



**Auditor of State**  
**Betty Montgomery**

**BARNESVILLE**  
**EXEMPTED VILLAGE SCHOOL DISTRICT**  
**PERFORMANCE AUDIT**

APRIL 8, 2004



## Auditor of State Betty Montgomery

To the Residents and Board of Education of the Barnesville Exempted Village School District:

On June 9, 2003, Barnesville Exempted Village School District (Barnesville EVSD) was placed in fiscal caution because of the possibility of ending the 2004 fiscal year in a deficit as well as the potential for deficits in future years. Barnesville EVSD was subsequently placed in fiscal emergency on December 18, 2003, based on an analysis performed by my office. Pursuant to ORC §3316.031 and ORC §3316.042, my office initiated a performance audit of the Barnesville EVSD. The four functional areas assessed in the performance audit were financial systems, human resources, facilities, and transportation. These areas were selected because they are important components of District operations which support its mission of educating children, and because improvements in these areas can assist Barnesville EVSD in eliminating the conditions which brought about the declarations of fiscal caution and emergency.

The performance audit contains recommendations which provide cost savings and efficiency improvements. The performance audit also provides an independent assessment of Barnesville EVSD's financial situation and a framework for the District's financial recovery plan. While the recommendations contained within the performance audit are resources intended to assist Barnesville EVSD in developing and refining its financial recovery plan, the District is also encouraged to assess overall operations and develop other recommendations independent of the performance audit. During the course of the performance audit, Barnesville EVSD worked diligently with its Board of Education and the community to decrease expenditures in certain areas.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

April 8, 2004

# **Executive Summary**

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## **Project History**

Pursuant to Ohio Revised Code (ORC) §3316.031 (A), the state superintendent of public instruction, in consultation with the Auditor of State (AOS), has developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of fiscal watch or fiscal emergency within a school district. ORC §3316.031 (B)(1) further stipulates that the state superintendent may declare a school district in fiscal caution based upon a review of a school district's five-year forecast. According to ORC §3316.042, AOS may conduct a performance audit of a school district in a state of fiscal caution, fiscal watch or fiscal emergency. It may review any programs or areas of operations in which AOS believes that greater operational efficiencies or enhanced services can be achieved. The Ohio Department of Education (ODE) placed Barnesville Exempt Village School District (Barnesville EVSD) in fiscal caution on June 9, 2003 because of a certified operating deficit. However, based on an analysis performed by the Local Government Services Section of the AOS, AOS declared Barnesville EVSD to be in a state of fiscal emergency on December 18, 2003.

Pursuant to ORC §3316.031 and ORC §3316.042, AOS initiated a performance audit on Barnesville EVSD. Based on a review of Barnesville EVSD information and discussions with District officials, the following four functional areas were included in the performance audit:

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

## **District Overview**

Barnesville EVSD is a rural school district in Belmont County encompassing 126 square miles. In FY 2002-03, it had an average daily membership (ADM) of 1,325 students and a total of 162.4 full-time equivalent (FTE) employees, including 65 regular teacher FTEs. Barnesville EVSD has three school buildings: one elementary school (grades K-4); one middle school (grades 5-8); and a senior high school (grades 9-12). The District also has an administrative building.

In FY 2002-03, Barnesville EVSD met 12 of ODE's 22 academic performance standards, resulting in a designation of Continuous Improvement as defined by ODE. This score ranked lower than each of the three peer school districts used in this performance audit, which met an

average of 14 performance standards. In addition, Barnesville EVSD had the highest operating cost per pupil of the peer districts in FY 2002-03. Barnesville EVSD's total per pupil operating expenses in FY 2002-03 was \$8,351 – approximately 21 percent higher than the peer average of \$6,925.

During the course of this performance audit, Barnesville EVSD has attempted to address its financial difficulties by identifying several areas for cost reductions. Specific actions taken by the District to reduce costs included postponement of base salary increases and realignment of staff instead of rehiring to replace retiring and departing staff. In addition, the District attempted to pass a 1.5 percent income tax levy in November 2003 to help cover operating expenditures, but the measure was defeated by District voters.

Based on the treasurer's forecast, Barnesville EVSD is projecting deficits of approximately \$1.5 million in FY 2003-04, increasing to \$8.8 million by FY 2007-08 without increases in revenues or reductions in expenditures. Therefore, Barnesville EVSD should consider implementing the recommendations in this performance audit to reduce projected deficits and avoid future financial difficulties. See **R2.8** and **Table 2-13** in the **financial systems** section of this report for the proposed financial recovery plan and impact of the performance audit recommendations on the General Fund ending balances.

## **Objectives & Methodology**

The goal of the performance audit process is to assist Barnesville EVSD management in identifying cost savings, with the objective of eliminating conditions which brought about the declarations of fiscal caution and emergency. The performance audit is designed to develop recommendations which provide cost savings, revenue enhancements and/or efficiency improvements. These recommendations comprise options that Barnesville EVSD should consider in the continuing efforts to stabilize its financial condition. A second objective of this performance audit is to perform an independent assessment of the school district's financial condition, including development of a framework for a financial recovery plan.

To complete this report, the auditors gathered and evaluated a significant amount of data pertaining to the reporting areas, conducted interviews with various individuals associated with Barnesville EVSD, and requested information from selected peer districts. East Guernsey Local School District (East Guernsey LSD), Ridgewood Local School District (Ridgewood LSD), and Waterloo Local School District (Waterloo LSD) were identified as peers based on comparable districts identified by ODE, a review of various demographic information, and input from Barnesville EVSD personnel. Best practice data was also used from ODE, the State Employment Relations Board (SERB), and other industry standards. Numerous interviews and discussions were held at many levels at Barnesville EVSD and with groups of individuals involved internally and externally with the District.

## **Noteworthy Accomplishments**

The performance audit report contains noteworthy accomplishments made by Barnesville LSD. The following are key noteworthy accomplishments:

- Barnesville EVSD has developed an overall reasonable forecast, although the reliability of its forecast could be improved by projecting cost of living adjustments and reviewing additional factors impacting unrestricted grants-in-aid.
- Barnesville EVSD's Board has worked with its unions and agreed to continue under the same classified and certificated contract with no cost of living adjustment for the 2003-04 school year, due to the financial condition of the District.
- Barnesville EVSD chose to discontinue offering the self-insurance plan option to employees as of January 1, 2004 in an effort to save costs. The monthly premium costs for the self-insurance plan were significantly higher than the District's other health plan.
- Barnesville EVSD's custodial staffing appears to be sufficient and the District has installed energy-efficient equipment in its buildings.
- Barnesville EVSD uses an extensive preventive maintenance checklist every 7,500 miles to extend the useful life of its bus fleet. In addition, the District has implemented a computerized work order system used by mechanics to track all maintenance performed on each bus, mileage, parts, and inventory.

## **Key Recommendations**

The performance audit report and executive summary contain a number of recommendations pertaining to Barnesville EVSD. The following are key recommendations:

- Barnesville EVSD should analyze and use the proposed financial forecast outlined in **Table 2-13** to evaluate the recommendations presented in this performance audit, determine the impact of the related cost savings on its financial condition, and help formulate its own financial recovery plan. Barnesville EVSD should also consider implementing the recommendations in this performance audit to improve the District's current and future financial situation. However, even by reducing regular education and education service personnel (ESP) staffing to State minimum standards, the District would still show deficits throughout the forecasted period. Therefore, the District should consider placing a levy on the ballot. In doing so, Barnesville EVSD should demonstrate accountability by sharing information with the public concerning how revenue will be spent and how the levy will benefit the District.

- Barnesville EVSD should seek to control and limit salary increases in future contract negotiations, particularly since the performance audit's cost savings can not fully offset future projected deficits. Rather than negotiating COLAs, Barnesville EVSD should consider negotiating an annual lump sum payment for all staff. Since the District was only projecting salary step increases, negotiating lump sum payments of 1, 1, 2, and 2 percent would increase the District's salaries and benefits expenditures by approximately \$376,800 over the forecasted period. However, this would be approximately \$461,000 less than increasing salaries via COLAs of 1, 1, 2, and 2 percent during the forecasted period.
- Barnesville EVSD should implement procedures to make the Food Service Enterprise Fund self-supporting. The District should consider several options including reducing staff by 0.5 FTE, instituting a nominal charge for breakfast, increasing the price of an adult lunch by \$0.75, and/or increasing offerings or prices of a la carte menu items. As a result, the District should be able to eliminate the forecasted transfers of \$46,000, \$52,900, \$60,800, and \$70,000 in the remaining four years of the forecast.
- Barnesville EVSD should work with its legal counsel to address its ability to implement a reduction in force (RIF) due to economic necessity and to determine if language within the certificated contract should be altered to ensure a RIF can be implemented when necessary. Including language that restricts reductions in force impedes a district's ability to effectively manage staffing during periods of financial hardship.
- Barnesville EVSD should consider reducing up to 10.0 FTE regular education teaching positions based on the District's future financial condition. While this would increase the student-to-teacher ratio to 23 to 1, the number of students per teacher could be less than 23 to 1 in future years if enrollment continues to decline. However, prior to making any reductions, the District should determine the impact of these reductions on individual class sizes, the attainment of its mission and goals, and student contact time. By reducing 10.0 FTE regular education teaching positions, the District would save approximately \$550,000 annually.
- Barnesville EVSD should consider reductions of up to 7.0 FTEs in the educational service personnel (ESP) classification, which would save approximately \$357,000 annually in salaries and benefits. Classifications that should be reviewed for possible reductions include art teachers, music teachers, physical education teachers and nurses.
- Barnesville EVSD should reduce 4.0 FTE teachers' aides in regular education by sharing teachers' aides in kindergarten classrooms, which would still result in a higher level of support than provided by the peer districts. By reducing teachers' aides by 4.0 FTEs, the District could save approximately \$83,700 annually.

- Based on comparisons to the Ohio Administrative Code (OAC) staffing requirements and peer staffing levels, Barnesville EVSD should consider reducing 3.0 FTE special education positions by reviewing students' specific requirements and Individualized Education Plans to determine the potential for consolidating classes and teacher assignments. Furthermore, contacting additional neighboring districts to determine if special education services can be consolidated and shared may also allow the District to reduce special education teachers. Reducing 3.0 special education FTEs would result in estimated annual cost savings of \$141,000.
- Barnesville EVSD should reduce 3.0 FTE clerical staff by reviewing job duties to determine if positions could be combined or shared across departments. Doing so would save approximately \$86,000 annually.
- During future contract negotiations, Barnesville EVSD should require all employees to contribute at least 10 percent to the monthly health care premiums, thereby saving the District approximately \$90,000 annually. Altering plan benefit levels may reduce premium levels and result in additional cost savings.
- Barnesville EVSD should periodically review salaries to determine the appropriateness of current salary schedules and make any necessary adjustments, particularly within the transportation classification. In addition, Barnesville EVSD should negotiate to remove the 2.3 percent pick-up of the certificated employees' share of STRS contributions, which would save the District approximately \$95,800 annually.

## **Additional Recommendations**

The remainder of this executive summary highlights additional recommendations from the audit report. Additional recommendations include the following:

### *Financial Systems*

- The District should revise its forecast of unrestricted grants-in-aid to include projections of State foundation revenue which are not strictly based on historical revenue trends. The District should review additional information such as enrollment projections, ODE simulations of projected revenue, and specific State legislation in developing its forecast.
- Barnesville EVSD should avoid borrowing against its future property tax revenue through the use of tax anticipation notes. As an alternative, the District should closely examine the cost savings identified throughout this performance audit to effectively reduce expenditures and gain better control over its finances.

- Barnesville EVSD should closely examine spending patterns in several areas (see **Table 2-11** and **Table 2-12**) and consider allocating monies toward those programs and priorities which have the greatest impact on learning outcomes and proficiency test results. In addition, Barnesville EVSD should analyze cost reductions recommended in the human resources, facilities and transportation sections of this report to further increase operational and financial efficiencies.
- Barnesville EVSD should attempt to reduce expenditures which are classified in the other capital outlay, other purchased service, and other supplies and material line items. If possible, the District should identify common expenditures classified to these line items and allocate them to more appropriate object codes in accordance with the Uniform School Accounting System (USAS) user manual. This will improve the District's review, discussion, modification, and adoption of a proposed budget.

### *Human Resources*

- Barnesville EVSD should strengthen its employee policy to ensure proper use of sick leave. It should establish guidelines that include prohibitions against "patterns of abuse" to help department managers in identifying excessive sick leave usage. In addition, the District should include sick leave usage as a component in employee performance evaluations and monitor sick leave usage on a periodic and consistent basis. If Barnesville EVSD could reduce the number of sick leave days to the peer average, it could save approximately \$37,000 in annual substitute costs.
- Barnesville EVSD should reduce or eliminate the sick leave incentives currently offered in the classified and certificated agreements. Barnesville should seek to negotiate incentives that encourage attendance without placing an excessive financial burden on the District. By reducing the sick leave incentive to \$200 for each employee who used 3 or fewer personal and sick leave days in FY 2002-2003, the District would save approximately \$17,800.
- Barnesville EVSD should seek to reduce personal days to three to be in line with peer districts and help meet current financial challenges in the District. Reducing two personal days would save approximately \$3,000 in classified substitutes and \$8,500 in certificated substitutes per year.
- Barnesville EVSD should negotiate to remove, or at least reduce, the retirement incentives in the current certificated and classified negotiated agreements, and to reduce the maximum severance payout to 60 days by capping accumulated sick leave at 240 days. Based on the average number of retirements the past three years, eliminating the retirement incentive would save an estimated \$30,000 annually and limiting accumulated sick leave to 240 days would save approximately \$2,300 annually.



- During future negotiations, Barnesville EVSD should limit the number of professional leave days allowed and restrict professional development days for use only on activities that pertain directly to certification or the classroom. In addition, the Board of Education should institute a policy requiring administrative employees to obtain board approval for professional development activities, and set a limit on the amount of time and money administrative employees can spend in professional development activities. Taking these measures could save the District approximately \$17,900 annually.

### *Facilities*

- Barnesville EVSD should maximize the use of its computerized energy management system, which monitors facilities and could reduce expenditures by regulating temperatures, activating or deactivating blowers, and performing other heating, ventilation and air conditioning functions. By doing so, Barnesville EVSD could save approximately \$19,500 annually in utility costs.
- Barnesville EVSD should monitor maintenance staffing levels and workloads, and consider hiring an additional maintenance employee in the future. Although hiring additional staff would increase costs, this could ensure that the District has sufficient staff to maintain the quality of the current facilities, minimize the likelihood of costly repairs in the future, and potentially reduce the amount of contracted work.
- Barnesville EVSD should adopt and implement a methodology for completing enrollment projections. The District can use enrollment projections to help project future state funding allocations, complete financial forecasts, determine the appropriate number of teachers to hire, and evaluate building usage and capacity.
- Barnesville EVSD should review its facilities master plan and update it periodically to incorporate building construction and improvements, as well as educational model shifts that have taken place at the District. The plan should include a 10-year enrollment history; enrollment projections and the methodology used for their calculation; building capacity and the methodology used to calculate it; a list of the cost estimates for needed capital improvements; possible funding sources; and a description of the District's educational plan.
- Barnesville EVSD should develop a multi-year capital improvement plan to help ensure the most critical repair work is completed as funds become available, and that all capital outlay expenditures coincide with its continuous improvement plan. A formal capital improvement plan will also help demonstrate fiscal responsibility to the citizens of the District.

*Transportation*

- Barnesville EVSD should combine the transportation coordinator job duties and responsibilities with the building and grounds supervisor, allowing the District to reduce the transportation coordinator position and save approximately \$13,000 annually. All of the peers combined the transportation coordinator's job functions with another position.
- Barnesville EVSD should establish formal policies and a rotation for substitute bus routes, and limit the use of mechanics as bus drivers except in extreme circumstances. Barnesville EVSD employs two mechanics that also have their commercial driver's licenses. By reducing the use of mechanics as substitute drivers, the District could save approximately \$3,000 annually in substitute driver costs.
- Barnesville EVSD should examine current routes to optimize efficiency by potentially reducing the number of stops, increasing students per bus, and reducing any overlapping routes. The District should also establish a policy for transporting students between buildings. This policy should include student assignments to specific buses. In addition, the District should examine current extracurricular trips and work with the athletic department and others to schedule extra trips when regular route buses are available. Doing so could reduce the use of spare buses for non-routine miles.
- Barnesville EVSD should establish formal policies and procedures to ensure accurate reports are prepared, reviewed, and reconciled before submission to ODE. One procedure the District should consider to ensure that T-forms are completed accurately is to take regular rider attendance on all buses. This will enable the District to distinguish between regular and occasional riders.
- Barnesville EVSD should consider reclassifying the assistant mechanic position as an assistant mechanic/bus driver position to provide shuttle service in the morning and afternoon between the middle school, high school and elementary school. The District should identify maintenance and transportation needs as they pertain to this position to determine appropriate duties and time allocation.
- Barnesville EVSD should organize routes to maximize the special education transportation reimbursement from the State. For instance, Barnesville EVSD should examine how it can develop a route where more than fifty percent of the student population requires special needs transportation, to make the bus eligible for State reimbursement. In addition, the District should work with ODE to determine if trips made outside the District because of special needs can be reimbursed.

- Barnesville EVSD should establish a formal bus replacement plan to maximize fleet effectiveness and ensure the District is properly planning for new bus purchases. Factors to consider when developing a bus replacement plan include: age, mileage, engine type, condition, fund availability, environmental factors including climate conditions, and preventive maintenance programs.

## 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 Barnesville EVSD should consider. Some of the recommendations are dependent on labor negotiations or labor agreements. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Ref No.	Recommendations from all Sections	Estimated Annual Cost Savings	Estimated Annual Costs
	<i>Financial Systems</i>		
R2.2	Offer lump sum salary payment in lieu of COLA		\$94,000 <sup>1</sup>
R2.5	Reduce food service staff and increase meal prices	\$48,000 <sup>1</sup>	
	<i>Human Resources</i>		
R3.2	Reduce 10.0 FTE regular teaching positions	\$550,000	
R3.3	Reduce 7.0 FTE ESP positions	\$357,000	
R3.4	Reduce 3.0 FTE special education position	\$141,000	
R3.5	Reduce 3.0 FTE clerical positions	\$86,000	
R3.6	Reduce 4.0 FTE educational aide positions	\$83,700	
R3.7	Eliminate board pick-up of STRS 2.3% pick-up	\$95,800	
R3.8	Require employee contribution to health care premiums	\$90,000	
R3.9	Reduce personal days to 3	\$11,500	
R3.10	Eliminate retirement incentive	\$32,300	
R3.11	Change leave use incentive payment	\$17,800	
R3.12	Reduce leave usage	\$37,000	
R3.13	Limit professional leave days to 3	\$17,900	
	<i>Facilities</i>		
R4.2	Implement energy management program	\$19,500	
	<i>Transportation</i>		
R5.1	Reduce the transportation coordinator position	\$13,000	
R5.2	Reduce over-time for mechanic/substitute bus driver	\$3,000	
	<b>Total Financial Implications</b>	<b>\$1,603,500</b>	<b>\$94,000</b>

Source: Performance audit: **financial systems, human resources, facilities, and transportation** sections.

<sup>1</sup> Represents annual average change over the forecasted period.

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

# Financial Systems

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## Background

This section focuses on the financial systems within the Barnesville Exempted Village School District (Barnesville EVSD). The objective is to analyze the current and future financial condition of Barnesville EVSD, develop recommendations for improvements in financial processes, and identify opportunities to increase cost efficiency. Furthermore, Barnesville EVSD's five-year forecast is analyzed to ensure that the projections accurately represent future operational and financial conditions.

The Auditor of State's Office (AOS) recommended the establishment of fiscal watch and emergency laws for school districts to create predetermined monitoring mechanisms and criteria for fiscal responsibility and provide technical assistance to help school administrators restore fiscal stability. Ohio Revised Code (ORC) § 3316.03 establishes fiscal watch and emergency laws for Ohio school districts. ORC § 3316.031 created a new category of fiscal caution. The difference between fiscal caution, watch, and emergency is the severity of the school district's financial condition.

To help define fiscal caution, the Ohio Department of Education (ODE), in consultation with AOS, developed guidelines to identify fiscal practices and budgetary conditions that could lead to financial crisis if left uncorrected. Contingent upon meeting any one of these conditions, ODE consults with the local school board, and may decide to declare the district to be in fiscal caution. If this declaration is made, the school board has 60 days to provide a written financial recovery plan to ODE to correct the fiscal deficiencies.

In accordance with Ohio Revised Code §3316.031(B)(1), a district may be placed in fiscal caution when it fails to submit an acceptable plan to address forecasted deficits. Barnesville EVSD's five-year forecast, submitted in May 2003, projected operating deficits in each year of the forecast as well as ending fund deficits in each year, except fiscal year (FY) 2002-03. While attempting to develop a financial recovery plan to address these deficits, the District discovered that its forecast did not recognize the impact of several issues which would have a significant future effect on the District's finances. The revised forecast, prepared by the current treasurer, revealed a deficit much larger than the District had anticipated. Therefore, the District informed ODE that it would not be able to prepare an acceptable financial recovery plan within the 60 day time period. In response, ODE declared the District to be in fiscal caution on June 9, 2003.

Since Barnesville EVSD was forecasting a fund deficit equal to approximately 96 percent of FY 2007-08 forecasted operating revenue, the District decided to place a 1.5 percent income tax levy on the ballot in the November 2003 general election. The Ohio Department of Taxation

estimated the levy would generate approximately \$1,300,000 per year. However, this levy did not pass. In response, the District requested the Auditor of State to certify its FY 2003-04 deficit so the District could qualify for fiscal watch or fiscal emergency status. Pursuant to this request, the Auditor of State's office certified an expected operating deficit of \$1,551,000 for the fiscal year ending June 30, 2004. As a result, the District was placed in fiscal emergency on December 18, 2003.

### *Financial Operations*

In an attempt to reduce its forecasted deficits, the District identified several areas for cost reductions prior to this performance audit, which have been reflected in its five year forecast and related assumptions (see **Table 2-3**). These areas primarily included fringe benefits, salaries, and staffing. Specific actions taken by the District to reduce costs included postponement of base salary increases, realignment of staff instead of rehiring to replace retiring and departing staff, and increasing the District's early retirement incentive (see the **human resources section** for additional details). The board of education has also approved the issuance of up to \$400,000 in tax anticipation notes during FY 2003-04 to address a potential cash flow shortage while the District attempts to formulate a long-term recovery plan. The following tables represent Barnesville EVSD's operations in FY 2002-03 and could suggest areas for further reductions.

**Table 2-1** compares Barnesville EVSD's FY 2002-03 operational revenues and expenditures to peer districts based on the number of students. **Table 2-1** also displays revenue and expenditure line items as a percent of total revenue and expenditures.

**Table 2-1: FY 2002-03 Revenues by Source and Expenditure by Object**

Number of Students (ADM)	Barnesville EVSD		East Guernsey LSD		Ridgewood LSD		Waterloo LSD		Peer Average	
	1,217		1,122		1,402		1,369		1,298	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Property and Income Tax	\$1,661	22.9%	\$1,274	18.9%	\$1,456	22.4%	\$2,080	31.4%	\$1,604	24.3%
Intergovernmental Revenues	\$4,919	67.8%	\$5,314	78.9%	\$4,759	73.2%	\$4,378	66.1%	\$4,817	72.7%
Other Financing Sources	\$575	7.9%	\$0	0.0%	\$84	1.3%	\$74	1.1%	\$53	0.8%
Other Revenues	\$99	1.4%	\$147	2.2%	\$206	3.1%	\$92	1.4%	\$148	2.2%
<b>Total Revenue</b>	<b>\$7,254</b>	<b>100.0%</b>	<b>\$6,735</b>	<b>100.0%</b>	<b>\$6,505</b>	<b>100%</b>	<b>\$6,624</b>	<b>100%</b>	<b>\$6,622</b>	<b>100%</b>
Wages	\$4,557	54.5%	\$4,343	60.2%	\$3,825	53.5%	\$3,607	56.3%	\$3,925	56.6%
Fringe benefits	\$1,851	22.2%	\$1,426	19.8%	\$1,661	23.2%	\$1,472	23.0%	\$1,520	22.0%
Purchased Services	\$524	6.3%	\$718	9.9%	\$561	7.8%	\$466	7.3%	\$582	8.3%
Tuition	\$14	0.2%	\$26	0.4%	\$369	5.2%	\$293	4.6%	\$229	3.4%
Supplies & Textbooks	\$329	3.9%	\$366	5.1%	\$296	4.1%	\$276	4.3%	\$312	4.5%
Capital Outlay	\$360	4.3%	\$175	2.4%	\$121	1.7%	\$74	1.1%	\$123	1.8%
Miscellaneous	\$113	1.4%	\$154	2.1%	\$214	3.0%	\$137	2.1%	\$168	2.4%
Other Financing Uses	\$603	7.2%	\$8	0.1%	\$104	1.5%	\$86	1.3%	\$66	1.0%
<b>Total Expenditures</b>	<b>\$8,351</b>	<b>100%</b>	<b>\$7,216</b>	<b>100%</b>	<b>\$7,151</b>	<b>100%</b>	<b>\$6,411</b>	<b>100%</b>	<b>\$6,925</b>	<b>100.0%</b>
<b>Per Pupil Revenues over Expenditures</b>	<b>(\$1,097)</b>	<b>N/A</b>	<b>(\$481)</b>	<b>N/A</b>	<b>(\$646)</b>	<b>N/A</b>	<b>\$213</b>	<b>N/A</b>	<b>(\$303)</b>	<b>N/A</b>

Source: FY 2002-03 Annual Financial Reports (4502's)

In FY 2002-03, Barnesville EVSD experienced significantly greater operating losses than the peer average. Barnesville EVSD's operating loss was approximately \$1,336,000, or \$1,097 per student. This deficit represented 15.1 percent of the District's total revenues. In contrast, the peers had an average operating loss of approximately \$383,000, (\$303 per student) or 4.5 percent of total revenues. The District's operating losses are primarily attributed to expenditures in the categories of wages and fringe benefits, which are examined within the **human resources** section.

