management actions.

- F2.3 WLSD does not prepare a formal capital or long-range capital spending plan, nor has it created a comprehensive facilities capital plan for use in guiding its long-term decisions. The WLSD middle/high school was constructed in 1996. Major renovations were completed on the elementary school at this time. No major renovations are needed for these facilities at this time. The **facilities** section of this report presents a detailed discussion of WLSD's capital needs and funding sources.

- R2.3** WLSD should create a comprehensive long-range capital plan which addresses the need for ongoing capital repairs and maintenance. The plan should incorporate the conditions of all

facilities, the impact of building style and configuration on curriculum and educational programs, and the means of maximizing the utilization of classroom space and technological resources. The plan should be formally adopted by the Board when first created, and annual segments should again be approved individually as they become current, allowing for modifications and adjustments to the original components as circumstances dictate. All elements of this comprehensive plan should be linked to WLSD's five-year financial forecasts and annual budgets. Such a plan would more accurately demonstrate to the public WLSD's total capital requirements and priorities, and help build support for future permanent improvement issues and levy campaigns.

### *Food Services*

F2.4 The primary purpose of the food service division is to coordinate, implement and monitor the food services provided to WLSD's students through the National School Breakfast and Lunch programs. The department is also responsible for compliance with all federal, state and board policies and regulations.

The food services division of WLSD is an Enterprise Fund that accounts for its operations in a manner similar to a private business enterprise, where the intent of the division is that the costs (expenses, including depreciation) of providing the service to the students are financed primarily through user charges. WLSD operates one Food Service Enterprise Fund which accounts for the elementary and middle/high school cafeterias. All food service operations are accounted for separately from other fund activities and the desired outcome is a net income.

**Table 2-3** summarizes WLSD's Enterprise Fund's food service revenues and expenditures for the elementary and high school cafeterias for FY 1998-99 and FY 1999-00.

**Table 2-3: Performance of Food Service Enterprise Fund**

	Actual FY 1998-99	Actual FY 1999-00	Percent Change FY 99-00
<b>Total Revenues</b>	\$278,972	\$296,903	6.4%
<b>Total Expenses</b>	\$273,604	\$271,962	(0.6)%
<b>Net Gain/(Loss)</b>	\$5,368	\$24,941	364.6%
<b>Advances/Transfers-in(Out)</b>	(\$15,000)	\$0	(100.0)%
<b>Adjusted Net Income (Loss)</b>	(\$9,632)	\$24,941	(358.9)%

Source: WLSD 4502, Statement E

F2.5 Based on **Table 2-3**, total revenues have increased more than six percent from FY 1998-99 to FY 1999-00. The increase in total revenues is a result of WLSD increasing lunch prices



to make them comparable to those of similar school districts in the State. As a result of the increase in revenues and a 0.6 percent decrease in expenditures, WLSD reported a net gain for its elementary and middle/high school cafeterias. In FY 1998-99, the treasurer advanced money out of the Enterprise Fund to cover the previous years' deficits. For FY 1999-00 and beyond, WLSD will attempt to maintain a positive balance in the Food Service Fund to negate the effects of increasing food and labor prices from year to year.

F2.6 **Table 2-4** summarizes key information for the food service division for WLSD, its peer districts and the peer average for FY 1999-00. Overall staffing is analyzed in full-time equivalents (FTEs).

**Table 2-4: Comparison of Food Services Financial Data and Operational Ratios**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average <sup>1</sup>
<b>General Information</b>					
Average Daily Membership (ADM)	1,058	919	909	1,009	946
Overall Staffing (FTE) <sup>2</sup>	4.5	5.0	6.0	6.0	5.7
Total Salaries	\$106,448	\$70,928	\$74,395	\$123,204	\$89,509
Total Benefits	\$42,312	\$37,944	\$11,513	\$46,228	\$31,895
Total Cost of Operations	\$271,962	\$207,488	\$164,268	\$260,126	\$210,627
<b>Operational Ratios</b>					
# of Students per Staff Member	235	184	152	168	185
Avg. Salary per Staff Member	\$23,655	\$14,186	\$12,399	\$20,534	\$15,706
Avg. Benefits per Staff Member	\$9,403	\$7,589	\$1,919	\$7,705	\$5,738
Avg. Cost to serve a Student	\$257	\$226	\$181	\$258	\$222

Source: WLSD 4502, Statement E and ODE Vital Statistics Report FY 2000

<sup>1</sup> The peer average does not include Williamsburg

<sup>2</sup> Staffing levels are based on 8-hour per day employees

An analysis of **Table 2-4** indicates that WLSD's total cost of operations and average cost to serve a student are significantly higher than the peer average for their food service operations. Having a lower total staffing level than the peers causes WLSD's average salary per staff member and average benefits per staff member to be significantly higher than the peer average. However, for FY 2000-01, WLSD hired additional food service FTEs which will increase the total cost of operations while lowering the number of students served per staff member. Additional information is available in the **human resources** section of this report.

**R2.4** WLSD should perform a comprehensive review of food service operations to ensure that deficits will not be incurred in the future. The operations review should include a check of all food service related expenses to ensure that they are recorded in the correct fund. By recording expenses related to food service operations in incorrect funds, net income from operations is erroneously higher, which gives the appearance that food service operations are self sufficient when the division may be operating at a loss.

### Revenue Assessment

F2.7 **Table 2-5** shows the distribution of revenue by funding source for all funds over the past three fiscal years, on a cash basis, for WLSD, its peer districts, the peer average and the State average.

**Table 2-5: Percent of Revenue by Funding Source**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average <sup>1</sup>	State Average
<b>FY 1997-98</b>						
<b>Local</b>	46.6%	34.5%	67.6%	53.4%	51.8%	51.7%
<b>State</b>	49.4%	60.5%	31.0%	44.1%	45.2%	42.2%
<b>Federal</b>	4.0%	5.0%	1.4%	2.5%	3.0%	6.0%
<b>FY 1998-99</b>						
<b>Local</b>	47.9%	40.9%	66.9%	51.3%	53.0%	51.6%
<b>State</b>	48.0%	55.2%	31.6%	45.9%	44.2%	42.7%
<b>Federal</b>	4.1%	3.9%	1.5%	2.8%	2.7%	5.7%
<b>FY 1999-00</b>						
<b>Local</b>	47.0%	41.5%	68.7%	53.7%	54.6%	51.0%
<b>State</b>	48.0%	54.1%	29.8%	43.5%	42.5%	43.3%
<b>Federal</b>	5.0%	4.4%	1.5%	2.8%	2.9%	5.6%

Source: ODE Report Cards FY 1997-98 through 1999-00

<sup>1</sup> Peer average does not include WLSD

**Table 2-5** indicates that in FY 1999-00, WLSD received a lower percentage of its total revenue from local sources than the peers and the state-wide average. WLSD's local revenue sources are primarily limited to property taxes and income taxes. All school districts receive real and personal property tax revenues. Only some districts collect income taxes either through a school district or joint city/school district income tax approved by the voters.

Starting in FY 2000-01 and continuing in future years, WLSD's revenues from local sources are expected to decline due to the establishment of an FTZ which will greatly decrease property tax revenue. In place of lost tax revenue, WLSD will receive a payment in lieu of taxes which will not completely replace the lost tax revenues. Due to the decrease in local revenues, WLSD's State funding revenues are expected to increase causing the gap between the percentage of state and local funding to widen.

F2.8 **Table 2-6** presents statistics which impact a district's ability to raise local revenue. WLSD is compared with its peer districts and state averages.

**Table 2-6: Local Statistics**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average <sup>1</sup>	State Average
<b>FY 1998-99</b>						
<b>Effective Millage</b>	29.8	29.9	29.7	32.4	30.7	31.7
<b>Average Valuation <sup>1</sup></b>	\$81,097	\$83,433	\$122,101	\$86,257	\$97,264	\$99,831
<b>Area Median Income</b>	\$25,251	\$24,172	\$27,666	\$23,830	\$25,223	\$24,431
<b>FY 1999-00:</b>						
<b>Effective Millage</b>	27.0	29.0	26.9	28.3	28.1	30.7
<b>Average Valuation <sup>1</sup></b>	\$95,617	\$90,193	\$139,260	\$97,998	\$109,150	\$107,844
<b>Area Median Income</b>	\$30,306	\$26,189	\$30,491	\$27,197	\$27,959	\$27,310

Source: District's ODE report cards and the Ohio Department of Taxation

<sup>1</sup>Peer average does not include WLSD

As displayed in **Table 2-5**, WLSD receives a significantly lower percentage of revenues from local sources. **Table 2-6** shows that this low amount of local revenues is caused by a combination of low effective millage rates and average valuation when compared to the peer and State averages.

**Table 2-6** indicates that WLSD's effective millage declined from FY 1998-99 to FY 1999-00 whereas WLSD's average valuation increased from FY 1998-99 to FY 1999-00. Effective millage is the rate at which property is taxed in a school district. Property values also affect how much revenue a school district receives. Real property is reappraised for tax purposes every six years and updated every three years. Additionally, tax reform legislation was passed in 1976 (H.B. 920), which effectively eliminated inflationary effects upon property taxes.

F2.9 **Table 2-7** presents WLSD's long term indebtedness as of June 30, 2001. WLSD's \$778,000 interest-free loan from the State Solvency Assistance Fund is not included in the table.

**Table 2-7: Long-Term Indebtedness as of June 31, 2001**

Description	Fund	Interest Rate	Issue Date	Maturity Date	Amount Borrowed	Amount Outstanding
Classroom Facilities Fund	General Fund	5.99%	3/20/96	12/1/18	\$4,255,000	\$3,660,000
Energy Conservation	General Fund	3.85% - 5.52%	4/1/93	10/1/02	\$135,000	\$35,000
<b>Total Debt</b>					<b>\$4,390,000</b>	<b>\$3,695,000</b>

Source: WLSD 4502 Statement L and WLSD Debt Schedule

**Table 2-7** indicates that 100.0 percent of WLSD's long-term indebtedness consists of borrowing for the purpose of improving WLSD's facilities. The proceeds of the Classroom Facilities Fund bond are to be used only for contracted maintenance on WLSD facilities and are not available for any other type of upkeep or maintenance. The Energy Conservation Note was issued for the sole purpose of making capital improvements which should result in energy efficiencies. The energy efficiencies gained are expected to result in sufficient savings to pay the debt.

In May 1995, a 0.50 mill levy was authorized to pay for the contracted maintenance and upkeep of the middle/high school building only. The revenue generated from this levy is recorded in the Bond Retirement Fund.

F2.10 **Table 2-8** details the election results for the past ten years for various levies WLSD placed on the ballot.

**Table 2-8: Ten Year Levy History**

Date	Type of Levy	Voted Millage	New/Renewal	Duration	Results
November 1991	General Operating	9.50 mills	New	Continuing	Failed
June 1992	General Operating	9.50 mills	New	Continuing	Passed
May 1995	Bond	4.67 mills	New	23 years	Passed
May 1995	Classroom Facilities	0.50 mills	New	23 years	Passed
May 1994	Emergency Operating	3.81 mills	Renewal	5 years	Passed
May 1999	Emergency Operating	3.00 mills	Renewal	5 years	Passed

Source: Clermont County Auditor and WLSD records

As shown in **Table 2-1C** in Section A of this report, WLSD's effective voted millage is projected to hit the 20 mill floor in FY 2002-03. The District is considering placing an issue

on the ballot in the future to increase the millage amounts, which will generate additional local tax revenues. **Table 2-8** indicates that overall, WLSD has been successful in gaining voter approval for general operating and emergency operating levies placed on the ballot during the past ten years.

F2.11 **Table 2-9** provides the authorized millage amounts as well as the effective mills for levies WLSD received during FY 1999-00.

**Table 2-9: Tax Millage Assessed for General Fund for 2000 Tax Year**

Year	Type of Levy	Duration	Authorized Millage	Effective Millage
Prior to 1976	Operating	Continuing	20.20 Mills	8.88 Mills
1977	Operating	Continuing	3.90 Mills	1.72 Mills
1992	Operating	Continuing	9.50 Mills	6.26 Mills
1999	Emergency	5 years	3.00 Mills	3.00 Mills
Inside Millage			3.90 Mills	3.90 Mills
Totals			40.50 Mills	23.76 Mills

Source: Clermont County Auditor

Authorized millage includes the inside mills which are unvoted taxes within the 10-mill limitation and the outside mills which are voted levies in excess of the 10-mill limitation. **Table 2-10** indicates that WLSD has a total authorized millage of 40.50 mills. However, as a result of H.B. 920, when a reassessment or update of property values takes place and the value of real property increases due to inflation, a tax credit factor is applied to the voted mills. This prevents an increase in the tax bill of the property owner because inflation has increased the value of their property. Therefore, the effective millage is only 23.76 mills (the amount currently being assessed for WLSD). Additionally, the law protects school districts with low millage, prohibiting tax reduction below 20 effective mills as a result of reappraisals and readjustments from triennial updates.

### *District Expenditures Analysis*

F2.12 **Table 2-10** depicts General Fund FY 1999-00 revenues by source and expenditures by object as a percent of total General Fund revenue and expenditures for WLSD and its peer districts.

**Table 2-10: Revenue by Source and Expenditure by Object**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average
Property and Income Taxes	47.9%	41.7%	62.5%	49.1%	51.1%
Intergovernmental Revenues	49.7%	55.8%	30.0%	48.9%	44.9%
Other Revenues	2.4%	2.5%	7.5%	2.0%	4.0%
<b>TOTAL REVENUES</b>	<b>\$ 6,178,647</b>	<b>\$ 5,150,399</b>	<b>\$ 5,259,090</b>	<b>\$ 6,600,137</b>	<b>\$ 5,669,875</b>
Wages	58.2%	66.1%	64.2%	53.2%	61.2%
Fringe Benefits	16.1%	19.7%	24.9%	15.5%	20.0%
Purchased Services	12.4%	5.9%	2.9%	12.7%	7.2%
Supplies & Textbooks	5.8%	1.9%	3.0%	3.8%	2.9%
Capital Outlays	3.5%	0.6%	0.2%	3.8%	1.6%
Debt Service	0.1%	0.0%	0.0%	0.0%	0.0%
Miscellaneous	1.6%	2.7%	2.6%	4.1%	3.1%
Other Financing Uses	2.2%	3.2%	2.2%	6.9%	4.1%
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,537,672</b>	<b>\$ 4,643,333</b>	<b>\$ 5,047,032</b>	<b>\$ 6,841,607</b>	<b>\$ 5,510,657</b>

Source: FY 1999-00 4502 Report, Exhibit 2 and Statement P

<sup>1</sup> Peer average does not include Williamsburg.

As displayed in **Table 2-10**, WLSD receives the majority of its revenue from intergovernmental sources, primarily through State Foundation payments. WLSD receives 49.7 percent of total revenues from intergovernmental payments. This is significantly higher than the peer average of 44.9 percent. Property and income tax revenue as a percentage of total revenue will likely decrease in future years due to the establishment of an FTZ in Clermont County which decreases local revenues received by WLSD. Without the passage of a new tax levy, the effective millage rate is expected to continue to decrease until the 20 mill floor is reached in FY 2002-03.

WLSD's expenditures for salaries and benefits as a percentage of total expenditures are significantly lower than the peer districts. For FY 1999-00, WLSD salaries and benefits accounted for 74.3 percent of the total expenditures compared to the peer average of 81.2 percent. However, salaries and benefits may show a significant increase in future years due to the formation of a union for classified employees and the negotiation of a new contract with the certificated employees.

As stated in Part A of this report, total expenditures for purchased services have increased significantly in past years and are expected to increase at a rate of 10.0 percent for FY 2001-02 through FY 2004-05. As shown in **Table 2-10**, purchased services accounted for 12.4 percent of WLSD's total expenditures in FY 1999-00 compared to the peer average of 7.2 percent. This is primarily due to the high cost of professional services that are contracted for WLSD special education students.

F2.13 **Table 2-11** and **2-12** show the amount of expenditures posted to the various USAS function codes for WLSD and the peer districts. Function codes are designed to report expenditures by their nature or purpose. **Table 2-11** shows the operational expenditures per pupil and percentage of operational expenditures by function for all funds which are classified as governmental fund types. Governmental funds are used to account for a District's governmental-type activities.

**Table 2-11: Governmental Funds Operational Expenditures by Function**

USAS Function Classification	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
<b>Instruction Expenditures</b>	<b>\$3,767</b>	<b>57.4%</b>	<b>\$3,176</b>	<b>65.0%</b>	<b>\$3,719</b>	<b>62.1%</b>	<b>\$3,509</b>	<b>56.8%</b>	<b>\$3,469</b>	<b>60.9%</b>
Regular Instruction	\$3,087	47.0%	\$2,754	56.3%	\$3,109	52.0%	\$3,038	49.1%	\$2,969	52.1%
Special Instruction	\$614	9.4%	\$365	7.5%	\$399	6.7%	\$214	3.5%	\$322	5.7%
Vocational Instruction	\$66	1.0%	\$58	1.2%	\$206	3.4%	\$0	0.0%	\$85	1.5%
Adult/Continuing Inst.	\$0	0.0%	\$0	0.0%	\$4	0.1%	\$0	0.0%	\$1	<0.1%
Other Instruction	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$258	4.2%	\$92	1.6%
<b>Support Services Exp.</b>	<b>\$2,609</b>	<b>39.7%</b>	<b>\$1,604</b>	<b>32.8%</b>	<b>\$1,943</b>	<b>32.5%</b>	<b>\$2,541</b>	<b>41.1%</b>	<b>\$2,046</b>	<b>35.9%</b>
Pupil Support	\$229	3.5%	\$172	3.5%	\$198	3.3%	\$299	4.8%	\$226	4.0%
Instructional Support	\$255	3.9%	\$114	2.3%	\$193	3.2%	\$154	2.5%	\$153	2.7%
Board of Education	\$15	0.2%	\$103	2.1%	\$16	0.3%	\$14	0.2%	\$44	0.8%
Administration	\$605	9.2%	\$505	10.3%	\$580	9.7%	\$549	8.9%	\$544	9.6%
Fiscal Services	\$267	4.1%	\$131	2.7%	\$170	2.8%	\$192	3.1%	\$165	2.9%
Business Services	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$14	0.2%	\$5	0.1%
Plant Operation/Maint.	\$751	11.4%	\$331	6.8%	\$542	9.1%	\$943	15.3%	\$617	10.8%
Pupil Transportation	\$480	7.3%	\$240	4.9%	\$197	3.3%	\$374	6.1%	\$274	4.8%
Central Support Services	\$7	0.1%	\$8	0.2%	\$47	0.8%	\$1	<0.1%	\$18	<0.1%
<b>Non-Instructional Services Expenditures</b>	<b>\$2</b>	<b>&lt;0.1%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Extracurricular Activities Expenditures</b>	<b>\$185</b>	<b>2.8%</b>	<b>\$111</b>	<b>2.3%</b>	<b>\$322</b>	<b>5.4%</b>	<b>\$134</b>	<b>2.2%</b>	<b>\$187</b>	<b>3.3%</b>
<b>Total Governmental Fund Operational Expenditures</b>	<b>\$6,562</b>	<b>100%</b>	<b>\$4,891</b>	<b>100%</b>	<b>\$5,985</b>	<b>100%</b>	<b>\$6,185</b>	<b>100%</b>	<b>\$5,702</b>	<b>100%</b>

Source: FY 1999-00 4502 Reports, Exhibit 2

The allocation of resources between the various functions of a school district is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be evaluated and prioritized. Analyzing the spending patterns between the various functions should indicate where the priorities of the board and management are placed.

As **Table 2-11** indicates, WLSD per pupil expenditures were the highest among the peer districts. However, when comparing instructional expenditures per pupil on a percentage basis, WLSD is lower than the peer average in every category with the exception of special education. In contrast, WLSD has a higher percentage (39.7 percent) of support service expenditures than the peers (35.9 percent). Further, it appears that the high support services expenditures can be attributed to excessive costs in the areas of instructional support which accounted for 3.9 percent of the expenditures compared to the peer average of 2.7 percent. In particular, fiscal services which accounted for 4.1 percent of the expenditures compared to the peer average of 2.9 percent and in pupil transportation which accounted for 7.3 percent whereas the peer average was 4.8 percent were significantly above the peer average. WLSD's percentage of governmental fund operational expenditures (57.4 percent) related to pupil instructional expenses was higher only than Weathersfield and 3.5 percent below the peer average of 60.9 percent. Cost reduction measures employed by WLSD in FY 2000-01, coupled with a decrease in ADM, resulted in a higher percentage of total expenditures spent on pupil instruction (60.7 percent) than in the previous year. Overall expenditures per pupil, however, decreased by 13.5 percent to \$5,996 per pupil.

F2.14 **Table 2-12** shows the total expenditures of the governmental funds, including facilities acquisition and construction, and debt services.

**Table 2-12: Total Governmental Fund Expenditures by Function**

USAS Function Classification	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Total Governmental Funds Operational Expenditures	\$6563	94.6%	\$4891	99.9%	\$5985	93.5%	\$6185	97.4%	\$5702	96.7%
Facilities Acquisition & Construction Expenditures	\$35	0.5%	\$1750	1.9%	\$419	6.5%	\$165	2.6%	\$194	3.3%
Debt Service Expenditures	\$337	4.9%	\$0	0.0%	\$0	0%	\$0	0.0%	\$0	0.0%
<b>Total Governmental Funds Expenditures</b>	<b>\$6,935</b>	<b>100%</b>	<b>\$6,641</b>	<b>100%</b>	<b>\$6,404</b>	<b>100%</b>	<b>\$6,350</b>	<b>100%</b>	<b>\$6,258</b>	<b>100%</b>

Source: Districts FY 1999-00 4502 reports, Exhibit 2

**Table 2-12**, presents the per pupil operational expenditures, facilities acquisition and construction, and debt service for all governmental funds, as well as the percentage of these categories to total governmental fund expenditures. As shown in the table, WLSD had a slightly higher per pupil expenditure amount than the peers. WLSD's debt service expenditures accounted for 4.9 percent of total operational expenditures, while no other peer district recorded any debt service expenditures. In contrast, WLSD had a lower facilities acquisition and construction expenditure amount than the peers. The \$337 per student debt



service expenditure is a result of the Classroom Facilities Fund bond that WLS D has used to pay for contracted maintenance of the facilities.

**R2.5** WLS D should closely examine the spending patterns indicated in **Table 2-11** and **Table 2-12**, and consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the student's education and proficiency test results. On the State of Ohio 2001 school report card, WLS D met 10 of 27 standards, earning a rating of Academic Watch. Therefore, WLS D should use the recommendations contained in this performance audit to assist in identifying revenues currently being spent on support services which could potentially be shifted to further support pupil instructional activities.

F2.15 **Table 2-13** shows selected discretionary expenditures by account from WLS D's FY 1999-00 General Fund. The expenditures are then calculated as a percentage of total General Fund expenditures, and compared with similar spending by the peer districts.

**Table 2-13: Discretionary Expenditures**

	Williamsburg	Williamsburg	Brown	Minster	Weathersfield	Peer Avg.
Prof. and Technical Services	\$269,089	4.1%	0.6%	1.1%	0.5%	0.7%
Property Services	\$158,043	2.4%	2.5%	0.6%	2.7%	1.9%
Mileage/Meeting Expense	\$7,970	0.1%	0.1%	0.3%	0.2%	0.2%
Communications	\$21,882	0.3%	0.2%	0.3%	0.1%	0.2%
Contracted Craft or Trade Service	\$4,041	0.1%	0.0%	0.1%	0.0%	<0.1%
Pupil Transportation Services	\$7,531	0.1%	0.0%	0.0%	1.7%	0.6%
%Other Purchased Services	\$0	0.0%	0.1%	0.0%	0.0%	<0.1%
General Supplies	\$166,832	2.6%	1.0%	2.0%	1.1%	1.3%
Textbooks/Reference Materials	\$58,754	0.9%	0.2%	0.4%	0.6%	0.4%
Plant Maintenance and Repair	\$40,502	0.6%	0.3%	0.3%	1.5%	0.7%
Fleet Maintenance and Repair	\$113,278	1.7%	0.4%	0.3%	0.5%	0.4%
Land, Buildings and Improvements	\$0	0.1%	0.1%	0.0%	2.3%	0.8%
Equipment	\$166,900	2.6%	0.5%	0.2%	1.5%	0.7%
Buses/Vehicles	\$62,053	0.9%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	\$104,187	1.6%	2.5%	1.0%	4.1%	2.5%
Insurance	\$3,131	0.0%	0.1%	0.0%	0.1%	0.1%
Awards and Prizes	\$0	0.0%	0.0%	0.0%	0.0%	0.0%
<b>TOTAL</b>	<b>\$1,184,193</b>	<b>18.1%</b>	<b>8.8%</b>	<b>6.8%</b>	<b>17.0%</b>	<b>10.8%</b>

Source: FY 1999-00 4502 Report, Statement P

<sup>1</sup> The peer average does not include Williamsburg

**Table 2-13** shows WLSD's percentage of discretionary spending exceeded the peer average in nine of the seventeen categories. Further, WLSD's 18.1 percent total discretionary spending as a percentage of total General Fund expenditures was significantly higher than the peer average of 10.8 percent. Professional and technical services, property services, general supplies, fleet maintenance and repairs and equipment constituted a majority of WLSD's discretionary spending.

F2.16 **Table 2-14** shows FY 1999-00 purchases, excluding utilities and insurance, by category within all funds as compared to FY 1998-99.

**Table 2-14: District Purchases**

	FY 1998-99	FY 1999-00	Increase (Decrease)
<b>PURCHASED SERVICES:</b>			
Professional and Technical Services	\$ 238,890	\$ 269,089	12.6%
Property Services	135,496	158,043	16.6%
Mileage/Meeting Expense	(14,132)	7,970	N/A
Communications	37,038	21,882	(40.9)%
Utilities	212,639	194,552	(8.5)%
Tuition	92,736	150,522	62.3%
Pupil Transportation Services	0	7,531	N/A
Contract Craft or Trade Services	5,115	4,041	(21.0)%
<b>Total Purchased Services</b>	<b>\$ 707,782</b>	<b>\$ 813,630</b>	<b>15.0%</b>
<b>MATERIALS AND SUPPLIES:</b>			
General Supplies	\$ 156,290	\$ 166,832	6.7%
Textbooks	30,808	70,085	127.5%
Library Books	7,212	12,646	75.3%
Periodicals and Films	8,296	1,525	(81.6)%
Food and Related Supplies and Material	45	137	204.4%
Maintenance and Repairs to Plant	29,114	40,502	39.1%
Maintenance and Repair to Fleet	94,339	113,278	20.1%
<b>Total Materials and Supplies</b>	<b>\$ 326,104</b>	<b>\$ 405,005</b>	<b>24.2%</b>

Source: WLSD 4502, Statement P

Overall district purchases increased 17.9 percent from FY 1998-99 to FY 1999-00. The following is a highlight of the significant changes in expenditures for **Table 2-14**:

- Professional and technical services increased approximately 12.6 percent. As previously stated, professional and technical services increased due in large part to the increase in costs of contracted services for special education. The shortage of professionals qualified to provide these services in Clermont County has caused the cost of these services to increase significantly.
- Property services increased 16.6 percent and textbooks increased 127.5 percent. The WLSD treasurer attributes the significant increase in these items to erroneous coding previous to FY 1998-99. When these line items were correctly recorded under the right code in FY 1999-00, it appears as though WLSD's expenditures in these areas increased significantly.
- Communications decreased 40.9 percent. The WLSD treasurer attributes the decrease in this line item to erroneous coding. Some expenses for data processing lines may have been recorded under this line item when they should have been recorded under a different code. When recorded correctly, it appears as though communication expenses decreased significantly.

## **Conclusion Statement**

In general, WLSD's current financial difficulties appear to be linked to a historical pattern of expenditures exceeding revenues which has led the District to incur significant operating deficits. Producing inaccurate district forecasts and basing key management decisions on these forecasts was a major cause of WLSD's deficit spending. In addition, significant negative variances between estimated budget amounts and actual expenditures indicated that little action was taken by the previous WLSD management to gain financial stability.