**Table 2-1** indicates that the District is receiving a considerably higher percentage of its revenues from other financing sources than the peers, primarily due to its accounting of set-asides and advances from the Self-Insurance Fund. The District currently uses a special cost center account within the General Fund to charge expenditures which satisfy set-aside requirements. In FY 2002-03, Barnesville EVSD made transfers to this account of approximately \$323,000. For accounting purposes, funds received in this set-aside account are recorded as both a transfer from and a transfer to the General Fund, but result in no net change to the General Fund balance. In addition, the District also reported within the other financing sources line item a substantial return of advances made from the General Fund to the Self-Insurance Fund in FY 2001-02. During FY 2001-02, Barnesville EVSD advanced \$196,100 to the Self-Insurance Fund in order

to eliminate a deficit balance at year-end. At the start of FY 2002-03, these funds were returned to the General Fund, contributing to the District's higher level of revenues from other financing sources. None of the peers engage in a similar practices within the other financing sources line item. Furthermore, other revenues are typically highly variable in nature and consist primarily of classroom materials and fees, contributions from donations, and earnings from investments.

As shown in **Table 2-1**, Barnesville EVSD's total expenditures per student were 20.6 percent greater than the peer average, thereby contributing to its current financial condition. The District's per pupil expenditures were higher than the peer average in the following categories:

- Wages;
- Fringe benefits;
- Supplies and textbooks;
- Capital outlay; and
- Other financing uses.

Wages and fringe benefits were higher than the peer average due to the District's higher staffing levels when compared to the peers and to the provision of a health insurance option with premiums substantially higher than the peers (see the **human resources** section). The District experienced a substantial increase in supplies and textbooks expenditures and capital outlay due to the opening of the District's new middle school in FY 2002-03. The treasurer indicated that the District delayed many of these purchases until staffing assignments for the new building were completed in FY 2002-03. Capital outlay expenditures also increased because the District incurred one-time expenses for new equipment, such as computers, desks, and televisions, and decided to upgrade its older classrooms with new computer equipment costing approximately \$123,600. Expenditures in other financing uses were attributed to transfers within the General Fund related to the set-aside account and advances to the Self-Insurance Fund. Specifically, the \$323,000 transferred into the set-aside account was recorded as a transfer from the General Fund. Furthermore, the District continued the practice of advancing funds from the General Fund to the Self-Insurance Fund to eliminate a year end deficit. In FY 2002-03, these advances totaled approximately \$200,000.

**Table 2-2** shows selected FY 2002-03 discretionary expenditures by account, as a percentage of total FY 2002-03 General Fund expenditures for Barnesville EVSD and the peer districts.



**Table 2-2: FY 2002-03 Discretionary Expenditures**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
Prof. and Technical Services	1.6%	3.8%	1.3%	1.4%	2.2%
Property Services	1.5%	2.7%	2.1%	2.5%	2.4%
Mileage/Meeting Expense	0.3%	0.3%	0.1%	0.1%	0.2%
Communications	0.5%	0.5%	0.5%	0.5%	0.5%
Contract. Craft or Trade Service	<0.1%	0.0%	0.0%	0.1%	<0.1%
Pupil Transportation Services	0.0%	<0.1%	0.1%	0.1%	0.1%
Other Purchased Services	0.3%	0.0%	0.1%	0.1%	<0.1%
General Supplies	1.9%	2.6%	1.5%	1.5%	1.9%
Textbooks/ Reference Materials	1.2%	0.6%	1.2%	1.0%	0.9%
Food & Related Supplies/Materials	0.0%	0.0%	<0.1%	0.0%	<0.1%
Plant Maintenance and Repair	0.7%	0.6%	0.8%	0.4%	0.6%
Fleet Maintenance and Repair	0.5%	1.2%	0.8%	1.3%	1.1%
Other Supplies and Material	<0.1%	0.0%	<0.1%	0.0%	<0.1%
Land, Buildings and Improvements	0.0%	0.0%	0.0%	0.0%	0.0%
Equipment	2.8%	1.0%	1.2%	0.5%	0.9%
Buses/Vehicles	1.2%	1.4%	0.5%	0.6%	0.9%
Other Capital Outlay	0.3%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	1.0%	1.5%	2.9%	1.4%	1.9%
Insurance	<0.1%	0.6%	0.1%	0.1%	0.3%
<b>TOTAL</b>	<b>13.8%</b>	<b>17.0%</b>	<b>13.2%</b>	<b>11.6%</b>	<b>13.9%</b>

Source: FY 2002-03 Annual Financial Reports (4502's)

As shown in **Table 2-2**, Barnesville EVSD's discretionary spending as a percentage of all General Fund expenses (13.8 percent) is similar to the peer average (13.9 percent). The largest portion of discretionary spending was in the equipment line item which was almost 3.1 times higher than the peer average percentage of discretionary spending. This is primarily explained by the costs related to opening the new middle school in FY 2002-03. The opening of this building resulted in costs for new equipment, such as desks, televisions, and computers. The District was also above the peer average in the following categories:

- **Mileage/ Meeting Expenses:** This category includes expenditures for mileage, meals, hotel, and other authorized expenditures employees may incur when traveling to conduct school district business or attend training related to professional development. The District's certified contract does not place a limitation on the number of professional leave days a staff member may take. As a result, the District had 32 certificated staff members use more than 3 days of professional leave during FY 2002-03, contributing to relatively higher mileage/meeting expenses. In contrast, other districts limit the use of professional leave days within their contract (see **R3.13** in the **human resources** section).

- **Other purchased services:** Higher expenditures within this classification can be explained by the District's practice of using other or miscellaneous object codes with greater frequency than the peers (see **R2.4**).
- **Textbooks/ reference materials:** As previously mentioned, the District's expenditures within this category are higher than the peer average because the District delayed many purchases from FY 2001-02 until classroom assignments for the new middle school were complete in FY 2002-03.
- **Buses/ vehicles:** The District purchased two new buses in FY 2002-03, whereas only one other peer (East Guernsey) purchased more than one bus in FY 2002-03. The approximate cost of one new bus is \$60,000.
- **Other capital outlay:** Similar to other purchased services, higher expenditures within this classification can be explained by the District's practice of using other or miscellaneous object codes with greater frequency than the peers (see **R2.4**).

### *Financial Forecast*

The financial forecast presented in **Table 2-3** represents the treasurer's projections of the District's present and future financial condition as of January 2004. The forecast also reflects the deficit certification performed by the Local Government Services Section of the AOS. The treasurer has incorporated the effects of the cost saving actions the District took prior to being placed in fiscal caution. The forecast and accompanying assumptions are the representations of Barnesville EVSD. The projections, which incorporate the combined General and Disadvantaged Pupil Impact Aid (DPIA) Funds, are accompanied by three years of comparative historical results, general assumptions, and explanatory comments. Assumptions that have a significant impact on Barnesville EVSD's financial status, such as property tax revenue, salaries and wages, and capital outlays, have been tested for reasonableness.

**Table 2-3 Barnesville EVSD Financial History and Forecast (in 000's)**

	Actual 2000-01	Actual 2001-02	Actual 2002-03 <sup>1</sup>	Forecast 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Real Estate Property Tax	\$1,695	\$1,704	\$1,727	\$1,778	\$1,796	\$1,810	\$1,838	\$1,852
Tangible Personal Property Tax	\$200	\$236	\$260	\$198	\$204	\$210	\$216	\$223
Unrestricted Grants-in-Aid	\$5,658	\$5,620	\$5,308	\$5,582	\$5,750	\$5,922	\$5,981	\$6,041
Restricted Grants-in-Aid	\$200	\$475	\$744	\$383	\$391	\$399	\$407	\$415
Property Tax Allocation	\$234	\$239	\$278	\$275	\$277	\$280	\$283	\$286
Other Revenues	\$143	\$120	\$121	\$363	\$367	\$370	\$374	\$378
<b>Total Operating Revenues</b>	<b>\$8,130</b>	<b>\$8,394</b>	<b>\$8,438</b>	<b>\$8,579</b>	<b>\$8,785</b>	<b>\$8,991</b>	<b>\$9,099</b>	<b>\$9,195</b>
Salaries & Wages	\$5,128	\$5,409	\$5,780	\$5,484	\$5,594	\$5,706	\$5,820	\$5,936
Fringe Benefits	\$1,796	\$1,966	\$2,349	\$3,325	\$2,927	\$3,256	\$3,640	\$4,089
Purchased Services	\$443	\$493	\$656	\$919	\$946	\$975	\$1,004	\$1,034
Supplies, Materials & Textbooks	\$372	\$307	\$401	\$340	\$357	\$374	\$393	\$413
Capital Outlay	\$80	\$242	\$439	\$65	\$0	\$65	\$0	\$0
Debt Service	\$0	\$0	\$0	\$353	\$0	\$0	\$0	\$0
Other Expenditures	\$128	\$142	\$137	\$151	\$166	\$183	\$201	\$221
<b>Total Operating Expenditures</b>	<b>\$7,947</b>	<b>\$8,559</b>	<b>\$9,762</b>	<b>\$10,637</b>	<b>\$9,990</b>	<b>\$10,559</b>	<b>\$11,058</b>	<b>\$11,693</b>
Net Transfers/ Advances	\$62	(\$390)	(\$89)	\$57	(\$46)	(\$53)	(\$61)	(\$70)
Other Financing	\$42	\$45	\$54	\$397	\$48	\$48	\$49	\$49
<b>Net Financing</b>	<b>\$104</b>	<b>(\$345)</b>	<b>(\$35)</b>	<b>\$454</b>	<b>\$2</b>	<b>(\$5)</b>	<b>(\$12)</b>	<b>(\$21)</b>
<b>Result of Operations (Net)</b>	<b>\$287</b>	<b>(\$510)</b>	<b>(\$1,359)</b>	<b>(\$1,604)</b>	<b>(\$1,203)</b>	<b>(\$1,573)</b>	<b>(\$1,971)</b>	<b>(\$2,519)</b>
Beginning Cash Balance	\$1,834	\$2,121	\$1,611	\$253	(\$1,351)	(\$2,554)	(\$4,127)	(\$6,098)
<b>Ending Cash Balance</b>	<b>\$2,121</b>	<b>\$1,611</b>	<b>\$252</b>	<b>(\$1,351)</b>	<b>(\$2,554)</b>	<b>(\$4,127)</b>	<b>(\$6,098)</b>	<b>(\$8,617)</b>
Outstanding Encumbrances	\$413	\$306	\$204	\$200	\$200	\$200	\$200	\$200
Total Reservations	\$0	\$0	\$0	\$0	\$15	\$0	\$15	\$30
<b>Ending Fund Balance</b>	<b>\$1,708</b>	<b>\$1,305</b>	<b>\$48</b>	<b>(\$1,551)</b>	<b>(\$2,769)</b>	<b>(\$4,327)</b>	<b>(\$6,313)</b>	<b>(\$8,847)</b>

Source: Barnesville EVSD Treasurer's Office

Barnesville EVSD's financial forecast in **Table 2-3** presents expected revenues, expenditures and ending fund balances for the General Fund for each of the fiscal years including June 30, 2004 through June 30, 2008, with historical (unaudited) information presented for the fiscal years ended June 30, 2001, 2002, and 2003. The District's treasurer has forecasted operating deficits for each year in addition to a negative ending fund balance of approximately \$8.9 million at the end of FY 2007-08.

The assumptions disclosed herein are based on information obtained from Barnesville EVSD. 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.

Major assumptions used to develop the five-year forecast were as follows:

**Revenues**

- General property real estate tax revenues are projected to increase three percent in FY 2003-04 and an additional one percent in FY 2004-05, based on the county's reevaluation of property during calendar year (CY) 2003. FY 2005-06 is estimated to increase 0.8 percent based on a historical trend that includes the projections in FY 2003-04 and FY 2004-05. In CY 2006, the county will perform a reappraisal of real property. As a result, the treasurer is forecasting a 1.5 percent increase in FY 2006-07 and an additional 0.8 percent increase in FY 2007-08.
- Actual tangible personal property tax collections for FY 2002-03 were higher than anticipated, due to the additional revenue from a June 2002 property settlement. Therefore, based on county auditor estimates, the District anticipates a decrease of approximately \$62,000 in tangible property taxes for FY 2003-04. In addition, beginning in tax year 2001, a schedule was adopted by the state legislature to reduce the assessment percentage used for the inventory component of personal property tax by one percent each year until it was completely eliminated. Effective June 26, 2003, House Bill (H.B.) 95 accelerated this reduction to a rate of two percent per year [see ORC § 5711.22(E)(2)(3)]. To account for this, the treasurer has forecasted an increase in Barnesville EVSD's tangible personal property tax revenue of 3.0 percent each fiscal year, considerably less than the historical trend from 1998 to 2003.
- Unrestricted grants-in-aid are comprised primarily of revenues from the State of Ohio School Foundation Program. Revenue from the foundation program represents the amount of general financial support the District receives from the State, primarily determined by the number of students attending Barnesville EVSD. In addition, beginning in April of FY 2002-03, the State removed restrictions on parity aid, reclassifying it as unrestricted grant-in-aid revenue. The parity aid program implements the funding over time through a phase-in period, under which a district receiving parity aid will receive an additional 20 percent per year through FY 2005-06, when it will be fully funded. With the inclusion of parity aid, the treasurer estimated unrestricted grants-in-aid to increase 5 percent in FY 2003-04 as the phase-in of parity aid continues, but only 3 percent per year in FY 2004-05 and FY 2005-06 to account for potential decreases in student enrollment. However, in FY 2002-03, the state legislature decreased the parity aid phase-in to 18 percent per year for FY 2003-04 and FY 2004-05. The remaining 24 percent will be phased in during FY 2005-06. Finally, in anticipation of additional cuts to State funding, only a one percent increase is projected throughout FY 2006-07 and FY 2007-08. For additional analysis, see **R2.1**.
- Restricted grants-in-aid increased by 57 percent in FY 2002-03, due to significant increases in parity aid and DPIA funding. As previously detailed, parity aid was reclassified as unrestricted in FY 2002-03. To reflect this change in the restricted grants in aid line item, a decrease of 48.5 percent is forecasted during FY 2003-04. The remaining years of the

forecast are shown to increase at a rate of 2.0 per year, based primarily on historical increases in vocational education aid and the DPIA subsidy.

- According to county auditor estimates, property tax allocation is projected to decrease slightly in FY 2003-04 because of decreased reimbursements from the State related to the ten thousand dollar personal property tax exemption. State law exempts from taxation the first \$10,000 of tangible personal property. However, the State reimburses school districts for the loss of property taxes from this taxpayer exemption. In addition, increases are limited to one percent per year throughout the remaining years of the forecast based on historical data and the phase out of the inventory component of tangible property taxes.
- In FY 2002-03, other revenues were comprised primarily of contributions and donations received by Barnesville EVSD from local businesses and individuals. The treasurer is forecasting a substantial increase to this category in FY 2003-04 due to the changes in accounting for open enrollment revenue. The District will begin recording open enrollment as revenues and expenses in gross rather than as a net total. The treasurer has forecasted other revenue at \$363,000 to account for this change. The District also receives significant revenue from interest earnings on the District's investments and accounts. The District's current financial situation has increased the unpredictability of these revenues. Therefore, the treasurer has forecasted a modest one percent increase per year throughout the remainder of the forecast period.

### **Expenditures**

- Salaries and wages expenditures are forecasted to be approximately \$5,484,000 in FY 2003-04. This estimate is primarily based on a yearly 2 percent increase in salaries based on years of experience (step increases). In addition, the certificated and classified collective bargaining units have agreed to a zero percent cost of living adjustment (COLA) for FY 2003-04. Although COLAs beyond FY 2003-04 have not been negotiated and previous COLAs were at 4 percent annually, the District is not projecting COLAs throughout the remaining years of the forecasted period (see **R2.2**). Furthermore, salaries and wages for FY 2003-04 are projected to decrease because the District elected not to replace five certified employees who left the District at the end of FY 2002-03.
- Fringe benefits are estimated to increase to \$3,325,000 during FY 2003-04. As of January 1, 2004, the District cancelled service with one of its insurance providers. As part of this change, the District's forecast for FY 2003-04 includes approximately \$479,000 for outstanding claims to that provider. Projections for FY 2003-04 through FY 2007-08 include a yearly 18 percent increase in medical and prescription insurance premiums as well as a 10 percent annual increase in dental and vision premiums, based on the new insurance provider's historical trends. Employee retirement expenditures are also projected to increase by 2 percent each fiscal year in conjunction with increases to salaries.

- Purchased services are anticipated to increase approximately 40.0 percent during FY 2003-04, and 3.0 percent per year thereafter. The primary reason for the larger increase in FY 2003-04 is the change in the method for recording open enrollment expenditures. Beginning in 2003-04, these expenditures will be recorded in the purchased services classification. In addition, the District is forecasting substantial increases in utility costs in FY 2003-04 due to expenses related to the new middle school that opened in FY 2002-03. For example, air conditioning costs that had not yet been incurred in FY 2002-03 will be realized in FY 2003-04 (see the **facilities section** for additional information). Moreover, the opening of the new middle school accounts for the majority of the increase in purchased service expenditures from FY 2001-02 to FY 2002-03.
- Supplies and materials are estimated to decrease by approximately \$61,000 in FY 2003-04, which is attributed to increased supplies needed in FY 2002-03 for building renovations and construction, and additional reductions made by the Board of Education, at the recommendation of ODE. A 5 percent increase is projected for fiscal years 2004-05 through 2007-08, slightly less than historical trends due to the District's efforts to control spending. This line item also includes the set-aside for instructional materials and textbooks as required by Senate Bill 345. These expenditures, along with textbook purchases from the capital improvement fund, will meet or exceed the required set aside amount.
- Capital outlay for fiscal years 2003-04 and 2005-06 is projected at \$65,000 each year to account for the purchase of one school bus each year.
- Barnesville EVSD's debt service forecast includes \$350,000 for the repayment of tax anticipation notes which the District plans to issue to satisfy its present cash flow needs. Interest on these notes is forecasted to cost the District approximately \$3,000.
- Other expenditures are expected to increase 10 percent each year based on historical data from FY 1998-99 through FY 2001-02. Although other expenditures decreased slightly in FY 2002-03, projecting 10 percent annual increases presents a more conservative and reliable forecast based on data from FY 1998-99 to FY 2001-02.

### **Other Financing Sources/ Uses**

- Within the net transfers/advances line item, the District anticipates that approximately \$142,000 in advances in will be needed in FY 2003-04 based on refunds from FY 2002-03 expenditures. Advances from the General Fund totaling \$45,000 are projected for the remaining fiscal years for operating activities pertaining to federal grant funds. These advances are offset by \$45,000 as advanced-in for FY 2003-04 through FY 2007-08 to return these funds. Also, Barnesville EVSD anticipates a transfer-out to cover a deficit in the food service fund at the end of each fiscal year in the forecast. This transfer is expected to total

approximately \$40,000 in FY 2003-04 with an annual 15 percent increase in subsequent years to account for projected cost increases (see **R2.5**).

- Other financing includes proceeds from the issuance of \$350,000 in tax anticipation notes. Additionally, other financing refunds of prior year expenditures are forecasted to be \$47,000 in FY 2003-04. The remaining years of the forecast are estimated to increase by one percent each year, based on historical data.
- Outstanding encumbrances are projected at \$200,000 for each fiscal year based on actual encumbrances in FY 2002-03 and the District's attempt to reduce fiscal year end encumbrances in order to improve its financial condition.

### **Reservations**

- The District anticipates a \$15,000 fund reservation for FY 2004-05 and FY 2006-07 as well as a \$30,000 reservation in FY 2007-08 due to monies received for bus purchases. Bus purchase assistance does not currently cover the entire cost of new bus purchases. Therefore, the District has decided that it will not subsidize new bus purchases from the General Fund, but rather, hold bus purchase assistance funds in reserve until enough assistance has been obtained to cover the total cost of a new bus.

### *Assessments not Yielding Recommendations*

In addition to the analyses presented in this report, the assumptions in the following categories were tested and did not warrant any changes or yield any recommendations:

- Property tax and restricted grants-in-aid;
- Debt service;
- Purchased services;
- Supplies, materials, and textbooks;
- Capital outlay; and
- Other expenditures.

## Recommendations

### *Financial Forecast*

- R2.1 The District should revise its forecast of unrestricted grants-in-aid to include projections of State foundation revenue which are not strictly based on historical revenue trends. The District should review additional information such as enrollment projections, ODE simulations of projected revenue, and specific State legislation before developing its forecast. If the Board deems it necessary, the District can prepare best-case and worst-case scenario forecasts for internal review. However, forecasts which are subject to public review should attempt to include only representations that are known to be reasonable at the time the forecast is created.**

According to the treasurer, the District's forecast of unrestricted grants-in-aid relies primarily on historical data to project the amount of basic aid the District will receive from the Ohio School Foundation Funding program. Adjustments are then made to the forecast to account for external factors. For example, Barnesville EVSD is projecting increases to unrestricted grants-in-aid in each year of the five-year forecast despite a trend which indicates an average yearly decrease of 3.1 percent. The forecast is not in line with historical trends because the treasurer has attempted to account for the reclassification of parity aid and future anticipated reductions to State foundation funding. However, no attempt was made to account for the District's trend of decreasing enrollment nor were comparisons made to simulations developed by ODE.

According to the American Institute of Certified Public Accountants *Guide for Prospective Financial Information*, financial forecasts can only be based on information which is reasonably available at the time the forecast is created. State foundation revenue is linked directly to enrollment; therefore, projecting this revenue based on historical trends of receipts rather than projected enrollment could be problematic in the future. If enrollment increases or decreases at a relatively consistent rate, an appropriate forecast can be developed based on the historical trend of receipts. However, if enrollment varies substantially from the trend, these revenues could be significantly under or overestimated.

The forecast also attempts to account for future reductions in State foundation revenue in FY 2006-07 and FY 2007-08. Under the provisions of House Bill (H.B.) 95 and as reflected in ORC § 3317.012(A)(1), the State of Ohio reduced funding for the Ohio School Foundation program through FY 2004-05. While it remains a possibility, the State legislature has not approved any reductions beyond that period. Since many variables exist that may impact future state budgets, it may be beneficial for the treasurer to



provide the school board with multiple forecasts that present best-case or worst-case scenarios. Any forecast submitted for public review, however, should not speculate on legislation which has not been considered by the State legislature. Presenting such information may imply to the public that the District is aware of reductions that have not yet been approved.

**R2.2 Barnesville EVSD should seek to control and limit salary increases in future contract negotiations, particularly since the performance audit's cost savings can not fully offset future projected deficits. Rather than negotiating COLAs, Barnesville EVSD should consider negotiating an annual lump sum payment for all staff. For instance, the District could attempt to negotiate lump sum payments of 1, 1, 2, and 2 percent of the employee's salary from the prior year for FY 2004-05 through FY 2007-08. Although these increases are less than COLAs stipulated in previous collective bargaining agreements, this would allow the District to improve its financial condition and still provide some level of additional compensation to its employees.**

Due to the District's financial situation, Barnesville EVSD and the collective bargaining units for both certified and classified staff agreed not to increase salaries beyond the specified scheduled step (experience) increases for FY 2003-04. Administrative salary increases are made at the Board's discretion and in FY 2003-04, the Board decided not to increase administrative staff salaries as well. Based on the considerable deficits projected in **Table 2-3**, the District has not forecasted any COLAs for its employees through FY 2007-08. However, the District has not formally negotiated zero percent COLAs for any year beyond FY 2003-04. District management also indicated that collective bargaining units will most likely not agree to such terms for each remaining year of the forecast. Furthermore, prior to FY 2003-04, the District negotiated 4 percent COLAs for certified and classified staff (see **human resources**).

In FY 2001-02, Bright Local School District (Bright LSD) was faced with a similar situation and achieved a compromise which may also be appropriate for Barnesville EVSD. Bright LSD and its certified bargaining unit agreed to provide an annual lump sum payment equal to a fixed percentage of the employees' prior year salaries, rather than increasing base salaries via a COLA. Since lump sum payments do not increase base salaries, the district would realize savings in future years. This solution allowed the district to recognize employees' needs for additional compensation while at the same time working to improve its financial standing.

**Table 2-4** compares the estimated costs of increasing salaries through a traditional COLA to those for a lump sum payment method, as used by Bright LSD. The salary costs reflected in **Table 2-4** are estimated to increase at increments of 1, 1, 2, and 2 percent through the forecasted period and are compared to the District's current forecast of 0

percent increases. In addition, estimated retirement benefits are shown in **Table 2-4** since they are based on salaries. Retirement benefits are estimated to be 19 percent of salary costs, consistent with actual FY 2002-03 data.

**Table 2-4: Comparison of Estimated Salary Costs**

	Current Forecast	Cost-of-Living Allowance		Lump Sum Payment	
		Total Salaries	Additional Costs	Total Salaries	Additional Costs
<b>Certified Staff</b>					
FY 2004-05	\$3,757,722	\$3,795,299	\$37,577	\$3,794,732	\$37,010
FY 2005-06	\$3,803,252	\$3,879,697	\$76,445	\$3,840,829	\$37,577
FY 2006-07	\$3,853,656	\$4,009,737	\$156,081	\$3,929,721	\$76,065
FY 2007-08	\$3,893,774	\$4,132,509	\$238,735	\$3,970,847	\$77,073
<b>Total Certified:</b>	<b>\$19,009,428</b>	<b>\$19,518,267</b>	<b>\$508,838</b>	<b>\$19,237,154</b>	<b>\$227,725</b>
<b>Estimated Retirement Benefits:</b>	<b>\$3,611,791</b>	<b>\$3,708,471</b>	<b>\$96,679</b>	<b>\$3,655,059</b>	<b>\$43,268</b>
<b>Subtotal Certified Staff</b>	<b>\$22,621,219</b>	<b>\$23,226,738</b>	<b>\$605,517</b>	<b>\$22,892,213</b>	<b>\$270,993</b>
<b>Classified Staff</b>					
FY 2004-05	\$971,257	\$980,848	\$9,591	\$980,839	\$9,582
FY 2005-06	\$983,616	\$1,003,613	\$19,997	\$993,329	\$9,713
FY 2006-07	\$991,577	\$1,032,047	\$40,470	\$1,011,249	\$19,672
FY 2007-08	\$1,003,690	\$1,064,920	\$61,230	\$1,023,522	\$19,832
<b>Total Classified:</b>	<b>\$4,908,384</b>	<b>\$5,039,614</b>	<b>\$131,230</b>	<b>\$4,967,183</b>	<b>\$58,799</b>
<b>Estimated Retirement Benefits:</b>	<b>\$932,593</b>	<b>\$957,527</b>	<b>\$24,934</b>	<b>\$943,765</b>	<b>\$11,172</b>
<b>Subtotal Classified Staff</b>	<b>\$5,840,977</b>	<b>\$5,997,141</b>	<b>\$156,164</b>	<b>\$5,910,948</b>	<b>\$69,971</b>
<b>Administrative Staff<sup>1</sup></b>					
FY 2004-05	\$466,713	\$471,380	\$4,667	\$471,271	\$4,558
FY 2005-06	\$476,047	\$485,615	\$9,568	\$480,714	\$4,667
FY 2006-07	\$485,568	\$505,234	\$19,666	\$495,089	\$9,521
FY 2007-08	\$495,279	\$525,646	\$30,367	\$504,991	\$9,712
<b>Total Administrative:</b>	<b>\$2,379,437</b>	<b>\$2,443,706</b>	<b>\$64,268</b>	<b>\$2,407,895</b>	<b>\$28,458</b>
<b>Estimated Retirement Benefits:</b>	<b>\$452,093</b>	<b>\$464,304</b>	<b>\$12,211</b>	<b>\$457,500</b>	<b>\$5,407</b>
<b>Subtotal Administrative Staff</b>	<b>\$2,831,530</b>	<b>\$2,908,010</b>	<b>\$76,479</b>	<b>\$2,865,395</b>	<b>\$35,865</b>
<b>Total District</b>	<b>\$31,293,726</b>	<b>\$32,131,889</b>	<b>\$838,160</b>	<b>\$31,668,556</b>	<b>\$376,829</b>

Source: Barnesville EVSD

Note: Does not include employees not paid from the General Fund

<sup>1</sup>Although administrative staff does not experience step increases, the District was originally forecasting two percent increases for all staff. Therefore, this two percent increase is included in the COLA and lump sum payment scenarios to ensure equity in salary increases among District employees.

As shown in **Table 2-4**, the District would incur additional costs of approximately \$838,000 in salaries and retirement benefits by granting 1, 1, 2, and 2 percent cost-of-living increases to all staff through the forecasted period. In contrast, the District would incur an additional cost of approximately \$377,000 in salaries and retirement benefits by increasing compensation through a lump sum payment, approximately \$461,000 less than increasing salaries by COLAs.

As shown in **Table 2-3**, the District is currently forecasting a deficit of approximately \$1.5 million in FY 2003-04, which increases to \$8.8 million in FY 2007-08 without substantial cost reductions and revenue enhancements. In addition, personnel costs are forecasted to comprise between 82 and 85 percent of the District's total expenditures in each of the remaining forecast years. By negotiating lump sum payments instead of traditional COLAs and including them within the forecasted period, the District would improve its financial condition, provide for additional compensation for its employees, and present a more reliable forecast of future salary expenditures.

*Financial Implication:* Over the forecast period, negotiating lump sum payments for all staff will increase the District's salaries and benefits expenditures by approximately \$376,800. This cost is based on payments of 1, 1, 2, and 2 percent of the employees' prior year salary.

### *Revenue and Expenditure Analysis*

**R2.3 Barnesville EVSD should avoid borrowing against its future property tax revenue through the use of tax anticipation notes. As an alternative, the District should closely examine the cost savings identified throughout this performance audit to effectively reduce expenditures and gain better control over its finances.**

In September of FY 2003-04, the school board of Barnesville EVSD approved the issuance of tax anticipation notes totaling \$400,000, with \$350,000 in tax anticipation notes forecasted for FY 2003-04 (see **Table 2-3**). According to the treasurer, the District is not planning on issuing the entire \$400,000 at one-time, but rather, intends to issue the notes on an as-needed basis until its financial situation improves.

Borrowing against future revenue to pay current operating expenditures will result in the District incurring additional interest costs. The treasurer is forecasting these interest costs to be approximately \$3,000. The practice of issuing debt to cover operating expenditures is a poor cash management practice, and will further hinder the District's efforts to achieve financial stability.

**R2.4 Barnesville EVSD should attempt to reduce expenditures which are classified in the other capital outlay, other purchased service, and other supplies and material line items. If possible, the District should identify common expenditures classified to these line items and allocate them to more appropriate object codes in accordance with the Uniform School Accounting System (USAS) user manual. This will improve the District's review, discussion, modification, and adoption of a proposed budget.**

Barnesville EVSD is currently incurring excessive expenditures to its other capital outlay, other purchased service, and other supplies and materials line items. **Table 2-5** compares the District's expenditures within these line items to the peers.

**Table 2-5: Other Discretionary Expenditures**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
Other Capital Outlay	\$29,163	\$0	\$0	\$0	\$0
Other Purchased Services	\$31,329	\$0	\$7,931	\$5,415	\$4,449
Other Supplies and Material	\$1,939	\$0	\$236	\$0	\$79
<b>Total Other Expenditures</b>	<b>\$62,431</b>	<b>\$0</b>	<b>\$8,167</b>	<b>\$5,415</b>	<b>\$4,528</b>
<b>Total Discretionary Expenditures</b>	<b>\$1,305,173</b>	<b>\$1,378,246</b>	<b>\$1,307,395</b>	<b>\$1,006,288</b>	<b>\$1,230,643</b>
<b>Other as a Percent of Total Discretionary Expenditures</b>	<b>4.8%</b>	<b>0.0%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.4%</b>

Source: FY 2002-03 Annual Financial Reports (4502's)

As shown in **Table 2-5**, the District's total expenditures within the categories of other capital outlay, other purchased services, and other supplies and materials were significantly higher than the peers. The District's history of expenditures within these categories from FY 2000-01 to FY 2002-03 is shown below in **Table 2-6**.

**Table 2-6: Other Discretionary Expenditures**

	FY 2001-02	FY 2002-03	Percent Change (01-02 to 02-03)
Other Capital Outlay	\$0	\$29,163	100%
Other Purchased Services	\$10,193	\$31,329	207%
Other Supplies and Material	\$7,817	\$1,939	(67%)
<b>Total Other Expenditures</b>	<b>\$18,010</b>	<b>\$62,431</b>	<b>247%</b>
<b>Total Discretionary Expenditures</b>	<b>\$962,019</b>	<b>\$1,305,173</b>	<b>36%</b>
<b>Other as a Percent of Total Discretionary Expenditures</b>	<b>1.9%</b>	<b>4.8%</b>	

Source: 4502 Reports

**Table 2-6** shows that the District's use of other expenditures categories has increased substantially each year. Within these classifications, total expenditures increased by approximately 247 percent from FY 2001-02 to FY 2002-03. During the same period, the District's total discretionary expenditures increased at a rate of approximately 36 percent per year. In addition, other expenditure categories have consumed a greater portion of discretionary expenditures each year.

Other expenditures increased in FY 2002-03 primarily as a result of the treasurer's office not classifying several District expenditures in accordance with Universal School Accounting System (USAS) guidelines. For example, during FY 2002-03, the District

incurred an expense of approximately \$11,200 for special education purchased services which was classified as other purchased services. According to the treasurer, these expenditures were for the services of a special education consultant who worked with Barnesville EVSD. According to the USAS users manual, these expenditures should have been classified as a professional and technical service since the consultant was not on the District's payroll and worked directly with students to provide various forms of instruction.

While these expenditures do not represent a substantial portion of the District's total expenditures and the practice does not directly impact the amount of expenditures, this practice does not present an accurate representation of District expenditures. Historical financial information should be categorized in a consistent manner to facilitate forecasting and budgeting activities. Since decision makers rely heavily on budget-to-actual comparisons of revenues and expenditures by specific categories, it is essential that financial information be presented in a consistent manner to evaluate the District's financial performance, and to identify and reduce non-essential expenditures in these classifications.

**R2.5 Barnesville EVSD should implement procedures to make the lunchroom (food service) enterprise fund self-supporting. Considering the District's fiscal emergency status, the General Fund cannot afford to subsidize the operations of this fund. The District should consider several options including reducing staff by 0.5 FTE, instituting a nominal charge for breakfast, increasing the price of an adult lunch by \$0.75, and/or increasing offerings or prices of a la carte menu items.**

The food service operations of Barnesville EVSD are an Enterprise Fund operation. Enterprise funds are intended to operate similar to a private business, whereby costs are financed primarily through user charges. **Table 2-7** shows the lunchroom fund revenues and expenditures for FY 2000-01 through FY 2002-03.

**Table 2-7: Barnesville EVSD Lunchroom Fund Activity**

	FY 2000-01	FY 2001-02	FY 2002-03
Total Revenues	\$250,818	\$211,679	\$307,570
Total Expenditures	\$290,740	\$314,567	\$354,280
<b>Net Gain (Loss)</b>	<b>(\$39,922)</b>	<b>(\$102,888)</b>	<b>(\$46,710)</b>
Net Advances	\$27,458	\$114,295	\$0
Net Transfers	\$0	\$0	\$39,578
Adjusted Net Income/ (Loss)	(\$12,464)	\$11,407	(\$7,132)
<b>Beginning Fund Balance</b>	<b>\$12,464</b>	<b>\$0</b>	<b>\$11,407</b>
<b>Ending Fund Balance</b>	<b>\$0</b>	<b>\$11,407</b>	<b>\$4,275</b>

Source: Annual Financial Reports (4502's)

As shown in **Table 2-7**, Barnesville EVSD's lunchroom fund posted a net loss at the end of FY 2000-01, FY 2001-02, and FY 2002-03. In response to these losses, the District advanced funds from the General Fund to the lunchroom fund in FY 2000-01 and FY 2001-02 rather than allowing the fund to show a negative ending balance. These advances essentially functioned as a transfer, as they were not advanced back into the General Fund. Recognizing that the fund could not be self-sustaining, the District changed its practice of advancing funds in favor of transferring funds beginning in FY 2002-03. The District is currently forecasting additional transfers to the food service fund in each year of the five year forecast to cover operating losses. The treasurer has forecasted these transfers to increase 15 percent per year, based on increasing expenditures in salaries and fringe benefits for food service staff. Although the treasurer is projecting District-wide salaries to only increase two percent annually (see **Table 2-3**), this appears to be a somewhat reliable projection considering that total food service expenditures increased by 8 percent in FY 2001-02 and 13 percent in FY 2002-03. These increases were primarily due to increases in health insurance costs (see the **human resources** section).

In an effort to stabilize the lunchroom fund, the District increased the price of school lunches by \$0.25 for the 2003-04 school year. According to the treasurer, this increase is generating an average of \$1,300 per month. Over the nine-month period that school is in session, the increase should generate approximately \$11,700 annually. However, based on the District's five year forecast, the lunchroom fund will still require approximately \$28,300 in subsidy from the General Fund in FY 2003-04.

**Table 2-8** summarizes key information for the food service operations of Barnesville EVSD and the peers.

**Table 2-8: Comparison of Food Service Operations**

	<b>Barnesville EVSD</b>	<b>East Guernsey LSD</b>	<b>Ridgewood LSD</b>	<b>Waterloo LSD</b>	<b>Peer Average</b>
Average Daily Membership	1,217.2	1,122.3	1,402.1	1,368.7	1,297.7
Food Service Staff (FTE)	5.6	8.1	7.9	5.7	7.2
Salaries & Wages	\$125,051	\$134,393	\$180,290	\$117,351	\$144,011
Fringe Benefits	\$76,158	\$82,986	\$143,061	\$57,296	\$94,448
Other Operating Costs	\$153,070	\$197,767	\$153,427	\$103,187	\$151,460
Total Cost of Operations	\$354,280	\$415,169	\$549,039	\$282,594	\$415,601
Total Operating Revenue	\$109,430	\$188,522	\$307,264	\$194,272	\$230,019
Total Non-Operating Revenue	\$198,140	\$197,767	\$153,427	\$103,187	\$151,460
<b>Operating Ratios</b>					
# of Students per Staff Member	217.4	138.6	177.5	240.1	185.4
Average Salary per Staff Member	\$22,330	\$16,592	\$22,822	\$20,588	\$20,000
Average Benefits per Staff Member	\$13,600	\$10,245	\$18,109	\$10,052	\$12,802
Operating Revenue per Student	\$90	\$168	\$219	\$142	\$176
Non-Operating Revenue per Student	\$163	\$176	\$109	\$75	\$120
<b>Total Revenue per Student</b>	<b>\$253</b>	<b>\$344</b>	<b>\$328</b>	<b>\$217</b>	<b>\$296</b>
<b>Cost to Serve per Student</b>	<b>\$291</b>	<b>\$370</b>	<b>\$392</b>	<b>\$206</b>	<b>\$323</b>
<b>Net Gain (Loss) per Student</b>	<b>(\$38)</b>	<b>(\$26)</b>	<b>(\$63)</b>	<b>\$11</b>	<b>(\$26)</b>

Source: Human Resources Section, Annual Financial Reports (4502's), FY 2002-03 SF-3 Reports

**Table 2-8** shows that Barnesville EVSD serves more students per staff member than the peer average. However, Waterloo LSD serves approximately 23 more students per FTE than Barnesville EVSD. By reviewing its scheduling practices for food service employees, the District may be able to reduce staff or hours to reach Waterloo LSD's level of efficiency. For instance, the District would serve approximately 238.7 students per FTE, similar to Waterloo LSD, by reducing 0.5 FTE, either through reducing a part-time position or reducing the hours of current staff by a cumulative total of 4.0 hours per day. In addition, average salaries per FTE should be more comparable to the peers in the future, considering that staff at Barnesville EVSD did not receive a COLA in FY 2003-04. Furthermore, the relatively high average benefits per FTE could be attributed to the District's health care premium costs and plan benefit levels (see **human resources**).

**Table 2-8** also shows that the District received approximately 52 percent less operating revenue than the peer average. The District's operating revenue comes primarily from sales of breakfast, lunch, and a la carte items in the cafeterias. According to the treasurer, Barnesville EVSD does not charge a fee for breakfast because the costs of the District's breakfast program are completely reimbursed by the federal school breakfast program. Nonetheless, the peer districts charge a nominal fee ranging from \$0.75 to \$1.00 for a breakfast. Barnesville EVSD could increase revenues in the lunchroom fund by charging

a similar fee; however, the District will want to ensure that charging a fee does not violate any provisions of the applicable federal school breakfast program. According to ODE, Barnesville EVSD should be able to charge a fee for students not qualifying for participation in the program, students receiving a reduced price for breakfast, and District staff.

The District could also increase lunchroom fund revenue by increasing fees for certain types of cafeteria lunches. **Table 2-9** compares the District's lunch prices with those of the peers.

**Table 2-9: Peer Comparison of Lunch Prices**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
Elementary Lunch	\$1.75	\$1.50	\$1.75	\$1.50	\$1.58
Middle School Lunch	\$1.75	\$1.75	\$2.00	\$1.75	\$1.83
High School Lunch	\$2.00	\$1.75	\$2.00	\$1.75	\$1.83
Adult/Staff Lunch	\$2.25	\$2.50	\$3.00	\$2.25	\$2.58

**Source:** Interviews with peer districts, Barnesville EVSD Treasurer

As shown in **Table 2-9**, Barnesville EVSD staff pays lower fees for a cafeteria lunch than two of the peers. If Barnesville EVSD raised the price for an adult lunch, the District could generate additional revenue to reduce the amount of subsidy required from the General Fund.

*Financial Implication:* In FY 2002-03, the District should be able to reduce the forecasted transfer to the food service fund by approximately \$11,700 due to the increase in student lunch prices. By reducing food service staff, increasing staff lunch prices, and/or charging a fee for breakfasts, the District should be able to eliminate the forecasted transfers of \$46,000, \$52,900, \$60,800, and \$70,000 in the remaining four years of the forecast. For example, based on the average salary per food service staff member, reducing staff by 0.5 FTE would save Barnesville EVSD approximately \$18,000 annually in salaries and benefits. Assuming that the District increased staff lunches to \$3.00 and 50 percent of staff (80 FTEs) pay for a lunch on a daily basis, the District would realize approximately \$10,700 annually in additional revenues. This is also based on the number of instructional days (178). With this example, and taking into account the District's implemented increase in student lunch prices, the total net change in the food service fund would be approximately \$40,000. Moreover, assuming that 25 percent of students (304) eat a breakfast each day and based on 178 instructional days, charging \$0.75 per breakfast would generate approximately \$41,000 annually in additional revenue.

**R2.6 Barnesville EVSD should closely examine spending patterns in several areas (see Table 2-11 and Table 2-12) and consider allocating monies toward those programs and priorities which have the greatest impact on learning outcomes and proficiency**



**test results. In addition, Barnesville EVSD should analyze cost reductions recommended in the human resources, facilities and transportation sections of this report to further increase operational and financial efficiencies.**

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 school board and management are placed. Currently, each school district receives a performance accountability rating based on 22 performance standards from ODE. These 22 standards are minimum performance goals for public education in Ohio, and analyzing the number of ODE performance standards a school district meets should correlate to the school district's spending patterns. **Table 2-10** presents the number of performance standards Barnesville EVSD and the peers met in FY 2002-03.

**Table 2-10: ODE Performance Standards Met (of 22 Possible)**

	<b>Barnesville EVSD</b>	<b>East Guernsey LSD</b>	<b>Ridgewood LSD</b>	<b>Waterloo LSD</b>
Number of Indicators Met (of 22)	12	14	15	14
Performance Index Score (2002-03)	82.5	91.2	86.5	82.7
Performance Index Score (2001-02)	80.3	86.2	87.2	81.6
Performance Index Improvement	2.2	5.0	(0.7)	1.1
District Rating	Continuous Improvement	Effective	Continuous Improvement	Continuous Improvement

**Source:** ODE School Year 2002-03 District Report Cards

As shown in **Table 2-10**, Barnesville EVSD met fewer performance standards than any of the peers in FY 2002-03, although it did improve notably from FY 2001-02 to FY 2002-03.

**Table 2-11** shows the expenditure amounts posted to the Uniform School Accounting System (USAS) function codes for Barnesville EVSD and the peer districts. Function codes are designed to report USAS expenditures by nature or purpose. **Table 2-11** shows the operational expenditures per pupil and percentage of total operational expenditures by function for all governmental funds.

**Table 2-11: Governmental Funds  
Operational Expenditures by Function and Cost per Pupil for FY 2002-03**

Number of Students (ADM) <sup>1</sup>	Barnesville		East Guernsey		Ridgewood		Waterloo		Peer Average	
	1,217		1,122		1,402		1,369		1,298	
USAS Function Classification	\$ 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>\$4,987</b>	<b>57%</b>	<b>\$4,405</b>	<b>54%</b>	<b>\$4,739</b>	<b>61%</b>	<b>\$3,893</b>	<b>54%</b>	<b>\$4,344</b>	<b>57%</b>
Regular Instruction	\$3,536	41%	\$3,457	43%	\$3,523	46%	\$3,122	44%	\$3,367	44%
Special Instruction	\$1,128	13%	\$667	8%	\$933	12%	\$689	10%	\$763	10%
Vocational Instruction	\$310	4%	\$253	3%	\$278	4%	\$82	1%	\$204	3%
Adult/Continuing Inst.	\$0	0%	\$4	0%	\$0	0%	\$0	0%	\$1	0%
Other Instruction	\$13	0%	\$24	0%	\$5	0%	\$0	0%	\$9	0%
<b>Support Services Exp.</b>	<b>\$3,449</b>	<b>40%</b>	<b>\$3,464</b>	<b>43%</b>	<b>\$2,751</b>	<b>36%</b>	<b>\$2,973</b>	<b>42%</b>	<b>\$3,062</b>	<b>40%</b>
Pupil Support	\$414	5%	\$507	6%	\$210	3%	\$337	5%	\$351	5%
Instructional Support	\$399	5%	\$329	4%	\$297	4%	\$381	5%	\$335	4%
Board of Education	\$68	1%	\$32	0%	\$18	0%	\$19	0%	\$23	0%
Administration	\$694	8%	\$866	11%	\$583	8%	\$665	9%	\$704	9%
Fiscal Services	\$250	3%	\$301	4%	\$206	3%	\$194	3%	\$234	3%
Business Services	\$18	0%	\$0	0%	\$0	0%	\$47	1%	\$16	0%
Plant Operation/ Maint.	\$828	10%	\$642	8%	\$884	11%	\$597	8%	\$708	9%
Pupil Transportation	\$521	6%	\$780	10%	\$553	7%	\$716	10%	\$683	9%
Central Support Services	\$257	3%	\$7	0%	\$0	0%	\$17	0%	\$8	0%
<b>Non-Instructional Services Expenditures</b>	<b>\$33</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$86</b>	<b>1%</b>	<b>\$29</b>	<b>0%</b>
<b>Extracurricular Activities Expenditures</b>	<b>\$215</b>	<b>2%</b>	<b>\$220</b>	<b>3%</b>	<b>\$251</b>	<b>3%</b>	<b>\$196</b>	<b>3%</b>	<b>\$222</b>	<b>3%</b>
<b>Total Governmental Fund Operational Expenditures</b>	<b>\$8,684</b>	<b>100%</b>	<b>\$8,089</b>	<b>100%</b>	<b>\$7,741</b>	<b>100%</b>	<b>\$7,148</b>	<b>100%</b>	<b>\$7,657</b>	<b>100%</b>

Source: FY 2002-03 Annual Financial Reports (4502's)

<sup>1</sup>ADM used for funding purposes may not necessarily equal to ADM presented in the **human resources** section

According to **Table 2-11**, Barnesville EVSD allocates the second highest percentage of its expenditures to instruction when compared to the peers. However, Barnesville EVSD's total per pupil operating expenditures (\$8,684) were the highest of the peer districts. Excluding adult/continuing instruction, Barnesville EVSD's instructional expenditures in each area are greater than the peers. However, as shown in **Table 2-10**, Barnesville EVSD meets fewer of the performance standards mandated by ODE than the peers. See the **human resources** section for a detailed assessment of instructional costs.

As discussed in the **human resources**, **facilities**, and **transportation** sections of this report, operational efficiencies could be realized through the implementation of

reductions. These recommendations, if implemented, could potentially increase revenues and reduce expenditures and are further supported by the analysis in **Table 2-11**.

**Table 2-11** shows that Barnesville EVSD spent significantly more than the peer average in the following support function categories:

- **Pupil Support:** The District was higher than the peers in this category primarily due to differences in staffing within the professional (non-educational) category. Barnesville EVSD has 4.0 FTE in these classifications compared to a peer average of 2.0 FTE. For additional information about staffing within this category, see **R3.3** in **human resources**.
- **Instructional Support:** The variance in this category can be attributed to significant differences in the amount of expenditures from special revenue funds. The District's special revenue expenditures came from two major sources, the District's Disadvantaged Pupil Impact Act (DPIA) Fund (\$100,089) and Title VI grant fund (\$28,376). The use of these funds is restricted; therefore, the District does not have an opportunity to re-distribute these funds to other areas.
- **Board of Education:** According to the treasurer, the higher level of expenditures in this category resulted from the board's increased use of legal services during FY 2002-03. Due to restrictive language in the District's bargaining unit agreements, additional legal services were necessary as the district reduced staff (see **R3.1** in **human resources**). In addition, increased legal fees were incurred to renegotiate expired bargaining unit contracts and conduct negotiations pertaining to the construction of the new middle school. It appears that these expenditures will decrease in FY 2003-04 as the construction of the building is complete.
- **Administration:** Barnesville EVSD's administration costs per pupil are the second highest of the peers, primarily due to higher clerical staffing levels (see **R3.5** in **human resources**).
- **Fiscal Services:** The variance in expenditures per pupil between Barnesville EVSD and the peers is due to the District's practice of using miscellaneous and other object codes with greater frequency than the peers (see **R2.4**).
- **Business Services:** In FY 2002-03, the District's total business services expenditures totaled \$21,429, of which \$8,362 was from the Building Project fund. This fund was established for the District's OSFC project and should not be significant in future years. Of the remaining funds, \$10,590 can be attributed to a discretionary fund for each of the District's buildings. According to the treasurer, these funds are managed

by each building principal and revenues are generated through various fundraisers and activities. The District does not subsidize these funds from General Fund.