In comparison to the peer school districts, WLSD has the highest instruction expenditures which are the result of high costs for special education instruction. In addition to high costs for instruction expenditures, WLSD's support service expenditures are the highest among the peer school districts and are the result of the high costs of instructional support, pupil transportation and fiscal services. WLSD has implemented some cost reductions, which the Auditor of State's financial projection indicates will be sufficient to allow for a balanced budget, when coupled with increases in State Foundation revenues. However, in order for WLSD to maintain long-term financial solvency, significant changes must be made in the way WLSD manages its financial resources. This performance audit provides a series of ideas and recommendations which WLSD should consider.

In an attempt to regain financial stability, WLSD must improve the financial planning and budgeting process. The present WLSD administrators have begun to improve this process by creating more reliable District forecasts and increasing the use of these forecasts as strategic planning tools. The present WLSD administrators have also made a concerted effort to make the District forecast available to the parents, employees and residents within WLSD. However, the current budgeting process does not guarantee WLSD's goals and objectives are met while maintaining a level of financial responsibility. In the future, WLSD must develop budgets within its available resources. The budget should be used as WLSD's spending plan to control expenditures and help ensure goals and objectives are met.

WLSD needs to take immediate action to control and where possible, reduce operating expenditures. Developing and maintaining future balanced budgets will require that important management decisions be made to ensure available resources are allocated and accounted for in a manner in which supports educational goals and established objectives. WLSD administrators are encouraged to evaluate recommendations contained within this performance audit, as well as other cost saving possibilities, as they formulate future budgets.

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# Human Resources

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## Background

### *Organizational Function*

Williamsburg Local School District (WLSD) does not have a separate human resources department. The superintendent, treasurer, and facilities and transportation supervisor are responsible for performing human resource functions for WLSD. They are responsible for coordinating the activities and programs for the recruitment and selection of employees, monitoring compliance with employment standards such as criminal record background checks, facilitating employee performance evaluations, administering and monitoring grievance policies and procedures, negotiating and administering union contracts, conducting disciplinary hearings, placing selected substitutes and participating in new employee orientation. Teacher certification issues are administered by the Clermont County Educational Services Center (CCESC), which WLSD uses to assist with hiring and substitute selection processes.

### *Summary of Operations*

All WLSD employees are categorized either as certificated or classified (non-certified) staff. Certificated staff include principals, teachers, counselors, and one librarian. Classified staff include instructional teaching aides, library aides, custodians, food service workers, secretaries, bus drivers, and bookkeepers.

The primary human resources functions for certificated personnel and classified are performed by the superintendent, superintendent's administrative assistant, treasurer, assistant treasurer, and the three building principals. The principals review, interview, and recommend potential candidates to the superintendent for certificated positions. Upon reviewing and approving the recommendations, the superintendent recommends the most qualified candidates to the board of education (Board) for final approval. The superintendent's administrative assistant fosters district-wide communications, conducts background checks, monitors enrollment, and maintains staff files. WLSD works with the CCESC which coordinates teacher substitutes for the District on an as-needed basis.

Benefits administration for all employees is managed by the treasurer and the assistant treasurer. In addition, the treasurer is responsible for administering the workers' compensation program for all WLSD employees.

### *Performance Measures*

The following list of performance measures was used to review WLSD's human resources operations and functions:

- Assess staffing classifications and respective ratios to total full-time equivalents (FTE)
- Compare the allocation of direct instructional personnel to district educational support personnel
- Evaluate the appropriateness of staffing levels
- Analyze teachers' workdays as defined by the union contract versus actual workdays
- Assess the number of instructional minutes taught per teacher, class sizes and staffing ratios
- Analyze total FTE employees in comparison with the ratio of total salaries per classification to total district salaries
- Assess the use of, and compensation for, supplemental pay and stipends
- Assess the salary schedule and maximum step structure
- Assess District W-2 wages in correlation to salary schedules
- Assess the appropriateness of staffing dedicated to the special education program
- Evaluate the use of substitute personnel
- Review the use of paid leaves
- Assess employee benefit costs, including workers' compensation
- Assess contract administration and contractual issues

## Findings/Commendations/Recommendations

### *Staffing/Compensation Analysis*

F3.1 The State Board of Education developed and implemented the Educational Management Information System (EMIS) to assist school districts in effectively and efficiently managing student and personnel demographic information. All schools are required to provide specific student, staff and financial data to the Ohio Department of Education (ODE) through EMIS. In FY 2000-01, WLSD incorrectly calculated and reported to ODE full-time equivalents (FTEs) in the following categories: office/clerical, transportation, custodial, and food service (see also **facilities** section). WLSD did not consistently calculate FTEs based on a 40-hour work week for these categories. For example, WLSD reported 11.0 food service FTEs to EMIS. However, WLSD food service staffing is 5.6 FTE when calculated based on a 40-hour work week. Without accurate and timely staff demographic information, WLSD cannot accurately evaluate its staffing levels in relation to its staffing needs. Also, ODE cannot make accurate comparisons of staffing levels between school districts if FTEs are not based on a standard number of hours.

**R3.1** WLSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before submission to EMIS and ODE. In addition, a person who is independent of the data gathering process should review the information for accuracy and adherence to the WLSD's reporting policies and procedures. If necessary, WLSD should seek training and assistance to meet these objectives.

F3.2 A school district's staffing levels and patterns can impact the quality of education it provides. **Table 3-1** shows the levels of full-time equivalent (FTE) staffing per 100 students enrolled, based on information reported in EMIS in FY 2000-01 for WLSD and the peer districts. As stated in **F3.1**, WLSD incorrectly calculated and reported its FTEs. However, **Table 3-1** illustrates the revised numbers based on interviews conducted by the Auditor of State's Office (AOS).

**Table 3-1: Peer District Staffing Patterns (FTE per 100 students enrolled)**

Category	Williamsburg <sup>1</sup>	Brown	Minster	Weathersfield	Peer Average <sup>2</sup>
<b>ADM</b>	1,072	940	914	1,046	967
<b>Administrators: Sub-total <sup>3</sup></b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
Central <sup>5</sup>	0.3	0.2	0.2	0.2	0.2
Site-Based	0.3	0.5	0.4	0.1	0.3
Supervisor/Manager/Director	0.1	0.0	0.0	0.3	0.1
<b>Professional Education: Sub-total <sup>3</sup></b>	<b>6.2</b>	<b>6.9</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
Counselors	0.2	0.1	0.2	0.3	0.2
Librarian-Media	0.1	0.1	0.2	0.2	0.2
Remedial Specialists	0.0	0.0	0.1	0.0	0.0
Teachers - Elementary and Secondary	4.7	4.5	5.1	5.1	4.9
Teachers - Special Education	0.7	0.9	0.4	0.8	0.7
Teachers - Vocational	0.1	0.1	0.3	0.0	0.1
Teachers - Educational Service	0.4	0.9	0.5	0.6	0.7
Personnel					
Tutors	0.2	0.4	0.1	0.1	0.2
<b>Professional - Other <sup>4</sup></b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<b>Technical: Sub-total <sup>3</sup></b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Computer Operator	0.1	0.0	0.0	0.0	0.0
Computer Programmer/Analyst	0.0	0.0	0.0	0.0	0.0
<b>Office/Clerical: Sub-total <sup>3</sup></b>	<b>1.1</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>
Clerical	0.3	0.4	0.3	0.5	0.4
Teaching Aides	0.5	0.3	0.2	0.0	0.2
Library Aides	0.1	0.1	0.0	0.1	0.1
Bookkeeping	0.2	0.0	0.0	0.0	0.0
Records Manager	0.0	0.0	0.1	0.0	0.0
<b>Crafts/Trades</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Transportation</b>	<b>0.7</b>	<b>0.6</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>
<b>Laborer-Groundskeeping</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Custodial</b>	<b>0.8</b>	<b>0.5</b>	<b>0.4</b>	<b>0.7</b>	<b>0.5</b>
<b>Food Service</b>	<b>0.7</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
<b>Service Work - Other</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>10.4</b>	<b>10.3</b>	<b>9.6</b>	<b>10.1</b>	<b>10.0</b>

Source: EMIS Reports

<sup>1</sup> The EMIS figures have been adjusted to reflect reclassification in employee categories and FTE calculations.

<sup>2</sup> The peer average does not include WLSL.

<sup>3</sup> For purposes of the table, numbers have been rounded. Subtotals are based on actual numbers.

<sup>4</sup> Professional-Other category includes registered nurses, practical nurses, and speech-language therapists.

<sup>5</sup> Central staff includes superintendent, treasurer, and EMIS coordinator.

As indicated in **Table 3-1**, WLSL employs a higher number of staff per 100 students than the peers overall and in the technical, office/clerical, transportation, custodial, and food service categories. In contrast to the peer districts, WLSL employs a technology coordinator. However, WLSL does not plan to renew this contract for FY 2001-02 as part of its Financial



Recovery Plan (see **F3.4**). In the category of office/clerical, WLSD is 57.1 percent higher than the peer average and is higher than all of the peers. Within this category, WLSD has a greater number of teaching aides and bookkeepers per 100 students than the peers. WLSD's teaching aides work directly with students and assist in the classroom under WLSD's Title I program. WLSD bookkeepers assist the treasurer in financial management and benefits administration. In its Financial Recovery Plan, WLSD proposed reducing teaching aides and bookkeeper positions each by one FTE for FY 2001-02 (see **F3.4**).

In the transportation category, WLSD is approximately 75.0 percent higher than the peer average. Although WLSD is higher when compared to the peer average, WLSD's transportation staffing is lower than the average transportation staffing of 10 comparable districts selected by ODE for its analysis of WLSD's staffing patterns. See the **transportation** section for further information regarding transportation staffing. Similarly, WLSD's custodial staffing is approximately 60.0 percent higher than the peer average, but is lower than the average of ODE's 10 comparable districts. See the **facilities** section for further information regarding custodial staffing.

WLSD is slightly higher than the peers in the category of food service. However, ODE's staffing analysis indicated that WLSD's food service staffing is below the average for the 10 comparable districts. See the **financial systems** section for further information regarding food service operations.

F3.3 **Table 3-1** also shows that WLSD is slightly lower than the peers in the category of professional education. WLSD elementary and secondary teachers' staff levels are 4.0 percent lower than the peer average and educational service personnel teachers' levels are 42.9 percent lower than the peer average. ODE also found WLSD's teacher staffing levels below the average of the 10 comparable districts used in its staffing analysis.

F3.4 WLSD's Financial Recovery Plan proposes the following staffing reductions for FY 2001-02:

● Technology Coordinator (Computer Operator)	1.0 FTE
● Transportation & Facilities Dir. (Supervisor/Manager/Director)	1.0 FTE
● Health Aide (Practical Nurse)	0.5 FTE
● Administrative Assistant - Elem. (Clerical)	1.0 FTE
● Teacher's Aide	1.0 FTE
● Treasurer's Assistant (Bookkeeper)	1.0 FTE
● Teachers	12.0 FTEs

**Table 3-2** compares WLSD's proposed staffing reductions to the peer districts for FY 2000-01 staffing levels using FTEs per 100 students enrolled.

**Table 3-2: Peer District Staffing Patterns WLSD Reductions (FTE per 100 students enrolled)**

Category	WLSD before Reductions <sup>1</sup>	WLSD after Reductions <sup>2</sup>	Brown	Minster	Weathersfield	Peer Average <sup>3</sup>
<b>ADM</b>	1,072	1,072	940	914	1,046	967
<b>Administrators: Sub-total</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
Central	0.3	0.3	0.2	0.2	0.2	0.2
Site-Based	0.3	0.3	0.5	0.4	0.1	0.3
Supervisor/Manager/Director	0.1	0.0	0.0	0.0	0.3	0.1
<b>Professional Education: Sub-total <sup>5</sup></b>	<b>6.2</b>	<b>5.1</b>	<b>6.9</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
Counselors	0.2	0.2	0.1	0.2	0.3	0.2
Librarian-Media	0.1	0.1	0.1	0.2	0.2	0.2
Remedial Specialists	0.0	0.0	0.0	0.1	0.0	0.0
Teachers - Elem. and Secondary	4.7	3.7	4.5	5.1	5.1	4.9
Teachers - Special Education	0.7	0.6	0.9	0.4	0.8	0.7
Teachers - Vocational	0.1	0.1	0.1	0.3	0.0	0.1
Teachers - Educational Service Personnel	0.4	0.3	0.9	0.5	0.6	0.7
Tutors	0.2	0.2	0.4	0.1	0.1	0.2
<b>Professional - Other <sup>4</sup></b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<b>Technical: Sub-total</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Computer Operator	0.1	0.0	0.0	0.0	0.0	0.0
Computer Programmer/Analyst	0.0	0.0	0.0	0.0	0.0	0.0
<b>Office/Clerical: Sub-total</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>
Clerical	0.3	0.2	0.4	0.3	0.5	0.4
Teaching Aides	0.5	0.4	0.3	0.2	0.0	0.2
Library Aides	0.1	0.1	0.1	0.0	0.1	0.1
Bookkeeping	0.2	0.1	0.0	0.0	0.0	0.0
Records Manager	0.0	0.0	0.0	0.1	0.0	0.0
<b>Crafts/Trades</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Transportation</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>
<b>Laborer-Groundskeeping</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Custodial</b>	<b>0.8</b>	<b>0.8</b>	<b>0.5</b>	<b>0.4</b>	<b>0.7</b>	<b>0.5</b>
<b>Food Service</b>	<b>0.7</b>	<b>0.7</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
<b>Service Work - Other</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>10.4</b>	<b>8.8</b>	<b>10.3</b>	<b>9.6</b>	<b>10.1</b>	<b>10.0</b>

Source: EMIS Reports

<sup>1</sup> The EMIS figures have been adjusted to reflect reclassification in employee categories and FTE calculations.

<sup>2</sup> WLSD reductions based on the District's Financial Recovery Plan.

<sup>3</sup> The peer average does not include WLSD.

<sup>4</sup> Professional-Other category includes registered nurses, practical nurses, and speech-language therapists.

<sup>5</sup> For purposes of the table, numbers have been rounded. Subtotals are based on actual numbers.

As shown in **Table 3-2**, WLSD's overall staffing level after proposed reductions is well below the peers. Following reductions, WLSD staffing levels are equal to or below the peer

average in all of the professional education categories. The WLSD elementary and secondary teacher category is reduced to 3.7 teachers per 100 students, 24.5 percent below the peer average. School districts must consider the ratio of teachers to students in determining the appropriate staffing levels. Ohio Administrative Code (OAC) provides requirements for student-teacher ratios on a district-wide basis (see **F3.11**).

**Table 3-2** also shows that WLSD's office/clerical staffing levels following the proposed reductions are still slightly above the peer average. WLSD post-reduction staffing is still above the peers in the teaching aide and bookkeeping categories. As stated above, WLSD teaching aides work directly with students one-on-one and in the classroom as part of the Title I program, and the bookkeeper assists the treasurer in financial management and benefits administration. Furthermore, ODE found that WLSD's staffing levels for educational assistants and clerical personnel were below the average of 10 comparable school districts. Therefore, it appears that WLSD does not need to make further staffing adjustments in these classifications at this time.

Although WLSD transportation, custodial and food service staffing levels are higher than the peers (see **F3.2**), WLSD did not propose reductions in these area in its Financial Recovery Plan. See the **transportation, facilities and financial systems** sections for further discussion of staffing levels in these categories.

F3.5 **Table 3-3** presents a three-year summary of enrollment and staffing levels for WLSD and the proposed staffing levels for FY 2001-02.

**Table 3-3: FTE Staffing Summary**

Year	Fall Enrollment	Percentage Change	FTE Administration	FTE Certificated	FTE Classified	Total FTE	Percentage Change
FY 1998-99	1,138	N/A	7.0	67.0	37.5	111.5	N/A
FY 1999-00	1,107	(3.0)%	6.0	64.9	40.6	111.5	0.0%
FY 2000-01	1,072	(3.0)%	7.0	67.3	37.0	111.3	0.0% <sup>3</sup>
FY 2001-02 <sup>1</sup>	1,072 <sup>2</sup>	0.0%	6.0	54.9	33.1	94.0	(15.5)%

Source: EMIS Total Staff Summary Reports

<sup>1</sup> Proposed staffing based on WLSD's Financial Recovery Plan.

<sup>2</sup> Enrollment is assumed to be constant.

<sup>3</sup> Less than 0.1 percent.

Enrollment projections play an important role in determining future staffing and facility needs. WLSD maintained staffing at a relatively constant level during the last three years, while enrollment declined slightly. Based on WLSD's Financial Recovery Plan, staffing will decrease by 15.5 percent for FY 2001-02 while enrollment is assumed to remain constant

(see **financial systems** section). It is important to monitor staffing levels in conjunction with enrollment because State funding is based on the number of students enrolled. If staffing levels remain the same or increase when enrollment declines, a school district is forced to fund salaries in other ways, such as borrowing.

**R3.2** WLSD should continually monitor enrollment and develop detailed projections which should be used to adjust staffing levels accordingly. Because State funding is based on the number of students enrolled in a school district, WLSD should maintain staffing levels in accordance with enrollment levels to ensure sufficient funding is available.

F3.6 **Table 3-4** describes the breakdown of WLSD’s total FTEs into six general classifications of personnel.

**Table 3-4: Personnel Classifications and Position Descriptions**

Classification	Position Descriptions
Administrative Employees	Superintendent, Administrative Assistant, Principal, Assistant Principal, Supervisor/Manager/Director, Coordinator, Treasurer
Teachers	Regular Teachers, Special Education Teachers, Vocational Teachers, Educational Service Personnel (ESP) Teachers, Remedial Specialists, Tutors
Pupil Service Employees	Counselors, Librarian/Media, Speech and Language Therapist, Registered Nurse, Practical Nurse
Support Services	Operative, Custodians, Food Service, General Maintenance, Mechanic
Other Classified	Clerical, Teaching Aide, Library Aide, Bookkeeper, Records Manager
Technical	Computer Operator

**Source:** The Office of the Auditor of State

Assessing employees by major classifications assists in identifying personnel who may not be directly serving WLSD’s educational programs. While support staff are essential to many district functions, overstaffing in this area can deplete critical resources while not directly contributing to educational outcomes. **Table 3-5** compares the number and percentage of FTEs by classification for WLSD and the peer districts.

**Table 3-5: Comparison of Total and Percentage of FTEs by Classification**

Classification	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	FTEs	% of Total	FTEs	% of Total	FTEs	% of Total	FTEs	% of Total	FTEs	% of Total
Administrative	7.0	6.3%	7.0	7.2%	6.0	6.8%	6.0	5.8%	6.3	6.6%
Teachers	64.0	57.5%	63.0	65.1%	60.1	68.1%	68.0	65.2%	63.7	66.0%
Pupil Services	3.3	3.0%	4.0	4.1%	4.0	4.5%	6.0	5.8%	4.7	4.8%
Support Services	25.0	22.4%	15.7	16.2%	12.4	14.0%	18.3	17.5%	15.5	16.0%
Other Classified	11.0	10.0%	7.1	7.3%	5.8	6.6%	6.0	5.8%	6.3	6.5%
Technical	1.0	0.9%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
<b>Total</b>	<b>111.3</b>	<b>100.0%</b>	<b>96.8</b>	<b>100.0%</b>	<b>88.3</b>	<b>100.0%</b>	<b>104.3</b>	<b>100.0%</b>	<b>96.5</b>	<b>100.0%</b>

Source: EMIS

As shown in **Table 3-5**, WLSD has the highest percentage of FTEs categorized as support services and other classified when compared with the peers. In contrast, WLSD has the lowest percentage of FTEs categorized as teachers and pupil services personnel than the peers. These results are consistent with the analysis of staffing levels per 100 students which indicated that WLSD's staffing levels for transportation, custodial, food service, and teaching aides were higher than the peers (see **F3.2**). By dedicating a larger percentage of resources to support functions, WLSD may decrease its resources available for direct instructional personnel. Instructional personnel includes teachers and pupil services employees, and education support personnel consists of administrative, support services, technical and other classified positions. WLSD's planned staffing reductions impact the distribution of instructional and support staff (see **F3.7**).

**F3.7 Table 3-6** compares the number and percentage of FTEs categorized as instructional personnel or educational support personnel for WLSD and the peers for FY 2000-01.

**Table 3-6: Ratio of Direct Instructional Personnel to District Educational Support Personnel**

Classification	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	FTE	% of Total	FTE	% of Total	FTE	% of Total	FTE	% of Total	FTE	% of Total
Direct Instructional	67.3	60.4%	67.0	69.2%	64.1	72.6%	74.0	70.9%	68.4	70.9%
Educational Support	44.1	39.6%	29.8	30.8%	24.2	27.4%	30.3	29.1%	28.1	29.1%
<b>Total</b>	<b>111.4</b>	<b>100.0%</b>	<b>96.8</b>	<b>100.0%</b>	<b>88.3</b>	<b>100.0%</b>	<b>104.3</b>	<b>100.0%</b>	<b>96.5</b>	<b>100.0%</b>

Source: EMIS

As shown in **Table 3-6**, 67.3 FTEs or 60.4 percent of WLSD's total FTEs are made up of direct instructional personnel. WLSD has the lowest percentage of direct instructional personnel compared to the peer districts. Direct instructional personnel are staff dedicated to classroom teaching and other instructional functions. Additionally, WLSD's percentage of educational support personnel is higher than the peer districts.

**Table 3-7** shows the impact of WLSD's proposed staffing reductions on the ratio of direct instructional personnel to district educational support personnel.

**Table 3-7: Ratio of Direct Instructional Personnel to Educational Support Personnel  
Post Reductions**

Classification	Williamsburg Reductions		Brown		Minster		Weathersfield		Peer Average	
	FTE	% of Total	FTE	% of Total	FTE	% of Total	FTE	% of Total	FTE	% of Total
Direct Instructional	54.8	58.4%	67.0	69.2%	64.1	72.6%	74.0	70.9%	68.4	70.9%
Educational Support	39.1	41.6%	29.8	30.8%	24.2	27.4%	30.3	29.1%	28.1	29.1%
<b>Total</b>	<b>93.9</b>	<b>100.0%</b>	<b>96.8</b>	<b>100.0%</b>	<b>88.3</b>	<b>100.0%</b>	<b>104.3</b>	<b>100.0%</b>	<b>96.5</b>	<b>100.0%</b>

Source: EMIS

As shown in **Table 3-7**, the proposed staff reductions would lower WLSD's percentage of direct instructional personnel to 58.4 percent, 17.6 percent lower than the peer average, and increase the percentage of educational support personnel to 41.6 percent, 43.0 percent higher than the peer average. After proposed staffing reductions, WLSD continues to have the lowest percentage of direct instructional personnel and the highest percentage of educational support personnel. Although WLSD is dedicating a majority of its staff to direct instruction, the lower percentage of direct instructional personnel compared to the peers may indicate that WLSD should allocate any additional resources to direct instructional staff (see also **F3.11**). Without the appropriate mix of instructional and support personnel, a school district may have difficulty meeting its desired educational outcomes.

**R3.3** WLSD should assess its current and proposed staffing levels to determine the appropriate mix of direct instructional and district educational support personnel. WLSD should continue to closely monitor these staffing levels. Additionally, WLSD should allocate any realized cost savings to offset proposed reductions in direct instructional personnel in order to ensure the appropriate mix of personnel and student-to-teacher ratios. It is possible that WLSD's ability to attain its educational goals could be compromised without a sufficient number of direct instructional personnel.

F3.8 The Master Contract between the Williamsburg Education Association and WLSD Board of Education (Master Contract) stipulates the length and make-up of the teacher workday. **Table 3-8** illustrates an average workday for a secondary teacher as defined by the average minutes taught and other variables identified below.

**Table 3-8: Analysis of Teacher Workday FY 2000-2001**

Description of Activity	Average Middle School	Average High School
Length of Teachers' Day from Contract Defined Reporting and Ending Times	430 minutes or 7 hours 10 minutes	430 minutes or 7 hours 10 minutes
Number of Full Periods in Day	7 periods; average of 50 minutes	7 periods; average of 50 minutes
<b>Breakdown by Minutes:</b>		
Time prior to start of classes	10 minutes (used for homeroom)	10 minutes (used for homeroom)
Home room	0	0
Planning/prep/duty-free lunch	90 minutes (1 period + 40 minute lunch)	90 minutes (1 period + 40 minute lunch)
Instructional Minutes	300 minutes (6 periods)	300 minutes (6 periods)
Time after school	12 minutes	12 minutes
Hall passing	18 minutes	18 minutes
Total Actual Average Minutes	430 minutes	430 minutes
Balance of minutes	0 minutes	0 minutes
Average length of student day	6 hours 48 minutes or 408 minutes	6 hours 48 minutes or 408 minutes

Source: WLSD Teacher's Agreement, bell schedules, and interviews with Superintendent

As shown in **Table 3-8**, middle and high school teachers are fulfilling their contractual obligations in terms of the teacher workday. **Table 3-8** also indicates that teachers are teaching at least six of the seven periods each day. According to the Master Contract, WLSD teachers cannot teach more than six periods a day and are required to have one planning period per day and a half hour duty-free lunch. It appears that WLSD teachers meet the expected terms of the contract with respect to the number of minutes and periods taught. According to WLSD's Financial Recovery Plan, certificated teachers will not see an increase in class size due to the proposed reductions. WLSD principals and guidance counselors have developed plans to retain the same number of required and elective courses at the middle/high school by eliminating supplemental classes. These supplemental classes provided additional tutoring to help students prepare for proficiency exams.

**C3.1** WLSD maximizes the use of its teachers by having them teach at least six periods a day. Typically, school districts require fewer periods of teaching per day. By maximizing the use

of its teachers, WLSD can provide greater amounts of instructional time for students with fewer staff.

F3.9 **Table 3-9** shows the number of minutes middle and high school regular education teachers spend on formal instruction each day.

**Table 3-9: Instructional Minute Analysis for Middle and High School Teachers**

Teaching Minutes Per Day	Number of Periods Taught	Number of Teachers	Total Minutes Taught
50	1	0	0
100	2	1 <sup>1</sup>	100
150	3	0	0
200	4	0	0
250	5	2 <sup>2</sup>	500
300	6	23	6,900
350	7	0	0
<b>Total</b>	<b>N/A</b>	<b>26</b>	<b>7,500</b>

Source: Master Teaching Schedules

<sup>1</sup> This teacher also teaches two periods at the elementary school and is assigned two study hall periods.

<sup>2</sup> These teachers are assigned cafeteria duty for one period.

As shown in **Table 3-9**, 88.0 percent of WLSD's middle and high school regular education teachers educate students at least 6 periods per day at the middle/high school. By maximizing the number of periods taught by teachers, WLSD minimizes the number of staff needed to teach the required number of minutes per year.

F3.10 **Table 3-10** shows WLSD middle and high school class enrollment for regular education classes.

**Table 3-10: Middle and High School Classroom Enrollment Levels**

Number of Students	5 or Fewer	6	7	8	9	10	11	12	13	14	15 or more
Number of Periods	9	6	1	2	3	5	0	2	5	3	112
Percent of Total	6.1%	4.1%	0.7%	1.4%	2.0%	3.4%	0.0%	1.4%	3.4%	2.0%	75.7%

Source: WLSD Guidance Counselor



As indicated in **Table 3-10**, 36 of the 148 regular education classes, 24.3 percent, had 14 or fewer students enrolled. Classes with fewer than 15 students included composition, foreign languages, and supplemental math classes. WLSD maintains 21 classes, or 14.2 percent, with fewer than 10 students. Maintaining classes with low enrollment requires the use of additional teachers which can increase district costs.

**R3.4** WLSD should assess class enrollment and determine the feasibility of consolidating classes with fewer than 10 students. WLSD may also consider the option of offering classes with low enrollment on a biennial basis to increase enrollment in low census classes. Increasing classroom enrollment through consolidation and biennial course offerings, may assist WLSD in accommodating the proposed reductions in teaching staff and may allow WLSD to add some of the supplemental classes back into the schedule (see **F3.8**).

F3.11 Ohio Administrative Code (OAC) sets minimum standards for elementary and secondary education. OAC operating standards for schools provide for a minimum of one classroom teacher per 25 pupils in average daily membership (ADM) on district-wide basis. **Table 3-11** compares the student-to-teacher ratio for WLSD and the peer districts for grades Kindergarten through 12.