- Plant Operation and Maintenance:** In FY 2002-03, the District realized a significant increase in utility expenses due the construction of a new middle school, which has an air conditioning system (the previous middle school did not). For more information on utilities, see **R4.2** in **facilities**.
- Central Support Services:** The District spent \$257 per pupil on central support services compared to the peer average of \$8 per student. This was a direct result of the District’s decision to upgrade the technology in its school buildings during FY 2002-03. The District spent approximately \$123,000 on new computers for existing buildings during FY 2002-03, with additional expenditures of \$25,500 being used for infrastructure upgrades to support these computers. This was a one-time project and should not be a factor in future years. For more information concerning capital improvement planning, see **R4.3** and **R4.4**.
- Non-Instructional Expenditures:** The variance in this category is attributed to expenditures from special revenue funds. The District special revenue expenditures came from two major sources, the District’s Title I Grant Fund (\$9,397) and Auxiliary Services Fund (\$29,888). The use of these funds is restricted; therefore, the District does not have an opportunity to re-distribute funds to other areas.

Table 2-12 shows the total expenditures for governmental funds, including facilities acquisition and construction expenditures, and debt services expenditures.

**Table 2-12: Total Governmental Fund Expenditures by Function and Cost per Pupil for FY 2002-03**

Number of Students (ADM)	Barnesville EVSD		East Guernsey LSD		Ridgewood LSD		Waterloo LSD		Peer Average	
	1,217		1,122		1,402		1,369		1,298	
USAS Function Classification	\$ 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	\$8,684	61%	\$8,088	62%	\$7,740	66%	\$7,146	57%	\$7,658	61%
Facilities Acquisition & Construction Expense	\$5,331	38%	\$1,383	11%	\$3,628	31%	\$4,799	38%	\$3,270	26%
Debt Service Expenditures	\$200	1%	\$3,680	28%	\$302	3%	\$610	5%	\$1,531	12%
<b>Total Governmental Funds Expenditures</b>	<b>\$14,215</b>	<b>100%</b>	<b>\$13,151</b>	<b>100%</b>	<b>\$11,670</b>	<b>100%</b>	<b>\$12,555</b>	<b>100%</b>	<b>\$12,459</b>	<b>100%</b>

Source: FY 2002-03 Annual Financial Reports (4502’s)

As shown in **Table 2-12**, Barnesville EVSD's total governmental fund expenditures of \$14,215 per pupil are higher than the peer average by \$1,756 per pupil. Facilities acquisition and construction expenses accounted for approximately 38 percent of the District's total expenditures. These expenditures are primarily attributed the District's new building and should decline substantially in coming years. However, operational expenditures were a major factor in the District's higher per pupil costs. **R2.8** summarizes the District's options for reducing these expenditures.

### *Financial Recovery Plan*

**R2.7 Barnesville EVSD should work with its assigned Financial Planning and Supervision Commission to develop a financial recovery plan that is specific, practical, and provides detailed actions the District will take to remove itself from fiscal emergency status. The financial recovery plan should be developed in accordance with Ohio Department of Education guidelines and periodically reviewed following approval by the state superintendent. In addition, Barnesville EVSD should consider the performance audit recommendations and financial recovery plan outlined in R2.8 to help formulate its financial recovery plan.**

On June 9, 2003, ODE declared Barnesville EVSD in fiscal caution for not submitting an acceptable financial recovery plan to eliminate future forecasted deficits. ODE also requires that districts submit a recovery plan with 60 days of being placed in fiscal caution. As of December 2003, Barnesville EVSD had not submitted a financial recovery plan to ODE. On December 18, 2003, the Auditor of State certified a FY 2003-04 deficit of approximately \$1,550,000. As a result, Barnesville EVSD was placed in fiscal emergency.

As part of the requirements under fiscal emergency, a Financial Planning and Supervision Commission was established to oversee District finances, and assist in developing a financial recovery plan. Ohio Revised Code §3316.06 dictates that the commission must approve a recovery plan within 120 days of its first meeting. The Financial Recovery Plan Guidelines from ODE outline items for consideration in a recovery plan. "The plan may include a revenue enhancing strategy but must include an expenditure reduction plan sufficient to offset any deficit in the event that the revenue enhancing strategy is not completely successful." In other words, ODE allows districts to include new levies in the financial recovery plan. However, if a new levy is included in the recovery plan, the District must submit an alternate recovery plan which does not include new levy revenue. According to ODE, the recovery plan should address the following areas:

- General strategy and timeline for addressing the financial crisis;
- Building closures;
- Program consolidations;

- Administrative realignment or other reorganizations;
- Central staff reductions;
- Building administrative staff reductions;
- Support staff reductions;
- Teaching staff reductions;
- Non-staff expenditure reductions;
- Plans for short term borrowing;
- Plans for enhancing revenue;
- Policies for sound accounting procedures; and
- Policies for controlling district-wide purchasing.

According to the District treasurer, prior to being placed in fiscal emergency, the District was attempting to delay the submission of a financial recovery plan until after the District's most recent levy initiative was voted on. However, in November 2003, its levy was defeated.

By working with the Financial Planning and Supervision Commission to promptly create a financial recovery plan, the District can begin to clearly convey to the public changes that it will be facing in the future. By presenting a financial recovery plan approved by the state superintendent, the public will have a better understanding of any changes to the service levels that the District currently provides its students. If these service levels are not acceptable to the public, then a clear financial recovery plan will also provide a better opportunity for taxpayers to evaluate any future levy requests made by the District.

**R2.8 Barnesville EVSD should analyze and use the proposed financial forecast outlined in Table 2-13 to evaluate the recommendations presented within this performance audit to determine the impact of the related cost savings on its financial condition. Barnesville EVSD should also consider implementing the recommendations in this performance audit to improve the District's current and future financial situation. In addition, the District should update its forecast on an ongoing basis as critical financial issues are addressed.**

**Even by reducing regular education and education service personnel (ESP) staffing to State minimum standards, the District would be projecting negative ending fund balances throughout the forecasted period. Therefore, the District should consider placing a levy on the ballot. In doing so, Barnesville EVSD should demonstrate accountability by sharing information with the public concerning how revenue will be spent and how the levy will benefit the District.**

**Table 2-13** demonstrates the effect of the recommendations in this report and includes both the beginning fund balance for each year and the adjusted fund balance reflecting

the effect of the recommendations. **Table 2-13** also includes the effect of a 0.75 percent income tax or the equivalent 8.71 mill property tax levy. One mill generates approximately \$78,000 in revenue per year for the District. In addition, a 0.25 percent income tax levy would generate approximately \$214,000 in annual revenue for the District.

**Table 2-13: Revised Financial Forecast with Adjustments (in 000's)**

	Actual 2000-01	Actual 2001-02	Actual 2002-03	Forecast 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Real Estate Property Tax	\$1,695	\$1,704	\$1,727	\$1,778	\$1,796	\$1,810	\$1,838	\$1,852
Tangible Personal Property Tax	\$200	\$236	\$260	\$198	\$204	\$210	\$216	\$223
Unrestricted Grants-in-Aid	\$5,658	\$5,620	\$5,308	\$5,582	\$5,750	\$5,922	\$5,981	\$6,041
Restricted Grants-in-Aid	\$200	\$475	\$744	\$383	\$391	\$399	\$407	\$415
Property Tax Allocation	\$234	\$239	\$278	\$275	\$277	\$280	\$283	\$286
Other Revenues	\$143	\$120	\$121	\$363	\$367	\$370	\$374	\$378
<b>Total Operating Revenues</b>	<b>\$8,130</b>	<b>\$8,394</b>	<b>\$8,438</b>	<b>\$8,579</b>	<b>\$8,785</b>	<b>\$8,991</b>	<b>\$9,099</b>	<b>\$9,195</b>
Salaries & Wages	\$5,128	\$5,409	\$5,780	\$5,484	\$5,594	\$5,706	\$5,820	\$5,936
Fringe Benefits	\$1,796	\$1,966	\$2,349	\$3,325	\$2,927	\$3,256	\$3,640	\$4,089
Purchased Services	\$443	\$493	\$656	\$919	\$946	\$975	\$1,004	\$1,034
Supplies, Materials & Textbooks	\$372	\$307	\$401	\$340	\$357	\$374	\$393	\$413
Capital Outlay	\$80	\$242	\$439	\$65	\$0	\$65	\$0	\$0
Debt Service	\$0	\$0	\$0	\$353	\$0	\$0	\$0	\$0
Other Expenditures	\$128	\$142	\$137	\$151	\$166	\$183	\$201	\$221
<b>Performance Recommendations</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$12)</b>	<b>(\$1,640)</b>	<b>(\$1,705)</b>	<b>(\$1,788)</b>	<b>(\$1,879)</b>
<b>Implementation Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$61</b>	<b>\$62</b>	<b>\$125</b>	<b>\$127</b>
<b>Total Operating Expenditures</b>	<b>\$7,947</b>	<b>\$8,559</b>	<b>\$9,762</b>	<b>\$10,625</b>	<b>\$8,413</b>	<b>\$8,916</b>	<b>\$9,395</b>	<b>\$9,941</b>
Net Transfers/ Advances	\$62	(\$390)	(\$89)	\$57	(\$46)	(\$53)	(\$61)	(\$70)
Other Financing	\$42	\$45	\$54	\$397	\$48	\$48	\$49	\$49
<b>Net Financing</b>	<b>\$104</b>	<b>(\$345)</b>	<b>(\$35)</b>	<b>\$454</b>	<b>\$2</b>	<b>(\$5)</b>	<b>(\$12)</b>	<b>(\$21)</b>
<b>Result of Operations (Net)</b>	<b>\$287</b>	<b>(\$510)</b>	<b>(\$1,359)</b>	<b>(\$1,592)</b>	<b>\$374</b>	<b>\$70</b>	<b>(\$308)</b>	<b>(\$767)</b>
Beginning Cash Balance	\$1,834	\$2,121	\$1,611	\$252	(\$1,340)	(\$625)	\$127	\$501
<b>NEW LEVY REVENUE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$341</b>	<b>\$682</b>	<b>\$682</b>	<b>\$682</b>
<b>Ending Cash Balance</b>	<b>\$2,121</b>	<b>\$1,611</b>	<b>\$252</b>	<b>(\$1,340)</b>	<b>(\$625)</b>	<b>\$127</b>	<b>\$501</b>	<b>\$416</b>
Outstanding Encumbrances	\$413	\$306	\$204	\$200	\$200	\$200	\$200	\$200
Total Reservations	\$0	\$0	\$0	\$0	\$15	\$0	\$15	\$30
<b>Ending Fund Balance</b>	<b>\$1,708</b>	<b>\$1,305</b>	<b>\$48</b>	<b>(\$1,540)</b>	<b>(\$840)</b>	<b>(\$73)</b>	<b>\$286</b>	<b>\$186</b>

Source: Treasurers Office and AOS Recommendations

**Table 2-14** details those performance audit recommendations reflected in the forecast in **Table 2-13**. The recommendations are divided into two categories: those requiring negotiation and those not requiring negotiation.

**Table 2-14: Summary of Performance Audit Recommendations**

<b>Recommendation</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>
<b>R2.5</b> Eliminate food service fund transfers	\$11,700	\$46,000	\$52,900	\$60,800	\$70,000
<b>R3.5</b> Reduce three clerical positions	\$0	\$89,000	\$91,000	\$95,000	\$99,000
<b>R3.6</b> Reduce four educational aide positions	\$0	\$86,000	\$89,000	\$92,000	\$96,000
<b>R3.12</b> Reduce leave usage	\$0	\$37,000	\$37,000	\$37,000	\$37,000
<b>R4.2</b> Implement Energy Management Program	\$0	\$19,000	\$19,000	\$19,000	\$19,000
<b>R5.2</b> Reduce over-time for Mechanic/Substitute bus driver	\$0	\$3,000	\$3,000	\$3,000	\$3,000
<b>Total Recommendations Not Subject to Negotiation</b>	<b>\$11,700</b>	<b>\$280,000</b>	<b>\$291,900</b>	<b>\$306,800</b>	<b>\$324,000</b>
<b>R3.2</b> Reduce 10.0 FTE regular teaching positions	\$0	\$567,000	\$584,000	\$608,000	\$632,000
<b>R3.3</b> Reduce 7.0 FTE ESP positions	\$0	\$367,000	\$378,000	\$393,000	\$409,000
<b>R3.4</b> Reduce 3.0 special education positions	\$0	\$145,000	\$149,000	\$155,000	\$161,000
<b>R3.7</b> Eliminate board pick-up of STRS 2.3% pick-up	\$0	\$98,000	\$102,000	\$106,000	\$110,000
<b>R3.8</b> Require employee contribution to health care premiums	\$0	\$90,000	\$106,200	\$125,000	\$148,000
<b>R3.9</b> Reduce personal days	\$0	\$11,500	\$11,500	\$11,500	\$11,500
<b>R3.10</b> Eliminate retirement incentive	\$0	\$32,300	\$32,300	\$32,300	\$32,300
<b>R3.11</b> Change leave use incentive payment	\$0	\$17,800	\$17,800	\$17,800	\$17,800
<b>R3.13</b> Limit professional leave days to 3	\$0	\$17,900	\$17,900	\$17,900	\$17,900
<b>R5.1</b> Reduce the position of Transportation Coordinator	\$0	\$13,000	\$14,000	\$14,000	\$15,000
<b>Total Recommendations Subject to Negotiation</b>	<b>\$0</b>	<b>\$1,359,500</b>	<b>\$1,412,700</b>	<b>\$1,480,500</b>	<b>\$1,539,500</b>
<b>Total Recommendations Included in Forecast</b>	<b>\$11,700</b>	<b>\$1,640,000</b>	<b>\$1,705,000</b>	<b>\$1,788,000</b>	<b>\$1,879,000</b>

Source: AOS Recommendations

Note: Savings related to staffing reductions are based on average salaries. Therefore, if the District reduces positions with lower years of service, the corresponding savings may be less than identified in **Table 2-14**.

**Table 2-15** summarizes the implementation costs associated with various recommendations contained within the performance audit. Each cost is dependent on Barnesville EVSD's decision to implement the associated recommendation and the timing of that implementation.



**Table 2-15: Implementation Costs**

<b>Recommendation and Implementation Cost</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>
<b>R2.2</b> Offer lump sup salary payment in lieu of COLA	\$0	\$61,000	\$62,000	\$125,000	\$127,000
<b>Total Recommendation Implementation Cost</b>	<b>\$0</b>	<b>\$61,000</b>	<b>\$62,000</b>	<b>\$125,000</b>	<b>\$127,000</b>

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

Finally, **Table 2-16** shows the ending fund balance as a percentage of the previous year total revenue based on the forecast presented in this section. As fiscal oversight designations are based on the ending fund balance as a percentage of the previous year total revenue, the scenarios presented depict the likelihood of Barnesville EVSD being again placed in fiscal watch or emergency during the forecast period.

**Table 2-16: Ending Fund Balance as a Percent of Previous Year Revenue**

<b>Fiscal Year</b>	<b>Scenario One</b>	<b>Scenario Two</b>	<b>Scenario Three</b>
	<b>No AOS Recommendations</b>	<b>No Levy With AOS Recommendations</b>	<b>With Levy With AOS Recommendations</b>
FY 2001-02	16.1%	16.1%	16.1%
FY 2002-03	0.6%	0.6%	0.6%
FY 2003-04	(18.4%)	(18.2%)	(18.2%)
FY 2004-05	(32.3%)	(13.8%)	(9.8%)
FY 2005-06	(49.3%)	(12.5%)	(0.8%)
FY 2006-07	(70.4%)	(15.8%)	3.3%
FY 2007-08	(97.5%)	(24.2%)	2.0%

Source: District financial forecasts, AOS Analysis

As shown in **Table 2-16**, the District's ending fund balance as a percentage of total revenues decreases considerably each year during the forecast period when the performance audit recommendations are not implemented. In scenario two, when performance audit recommendations are implemented, the District will still continue to forecast a substantial negative fund balance through FY 2007-08, even if the District implemented the following significant reductions:

- Reduce up to 10 FTE regular education teachers, resulting in a student-to-teacher ratio of 23:1. This is slightly less than the maximum allowable student-to-teacher of 25:1 stipulated in OAC 3301-35-05(A)(3) (see **R3.2** in **human resources**).
- Reduce up to 7 FTE education service personnel (ESP) to maintain 5.0 FTEs per 1,000 ADM, which is the minimum number of ESP staff per 1,000 ADM identified in OAC 3301-35-05 (A)(4) (see **R3.3** in **human resources**).

In scenario three, if Barnesville EVSD implemented all of the AOS performance audit recommendations and passed a 0.75 percent income tax levy, or the equivalent 8.71 mill

property tax, its ending fund balance as a percentage of total revenue is greater than 2 percent in FY 2006-07, indicating that the District may meet the criteria to be removed from fiscal emergency at that time. However, in FY 2007-08, the District is expected to be at the 2 percent threshold, potentially qualifying for fiscal caution status once again. The District should be aware of such a scenario and should continue to seek additional expenditure reductions throughout the forecast period. If additional expenditure reductions cannot be made and the District and community decide to continue operating well above the State minimum standards for regular education and ESP staffing, the District would need to pass a levy greater than a 0.75 percent income tax levy or the equivalent 8.71 mills to achieve financial solvency in future years.

For Barnesville EVSD to achieve and maintain financial stability, it will be necessary to make difficult management decisions. The ideas and recommendations included in this report should be considered for implementation by the District. However, the audit is not all inclusive, and other cost savings and revenue enhancements should be explored and incorporated into the financial recovery plan of Barnesville EVSD.

# Human Resources

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## Background

This section of the report focuses on human resources operations in the Barnesville Exempted Village School District (Barnesville EVSD). Comparisons are made throughout this section of the report to the following peer school districts: East Guernsey Local School District (East Guernsey LSD), Ridgewood Local School District (Ridgewood LSD) and Waterloo Local School District (Waterloo LSD). Peer districts were identified based upon comparable characteristics identified by the Ohio Department of Education (ODE), a review of various demographic information, and input from Barnesville EVSD personnel. Best practices are used from ODE, the State Employee Relations Board (SERB) and other school districts for additional comparisons.

### *Organizational Function*

The primary human resource responsibilities at Barnesville EVSD are completed by the Superintendent's and Treasurer's offices. Primary human resource responsibilities include coordinating the activities and programs for the recruitment and selection of employees; monitoring compliance with employment standards (criminal background checks and teaching certifications); facilitating employee performance evaluations; administering and monitoring grievance policies and procedures; negotiating and administering union contracts; conducting disciplinary hearings; maintaining personnel files; placing selected substitutes; and participating in new employee orientations. The Treasurer's Office is responsible for administering the health insurance plans for all employees within the District; hiring non-certificated staff; processing payroll; and maintaining the Educational Management Information System (EMIS). The Superintendent's Office is responsible for hiring certificated staff, including background checks and verification of certification.

### *Staffing*

**Table 3-1** illustrates the actual staffing levels at Barnesville EVSD and the peer districts during FY 2002-03 as reported in EMIS. Adjustments were made to the corresponding EMIS reports based upon interviews with the appropriate district personnel to ensure comparability from district to district.

**Table 3-1 District Staffing by FTE**

Category	Barnesville	East Guernsey	Ridgewood	Waterloo	Peer Average
<b>Administrators: Subtotal</b>	<b>8.3</b>	<b>10.3</b>	<b>7.5</b>	<b>9.3</b>	<b>9.0</b>
Central Based Administrators	5.3 <sup>1</sup>	6.3	4.0	3.3	4.5
Site Based Administrators	3.0	4.0	3.5	6.0	4.5
Other Administrators	0.0	0.0	0.0	0.0	0.0
<b>Professional Education: Subtotal</b>	<b>101.0</b>	<b>85.9</b>	<b>102.4</b>	<b>88.2</b>	<b>92.1</b>
Curriculum Specialists	0.0	0.0	0.0	1.0	0.3
Counseling	2.0	3.0	2.0	3.0	2.7
Librarian / Media	1.0	1.0	2.0	1.0	1.3
Remedial Specialists	3.0	8.0	5.0	0.0	4.3
Regular Education Teachers	65.3	49.0	69.4	58.0	58.8
Special Education Teachers	15.7	11.0	12.0	11.7	11.6
Vocational Education Teachers	5.0	6.0	5.8	1.0	4.3
Tutor / Small Group Instructor	0.0	0.0	0.5	5.5	2.0
Educational Service Personnel	9.0	7.9	4.7	7.0	6.5
Other Professional	0.0	0.0	1.0	0.0	0.3
<b>Professional – Other</b>	<b>4.0</b>	<b>2.0</b>	<b>1.0</b>	<b>3.0</b>	<b>2.0</b>
<b>Technical: Subtotal</b>	<b>2.0</b>	<b>1.0</b>	<b>3.1</b>	<b>3.6</b>	<b>2.6</b>
Computer Operator	0.0	0.0	0.0	0.0	0.0
Computer Programmer	0.0	0.0	0.0	0.0	0.0
Purchasing Agent	0.0	0.0	0.0	1.0	0.3
Library Aide	2.0	1.0	1.7	2.0	1.6
Other Technical	0.0	0.0	1.4	0.6	0.7
<b>Office / Clerical: Subtotal</b>	<b>21.1</b>	<b>18.3</b>	<b>13.8</b>	<b>7.2</b>	<b>13.0</b>
Bookkeeping	0.0	1.0	0.0	0.0	0.3
Clerical	8.0	7.0	8.9	7.2	7.7
Record Keeping	0.0	0.0	0.0	0.0	0.0
Teaching Aide	11.1	9.3	4.9	0.0	4.7
Telephone Operator	0.0	0.0	0.0	0.0	0.0
Other Office / Clerical	2.0	1.0	0.0	0.0	0.3
<b>Crafts / Trades</b>	<b>3.0</b>	<b>1.0</b>	<b>3.0</b>	<b>3.0</b>	<b>2.3</b>
<b>Transportation</b>	<b>7.4</b>	<b>13.4</b>	<b>11.3</b>	<b>13.2</b>	<b>12.6</b>
<b>Custodial</b>	<b>9.0</b>	<b>9.3</b>	<b>10.6</b>	<b>6.0</b>	<b>8.7</b>
<b>Food Service</b>	<b>5.6</b>	<b>8.1</b>	<b>7.9</b>	<b>5.7</b>	<b>7.2</b>
<b>Monitoring</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6.4</b>	<b>2.1</b>
<b>Groundskeeping</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>	<b>0.3</b>
<b>Other Service Worker / Laborer</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total FTEs</b>	<b>162.4</b>	<b>149.3</b>	<b>161.6</b>	<b>145.6</b>	<b>151.9</b>

Source: ODE EMIS reports

<sup>1</sup> This includes 1.0 FTE technology coordinator, which is a certificated bargaining unit position; and 0.3 FTE transportation coordinator, which is a classified bargaining unit position.

Staffing levels within a school district vary depending on the number of students enrolled. **Table 3-2** illustrates the staffing levels per 1,000 Average Daily Membership (ADM) at Barnesville EVSD and the peer districts.

**Table 3-2: District Staffing per 1,000 ADM**

<b>Category</b>	<b>Barnesville</b>	<b>East Guernsey</b>	<b>Ridgewood</b>	<b>Waterloo</b>	<b>Peer Avg.</b>
<b>Average Daily Membership (ADM)</b>	<b>1,325</b>	<b>1,261</b>	<b>1,445</b>	<b>1,421</b>	<b>1,376</b>
<b>Administrators: Subtotal</b>	<b>6.4</b>	<b>9.6</b>	<b>5.2</b>	<b>6.5</b>	<b>7.1</b>
Central Based Administrators	4.1	6.4	2.8	2.3	3.8
Site Based Administrators	2.3	3.2	2.4	4.2	3.3
Other Administrators	0.0	0.0	0.0	0.0	0.0
<b>Professional Education: Subtotal</b>	<b>76.3</b>	<b>68.2</b>	<b>70.8</b>	<b>62.0</b>	<b>67.1</b>
Curriculum Specialists	0.0	0.0	0.0	0.7	0.2
Counseling	1.5	2.4	1.4	2.1	2.0
Librarian / Media	0.8	0.8	1.4	0.7	1.0
Remedial Specialists	2.3	6.3	3.5	0.0	3.3
Regular Education Teachers	49.3	38.9	48.0	40.8	42.6
Special Education Teachers	11.8	8.7	8.3	8.2	8.4
Vocational Education Teachers	3.8	4.8	4.0	0.7	3.2
Tutor / Small Group Instructor	0.0	0.0	0.3	3.9	1.4
Educational Service Personnel	6.8	6.3	3.2	4.9	4.8
Other Professional	0.0	0.0	0.7	0.0	0.2
<b>Professional – Other</b>	<b>3.1</b>	<b>0.8</b>	<b>0.8</b>	<b>2.4</b>	<b>1.3</b>
<b>Technical: Subtotal</b>	<b>1.5</b>	<b>0.8</b>	<b>2.2</b>	<b>2.5</b>	<b>1.8</b>
Computer Operator	0.0	0.0	0.0	0.0	0.0
Computer Programmer	0.0	0.0	0.0	0.0	0.0
Library Technician	0.0	0.0	0.0	0.7	0.2
Library Aide	1.5	0.8	1.2	1.4	1.1
Other Technical	0.0	0.0	1.0	0.4	0.5
<b>Office / Clerical: Subtotal</b>	<b>15.9</b>	<b>14.6</b>	<b>9.6</b>	<b>5.1</b>	<b>9.8</b>
Bookkeeping	0.0	0.8	0.0	0.0	0.3
Clerical	6.0	5.6	6.2	5.1	5.6
Records Managing	0.0	0.0	0.0	0.0	0.0
Teaching Aide	8.4	7.4	3.4	0.0	3.6
Telephone Operator	0.0	0.0	0.0	0.0	0.0
Other Office / Clerical	1.5	0.8	0.0	0.0	0.3
<b>Crafts / Trades</b>	<b>2.3</b>	<b>0.8</b>	<b>2.1</b>	<b>2.1</b>	<b>1.7</b>
<b>Transportation</b>	<b>5.6</b>	<b>10.6</b>	<b>7.8</b>	<b>9.3</b>	<b>9.2</b>
<b>Custodial</b>	<b>6.8</b>	<b>7.4</b>	<b>7.3</b>	<b>4.2</b>	<b>6.3</b>
<b>Food Service</b>	<b>4.2</b>	<b>6.4</b>	<b>5.4</b>	<b>4.0</b>	<b>5.3</b>
<b>Monitoring</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.5</b>	<b>1.5</b>
<b>Groundskeeping</b>	<b>0.8</b>	<b>0.0</b>	<b>0.7</b>	<b>0.0</b>	<b>0.2</b>
<b>Other Service Worker / Laborer</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total FTEs per 1,000 ADM</b>	<b>123.4</b>	<b>119.2</b>	<b>111.9</b>	<b>102.6</b>	<b>111.3</b>

Source: ODE EMIS reports, staff summary and school enrollment

As illustrated in **Table 3-2**, Barnesville EVSD has a higher FTE per 1,000 ADM staffing level when compared to the peers in the following classifications:

- Regular education (see **R3.2**);
- Central Based Administrators (see **R5.1**);
- Special education (see **R3.4**);
- Teaching Aide; (see **R3.6**)
- Clerical and Other Office/Clerical (see **R3.5**); and
- Educational Service Personnel (ESP) and Professional Other (see **R3.3**).