**Table 3-11: Comparison of Student-to-Teacher Ratio for K-12**

Williamsburg	Williamsburg Reductions	Brown	Minster	Weathersfield	Peer Average	State Average <sup>1</sup>
20.1	25.1	20.7	18.9	18.7	19.6	18.1

Source: EMIS Staffing Reports and WLSD Financial Recovery Plan

<sup>1</sup> ODE State average for FY 1999-00

As shown in **Table 3-11**, prior to reductions WLSD's student-to-teacher ratio is higher than the peer and State averages, but below the State minimum standard for student-to-teacher ratios. After WLSD's proposed reductions, WLSD's student-to-teacher ratio reaches the level of the State minimum standard of one FTE teacher for every 25 students in average daily membership. This ratio is based on districtwide enrollment and teacher staffing levels and does not indicate that every class has a 25 to 1 ratio. For example, some classes may have a 23 to 1 ratio while other classes have a 27 to 1 ratio.

According to WLSD's Financial Recovery Plan, WLSD will maintain current class sizes at the high school by eliminating supplemental classes so that teachers are available for more sections of required and elective courses. Although Ohio schools are not required to maintain specific student-to-teacher ratios, excessively high or low ratios may indicate overcrowding or overstaffing, respectively. WLSD's high ratio after reductions in teacher staffing levels indicates a need for the District to closely monitor enrollment to determine optimal staffing levels.

**R3.5** WLSD should closely monitor enrollment and staffing levels to ensure student-to-teacher ratios do not go above the State minimum standards of 25 to 1. Additionally, WLSD should determine optimal staffing levels to assist the District in attaining its desired educational goals.

F3.12 Each school district in Ohio is responsible for setting salaries for its positions. Therefore, State and peer averages serve as the primary means of comparison for assessing salary levels. **Table 3-12** compares the average salaries of each employee classification for WLSD and the peer districts.

**Table 3-12: Average Salary by Classification**

	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	# FTEs	Avg. Salary	# FTEs	Avg. Salary	# FTEs	Avg. Salary	# FTEs	Avg. Salary	# FTEs	Avg. Salary
Administrative	7.0	\$54,889	7.0	\$47,274	6.0	\$57,772	6.0	\$48,315	6.3	\$51,120
Prof. Education	66.9	\$40,768	65.0	\$40,310	64.1	\$43,834	73.0	\$39,913	67.4	\$41,352
Prof. Other	0.5	\$16,740	2.0	\$28,872	0.0	NA	1.0	\$27,216	1.0	\$28,004
Technical	1.0	\$49,754	0.0	NA	0.0	NA	0.0	NA	NA	NA
Office/Clerical	11.2	\$19,071	7.2	\$17,836	5.8	\$18,512	6.5	\$21,767	6.5	\$19,371
Crafts/Trades	1.0	\$27,539	0.0	NA	1.0	\$41,334	1.0	\$28,376	0.7	\$34,855
Transportation	7.7	\$19,894	5.3	\$19,677	2.4	\$21,339	4.0	\$22,348	3.9	\$21,121
Custodians	8.9	\$24,640	5.0	\$21,118	4.0	\$25,121	7.0	\$30,556	5.3	\$25,598
Food Service	7.3	\$15,811	4.4	\$16,690	5.0	\$14,822	6.3	\$19,294	5.2	\$16,936
Service Other	0.0	NA	1.0	\$11,665	0.0	NA	0.0	NA	0.3	\$11,665
<b>Totals</b>	<b>111.5</b>	<b>NA</b>	<b>96.9</b>	<b>NA</b>	<b>88.3</b>	<b>NA</b>	<b>104.8</b>	<b>NA</b>	<b>96.7</b>	<b>NA</b>

Source: EMIS 2001 Total Staff Summary Report

As indicated in **Table 3-12**, WLSD average salaries by classification are lower than the peer averages for all classifications except administrative and technical. WLSD's average salary for administration is the second highest of the peers and is 7.4 percent higher than the peer average. WLSD's average in this classification is impacted by the superintendent and treasurer's salaries. Although the superintendent and treasurer's salaries are higher than the peers, the salaries are the lowest when compared to other school districts in Clermont County.

For FY 2000-01, WLSD has 1.0 FTE in the technical category at a salary of \$49,754. The peers do not have staff in this classification. According to WLSD's Financial Recovery Plan, this position has been eliminated for FY 2001-02.

F3.13 **Table 3-13** compares the percentage of employee salaries by classification for WLSD and the peer districts. The employee classifications are consistent with those defined in **Table 3-4**.

**Table 3-13: Percentage of Total Employees and Salaries by Classification**

	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	% of Total Staff	% of Total Salary	% of Total Staff	% of Total Salary	% of Total Staff	% of Total Salary	% of Total Staff	% of Total Salary	% of Total Staff	% of Total Salary
<b>Administrative</b>	6.3%	9.9%	7.2%	9.6%	6.8%	9.8%	5.7%	7.6%	6.6%	9.0%
<b>Teachers</b>	57.5%	66.6%	65.1%	73.2%	68.1%	75.1%	64.9%	71.3%	66.0%	73.2%
<b>Pupil Services</b>	3.0%	3.5%	4.1%	4.8%	4.5%	4.5%	5.7%	5.6%	4.8%	5.0%
<b>Support Services</b>	22.4%	13.2%	16.2%	8.6%	14.0%	7.6%	17.4%	11.9%	15.9%	9.4%
<b>Other Classified</b>	10.0%	5.5%	7.3%	3.7%	6.5%	3.0%	6.2%	3.7%	6.7%	3.5%
<b>Technical</b>	0.9%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N/A	N/A
<b>Totals <sup>1</sup></b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: EMIS 2001 Total Staff Summary Report

<sup>1</sup> Totals may not equal 100 percent due to rounding error.

**Table 3-13** shows WLSD salaries for administrative employees comprise a higher percentage than the peers even though WLSD has a lower percentage of administrative employees than the peer districts (see **F3.6**). WLSD's percentages for other classifications' salaries are in line with the percentage of employees in the category.

F3.14 **Table 3-14** compares the average teachers salary, average years of experience, and educational backgrounds for WLSD and the peer districts.

**Table 3-14: Average Teachers' Salary FY 1999-2000**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average
Average Teaching Salary	\$40,245	\$37,469	\$41,253	\$39,253	\$39,325
Adjusted Salary <sup>1</sup>	\$37,116	\$36,470	\$39,583	\$36,675	\$37,576
Average years of experience	15.7	17.1	14.5	15.5	15.7
% Non-degree	1.6%	0.0%	0.0%	8.3%	2.8%
% Bachelors	13.1%	11.3%	17.2%	21.7%	16.7%
% Bachelors + 150 hours	24.6%	34.8%	14.5%	44.9%	31.4%
% Masters	60.7%	53.9%	68.3%	25.0%	49.1%

Source: ODE 2000 Average Experience for Teachers Report

<sup>1</sup> Salary adjusted by ODE cost-of-doing-business factor.

As shown in **Table 3-14**, WLSD's average teachers' salary of \$40,245 is slightly higher than the peer average of \$39,325. The average teacher salary is affected by the tenure and educational background of the district's teaching workforce. WLSD's teachers' average years of experience is comparable to the peer average of 15.7 years. However, approximately 61.0 percent of WLSD teachers have a Masters degree compared to the peer average of 49.1 percent. WLSD's average teacher salaries may be slightly higher than the peer average because of the greater percentage of teachers with Master degrees. Educational attainment directly affects salaries, but also may have a positive impact on classroom teaching skills. Districts like WLSD, that have teaching corps that are above the State average in education and experience, receive additional State funding (see **financial systems** section).

**C3.2** WLSD has a high percentage of teachers with Master degrees. The higher level of educational attainment may have a positive impact on classroom teaching skills and may assist WLSD in meeting its educational goals. Additionally, WLSD receives additional State funding based on the experience and education level of its teachers.

F3.15 When adjusted by the cost-of-doing-business factor, WLSD average teachers' salary is slightly lower than the peer average. The cost-of-doing-business factor is calculated to reflect the relative cost of doing business in the county in which the district is located. **Table 3-15** compares WLSD average teacher salary, experience and education to other districts in Clermont County.

**Table 3-15: Clermont County Average Teacher Salary and Experience**

District	Average Salary	Average Experience	% Non-degree	% Bachelors	% BA+150	% Masters	% Doctorate
Milford Ex Village	\$42,588	14.6	0.0%	18.1%	26.3%	55.3%	0.3%
New Richmond Ex	\$58,715	16.5	2.1%	12.6%	17.7%	67.6%	0.0%
Clermont ESC	\$31,588	6.9	0.0%	35.6%	23.7%	40.7%	0.0%
Batavia Local	\$38,820	11.1	0.0%	38.7%	16.0%	44.3%	0.9%
Bethel-Tate Local	\$40,504	15.6	0.0%	13.4%	27.7%	58.0%	0.9%
Clermont Northeastern	\$38,866	16.7	0.9%	13.8%	39.1%	46.2%	0.0%
Felicity-Franklin	\$35,398	9.7	0.0%	22.0%	37.5%	40.4%	0.0%
Goshen Local	\$36,832	9.5	1.3%	19.4%	36.5%	42.9%	0.0%
W. Clermont Local	\$42,359	10.2	0.8%	13.3%	25.4%	59.9%	0.6%
<b>WLSD</b>	<b>\$40,245</b>	<b>15.7</b>	<b>1.6%</b>	<b>13.1%</b>	<b>24.6%</b>	<b>60.7%</b>	<b>0.0%</b>
U.S. Grant JVSD	\$46,974	14.2	46.2%	3.1%	24.6%	26.2%	0.0%
<b>County Average</b>	<b>\$41,264</b>	<b>12.5</b>	<b>5.1%</b>	<b>19.0%</b>	<b>27.5%</b>	<b>48.1%</b>	<b>0.3%</b>

Source: ODE 2000 Average Experience for Teachers Report

**Table 3-15** indicates WLSD's average teachers' salary of \$40,245 is slightly below the Clermont County average of \$41,264. WLSD average teachers' salary does not appear to be out of line with the average teachers' salaries of the peer districts or other districts within Clermont County.

F3.16 The average teacher salary is also affected by cost of living adjustments (COLAs) as determined in a district's Master Contract. **Table 3-16** compares WLSD's teacher salary schedule with the peer districts.

**Table 3-16: Teachers' Salary Schedule**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average
Bachelors Beginning Salary	\$24,589	\$21,954	\$26,672	\$22,502	\$23,709
Bachelors Maximum prior to longevity	\$39,884	\$44,222	\$43,342	\$45,454	\$44,339
Masters Beginning Salary	\$26,630	\$24,588	\$29,340	\$24,527	\$26,151
Masters Maximum Prior to longevity	\$51,530	\$47,317	\$50,944	\$47,007	\$48,423
Doctorate Beginning Salary	N/A	N/A	N/A	N/A	N/A
Doctorate Maximum Prior to longevity	N/A	N/A	N/A	N/A	N/A
# of steps prior to longevity payments	15	18	16	17	17
# of longevity steps	2	2	2	5	3
Avg increase of step/longevity payments	\$1,314	\$1,189	\$1,334	\$500	\$1,008
Maximum Bachelors after longevity	\$42,245	\$46,676	\$46,010	\$47,954	\$46,880
Maximum Masters after longevity	\$54,589	\$49,991	\$53,611	\$51,387	\$51,663
Maximum Doctorate after longevity	N/A	N/A	N/A	N/A	N/A

Source: Salary schedules

**Table 3-16** indicates that WLSD's beginning Bachelors salary is higher than the peer average and the second highest of the peers. However, the maximum Bachelors salaries prior to and after longevity are lower than the peers. WLSD's maximum Bachelors salary after longevity of \$42,245 is 9.9 percent lower than the peer average of \$46,880. In contrast, WLSD's maximum Masters salaries prior to and after longevity are higher than the peers. WLSD's maximum Masters salary after longevity of \$54,589 is the highest of the peers and 5.7 percent higher than the peer average. The higher salaries for Masters-level teachers may act as an incentive for teachers to advance their education beyond a Bachelors degree and may be the reason for the higher percentage of WLSD teachers with a Masters degree (see **F3.14**).

F3.17 The WLSD salary schedules stipulate the amounts paid to teachers for regular teaching duties. **Table 3-17** presents the gross earnings paid to WLSD full-time teachers during Calendar Year 2000.

**Table 3-17: Range of Teacher Gross Earnings for CY 2000**

Range of Earnings	# of Teachers	Percentage of Teachers
\$24,589 - \$29,999	8	14.3%
\$30,000 - \$39,999	14	25.0%
\$40,000 - \$49,999	14	25.0%
\$50,000 - \$54,589	7	12.5%
\$54,589 +	13	23.2%
<b>Total</b>	56	100.0%

Source: 2000 W-2s

**Table 3-17** shows the gross earnings paid to full-time WLS D teachers ranged from \$24,589 to \$65,632 with an average salary of \$44,061. According to EMIS reports, the average WLS D teachers salary was \$40,245, a difference of nearly \$4,000. The difference in average teacher salaries is due to supplemental payments. Teachers may earn additional income through contractually-defined supplemental positions.

F3.18 **Table 3-18** compares the total amount paid for supplemental contracts for WLS D and the peer districts for FY 1999-00.

**Table 3-18: Total Supplemental Payments**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average
<b>Enrollment</b>	1,107	931	909	1,009	950
<b>Total Supplemental Contract Payments</b>	\$124,004	\$84,081	\$142,945	\$91,358	\$106,128
<b>Supplemental Expenditures per ADM</b>	\$112	\$90	\$157	\$91	\$113

Source: Treasurer's Office

**Table 3-18** indicates that WLS D's total supplemental payments are higher than the peer average. However, WLS D's supplemental expenditure per student is below the peer average. Supplemental contracts help school districts offer programs outside the scope of regular classroom instruction. Typical supplemental positions include coach, music director, and class advisor. **Table 3-19** compares the amounts paid for some common supplemental contract positions for WLS D and the peer districts.

**Table 3-19: Comparison of Select Supplemental Contract Amounts**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average
Head Varsity Basketball Coach (Boys)	\$4,859	\$2,610	\$4,506	\$4,510	\$3,875
Head Varsity Basketball Coach (Girls)	\$4,859	\$2,610	\$4,765	\$4,510	\$3,962
Head Varsity Track Coach (Boys)	\$2,305	\$1,868	\$4,299	\$2,050	\$2,739
Head Varsity Baseball Coach	\$2,305	\$1,868	\$2,862	\$2,050	\$2,260
Head Varsity Softball Coach	\$2,305	\$1,868	\$2,862	\$2,050	\$2,260
Head Varsity Cheerleader Advisor	\$1,655	\$1,868	\$1,036	\$1,046	\$1,317
Junior Class Advisor	\$1,419	\$496	\$3,834	\$1,230	\$1,853
Senior Class Advisor	\$946	\$496	\$622	\$1,230	\$783
Total # of Supplemental Positions	61	65	68	54	62
Total Supplemental Pay	\$124,004	\$84,081	\$142,945	\$91,358	\$106,128
Supplemental Pay Average	\$2,033	\$1,294	\$3,098	\$2,335	\$2,242

Source: Negotiated Agreements and Treasurers' office

As shown in **Table 3-19**, WLSD has the second lowest average supplemental pay amount when compared to the peer districts. Also, WLSD has a lower number of supplemental contract positions than the peer average. Furthermore, WLSD proposed reducing the number of supplemental contract positions as part of its Financial Recovery Plan. WLSD will not fund 27 supplemental positions in FY 2001-02 for a savings in salaries and retirement benefits of approximately \$55,509.

### *Special Education*

F3.19 Ohio pre-school and school-aged children are placed in a special education program when they meet various conditions identified through a multi-factored assessment process conducted in accordance with State and Federal regulations. Children with disabilities may be identified from birth to 2 ½ years old, but are typically identified at the pre-school (ages 3-5) or school-age level. Once a student is identified as being eligible for the special education program, an individualized education planning team is formed. The team may consist of the building principal, special education teacher, regular teacher, psychologist, therapist, nurse and the child's parents. The team meets at least annually to develop an individualized education plan (IEP), identifying the goals for educating the child and specifying how those goals are to be achieved. Like regular education students, special education students must meet the 20-unit requirement in order to graduate. However, special



education students are given 22 years to achieve this requirement and the intensity of the education varies in accordance with the student's IEP.

WLSD currently has 92 IEPs for resident students between the ages of 3 and 22, each of which must be reviewed at least annually. Under certain circumstances, WLSD is responsible for developing and maintaining a student's IEP, but another district is responsible for educating the student. This occurs when the IEP dictates that a student attends school in another district, when a student resides in a foster home outside of WLSD, when a student receives home schooling or is educated in another setting outside of WLSD. WLSD is currently responsible for educating 78 of the 92 special education students for which it maintains IEPs.

F3.20 **Table 3-20** compares WLSD's ratio of handicapped students to special education FTEs to the peer districts' ratios for FY 1999-00.

**Table 3-20: Comparison of Special Education Students per Special Education FTE FY 1999-00**

District	ADM	Total Handicapped	% Handicapped	Special Education FTE	Ratio of Special Education Students to Teachers
WLSD	1,082	110	10.2%	6.0	18.3
Brown	962	114	11.9%	8.0	14.3
Minster	913	78	8.5%	3.6	21.7
Weathersfield	1,082	108	10.0%	5.0	21.6
Peer Average	986	100	10.1%	5.5	19.2

Source: ODE District Report Card, EMIS 2000 Staff Summary Report

As shown in **Table 3-20**, WLSD's special education student-to-teacher ratio is below the peer average and is the second lowest of the peers. ODE requires each school district develop a district-wide special education plan to meet the needs of its special education population. ODE established recommended student-to-teacher ratios by handicap, but the recommendations allow school districts to deviate from the ratios based on the adopted special education plan.

WLSD developed a plan to educate its special needs population through a Model IV Alternative Service Delivery Options (ASDO) program. In a Model IV ASDO program, services may be provided in a regular classroom environment with the regular education teacher (inclusion) or in a special class or learning center (resource room). The role of the special educator is based on student needs. Special education teachers may provide services to students in the regular classroom, in a self-contained special education class, or on an as-

needed basis in a resource room. The Model IV ASDO program affords WLSD more flexibility in the use of staff and provides special needs students the opportunity to be educated in a regular classroom. Based on staffing levels and WLSD's proposed reductions, no further reductions in special education staffing are indicated at this time.

### *Certificated Leave Use*

F3.21 **Table 3-21** compares the average number of leave days taken per teacher for WLSD and the peer districts.

**Table 3-21: Teacher Average Number of Leave Days Taken FY 1999-00**

Type of Leave	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	# Days Taken	Avg. per Teacher	# Days Taken	Avg. per Teacher	# Days Taken	Avg. per Teacher	# Days Taken	Avg. per Teacher	# Days Taken	Avg. per Teacher
Sick Leave	324.0	5.1	173.0	3.0	265.5	4.2	574.1	8.1	337.5	5.1
Personal Leave	81.8	1.3	37.0	0.6	121.8	1.9	127.5	1.8	95.4	1.4
Professional Leave	97.8	1.5	75.5	1.3	158.5	2.5	120.5	1.7	118.2	1.8
Other Leave	18.8 <sup>1</sup>	0.3	3.0	0.1	0.0	0.0	0.0	0.0	NA	NA
<b>Total Leave</b>	<b>522.3</b>	<b>8.2</b>	<b>288.5</b>	<b>5.0</b>	<b>545.8</b>	<b>8.7</b>	<b>822.1</b>	<b>11.6</b>	<b>552.1</b>	<b>8.4</b>
# of eligible teachers	64		58		63		71		N/A	

Source: District Treasurer's Offices

<sup>1</sup> Other leave was leave without pay

WLSD teachers' average leave was lower than the peer average in all categories except sick leave which was equal to the peer average. WLSD teachers require a substitute an average of 8.2 days per year which is slightly less than the peer average. In FY 1999-00, WLSD employed 64 teachers who were contracted to teach 183 days per year. Assuming that all leaves are covered by a substitute, if each teacher takes the average 8.2 days of leave per year, 4.5 percent of the school days are covered by substitutes. The use of leave days has a direct impact on school district costs as both the teacher's regular salary and the substitute cost must be paid by the district. Also, the excessive use of leave days may increase administrative time and impact the quality of education by interrupting the flow of a teacher's curriculum. WLSD teachers' leave usage is low when compared to the peers. This may be attributable to the district's personal and sick leave incentive policies (see **F3.24**).

**C3.3** WLSD teachers leave usage is low when compared to the peers. Based on AOS performance audits of other school districts, WLSD's leave usage is also low when compared to other school districts in the State. By maintaining high teacher attendance rates, WLSD is able to decrease administrative time associated with acquiring substitutes and enhance the quality of education provided to students.

### *Classified Leave Use*

F3.22 Classified positions that require substitutes are filled by casual/short-term substitutes. WLSD pays substitutes an hourly rate based on the classification of employees. Substitutes for classified positions remain at the same hourly rate regardless of the number of days spent in the same position. Benefits are not provided to classified substitutes. **Table 3-22** shows the number of leave days used by WLSD's classified staff during FY 1999-00.

**Table 3-22: WLSD Classified Personnel Leave Days Taken FY 1999-00**

Classification	Sick	Personal	Professional	Vacation	Other	Total	# Employees	Average Days per employee
Clerical/Office	33.5	5.0	0.0	0.0	0.0	38.5	8	4.8
Food Service	67.8	25.0	0.0	0.0	6.0	98.8	11	9.0
Custodial/Maintenance	66.5	22.0	0.0	116.5	0.0	205.0	12	17.1
Transportation	98.0	28.0	0.0	0.0	0.0	126.0	11	11.5
Other Classified	3.0	3.5	0.0	19.0	0.0	25.5	3	8.5
<b>Totals</b>	<b>268.8</b>	<b>83.5</b>	<b>0.0</b>	<b>135.5</b>	<b>0.0</b>	<b>493.8</b>	<b>45</b>	<b>11.0</b>

Source: WLSD Treasurer's Office

WLSD's classified staff averaged 11.0 leave days used per employee. Employees in the custodial/maintenance category had the highest leave usage with an average of 17.1 days. The use of leave days has a direct impact on district costs because both the employees regular salary and the substitute cost must be paid by the district. If a substitute is not obtained, the district may have to pay overtime to a regular employee to cover the vacancy. Of the 493.8 total days taken by WLSD's classified personnel, over half were sick leave days.

F3.23 **Table 3-23** compares the average number of sick days taken by WLSD's classified staff to the peer districts for FY 1999-00.

**Table 3-23: Comparison of Average Number of Sick Days Taken (Classified)**

Classification	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	# Sick Days Taken	Average	# Sick Days Taken	Average	# Sick Days Taken	Average	# Sick Days Taken	Average	# Sick Days Taken	Average
Clerical/Office	33.5	4.2	26.0	6.5	22.5	5.6	104.5	13.1	51	8.4
Food Service	67.8	6.2	8.5	1.7	65.3	8.2	91.0	13.0	54.9	7.6
Maintenance	66.5	5.5	13.0	2.2	52.5	10.5	433.5	48.2	166.3	20.3
Transportation	98.0	8.9	69.0	8.6	53.5	5.4	70.5	7.8	64.3	7.3
Other	3.0	1.0	9.0	1.5	14.0	4.7	20.0	2.0	14.3	2.7
<b>Totals</b>	<b>268.8</b>	<b>5.2</b>	<b>125.5</b>	<b>4.1</b>	<b>207.8</b>	<b>6.9</b>	<b>719.5</b>	<b>16.8</b>	<b>395.5</b>	<b>9.3</b>

Source: WLSD Treasurer's Office Leave Report

WLSD's classified staff averaged 5.2 sick leave days which is lower than the peer average and the second lowest sick leave usage among the peers. WLSD's transportation staff used the highest number of sick leave days compared to other WLSD employees. Furthermore, WLSD transportation staff account for 36.5 percent of WLSD's sick leave days taken by all classified staff. WLSD transportation staff are not eligible for vacation and may be using sick leave for non-medical reasons.

The classified staff provides critical resources to the educational process by fulfilling the following roles:

- Functioning as a support resource to staff and students;
- Providing a clean and secure environment;
- Ensuring nutritious lunches; and
- Fulfilling additional functions as required by curriculum and/or other district needs.

Excessive use of sick leave limits a school's resources and disrupts daily routines weakening the quality of education. Overall, WLSD classified staff's sick leave use is low when compared to the peers. This may be attributable to the district's sick leave incentive policy (see **F3.25**). However, transportation staff's sick leave usage is high when compared to the peers and the potential exists for sick leave to be misused for non-medical reasons.

**R3.6** WLSD should monitor sick leave usage for possible misuse. If WLSD determines that classified employees are misusing sick leave for non-medical reasons, the District should consider implementing additional policies to assist with reducing sick leave usage. The following sick leave policies are used by other school districts to address sick leave abuse:

- Physician's statement required if the employee uses three or more consecutive sick leave days;
- Employees are held accountable for the number of occurrences of sick leave taken rather than the actual number of days taken;
- Sick leave usage is included as a component of the employee's evaluation; and
- Sick leave days are not included in the "active pay status" category for the calculation of overtime eligibility for classified employees.

WLSD should provide policy training to ensure employees understand the sick leave policies. Also, WLSD should consistently enforce sick leave policies to ensure these critical resources are available to the District and to keep down the costs associated with the use of substitutes.

### *Leave Incentives*

F3.24 WLSD offers personal and sick leave incentives to employees. According to the teachers' contract, WLSD reimburses certificated employees \$100 per day for any unused personal days and pays a \$500 bonus to certificated employees who use 4 or fewer sick days. In FY 1999-00, 44 of 64 teachers received the sick leave bonus for a total amount of \$22,000, and 55 teachers received some level of reimbursement for unused personal leave for a total amount of \$11,325. Leave incentives can be an effective practice for controlling leave usage when properly monitored and may benefit WLSD by decreasing administrative time and enhancing the quality of education. However, incentive policies are also intended to create cost savings to the district by helping to eliminate higher substitute costs. WLSD has not performed analyses to determine the costs and benefits of continuing its leave incentive policies.

F3.25 WLSD offered a sick leave incentive for classified employees prior to the FY 2000-01 school year. Because classified employees do not have a bargaining agreement, WLSD chose to offer an incentive similar to the teachers' incentive. WLSD compensated classified staff two and a half times the employees' daily rate for use of 4 or fewer sick days. Thirty-four of the 49 classified employees received the bonus for a total amount paid in FY 1999-00 of \$6,475. WLSD did not offer a leave incentive in FY 2000-01 due to the District's financial crisis.

**R3.7** WLSD should perform an analysis on the costs and benefits of continuing its current leave incentive policies. The leave incentives for employees appear to have a positive impact on WLSD employees' use of personal and sick leave. However, WLSD should ensure that the incentive amounts are providing the District a cost savings while continuing to provide an incentive to employees to limit their leave usage. WLSD should use the information from

the cost-benefit analysis as part of the negotiation process for renewal of the teachers contract and the new classified bargaining agreement.

### Substitute Costs

F3.26 **Table 3-24** compares WLSD and the peer districts' substitute costs and procedures. The categories in the table represent key indicators in determining the efficiency of substitute use in a school district.

**Table 3-24: Comparison of Substitute Costs**

	Williamsburg	Brown	Minster	Weathersfield
<b>Auto/Manual Placement Process</b>	Manual	Manual	Manual	Manual
<b>Daily Cost of Teacher Substitutes</b>	0-60 Days: \$65/day 61+ Days: 1 <sup>st</sup> Step Retirees: \$100/day	\$75/day	0-30 Days: \$70/day 31-60: \$85/day 61+ Days: 1 <sup>st</sup> Step	1-15 Days: \$63/day 16-25 Days: \$65/day 26-35 Days: \$70/day 36+ Days: \$75/day
<b>Hourly Cost of Bus Drivers</b>	\$9.95/hr	\$7.25/hr	\$13.51/hr	\$9.00/hr
<b>Hourly Cost of Clerical &amp; Aides</b>	Clerical: \$7.52/hr Aides: \$7.39/hr	\$5.50/hr	Clerical: \$7.50/hr Aides: \$7.58/hr	\$6.75/hr
<b>Hourly Cost of Custodial/Maintenance</b>	\$8.91/hr	\$6.00/hr	\$8.68/hr	\$7.30/hr
<b>Hourly Cost of Food Service</b>	\$7.38/hr	\$5.50/hr	\$7.33/hr	\$6.15/hr

Source: Treasurer's Office

As shown in **Table 3-24**, WLSD's teacher substitute costs are lower than the peers except when WLSD retirees are used. WLSD pays retirees \$100 a day to substitute teach which is 17.6 percent higher than the next highest peer rate. WLSD's hourly costs for bus drivers and aides are the second highest of the peers, and WLSD's hourly costs are higher than the peers in the clerical, custodial and food service categories. High hourly or daily rates can increase WLSD's total costs for substitutes. **Table 3-25** shows the substitute payments made by WLSD and the peer districts for FY 1999-00.

**Table 3-25: Substitute Payments for FY 1999-00**

Classification	Williamsburg		Brown		Minster		Weathersfield		Peer Average	
	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total	Amount Paid	% of Total
Teachers	\$60,447	57.3 %	\$22,163	79.0%	\$33,923	64.3%	\$47,698	46.1%	\$34,595	63.1%
Teachers Aides	\$1,554	1.5%	\$106	0.4%	\$0	0.0%	\$0	0.0%	NA	NA
Clerical	\$0	0.0%	\$639	2.3%	\$0	0.0%	\$8,332	8.0%	\$4,486	5.2%
Custodians	\$3,628	3.4%	\$1,698	6.1%	\$13,055	24.7%	\$37,049	35.8%	\$17,257	22.2%
Bus Drivers	\$28,252	26.8%	\$3,219	11.5%	\$5,812	11.0%	\$4,059	3.9%	\$4,363	8.8%
Food Service	\$11,604	11.0%	\$0	0.0%	\$0	0.0%	\$6,370	6.2%	NA	NA
Other	\$0	0.0%	\$218	0.8%	\$0	0.0%	\$0	0.0%	NA	NA
<b>Total</b>	\$105,485	100%	\$28,043	100%	\$52,790	100%	\$103,508	100%	\$61,447	100%

Source: BUDSUM Report - WLS D Treasurer

**Table 3-25** shows WLS D's total substitute cost for FY 1999-00 was the highest of the peers and 71.7 percent higher than the peer average. WLS D's substitute payments for teachers, aides, bus drivers, and food service workers were higher than the peers. WLS D's payments for clerical and custodians were significantly below the peer averages for these categories. Comparing percent of substitute expenditures, WLS D's teacher substitute costs were a lower percentage of the total substitute expenditures than the peer average of 63.1 percent and WLS D teachers used fewer leave days than the peers (see **F3.21**). However, WLS D's actual costs for teacher substitutes was 74.7 percent higher than the peer average. WLS D's teacher substitute payments are higher due to a reliance on retirees who are paid a higher daily rate, \$100 per day compared to \$65 per day, and the use of long-term substitutes. The use of retirees for substitutes is a good practice as retirees are familiar with WLS D and may help to maintain the quality of education when a substitute is necessary.

WLS D's transportation and food service substitute costs were also the highest of the peers. The costs are higher in part due to WLS D's higher substitute payments for these positions. WLS D's transportation substitute payments are the second highest of the peers and food service substitute payments are the highest of the peer districts. Additionally, WLS D's transportation substitute costs are impacted by the high number of sick leave days taken by transportation employees (see **F3.23**).

**R3.8** As stated in **R3.6**, WLS D should monitor sick leave usage and consider implementing policies to reduce the number of sick days taken by transportation employees. Reducing the number of sick days taken would eliminate additional administrative time, alleviate interruptions to the workflow and reduce WLS D's substitute costs as shown in **Table 3-26** below. Policy changes in this area may be subject to negotiation.

**Table 3-26: Annual Savings Calculated from Reductions in Classified Sick Leave Usage**

Classification	Annual Savings
	Sick Leave Reduced by 4 Days
Clerical/Office	\$1,925
Custodian/Maintenance	\$3,058
Food Service	\$1,711
Transportation	\$2,386
Aides	\$1,035
<b>Total</b>	<b>\$10,115</b>

Source: WLSD Treasurer's Office

*Financial implication:* Although WLSD's overall sick leave usage for classified employees was lower than the peers, sick leave usage for transportation employees was higher than the peers. As shown in **Table 3-26**, WLSD could save an estimated \$10,000 annually by reducing the number of sick days taken by all classified employees by 4 days.

### *Benefits Administration*

F3.27 The WLSD treasurer's office is responsible for benefits administration for the District. The treasurer and assistant treasurer distribute and explain benefit packets, process enrollment changes, reconcile carrier coverage records and ensure payroll deductions are processed properly. WLSD is a member of the Clermont County Health Trust (CCHT), a consortium of school districts in Clermont County. WLSD offers employees a choice in health care plans between a Health Maintenance Organization Plan (HMO) and a Preferred Provider Organization (PPO) Plan. Weathersfield offers a similar PPO plan to its employees while Brown and Minster are both self-insured. **Table 3-27(a)** compares health care plan costs for WLSD and the peers.



**Table 3-27(a): Health Care Premium Peer Comparison**

School	Provider(s)	Monthly Premium Single Plan	Full-time Employee Share	Monthly Premium Family Plan	Full-time Employee Share	FY 2000 Enrollment per plan (S/F)	Self-Insured
Williamsburg	Anthem Blue						No
	Cross PPO	\$145.15	\$7.28	\$362.88	\$18.14	14/57	
	HMO	\$165.57	\$8.28	\$414.03	\$20.70	2/11	
Brown	Self-insured	\$174.31	Cert. \$17.43 N.C. \$8.71	\$367.84	Cert. \$36.78 N.C. \$18.39	N/A <sup>1</sup>	Yes
Minster	Plan I	\$227.75	\$18.20	\$572.20	\$45.78	1/28	Yes
	Plan II	\$209.55	\$0.00	\$526.42	\$0.00	8/37	
Weathersfield	United Healthcare	\$228.86	\$0.00	\$572.01	\$0.00	21/64	No

Source: Treasurer's Office

<sup>1</sup> Information not available.

WLSD's medical premium rates are lower than the peers for single coverage. WLSD's family rate for the PPO is lower than the peers and its HMO family rate is the second lowest of the peers. CCHT maintains lower premium rates through equal risk sharing among consortium members. WLSD pays 95.0 percent of the single and family medical premiums. The peers vary in the percentages they require employees to pay, ranging from zero to 10.0 percent. Additionally, Brown and Minsters' health care plans do not include prescription benefits. **Table 3-27(b)** compares the adjusted monthly premium amounts including prescription plan premiums for Brown and Minster.

**Table 3-27(b): Adjusted Health Care Premium Peer Comparison**

School	Provider(s)	Monthly Premium Single Plan	Full-time Employee Share	Monthly Premium Family Plan	Full-time Employee Share	FY 2000 Enrollment per plan (S/F)	Self-Insured
Williamsburg	Anthem Blue						No
	Cross PPO	\$145.15	\$7.28	\$362.88	\$18.14	14/57	
	HMO	\$165.57	\$8.28	\$414.03	\$20.70	2/11	
Brown	Self-insured	\$215.19	Cert. \$17.43 N.C. \$8.71	\$466.08	Cert. \$36.78 N.C. \$18.39	N/A <sup>1</sup>	Yes
Minster	Plan I	\$245.56	\$18.20	\$609.59	\$45.78	1/28	Yes
	Plan II	\$227.36	\$0.00	\$563.81	\$0.00	8/37	
Weathersfield	United Healthcare	\$228.86	\$0.00	\$572.01	\$0.00	21/64	No

Source: Treasurer's Office

<sup>1</sup> Information not available.

**Table 3-27(b)** further demonstrates the low cost of WLSD's health care premiums when prescription premiums are included in Brown and Minsters' monthly premium costs. Brown and Minster pay additional premiums for prescription benefits but do not require employees to contribute to this additional amount. However, because WLSD's premium includes prescriptions the employees contribution is based on the total monthly premium amount further decreasing the District's health care costs.

According to the State Employee Relations Board (SERB) 2000 survey on health insurance costs in the public sector, WLSD's medical insurance costs are also lower when compared to other State agencies and school districts. **Table 3-28** compares WLSD to State averages and like-sized school districts.

**Table 3-28: Health Care Costs State Comparison**

	Monthly Premium Single Plan	Full-Time Employee Share	Monthly Premium Family Plan	Full-Time Employee Share
<b>Williamsburg</b>				
<b>PPO</b>	\$145.15	5.0% (\$7.28)	\$362.88	5.0% (\$18.14)
<b>HMO</b>	\$165.57	5.0% (\$8.28)	\$414.03	5.0% (\$20.70)
<b>State Average</b>				
<b>PPO</b>	\$208.16	10.8% (\$23.41) <sup>1</sup>	\$540.31	12.1% (\$66.68) <sup>1</sup>
<b>HMO</b>	\$197.83		\$522.02	
<b>School District (1,000-2,999)</b>				
<b>Average</b>	\$219.52	9.1% (\$20.05)	\$546.47	11.4% (\$62.27)

Source: SERB Report

<sup>1</sup> The SERB Report does not make a distinction between the average employee share for PPO versus HMO plans.

WLSD's medical premiums are lower than the State average by plan type and lower than the State average for like-sized school districts. The average single plan premium for like-sized school districts is approximately 33.0 percent higher than WLSD's HMO single plan premium and 32.0 percent higher for the family plan. However, WLSD's employee contributions are also less than the State average and the average for like-sized districts. The average employee contribution for State agencies and like-sized school districts is almost double WLSD's employee share.

F3.28 Benefits offered as components of the medical plan may impact the cost of the plan and should be considered when conducting a cost/benefit analysis. Typically, the level of benefits, including co-pays, annual deductibles and the inclusion of prescription plans is included in a district's bargaining agreements. **Table 3-29** compares certain benefits of WLSD and the peers' medical plans.

**Table 3-29: Key Medical Plan Benefits**

	Williamsburg		Brown	Minster	Weathersfield
	PPO	HMO	Self-Insurance Plan	Mercer-Auglaize Employee Benefit Trust	United Health Care
<b>Office Visits</b>	<u>Network:</u> 80/20 after deductible  <u>Non-network:</u> 60/40 after deductible	\$5 copay	80%	<u>Plan A:</u> 90/10 after deductible  <u>Plan B:</u> 80/20 after deductible	80%
<b>Employee Annual Deductible</b>	<u>Network:</u> \$100 (S) \$200 (F)  <u>Non-Network:</u> \$100 (S) \$200 (F)	None	\$50 (S) \$100 (F)	<u>Plan A:</u> \$100 (S) \$200 (F)  <u>Plan B:</u> \$200 (S) \$400 (F)	\$100 (S) \$200 (F) \$400 (S) maximum
<b>Prescription Plan included</b>	Yes	Yes	No	No	Yes
<b>Primary Care Physician Required</b>	No	Yes	No	No	No
<b>Maternity</b>	<u>Network:</u> 80/20 after deductible  <u>Non-network:</u> 60/40 after deductible	100%	Usual Customary & Reasonable Charges	100%	100%
<b>Well Child Care</b>	<u>Network:</u> 100% \$200 max  <u>Non-network:</u> Not covered	\$5 copay	80%	0-1 yr = \$500 max 1-9 yr = \$150 max <sup>1</sup>	100%
<b>Inpatient Hospital Care</b>	<u>Network:</u> 80/20 after deductible  <u>Non-network:</u> 60/40 after deductible	100 %	100% 365 days maximum	100% 365 days maximum	100% 365 days maximum

Source: Schedule of benefits

<sup>1</sup> Maximum amounts are subject to the deductible.

As shown in **Table 3-29**, WLSD's PPO plan offers a lower level of benefit coverage in the areas of office visits, maternity and inpatient hospital care when compared to the peers. For these services, WLSD's PPO plan requires employees to pay a greater percentage of the costs than the peers' medical plans. Health insurance plans with higher co-pays for services typically have lower premium rates. By choosing a plan with higher employee co-pay amounts, WLSD is better able to keep premium costs down.

As shown in **Table 3-27(a)**, over 80.0 percent of WLSD employees enrolled in a health plan chose the PPO option. Unlike HMO plans, PPO plans typically do not require the policyholder to choose a primary physician, however they must see an in-network physician in order to receive the maximum coverage. PPOs require higher out-of-pocket amounts in the form of co-pays and deductibles than HMOs. However, premium amounts for PPOs tend to be lower than HMO premiums. By offering a PPO, WLSD is able to keep premium amounts lower and decrease the District's health care costs.

F3.29 In addition to medical insurance, WLSD and the peers offer dental insurance to eligible employees. **Table 3-30** compares the average premiums paid for dental plans by WLSD and the peers.

**Table 3-30: Dental Insurance Comparison**

School	Provider(s)	Monthly Premium Single Plan	Full-time Employee Share	Monthly Premium Family Plan	Full-time Employee Share	FY 2000 Enrollment Single/Family	Self-Insured
Williamsburg	Dental Care Plus	\$52.10	\$0.00	\$52.10	\$0.00	17/91	No
Brown	Self-insured	\$28.79	\$0.00	\$59.96	\$0.00	N/A <sup>1</sup>	Yes
Minster	Plan I Plan II	\$47.58	\$0.00	\$47.58	\$0.00	7/67	Yes
Weathersfield	CoreSource	\$17.21	\$0.00	\$60.98	\$0.00	12/57	No

Source: Treasurer's Office

<sup>1</sup> Information not available.

As shown in **Table 3-30**, WLSD's dental premiums are higher for single coverage than the peers and premiums for family coverage are the second lowest. WLSD's premiums are the same amount for single and family coverage. WLSD's dental premium is a composite premium based on the total amount needed to cover claims. None of the districts require an employee contribution for dental insurance. SERB's 2000 public sector health care survey found 91.0 percent of employers offer some level of dental coverage. According to survey results, WLSD single dental premiums are higher than the State average of \$29.99, while WLSD's family dental premiums are slightly lower than the State average of 53.52.

F3.30 WLSD's total annual health care costs are affected by the total premium amount and the employees' share of that amount. **Table 3-31** compares the annual cost for certain benefits for FY 1999-00 for WLSD and the peers.

**Table 3-31: Yearly Total of All Insurance Costs**

School	Health Care Costs	Dental Costs	Rx Costs	Life Insurance Costs	Vision Costs	Totals	Annual Insurance Cost per Employee
Williamsburg	\$307,087	\$67,522	N/A	\$8,354	N/A	\$382,963	\$4,354
Brown	\$311,125 <sup>1</sup>	\$32,196	\$87,202	\$4,665	N/A	\$435,188	N/A <sup>2</sup>
Minster	\$414,284 <sup>1</sup>	\$42,965	\$29,402	\$3,198	\$12,426	\$502,275	\$6,770
Weathersfield	\$495,124	\$45,407	N/A	\$5,170	\$6,860	\$552,561	\$6,626
Peer Average	\$406,844	\$40,189	\$58,302	\$4,344	\$9,643	\$496,675	\$6,698

Source: Treasurer's Office

<sup>1</sup> Administrative costs are included in health care costs.

<sup>2</sup> Information was not available to calculate this cost.

WLSD's annual insurance cost per employee is lower than the peers' annual cost per employee and 35.0 percent lower than the peer average. WLSD's low cost per employee is in part due to lower premium amounts for medical insurance. WLSD's participation in the CCHT helps to keep premium costs low due to the combined enrollment of the 11 districts and the practice of equal risk sharing.

WLSD's annual cost per employee is also lower than the State average and the average for like-sized school districts. SERB survey results indicated that the State average cost per employee was \$6,352, 46.0 percent higher than WLSD's cost. Similarly, the average for like-sized school districts was \$6,589 per employee, 51.3 percent higher than WLSD's cost. However, WLSD pays a higher percentage of the premium amount than the State average or like-sized school districts (see **F3.27**). Many employers require employees to contribute higher portions of benefits costs in order to decrease the impact of rising health care costs on the school district.

**C3.4** WLSD has maintained low benefits costs by participating in the Clermont County Health Trust. WLSD's participation in CCHT helps to keep costs low due to risk sharing among the 11 school districts enrolled in the consortium. WLSD's continued participation in CCHT will help keep benefits costs low for the school district and its employees.

*Workers' Compensation*

F3.31 Ohio employers can apply for group workers' compensation coverage and potentially achieve lower premium rates than they could individually. WLSD is in a group experience rating plan, and based on its claims history, should be able to maintain group status. **Table 3-32** illustrates workers' compensation benefits for WLSD and the peer districts for calendar year 2000.

**Table 3-32: Comparison of Workers' Compensation Benefits for 2000**

School District	Total Employees	# Medical Claims Allowed	# Lost Time Claims Allowed	Claims/Employee	Premium	Premium Cost/employee	Experience Modifier status	Program
Williamsburg	111.5	3	1	0.04	\$22,835	\$205	0.51	Group
Brown	104.3	1	0	0.01	\$22,502	\$216	0.66	Group
Minster	93.9	2	1	0.03	\$19,685	\$210	0.51	Group
Weathersfield	105.0	2	1	0.03	\$47,550	\$453	1.23	Group
Peer Average	101.1	1.7	0.7	0.02	\$29,912	\$293	0.8	N/A

Source: Bureau of Workers' Compensation; EMIS 2000 Staff Summary Report

As shown in **Table 3-32**, WLSD had an experience modifier (EM) of 0.51 which is below the peer average. The EM is based upon factors such as the number of total claims in any previous time period, the severity of those claims, and the extent that lost time claims went into effect. An EM greater than 1.0 is a penalty and may result in higher premiums. WLSD also had the lowest premium cost per employee when compared with the peer districts. WLSD's number of claims per employee was higher than the peers. **Table 3-33** shows WLSD's number of claims, EM and premium costs since 1996.

**Table 3-33: Number of Workers' Compensation Claims**

	# Medical Claims Allowed	# Lost Time Claims Allowed	Experience Premium Costs	Experience Modifier
1996	1	0	\$25,915	0.65
1997	2	1	\$41,523	1.14
1998	2	0	\$22,304	0.51
1999	1	0	\$22,403	0.49
2000	3	1	\$22,835	0.51

Source: Bureau of Workers' Compensation

As shown in **Table 3-33**, WLSD's claims, premium and EM have remained relatively stable except for an increase in 1996 in the EM and premium. According to the Bureau of Workers' Compensation, WLSD had two large claims, one from 1992 and one from 1993, in their experience that resulted in a penalty rating and prevented them from participating in the group. The resulting premium of \$41,523 was at the higher non-group rate. WLSD experienced minimal lost time claims over the past five years. Lost time claims are defined as the number of workers' compensation claims exceeding eight days. Generally, these types of claims are the most taxing on the system and have a greater effect on the EM and premium costs.

### *Contractual Issues*

F3.32 Certain contractual issues were assessed and compared to the peer districts and are illustrated in the following pages. Because contractual issues directly affect WLSD's operating budget, many of the contractual issues have also been assessed to show their financial implications. The implementation of any of the following contractual recommendations would require union negotiations.

WLSD has one collective bargaining unit, the Williamsburg Education Association (WEA), for certificated staff. The negotiated agreement between the WEA and the WLSD Board of Education is set to expire December 31, 2001. WLSD's Board of Education has approved negotiations with the Bakery, Confectionary, Tobacco Workers, and Grain Millers Union Local 253 as representative of the classified staff. **Table 3-34** compares some key contractual issues for WLSD and the peer districts.

**Table 3-34: Certificated Contractual Issues**

Description	Williamsburg	Brown	Minster	Weathersfield
<b>Length of Work Day</b>	7 hrs. 10 min. (includes 30 minute duty free lunch)	7 hrs. 15 min. (includes 30 minute duty free lunch)	H.S: 7 hrs. 30 min. Elem.: 7 hrs. 35 min.	7 hours (includes a 30 minute duty free lunch period)
<b>Maximum Class Size</b>	25 to 1	K - 3 = 25 4 - 6 = 28 7 - 12 = 30 Lab = 18	25 to 1	25 to 1
<b># of Contract Days</b>	<u>183</u>	<u>184</u>	<u>184</u>	<u>184</u>
<b># of Instructional Days</b>	178	Not indicated	180	180
<b># of In-service Days</b>	3		2	4
<b># of Parent conferences</b>	2		0	0
<b># of Teacher Record Days</b>	0		2	0
<b># of Open House Days</b>	0		0	0
<b>Maximum # of Sick Days Accrued</b>	220 days	FY2000-01: 300 days FY2001-02: 301 days FY2002-03: 302 days	210 days	Unlimited
<b>Leave Incentives</b>	For 4 or fewer sick days used, employee receives \$500  Employees reimbursed \$100 per day for unused personal leave	N/A	For zero sick leave or personal days used, an employee will receive either a \$500 savings bond or \$250	N/A
<b>Severance Pay</b>	25% of accumulated sick leave up to a maximum of 55 days in one lump sum <b>OR</b> 35% of accumulated sick leave up to a maximum of 77 days in 2 installments	25% of accumulated sick leave up to a maximum of 70 days	25% of accumulated sick leave up to a maximum of 55 days	25% of accumulated sick leave up to 180 days plus 13% of sick leave in excess of 180 days for a maximum of 80 days with 30 years service
<b>Severance Requirements</b>	Eligibility requirements under STRS	3 years of service with the district	10 years of service with the district	Eligibility requirements under STRS
<b>Personal Days</b>	3 days  2 days unrestricted, 1 day at superintendent's discretion	2 days  48 hours notice to the building principal	3 days  Advanced notice not stated in the contract. Request must be made to building principal.	3 days  72 hours notice must be given to use any personal leave
<b>Association Leave</b>	Any arbitration proceeding	6 days	6 days	2 days



<b>Sabbatical Leave &amp; Professional Leave</b>	May receive 1 year sabbatical after 5 years of service and must return to the district for 1 year  3 days per school year granted by the superintendent	May grant sabbatical leave up to 2 years upon decision of the Board  May grant professional leave upon decision of the superintendent and the Board	May grant sabbatical leave with no pay upon decision of the Board  May grant professional leave upon decision of the superintendent and/or the Board	May receive 1 year after 5 years of service and must return to the district for one year  2 days of professional leave a school year
<b># of Days to File Grievance</b>	30 days	30 days	20 days	20 days
<b>Cost of Living Increases Each Year of Contract</b>	4.0%	3.3%	3.0%	3.0%
<b>Past Practice Clause</b>	None stated	None stated	None stated	None stated

Source: Negotiated Agreements for Certificated Staff

F3.33 According to the Master Contract, WLSD teachers, eligible to retire under STRS, are entitled to the following options for receiving severance pay regardless of years of service with the District:

- One payment of 25.0 percent of the employee’s accumulated and unused sick leave up to a maximum of 220 days, a 55-day pay out; or
- Two annual payments of 35.0 percent of the employee’s accumulated and unused sick leave up to a maximum of 220 days, a 77-day pay out.

ORC § 124.39 requires a severance pay out upon retirement for persons with 10 or more years of service. **Table 3-35** compares the cost of WLSD’s severance policy options using current salaries.

**Table 3-35: Cost of WLSD Severance Policy**

	<b>25% Pay Out</b>	<b>35% Pay Out</b>	<b>Cost Variance</b>
<b>District Cost</b>	\$402,600	\$563,640	\$161,040

Source: Treasurer’s Office

As shown in **Table 3-35**, WLSD’s severance policy options have the potential to significantly impact the District’s budget. Although the second option to receive 35.0 percent of the employee’s accumulated and unused sick leave in 2 annual payments may spread costs over time and help with WLSD’s cash flow, the District is paying 40.0 percent more under this option.

**R3.9** WLSD should consider renegotiating its severance policy to eliminate the option for receiving an increased pay out in two installments. By eliminating the two installment option, WLSD could reduce its financial liability for severance payouts. Additionally, WLSD should consider requiring 10 years of service with the District for all employees to be eligible for severance packages. By requiring the ORC recommended 10 years of service, WLSD would ensure that it is only liable for severance packages to employees who have served within WLSD for an extended period of time. By limiting its financial liability for severance pay outs, WLSD could reallocate resources to other areas in line with its desired educational goals.

*Financial Implication:* It is assumed that all employees with 10 or more years of service with WLSD will retire from the District and qualify for severance pay. Based on current year salaries, WLSD could reduce its future severance liability by an estimated \$160,000 (subject to negotiation) by eliminating the second payout option.

F3.34 In place of the regular severance pay out, WLSD's Master Contract also provides the following retirement incentives for employees retiring by June 30 of the first year they reach eligibility:

- Two annual payments of 50.0 percent of the employee's accumulated and unused sick leave up to a maximum of 220 days, a 110 day pay out; or
- Three annual payments of 60.0 percent of the employee's accumulated and unused sick leave up to a maximum of 220 days, a 132 day pay out.

WLSD's policy is intended to act as an incentive for employees to retire as soon as they are eligible. According to WLSD administrative staff, the majority of WLSD's teachers retire at 30 years and qualify for the retirement incentive. By offering a higher payout, WLSD is providing an incentive for employees to retire as soon as they are eligible. By also requiring that employees provide notice of their intention to retire by a specified date, WLSD is better able to plan for staffing needs for the coming year. However, the current deadline of June 30 may not be early enough to provide WLSD with enough notice to recruit and hire new staff for the next school year.

**R3.10** WLSD should consider renegotiating the deadline for employees to notify the District of their intentions to retire. The deadline should be early enough in the year to provide WLSD with adequate time to plan for staffing needs, including recruiting and hiring new staff for the following school year.

F3.35 **Table 3-36** compares the cost of the WLSD's retirement incentive policy options based on current salaries.

**Table 3-36: Cost of WLSD Retirement Incentive Policy**

	50% pay out	60% pay out	Cost Variance
<b>District Costs</b>	\$805,200	\$966,240	\$161,040

Source: Treasurer's Office

As shown in **Table 3-36**, WLSD's retirement incentives may have a negative impact on the District's financial situation. WLSD's option for a 60.0 percent pay out over 3 years costs the District 20.0 percent more than the 50.0 percent option. According to WLSD administrative staff, the majority of WLSD teachers are choosing the 60.0 percent pay out option indicating that it may be working as a retirement incentive. However, this is a costly option for WLSD and may contribute to the District's current financial difficulties.

**R3.11** WLSD should conduct an analysis of the retirement incentive program to determine if the current retirement incentive options provide a financial benefit to the District. WLSD should determine the amount of the pay out that will act as an incentive to employees without having a negative financial impact on the District. Additionally, WLSD should consider renegotiating the retirement incentive to eliminate the second option allowing an additional pay out spread over 3 years. By eliminating the 60.0 percent pay out option, WLSD could potentially reduce retirement incentive costs by 20.0 percent. WLSD should monitor the retirement incentive program to ensure that it continues to meet the District's needs.

*Financial Implication:* It is assumed that all employees serving WLSD will retire from the District and potentially qualify for the retirement incentive. Based on current year salaries, WLSD could reduce its future retirement incentive liability by an estimated \$161,040 (subject to negotiation) by eliminating the 60.0 percent retirement incentive payout option.

**F3.36** The WLSD Master Contract specifies both informal and formal procedures for handling a grievance. Prior to filing a formal grievance, the grievant first meets with the building principal either alone or with a union representative to attempt to resolve the grievance informally. If the issue cannot be resolved, the employee must file a formal grievance in writing within 30 days of the occurrence of the event. The grievance is then handled formally and within specified time frames. The superintendent indicated that no grievances had been filed by certificated staff within the last several years.

**C3.5** By having an informal grievance process, WLSD minimizes administrative time spent on the grievance process and eliminates the need for all grievances to undergo formal proceedings. In addition, the current grievance procedure provides a method to resolve grievances in a timely manner.

**R3.12** WLSD should consider renegotiating the maximum number of days to file a grievance from 30 to 10 days. The reduced filing period precludes duplicate grievances from being filed as a result of unresolved issues.

F3.37 **Table 3-37** indicates the contractual provisions pertaining to the evaluation process for WLSD teachers.