### *Collective Bargaining Agreements/Policies*

Certificated and classified personnel at Barnesville EVSD are governed under separate negotiated agreements. Although both agreements expired on June 30, 2003, the Board and the union agreed to continue under the same contract with no cost of living adjustment for the 2004 school year due to the financial condition of the District. During the performance audit, certain contractual and employment issues were assessed and compared to the peer districts. Because contractual and employment issues directly affect the operating budget, many of the issues have been assessed to show their financial implications for Barnesville EVSD. Implementing the associated recommendations would require union negotiations. **Table 3-3** and **Table 3-4** illustrate key contractual issues in the certificated and classified negotiated agreements.

**Table 3-3: Certificated Contractual Comparison**

	<b>Barnesville EVSD</b>	<b>East Guernsey LSD</b>	<b>Ridgewood LSD</b>	<b>Waterloo LSD</b>
<b>Length of work day</b>	7.5 hours	7.5 hours	7.5 hours	7 hours, 10 minutes
<b>Maximum class size</b>	N/A	N/A	N/A	N/A
<b>Number of contract days</b>	184	182	183	182
<b>Instructional days</b>	178	180	180	180
<b>In-service days</b>	5	2	3	2
<b>Parent/teacher conferences</b>	1			
<b>Maximum number of sick days accrued</b>	275	246	230	No limit
<b>Maximum number of sick days paid out at retirement</b>	68.75	61.5	50	70 days
<b>Number of years required for severance pay</b>	Eligibility under STRS	10 years and retirement eligibility under STRS	10 years and retirement eligibility under STRS	Retirement, years not stated
<b>Number of personal days</b>	5	4	3	3
<b>Notice required</b>	2 days	1 day	reasonable time	5 days
<b>Number of leave days for association business</b>	7 days total	3 days for Association officials	10 days total	5 days total
<b>Sabbatical</b>	N/A	After 5 years, may be eligible for partial pay dependent on Superintendent approval	After 5 years, may be eligible for partial pay dependent on Superintendent approval	After 6 years, may take up to 1 year at one-half pay
<b>Professional leave</b>	Upon approval of superintendent, number of days not stated	Not Stated in Contract	Maximum 3 days	Upon approval of superintendent, number of days not stated
<b>Number of days to file a grievance</b>	30 days	15 days	15 days	30 days
<b>Attendance Incentive</b>	\$650 less \$65 for each sick and/or personal day used	\$600 or an additional 10 sick days; for perfect attendance	0-1 absences, \$225 2 absences, \$175 3 absences, \$100	None
<b>Retirement Incentive</b>	\$15,000	None	None	None
<b>RIF restrictions</b>	Yes	No	No	No
<b>Excess Pick-up of Employee STRS Portion by District</b>	2.3%	None	None	None
<b>Cost of living increases each year of the contract</b>	Currently 0%, previously 4%	4%	3.3% 2003 2.7% 2004	3.5%

Source: Barnesville EVSD certificated employees' union contract and peer districts certificated employees' union contract

**Table 3-4: Classified Contractual Comparison**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Waterloo LSD Secretaries
<b>Minimum call-in hours paid to employees for emergencies</b>	2 hours	2 hours	2 hours	4 hours	N/A
<b>Vacation time to accumulate</b>	12 month employees: 1-4 years, 10 days, 5-9 years, 15 days, 10-19 years, 20 days 20 years, 25 days	12 month employees: 1-5 years, 10 days 6-10 years, 15 days 11-19 years, 20 days 20 years, 25 days	12 month employees: 1-8 years, 10 days 9-15 years, 15 days 16 years, 20 days	1-9 years, 10 days 9-19 years, 15 days 20-25 years, 20 days 25 + years, 25 days	No paid vacation
<b>Sick/personal leave incentive</b>	1 day's pay at the substitute rate for each day of sick and personal leave not taken or converted, up to a maximum of 10 days pay.	0 days used, 5 X daily rate .25-2 days used, 4 X daily rate 2.25-5 days used, 3 X daily rate 5.25-8 days used, 2 X daily rate 8.25-10 days used, 1 X daily rate	1 day or less used, 1.5 X daily rate of pay 2 days used, 1 X daily rate of pay	None	None
<b>Maximum number of sick days accrued</b>	275 days	246 days	225 days	No limit	No limit
<b>Maximum number of sick days paid at retirement (percentage payout)</b>	68.75 days	61.5 days	50 days	70 days	55 days
<b>Retirement incentive</b>	10% of final years salary	None	None	None	None
<b>Number of years required for severance pay</b>	Retirement	Retirement	5 years	Retirement	Retirement
<b>Number of personal days</b>	5 <sup>1</sup>	4	3	3	3
<b>Notice required</b>	Not stated	1 day	5 days	48 hours	5 days
<b>Number of holidays paid for 12-month employees</b>	11	9	12	10	
<b>Number of holidays paid for less than 12 month employees</b>	8	8	8	7	7
<b>Number of days to file a grievance</b>	10 working days	15 days	10 school days	10 working days	10 working days
<b>Labor-Management Committee</b>	Yes	Yes	No	Yes	No
<b>Excess Pick-up of employee SERS portion by District</b>	None	None	None	None	None
<b>Cost of living increases each year of the contract</b>	Currently 0%, previously 4%	4%	\$0.35 per hour	3.5%	3%

Source: Barnesville EVSD classified employee union agreement and peer district union agreements

<sup>1</sup>One day of personal leave for classified employees at Barnesville EVSD is restricted in use to specific situations.



In addition to the analyses presented in this report, assessments were conducted on several aspects of the **human resources** operations which did not warrant changes and did not yield any recommendations. These areas include the following:

- The time teachers spend in direct instruction appears to be appropriate. Teachers have one planning period and a period for lunch in a 9 period schedule.
- Costs and benefits in the dental and vision plans are comparable to peer districts.
- Positions and payments for supplemental contracts are comparable to peer districts.

## General Recommendations

### Staffing

**R3.1 Barnesville EVSD should work with its legal counsel to address its ability to implement a reduction in force (RIF) due to economic necessity and to determine if language within the certificated contract should be altered to ensure a RIF can be implemented when necessary.**

The current certificated contract limits a RIF to the following scenarios:

- Decline in student enrollment in the schools or in particular courses;
- Return to duty of regular teachers after leaves of absence; and
- Suspension of schools or territorial changes affecting the District.

Peer districts do not have restrictive language regarding reductions in force. The inclusion of language that restricts reductions in force impedes a district's ability to effectively manage staffing during financial hardship. Otherwise, districts may be forced to use more costly measures to reduce staff such as early retirement incentives (ERI).

**R3.2 Barnesville EVSD should seek a reduction in force (RIF) of up to 10 FTE regular education personnel based on the financial condition of the District. However, prior to making any reductions, the District should determine the impact of these reductions on individual class sizes, the attainment of its mission and goals, and student contact time.**

**Table 3-5** presents the number of regular education students to regular education teachers, total ADM to regular education teachers, and total ADM to regular and special education teachers for the District and the peers.

**Table 3-5: Comparison of Student-to-Teacher Ratios**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
Regular Students to Regular Teachers <sup>1</sup>	17.5 to 1	22.4 to 1	18.3 to 1	21.2 to 1	20.6 to 1
Total ADM to Regular Education Teachers	20.3 to 1	25.7 to 1	20.8 to 1	24.5 to 1	23.7 to 1
Total ADM to Regular and Special Teachers	16.4 to 1	21 to 1	17.8 to 1	20.4 to 1	19.7 to 1

**Source:** FY 2002 EMIS staff summary and school enrollment reports for Barnesville EVSD and the peer school districts, 2002 ODE report cards for Barnesville EVSD and the peer districts

<sup>1</sup>Regular students were calculated using percentages of students with disabilities from the ODE district report cards

In every category, Barnesville EVSD has a lower ratio of students to teachers than the peers. If the District reduced eight regular education teachers, its regular students to regular teachers' ratio would increase to 20 to 1 and the total ADM to regular teachers to 23.1 to 1. Both of these ratios would still be lower than two of the three peer school districts. However, considering the District's future financial situation (see the **financial systems** section), it should consider further reducing regular education teachers staffing levels. While OAC 3301-35-05(A)(3) stipulates a maximum student-to-teacher ratio of 25 to 1, a student-teacher ratio of 23 to 1 could allow the District some flexibility to account for inconsistencies in enrollment by grade and the corresponding impact on individual class sizes. The District would achieve a student-to-teacher ratio of 23 to 1 by reducing 15.0 FTE regular education teachers. The District has already reduced 5.0 regular education teachers at the end of FY 2002-03. In addition, the number of students per teacher could be less than 23 to 1 in future years if enrollment continues to decline (see the **facilities** section).

Furthermore, reducing teachers may not necessarily result in lower performance by Barnesville EVSD students. This is demonstrated by East Guernsey LSD and Waterloo LSD meeting 14 standards in FY 2002-2003, and Ridgewood LSD meeting 15 standards. In contrast, Barnesville EVSD only met 12 standards in FY 2002-2003. Nevertheless, the District should carefully consider the educational impact of changes to regular education staffing levels.

*Financial Implication:* If Barnesville EVSD reduced regular teaching positions by an additional 10 FTEs, it could realize a savings of approximately \$550,000 annually, based on an average teacher salary of \$40,800 and benefits equal to 35 percent of salaries.

### **R3.3 Barnesville EVSD should consider reducing up to 7.0 ESP FTEs.**

**Table 3-6** compares the staffing levels of all ESP at Barnesville EVSD with the peer districts' staffing levels for FY 2002-03. The staffing levels are illustrated in terms of actual FTEs.

**Table 3-6: Comparison of ESP Staffing Levels**

Classification	Barnesville	East Guernsey	Ridgewood	Waterloo	Peer Average
ESP Teachers	9.0	7.9	4.7	7.0	6.5
Counselors	2.0	3.0	2.0	3.0	2.7
Librarian Media Specialists	1.0	1.0	2.0	1.0	1.3
Nurses	2.0	1.0	1.0	1.0	1.0
Social Work	0.0	0.0	0.0	0.0	0.0
<b>Totals</b>	<b>14.0</b>	<b>12.9</b>	<b>9.7</b>	<b>12.0</b>	<b>11.5</b>
<b>ESP FTE per 1,000 ADM</b>	<b>10.6</b>	<b>10.2</b>	<b>6.7</b>	<b>8.4</b>	<b>8.4</b>

Source: Interviews; EMIS reports from Barnesville EVSD and the peer districts

As illustrated in **Table 3-6**, Barnesville EVSD employs the highest number of ESP per 1,000 ADM of the peers. The minimum standards identified in the Ohio Administrative Code (OAC) §3301-35-05(A)(4) for Educational Service Personnel is 5.0 FTEs per 1,000 students. Due to the District's projected financial condition (see the **financial systems** section), Barnesville EVSD should consider reducing ESP staffing levels to the minimum standards by reducing up to 7.0 FTEs.

*Financial Implication:* Reducing ESP staff by 7.0 FTEs would provide an annual savings of approximately \$356,000 annually, based on average an average salary of \$37,713 and benefits equal to 35 percent of salaries.

**R3.4 Barnesville EVSD should consider reducing 3.0 special education FTEs. A detailed review of students' specific requirements and Individualized Education Plans (IEPs) should be performed to assess the level of service required and determine potential areas for reduction of special education staff.**

Barnesville EVSD currently provides special education services to approximately 147 special needs students. **Table 3-7** compares special education FTEs and special needs students at Barnesville EVSD to the peers.

**Table 3-7: Special Needs Students to Certificated Special Education FTEs**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
Special Education FTEs	15.7	11.0	12.0	11.7	11.6
Special Needs Students	147	142	176	174	164
Special Needs Students per FTE	9.4	12.9	14.7	14.9	14.1

Source: EMIS reports from Barnesville EVSD and the peer districts; Enrollment reports from ODE

Barnesville EVSD has the highest number of special education FTEs, resulting in the lowest ratio of students per special education instructor FTE. OAC § 3301-51-09 stipulates minimum special education staffing requirements depending on grade level and degree of disability, ranging from 6 to 30 students per instructor. **Table 3-8** shows the minimum staffing requirements for each specific disability relevant to Barnesville EVSD.

**Table 3-8: OAC Staffing Requirements Comparison**

Category	Barnesville EVSD Number of Special Education Students		Number of Students to be Served by School Level Teachers per ODE Regulation		Minimum Number of Special Education Teachers (FTEs) Required at Barnesville EVSD per ODE Regulation	
	<i>Elementary/ Junior High Level</i>	<i>Junior/Senior High School Level</i>	<i>Elementary/ Junior High Level</i>	<i>Junior/Senior High School Level</i>	<i>Elementary/ Junior High Level</i>	<i>Junior/Senior High School Level</i>
<b>Cognitive Disabilities</b>	29	22	1:16	1:24	1.81	0.92
<b>Specific Learning Disability</b>	27	18	1:16	1:24	1.69	0.75
<b>Hearing, visual, orthopedic and/or other health impairments</b>		4		1:10		0.40
<b>Emotional Disturbances</b>		22		1:12		1.83
<b>Multiple Disabilities</b>		9		1:8		1.13
<b>Autism, deaf- blindness, and/or traumatic brain injury</b>		1		1:6		0.17
<b>Preschoolers</b>		0		1:20		0.00
<b>Total</b>		132 <sup>1</sup>				8.69

Source: OAC § 3301-51-09, Barnesville December Child count report

<sup>1</sup> Excludes speech-only students since they spend a majority of their time in regular classrooms.

According to **Table 3-8**, the minimum staffing requirement based on OAC § 3301-51-09 for special education at Barnesville EVSD would be approximately 9 FTE special education instructors. Furthermore, there are many factors effecting special education staffing. For example, the OAC does not consider the level of disability, only the type. The needs of each special education student are assessed in an Individualized Education Plan (IEP), which may stipulate additional student requirements that the District must support. Considering these factors, if Barnesville EVSD reduced staffing levels by 3.0

FTEs, it could achieve cost savings and continue to operate above the ODE minimum staffing standards. Moreover, the number of special needs students per FTE would be 11.6, which is still the lowest of the peers. **Table 3-9** compares the District's spending per special education pupil to the peers.

**Table 3-9: Special Education Spending per Special Education Pupil**

District	Spending per Special Education Pupil
Barnesville EVSD	\$9,338
East Guernsey LSD	\$5,275
Ridgewood LSD	\$7,430
Waterloo LSD	\$5,421
Peer Average	\$6,042

Source: Districts 4502 and SF3 reports

**Table 3-9** shows that Barnesville EVSD spends considerably more per special education pupil than the peer average. While the higher staffing levels at Barnesville EVSD contribute to higher costs per student for special education, special needs transportation costs are also a contributing factor (see **transportation**). Special Education costs can be difficult to control because services are mandated by state and federal law.

A review of the potential to consolidate special education services by increasing the number of special education teachers serving multiple disability categories and grade levels, as well as optimizing time in regular education classrooms when appropriate, could enable the District to maintain quality services with fewer special education teachers. Furthermore, the District currently sends some special education students to neighboring districts to receive services. Contacting additional neighboring districts to determine if special education services can be consolidated and shared may also allow the District to reduce special education teachers or staff more efficiently.

*Financial Implication:* If Barnesville EVSD reduced special education instructors by 3.0 FTEs while still providing quality service to special needs students, it could realize annual savings of \$141,000. This is based on average salaries recorded in EMIS of \$34,695 and benefits equal to 35 percent of salaries.

**R3.5 Barnesville EVSD should reduce 3.0 FTE clerical staff by reviewing job duties to determine if positions could be combined or shared across departments.**

**Table 3-10** compares clerical staffing levels at Barnesville EVSD to the peer districts.

**Table 3-10: Clerical Staffing Analysis**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
<b>Administrative Assistant</b>	1	0	0	0	0
<b>Bookkeeping/Clerical/Other Office</b>	10	9	8.9	7.2	8.4
<b>Total FTE clerical personnel</b>	11	9	8.9	7.2	8.4
<b>Total ADM to clerical FTE</b>	120 to 1	140 to 1	162 to 1	197 to 1	164 to 1
<b>Total administrative FTE</b>	8.3	10.3	7.5	9.3	9.0
<b>Clerical FTE to administrative FTE</b>	1.3 to 1	.9 to 1	1.2 to 1	.8 to 1	.9 to 1
<b>Total district FTE</b>	163.4	149.3	161.6	145.6	151.9
<b>Total district FTE to clerical FTE</b>	14.9 to 1	16.6 to 1	18.2 to 1	20.2 to 1	18.1 to 1

Source: FY 2002 EMIS staff summary reports for Barnesville and the peer districts

**Table 3-10** shows that Barnesville EVSD has an ADM per clerical FTE ratio of 120 to 1, approximately 27 percent higher than the peer average. Moreover, Barnesville EVSD allocates 44 percent more clerical staff per administrative FTE than the peer average. Finally, the number of district personnel per clerical FTE is 18 percent less than the peer average, further demonstrating that Barnesville EVSD has significantly higher clerical staffing levels than the peer districts. By reducing 3.0 clerical FTEs, ADM per clerical FTE and clerical FTE per administrative FTE would be similar to the peer average. Barnesville EVSD may be able to achieve these reductions and increase efficiency by combining job duties for some of its clerical positions similar to East Guernsey LSD and Ridgewood LSD, and sharing more clerical staff across departments.

*Financial Implication:* The average salary for Barnesville clerical employees is \$21,229 and the average cost of benefits at Barnesville EVSD is 35 percent of salaries. If the District reduced clerical staff by 3.0 FTEs, the annual saving to the district would be approximately \$86,000.

**R3.6 Barnesville should review the use of teachers' aides for regular education. The District should reduce 4.0 FTE teachers' aides in regular education by sharing teachers' aides in kindergarten classrooms.**

Barnesville EVSD and the peer districts use aides primarily in three areas: special education classrooms, regular education classrooms, and for monitoring of lunch, recess, and study halls. **Table 3-11** compares aid and monitor staffing levels at Barnesville EVSD to the peers.

**Table 3-11: Staffing Comparison of Educational Aides**

	Teachers' Aides	Library Aides	Monitoring	Total FTE	ADM per FTE
<b>Barnesville EVSD</b>	11.1	2.0	0.0	<b>13.1</b>	<b>101.1</b>
<b>East Guernsey LSD</b>	9.3	1.0	0.0	<b>10.3</b>	<b>122.4</b>
<b>Ridgewood LSD</b>	4.9	1.7	0.0	<b>6.6</b>	<b>218.9</b>
<b>Waterloo LSD</b>	0.0	2.0	6.4	<b>8.4</b>	<b>172.0</b>
<b>Peer Average</b>	<b>4.7</b>	<b>1.6</b>	<b>2.1</b>	<b>8.4</b>	<b>163.8</b>

Source: EMIS reports from Barnesville EVSD and the peer districts

**Table 3-11** indicates that Barnesville EVSD employs a significantly higher number aids and monitors than the peers, resulting in the District serving the lowest number of students per FTE of the peers. Only Barnesville EVSD has a significant number of teachers' aides dedicated to regular education, with 5 full time aides for the kindergarten program. In Waterloo LSD, staff identified as monitoring on EMIS reports are primarily lunch aides, recess aides, and bus aides. At East Guernsey LSD, teachers' aides are primarily used for special education and monitoring, with only 1.25 FTE dedicated to regular education. Ridgewood LSD does not use aides in regular education classrooms.

Barnesville EVSD's policy of assigning a full time aide to each kindergarten class leads to higher staffing than the peer districts and increased costs. The kindergarten classes could share one aide, which would still be a higher level of support than provided by the peer districts. For instance, two of the peers do not assign any aides to kindergarten classes.

*Financial Implication:* If Barnesville EVSD reduced teachers' aides by 4.0 FTEs, it could potentially save \$83,700 annually based on an average salary of \$15,500 and benefits equal to 35 percent of salaries.

### *Salaries*

**R3.7 Barnesville EVSD should periodically review salaries to determine the appropriateness of current salary schedules and make any necessary adjustments, particularly within the transportation classification. In addition, the District currently pays 2.3 percent of the certificated employees' share of STRS contributions. Barnesville EVSD should negotiate to remove this additional compensation from the negotiated agreements.**

**Table 3-12** compares the total salaries within each classification group at Barnesville EVSD with the peers.



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

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
<b>Official/ Administrative</b>	\$48,821 <sup>1</sup>	\$56,801	\$54,608	\$56,343	\$55,917
<b>Professional Education</b>	\$40,800	\$38,715	\$38,715	\$39,505	\$39,034
<b>Professional Other</b>	\$36,778	\$27,573	\$34,870	\$44,526	\$35,656
<b>Technical</b>	\$17,183	\$15,124	\$16,005	\$21,473	\$17,534
<b>Office/Clerical</b>	\$21,229	\$17,372	\$20,560	\$22,978	\$20,303
<b>Crafts/Trades</b>	\$26,874	\$22,530	\$28,223	\$28,079	\$26,277
<b>Transportation</b>	\$23,315	\$18,148	\$19,314	\$20,549	\$19,450
<b>Custodians</b>	\$25,106	\$23,429	\$22,985	\$29,616	\$25,343
<b>Food Service</b>	\$16,163	\$12,871	\$17,004	\$18,681	\$16,185
<b>Monitoring</b>	-	-	-	\$15,171	\$15,171
<b>Service Other</b>	\$23,629	-	\$23,678	-	\$23,678

Source: FY 2003 Staff summary report from Barnesville EVSD and peer districts

<sup>1</sup> Average administrative salaries are based on 2003 EMIS information and do not reflect certain staffing changes made during FY 2002-03. Specifically, the District's assistant superintendent left in October 2002 and was replaced in March 2003 with an assistant treasurer at a reduced salary amount. Additionally, the current treasurer's salary was not included because he was hired as the new treasurer during FY 2002-03.

As illustrated in **Table 3-12**, Barnesville EVSD's salaries are higher than each of the peers in transportation and the professional education (teachers) categories. **Table 3-13** compares hourly rates and step schedules for transportation staff at Barnesville EVSD and the peer school districts.

**Table 3-13: Transportation Compensation Rate Comparison**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
<b>Bus Drivers</b>					
Starting Salary (0 years)	\$13.23	\$10.60	\$11.86	\$12.53	\$11.66
Maximum Step Salary	\$17.06	\$13.78	\$13.00	\$13.55	\$13.44
Year at Maximum Step	25 years	20 years	12 years	6 years	13 years
<b>Mechanics</b>					
Starting Salary ( 0 Years)	\$16.96	NA	\$12.77	\$13.73	\$13.25
Maximum Step Salary	\$20.81	NA	\$13.92	\$15.11	\$14.52
Year at Maximum Step	25 years	NA	12 years	8 years	10 years

Source: Barnesville EVSD and peers

Barnesville EVSD has higher hourly rates than the peer districts for both the beginning step and maximum step for bus drivers and mechanics. The higher step schedule

contributes to the higher average salaries and higher overall cost of transportation at Barnesville EVSD (see the **transportation** section).

Moreover, Barnesville EVSD's certificated employees receive an additional 2.3 percent of the employees' portion of the STRS contribution, which is paid by the District. This arrangement is covered under the negotiated agreement for certificated employees and effectively increases salaries for teachers at Barnesville EVSD to an average of \$41,738.

Experience level also affects the salaries in every category. **Table 3-14** compares the experience levels of teachers at Barnesville EVSD to the peer districts.