**Table 3-37: Peer Comparison of Evaluation Processes**

	Williamsburg	Brown	Minster	Weathersfield
<b>What is the frequency of evaluations for the following teachers?</b>				
<b>Teachers on a limited contract</b>	Two evaluations per year	Once per year	One to three evaluations per year <sup>1</sup>	Twice per year
<b>Teachers on continuing contracts</b>	Not evaluated	At least once every other year	One evaluation each year	5 year limited and Continuing contracts are evaluated once every two years
<b>Is there a process for poor performing teachers other than the steps required by the ORC as part of the non-renewal process?</b>	Not stated in contract	Teacher shall receive deficiencies and suggestions for improvement in writing and be given an opportunity to correct said deficiencies.	Not stated in contract	Not stated in contract
<b>Are unannounced observations permitted?</b>	Yes	No	No	No
<b>Are evaluation forms included in the contract?</b>	No	Yes	No	No

**Source:** Negotiated agreements, sample evaluation forms and WLSD Superintendent

The WLSD Master Contract does not provide specific requirements for the evaluation of certificated personnel. Currently, WLSD only evaluates teachers who are up for contract renewal. Evaluations are performed according to ORC minimum requirements and consist of two 30-minute observations and 2 evaluations during the year prior to the renewal. The first observation is scheduled at the teacher's desire and the second observation is unannounced. The building principals document their observations and specific recommendations for improvement on the observation form and then summarize the

information on the evaluation form which is reviewed by the superintendent. If teachers are found to have deficiencies in certain areas during the evaluation process, they are given the opportunity to make improvements. By providing employees with effective feedback during the evaluation process, WLSD can improve the performance of its staff and also have a significant impact on academic performance.

Although WLSD evaluations appear to be adequate, WLSD only evaluates teachers up for contract renewal. The peer districts evaluate continuing teachers at least once every two years.

**R3.13** In an effort to enhance teacher performance, WLSD should consider conducting annual evaluations for all limited and continuing contract teachers. Evaluation forms should be updated on a regular basis and provide relevant information to allow the Board and superintendent to monitor staff progress and provide clear feedback on areas for improvement.

### *Classified Staff*

F3.38 There is no contract in existence between WLSD and its classified employees. WLSD uses the Master Contract for certificated employees as a guide in determining policy for classified staff. The Board recently approved negotiations with the Bakery, Confectionery, Tobacco Workers, and Grain Millers Union, Local 253 for classified staff. Negotiations are set to begin during the FY 2001-02 school year. **Table 3-38** compares some key personnel policies for WLSD and the peer districts.

**Table 3-38: WLSD Classified Personnel Policy Issues**

Description	Williamsburg	Brown	Minster	Weathersfield
Evaluations required	No	Annually	None stated	None stated
Minimum call-in hours paid to employees for emergencies	None stated	Minimum 2 hours paid	None stated	Paid at 1 ½ times hourly pay Called out between 11:00 pm & 7:00 am- Compensated at no less than four hours of regular rate of pay
Vacation time to accumulate	1 to 10 yrs. - 10 days 11 to 20 yrs. - 15 days 21+ yrs - 20 days	1 to 9 yrs. - 10 days 10 to 19 yrs - 15 days 20+ yrs. - 20 days	1 to 9 yrs. - 10 days <sup>2</sup> 10 to 19 yrs. - 15 days 20+ yrs. - 20 days	1 yr. - 5 days <sup>1</sup> 2 yrs. - 15 days 15+ yrs. - 20 days
Sick Leave/Personal Leave Incentive	For 4 or fewer sick days used, employee receives 2.5 times daily rate of pay  Employee reimbursed \$35 per day for unused personal leave	None stated	None stated	None stated
Maximum number of sick leave days to accumulate	220 days maximum	315 days - FY2000-01 320 days - FY 2001-02 325 days - FY 2002-03	210 days maximum	Unlimited
Maximum number of sick leave days paid out at retirement	50 days	70 days	59 days	49 days
Number of personal days received;	3 days	2 days	3 days  4 days-12 month employees	3 days
Notice to use	Requests to Superintendent 48 hours in advance	Requests to supervisor 48 hours in advance	Written requests submitted to the supervisor in advance of the personal leave taken	Written requests submitted 3 days in advance
Number of holidays paid for 12 month employees	7 holidays (11 & 12 month)	9 holidays (11 & 12 month)	10 holidays	11 holidays
Number of holidays paid for less than 12 month employees	6 holidays (9 & 10 month)	8 holidays (9 & 10 month)	9 holidays	8 holidays
Number of days to file a grievance	N/A <sup>3</sup>	30 days	N/A <sup>3</sup>	20 days
Labor-Management Committee	N/A <sup>3</sup>	None stated	N/A <sup>3</sup>	Yes - three members
Cost of living increase per each year of contract	FY 1999 - 4.0% FY 2000 - 4.0% FY 2001 - 4.0%	FY 1999 - 4.0% FY 2000 - 4.0% FY 2001 - 4.0%	FY 1998 - 3.3 % FY 1999 - 3.3 % FY 2000 - 3.3%	FY 1999 - 3.0% FY 2000 - 3.0% FY 2001 - 3.0%

Source: WLSD Policy Manual and Peer District Negotiated Agreements.

<sup>1</sup> Vacation policy applies to eleven and twelve month employees only.

<sup>2</sup> Only applies to 12 month employees.

<sup>3</sup> Classified staff is not associated with a union.

WLSD classified personnel policies do not include a probationary period for new employees. Probationary periods allow a district to determine whether a newly-hired employee meets the requirements of the position and permit the district to release the employee if position requirements are not met. Typically, probationary periods are for three, six or nine months and end with a formal performance evaluation.

**R3.14** If WLSD negotiates a probationary period in the new classified employee contract, the District should consider implementing a nine month probationary period for classified employees. By formally implementing a probationary period, WLSD would have additional time to assess the new employee and enhance the ability of the Board to employ qualified personnel.

F3.39 According to WLSD policy, the District conducts formal evaluations of all classified staff annually. However, WLSD administrative staff indicated that evaluations are not completed in a consistent or timely manner.

**R3.15** Evaluations for all classified employees should be conducted at least once a year. Frequent evaluations provide the following benefits:

- Ensures that employees receive clear feedback on areas for improvement;
- Documents disciplinary problems;
- Provides evidence of employee development;
- Improves efficiency and effectiveness of the employees in carrying out the duties of their job descriptions;
- Improves employee morale; and
- Monitors success and progress of an employee.

F3.40 The Fair Labor Standards Act (FLSA) sets forth the minimum wage that must be paid to employees covered by the act. In addition, it requires employers pay a premium wage or overtime for hours worked in excess of 40 during a given week. These requirements are also reflected in Ohio law. In accordance with these requirements, WLSD pays non-teaching employees covered under the FLSA overtime for actual hours worked in excess of 40 hours per week. In determining the total number of hours worked, school districts are not required to include personal leave, professional leave, compensatory leave or vacation leave used during the week. WLSD calculates overtime pay based only on the actual hours worked over 40 hours.

**C3.6** By following the guidelines set forth in the FLSA and Ohio law, WLSD limits leaves that are included in the calculation of hours worked for the purposes of determining overtime pay. This allows WLSD to minimize overtime costs.

## Financial Implications Summary

The following table is a summary of estimated savings and estimated costs avoidances from the above recommendations. Items represented in these amounts require negotiation which could affect actual savings. In addition, WLSD should consider the potential educational effect that the recommendations might cause.

Recommendation	Estimated Annual Cost Savings	Cost Avoidance
<b>R3.8</b> WLSD should monitor sick leave usage and consider implementing policies to reduce the number of sick days taken by classified staff.	\$10,000	
<b>R3.9</b> WLSD should renegotiate severance pay outs for certificated staff to eliminate the 35.0 percent pay out over two years.		\$161,000
<b>R3.11</b> WLSD should renegotiate retirement incentive pay outs to eliminate the 60.0 percent pay out over three years.		\$161,000
<b>TOTAL</b>	<b>\$10,000</b>	<b>\$322,000</b>

**Note:** Some items represented in these amounts require negotiation which could affect actual savings.



## **Conclusion Statement**

WLSD proposed aggressive reductions in staffing for FY 2001-02 based on the District's Financial Recovery Plan. WLSD's overall staffing levels after reductions are significantly lower than peer staffing levels. WLSD's most significant reductions are in the area of elementary and secondary teachers. Post reduction student-to-teacher ratios are at the ORC minimum standard of a 25 to 1 district-wide ratio. Although these reductions assist WLSD in the District's financial recovery, WLSD should closely monitor student-to-teacher ratios and savings achieved in other areas should be allocated to hiring teachers in areas identified with the greatest needs. WLSD should continually monitor the mix of instructional and educational support personnel to ensure staffing levels are sufficient to achieve the District's desired educational goals.

WLSD's salary structure does not appear to be a significant factor in the District's current financial situation. WLSD's average salaries are lower than the peer averages for all classifications except administration and technical. Although WLSD's average administrative salaries are higher than the peer districts, these salaries are the lowest when compared to other school districts in Clermont County. Furthermore, WLSD's average teacher salaries are lower than the peer average when adjusted for the cost of doing business. Additionally, WLSD salaries are impacted by having a greater percentage of teachers with master's degrees. Teachers' educational attainment directly impacts salaries, but may also have a positive impact on classroom teaching skills. Therefore, the State provides WLSD and similar school districts additional funding for having teaching corps that are above the State average in education and experience.

WLSD's total substitute costs may contribute to its financial situation. WLSD's total substitute cost for FY 1999-00 was the highest of the peer districts and 71.7 percent higher than the peer average. Specifically, WLSD's substitute cost was higher for teaching, transportation and food service staff. The higher cost of teacher substitutes may be due to WLSD's dependence on retirees for substitute teaching. Retirees are paid at a higher per diem than regular substitutes. However, this practice provides WLSD with substitutes familiar with the District and may help to maintain the quality of education when a substitute is necessary. WLSD should monitor the sick leave usage and consider implementing policies to reduce the number of sick leave days taken by staff. WLSD's substitute costs are negatively impacted by the high number of sick leave days taken by transportation staff.

WLSD maintains low annual insurance costs. WLSD's annual cost per employee is lower than the peer and State averages. According to State Employee Relations Board survey results, like-sized school districts' average insurance costs per employee are 51.3 percent higher than WLSD's cost. WLSD is able to maintain lower costs through the District's participation in the Clermont County Health Trust. Participation in CCHT helps WLSD to keep costs low through risk sharing among the 11 school districts in the consortium.

WLSD has an opportunity to address some of the contractual issues identified in this audit during upcoming contract negotiations. The agreement with the Williamsburg Education Association for certificated staff expires December 31, 2001 and WLSD is preparing to enter into first time negotiations with the Bakery, Confectionery, Tobacco Workers, and Grain Millers Union for classified staff. WLSD's policies for severance and retirement incentive pay outs appear to contribute to the District's financial difficulties and should be addressed during the contract negotiations. WLSD should consider renegotiating severance pay outs to eliminate the higher pay out options. WLSD can potentially save an estimated \$160,000 in future severance costs. Additionally, WLSD should conduct an analysis of the retirement incentive program to determine the amount of pay out that will serve as an incentive to employees without having a negative financial impact on the District. Additionally, WLSD should renegotiate the deadline for employees to notify the District of their intentions to retire in order to provide WLSD adequate time to plan for staffing needs.

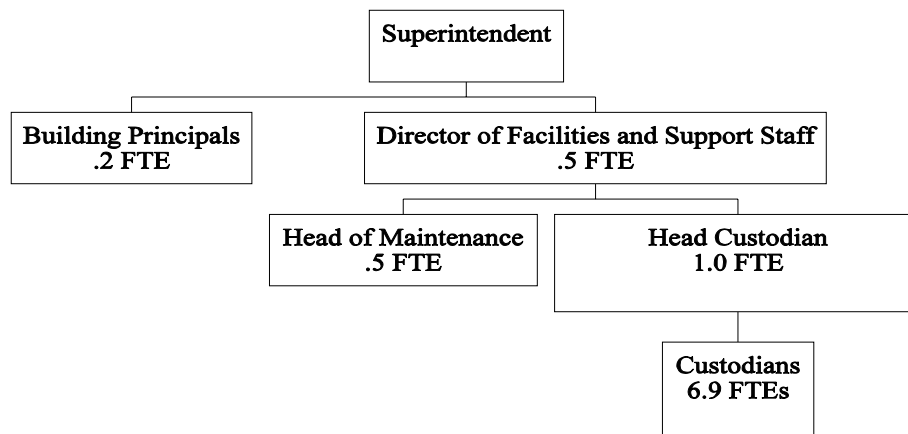
# Facilities

## Background

### *Organizational Chart*

The facilities support staff is responsible for maintaining Williamsburg Local School District's (WLS D) buildings and grounds. The Director of Facilities and Support Services is responsible for overseeing the transportation and food service operations as well as supervising the head of maintenance, and, with the assistance of the building principals, the custodial staff. The FY 2001 organizational structure and staffing levels in terms of full-time equivalents (FTEs) are depicted in **Chart 4-1**.

**Chart 4-1: Facilities Support Staff**



### *Organizational Function*

The custodial staff is responsible for providing a clean and safe environment for the students, staff and public who use WLS D's facilities. The middle/high school head custodian is responsible for opening the building, completing building repairs and preventive maintenance, and scheduling and supervising the custodial staff. The middle/high school custodial staff is responsible for cleaning the facility. The elementary school custodial staff is responsible for opening and closing the building as well as cleaning the facility.

The head of maintenance is responsible for boiler operation, maintenance and repairs in the elementary school and at the Centre, the former middle/high school building which currently houses WLSD administrative offices and three lessees. The head of maintenance is also responsible for delivering WLSD mail and transporting food from the middle/high school building to the elementary school and from the elementary school to the Centre.

### *Summary of Operations*

The facilities support staff is responsible for the upkeep and maintenance of three buildings: the middle/high school, the elementary school, and the Centre.

The Director of Facilities and Support Services works out of the WLSD administrative office located in the Centre, and spends approximately 50.0 percent of his time overseeing the District's custodial and maintenance operations. He is also responsible for contacting vendors and organizing building maintenance and repairs.

Excluding the Director of Facilities and Support Services, WLSD employed a .5 FTE head of maintenance and 7.9 FTE custodial employees during FY 2000-01. The middle/high school custodial staff consists of 5.4 FTEs: 1 FTE head custodian, 3.5 FTE night custodians, .5 FTE auditoria (the combined auditorium and cafeteria area) custodian, and a .4 FTE kitchen custodian. The elementary school custodial staff consists of 2.5 FTEs: 1 FTE day custodian and 1.5 FTE night custodians. The custodians are assigned to either the middle/high school building or the elementary school and are responsible for opening, closing and securing the buildings, general cleaning, completing minor repairs tasks and other duties as assigned.

The middle/high school custodians report to the head custodian who reports directly to the high school principal and, when he is unavailable, to the Director of Facilities and Support Services. The high school principal informs the head custodian about any areas of concern and needed building repairs. The head custodian delegates the custodial work to the appropriate staff members, and generally handles all building repair requests himself, unless it is a large job requiring tools or expertise which WLSD lacks. In these cases, the Director of Facilities and Support Services is notified, and the work is contracted out to a qualified vendor.

The elementary school custodial staff consists of one full-time day custodian, one-full time evening custodian, and a four-hour evening custodian. The custodial staff is directed by the elementary school principal with the assistance of the Director of Facilities and Support Services. The elementary school principal informs the custodial staff of areas of concern and contacts the Director of Facilities and Support Services or the head of maintenance when a building repair is needed. The custodial staff is responsible for cleaning the building and performing minor maintenance tasks as assigned. In addition to cleaning, the day custodian is responsible for setting up the lunch tables and monitoring the cafeteria during lunch.

The head of maintenance is assigned to the Centre and approximately 50.0 percent of his time is spent operating the mechanical systems in the building and completing building repairs and preventive maintenance tasks. The remaining 50.0 percent is spent completing maintenance and repair tasks at the elementary school building and providing food deliveries between WLSD's three buildings. WLSD does not have a formal work order system, so requests for repairs are often called in to the head of maintenance or to the Director of Facilities and Support Services. The Director is responsible for prioritizing the repairs and providing direction to the head of maintenance.

The Centre has been excluded from all analyses since all of its operational expenditures are made using an Internal Services Rotary Fund. WLSD is not responsible for the programs housed in the Centre. As a result, the building does not operate like a typical school building. School districts establish Internal Services Rotary Funds to account for operations that provide goods or services to other governmental units on a cost-reimbursement basis. The overall purpose of the fund is to fully recover costs of providing a specific good or service, and the Fund itself is currently self-supporting.

### *Staffing*

The facilities support staff consists of 11 positions, which are filled by 9.1 FTEs. In FY 2001, the administrative staff consisted of 4 positions, or approximately .7 FTEs. The Director of Facilities and Support Services dedicated approximately 50.0 percent of his time to building operation issues. Combined, the principals spend approximately 20.0 percent of their time handling custodial and maintenance issues. In FY 2001-02, WLSD will not renew the Director of Facilities and Support Services' contract. The facilities management responsibilities associated with the position will transfer to the Superintendent and the building principals. WLSD's maintenance staff consists of 2.0 positions which equate to 1.5 FTEs. The head of maintenance spends 50.0 percent of his time working on elementary school repairs and maintenance. The remainder of his time is spent maintaining the Centre which is funded by a separate Internal Services Rotary Fund. The full-time middle/high school head custodian spends his time supervising the building's custodial staff and completing maintenance and building repairs. During the previous school year, 9 custodial positions, or 6.9 FTEs, were used in WLSD. The difference between custodial positions and FTEs is due to 1.0 four-hour middle/high school auditeria position (.5 FTE), and 2.0 four-hour night shift positions (1 FTE), and one 3.5 hour custodian who is assigned to run the dishwasher in the middle/high school kitchen (.4 FTE). In addition to the part-time positions, WLSD has 5 FTE custodians, of which 3 are assigned to the middle/high school and 2 are assigned to the elementary school.

The staffing levels are shown in **Table 4-1**.

**Table 4-1: Number of Positions and Full-Time Equivalents for FY 2000-01**

Classification	Total Number of Positions	Number of Full-Time Equivalents
Director of Facilities and Support Services	1	.5
Building Principals	3	.2
<b>Total Administration</b>	<b>4</b>	<b>.7</b>
Head of Maintenance	1	.5
Head Custodian	1	1.0
<b>Total Maintenance</b>	<b>2</b>	<b>1.5</b>
Custodian	9	6.9
<b>Total Custodial</b>	<b>9</b>	<b>6.9</b>
<b>Total</b>	<b>15</b>	<b>9.1</b>

Source: WLSD Superintendent's Office

### *Key Statistics*

Key statistics related to the maintenance and operation of WLSD are presented in **Table 4-2**. In addition, results from the 30th annual American Schools & University Maintenance & Operations Cost Study (AS&U), which was released in April 2001, are included in the table and throughout the facilities section of the report. A detailed survey was mailed out to chief business officials at public school districts across the nation to gather information regarding staffing levels, expenditures and salaries for maintenance and custodial workers. The results were divided into 10 regions. In the study, Region 5 includes the states of Ohio, Indiana, Illinois, Michigan, Minnesota, and Wisconsin.

According to the 30th Annual AS&U study, "as the nation's school buildings grow older and physical conditions continue to deteriorate, the logical solution would be for school districts to concentrate more resources to improve the situation. However, this is not the case for most elementary and secondary institutions. School districts across the nation are dedicating a smaller percentage of available funds to maintaining and operating the facilities that house America's youth. The study found that for four consecutive years districts have allocated a smaller percentage of their expenditures to the maintenance and operations of their facilities. Although the nation's school buildings continue to grow older and the physical conditions keep deteriorating, school districts continue to allocate a smaller percentage of expenditures to maintenance and operations of their facilities."

Brown, Minster, and Weathersfield Local School Districts have been identified as the peer group for WLSD. Unless otherwise noted, peer district averages do not include statistics for WLSD.

**Table 4-2: Key Statistics and Indicators**

<b>Number of School Buildings</b>	<b>2<sup>1</sup></b>
- Elementary School	1
- Middle/High School	1
<b>Total Square Feet Maintained</b>	<b>161,891</b>
- Elementary School	55,000
- Middle/High School	106,891
<b>Square Feet Per FTE Custodial Staff Member (6.5)<sup>2</sup></b>	<b>24,906</b>
- Elementary School (2.5)	22,000
- Middle/High School (4.0) <sup>2</sup>	26,723
<b>AS&amp;U 30th Annual Cost Survey Region 5 Average</b>	<b>20,724</b>
<b>AS&amp;U 30th Annual Cost Survey National Average</b>	<b>22,222</b>
<b>Peer District Average</b>	<b>28,714</b>
<b>Square Feet Per FTE Maintenance Employee (1.5)<sup>3</sup></b>	<b>107,927</b>
<b>AS&amp;U 30th Annual Cost Survey Region 5 Average</b>	<b>119,163</b>
<b>AS&amp;U 30th Annual Cost Survey National Average</b>	<b>82,349</b>
<b>Peer District Average</b>	<b>242,543</b>
<b>1999-00 Maintenance and Operations Expenditures Per Square Foot</b>	<b>\$4.36</b>
- Custodial and Maintenance	\$3.16
- Utilities	\$1.20
<b>AS&amp;U 30th Annual Cost Survey Region 5 Average</b>	<b>\$3.99</b>
<b>AS&amp;U 30th Annual Cost Survey National Average</b>	<b>\$3.57</b>
<b>Peer District Average</b>	<b>\$4.50</b>
<b>1999-00 Facilities Expenditures as a % of Total WLSD General Fund Expenditure</b>	<b>11.1%</b>
<b>AS&amp;U 30th Annual Cost Survey Region 5 Average</b>	<b>8.6%</b>
<b>AS&amp;U 30th Annual Cost Survey National Average</b>	<b>8.5%</b>
<b>Peer District Average</b>	<b>9.4%</b>

**Source:** WLSD and peer districts; AS&U 30th Annual Maintenance & Operations Cost Survey; Auditor of State Performance Audit Legislative Update

<sup>1</sup>The Centre has been excluded from all analyses since all of its facilities-related expenditures are made using an Internal Services Rotary Fund.

<sup>2</sup>The middle/high school head custodian and the 3.5 hour (.4 FTE) custodian assigned to the kitchen have been excluded from the square footage calculations. For a detailed explanation, see **F4.2**.

<sup>3</sup>The figure includes the middle/high school head custodian (1 FTE) and the head maintenance (.5 FTE) who spends approximately 50.0 percent of his time maintaining the elementary school.

*Financial Data*

WLSD uses money from three different funds to support the operation and maintenance of its facilities: the General Fund, an Internal Services Rotary Fund, and the District Managed Student Activity Fund. The General Fund is used to support the majority of the facilities' operations. The Internal Services Rotary Fund is used for expenditures related to the Centre, and the District Managed Student Activity Fund is used for facilities maintenance activities directly related to athletic programs such as lining the football or baseball fields.

**Tables 4-3** and **4-4** show maintenance and operations General Fund expenditures for FY 1998-99 and FY 1999-00 and the budgeted and actual General Fund expenditures for FY 2000-01.

**Table 4-3: Maintenance and Operations General Fund Expenditures: FY 1998-99 vs FY 1999-00**

Accounts	FY 1998-99 Total	FY 1999-00 Total	Difference	Percentage Change
Salaries	\$239,441	\$262,965	\$23,524	9.8%
Benefits	\$73,228	\$89,706	\$16,478	22.5%
Purchased Services	\$76,557	\$94,274	\$17,717	23.1%
Utilities	\$212,639	\$194,553	(\$18,086)	(8.5)%
Supplies/ Materials	\$31,365	\$42,971	\$11,606	37.0%
Capital Outlay	\$16,799	\$21,847	\$5,048	30.0%
<b>Total</b>	<b>\$650,029</b>	<b>\$706,316</b>	<b>\$56,287</b>	<b>8.7%</b>

Source: WLSD Treasurer's Office



**Table 4-4: Maintenance and Operations General Fund Expenditures: FY 1999-00 vs FY 2000-01**

Accounts	FY 1999-00 Total	FY 2000-01 Budget	FY 2000-01 Actual	Difference/Percent Change, FY 2000-01 Budget to Actual Expenditures	Difference/Percentage Change, FY 1999-00 to FY 2000-01 Actual Expenditures
Salaries	\$262,965	\$241,050	\$226,706	(\$14,344) / (6.0)%	(\$36,259) / (13.8)%
Benefits	\$89,706	\$78,390	\$78,057	(\$333) / (0.4)%	(\$11,649) / (13.0)%
Purchased Services	\$94,274	\$160,000	\$106,800	(\$53,200) / (33.3)%	\$12,526 / 13.3%
Utilities	\$194,553	\$215,500	\$216,460	\$960 / 0.4%	\$21,907 / 11.3%
Supplies/ Materials	\$42,971	\$21,328	\$27,518	\$6,190 / 29.0%	(\$15,453) / (36.0)%
Capital Outlay	\$21,847	\$25,000	\$2,550	(\$22,450) / (29.8)%	(\$19,297) / (88.3)%
<b>Total</b>	<b>\$706,316</b>	<b>\$741,268</b>	<b>\$658,091</b>	<b>(\$83,177) / (11.2)%</b>	<b>(\$48,225) / (6.8)%</b>

Source: WLSD Treasurer's Office

In FY 2000-01, WLSD budgeted a total of \$741,268 to support custodial and maintenance operations. Due to the state of WLSD's financial situation, however, only necessary purchases were made and custodial and maintenance actual expenditures for FY 2000-01 were \$658,091, or \$83,177 less than the budget.

Explanations for some of the more significant variances in **Tables 4-3** and **4-4** are as follows:

- *A 9.8 percent increase in salaries from FY 1998-99 to FY 1999-2000 and a 13.8 percent decrease from FY 1999-2000 to FY 2000-01:* In FY 1999-2000, WLSD increased the facilities support staff's hourly rates after completing a regional salary comparison. In January 2000, the elementary school head custodian retired, and WLSD opted not to fill the position.
- *A 22.5 percent increase in benefits costs from FY 1998-99 to FY 1999-2000 and a 13.0 percent decrease from FY 1999-2000 to FY 2000-01:* The increase is due to the addition of the Director of Facilities and Support Services who was coded to the General Fund 2700 function for benefits in FY 1999-2000. Conversely, WLSD spent less on benefits expenditures in FY 2000-01, due to the retirement of the full-time elementary head custodian and the elimination of a sick leave incentive for the classified staff (see the **human resources** section for more details).
- *A 23.1 percent increase in purchased services from FY 1998-99 to FY 1999-00 and an additional 13.3 percent increase for FY 2000-01:* The FY 1999-00 increase was due to a

heating system repair at the elementary school which cost WLSD approximately \$18,000. Actual expenditures for FY 2000-01 increased by \$12,526 due to increased copier rental fees (F4.22). WLSD did not spend 33.3 percent, or \$53,200, it originally budgeted for FY 2000-01. WLSD took actions to reduce its purchased services expenditures and kept the middle/high school building maintenance expenditures to a minimum and elected to complete all the grounds work in-house, rather than contracting-out for these services.

- *An 8.5 percent decrease in utility costs from FY 1998-99 to FY 1999-00 and a 11.3 percent increase for FY 2000-01:* From FY 1998-99 to FY 1999-00, electricity costs were reduced by \$5,000, gas costs decreased by \$9,000 at both school buildings, and water costs decreased by approximately \$3,000. WLSD increased its electricity budget by \$15,000 for FY 2000-01, the water budget by \$3,000 and the gas budget by \$2,000. The FY 2000-01 actual utilities expenditures were less than 0.5 percent, or \$960, higher than the budgeted amount.
- *A 37.0 percent increase in supplies and materials from FY 1998-99 to FY 1999-00 and a 36.0 percent decrease for FY 2000-01:* In FY 1998-99, the cost for the supplies and materials to maintain the grounds of the athletic fields (\$4,000) was transferred to another fund. From FY 1998-99 to FY 1999-00, WLSD's custodial and grounds supplies and materials expenditures increased by approximately \$6,500. WLSD reduced its supplies and materials budget by 50.4 percent for FY 2000-01 because of the District's financial condition. The budget for custodial and grounds supplies was reduced by \$16,000; the custodial truck and mower parts and supplies line item was reduced by approximately \$1,500; and the elementary school building equipment and furniture parts and supplies budget was reduced by approximately \$3,500. However, WLSD spent \$27,518 on supplies and materials, \$6,190 more than budgeted, due to price increases.
- *A 30.0 percent increase in capital outlay expenditures from FY 1998-99 to FY 1999-00 and an 88.3 percent decrease for FY 2000-01:* In FY 1999-00, WLSD purchased and installed security cameras in the middle/high school building. WLSD originally budgeted \$25,000 for capital outlay expenditures including the purchase of some new custodial equipment. However, WLSD opted to delay the equipment purchases until the District's financial situation improves and kept its capital outlay expenditures to a minimum in FY 2000-01.

**Table 4-5** presents a comparison of the operations and maintenance staff at WLSD and the peer districts. Since each district's operations and maintenance departments are structured differently, this analysis includes all peer district staff members who perform similar functions to those performed at WLSD.

**Table 4-5: Comparison of Facilities Divisions: Maintenance and Custodial Services**

Size	Williamsburg	Brown	Minster	Weathersfield
Number of Buildings	2	1	2	3
Building Square Feet:				
Maintained by Custodians	161,891	62,771	140,947	195,560
Maintained by Maintenance	161,891	0 <sup>1</sup>	140,947	195,560

**Position by FTE**

Administration	0.7	0.3	0.2	0.3
Maintenance	1.5	0	1.5	0.5
Custodians	6.9	3.5	3.5	7.0
Total	9.1	3.8	5.2	7.8

**Comparison**

Square Feet Per FTE Custodian	24,906 <sup>2</sup>	17,935	40,271	27,937
Square Feet Per FTE Maintenance Staff	107,927	Not Applicable <sup>3</sup>	93,965	391,120 <sup>4</sup>
Average Weighted Base Custodial Salary	\$21,760	\$20,093	\$26,453	\$30,613
Average Weighted Base Maintenance Salary	\$28,226	Not Applicable	\$28,566	Not Applicable <sup>5</sup>

**Characteristics**

Preventive Maintenance	No Formal Plan	No Formal Plan	Yes	No Formal Plan
Use of Deregulated (Self-Help) Gas	Yes	Yes	No	Information Not Provided
Use of Energy Savings Program	Yes	No	No	Information Not Provided
Use of Temporary Employees or Outside Contractors	Yes	Yes	Yes	Yes
Weekend Inspections	No	No	Yes	No

**Source:** WLSL Director of Facilities and Support Services, Treasurer and Superintendent; peer districts

<sup>1</sup> Brown does not employ any staff dedicated solely to completing building maintenance.

<sup>2</sup> The calculation is based on a total of 6.5 FTE custodians. The middle/high school head custodian and the 3.5 hour (.4 FTE) custodian assigned to the kitchen have been excluded from the square footage calculation. For a detailed explanation, see **F4.2**.

<sup>3</sup> Brown LSD does not employ a dedicated maintenance person, and over 95.0 percent of its building repair needs are contracted out.

<sup>4</sup> In Weathersfield, over 50.0 percent of the maintenance work is contracted out. The supervisor of buildings and grounds spends approximately 50.0 percent of his time completing building repairs.

<sup>5</sup> The Weathersfield buildings and grounds supervisor is considered to be an administrator and is paid as such.

*Performance Measures*

The following performance measures were used to conduct the analysis of the WLSD's facilities operations:

- Assess current custodial and maintenance staffing levels
- Evaluate the use of staffing resources
- Analyze custodial and maintenance labor costs
- Assess district practices and contractual issues
- Assess maintenance and operations expenditures
- Assess the effectiveness of current needs assessment and prioritization processes and procedures
- Evaluate the adequacy of preventive maintenance system
- Assess the effectiveness of long-range facilities planning
- Assess the effectiveness of energy conservation and cost reduction efforts

## Findings / Commendations / Recommendations

### *Custodial Staffing and Compensation*

- F4.1 The Director of Facilities and Support Services position was created and filled in January 2000. The Director is responsible for custodial and maintenance operations, transportation, food service and safety. According to the Director, he spends approximately 50.0 percent of his time managing custodial and maintenance operations. The custodians report to the building principals, and when they are unavailable, the custodians report to the Director of Facilities and Support Services. The Director of Facilities and Support Services is responsible for determining which repairs and maintenance tasks will be completed in-house, and which ones will be contracted out. When the decision is made to contract out work, the Director of Facilities and Support Services is responsible for contractor selection.

As a result of WLSD's financial situation, the Board of Education decided not to rehire the Director for FY 2002, and his contract ended on June 30, 2001. The Superintendent will assume the custodial and maintenance operations management responsibilities. As a result of this decision, WLSD will save approximately \$25,000 annually in salary and benefits costs, according to the District's Financial Recovery Plan. This only represents half of the total cost savings associated with the elimination of this position, as the other half is included in the transportation cost savings (see the **transportation** section).

- F4.2 The middle/high school custodial staff reports directly to the head custodian. The head custodian reports to the high school principal and the Director of Facilities and Support Services. Three custodians are assigned to work during the day at the middle/high school: the head custodian, the 4-hour auditeria custodian, and the 3.5-hour kitchen custodian. The head custodian is responsible for scheduling the custodial staff and assigning work areas. He also completes the majority of the repairs and preventive maintenance tasks in the building, in addition to monitoring the building's mechanical systems. The 4-hour auditeria custodian is responsible for preparing the area for lunch and cleaning it afterward. The 3.5-hour kitchen custodian works as a dishwasher and also assists in cleaning the kitchen after lunch is over. For analyses purposes, the head custodian and 3.5 hour kitchen custodian have been excluded from the square footage per custodian analyses. The head custodian is considered to be a maintenance employee and is included in the square footage per maintenance employee analyses.

Three 8-hour custodians and one 4-hour custodian clean the building after school hours. Each custodian is assigned a specific area, and when there is a special event, the custodians work together to prepare the area. During the FY 2000-01 school year, the 4-hour custodian position was filled by a substitute who worked 4 hours in the high school, and 4 hours in the elementary school.

- F4.3 In FY 2000-01, the elementary school custodial staff consisted of one 8-hour custodian, one 8-hour evening custodian, and one 4-hour evening custodian. During FY 1999-00, the elementary school head custodian retired, and WLS D decided not to fill the position. To compensate for the vacancy, WLS D opted to spend approximately \$3,000 on an auto scrubber to increase the efficiency of the remaining custodial staff members.
- F4.4 **Table 4-6** shows the average square footage per custodial employee in FY 2000-01 for WLS D, the peer districts, and the AS&U Region 5 average. The middle/high school head custodian and the 3.5-hour kitchen custodian have been excluded from the analysis (**F4.2**).

**Table 4-6: FY 2000-01 Square Footage per Custodial Employee**

<b>Williamsburg</b>	<b>24,906</b>
<b>Peer Districts:</b>	
- Brown	17,935
- Minster	40,271
- Weathersfield	27,937
<b>Peer District Average</b>	<b>28,714</b>
<b>Difference</b>	<b>(3,808)</b>
<b>AS&amp;U 30th Annual Cost Survey Region 5 Average</b>	<b>20,724</b>
<b>Difference</b>	<b>4,182</b>

**Sources:** WLS D Director of Facilities and Support Services; peer district custodial and maintenance supervisors.

In FY 2001, WLS D's custodial staff was responsible for maintaining 24,906 square feet, which is 3,808 square feet, or 13.0 percent, less than the peer district average. However, WLS D's custodians are maintaining 4,182 square feet, or 20.0 percent, more than the AS&U Region 5 average. Square footage cleaned per custodial employee is an important measure of efficiency in custodial operations. Districts exhibiting smaller amounts of square footage cleaned in comparison to their peers or the AS&U Region 5 average tend to suffer from lower levels of custodial efficiency and as a result, can draw scarce resources away from the educational process. When assessing custodial efficiency, it is important to take into consideration other factors which can impact efficiency such as building age and use, floor coverings, and cleaning equipment used.

- F4.5 **Table 4-7** compares WLS D's school facilities and cleaning staff to the peer districts.

**Table 4-7: Comparison of School Facilities and FY 2000-01 Cleaning Staffs (FTEs)**

	Williamsburg	Brown	Minster	Weathersfield	Peer Average	Difference Between WLSD and Peer Average
<b>Elementary School Buildings</b>	1	All schools are housed in one building	1	1		
Total Sq. Footage	55,000		69,647	37,491		
Number of Custodians	2.5		2.0	2.0		
Sq. Footage Per Custodian	22,000		34,824	18,746	26,785	(4,785)
<b>Middle School Buildings</b>	The middle school is in the high school building	All schools are housed in one building	The middle school is in the elementary building	1		
Total Sq. Footage				68,069		
Number of Custodians				3.0	Not applicable	
Sq. Footage per Custodian				34,035		Not applicable
<b>High School Buildings</b>	1	All schools are housed in one building	1	1		
Total Sq. Footage	106,891		71,300	90,000		
Number of Custodians	4.0		1.5	3.0		
Sq. Footage per Custodian	26,723		47,533	30,000	38,767	(12,044)
<b>Total Sq. for All Buildings</b>	161,891	62,771	140,947	195,560		
Total Custodial Staff	6.5	3.5	3.5	7.0		
Sq. Footage per Custodian	24,906	17,935	40,271	27,937	28,714	(3,808)

**Source:** WLSD Director of Facilities and Support Services; peer district custodial supervisors

Each of the four districts have configured their schools in a different way. In WLSD, the elementary school is in one building and the middle and high schools are combined and located in one building. At Brown, all the schools are housed in one building. In Minster, the elementary and middle schools are in the same building, and the high school is in a separate facility. Weathersfield maintains separate buildings for the elementary, middle and high schools.

Based on the information in **Table 4-7**, WLSD custodians maintained 3,808 square feet less than the peer average. It should be noted that Brown's staffing level appears to be high when the age of the building and the AS&U Region 5 average are taken into consideration. Minster's staffing level appears to be low. Brown's square footage per custodian is the lowest of the four districts and is 13.0 percent lower than the AS&U Region 5 average. Minster's square footage per custodian is significantly higher than the other districts and is 95.0 percent higher than the AS&U Region 5 average. Minster's above average square footage per custodian is due in part to the Minster's decision not to allocate a full-time day custodian in each building.

F4.6 For FY 2001-02, WLSD decided to move the 4-hour night custodian from the middle/high school to the elementary school building. **Table 4-8** compares the FY 2000-01 allocation of square footage per custodian to the redistribution of work in FY 2001-02.

**Table 4-8: Comparison of WLSD's FY 2000-01 Staffing to FY 2001-02 Staffing**

Type of Facility	FY 2000-01 Staffing Levels	FY 2001-02 Staffing Levels	Peer District Average	Difference Between FY 2001-02 Staff Redistribution and the Peer District Average
<b>Elementary School:</b>	1	1		
Total Square Feet	55,000	55,000	-	
Number of Custodians	2.5	3	-	
Square Feet per Custodian	22,000	18,333	<b>26,785</b>	(8,452)
<b>Middle/High School:</b>	1	1		
Total Square Feet	106,891	106,891	-	
Number of Custodians	4.0	3.5	-	
Square Feet per Custodian	26,723	30,540	<b>38,767</b>	(8,227)
<b>Total:</b>	2	2		
Total Square Feet	161,891	161,891	-	
Number of Custodians	6.5	6.5	-	
Square Feet per Custodian	24,906	24,906	<b>28,714</b>	(3,808)
<b>AS&amp;U Region 5 Average</b>	-	-	<b>20,724</b>	4,182

Source: WLSD Director of Facilities and Support Services; AS&U 30th Annual M&O Study

After careful consideration, WLSD determined it was not in its best interest to further reduce custodial staffing levels. WLSD decided it needed to have a full-time day custodian at the elementary school to address unexpected situations and accidents that can occur during the school day. According to the Superintendent, the day custodian will be responsible for completing minor repairs and preventive maintenance in the building.

WLSD decided against reducing its middle/high school custodial staffing level to fewer than 3.5 FTEs. The .5 FTE worker is assigned to the auditoria during the lunch period, and the remaining 3 full-time night custodians are responsible for cleaning the facility. When the .5 FTE auditoria custodian is omitted from the square footage per custodian calculation, the middle/high school average increases by 5,090 feet to 35,630 square feet per custodian. If the number of custodians is further reduced at the middle/high school, the remaining staff will have a difficult time properly cleaning the facility in an eight-hour shift, based on industry standards. To review the custodial and maintenance staffing pattern analysis per 100 students, see the **human resources** section.

F4.7 **Table 4-9** shows the average weighted base salary for WLSD's custodians for FY 2000-01 as well as the average weighted base salary for the peer districts' custodians.



**Table 4-9: FY 2000-01 Custodial Average Base Salaries**

District	FY 2000-01 Average Weighted Base Salary
Williamsburg	\$21,760
Peer Districts:	
- Brown	\$20,093
- Minster	\$26,453
- Weathersfield	\$30,613
<b>Peer District Average</b>	<b>\$25,720</b>
<b>Difference</b>	<b>(\$3,960)</b>
<b>AS&amp;U 30th Annual Cost Survey Region 5 Average</b>	<b>\$25,578</b>
<b>Difference</b>	<b>(\$3,818)</b>

Source: WLSD Treasurer's Office; EMIS staff demographic reports; AS&U 30th Annual M&O Study

The average weighted base salary for WLSD's custodians in FY 2000-01 was \$21,760, which is \$3,960, or 15.0 percent, below the peer district average. Furthermore, WLSD's custodial salaries are \$3,818 less than the AS&U Region 5 average. WLSD's average weighted base salary is lower than two of the peer districts. Wages in excess of peer or regional averages can indicate overcompensation. Based on the figures in **Table 4-9**, WLSD's custodial wages are slightly lower than the peer and regional averages which indicate overcompensation is not an issue.

F4.8 During calendar year 2000, WLSD spent a total of \$193,503 on custodial salaries. **Table 4-10** accounts for the usage of those funds.

**Table 4-10: Calendar Year 2000 Custodial Salary Breakdown**

Reason	Amount	Percentage of Total Salary
Regular Wages	\$187,365	96.8%
Supplemental	\$362	0.2%
Overtime	\$4,648	2.4%
Other Non-Certificated Compensation	\$1,128	0.6%
<b>Total</b>	<b>\$193,503</b>	<b>100.0%</b>

Source: WLSD Treasurer, Pay Date Earnings Register

Almost 97.0 percent of WLSD's total custodial salary expenditures was for regular wages. Approximately 3.0 percent, or \$6,138, of the total was spent on overtime, supplemental, and non-certificated compensation. The custodial staff does not perform weekend building

checks nor does it use overtime to cover a custodial absence. WLSD's total custodial salaries should decrease for calendar year 2001, due to the retirement of the elementary school head custodian in FY 2000-01.

**C4.1** During calendar year 2000, WLSD spent 2.4 percent of its total custodial salary expenditures on overtime. Monitoring and tracking time worked has allowed WLSD to keep overtime expenditures to a minimum. According to the AOS 1999 School District Performance Audits Legislative Update, on average the 21 largest school districts spend 8.7 percent of their total custodial salary expenditures on overtime costs. The more effective and efficient districts spend less than 6.0 percent on overtime costs. By limiting overtime expenditures, WLSD can dedicate additional funds to improving the educational environment for its students.

F4.9 The 3.5-hour custodian at the middle/high school building is assigned to work as a dishwasher in the kitchen when school is in session. She also assists with cleaning up in the kitchen as well. Her wages are all paid out the General Fund, rather than the Enterprise Fund established for Food Service. In FY 2000-01, WLSD paid the 3.5 hour custodian approximately \$7,200 for working in the kitchen when school was in session. In FY 2001-02, the 3.5 hour kitchen custodian was reclassified and will be paid out of the Food Service Enterprise Fund for time worked as a dishwasher in the kitchen.

After recognizing the potential to reduce General Fund expenditures, WLSD reclassified the 3.5-hour kitchen custodian so she will be paid out of the Food Service Enterprise Fund. As a result of the reclassification, WLSD is expecting to save approximately \$8,000 in General Fund expenditures for FY 2001-02.

**R4.1** WLSD should repay the General Fund for the wages paid to the 3.5 hour kitchen custodian for time worked as a dishwasher in the kitchen during the 1999-00 and 2000-01 school years. The wages paid should have come from the Food Service Enterprise Fund rather than the General Fund. Paying the custodian's wages out of the Food Service Enterprise Fund rather than the General Fund will increase the amount available for funding pupil education. (See the **financial systems** section for more details on the Food Service Enterprise Fund.)

*Financial Implication:* By repaying the General Fund for food service labor for the 1999-00 and 2000-01 school years, WLSD could increase the General Fund balance by approximately \$14,000.

### *Maintenance Staffing and Compensation*

F4.10 The middle/high school head custodian and the head of maintenance are responsible for maintaining WLSD's buildings and keeping them safe and in a state of good repair. The

middle/high school head custodian is assigned to the middle/high school building and is responsible for supervising the custodial staff as well as completing building repairs and preventive maintenance tasks. In FY 1999-00, WLSD spent approximately \$3,700 on purchased services for building maintenance and repairs at the middle/high school. In addition to addressing the repair needs in the middle/high school building, the head custodian also completes electrical repairs in WLSD's two other buildings. For analysis purposes, the middle/high school head custodian is considered to be 1 FTE maintenance employee.

The head of maintenance is a full-time WLSD employee. He spends approximately 50.0 percent of his time completing building repairs and operating the boilers at the elementary school and 50.0 percent of his time maintaining and operating the boilers at the Centre. To reiterate, the Centre is WLSD's former middle/high school building in which space is currently leased to three other non-district entities. For analysis purposes, the head of maintenance is considered to be a .5 FTE maintenance employee because half of his salary is paid out of the General Fund and the other half is paid out of an Internal Services Rotary Fund, in which revenue from the three Centre leases is deposited.

F4.11 **Table 4-11** shows the average square footage per maintenance FTE employee for WLSD, the peer districts and the AS&U Region 5 average.

**Table 4-11: FY 2000-01 Square Footage per FTE Maintenance Employee**

<b>Williamsburg</b>	<b>107,927</b>
<b>Peer Districts:</b>	
- Brown	Not Applicable <sup>1</sup>
- Minster	93,965
- Weathersfield	391,120 <sup>2</sup>
<b>Average for Peer Districts</b>	<b>242,543</b>
<b>Difference</b>	<b>(134,616)</b>
<b>AS&amp;U 30th Annual Cost Survey Region 5 Average</b>	<b>119,163</b>
<b>Difference</b>	<b>(11,236)</b>

**Source:** WLSD Director of Facilities and Support Services; peer districts; AS&U 30th Annual M&O Study

<sup>1</sup> Brown contracts out more than 95.0 percent of its building maintenance and repairs.

<sup>2</sup> Weathersfield contracts out more than 50.0 percent of its building maintenance and repairs. The supervisor of buildings and grounds, although he is classified as an administrator, spends 50.0 percent of his time completing building repairs.

WLSD's maintenance employees are responsible for maintaining an average of 107,927 square feet per FTE, which is less than the peer district average, and 11,236 square feet (or 9.0 percent) less than the AS&U Region 5 average. Brown does not employ a dedicated

maintenance person. As a result, over 95.0 percent of the building's maintenance and repair needs are contracted out. In Weathersfield, over 50.0 percent of the district's maintenance and repair tasks are contracted out. The Weathersfield custodians are responsible for completing minor repairs in their assigned buildings. The Weathersfield supervisor of buildings and grounds dedicates approximately 50.0 percent of his time to building maintenance, and as a result, Weathersfield's square footage per FTE maintenance employee is 242,543 square feet.

While low square footage allocations for building maintenance and repair can indicate overstaffing, excessively high square footage allocations can negatively impact preventive maintenance programs, emergency repair efforts, and can ultimately shorten the life span of a building. Based on the data in **Table 4-11**, it appears that WLSD's square footage per FTE maintenance employee is reasonable, especially when the age of the middle/high school (**F4.18**), the District's largest building, is taken into consideration. In addition, the WLSD maintenance employees also function as substitute bus drivers when needed. Maintenance staffing at Minster also appears to be reasonable. The square footage per FTE maintenance employee at Weathersfield appears to be excessively high, and it is not appropriate to compare WLSD's maintenance staffing to Weathersfield's staffing.

- F4.12 While the Director of Facilities and Support Services' was employed at WLSD, he did not develop a structured maintenance and repair program for the District's facilities. As a result, building maintenance and repairs completed in-house have not been documented and comprehensive repair histories for each facility are unavailable. Incomplete repair histories can hinder the identification of the cause of system breakdowns and can impede troubleshooting efforts.

Prior to FY 2001-02, when there was a need for a repair, a written work order request was not completed. Instead, the head custodian at the middle/high school or the head of maintenance was contacted and verbally informed about the repair need. If the repair had a significant cost implication, the Director of Facilities and Support Services was informed, and he determined whether or not the repair would be made and if it would be done in-house or contracted out.

For FY 2001-02, a work order request form has been developed and is available to all employees via WLSD's Intranet. At the start of the school year, the Superintendent informs the building staffs of the form and its location. All repair requests will now be documented and principals will be responsible for approving the requests unless they involve a significant purchase or cash outlay. In those cases, the Superintendent will be contacted to make the decision regarding if and when the task will be completed.

**C4.2** Implementing the use of a work order request form will create written documentation showing that a repair was requested. The documentation will allow WLSD to increase the maintenance staff's accountability and can be used to develop building maintenance records.

**R4.2** In addition to using the work order request form, WLSD should develop a work order log form to track maintenance requests and the time and resources used to complete each order. WLSD should also require the maintenance staff to document what repairs have been completed. The logs should be reviewed by the Superintendent on a periodic basis to monitor productivity and maintenance expenditures used for repairs. Completing the daily logs will increase accountability and potentially increase productivity. Instituting the use of a formal work order form and work order logs are significant steps toward implementing a structured maintenance program.

**R4.3** WLSD should also develop a structured maintenance and repair program for its facilities. The first step in developing a structured maintenance program is the creation of an inventory of building components and their condition. The information gathered can be used by management to better identify maintenance needs, quantify deferred maintenance, determine capital improvement costs, and to set priorities. An inspection form should be developed and used to complete the inventory. The form will allow the inspectors to observe building components logically and record data uniformly. WLSD will also have to select an objective method for ranking maintenance projects and estimating costs. To help decide priorities, the Superintendent should also consult with the school principals to hear what maintenance projects could further their educational objectives for the year. After the projects and maintenance needs have been identified and prioritized, the District should develop a time line for their completion. Projects that cannot be completed immediately due to resource limitations, should be included in the recommended facilities plan (**F4.22**).

F4.13 WLSD contracts with RPC Mechanical Inc., to complete preventive maintenance tasks on selected equipment in each of its facilities. Preventive maintenance is regularly scheduled repair and maintenance needed to keep building components, such as HVAC systems, roofs, and electrical systems, operating efficiently and to extend their useful life. Effective preventive maintenance is a planned approach designed to avoid equipment breakdowns and prevent minor problems from escalating into major ones.

Effective preventive maintenance programs can reduce energy costs and operational expenditures. According to an article published in *Energy and Environmental Visions for the New Millennium: 7th Proceeding of the 20<sup>th</sup> World Energy Engineering Congress (November 1997)*, the preventive maintenance tasks of cleaning coils and replacing dirty HVAC system filters have reduced energy costs for running an HVAC system by 8.0 to 10.0 percent. Not only can effective preventive maintenance programs reduce operational costs, but they can positively impact student performance by enhancing the school environment.

According to the article mentioned above, a study of public school conditions in the District of Columbia found that when controlling for other factors, (mean income of school neighborhoods, school building age and type, and enrollment) students in schools with excellent building conditions had higher standardized achievement scores than students with fair building conditions and even higher scores than students in schools with poor conditions.

**R4.4** WLSD should develop and implement a formal, planned preventive maintenance program for each building in the District. Preventive maintenance schedules for each building's heating, cooling, and plumbing systems should be developed. After determining which components will be included, preventive maintenance checklists, including task frequency, should be developed for each building. Most preventive maintenance tasks should be scheduled according to manufacturers' suggestions. After a task is completed, it should be recorded on the checklist or in a log book. A preventive maintenance log should also be created for each building to record when each task is performed. Some preventive maintenance tasks, such as filter changes, could be assigned to the head custodians in each building. The log book should be reviewed by the principals and the Superintendent on a periodic basis to ensure the work is being completed in a timely manner.

An effective preventive maintenance program can extend equipment life, decrease energy consumption, reduce maintenance and capital expenditures, reduce the number of work orders, and improve worker productivity by proactively maintaining equipment rather than responding to breakdowns and emergencies. Without a preventive maintenance program, WLSD risks incurring high emergency repair costs.

F4.14 **Table 4-12** shows the average weighted base salary for WLSD's middle/high head custodian and the head of maintenance for FY 2000-01, as well as the average weighted base salary for the peer districts' maintenance employees and the AS&U Region 5 average base salary.

**Table 4-12: FY 2000-01 Maintenance Average Base Salaries**

District	FY 2000-01 Average Weighted Base Salary
Williamsburg	\$28,226
Peer Districts: - Brown - Minster - Weathersfield	Not Applicable <sup>1</sup> \$28,566 Not Applicable <sup>2</sup>
<b>Peer District Average</b>	<b>\$28,566</b>
<b>Difference</b>	<b>(\$340)</b>
<b>AS&amp;U 30th Annual Cost Survey Region 5 Average</b>	\$32,750
<b>Difference</b>	<b>(\$4,524)</b>

**Source:** WLSO Treasurer's Office; EMIS staff demographic reports; AS&U 30th Annual M&O Study

<sup>1</sup>Brown LSD does not have any maintenance employees.

<sup>2</sup>The Weathersfield supervisor of buildings and grounds is classified as an administrator. His salary was not used when calculating the peer district average because it would skew the calculation.

The average weighted base salary for WLSO's maintenance employees was \$28,226 in FY 2000-01, which is \$340 lower than Minster's average and \$4,524, or approximately 14.0 percent, lower than the AS&U Region 5 average. There are a number of factors which can impact maintenance employee wages including: employee longevity, experience, training, licensing or certification, and job responsibilities. The middle/high school head custodian has been employed by WLSO for over 12 years and is a licensed electrician. The head of maintenance has been employed by WLSO for almost five years. In addition, both maintenance employees have received the necessary training and licensure to function as substitute bus drivers. Based on the maintenance employees' experience and responsibilities, their current base salaries appear to be reasonable.

F4.15 During calendar year 2000, WLSO's maintenance employees were paid a total of \$70,160 for time worked. **Table 4-13** details how they earned their compensation.

**Table 4-13: Calendar Year 2000 Maintenance Salary Breakdown**

Function	Regular Wages	Substitution	Supplemental	Overtime	Other Compensation	Total
<b>Building Operations and Maintenance</b>	\$61,142	\$0	\$0	\$2,286	\$318	<b>\$63,746</b>
<b>Pupil Transportation</b>	\$213	\$2,342	\$940	\$1,236	\$0	<b>\$4,731</b>
<b>Sports-Oriented Activities</b>	0	\$0	\$1,683	\$0	\$0	<b>\$1,683</b>
<b>Total</b>	<b>\$61,355</b>	<b>\$2,342</b>	<b>\$2,623</b>	<b>\$3,522</b>	<b>\$318</b>	<b>\$70,160</b>

Source: WLSD Treasurer, Pay Date Earnings Register

During calendar year 2000, the WLSD maintenance employees received compensation for providing building maintenance, driving buses, and preparing for sports-oriented activities. The employees received a total of \$63,746 for building maintenance. Of that amount, approximately 4.0 percent was for overtime. The maintenance employees received \$4,731 for providing pupil transportation and \$1,683 for preparing for sports oriented activities. The middle/high school head custodian and head of maintenance provide pupil transportation only when there is a shortage of available drivers. In addition, they receive a lower hourly rate for bus driving.

**C4.3** During calendar year 2000, WLSD spent 5.0 percent of its total maintenance salary expenditures on overtime related to building operations and maintenance and pupil transportation. When the overtime paid for pupil transportation is excluded, the percentage decreases to 3.3. WLSD accurately documents maintenance salary expenditures and accounts for differences between the maintenance employees' base salaries and gross wages which allows for effective oversight and possible reductions in overtime expenditures.

According to the AOS 1999 School District Performance Audits Legislative Update, on average the 21 largest school districts spend 11.6 percent of their total maintenance salary expenditures on overtime costs. The more effective and efficient districts spend less than 7.0 percent on overtime costs. In comparison, WLSD spent 5.0 percent on overtime costs. By limiting overtime expenditures, WLSD can dedicate additional funds to improving the educational environment for its students.

### *Contractual Issues*

F4.16 Two of the three peer districts, Brown and Weathersfield, have established unions for their classified staff. In spring 2001, WLSD classified employees completed the necessary procedures to establish a classified employee union within the District. Classified employee



union contract negotiations began in August 2001 and are still underway as of October 2001. **Table 4-14** compares some of WLSD's current practices to the peer districts' contract provisions and practices which can impact operational efficiency and expenditures. Contractual issues have the potential to increase costs through inefficient or overly generous employment practices. The review of contractual issues shown in **Table 4-14** highlights contractual provisions that have the potential to increase a school district's costs.