**Table 3-14: Comparison of Teacher Experience**

	Percentage of Teachers By Experience Levels		
	Low Experience (0-4 Years)	Middle Experience (5-9 Years)	High Experience (10+ Years)
<b>Barnesville EVSD</b>	15.8%	22.1%	62.1%
<b>East Guernsey LSD</b>	17.6%	14.9%	67.5%
<b>Ridgewood LSD</b>	26.7%	12.2%	61.1%
<b>Waterloo LSD</b>	29.6%	16.7%	53.7%
<b>Peer Average</b>	<b>24.6%</b>	<b>14.6%</b>	<b>60.8%</b>

Source: ODE report of classroom teacher's salaries, ODE website.

At Barnesville EVSD, 84.2 percent of teachers have more than five years of experience; the next highest peer is East Guernsey LSD with 82.4 percent of teachers with more than five years of experience. In addition, East Guernsey has the highest percentage of teachers with over 10 years of experience. However, the average salary at Barnesville EVSD is 7.8 percent higher than the average salary at East Guernsey LSD. Furthermore, each of the peer school districts requires certificated employees to pay their full share of the STRS contribution. By eliminating the 2.3 percent payment of the employee's share of the STRS contribution, the District would improve its financial condition and still provide salaries comparable to the peer districts.

*Financial Implication:* If Barnesville EVSD is able to renegotiate the current contract to exclude the Board's 2.3 percent pick up of the employees' portion of STRS contributions, the District could save approximately \$95,800.

### *Health Care Costs*

**R3.8 Barnesville EVSD should require all employees to contribute at least 10 percent to the monthly health care premiums. Altering plan benefit levels may reduce premium levels and result in additional cost savings.**

**Table 3-15** shows the monthly premium costs and employee contributions for health insurance plans at Barnesville EVSD, the peer districts, and the State Employment Relations Board's (SERB) 2002 annual report on the cost of health insurance in Ohio's Public Sector.

**Table 3-15: Comparison of Monthly Health Insurance Premiums**

District	Plan	Monthly Premium for Single Plan	Monthly Premium for Family Plan	Full-time Employee Share for Single Plan	Percent of Single Premium Costs	Full-time Employee Share for Family Plan	Percent of Family Premium Costs
Barnesville EVSD <sup>1</sup>	Health Plan	\$222.77	\$556.92	\$0	0%	\$0	0%
East Guernsey LSD		\$378.99	\$916.74	\$32.83	8.7%	\$79.44	8.7%
Ridgewood LSD		\$460.76	\$938.34	\$0	0%	\$0	0%
Waterloo LSD	Certificated	\$350.73	\$842.58	\$17.64	5.0%	\$42.13	5.0%
	Classified	\$294.70	\$720.35	\$14.74	5.0%	\$36.02	5.0%
Peer Average		\$371.30	\$854.50	\$16.30	4.4%	\$39.40	4.6%
SERB State Average <sup>2</sup>		\$280.57	\$718.14	\$18.78	6.7% <sup>3</sup>	\$64.35	9.0% <sup>3</sup>
SERB Average (1,000 to 2,499 students) <sup>2</sup>		\$291.86	\$732.94	\$21.69	7.4%	\$78.81 <sup>3</sup>	10.8%

**Source:** Barnesville EVSD and peer districts; State Employee Relations Board

**Note:** Excludes dental and vision coverage.

<sup>1</sup> Premium costs for the self-insurance plan (OME-RESA) provided by the District in FY 2002-03 are not included because Barnesville EVSD chose to discontinue offering this plan to employees during the course of this audit, effective January 1, 2004.

<sup>2</sup> Based on health insurance trends reported by SERB, the SERB report numbers have been increased by 15 percent to account for increases in health care since the report's release date.

<sup>3</sup> SERB reports that for those employees required to pay a portion of the premium cost for medical coverage, their contributions average 12.4 percent of the cost of a single plan and 13.8 percent of the monthly family premium.

As demonstrated in **Table 3-15**, Barnesville EVSD's premium costs in the Health Plan is 40 percent lower than the peer average and 24 percent lower than the adjusted SERB report average (1,000 to 2,499 students) for single employee coverage. Premiums for family coverage in the Health Plan are 35 percent lower than the peer average and 32 percent lower than the adjusted SERB average (1,000 to 2,499 students). While Barnesville EVSD required employees to contribute 10 percent of the monthly premium cost for the previously offered self-insured plan, it pays the full monthly premium for employees enrolled in the Health Plan. Additionally, East Guernsey LSD and Waterloo LSD both require employees to contribute to their monthly health insurance premiums. **Table 3-16** shows the benefits offered by Barnesville EVSD medical plans and those of the peer districts.

**Table 3-16: Key Medical Plan Benefits**

	<b><u>Barnesville EVSD</u></b> The Health Plan (HMO)	<b><u>East Guernsey LSD</u></b> Self Funded Plans, Inc. Traditional (Option 1)  PPO (Option 2)	<b><u>Ridgewood LSD</u></b> MedBen	<b><u>Waterloo LSD</u></b> Certified  Non-Certified PPO
<b>Employee annual deductible</b>	None	\$100 (single) \$200 (family)  \$100 (single) \$200 (family)	\$100(single) \$200(family)	\$50 (single) \$100 (family)  \$100 (single) \$200 (family)
<b>Out-of-Pocket Maximum</b>	None	\$2,000 (annually)  \$2,000 (annually)	\$2,000 (annually)	\$100 annually (single) \$100 plus \$50 per family member annually  \$100 annually (single) \$200 annually (family)
<b>Prescription plan included</b>	No	Yes  Yes	Yes	No  No
<b>Need to choose primary physician</b>	Yes	No  No	No	No  No
<b>Maternity</b>	\$10.00 co-pay (initial visit only)	100%  100%	100% (Preferred Provider)	100%  100%
<b>Well-child care</b>	\$10.00 co-pay	100%  100%	100% up to \$150	100% up to \$150 for children 1-9  100% up to \$150 fro children 1-9
<b>Inpatient hospital care</b>	100%	100%  100%	100%	100%  100%

Source: Barnesville EVSD health insurance handbook and the peer district handbooks

Barnesville EVSD would be able to achieve cost savings by requiring all employees to contribute more toward health care premiums and restructuring its health care plan. For instance, the District's Health Plan does not require employee annual deductibles or out-of-pocket maximums. Furthermore, at the end of this engagement, the District indicated that its current monthly premium for the Health Plan is \$359.95 for single and \$895.24 for family. In addition to medical coverage, these premium costs include dental, vision, and prescription coverage.

*Financial Implication:* If Barnesville EVSD required all employees to contribute 10 percent toward monthly health care premiums, the district would save approximately \$90,000 annually based on the current premiums for the Health Plan.

### *Collective Bargaining Agreements*

#### **R3.9 Barnesville EVSD should seek to reduce personal days to 3 to be in line with peer districts and help meet current financial challenges in the District.**

Barnesville EVSD employees, certificated and classified, receive 5 days of personal leave per year, although use of one of these days is restricted to certain situations. East Guernsey LSD allows classified and certificated employees 4 personal days, Ridgewood LSD and Waterloo LSD both offer 3 personal days. Any unused personal leave can be converted to sick leave at the end of the year. This is another area where higher than average employee benefits could be contributing to the financial condition of the district. Reducing personal days will save the district the cost of substitutes for personal leave.

*Financial Implication:* Reducing two personal days would save approximately \$3,000 in classified substitutes and \$8,500 in certified substitutes per year. This is based on the total number of personal days taken by employees in excess of three days and substitute rates at Barnesville EVSD, and assuming substitutes would be called in to cover each employee on leave. Although substitutes may not be called in to cover every classified employee on personal leave, savings could be realized through a reduction in overtime or increased productivity.

#### **R3.10 Barnesville EVSD should negotiate to remove, or at least reduce, the retirement incentives from the current certificated and classified negotiated agreements, as well as reduce the maximum severance payout to 60 days.**

Barnesville EVSD offers any certified staff eligible for retirement from the District a \$15,000 bonus to retire. In FY 2002-03, Barnesville EVSD offered teachers an additional \$15,000, for a total of \$30,000, as an incentive for teachers to retire. Five staff took advantage of this incentive last year. Retirement incentives can be an effective way to reduce staff when RIF restrictions limit the district's ability to reduce staff for financial

reasons. Unfortunately, teachers eligible to retire may be in positions that the District would still need to fill and therefore, the district is less able to achieve true staffing reductions (see **R3.1**).

The District also offers a retirement incentive to classified employees. The incentive for classified employees is 10 percent of the employee's base salary for the final year of employment. The District did not make any attempt to reduce classified staff through additional retirement incentives in 2003. Moreover, none of the peer districts offer a retirement incentive for classified or certificated employees.

In addition to these generous retirement incentives, Barnesville EVSD also has the second highest severance payout for accumulated sick leave compared to the peer districts. Barnesville EVSD could limit the maximum payout to 60 days by capping accumulated sick leave at 240 days, which would be comparable to East Guernsey LSD and still exceed Ridgewood LSD. Severance pay for certified employees totaled \$74,000 in FY 2002-2003. Benefits that exceed peers can contribute to financial hardship for a district and are difficult to reduce once negotiated into employment contracts.

*Financial Implication:* If Barnesville EVSD eliminated its retirement incentive programs, it could save approximately \$30,000 annually, based on average retirement rates over the past 3 years. Based on average retirement rates and average sick leave accumulation at the District, limiting accumulated sick leave to 240 days would reduce severance payments by approximately \$2,300 annually.

**R3.11 Barnesville EVSD should reduce or eliminate the sick leave incentives currently offered in the classified and certificated agreements. Barnesville should seek to negotiate incentives that encourage attendance without placing an excessive financial burden on the District.**

The classified and certificated agreements for Barnesville EVSD include an attendance incentive. Article 39 of the classified agreement permits employees to be paid an equivalent of one day at the substitute rate for their position for each unused or converted personal day or sick leave, up to a maximum of 10 days. Article IX of the certificated contract grants all full time employees \$650 less \$65 for each day of sick and/or personal leave used. Although attendance incentives can be effective in improving employee attendance, this policy has the potential to be very expensive to the District. Under the current policies, the District pays employees some type of incentive until they miss more than 10 days, and the District may also be incurring the cost of a substitute for that position. This policy is expensive for the District and has not been successful in reducing employee sick leave (**R3.12**). Furthermore, Waterloo LSD does not offer sick leave incentives while Ridgewood LSD provides incentives for using fewer than three days of leave, considerably less than Barnesville EVSD.

*Financial Implication:* In FY 2002-2003, Barnesville LSD spent \$22,000 on attendance incentives. If Barnesville EVSD had instead paid \$200 to each employee who used 3 or less personal and sick leave days in FY 2002-2003, an incentive similar to Ridgewood LSD, the District would have saved \$17,800.

### Leave Usage

**R3.12 Barnesville EVSD should strengthen its employee policy to ensure proper use of sick leave. It should establish guidelines and policies that include prohibitions against “patterns of abuse” to help department managers in identifying excessive sick leave use. The policies should provide that if an employee engages in a “pattern of abuse,” he/she may be subject to discipline. Barnesville EVSD should consult with its legal counsel to ensure that all required notices and opportunity to dispute abuse claims are addressed as required by applicable laws and/or collective bargaining agreements. If the District chooses to continue to offer an attendance incentive, supervisors should actively promote the attendance incentive to encourage employees to reduce the number of sick leave days used. In addition, the District should include sick leave usage as a component in employee performance evaluations and monitor sick leave usage on a periodic and consistent basis.**

Table 3-17 and Table 3-18 illustrate sick leave usage among employees in FY 2002-03.

**Table 3-17: Leave Usage Comparison for Teachers**

	Teacher Attendance percentage
Barnesville EVSD	92.2%
East Guernsey LSD	94.2%
Ridgewood LSD	96.5%
Waterloo LSD	95.8%
Peer Average	95.5%

Source: ODE

**Table 3-18: Leave Usage Comparison for Classified Employees**

	Total Sick Days	Number of Classified Employees	Average Leave Days per employee
Barnesville EVSD	449	41	11.0
East Guernsey LSD	401	63	6.4
Ridgewood LSD	466	74	6.3
Waterloo LSD	347	57	6.1
Peer Average	405	70	6.2

Source: Barnesville EVSD and peer School districts absence reports

Note: Employees with greater than 30 days of sick leave were not included to account for long term illnesses, which were three employees in Barnesville and East Guernsey and two employees in Ridgewood and Waterloo.

**Table 3-17** shows that Barnesville EVSD teachers have the lowest attendance rate compared to the peer school districts. As indicated by **Table 3-18**, Barnesville EVSD classified employees use more sick leave time than the peer school districts. The classified sick leave rate is 77 percent higher than the peer average sick leave rate of 6.2 days. Furthermore, the average absence rate for full-time (35 hours or more) government employees as reported by the Bureau of Labor Statistics for 2001 is 4.8 days. In addition, based on **Tables 3-17** and **3-18**, sick leave incentives are either ineffective or not actively promoted by the District.

If Barnesville EVSD continues to offer an attendance incentive,(see **R3.11**), actively promoting incentives and establishing guidelines to help avoid excessive sick leave could enable the District to reduce sick leave use and related substitute costs. Furthermore, sick leave usage is currently not assessed in employee performance evaluations and the District indicated that sick leave usage is not effectively monitored. By including sick leave usage in employee performance evaluations and periodically monitoring sick leave usage, the District could minimize the potential for abuse and work to limit and reduce sick leave usage.

*Financial Implication:* If Barnesville EVSD could reduce the number of classified sick leave days to the peer average, it could save approximately \$7,000 in annual substitute costs. Furthermore, if it could reduce the number of certified sick leave days to the peer average, it could save \$30,000 in annual substitute costs.

**R3.13 During future negotiations, Barnesville EVSD should limit the number of professional leave days allowed and restrict professional development days for use only on activities that pertain directly to certification or the classroom. In addition, the Board of Education should institute a policy requiring administrative employees to obtain board approval for professional development activities, and set a limit on the amount of time and money administrative employees can spend in professional development activities.**

In FY 2002-03, 32 certificated staff members used more than 3 days of professional leave, 6 of those used more than 10 days, and the former superintendent used 23 days of professional leave. The certificated contract at Barnesville EVSD does not limit the number of days that can be used for professional development, but requires the superintendent's approval. Some districts, such as Ridgewood LSD, limit the number of professional leave days in the union agreement. In addition, Barnesville EVSD provides a higher number of in-service days for certificated staff than the peers (see **Table 3-3**).

The travel mileage/ meeting expense object code reflects a district's expenditures for travel mileage, meals, hotel and other authorized expenditures employees may incur when traveling to conduct school district business or attend training. The treasurer stated



that most of these expenses were related to professional development activities. **Table 3-19** compares mileage/meeting expenses at Barnesville EVSD to the peer districts.

**Table 3-19: Peer Comparison of Mileage/Meeting Expenditures**

	Barnesville	East Guernsey	Ridgewood	Waterloo	Peer Average
<b>Mileage/Meeting Expense</b>	\$27,816	\$27,696	\$14,792	\$12,864	\$18,451
<b>Total (FTE's)</b>	163.4	149.7	161.6	145.6	151.9
<b>Mileage/Meeting Expense per FTE</b>	\$170	\$185	\$92	\$88	\$121

Source: 4502 reports, EMIS reports

During FY 2002-03, Barnesville EVSD incurred expenses totaling \$27,800 for travel mileage/ meeting expenses. This was substantially higher than the peers who collectively averaged approximately \$18,500. Moreover, as shown in **Table 3-19**, the District had substantially higher expenditures per FTE than two of the peers.

Barnesville EVSD requires that prior to incurring any expense qualifying for reimbursement, an employee must submit a formal request, approved by the employee's direct supervisor, to the District superintendent. While the formal request does include estimated expenditures, the District does not place a specified limit on expenditures for course registration, hotel stays, and meals. In contrast, East Guernsey LSD sets a maximum of \$500 per bargaining unit member per year and a total of \$9,500 per school year, for professional meetings. In addition to limiting to three the number of days employees can take for professional leave, Ridgewood LSD limits lodging and meal expenses to \$75 and \$25 per day, respectively. Furthermore, Barnesville EVSD lacks a policy for approval of professional leave activities at the administrative level.

*Financial Implication:* The substitute rate at Barnesville EVSD is \$65 per day. If professional days were limited to 3 days, similar to Ridgewood LSD, Barnesville EVD certificated staff would have used 128.5 fewer days of leave for professional development activities in 2003, providing a savings of approximately \$8,400. This calculation assumes that substitutes were called for each absence. If mileage/meeting expenses were reduced to the peer average, the District could save \$9,500, for a total annual savings of approximately \$17,900 on professional leave days and associated activities.

## Financial Implications Summary

The following tables summarize estimated annual cost savings from the recommendations discussed above. The financial implications are divided into two groups: those that are, and those that are not subject to negotiations. Implementation of those recommendations subject to negotiations would require an agreement with the affected bargaining units.

### Summary of Financial Implications Not Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.5 Reduce three clerical positions	\$86,000
R3.6 Reduce four educational aide positions	\$83,700
R3.12 Reduce leave usage	\$37,000
<b>Totals</b>	<b>\$206,700</b>

### Summary of Financial Implications Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.2 Reduce up to 10 FTE regular teaching positions	\$550,000
R3.3 Reduce up to 7.0 FTE ESP positions	\$357,000
R3.4 Reduce three special education positions	\$141,000
R3.7 Eliminate Board pick up of 2.3% of STRS	\$95,800
R3.8 Require employee contribution to health care premiums	\$90,000
R3.9 Reduce personal days to three	\$11,500
R3.10 Eliminate retirement incentive	\$32,300
R3.11 Change leave use incentive payment	\$17,800
R3.13 Limit professional leave days to 3	\$17,900
<b>Total</b>	<b>\$1,313,300</b>

# Facilities

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## Background

This portion of the performance audit will focus on the Barnesville Exempted Village School District's (Barnesville EVSD) custodial and maintenance operations. The objective is to analyze building operations at Barnesville EVSD and develop recommendations for improvements and reductions in expenditures. These operations are evaluated against best practice and operational standards from the American School & University (AS&U) *Maintenance & Operations (M&O) Cost Study*, and other peer school districts. The peer districts include East Guernsey Local School District (East Guernsey LSD), Ridgewood Local School District (Ridgewood LSD), and Waterloo Local School District (Waterloo LSD).

### *Organizational Structure and Function*

Barnesville EVSD consists of three school buildings: one elementary school (grades K-4), one middle school (grades 5-8), and one senior high school (grades 9-12). The District also has an administrative building.

The building and grounds director facilitates custodial and maintenance operations while final administrative authority resides with the treasurer. The building principals are responsible for the day-to-day management of the custodial staff. The custodial staff is responsible for providing a clean and safe environment for the students, staff, and public who use Barnesville EVSD facilities. The custodial staff consists of 9.82 full-time equivalents (FTE).

Barnesville EVSD's maintenance and grounds staff consists of approximately 2.18 FTEs. The maintenance worker completes more extensive repair work such as plumbing, painting, carpentry, and electrical work. In addition, the maintenance employee purchases necessary supplies for maintenance projects, inspects and directs all building repairs, and responds to emergency repair needs. A groundskeeper maintains the grounds surrounding the buildings, cleans the stadium locker rooms and the stadium press box in summer months, and, with the help of a floating custodian, removes snow and ice from Barnesville EVSD's walkways in winter months.

The Barnesville EVSD treasurer determines custodial staffing levels based on facility size, usage, and student population. The number of custodians assigned to a building ranges from 3.0 to 3.82 FTEs. Custodial staffing levels at Barnesville EVSD have remained relatively stable over the last five years despite significant changes in buildings and facilities due to renovations and new construction.

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

**Table 4-1: Number of Positions and Full-Time Equivalents for FY 2002-03**

Classification	Total Number of Positions	Number of Full-Time Equivalents
Treasurer	1	0.03
Building and Grounds Director	1	0.90
<b>Total Administration</b>	<b>2</b>	<b>0.93</b>
Maintenance	1	1.00
Grounds	1	1.18 <sup>1</sup>
<b>Total Maintenance and Grounds</b>	<b>2</b>	<b>2.18</b>
Custodian	10	9.82 <sup>1</sup>
<b>Total Custodial</b>	<b>10</b>	<b>9.82</b>
<b>Total</b>	<b>14</b>	<b>12.93</b>

Source: Barnesville EVSD's Treasurer's office.

<sup>1</sup>The FTE total for grounds includes the time the floating custodian, who is assigned to the afternoon shift at the elementary school during the school year.

### Key Statistics

Key statistics related to facility maintenance and operations at Barnesville EVSD are presented in **Table 4-2**. In addition, results from the 32<sup>nd</sup> Annual American School & University (AS&U) Maintenance & Operations (M&O) Cost Study, which was released in April 2003, are included in **Table 4-2** and throughout the facilities section of the report. The AS&U mailed a detailed survey 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. This year's report provides the median number of square feet per FTE for custodial and maintenance employees and the mean expenditures per square foot on a national level and by district enrollment.

According to the 32<sup>nd</sup> Annual AS&U study, the reason the median and mean scores dropped in each category from prior years is because "The economy has taken its toll on school district budgets, and it has been especially hard on maintenance and operations funding."

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

<b>Number of School Buildings</b>	<b>4</b>
- Elementary School	1
- Middle School	1
- High School	1
- Johnson House	1
<b>Total Square Feet Maintained</b>	<b>268,096</b>
- Elementary School	90,430
- Middle School	70,771
- High School and Johnson House	106,895 <sup>1</sup>
<b>Square Feet Per FTE Custodial Staff Member (9.82 FTE)</b>	<b>27,301</b>
- Elementary Schools (3.82 FTE) <sup>2</sup>	23,673
- Middle Schools (3.0 FTE)	23,590
- High School and Johnson House (3.0 FTE)	35,632
<b>AS&amp;U 32<sup>nd</sup> Annual Cost Survey 1,000 – 3,499 Students</b>	<b>24,900</b>
<b>AS&amp;U 32<sup>nd</sup> Annual Cost Survey National Median</b>	<b>24,167</b>
<b>Peer District Average</b>	<b>23,300</b>
<b>Square Feet Per FTE Maintenance Employee (1.0 FTE)</b>	<b>268,096</b>
<b>AS&amp;U 32<sup>nd</sup> Annual Cost Survey 1,000 – 3,499 Students</b>	<b>116,660</b>
<b>AS&amp;U 32<sup>nd</sup> Annual Cost Survey National Median</b>	<b>95,120</b>
<b>Peer District Average</b>	<b>146,145</b>
<b>FY 2002-03 Maintenance and Operations Expenditures Per Square Foot</b>	<b>\$3.73</b>
- Custodial and Maintenance	\$2.82
- Utilities	\$0.91
<b>AS&amp;U 32<sup>nd</sup> Annual Cost Survey National Mean</b>	<b>\$4.48</b>
<b>Peer District Average</b>	<b>\$4.57</b>

Source: Barnesville EVSD and peer districts; AS&U 32<sup>nd</sup> Annual Maintenance & Operations Cost Survey

<sup>1</sup> The day shift high school custodian is responsible for cleaning both the Johnson house, at 1,240 square feet, and a portion of the high school, at 105,655 square feet.

<sup>2</sup> Includes the FTE for the floating custodian, who is assigned to the afternoon shift at the elementary school. However, the floating custodian also provides assistance at the other buildings.

### *Financial Data*

**Table 4-3** illustrates the General Fund expenditures incurred to maintain and operate Barnesville EVSD's facilities for FYs 2001-02 and 2002-03. The budget for FY 2003-04 is not included because the treasurer indicated that it was not complete. However, during the course of this performance audit, the treasurer developed a budget for FY 2003-04.

**Table 4-3: Maintenance and Operations Expenditures**

Accounts	FY 2001-02 Total	FY 2002-03 Total	FY 2002 to FY 2003 Percentage Change
Salaries	\$325,356	\$359,427	10.5%
Benefits	\$143,386	\$166,957	16.4%
Purchased Services	\$143,943	\$158,886	10.4%
Utilities	\$127,820	\$243,671	90.6%
Supplies/ Materials	\$42,605	\$62,488	46.7%
Capital Outlay	\$7,511	\$10,668	42.0%
Other	\$2,025	\$1,187	(41.4)%
<b>Total</b>	<b>\$792,646</b>	<b>\$1,003,284</b>	<b>26.6%</b>

Source: Barnesville EVSD's Treasurer's Office; Function 2700 for FY 2001, 2002 and 2003.

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

- *A 10.5 percent increase in salaries from FY 2001-02 to FY 2002-03:* During FY02, the District had two custodians on injury leave for a combined portion of about 50 percent of the year. Therefore, substitutes filled in for the time each custodian was out sick. The District was also paying the employees on leave their sick leave pay. In FY02, there were 27 pay periods instead of the normal 26 pay periods for custodial staff. However, the custodians only received compensation for 26 pay periods. The error was corrected in FY03, by paying each custodian for the additional pay period. Furthermore, a new custodial position was hired during FY03.
- *A 16.4 percent increase in benefits for FY 2002-03:* The treasurer stated that based on his experience at the District this is a normal trend. Moreover, the addition of a custodial position in FY03 contributed to the increase in benefits.
- *A 10.4 percent increase in purchased services from FY 2001-02 to FY 2002-03:* During FY02, the District incurred considerable purchased service expenditures related to building renovations and construction. The District paid approximately \$5,000 in building rentals for storage space for items from the elementary/middle school while the demolitions and renovations took place. The District carried several one time miscellaneous costs due to the construction project. These costs included bleacher relocation from an old building that was going to be demolished, various asbestos inspections and training, sound testing for the remaining elementary school gym, air monitoring tests, and routing electricity to the scoreboard in the remaining elementary gym. These costs were between \$7,000 and \$10,000 for FY02. Due to the national insurance market, building and contents insurance increased

about \$6,000 in FY02. In FY03, the District rented storage buildings during the beginning of the year. Furthermore, building insurance increased several thousand dollars in FY03 due to the increased space afforded by the new construction. Finally, most of the District's computers received repair, maintenance, and cleaning in FY03, because of dust and constant relocation during the construction period.