**Table 4-14: Comparison of District Practices and Contractual Issues**

Issue	Williamsburg	Brown	Minster	Weathersfield
<b>Length of Scheduled Work Day</b>	8.5 hours, with a .5 hour unpaid lunch, and 2 paid 15 minute breaks	8.5 hours, with a .5 hour unpaid lunch, and 2 paid 15 minute breaks	9.0 hours, with a 1 hour unpaid lunch, and 2 paid 15 minute breaks.	8.5 hours, with a .5 hour unpaid lunch, and 2 paid 15 minute breaks
<b>Actual Work Time</b>	7.5 hours	7.5 hours	7.5 hours	7.5 hours
<b>Staffing Level Determination</b>	District needs	District needs	District needs	District needs
<b>Calamity Day Work Requirement</b>	Yes	Yes	Yes	Yes, If Needed
<b>Compensation for Working on a Calamity Day</b>	Employees receive their regular rate of pay for time worked	Regular rate of pay for time worked plus calamity day pay	Employees receive their regular rate of pay for time worked	Up to 4 hours at their regular rate of pay for all hours worked plus calamity day pay
<b>Use of Custodial Substitutes</b>	Yes	Yes	Yes	Yes
<b>Minimum Call-in Pay</b>	None	None	None	4 hours at regular rate of pay on Saturday or Sunday and for hours between 11pm - 7pm (alarm drops/emergency)  .5 hour if the cause is due to lack of employee responsibility
<b>Evaluation Process and Frequency</b>	No formal process	Annually	Annually	Nothing stated in contract
<b>Basis for Promotion</b>	District discretion	Seniority	Nothing stated in contract	Seniority
<b>Ability to Subcontract</b>	Yes	Yes	Yes	Yes

**Source:** WLSD and peer districts

**Note:** Neither Williamsburg nor Minster currently have a union contract. Therefore, the information in the table above is based on current practices.

All of the districts' custodial staffs work 7.5 hours a day and staffing levels are not dictated by the union contract. Unlike Brown and Weathersfield, WLSD and Minster do not incur additional labor expenditures when a calamity day is declared. Employees required to work

on a calamity day are only paid for time worked at their regular rate of pay. Furthermore, the use of custodial substitutes allows the District to minimize overtime expenditures.

**C4.4** Based on the information in **Table 4-14**, WLSD's employment practices are reasonable and do not result in additional costs for the District. WLSD currently has the flexibility to promote candidates they choose, unlike two of the peer districts where promotion is based solely on seniority.

F4.17 Currently, employee evaluations are not conducted for the classified staff. Regular performance evaluations are important for the following reasons:

- Ensure employees receive clear feedback on areas for improvement;
- Identify and document disciplinary problems;
- Provide evidence about the quality of the employee's performance;
- Improve efficiency and effectiveness of the employees in carrying out the tasks outlined in the job descriptions; and
- Increase employee morale and monitor an employee's success and progress.

**R4.5** WLSD should annually evaluate custodial and maintenance employees. The principals should be responsible for completing evaluations for the staff assigned to their buildings. The head custodian should have input in the evaluations completed for the custodians working in the middle/high school, since he interacts with them more frequently than the building principals. Additionally, the Superintendent should evaluate the head of maintenance.

*Facilities Planning and Management*

F4.18 WLSD currently owns three buildings: an elementary school, a middle/high school, and the former Williamsburg High School which is referred to as the Centre. The elementary school is 46 years old and houses students in grades kindergarten through five. In May 1995, the voters approved a 4.67 mill bond issue which generated approximately \$4.5 million for the construction of a new middle/high school building and renovations at the elementary school. The OSFC provided WLSD with approximately \$2.9 million dollars for the construction projects. The middle/high school building construction was completed in 1996.

The Centre was constructed in 1922. A small portion of the facility is used to house WLSD's administrative offices. Space is leased out to Clermont Senior Services, Clermont County Educational Service Center, and Clermont County Board of County Commissioners. In 1998, WLSD began leasing space in the Centre. In FY 2000, the three leases generated a total of \$121,000 for WLSD. In FY 2001, the amount generated increased to \$140,950 due to a new lease agreement between WLSD and the Clermont County Educational Service Center. The revenue generated from the leases is deposited into an Internal Services Rotary Fund and is used for the maintenance, upkeep, and management of the building. **Table 4-15** details some of the significant provisions in each of the leases.

**Table 4-15: Lease Agreement Provisions**

	Clermont Senior Services	Clermont Co. Educational Service Center	Clermont Co. Board of County Commissioners
<b>Term</b>	March 1, 1998- Feb 28, 2008	July 1, 2000- June 30, 2001 (with two 1 year renewal option)	August 1, 1998-August 1, 2001
<b>Renewal Option</b>	None stated	Two 1 year terms	Two 3 year terms
<b>Description</b>	Approximately 4,744 square feet in the kitchen/cafeteria area	Approximately 4,848 square feet on the 3 <sup>rd</sup> floor Approximately 7,108 square feet on the 2 <sup>nd</sup> floor	Approximately 12,000 on the first floor
<b>Usage</b>	Meal preparation for senior citizens	Genesis Center (school)	Housing county officials and offices
<b>Total Term Rental Fee</b>	\$60,000 total (\$500/month)	Total: FY 2001: \$94,950 FY 2002: \$99,698 FY 2003: \$104,683	Total: \$120,000 (for 3 year term)
<b>Annual Rental Fee</b>	\$6,000	\$94,950	\$40,000
<b>Maintenance</b>	WLSD is responsible for repairing and maintaining the building and grounds	WLSD is responsible for all general maintenance and cleaning. Lease lists 6 improvements which will be made over the 3 years of the lease	WLSD is responsible for repairing and maintaining the building and grounds.
<b>Utilities</b>	Lessee is billed directly for kitchen's gas and electric	WLSD is responsible for all utility costs	WLSD is responsible for all utility costs
<b>Additional Provisions</b>	Lessee is responsible for upgrading and modernizing the north bathroom and replacing all kitchen windows by December 31, 2000	None stated	Option to Purchase: Lessee has the option to purchase the property for \$300,000

Source: WLSD lease agreements

WLSD is responsible for the general maintenance in the Centre and for the utility costs in two of the three agreements. Clermont Senior Services had gas and electric meters installed in the kitchen and is billed directly. In FY 2000, the WLSD spent \$77,532 for general maintenance and upkeep of the facility, including utilities and associated salaries and benefits costs. The leases generate enough revenue to support the operation, maintenance, and management of the facilities without having to use supplemental funds from the General Fund. Leasing has allowed WLSD to keep its General Fund expenditures for maintenance and upkeep of the Centre to a minimum.

**C4.5** Entering into the lease agreements has allowed WLSD to keep the building operating and properly maintained without District financial support. According to facilities managers

throughout the State of Ohio, keeping a building open and properly maintained is better than closing a facility and deferring all of its maintenance and repair needs.

F4.19 Revenue from the General Fund is used to support the maintenance and operation of WLSD's elementary and middle/high school buildings. As shown in **Table 4-4**, in FY 1999-00, the General Fund provided \$706,316 for building operation expenses including custodial and maintenance employees' salaries and benefits, supplies and materials, purchased services, and capital outlay. **Table 4-16** illustrates WLSD's and the peer districts' FY 1999-00 General Fund custodial and maintenance-related expenditures in terms of cost per square foot.

**Table 4-16: FY 1999-00 General Fund M&O Expenditures per Square Foot**

Expenditure	Williamsburg	Brown	Minster	Weathersfield	Peer Average	AS&U Region 5 Average
Custodial and Maintenance Salaries and Benefits	\$2.18	\$2.56	\$1.84	\$2.18	\$2.19	\$2.15
Purchased Services	\$0.58	\$0.78	\$0.48	\$0.81	\$0.69	\$0.31
Utilities	\$1.20	\$1.23	\$0.82	\$1.24	\$1.10	\$1.16
Supplies/ Materials	\$0.27	\$0.31	\$0.26	\$0.50	\$0.36	\$0.37
Capital Outlay	\$0.13	\$0.27	\$0.08	\$0.13	\$0.16	N/A
<b>Total M&amp;O General Fund Expenditures</b>	<b>\$4.36</b>	<b>\$5.16</b>	<b>\$3.49</b>	<b>\$4.86</b>	<b>\$4.50</b>	<b>\$3.99</b>
<b>Total M&amp;O General Fund Expenditures as % of Total General Fund Expenditures</b>	<b>11.1%</b>	<b>6.8%</b>	<b>9.4%</b>	<b>12.1%</b>	<b>9.4%</b>	<b>8.6%</b>

Source: WLSD Treasurer's Office; peer districts; 30th Annual AS&U Maintenance & Operations Cost Study

In FY 1999-00, WLSD spent \$4.36 in General Fund expenditures per square foot on maintenance and operation expenditures, less than two of the three peer districts. However, WLSD's General Fund maintenance and operation expenditures as a percentage of total General Fund expenditures was approximately 11.0 percent, which is second highest of the peer districts. The custodial and maintenance salaries figure includes the wages paid to the 3.5 hour kitchen custodian (**F4.2**). If those wages are omitted, the salaries and benefits cost per square foot decreases by \$0.05 to \$2.13, which is lower than the peer district and AS&U Region 5 averages.

WLSD purchased services also includes the fees incurred for copier rentals and service agreements (**F4.20**). In FY 1999-2000, WLSD spent more than \$43,000 on copy machines.

When the cost of the copy machines is excluded from the purchased services total, the purchased services cost per square foot decreases by \$0.26 to \$0.32, which is lower than all the peer districts and \$0.01 more than the AS&U Region 5 Average. After adjusting for the salaries and benefits and purchased services costs, the total M&O General Fund expenditures decreases to \$4.05 per square foot, which is lower than two of the peer districts.

F4.20 WLSD is currently spending more than \$43,000 for copy machines used in three different buildings. Each building independently negotiated its copier agreement, and did not take advantage of a discount program such as the State of Ohio Cooperative Purchasing Program. As a result, WLSD is currently paying above normal prices for its copiers. The new Superintendent and the Treasurer both recognize the potential for cost savings, and they are planning on rebidding the contracts in the near future.

**R4.6** WLSD should determine its particular copier needs and review all available options prior to entering into a new lease agreement. By using the right size copiers to fit its needs, based on anticipated volume, WLSD could save significantly on its copier costs. The District should take advantage of economies of scale when going out to rebid the copier contracts. One vendor should be selected to provide and service all the machines. WLSD should also include the copier expenditures to a more appropriate function, such as instructional expenditures. Including the copy machine costs in the plant and maintenance operation function, inflates WLSD's facilities-related expenditures.

*Financial Implication:* If WLSD opted to participate in the State of Ohio Cooperative Purchasing Program, the District could significantly reduce the amount it is currently paying for copier service. Vendors participating in the Cooperative Purchasing Program indicated they could provide WLSD with comparable machines for approximately \$23,000 annually, which would result in an annual cost savings of \$20,000. WLSD would be required to pay a \$125 annual fee to participate in the State Cooperative Purchasing Program.

F4.21 In addition to using General Fund revenue to support the maintenance and operation of WLSD's facilities, the District also receives funding from a 0.5 mill levy. The 0.5 mill levy was passed in May 1995 as required by OSFC. The levy generates approximately \$45,000 which is placed in a restricted account for facility maintenance and upkeep. WLSD has not developed a formal long-term maintenance plan detailing how these funds will be used. The lack of a formal long-term maintenance and spending plan can result in the purchase of non-essential items and additional deferred maintenance. In FY 1999-2000, the funds were used for preventive maintenance contracts, equipment repairs, elementary school grounds improvements, and grounds maintenance.

**R4.7** WLSD should develop a formal plan for the 0.5 mill facilities maintenance funds. The plan should be included as a part of the comprehensive facilities plan (**R4.8**) and should include

preventive maintenance. OSFC required maintenance funds are reserved for upkeep on the completed construction projects and WLS D should ensure that any OSFC required funds are clearly designated to the authorized construction and renovations. The 0.5 mill levy funds should not be used for salaries, benefits, or to supplement current operational expenditures.

F4.22 Although WLS D recognizes the importance of preventive and scheduled maintenance, it does not have a structured maintenance program (**R4.3**) or a comprehensive facilities master plan (FMP) documenting long-term facility needs, such as construction needs, building closures, additions, renovations and preventive maintenance. A typical FMP generally contains historical information about demographics and community characteristics; educational programs, goals, and practices; enrollment projections; facility evaluations and capital improvement needs; capacity and space utilization analyses; an implementation plan and budget which includes funding sources; and an evaluation process.

The development of a comprehensive FMP provides facilities support staff with a clearer, more detailed plan for deploying its limited resources. Administrators can also use the document to communicate funding requirements to the Board and voters. In addition, a comprehensive FMP can be used to provide a continuous basis for planning educational facilities that will meet the changing needs of the community and can assist WLS D in making more effective decisions regarding the allocation of limited resources to achieve its goals and objectives. A comprehensive FMP also may be used for the following:

- Determine the appropriate number of schools required to serve both current and future student populations;
- Estimate the funding needed for repairs, renovations, and new construction;
- Document the need for school closings and consolidations;
- Justify buying and selling properties; and
- Develop cost-effective alternative uses for existing facilities.

The lack of a comprehensive FMP hinders WLS D's ability to prioritize major renovations and maintenance activities and also hinders its ability to perform long-range financial planning and budgeting for facility renovations and maintenance needs.

**R4.8** WLS D should develop a modified comprehensive FMP that focuses on short- and long-term building capital improvement and maintenance needs. Due to WLS D's small size, it is not necessary for the FMP to address school closings and consolidation, nor purchasing additional real estate. As part of the OSFC Classroom Facilities Assistance program, an independent consultant was contracted to complete a 10-year enrollment projection for WLS D. According to the projections, the student population will remain constant for the next few years. The building construction and renovations made in 1996 factored in the projected student population for WLS D. The plan should incorporate building preventive

maintenance needs as well as capital improvements that will be required as the facilities continue to age. When developing the plan, WLSD should obtain input from a variety of sources including design professionals, community groups, business representatives, parents, teachers, administrators and students. The plan should be updated on a regular basis and adjusted for factors such as changes in available funding and shifts in employment that can impact WLSD.

### *Energy Management*

F4.23 WLSD participates in discounted electric and gas utility programs and also took advantage of the H.B. 264 energy conservation provision which authorizes school districts to issue debt without voter approval to finance capital improvement projects which result in energy savings. According to the legislation, the savings resulting from the projects should equal or exceed project costs. In 1993, WLSD borrowed approximately \$135,000 for the sole purpose of making capital improvements which result in energy efficiencies. As of FY 1999-00, the current outstanding principal balance on the amount borrowed was approximately \$35,000.

F4.24 Despite taking advantage of discounted utilities and completing capital improvement projects to reduce energy expenditures, WLSD's utility expenditures, which equate to \$1.20 per square foot in FY 1999-00, are 9.0 percent higher than the peer district average (**Table 4-16**). The high utility costs can be attributed, in part, to the lack of temperature controls in the elementary school. In addition, keeping the temperature of the middle/high school building at 72 degrees year round increases utility costs for WLSD. WLSD has not developed an energy conservation plan for the District nor has it formally implemented any conservation measures such as turning off lights and cooling systems when a room is not in use.

During the elementary school renovations, WLSD opted to install individual air conditioning units in each room rather than a centralized cooling system. The units are operated manually and the building's temperature cannot be centrally controlled. As a result, the temperature varies greatly from room to room. During an elementary school building walk through in June 2001, unoccupied rooms that had been vacated for the summer had their air conditioning units running, and the room temperatures were down to 58 degrees and 62 degrees. As a result, WLSD incurred unnecessary utility expenditures due to a lack of centralized temperature controls. The elementary school is equipped with a computerized energy management system, however it is currently not in operation.

**R4.9** The computerized energy management system should be used to help regulate the elementary/middle school's room temperatures. The system can be set so a room's temperature cannot exceed or go below a certain level. When a room air conditioning unit is in operation, the door should be closed to retain the cool air and opening and shutting the



door should be kept to a minimum. In addition, steps should be taken to ensure that rooms which are not in use are not being cooled. As part of the building renovations, digital thermostats were installed in each room. WLSD should have them calibrated periodically to ensure they are accurate.

**R4.10** The elementary school building principal, the head of maintenance, and the custodial staff should review the building's operating practices and develop an energy conservation plan for the building. The building staff should be encouraged to participate in energy conservation efforts. Incorporating energy conservation efforts into the everyday operation of the building could also teach students about the importance of using limited natural resources wisely. When a classroom is not in use, the cooling system and lights should be turned off. When a room is being cooled, the door should remain closed, and exit and entry should be kept to a minimum. On hot sunny days, the window blinds should be lowered to reduce the room's temperatures. In the restrooms, water should not be kept running. These simple procedures can reduce utility usage and costs, and the cost of implementing these practices is negligible.

*Financial Implication:* Implementation of recommendations **R4.9** and **R4.10** could save WLSD an average of 15.0 percent on its elementary school building utility costs. Based on the FY 1999-00 utility costs for the elementary school building, WLSD could save approximately \$9,000 a year through energy management. The elementary school is older and has the potential for realizing greater cost savings in terms of percentages through the implementation of energy conservation measures. The high school building is a newer facility that is relatively energy efficient (new windows, roof, energy efficient lighting, and the HVAC is operated using a computerized system).

F4.25 In FY 1999-00, WLSD spent a total of \$1.25 per square foot for utilities in the middle/high school building. A computerized building management system is used to monitor all the building's mechanical systems and can centrally control the building's overall temperature. According to Superintendent, the middle/high school building is kept at 72 degrees year round. During the summer, building usage is low and a limited number of staff are in the facility.

**R4.11** The District should consider increasing the building temperature setting to 74 degrees during the summer months and should consider reducing the setting to 70 degrees during the winter. The adjustments in temperature should reduce utility usage and the operation of the HVAC system. As part of its preventive maintenance contract, the thermostats are calibrated regularly. Energy use could be further reduced if the building implemented an energy conservation program similar to the one recommended for the elementary school building in **R4.10**.

*Financial Implication:* Adjusting the temperature setting in the middle/high school and implementing an energy conservation program could save WLSD an average of 10.0 percent on its middle/high school building utility costs. Based on the FY 1999-00 utility expenditures for the middle/high school building, WLSD could save approximately \$14,000 a year through energy management and conservation.

## Financial Implications Summary

WLSD has been proactive in looking for ways to reduce its custodial and maintenance operating expenditures. As a result, a number of changes have been instituted in an effort to reduce expenditures. Those changes are illustrated in the following table as well as the savings they are expected to generate.

### District-Enacted Cost Savings Changes

Action Taken	Annual General Fund Cost Savings
F4.1 Non-renewal of the Director of Facilities and Support Services' Contract	\$25,000
F4.9 Reclassification of 3.5 hour custodian to Food Service	\$8,000 <sup>1</sup>
<b>Total</b>	<b>\$33,000</b>

<sup>1</sup> The District will still incur costs for the 3.5 hour custodian, however, the individual will be paid out of the Food Service Enterprise Fund.

The following table summarizes further quantifiable cost savings, expenditure adjustments, and implementation costs WLSD could realize if the recommendations in this section of the reports are implemented.

### Facilities Financial Implications Summary

Recommendation	Annual Cost Savings	One-Time Expenditure Adjustment	Annual Implementation Cost
R4.1 Repay the General Fund food service labor costs for FYs 1999-00 and 2000-01		\$14,000	
R4.6 Participate in the Ohio Cooperative Purchasing Program to rebid copier contracts	\$20,000		\$125
R4.10 Implement energy management and conservation efforts at the elementary school	\$9,000		
R4.11 Implement energy conservation efforts at the middle/high school	\$14,000		
<b>Total</b>	<b>\$43,000</b>	<b>\$14,000</b>	<b>\$125</b>

## **Conclusion Statement**

Overall, WLSD's General Fund Maintenance and Operations expenditures appear to be reasonable when compared to the peer districts and the 30th annual American Schools & University Maintenance & Operations Cost Study. WLSD appears to have staffed each of its buildings with the appropriate number of custodians, and the maintenance staffing levels appear to be adequate based on the number of buildings and their ages. WLSD's current employment practices are favorable and do not result in additional costs to the District. In addition, WLSD has been successful in keeping custodial and maintenance overtime costs to a minimum due to its monitoring and tracking efforts. Limiting overtime expenditures provides WLSD with the opportunity to dedicate additional funds to improve the educational environment for its students.

Despite taking advantage of discounted utilities and completing capital improvement projects to reduce energy expenditures, WLSD's utility expenditures, which equate to \$1.20 per square foot in FY 1999-00, are 9.0 percent higher than the peer district average. The high utility costs can be attributed, in part, to the lack of temperature controls in the elementary school and the lack of formalized energy conservation measures. WLSD could reduce its utility costs by an estimated \$23,000 annually if an energy management program is implemented.

WLSD created the Director of Facilities and Support Services position to oversee its custodial and maintenance operations, transportation, food service, and safety programs. The position was filled in January 2000. However, as a result of WLSD's financial situation, the Board of Education elected not to renew the Director's contract for FY 2001-02. The Superintendent has assumed the management responsibilities for custodial and maintenance operations. The decision will produce a facilities-related annual cost savings of approximately \$25,000. With the elimination of the Director of Facilities and Support Services position, the building principals will have a more active role in managing the custodians assigned to their buildings.

In 1995, WLSD received funding from the Ohio School Facilities Commission for the construction of a new middle/high school building and for major renovations to the elementary school building. As a result, the buildings are in a good state of repair. However, WLSD does not have a formal spending plan for the revenue generated from its permanent improvement levy which can result in the purchase of non-essential items and deferred maintenance. In addition, revenue generated from the permanent improvement levy could potentially accommodate some expenditures currently made from the General Fund. Notwithstanding, WLSD should devise a formal spending plan for capital improvements. WLSD should also increase the number of preventive maintenance tasks completed in its facilities in an effort to extend the useful life of the buildings as well as to keep systems operating at peak efficiency.

Currently, WLSD does not have a structured maintenance and repair program, nor does it have a formal capital improvement plan. As a result, WLSD lacks repair histories for each facility which

can hinder the identification of the cause of system breakdowns and can impede troubleshooting efforts. In the past 10 years, there have been significant changes in the personnel responsible for facilities-related decision-making and planning. As a result, some preventive maintenance may have been deferred which could lead to costly emergency repairs. The likelihood of making inappropriate capital expenditures also increases without a formal capital improvement plan which includes criteria for determining maintenance priorities and solutions. For example, when renovating the elementary school building, WLSD elected to install individual air conditioning units in each room rather than a central cooling system. Initially, the individual units may have been cheaper, but in the long term, they will end up costing WLSD more in repairs and energy consumption. To ensure the appropriateness of capital expenditures and facilities-related decisions, WLSD should develop a capital improvement plan and structured maintenance program.

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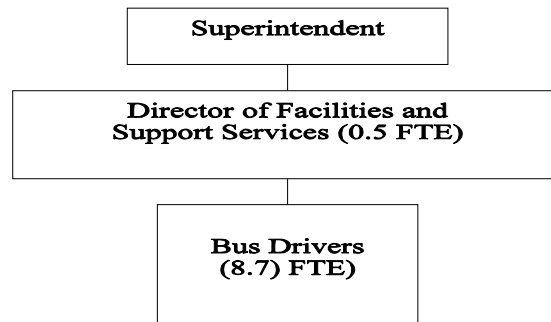
# Transportation

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## Background

Williamsburg Local School District (WLS D) provided transportation to 975 regular and special needs students in FY 1999-00 using District-owned yellow school buses. WLS D does not have a formal transportation policy and, in practice, does not exclude any WLS D students from transportation eligibility, regardless of grade level or distance from assigned school. The following chart provides an overview of transportation staffing and organization at WLS D. Positions are shown in full-time equivalents (FTE).

**Chart 5-1: Transportation Organization and Staffing**



### *Organization Function*

The Director of Facilities and Support Services (Director) at WLS D is in charge of facilities, safety, food service and transportation. The Director reports directly to the superintendent and has supervisory responsibilities over the head of maintenance, the custodians, the cafeteria manager and the bus drivers. The superintendent and treasurer each spend a minimal amount of time on transportation-related issues on an as-needed basis. Building principals assist bus drivers in resolving disciplinary problems with students on buses when necessary.

*Summary of Operations*

WLSD uses a fleet of 12 active and 5 spare buses to provide transportation to its regular and special needs students, both public and non-public. Ten of the active buses are used for the regular needs transportation program while the remaining two are dedicated to special needs transportation. In FY 1999-00, WLSD served 964 students through the regular needs transportation program, traveling over 115,000 miles. The total cost of the regular needs transportation program was \$435,378, of which \$156,711 was reimbursed by the State.

The special needs transportation program at WLSD transported 11 students in FY 1999-00 at a cost of \$44,083. All students were transported by District-owned yellow buses that traveled a total of 45,000 miles for the year. WLSD received \$8,692 from the State as reimbursement for special needs transportation.

Overall, WLSD served 975 students on 12 buses traveling over 160,000 miles. The total cost of the transportation program at WLSD was \$479,461, although 34.5 percent of the total was reimbursed by the State. **Table 5-1** provides basic FY 1999-00 operating statistics and ratios for WLSD and the peer districts. These figures will be used for comparative data throughout the transportation section.



**Table 5-1: Operational Statistics and Ratios**

<b>FY 1999-00</b>	<b>WLSD</b>	<b>Brown</b>	<b>Minster</b>	<b>Weathersfield</b>
<b>Operational Statistics:</b>				
Eligible Students				
- Regular students	964	758	516	905
- Special needs	11	6	8	14
- Total	975	764	524	919
Expenditures				
- Regular needs	\$435,378	\$235,341	\$170,902	\$233,720
- Special needs	\$44,083	\$31,515	\$8,513	\$116,694
- Total	\$479,461	\$266,856	\$179,415	\$350,414
State Reimbursements				
- Regular students	\$156,711	\$142,207	\$95,342	\$101,513
- Special needs	\$8,692	\$8,134	\$3,671	\$0
- Bus Purchase Allowance	\$0	\$0	\$0	\$0
- Total	\$165,403	\$150,341	\$99,013	\$101,513
Miles Driven				
- Regular students	115,380	114,360	76,320	63,720
- Special needs	45,000	12,000	4,500	0
-Total	160,380	126,360	80,820	63,720
<b>Operational Ratios:</b>				
Regular Needs: Yellow Bus				
- Cost per Mile	\$3.77	\$2.06	\$2.24	\$3.67
- Cost per Bus	\$43,538	\$33,620	\$28,484	\$29,215
- Cost per Student	\$452	\$310	\$331	\$259 <sup>1</sup>
- Students per Bus	96	108	86	113
- Cost per Student all methods	\$452	\$310	\$331	\$258 <sup>1</sup>
Special Needs Students				
- Cost per Student all methods	\$4,008	\$5,253	\$1,064	\$8,335
School Sites				
- Public	2	1	2	3
- Non-public	2	2	0	2
Regular Needs Buses	10	7	6	8
Special Needs Buses	2	1	1	0
Spare Buses	5	2	2	3
Square Miles in District	32	25	33	36

**Source:** T-1, T-2 and T-11 forms; school foundation reports; transportation departments

<sup>1</sup> Weathersfield's Regular Needs Cost per Student excludes 12 students receiving payment in lieu of transportation and the associated funds. These students and funds are included in Cost per Student all methods.

*Performance Measures*

The following performance measures were used to conduct the analysis of the transportation department at WLSD:

- Comparison of transportation policies and practices to State minimum standards and guidelines
- Adequacy and accuracy of reporting operational information to secure State transportation aid
- Assessment of the bell schedule to support a multi-tiered routing methodology
- Cost effectiveness of regular and special needs transportation services
- Assessment of fleet management functions including maintenance and fuel
- Adequacy of technology in place to manage transportation

## Findings / Commendations / Recommendations

### *Policy and State Funding*

**F5.1** WLSD has no formal transportation policy. The Ohio Revised Code (ORC) requires school districts to transport all students in kindergarten through eighth grade living more than two miles from their assigned schools. In practice, WLSD transports students in all grades (including high school) regardless of distance to assigned schools. In FY 1999-00, WLSD transported 271 students living within 1 mile of their assigned schools, with 2 of these students being transported to a non-public school site. This represents 28.1 percent of WLSD's total regular needs ridership for that school year. WLSD's T-1 form indicates that 2 bus routes were wholly dedicated to the transportation of students living within 1 mile of their assigned schools, transporting 202 of the 271 with the remaining 69 divided among 6 other bus routes. See **F5.3** for a more extensive description of WLSD's T forms. Based on the FY 1999-00 cost per bus of \$43,538, the WLSD spent at least \$87,076 transporting students beyond minimum State requirements.

**R5.1** WLSD should establish a formal transportation policy outlining any criteria to be used in determining transportation eligibility, such as distance to assigned school, grade level or inter/intra-district enrollment. As a part of the transportation policy, WLSD should consider discontinuing transportation services for students living within one mile of their assigned schools. Although the option exists to discontinue services to all high school students and students living less than two miles from their assigned schools, these extensive cuts should only be considered if WLSD's financial condition continues to erode. Additionally, because high school and middle school students are transported on the same bus routes, eliminating transportation for high school students would only decrease State reimbursement monies without significantly reducing costs.

The discontinuation of transportation services to students living within one mile of their assigned schools will allow WLSD to reduce its regular needs bus fleet by two buses. Additionally, the two buses used to transport students within one mile of their assigned schools are the oldest buses in WLSD's fleet. Eliminating these two buses from service could save additional funds by reducing maintenance needs (see **F5.9** and **R5.5**).

*Financial Implication:* The development of a formal transportation policy eliminating transportation services for students living within one mile of their assigned schools would facilitate the elimination of two buses from WLSD's current fleet, for a cost savings of \$87,076. Although WLSD could lose up to \$33,000 in State reimbursement monies, the elimination of two bus routes would still allow for a total cost savings of \$54,000.

F5.2 WLSD uses a two-tiered bell schedule for the beginning and ending of class times and two-tiered routing for its transportation services. The elementary school begins classes at 8:45 a.m. and ends at 3:30 p.m., while the middle/high school begins at 7:35 a.m. and ends at 2:28 p.m. The 10 buses used for regular needs transportation each make a run for the middle/high school and another for the elementary. Three buses make an additional run in the middle of the day for kindergartners. **Table 5-2** outlines the routing methodologies for WLSD and the peer districts.

**Table 5-2: Bell Schedule and Routing Comparison**

	WLSD	Brown	Minster	Weathersfield
<b>Routing Methodology</b>	two-tiered	two-tiered	single-tiered	two-tiered

Source: WLSD and peer district routing plans

WLSD and Weathersfield transported approximately the same number of regular needs students in FY 1999-00 (964 and 905, respectively). WLSD buses run one route for middle/high school students and one for elementary students. Because regular needs students are only transported to two locations, it would not be cost-effective at this time to change to a three-tiered routing structure.

F5.3 School districts must file a series of forms each year with ODE to track operational data for transportation. The T-1 form details the number of regular needs students receiving transportation and the mileage incurred by the buses providing this service. The T-2 form breaks down all the costs associated with the services outlined on the T-1 form. The T-11 form outlines operations and the associated costs for the provision of special needs transportation.

Once submitted to ODE, these forms are used to determine State funding amounts from the School Finance Foundation. The regular needs reimbursement amount received by WLSD for FY 1999-00 was based on the number of students receiving Type I transportation (District-owned yellow bus). WLSD's regular needs transportation reimbursement in FY 1999-00 was \$156,711, or approximately 36 percent of total regular needs transportation expenditures.

ODE finances special needs transportation based on a ratio of special needs students and the costs related to transporting them. In FY 1999-00, WLSD's total special needs transportation reimbursement was \$8,692, or 19.7 percent of special needs transportation costs.

When reconciling WLSD's T forms to its 4502, the sum of the total expenditures listed on the T-2 and T-11 should equal the total transportation expenditures as listed in the 4502. WLSD's FY 1999-00 T forms reported total transportation expenditures of \$479,461, while

the District's 4502 from the same year reported \$503,670, or \$24,209 more than the T forms. Based on WLSD records, it appears as though the District did not include the costs associated with salaries and benefits for the special needs bus drivers on the T-11 form.

**R5.2** WLSD should file amended T forms with ODE and develop internal procedures to ensure that future forms are completed accurately. In conjunction with the ODE Area 1 Coordinator and ODE's Office of School Finance, Pupil Transportation, WLSD should file an amended T-11 form showing \$68,292 in special needs transportation costs. Based on WLSD's reimbursement percentage for FY 1999-00 of approximately 20 percent, the District may receive approximately \$5,000 in additional funds from ODE.

WLSD should also develop procedures to ensure that accurate T forms are filed in the future. The superintendent, treasurer and transportation supervisor should be involved in the procedures, as the signatures of these people verify the accuracy of the data on the forms. WLSD should also involve a person separate from these three to ensure that proper procedures were followed when completing the T forms and to verify the accuracy of the data.

*Financial Implications:* If WLSD were to file an amended T-11 form showing \$68,292 in special needs transportation costs, it could receive additional reimbursement monies in the approximate amount of \$5,000.

### *General Operations*

F5.4 In FY 1999-00, WLSD transported 964 regular needs public and non-public students on 10 buses at a cost of \$435,378. Non-public students are those students residing within WLSD boundaries but attending private or parochial schools. All students were transported by District-owned yellow buses. In addition, WLSD does not use payment in lieu of transportation, parent/guardian contracts or other alternative means of student transportation. **Table 5-3** shows regular needs transportation operational ratios for WLSD and the peers.

**Table 5-3: Peer Comparison of Regular Needs Transportation Ratios**

FY 1999-00 Regular Needs	WLSD	Brown	Minster	Weathersfield
<b>District Buses:</b>				
Cost per Mile	\$3.77	\$2.06	\$2.24	\$3.67
Cost per Bus	\$43,538	\$33,620	\$28,484	\$29,215
Cost per Student	\$452	\$310	\$331	\$259
Students per Bus	96	108	86	113
Number of Students	964	758	516	893
<b>Payment in Lieu of Transportation:</b>				
Cost per Student	\$0	\$0	\$0	\$172
Number of Students	0	0	0	12
<b>All Modes of Transportation:</b>				
Cost per Student	\$452	\$310	\$331	\$258
Total Students	964	758	516	905

Source: T-1 and T-2 forms

WLSD has the highest per student and per bus costs among the peers for regular needs transportation, despite having a fairly high ratio of students per bus. These cost differentials are most likely the result of the inordinately high amounts paid by WLSD for maintenance and fuel (see **Tables 5-7** and **5-8**). Although cost savings in those areas (see **R5.5** and **R5.6**) should help to reduce WLSD's overall transportation costs, the District may also be able to reduce transportation costs by eliminating unnecessary bus routes (see **F5.1** and **R5.1**) and making more effective use of alternative means of transportation, such as payment in lieu of transportation (see **R5.3**).

F5.5 In FY 1999-00, WLSD transported 11 special needs students at an average annual cost of \$4,008 per student, or \$3,556 more than the cost of transporting a regular needs student. The per student cost of transporting special needs students is significantly higher than the per student cost of transporting regular needs students due to following factors:

- The comparatively small number of students requiring special needs transportation;
- The limited number and locations of special education schools or classes to which students are assigned;
- The greater amount of time often required to load and unload special needs students;
- The higher purchase and maintenance costs associated with specialized equipment needed to transport special needs students; and
- The reduced capacity of special needs buses due to more dispersed pick-up and drop-off points, increased riding time and the need of students for more individualized attention.

**Table 5-4** presents special needs transportation operating ratios for WLSD and the peers for FY 1999-00.

**Table 5-4: Peer Comparison of Special Needs Transportation Ratios**

FY 1999-00 Special Needs	WLSD	Brown	Minster	Weathersfield
<b>District Buses:</b>				
Cost per Student	\$4,008	\$5,253	\$1,064	\$0
Number of Students	11	6	8	0
<b>Other Methods:</b>				
Cost per Student	\$0	\$0	\$0	\$8,335 <sup>1</sup>
Number of Students	0	0	0	14 <sup>1</sup>
<b>All Modes of Transportation:</b>				
Cost per Student	\$4,008	\$5,253	\$1,064	\$8,335
Total Students	11	6	8	14

**Source:** T-11 forms

<sup>1</sup> Weathersfield contracts its special needs transportation.

Although the factors outlined above contribute to the high costs of transporting special needs students, there are methods of reducing or controlling these costs.

**R5.3** WLSD should identify alternative, more cost-effective means to transport special needs students. Some potential options include the following:

- WLSD could switch from full-size buses to mini-buses for the provision of special needs transportation. Mini-buses are much smaller, less expensive, easier to store, and more fuel efficient than full-size buses. Based on the small number of special needs students transported, mini-buses could be a more cost-effective alternative to providing this service. Also, diesel mini-buses could be purchased to enhance the cost savings associated with fuel procurement (see **R5.6**).

ODE's pupil transportation has restrictions on what types of special needs vehicle costs can be reimbursed. There is some flexibility based on the needs of a school district, but WLSD's administration should check with the ODE Area 1 Coordinator before purchasing any special needs vehicle to ensure that its cost will be reimbursed by the State. One of the special needs buses should be replaced this year to meet the replacement guidelines discussed in **F5.8** and **R5.4**. WLSD should immediately consider replacing this full-size bus with a mini-bus, while the other special needs bus is only four years old and will not need to be replaced for approximately eight years.

- WLSD could establish an agreement with another school district for transportation. As previously stated, many special needs students attend special schools or classes that are centralized in a particular county or region of the State. Coordinating with another school that sends its special needs students to a common location could decrease special needs transportation costs for both districts.
- WLSD should consider using parent/guardian contracts or payment in lieu of transportation. These options provide a cost-effective alternative to purchasing and maintaining expensive special needs buses and can be used in conjunction with either of the alternatives discussed above. WLSD can also use these options to transport regular needs and non-public students. Although parents cannot be forced to take advantage of these transportation methods, procedures should be developed to promote and encourage their use.

Although WLSD's per student cost for special needs transportation is the second lowest of the peers and below the peer average, the District should attempt to reduce these expenditures in its efforts to correct its financial condition.

### *Staffing*

F5.6 The transportation department at WLSD consists of the Director of Facilities and Support Services, 12 bus drivers and 4 substitute bus drivers. Only the Director has a contract with WLSD, although that contract was not renewed for the 2001-02 school year due to the District's financial situation. The superintendent will assume the role of transportation supervisor at that time. The bus drivers have no guaranteed hours per day. Rather, their hours are determined by the length of their assigned routes and whether or not they run a midday kindergarten route. In FY 2000-01, one bus driver worked eight hours per day, which included a kindergarten route, while another driver who did not have a kindergarten route worked only 4.2 hours per day. **Table 5-5** compares transportation staffing levels between WLSD and the peers.



**Table 5-5: Staffing Comparison**

Staffing	WLSD		Brown		Minster		Weathersfield	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE
<b>FY 1999-00</b>								
Transportation Supervisor	1	0.5	0	0.0	0	0.0	1	0.5
Bus Drivers	12	8.2	8	5.0	10	2.5	8	4.0
Mechanics	0	0.0	0	0.0	0	0.0	1	1.0
<b>Total</b>	<b>13</b>	<b>8.7</b>	<b>8</b>	<b>5.0</b>	<b>10</b>	<b>2.5</b>	<b>10</b>	<b>5.5</b>
<b>Students Transported per Transportation FTE</b>	<b>112.3</b>		<b>152.8</b>		<b>209.6</b>		<b>167.1</b>	

Source: Transportation departments

WLSD's transportation staffing level, both in terms of actual staff and FTEs, is above those of the peers. Additionally, WLSD is transporting far fewer students per transportation FTE than the peers. Due to WLSD's financial condition, the transportation supervisor position has been eliminated for the 2001-02 school year. Many small school districts throughout the State operate without transportation supervisors, including Brown and Minster, as shown in **Table 5-5**. The elimination of this position should not cause adverse effects in transportation, although this person was also in charge of facilities and safety services. Potential facilities and safety issues associated with the elimination of this position are discussed in the **facilities** section.

If two bus routes are eliminated, as discussed in **R5.1**, WLSD could reduce two bus driver positions. If all staff reductions are enacted for the 2001-02 school year, including the supervisor and bus drivers, WLSD's transportation department would have 10 actual staff and 6.8 FTEs. Savings associated with the reduction of bus drivers are incorporated into **R5.1**. Savings associated with the elimination of the Director of Facilities and Support Services would be approximately \$25,000 in salary and benefits according to WLSD's Financial Recovery Plan. This only represents half of the total cost savings associated with the elimination of this position, as the other half is included in facilities cost savings (see the **facilities** section).

F5.7 WLSD bus drivers are not currently represented by a labor union or collective bargaining unit, although talks and developments are underway to establish a union for classified employees at the District. WLSD bus drivers currently receive 3 personal days of paid leave per year, and sick leave accumulates at a rate of 1.25 days per month, or 15 days per year. They do not receive vacation time. The peer districts also grant bus drivers three personal days and no vacation days. The peers award sick leave at the same rate as WLSD. See the

**human resources** section for more information on contract negotiations and collective bargaining units.

### *Bus Fleet*

F5.8 WLSD owns 17 full-sized yellow buses that are used for student transportation. Of those, 12 are active on a daily basis, while the remaining 5 serve as spares. Two buses are equipped for, and dedicated to, the provision of special needs transportation. The buses vary in age from 1 to 15 years, with an average age of 8.8 years. While there are currently no State minimum standards for the replacement of school buses, a general consensus among ODE, private bus contractors and transportation departments is that buses should be replaced at 12 years of age or 200,000 miles for diesel buses and 150,000 for gasoline buses. Despite these general guidelines, a school district can use a bus for student transportation as long as it passes a mandatory annual inspection provided by the Ohio Highway Patrol. **Table 5-6** shows WLSD's buses by model year and type.

**Table 5-6: WLSD Bus Fleet by Model Year and Type**

Model Year	# Regular Needs Buses	# Special Needs Buses
1986	1	
1987	1	
1988	2	
1989		1
1990	1	
1993	1	
1995	1	
1996	1	
1997	1	1
2000	1	

Source: T-1 form

WLSD currently has 4 buses that exceed the 12-year guideline, and an additional bus will pass this benchmark in each of the next 2 years. Although WLSD is considering leasing 3 new buses, the District has no formal plan in place for the replacement of aging buses. Two of the buses in need of replacement are currently used to transport students living within one mile of their assigned schools. The elimination of these routes, as discussed in **F5.1** and **R5.1** would eliminate the need to replace these buses.

**R5.4** WLSD should develop a formal bus replacement plan outlining when each bus will be replaced and the funding source for the replacements. If WLSD eliminated two bus routes, as discussed in **R5.1**, the District would have to replace three regular needs and one special needs bus by 2002. The special needs bus, however, could be replaced by a mini-bus, which could be more cost-effective (see **R5.3**). As buses are eliminated from daily service, the newer vehicles with the lowest mileage should be used as spares, while the older buses can be stripped for parts and sold. After the initial replacement of four buses by 2002, WLSD would not need to replace a bus again until 2005.

Discussions with WLSD administration and transportation staff indicated an interest in leasing buses or engaging in a lease-to-purchase program. WLSD is considering leasing 3 new 71/72 passenger buses at a monthly cost of \$2,940.64. WLSD would own the buses after 5 years at a total cost of \$176,438. This appears to be an effective way to meet WLSD's bus replacement needs. WLSD could purchase a new special needs bus for approximately \$60,000, although a special needs-equipped mini-bus would only cost approximately \$47,000. Any decisions regarding the replacement or purchase of buses should be balanced against WLSD's current financial condition and financial forecast.

F5.9 WLSD contracts its bus maintenance out to a local maintenance facility. Historically, this contract has been open to bids from vendors on an annual basis. In FY 1999-00, a contract was signed with a local facility for the provision of bus maintenance. Although this contract was not renewed or reopened for bids in FY 2000-01, WLSD continues to use the same local vendor for maintenance as needed. WLSD's Financial Recovery Plan indicates that the District will continue to contract out bus maintenance and repairs in FY 2001-02.

In FY 1999-00, WLSD incurred bus maintenance costs of over \$117,000. In contrast, Weathersfield spent approximately \$23,000 on various maintenance costs plus \$34,000 for a mechanic's salary. **Table 5-7** highlights maintenance costs and operational ratios for WLSD and the peers.

**Table 5-7: Maintenance Costs and Ratios**

<b>FY 1999-00</b>	<b>WLSD</b>	<b>Brown</b>	<b>Minster</b>	<b>Weathersfield</b>
<b>Maintenance and Repairs</b>	\$111,934	\$31,301	\$14,294	\$17,898
<b>Tires and Tubes</b>	\$5,644	\$3,202	\$1,861	\$5,179
<b>Mechanic Salaries</b>	\$0	\$0	\$0	\$34,130
<b>Total Maintenance costs</b>	<b>\$117,578</b>	<b>\$34,503</b>	<b>\$16,155</b>	<b>\$57,207</b>
<b>Number of Buses Maintained</b>	17	10	9	11
<b>Maintenance Cost per Bus</b>	<b>\$6,916</b>	<b>\$3,450</b>	<b>\$1,795</b>	<b>\$5,201</b>

Source: T-2 forms

WLSD is paying the highest bus maintenance costs among the peer districts. There is currently no formal contract in place for the receipt of these services which prevents WLSD from taking advantage of negotiated or fixed rates. As a result, WLSD is paying retail prices for bus parts and maintenance labor. In FY 1999-00, WLSD spent over \$60,000 on bus parts and over \$50,000 on maintenance labor.

**R5.5** WLSD should consider developing an alternate method for maintaining its school buses. Based on the high maintenance cost per bus compared to the peer districts, WLSD should be able to find more cost-effective means of providing this service. The following are some options WLSD should consider for reducing maintenance costs:

- WLSD could rebid the maintenance contract. The contract was historically bid on an annual basis, although it was not rebid last year. In rebidding the contract, WLSD should submit requests for proposal (RFP) to any company known to provide such services, as well as advertising the request in local newspapers. WLSD may be able to identify local vendors with the assistance of the Hamilton/Clermont Cooperative Association (H/CCA), the Department of Administrative Services or by contacting other local school districts. WLSD should take steps to ensure that it is receiving the best possible prices, including taking advantage of any available government discounts or volume discounts. In any contract, WLSD should negotiate established rates for certain services to avoid potentially costly fluctuations in price.
- WLSD could engage in a cooperative maintenance agreement with another school district or government entity. Other small governments striving for cost savings may be willing to share the cost and services of one or more mechanics. Other school districts in the area or the City of Williamsburg or Clermont County may already have mechanics that WLSD could use on a fee-for-service basis. While WLSD should ensure that any negotiated rates between governments are fair to all parties,

the District may be able to take advantage of government-supplier, or consortium-negotiated rates by partnering with another government entity.

- WLSD could consider bringing the bus maintenance function in-house, although this would require the District to purchase or build a bus facility in which buses could be worked on and materials and supplies could be stored. A facility of about 3,000 square feet would cost approximately \$65,000. WLSD would also need to hire a mechanic, although this person may be able to fulfill other functions within the District, such as taking care of other District-owned vehicles (vans and cars) or assisting with transportation routing and supervision. Based on the peers, salary and benefits for a mechanic would cost approximately \$40,000.

Due to the significance of the potential savings associated with building or purchasing a bus facility and bringing maintenance in-house, WLSD should attempt to implement this option as soon as financially possible. The savings should allow WLSD to recover its initial costs in approximately two years.

*Financial Implication:* Although WLSD would incur the costs of building a bus facility (approximately \$65,000, one time) and hiring a mechanic (\$40,000 annually), the District could expect to save approximately \$25,000 per year on labor and \$25,000 per year on parts for a total savings of \$50,000. The other alternatives could solicit approximately half these savings, although they would not necessitate the costs of building a bus facility.

- F5.10 WLSD purchases fuel for buses from a local gas station. There is no formal agreement with the station, and WLSD does not receive discounted rates. Until FY 1999-00, WLSD rented a local lot for bus storage. This lot had a fuel tank that was used for WLSD's buses. In FY 1998-99, WLSD's fuel costs totaled approximately \$27,000. In FY 1999-00, however, the lot rental was discontinued, and WLSD was forced to discard the fuel tank and begin purchasing fuel from the local station. In that year, fuel costs more than doubled to over \$56,000. The next highest amount paid for fuel among the peers was less than \$22,000. **Table 5-8** compares WLSD's fuel expenditures and ratios to those of the peers.

**Table 5-8: Fuel Costs and Ratios**

FY 1999-00	WLSD	Brown	Minster	Weathersfield
Gasoline or Diesel	both	both	both	diesel
Total Fuel Costs	\$56,255	\$21,463	\$13,863	\$14,498
Fuel Cost per Bus <sup>1</sup>	\$4,688	\$2,683	\$1,980	\$1,812
Fuel Cost per Mile <sup>2</sup>	.35	.17	.17	.23

Source: T-1 and T-2 forms

<sup>1</sup> Fuel Cost per Bus does not include spare buses.

<sup>2</sup> Fuel cost per mile includes all regular and special needs miles driven in FY 1999-00.

WLSD is paying significantly more for fuel than any of the peers, both in total dollars and when compared on a per bus or per mile basis. All of the peers use some sort of government supplier or consortium-negotiated rates, which keeps fuel costs lower. In contrast, WLSD is paying full retail price. An additional factor contributing to the low fuel costs at Weathersfield is the exclusive use of diesel buses. Diesel fuel is cheaper than traditional unleaded gasoline, and diesel buses tend to get better gas mileage and last longer than standard gasoline buses.

**R5.6** WLSD should explore different options for the procurement of bus fuel. There are several methods from which WLSD could choose, all of which could potentially lead to significant savings.

- WLSD could establish an agreement with a local vendor to purchase fuel at a discounted rate. Although purchasing directly from a commercial vendor would not be the most cost-effective method of fuel procurement, negotiating discounted rates could help WLSD reduce fuel costs by an estimated 10 percent.
- WLSD could enter into an agreement with another local government entity, such as the City of Williamsburg, Clermont County, or an adjacent school district for the procurement of fuel. Such an agreement would allow WLSD to take advantage of an existing fuel tank and negotiated rates.
- If WLSD purchases or builds a bus facility as discussed in **R5.5**, it should consider installing a fuel tank on the premises. If, however, WLSD decides not to build a bus facility, the District should still consider installing a fuel tank at the new middle/high school. WLSD could then take advantage of bulk and consortium-negotiated rates.
- If WLSD begins purchasing and storing its own fuel, it should take advantage of consortium-negotiated rates, such as those offered by the H/CCA. Data acquisition

sites, such as H/CCA, or county educational service centers often collude to provide discounted rates to member school districts. Because WLSD is already a member district of H/CCA, this would carry no additional cost.

- In conjunction with any of the options listed above and the bus replacement plan discussed in **F5.8** and **R5.4**, WLSD should replace gasoline buses with diesel buses. There are already diesel buses in use at WLSD, but as gasoline buses reach the benchmark of 150,000 miles or 12 years of age, they should be replaced with diesel buses. The higher gas mileage and life expectancy of diesel buses as compared to gasoline buses, as well as the lower price of diesel fuel, will help to reduce the costs associated with transportation.

WLSD could immediately implement one or more of the short-term options presented, such as establishing an agreement with a local fuel vendor or arranging for consortium-negotiated prices. These options would allow WLSD to realize immediate savings without any capital expenditures. Pursuant to the implementation of a short-term solution, WLSD should complete a cost-benefit analysis to determine if the District could further benefit from the installation of a fuel tank. Although WLSD would have to purchase and install a fuel tank at a cost of approximately \$40,000, this option would allow the District to recover these initial costs in less than two years.

*Financial Implication:* The installation of a fuel tank at a bus facility or the middle/high school would carry an initial installation cost of approximately \$40,000 but could create annual fuel savings of at least \$25,000 a year.

## *Technology*

F5.11 WLSD currently has no software in place to assist in the management or provision of transportation services. Bus routes are designed based on historical routes with changes made to accommodate new students. Maintenance is provided for each bus based on daily forms completed by the drivers. The use of software to guide these functions can ensure that WLSD achieves maximum routing and maintenance efficiency, which can potentially produce cost savings in these areas. WLSD's lack of transportation software may contribute to its high maintenance costs.

**R5.7** WLSD should consider acquiring transportation-related software. Software packages are available, such as Edulog or V-Track, that design bus routes based on maximum efficiency and indicate needed or preventative maintenance for each bus. WLSD's students per bus ratio (96) is fairly high, and the reduction of two routes, as discussed in **R5.1**, may eliminate the immediate need for routing software. However, bus maintenance costs are very high at WLSD, and the use of maintenance software could help reduce these costs by more closely

tracking the needs of each individual bus. Although routing software should be considered in the future when WLSD's financial situation permits, it is not necessary or cost-effective at this time.

Vehicle Information System (VIS) software is available through WLSD's data acquisition site, the H/CCA. H/CCA personnel indicated that the software package is free to member school districts and offers the following functionalities:

- Inventory tracking;
- Fuel and oil transaction tracking;
- Expenditure tracking and appropriations;
- Maintenance work orders; and
- Report generation.

Because WLSD is a member school district of H/CCA, this software package is available at no cost to the District. WLSD should take advantage of this free software as it could streamline overall transportation operations while creating cost savings in the particular area of bus maintenance.



## Financial Implications Summary

The following table represents a summary of implementation costs, annual costs, annual cost savings and additional revenues for FY 2001-02. This table illustrates the savings that Williamsburg Local School District could potentially realize. For the purposes of this table, only recommendations with quantifiable financial impacts are listed.

### Summary of Financial Implications for Transportation

Recommendation	Implementation Costs	Annual Costs	Annual Cost Savings	Additional Revenue
<b>R5.1 Develop transportation policy</b>			\$54,000	
<b>R5.2 File amended T-11 form</b>				\$5,000
<b>R5.5 Bring bus maintenance in-house by building a garage and hiring a full-time mechanic.</b>	\$65,000 (one-time)	\$40,000	\$90,000	
<b>R5.6 Bring fuel management in-house by installing a fuel tank and purchasing fuel at discounted rates.</b>	\$40,000 (one time)		\$25,000	
<b>Total</b>	<b>\$105,000</b>	<b>\$40,000</b>	<b>\$169,000</b>	<b>\$5,000</b>

Actual versus estimated revenue could vary greatly depending on the accuracy of the ODE T-Forms and the proper classification of transportation expenses. In addition, the magnitude of the cost savings associated with some recommendations will be greatly affected by the implementation of other interrelated recommendations.

## **Conclusion Statement**

Although Williamsburg Local School District is transporting a relatively high number of students per bus, its operational costs are well above those of the peer districts. Routing and staffing issues appear to be operating with moderate efficiency, but maintenance and fuel expenditures for buses are driving WLSD's transportation function to extremely inefficient levels. Possible long-term solutions to these problems involve some level of up-front capital investment, including building a bus facility or installing a fuel tank. However, some short-term recommendations have been included in this report to allow WLSD to start realizing smaller cost savings in transportation immediately. Pursuant to the implementation of some short-term solutions, WLSD should complete a cost-benefit analysis to determine if the District could further benefit from building a bus facility or installing a fuel tank to realize larger, long-term savings.

WLSD's FY 1999-00 T forms did not accurately reflect the District's transportation expenditures for that year. Special needs transportation costs were under-reported by approximately \$24,000, which may have resulted in WLSD receiving a smaller reimbursement amount from ODE's School Finance Foundation than it deserved. If WLSD were to file an amended T-11 form that accurately reflects special needs transportation costs, it may receive additional funds from ODE.

Due to the current financial situation at WLSD, District management has decided to discontinue the contract of the Director of Facilities and Support Services. As of July 1, 2001, the superintendent will be in charge of transportation, which is a standard practice in some of Ohio's smaller school districts. With the assistance of bus maintenance software and the recommendations contained within this report, as well as those contained within WLSD's Financial Recovery Plan, the superintendent should be able to effectively manage transportation at the District while attaining some cost savings.

In the future, WLSD management should be more cognizant of cost-driving factors in transportation and in District operations as a whole. As stated earlier, the majority of WLSD's transportation function has operated with moderate efficiency. However, two uncontrolled cost centers - maintenance and fuel - drove WLSD transportation costs well above the peers' spending levels. Focusing management efforts on areas in which costs are high could yield additional transportation savings to WLSD in future years.