- *A 90.6 percent increase in utility costs from FY 2001-02 to FY 2002-03:* Prior to FY03, Barnesville EVSD did not have air conditioning in any of its buildings. Therefore, the cooling of new buildings increased electricity charges. According to the treasurer, water and gas charges were also higher in FY03.
- *A 46.7 percent increase in supplies and materials from FY 2001-02 to FY 2002-03:* According to the treasurer at Barnesville EVSD, supply purchases were delayed for FY02 due to storage shortages caused by the construction project.
- *A 42.0 percent increase in capital outlay from FY 2001-02 to FY 2002-03:* This was primarily due to the building construction project. Additionally, a chiller required noise reduction fencing after community complaints.
- *A 41.4 percent decrease in other expenses from FY 2001-02 to FY 2002-03:* The treasurer altered the coding system used by the previous treasurer, potentially contributing to this decrease. While the percentage change is large, the dollar amount is small and immaterial.

### *Facilities-Related Expenditures*

Revenue from the General Fund supports the maintenance and operation of Barnesville EVSD's facilities. **Table 4-3** shows that in FY 2002-03, the General Fund provided approximately \$1.0 million for operational building expenses, including custodial and maintenance staff salaries and benefits, purchased services, utilities, supplies and materials, and capital outlay. **Table 4-4** compares Barnesville EVSD's FY 2002-03 General Fund custodial and maintenance-related expenditures per square foot to the peers.

**Table 4-4: FY 2002-03 General Fund Expenditures per Square Foot**

Expenditure	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average	AS&U 1,000 – 3,499 Students	AS&U National Mean
Custodial and Maintenance Salaries and Benefits	\$1.96	\$1.91	\$2.65	\$2.53	\$2.36	\$1.97	\$2.33
Purchased Services	\$0.59	\$0.36	\$0.59	\$0.72	\$0.56	\$0.23	\$0.17
Utilities	\$0.91	\$1.07	\$1.55	\$1.41	\$1.34	\$1.23	\$1.43
Supplies/ Materials	\$0.23	\$0.26	\$0.33	\$0.23	\$0.27	\$0.43	\$0.46
Capital Outlay	\$0.04	\$0.01	\$0.09	\$0.01	\$0.04	N/A	N/A
Other	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00	\$0.07	\$0.09
<b>Total General Fund Expenditures</b>	<b>\$3.73</b>	<b>\$3.61</b>	<b>\$5.21</b>	<b>\$4.91</b>	<b>\$4.57</b>	<b>\$3.93</b>	<b>\$4.48</b>

Source: Barnesville EVSD and peer district Treasurer’s Offices, FY 2002-03 actual expenditure reports for the General Fund, 2700 function, and 4502 P & Q statements.

Overall, Barnesville EVSD’s total General Fund expenditures per square foot are lower than the AS&U National Mean, the AS&U cost for similarly sized districts, and two peers. Barnesville EVSD is below the peer average in all expenditure categories except purchased services. Barnesville EVSD’s capital outlay cost per square foot (\$0.04) is higher than East Guernsey LSD’s and Waterloo LSD’s, but lower than Ridgewood LSD (\$0.09).

Barnesville EVSD and peer districts supplement General Fund maintenance and operation expenditures with other funds. **Table 4-5** details the total other fund facility-related expenditures for Barnesville EVSD and the peers and recalculates the total facilities-related cost per square foot.

**Table 4-5: FY 2002-03 Total Facilities Related Expenditures per Square Foot**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
Total other fund facilities related expenditures	\$4,671	\$21,386	\$20,543	\$28,915	\$23,615
Other facilities related expenditures per square foot	\$0.02	\$0.11	\$0.09	\$0.18	\$0.13
Total General Fund facilities related expenditures per square foot	<b>\$3.73</b>	<b>\$3.61</b>	<b>\$5.21</b>	<b>\$4.91</b>	<b>\$4.57</b>
Total facilities related expenditures per square foot	<b>\$3.75</b>	<b>\$3.72</b>	<b>\$5.30</b>	<b>\$5.09</b>	<b>\$4.70</b>

Source: Barnesville EVSD and peer district Treasurer’s Offices, FY 2002-03 actual expenditure reports for the General Fund, 2700 function, and 4502 P & Q statements



As shown in **Table 4-5**, Barnesville EVSD's total facility related expenditures per square foot are lower than the peer average and slightly above East Guernsey LSD.

Barnesville EVSD's purchased services expenditures include copier/lease agreement fees and educational equipment repairs, while the peers include these costs in other fund codes. By excluding these costs, the purchased services cost per square foot decreases by \$0.18, which is lower than two peers. **Table 4-6** presents the adjusted purchased services per square foot excluding the copier lease and maintenance charges. In addition, the table depicts an adjustment for utility charges, taking into account the costs of utilities for July and August that were paid by the contractors and the Ohio Schools Facilities Commission (OSFC) project fund. The cost of utilities for the middle school in July and August 2003 were added to the total FY 2002-03 utility charges in order to calculate the adjustment shown in **Table 4-6**.

**Table 4-6: FY2002-03 Adjusted General Fund M&O Expenditures per Square Foot**

Expenditure	Reported Cost per Square Foot	Adjusted Cost per Square Foot	Peer Average	AS&U 1,000 –3,499 Students	AS&U National Mean
Custodial and Maintenance Salaries and Benefits	\$1.96	\$1.96	\$2.36	\$1.97	\$2.33
Purchased Services	\$0.59	\$0.41	\$0.56	\$0.23	\$0.17
Utilities	\$0.91	\$0.97	\$1.34	\$1.23	\$1.43
Supplies/ Materials	\$0.23	\$0.23	\$0.27	\$0.43	\$0.46
Capital Outlay	\$0.04	\$0.04	\$0.04	N/A	N/A
Other	\$0.00	\$0.00	\$0.00	\$0.07	\$0.09
<b>Total General Fund Expenditures</b>	<b>\$3.73</b>	<b>\$3.50</b>	<b>\$4.57</b>	<b>\$3.93</b>	<b>\$4.48</b>

**Source:** Barnesville EVSD and peer district Treasurer's Offices, FY 2002-03 actual expenditure reports for the General Fund, 2700 function, and 4502 P & Q statements.

Prior to FY 2003-04, the maintenance employee completed all work in the District. However, in FY 2003-04, the District entered into a five-year HVAC contract at a cost of \$32,000 a year to ensure appropriate upkeep of this system. Assuming that purchased service costs remain level, the additional cost of this contract increases the adjusted purchased services cost per square foot to \$0.53. Based on FY 2002-03 data, this is still comparable to the peer average.

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

- ***Building use policy and fee schedule:*** Barnesville EVSD uses a fee schedule to determine costs for building usage by the community. According to the treasurer, all costs attributed to the use of the District facilities are tracked manually. The party using the facilities is responsible for all custodial staff overtime charges and rental fees for the building.
- ***Custodial and maintenance overtime usage:*** Barnesville EVSD uses substitute employees to keep overtime usage to a minimum. Overtime in FY 2002-03 did not appear to be significant at Barnesville EVSD, as it comprised approximately seven percent of total salaries. In addition, the total overtime expenditures are less than the costs to employ an additional full-time employee.
- ***Building Capacity:*** Building closures are not possible because the elementary school, middle school, and the high school are not large enough to accommodate other grade configurations.
- ***Custodial Staffing Analysis:*** The treasurer has developed a method for staffing the school buildings with the appropriate number of custodians. He reviews cleaning schedules, square footage, and number of classrooms to determine if staffing is adequate. In addition, Barnesville EVSD's square footage per custodian is higher than the peer average and AS&U benchmarks. When extra assistance is needed for larger cleaning projects, the District has a floating custodian dedicated to such work.
- ***Preventive Maintenance:*** The District entered into an HVAC contract for preventative maintenance and necessary repairs in FY 2003-04. As a result of the OSFC projects, the District has also contracted with a vendor to develop a district-wide preventative maintenance plan. However, the plan was not completed at the time of this performance audit, and an assessment could not be conducted.

## Recommendations

### *Staffing*

- R4.1 Barnesville EVSD should monitor maintenance staffing levels and workload, and consider hiring an additional maintenance employee in the future. Although hiring additional staff would increase costs, this could ensure that the District has sufficient staffing to maintain the quality of the current facilities, minimize the likelihood of costly repairs in the future, and potentially reduce the amount of contracted work.**

Currently, the District employs one FTE to maintain the school district's buildings, which comprise 268,096 square feet. Consequently, Barnesville EVSD maintains significantly more square feet per FTE than the AS&U national median (95,120), AS&U median for districts with a similar student population (116,660), and the peer average (146,145). The District recently built a new middle school building and renovated the other buildings, which may minimize maintenance requirements for a period of time since systems are still fairly new. Barnesville EVSD also entered into an HVAC contract, similar to the peers, to reduce the workload for the existing maintenance employee who was previously responsible for all preventive maintenance work and other needed repairs. The HVAC contract allows the maintenance employee to focus on other tasks and helps to ensure appropriate upkeep of the facilities. However, as the buildings continue to age and the District's financial condition improves, the District should consider hiring an additional maintenance employee to ensure there is sufficient staff to complete needed maintenance projects. If projects and preventive maintenance are overlooked and not completed on a consistent basis, the compounding cost could be greater than hiring an additional maintenance employee to help complete projects and sufficiently maintain the facilities.

### *Energy Management*

- R4.2 Barnesville EVSD should maximize the use of its computerized energy management system, which monitors facilities and could reduce expenditures by regulating temperatures, activating or deactivating blowers, and performing other heating, ventilation and air conditioning functions. Furthermore, Barnesville EVSD should begin implementing the following efficiency measures: increasing cooling temperatures to 78 degrees and decreasing heating temperatures to 68 degrees. In order for Barnesville EVSD to realize the true benefits of the system, manual overrides should be limited to emergencies or eliminated all together.**

In an effort to operate facilities in an energy efficient manner, Barnesville EVSD implemented a computerized energy management system to regulate heating and cooling

functions throughout the District. This system maintains building temperatures at 74 degrees in winter and 75 degrees in the summer. However, the building and grounds director indicated that teachers and staff can manually adjust each room temperature by up to a three-degree variation from thermostat settings. The *School District Energy Manual*, published by the Association of School Business Officials in 1998, recommends that temperature settings should be centrally controlled, and a variance of only one to two degrees for manual adjustments should be allowed. Manual overrides could potentially keep the heating system running.

Because of the need to provide a comfortable learning environment, the administrative staff, treasurer and the building and grounds director, should take part in determining the standard temperatures for the buildings based on best practices and energy saving techniques. Typical energy management programs are encompassed in formal written policies and used district-wide. Although several companies offer services to assist districts in developing plans, Barnesville EVSD could develop its own formal plan. In addition to implementing a computerized management system, Barnesville EVSD has tried, on an informal basis, to encourage staff to turn lights and computer equipment off when not in use to conserve energy. However, consistently following the techniques suggested by the *School District Energy Manual* and providing formal training on energy saving techniques would help to enhance the District's efforts to reduce energy costs and consumption. The *School District Energy Manual* recommends the following energy saving techniques:

- Adjusting thermostat settings to 78 degrees for cooling and 68 degrees for heating as a conservation guideline.
- Turning off lights when a classroom is not in use, and labeling multiple switches to indicate light fixtures they operate.
- Instructing staff to keep doors closed whenever possible and keep exit and entry to a minimum when cooling a room in order to maintain steady room temperatures.
- Reducing heat gain by turning out the lights and shutting off equipment, such as over head projectors and computers, which tend to emit heat.
- Encouraging staff, faculty and students to use blinds as a means of controlling temperature. Closing blinds on the south and west sides of buildings keeps them cool in the summer, and opening blinds helps warm the buildings in the winter on sunny days.

- Developing policies that indicate water should not be kept running in the restrooms.

By implementing these practices, most districts with higher energy costs may realize as much as a 25 percent decrease in utility expenditures. Districts that recognize these savings have built energy efficient facilities or renovated existing facilities for maximum energy savings by upgrading windows, lighting and heating. Because Barnesville EVSD already incurs low utility costs, participating in energy conservation efforts will help the District maintain those low costs by providing a framework to control energy costs as they continue to rise in the future. Moreover, the *Facility Management Handbook*, published by the American Management Association in 1998, indicates that entities could reduce costs by 16 percent with the implementation of the aforementioned techniques. However, since the District already incurs relatively low utility costs and has implemented a computerized energy management system, it may not be able to fully realize these savings.

*Financial Implication:* Barnesville EVSD's utility costs for FY03 totaled \$243,671. Assuming that the District could reduce costs by eight percent, Barnesville EVSD could save approximately \$19,500 annually in utility costs.

### *Long Range Planning and Facilities Use*

**R4.3 Barnesville EVSD should review its facilities master plan and update it periodically to incorporate building constructions and improvements, as well as educational model shifts that have taken place at the District. The plan should include a 10-year enrollment history; enrollment projections and the methodology used for their calculation; building capacity and the methodology used to calculate it; a list of the cost estimates for needed capital improvements; possible funding sources; and a description of the District's educational plan.**

Currently, the District has an outdated facility master plan, dating back to 1998. The plan does not include many of the changes that have occurred since that time. For instance, the section of the Elementary school designated for demolition in the plan has been demolished, the new Middle school has been built, and the addition to the High school has been completed.

Members of DeJong & Associates, Inc., one of the nation's leading experts in educational facility planning, wrote the article "Creating a Successful Facility Master Plan," which was published in the July 2001 issue of *School Planning and Management*. The article states that several pieces of essential information for developing a facility master plan. The information includes:

- Historical and projected student enrollment figures;
- Demographic profile of the community/school district;
- Facility inventory;
- Facility assessment (condition and educational adequacy of buildings);
- Capacity analysis;
- Educational programs;
- Academic achievement; and,
- Financial and tax information.

Using this information, Barnesville EVSD should work with a cross-section of school personnel, parents, students, and community members to develop a plan that clearly states the future plans for each facility in the District. A facility master plan could serve as a roadmap for addressing Barnesville EVSD's facility needs. The plan should specify projects, including timing and sequencing, and the estimated costs. According to *School Planning and Management*, "The plan should be the convergence of the condition of existing facilities, the desired educational program, the demography of the district, and a vision of the future."

Because the District does not have an updated facility master plan, it is unable to effectively link educational programs with facility usage. Once the master plan is updated, however, the District can use the facilities according to approved educational programming, thereby providing students with appropriate facility space tailored to academic programs.

**R4.4 Barnesville EVSD should develop a multi-year capital improvement plan to help ensure the most critical repair work is completed as funds become available, and that all capital outlay expenditures coincide with its continuous improvement plan. A formal capital improvement plan will also help demonstrate fiscal responsibility to the citizens of the District.**

Barnesville EVSD passed a bond issue in 1999 to set aside 0.5 mills, required by the OSFC, in a permanent improvement fund for classroom facilities maintenance. This millage generates approximately \$40,000 annually. According to the treasurer, \$32,000 of these funds will be spent annually on the HVAC contract that will go into effect in FY04. However, Barnesville EVSD has not developed a multi-year capital improvement plan to detail how the remaining funds will be spent.

In order for entities to plan effectively, the American Public Works Association's (APWA) *Public Works Management Manual*, published in 2001, suggests that capital improvement planning should be a detailed process that assesses and plans for the infrastructure needs of the organization to achieve its long-term goals. Infrastructure needs refers to all facilities and equipment needed by the organization. The capital

improvement planning process should include an analysis of potential funding source availability, as well as priorities and measurement guidelines to choose between project proposals. Long-term objectives and goals should be implemented through shorter-term operational plans.

In addition, according to HCI Systems Asset Management LLC (HCI), a capital improvement plan is more effective when the following critical information about each facility is identified and tracked:

- Detailed specifications of individual building components;
- Date in service, the length of time a building has been operational;
- Effective life cycle, the life span of a building; and
- Estimated replacement cost and budgets.

Once the capital improvement plan is developed, it will lay the foundation for keeping Barnesville EVSD's facilities safe and in good repair. Without a capital improvement plan, potential capital needs could go unrecognized and could potentially cost more than if planned and completed according to a schedule. Creating a formal plan for these outlays will benefit Barnesville EVSD by helping the District complete projects in a timely and more economical manner. This type of planning will demonstrate the District's responsibility to the community and keep stakeholders involved in the planning process. When properly developed, a capital improvement plan provides the district with leverage should it be necessary to ask the community for financial support. The plan also provides a timeline for future projects, the cost of each project, and the type of work (e.g. construction, renovation, or building an addition). Finally, the capital improvement plan should be included in the facility master plan.

**R4.5 Barnesville EVSD should adopt and implement a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they should be done annually. Barnesville EVSD can use enrollment projections to help project future state funding allocations, complete financial forecasts, determine the appropriate number of teachers to hire, and evaluate building usage and capacity.**

Barnesville EVSD does not complete its own enrollment projections. The treasurer relies on the OSFC enrollment projections, which were completed in May of 1998 by DeJong and Associates. **Table 4-7** outlines the enrollment projections developed for the OSFC Facilities Assessment by DeJong & Associates. The projections used live birth data and historical enrollment. **Table 4-7** suggests that Barnesville EVSD will continue to increase in enrollment until it peaks in FY03, when it will then begin to drop.

**Table 4-7: Barnesville EVSD Enrollment Projections**

School Year	Projected Enrollment	Percentage Change From Previous Year
1998-1999	1,532	N/A
1999-2000	1,537	0.33%
2000-2001	1,546	0.59%
2001-2002	1,572	1.68%
2002-2003	1,585	0.83%
2003-2004	1,569	(1.01%)
2004-2005	1,563	(0.38%)
2005-2006	1,569	0.38%
2006-2007	1,564	(0.32%)
2007-2008	1,557	(0.45%)

Source: Ohio School Facilities Commission, 1998 Facilities Assessment

**Table 4-8** compares Barnesville EVSD’s actual head count for the last three years to the enrollment projections developed by the Ohio School Facilities Commission.

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

School Year	Actual Student Headcount	Number of Projected Students	Difference Between Actual and Projected Figures
1998-1999	1,484	1,532	(48)
1999-2000	1,414	1,537	(123)
2000-2001	1,365	1,546	(181)
2001-2002	1,343	1,572	(229)
2002-2003	1,331	1,585	(254)

Source: EMIS School Enrollment-First Full Week of October Reports (2003-2004); Ohio School Facilities Commission, 1998 Facilities Assessment.

When the actual student headcount figures are compared to the projected figures, the enrollment projection is considerably higher. For example, the difference between the 2003 actual student head count and the projected enrollment for 2003 is 254 students. Furthermore, actual enrollment declined each year, whereas projected enrollment increased each year. Overstating enrollment projections could have several effects on District planning, such as overestimating the need for teaching, fiscal, and facility resources. Enrollment projections should be a vital component of the District’s facility master plan as discussed in “Creating a Successful Facility Master Plan.” Annually conducting and updating enrollment projections will provide important planning and management information for Barnesville EVSD.



## Financial Implications Summary

The following table represents a summary of estimated annual cost savings. For the purposes of this table, only recommendations with quantifiable impacts are listed.

### Summary of Financial Implications

Recommendation	Estimated Annual Cost Savings
R4.2 Maximize the use of the computerized energy management system	\$19,500
<b>Total</b>	<b>\$19,500</b>

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# Transportation

## Background

Barnesville Exempted Village School District (Barnesville EVSD) provided transportation to 1,063 regular needs students in FY 2002-03 using District-owned yellow buses. Barnesville EVSD provided transportation to both public and parochial (non-public) school students, but neither Barnesville EVSD nor the peers provided transportation to community school students. Barnesville EVSD has adopted a formal transportation policy outlining student conduct, disciplinary action, and driver certification. While the policy does not outline which students shall be transported by the District, Barnesville EVSD transports all students in accordance with the guidelines set forth in the Ohio Revised Code (ORC) 3327.01 for transportation of pupils.

**Table 5-1** compares Barnesville EVSD’s total riders in FY 2002-03 with those of the following peers: East Guernsey Local School District (East Guernsey LSD), Ridgewood Local School District (Ridgewood LSD), and Waterloo Local School District (Waterloo LSD).

**Table 5-1: Total Regular and Special Needs Riders**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
<b>Regular Needs Riders</b>					
• <b>Public</b>	1,026	1,025	1,004	1,375	1,135
• <b>Non-Public</b>	37	8	3	99	37
• <b>Total</b>	1,063	1,033	1,007	1,474	1,171
<b>Special Needs Riders</b>	1	0	3	19	7
<b>Total Riders</b>	<b>1,064</b>	<b>1,033</b>	<b>1,010</b>	<b>1,493</b>	<b>1,178</b>

Source: Barnesville EVSD and peer T-forms

Barnesville EVSD and the peer districts are rural school districts. Barnesville EVSD is transporting a similar number of students compared to East Guernsey LSD and Ridgewood LSD; however, the square mileage of each of the districts varies (see **Table 5-3**).

### *Organizational Structure and Function*

Barnesville EVSD employs 14 personnel, or 9.92 full-time equivalent employees (FTEs), who perform transportation-related duties. One of these employees functions as the transportation coordinator and also spends six-hours a day as a bus driver. This position oversees routing, scheduling for special trips, scheduling daily bus drivers (including securing substitute drivers), and tracking maintenance expenditures and mileage for each bus. Because the transportation coordinator

is also a bus driver, this position is unable to perform daily supervision responsibilities including annual evaluations. Therefore, the District treasurer is responsible for direct supervision of all transportation employees, including disciplinary actions and annual evaluations (see **R5.1**). Barnesville EVSD also employs two mechanics responsible for the on-sight maintenance and repair of the bus fleet and other District-owned vehicles. **Table 5-2** compares Barnesville EVSD and peer transportation staffing levels.

**Table 5-2: Student Transportation Staffing Levels**

Positions	Barnesville EVSD		East Guernsey LSD		Ridgewood LSD		Waterloo LSD		Peer Average	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Coordinator/Assistant	1 <sup>1</sup>	0.25	1	0.75	1	1.00	1	0.40	1	0.72
Bus Driver	12	7.75	19	12.9	20	9.96	20	12.60	19.67	11.82
Mechanic/Assistant	2	1.92	0	0	1	1.00	2	2.00	1	1.00
<b>Total Staffing</b>	<b>15</b>	<b>9.92</b>	<b>20</b>	<b>13.65</b>	<b>22</b>	<b>18.96</b>	<b>23</b>	<b>15</b>	<b>21.67</b>	<b>15.87</b>
Number of Students Transported	1,064		1,033		1,007		1,493		1,178	
Students Transported per Bus Driver FTE	137.29		80.08		101.10		118.49		99.89	
Students Transported per Total FTE	107.26		75.68		53.11		99.53		76.11	
District Square Miles	126		345		170.5		54.3		190	
District Square Miles per Total FTE	12.70		15.27		8.99		3.62		12.63	
Total Number of Buses (Includes active and spare)	19		23		23		29		25	
Buses per Mechanic FTE	9.90		NA		23.00		14.50		18.75	

Source: Interviews with district transportation departments

Note: Due to differences in reporting, FTE figures may not mirror EMIS reports.

<sup>1</sup> The transportation coordinator position is a contract position that is filled by a six hour a day bus driver.

Barnesville EVSD has the lowest total staffing compared to all of the peers while transporting more students than two of the three peers. In addition, District bus drivers are transporting more students per FTE than any of the peer districts. Some of this variation may be attributed to the number of students that live within the village limits and walk to the elementary school to be transported by buses that have already dropped off elementary students. This allows the District to use a one-tiered system while transporting a larger number of students per bus than the other peers who also use one-tier routing systems.

Barnesville EVSD mechanics are maintaining fewer buses per FTE than all of the peers. Barnesville EVSD contracts for minimal maintenance repairs and the mechanics are also responsible for other District vehicles including a truck, tractor, mowers, and a trailer. In contrast, East Guernsey LSD

contracts all bus maintenance and does not employ mechanics. The other two peer districts employ mechanics and therefore, contract for minimal bus repairs.

### *Operating Statistics*

Barnesville EVSD maintains a fleet of 12 active and 7 spare buses to transport regular and special needs students, both public and non-public. All active buses are used to transport regular needs students. Barnesville EVSD does not have buses specifically designated for special needs students. Rather, the District contracts with St. Clairsville City School District to transport one special needs student to Zanesville. **Table 5-3** summarizes FY 2002-03 basic operating statistics and ratios for Barnesville EVSD and the peers.

**Table 5-3: Basic Operating Statistics**

	Barnesville EVSD	East Guernsey LSD	Ridgewood LSD	Waterloo LSD	Peer Average
<b>Students Transported</b>					
Regular Needs	1,063	1,033	1,007	1,474	1,171
Special Needs	1	0	3	19	7
<b>Total</b>	<b>1,064</b>	<b>1,033</b>	<b>1,010</b>	<b>1,493</b>	<b>1,178</b>
<b>Miles Traveled</b>					
Regular Needs	172,881	298,908	232,521	324,870	285,433
District Square Miles	126	345	170.5	54.3	190
Non-routine Miles	30,562	44,861	28,741	14,070	29,224
Percentage of non-routine miles driven by spare bus	37%	20%	21%	N/A	20.5%
<b>Sites and Bus Types</b>					
Public Sites	3	4	5	3	4
Non-public Sites	3	2	1	1	1
Active Buses (Regular Needs)	12 <sup>1</sup>	18	19	18	18
Active Buses (Special Needs)	0	0	0	2	0.67
Spare Buses	7 <sup>2</sup>	5	4	9	6
<b>Cost</b>					
Regular Needs	\$519,740	\$751,814	\$671,247	\$729,200	\$717,420
Special Needs	\$12,992	\$ -	\$6,408	\$79,836	\$28,748
<b>Total</b>	<b>\$532,732</b>	<b>\$751,814</b>	<b>\$677,655</b>	<b>\$809,036</b>	<b>\$746,168</b>
<b>State Reimbursements</b>					
Regular Needs	\$338,551	\$515,478	\$403,818	\$429,690	\$449,662
Special Needs	\$ - <sup>3</sup>	\$ -	\$5,985	\$23,664	\$9,883
<b>Total</b>	<b>\$338,551</b>	<b>\$515,478</b>	<b>\$409,803</b>	<b>\$453,354</b>	<b>\$459,545</b>
Percentage of Total Cost	63.55%	68.56%	60.47%	56.04%	61.59%
<b>Ratios</b>					
<b>Regular Needs</b>					
Cost per Mile	\$3.01	\$2.52	\$2.89	\$2.24	\$2.51
Cost per Bus	\$43,312	\$41,767	\$35,329	\$40,511	\$39,132
Cost per Student	\$488.94	\$727.80	\$666.58	\$494.71	\$612.48
Students per Bus	88.58	57.39	53.00	81.89	63.89
<b>Special Needs</b>					
Cost per Student	\$12,992	-	\$2,136	\$4,202	\$3,290

Source: Barnesville EVSD and peer T-forms and Ohio Department of Education (ODE) summary of settlement sheets

<sup>1</sup>The number of active buses includes two new buses purchased in 2002-03 that the District will begin using in 2003-04 and excludes two of the 2002-03 buses that were moved to the spare fleet.

<sup>2</sup>The number of spare buses includes two buses that were active in 2002-03 and have been moved to the spare fleet for the 2003-04 school year. This spare total also includes one bus that is no longer working as a spare, which the District plans to use for parts.

<sup>3</sup>See **R5.6** for additional discussion.

In FY 2002-03, Barnesville EVSD traveled approximately 38 percent fewer miles per year than the peer average. Although the District is traveling the least number of routine miles compared to the peers, the cost per mile and bus are the highest. The District's cost per mile (\$3.01) is 20 percent higher than the peer average (\$2.51 per mile). The cost per bus for Barnesville EVSD is 11 percent higher than the peer average. Conversely, Barnesville EVSD has the lowest cost per student of the peers and the highest number of students per bus. Barnesville EVSD's special needs transportation cost is the highest of the three peers; 200 percent more per student than the highest peer (Waterloo LSD, \$4,202 per student). In addition, Barnesville EVSD has the highest percentage of spare buses of the peers, which is primarily due to the District using its spare buses more for non-routine transports than the peers. The District uses the spare buses for the majority of extra curricular travel since the regular route buses are still on daily routes when extracurricular trips are scheduled to leave. Peer districts indicated that they are able to maintain a smaller spare fleet due to scheduling non-routine trips outside of regular route times and working with the athletic department in scheduling extra-curricular activities. **Table 5-4** breaks down the cost of regular needs transportation for further analysis.

**Table 5-4: Regular Needs Transportation Cost Comparison**

	<b>Barnesville LSD</b>	<b>East Guernsey LSD</b>	<b>Ridgewood LSD</b>	<b>Waterloo LSD</b>	<b>Peer Average</b>
<b>Salaries and Benefits <sup>1</sup></b>	<b>\$450,560</b>	<b>\$533,434</b>	<b>\$552,674</b>	<b>\$567,675</b>	<b>\$551,261</b>
Cost per Bus	\$37,546.67	\$29,635.22	\$29,088.11	\$31,537.50	\$30,086.94
Cost per Mile	\$2.61	\$1.78	\$2.38	\$1.75	\$1.97
Cost per Student	\$423.86	\$516.39	\$548.83	\$385.13	\$483.45
<b>Fuel</b>	<b>\$30,099</b>	<b>\$65,254</b>	<b>\$48,964</b>	<b>\$59,791</b>	<b>\$58,003</b>
Cost per Bus	\$2,508.25	\$3,625.22	\$2,577.05	\$3,321.72	\$3,174.67
Cost per Mile	\$0.17	\$0.22	\$0.21	\$0.18	\$0.20
Cost per Student	\$28.32	\$63.17	\$48.62	\$40.56	\$50.79
<b>Bus Insurance</b>	<b>\$11,930</b>	<b>\$35,559</b>	<b>\$27,870</b>	<b>\$24,474</b>	<b>\$29,301</b>
Cost per Bus	\$994.17	\$1,975.50	\$1,466.84	\$1,359.67	\$1,600.67
Cost per Mile	\$0.07	\$0.12	\$0.12	\$0.08	\$0.10
Cost per Student	\$11.22	\$34.42	\$27.68	\$16.60	\$26.23
<b>Maintenance and Repairs <sup>2</sup></b>	<b>\$17,312</b>	<b>\$70,111</b>	<b>\$30,841</b>	<b>\$50,510</b>	<b>\$50,487</b>
Cost per Bus	\$1,442.67	\$3,895.06	\$1,623.21	\$2,806.11	\$2,774.79
Cost per Mile	\$0.10	\$0.23	\$0.13	\$0.16	\$0.17
Cost per Student	\$16.29	\$67.87	\$30.63	\$34.27	\$44.26
<b>Maintenance and Repairs (including mechanic salary/benefits)</b>	<b>\$115,423</b>	<b>\$70,111</b>	<b>\$74,128</b>	<b>\$136,516</b>	<b>\$93,585</b>
Cost per Bus	\$9,618.56	\$3,895.06	\$3,901.45	\$7,584.24	\$5,126.92
Cost per Mile	\$0.67	\$0.23	\$0.32	\$0.39	\$0.31
Cost per Student	\$108.58	\$67.87	\$73.61	\$92.62	\$78.03
<b>Utilities and Supplies</b>	<b>\$6,846</b>	<b>\$27,055</b>	<b>\$6,142</b>	<b>\$9,947</b>	<b>\$14,381</b>
Cost per Bus	\$570.50	\$1,503.06	\$323.26	\$552.61	\$792.98
Cost per Mile	\$0.04	\$0.09	\$0.03	\$0.03	\$0.05
Cost per Student	\$6.44	\$26.19	\$6.10	\$6.75	\$13.01
<b>Total <sup>3</sup></b>	<b>\$519,740</b>	<b>\$751,814</b>	<b>\$671,247</b>	<b>\$729,200</b>	<b>\$717,420</b>
<b>Cost per Bus</b>	<b>\$43,311.67</b>	<b>\$ 41,767.44</b>	<b>\$35,328.79</b>	<b>\$40,511.11</b>	<b>\$39,202.45</b>
<b>Cost per Mile</b>	<b>\$3.01</b>	<b>\$2.52</b>	<b>\$2.89</b>	<b>\$2.24</b>	<b>\$2.55</b>
<b>Cost per Student</b>	<b>\$488.94</b>	<b>\$727.80</b>	<b>\$666.58</b>	<b>\$494.71</b>	<b>\$629.70</b>

Source: Barnesville EVSD and peer district T-2 forms

<sup>1</sup> Includes retirement, workers' compensation, and insurance

<sup>2</sup> Includes maintenance, repairs, tires, and tubes

<sup>3</sup> Includes contract expenses with other districts, training expenses, and miscellaneous expenses

The breakdown in costs by category shows that Barnesville EVSD is in-line and even below most of the peers and the peer average in every category, except salary and benefits, and maintenance and



repairs, when including mechanics' salaries and benefits. Barnesville EVSD paid approximately \$6,000 for a substitute driver in FY 2002-03 to cover a route on which the driver was out on long-term sick leave, and an additional \$5,500 in mechanic overtime for substitute driving on other regular routes (see **R5.2**). Moreover, the District's average hourly rate for bus drivers is approximately \$2.43 more an hour than the peer average hourly rate for bus drivers, which is attributed to the salary schedule for bus drivers (see the **human resource** section for additional discussion of the bus drivers' salary schedule). The transportation coordinator has indicated that higher salaries and benefits are also due to an extra mechanic, enabling the District to facilitate an extensive preventive maintenance program. However, Barnesville EVSD's maintenance expenditure ratios, including the mechanics' salaries and benefits, are still higher than Waterloo LSD which also has two full-time mechanics (see **R5.3**). When regular needs salary and benefit costs are adjusted to exclude additional costs of a full-time substitute driver, mechanic overtime to drive regular routes, and the higher bus driver hourly rate, the salary and benefits cost per bus decreases to \$34,450 and \$2.39 per mile while overall costs per bus decreases to \$40,215 per bus and \$2.79 per mile.

### *Assessments Not Yielding Recommendations*

In addition to the analyses presented in this report, the following assessments were conducted which did not warrant any changes or yield any recommendations:

- *Routing software:* Barnesville EVSD does not currently use routing software. However, the cost of the software may exceed potential benefits considering the size and geography of the District. In addition, Barnesville EVSD is transporting the highest number of students per bus of the peers (see **Table 5-3**).
- *Work order system:* Barnesville EVSD has a computerized work order system used by mechanics to track all maintenance performed on each bus, mileage, parts, and inventory.
- *Preventive maintenance program:* Barnesville EVSD has an extensive preventive maintenance checklist that is performed every 7,500 miles. This routine maintenance takes approximately eight hours to complete per bus and is scheduled during non-run times.
- *Spare bus ratio:* Barnesville EVSD maintains a larger number of spare buses per active bus compared to the peers. However, the size of the District and the number of extra-curricular activities requiring transportation requires the use of spare buses for many of these trips. Additionally, the timing of the routes contributes to the number of spare buses needed since it takes approximately one to two hours for buses to complete routes and return to the District bus garage. Peer districts use their spare fleet less for non-routine miles than Barnesville EVSD because they have been able to schedule extra curricular trips outside of regular route

times. However, given the distance of the District's current routes, a reduction in the spare fleet may not be possible at this time. See **R5.5** for impact of examining current routes.

- *Staffing Levels:* Based on the number of students transported and square mileage, the District has an appropriate number of bus drivers. See **R5.3** for discussion of reclassification and **R5.1** for re-assignment of duties.
- *Fuel Procurement:* Barnesville EVSD has a central fuel storage tank at the bus garage. The District purchases fuel from a local supplier slightly above wholesale cost. Barnesville EVSD's fuel costs per bus, student, and mile are the lowest of the peers.

## General Recommendations

### *Staffing*

- R5.1 Barnesville EVSD should combine the transportation coordinator job duties and responsibilities with the building and grounds supervisor. These responsibilities should include, but not be limited to: direct supervision of bus drivers; setting schedules, including securing substitutes as needed; planning and updating bus routes; maintaining the appropriate ridership records to ensure the accurate filing of District T-forms (see R5.7 for additional discussion of the completion of T-forms); and tracking bus mileage and maintenance costs.**

Barnesville EVSD currently has a supplemental contract for \$11,000 annually with a six-hour a day bus driver to perform some transportation coordinator duties. The current transportation coordinator's responsibilities include: scheduling daily bus routes (including securing substitute drivers), scheduling drivers extra trips, tracking maintenance and mileage statistics for each bus, and completing T-forms. The supervisory duties for the transportation department, including discipline and annual evaluations, are the responsibility of the District treasurer, since the current transportation coordinator is also a union employee and can not supervise peers.

All of the peers combined the transportation coordinator's job functions with another position in the district. For instance, in Ridgewood LSD, the maintenance supervisor is also the transportation coordinator. Based on a review of the job duties for the transportation coordinator position, it is possible to combine these job duties with those of another similar position, such as a business manager, maintenance supervisor, or building and grounds supervisor.

Currently, the District employs a building and grounds supervisor responsible for the oversight of building operations. This position could assume the additional responsibilities assigned to the transportation coordinator, including those involving employee supervision as the supervisor is not part of the union. By consolidating these responsibilities under one position and eliminating the supplemental position, Barnesville EVSD can more effectively operate its transportation department.

*Financial Implication:* The District will save approximately \$13,000 annually in salaries and benefits by eliminating the supplemental transportation coordinator position and combining these job duties with the grounds and building supervisor position.

**R5.2 Barnesville EVSD should establish formal policies and a rotation for substitute bus routes, and limit the use of mechanics as bus drivers except in extreme circumstances.**

Barnesville EVSD employs two mechanics that also have their bus driver's license. When the mechanics drive regular routes, they are paid at time and a half based on the bus driver salary schedule for their years of experience in the District. This costs the district approximately \$20 to \$50 more per route than a regular substitute. Other substitute drivers are paid \$17.50 per trip, or \$35 per day. In FY 2002-03, the District paid mechanics a total of \$5,500 in overtime for driving regular bus routes. If regular substitutes had driven these routes, it would have cost the District approximately \$1,900. The transportation coordinator stated that mechanics are used in emergency situations when no other substitute is available; however, timesheets showed that there were several instances when mechanics drove routes six to seven days out of the pay period, indicating that the mechanics were being used in more than just emergency situations.

Consistent with peers, Barnesville EVSD does outline a substitute rotation policy it must follow within its negotiated agreement. This agreement requires that extra trips (i.e., outside of regular routes) be assigned on a rotating basis from a posted seniority list unless no regular driver is interested in driving. The District has a list of available substitutes, but no formal policy to guide how substitutes are called or used in the District for regular routes. Since the District has relied heavily on mechanics to drive these routes and has not consistently followed procedures to rotate the assignment of extra trips, it has unnecessarily increased substitute bus driver costs.

*Financial Implication:* If the District can reduce the use of mechanics as substitute drivers by 85 percent to allow for minimal use of the mechanics in emergencies, the District could save approximately \$3,000 in substitute driver costs annually.

**R5.3 Barnesville EVSD should consider reclassifying the assistant mechanic position as an assistant mechanic/bus driver position to provide shuttle service in the morning and afternoon between the middle school, high school and elementary school. The District should identify maintenance and transportation needs as they pertain to this position to determine appropriate duties and time allocation.**

Barnesville EVSD does not have a systematic way to transport students living within walking distance of the elementary building and needing transportation to the new middle school and high school. Currently, students that used to walk to the old middle school now walk to the elementary school and are shuttled by the next available bus to the new middle school and high school. The coordination for the transportation of these students varies on a day-to-day basis without the specific assignment of students to an individual bus. This ad-hoc method of transportation can create bus-overcrowding and routing inefficiencies, and may pose

potential safety issues for students while they wait to be transported to the new middle school and high school. See **R5.5** for discussion of a transportation policy.

Barnesville EVSD’s mechanics are maintaining and repairing significantly fewer buses per FTE than the peers. While this could be due to the active spare bus fleet and an extensive preventive maintenance program, the District has a fairly young bus fleet (see **Table 5-5**). By reclassifying and reallocating the assistant mechanic to District-specified bus driver hours, Barnesville EVSD can address the problem of transporting students between buildings and appropriately track those students. While this would also reduce the bus per mechanic FTE ratio, the District should still have sufficient staffing to ensure proper upkeep of its fleet. For instance, if the assistant mechanic transported students 50 percent of the time, thereby reducing mechanic staffing to 1.5 FTEs, the District would still be maintaining the fewest buses per FTE of the peers.

If reclassifying the position, the District would need to submit the new job description to the union for approval based on the negotiated agreement. If the District implements **R5.5** and is able to reduce the number of routes in the District, the mechanic may not be needed for the shuttle duty and further reduction in mechanic FTEs may be possible.

### *Fleet Management*

**R5.4 Barnesville EVSD should establish a formal bus replacement plan to maximize fleet effectiveness and ensure the District is properly planning for new bus purchases.**

Barnesville EVSD does not have a formal bus replacement plan. The District treasurer is forecasting \$65,000 in capital outlay expenditures for one bus purchase each in FY 2003-04 and FY 2005-06. According to the treasurer, the informal bus replacement plan is based on a 200,000 mileage guideline.

**Table 5-5** presents a schedule for bus replacement, based on a mileage forecast of Barnesville EVSD buses. Included in the table are all district-owned buses, including the active and spare buses for the forecast period. The mileage forecast is based on the route each bus is assigned for FY 2003-04, and the related mileage for FY 2002-03. The spare bus mileage forecast is based on the average spare bus miles from FY 2002-03.

**Table 5-5: Barnesville EVSD Bus Mileage Forecast**

Bus	Active/ Spare	FY 2002-03 Actual	FY 2003-04 Projected	FY 2004-05 Projected	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected
#2	Active	-	8,181	16,361	24,542	32,722	40,903
#3	Active	-	20,189	40,377	60,566	80,754	100,943
#4	Active	191,284	202,256	213,227	224,199	235,170	246,142
#6	Active	29,948	47,591	65,233	82,876	100,518	118,161
#7	Active	56,743	73,986	91,228	108,471	125,713	142,956
#8	Active	44,965	61,117	77,268	93,420	109,571	125,723
#9	Active	111,742	119,983	128,223	136,464	144,704	152,945
#10	Active	125,265	142,903	160,540	178,178	195,815	213,453
#11	Active	22,209	33,754	45,298	56,843	68,387	79,932
#12	Active	32,175	42,398	52,620	62,843	73,065	83,288
#15	Active	104,146	115,165	126,183	137,202	148,220	159,239
#17	Active	143,297	153,416	163,534	173,653	183,771	193,890
#5	Spare	229,870	234,458	239,045	243,633	248,220	252,808
#18	Spare	211,316	215,904	220,492	225,080	229,668	234,256
#14	Spare	240,041	244,629	249,217	253,805	258,393	262,981
#16	Spare	223,677	228,265	232,853	237,441	242,029	246,617
#1	Spare	263,219	267,807	272,395	276,983	281,571	286,159
#19	Spare	223,627	228,215	232,803	237,391	241,979	246,567
#20 <sup>1</sup>	Spare	199,896	199,902	199,908	199,914	199,920	199,926

Source: Barnesville EVSD bus odometer readings as of March, 2003

<sup>1</sup> This bus is only used for parts.

The Barnesville EVSD active fleet appears to be fairly young, with the exception of bus number four which will need replacement in this fiscal year. School districts must consider several factors when assessing bus replacement. The National Association of State Directors for Pupil Transportation Services (NASDPTS) states that the life-span of the bus body is generally shorter than the life expectancy of the engine. Additional factors to consider when developing a bus replacement plan include:

- Age;
- Mileage;
- Engine type;
- Condition;
- Fund availability;
- Environmental factors including climate conditions; and
- Preventive maintenance programs.

A formal replacement plan allows the District to better plan for its future capital needs. By creating and updating a formal bus replacement plan, the District can effectively plan for bus replacements and manage the bus fleet.

According to ODE's bus purchase list, the average mileage of buses replaced in 2003 was approximately 200,000 miles. Based on the mileage forecast in **Table 5-5** and the 200,000 mile threshold, Barnesville EVSD would need to purchase one bus this fiscal year and defer additional purchases to FY 2006-07 for bus #10 and FY 2007-08 for bus #17. As a result, the District would be able to save the bus replacement state reimbursement for two years to offset a portion of the cost for three buses purchased during the forecast period. Continuing the preventive maintenance plan already in place in the District should help Barnesville EVSD maintain a reliable fleet as well as maximize the useful-life of vehicles and keep costs low. In addition to preventive maintenance, the District should continue moving older buses to routes with fewer miles in order to extend the life of the fleet. By taking these steps, and based on its future financial condition (see **financial systems**), the District should consider delaying the replacement of bus # 17 until FY 2008-09, when it is projected to slightly exceed the 200,000 mile threshold. As part of the bus replacement plan, the District should consider the cost of maintenance on older models to determine if the cost of maintaining exceeds the benefit of keeping the vehicle.

Funding for bus replacement is split between the State and the school district. Each school district is reviewed independently by ODE using a complex formula to determine the regular bus purchase allowance. ODE bus purchase reports show Barnesville EVSD has historically received approximately \$30,000 per year for bus replacement.

In addition to the current method for bus purchase, another option would be to participate in the Ohio School Bus Pooled Financing Program. The program was created by the Ohio Association of School Business Officials and companies in the private sector. The program allows school districts to do the following:

- Finance school bus purchases over a 2 to 10-year repayment period at the election of each school district.
- Reduce interest costs using credit enhancements on the purchased pool and the efficiencies provided by a single debt instrument; and
- Start immediately to replace bus fleets without making a large lump sum capital outlay.

### *Transportation Operations*

**R5.5 Barnesville EVSD should examine current routes to optimize efficiency by potentially reducing the number of stops, increasing students per bus, and reducing any overlapping routes. The District should also establish a policy for transporting students between buildings. This policy should include student assignments to specific buses. In addition, the District should examine current extracurricular trips and work**

**with the athletic department and others to schedule extra trips when regular route buses are available. Doing so could reduce the use of spare buses for non-routine miles.**

The District does not have a system in place to address changing transportation needs. Barnesville EVSD opened a new middle school in FY 2002-03. However, it did not adjust bus routes to accommodate the new student population in need of transportation since the new school was built across town. The routes used by Barnesville EVSD were developed in mid-1980 and over the last twenty years, the needs of the District have changed. Using routes developed over twenty years ago may not provide the District with the most efficient and effective transportation possible. The geography of Barnesville EVSD creates many challenges, such as trying to transport students dispersed over a large area with difficult terrain that limits bus maneuverability, and the timing of bell schedules for students transported outside of the District. However, the District should examine all of the existing routes to determine if it can consolidate them in order to provide the most efficient transportation possible to District students.

Currently, students that used to walk to the old middle school now walk to the elementary school where they wait for a bus to shuttle them to the middle or high school. These students are not assigned to a specific bus and may ride whichever bus is available. While having students walk to a central location for a cluster stop is a good practice, shuttling in this manner creates a situation where students are not assigned to a specific bus. In the event of an accident, or some other incident, Barnesville EVSD may have difficulty locating or identifying those students walking to the elementary school and the related bus transporting them. A transportation policy regarding shuttling services for students will not only help ensure that , if necessary, students can be easily located, but will also help ensure that the District is reporting the appropriate number of riders on T-forms. Another option would be to assign one employee the shuttle transportation duties, such as the assistant mechanic (see R5.3).

**R5.6 In conjunction with the routing study in R5.5, the District should also organize routes to maximize the special education transportation reimbursement from the state. For instance, Barnesville EVSD should examine how it can develop a route where more than fifty percent of the student population requires special needs transportation, to make the bus eligible for state reimbursement. In addition, the District should work with ODE to determine if trips made outside of the District because of special needs can be reimbursed.**

In FY 2002-03, the District did not receive state reimbursements for special needs because it did not claim any allowable expenses. In July 2003, Barnesville EVSD submitted a T-11 form and claimed the expense of having St. Clairsville City School District transport one special needs student to Zanesville and expects to receive some special education



transportation reimbursement from ODE. In addition to the one student transported to St. Clairsville, the District has several buses traveling outside of the District to various surrounding locations because of special need requirements.

Barnesville EVSD may be able to recoup more of the transportation costs for students transported outside of the District if it examines the current route structure and adjusts routes accordingly. Specifically, Barnesville EVSD should adjust routes to eliminate overlap of multiple trips to specific areas of the District and restructure specific bus routes to increase the population of special needs students above 50 percent to take advantage of special needs reimbursement. An effective tool in shaping routes may be parental contracts with eligible special needs students or payments in lieu of transportation for other students in the District.

**R5.7 Barnesville EVSD should establish formal policies and procedures to ensure accurate reports are prepared, reviewed, and reconciled before submission to ODE. The T-forms submitted to ODE are used to calculate reimbursements given to schools for transporting students and are based on the expenses reported. Improving the report review process should ensure reports are completed in a timely manner, reconciled, and accurate prior to submission. One procedure the District should consider to ensure that T-forms are completed accurately is to take regular rider attendance on all buses. This will enable to District to distinguish between regular and occasional riders.**

Barnesville EVSD does not have formal procedures for completing T-forms and verifying the accuracy of the data provided in the T-forms. A review of Barnesville EVSD T-forms showed that a large percentage of students, 80 percent of the total population, were transported by bus in FY 2002-2003. In addition, the procedures for collecting ridership information indicate that the District T-forms may be overstated by reporting all eligible riders instead of regular riders. Currently, Barnesville EVSD's bus drivers have a list that they compile of all students who ride the bus. Although these students may only ride the bus one time, they would be counted in total riders. All of the rider lists are hand written and reviewed by the transportation coordinator to attempt to eliminate any duplicates where a student may have ridden more than one bus in a given time period. Furthermore, all students who walk to the elementary school and are shuttled to their respective schools are pooled on one list to ensure that these students are accounted for in the total riders. Consequently, the current procedures do not follow ODE's instructions and may lead to overstatement in ridership totals. ODE policy requires the District to take an average of regular riders transported in the first full week of October to allow for absences and to accurately identify regular riders.

Without a policy to ensure that T-forms are completed properly, the District risks the potential loss in ODE transportation reimbursements. If the District works with ODE to ensure that it understands the appropriate data needed and develops policies to ensure that the District is able to provide the data accurately, then these policies and procedures will result in more reliable data and assurance of correct ODE reimbursements.

## Financial Implications Summary

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

### Summary of Financial Implications

<b>Recommendation</b>	<b>Estimated Annual Cost Savings</b>
<b>R5.1</b> Eliminate transportation coordinator position and transfer responsibilities to the building and grounds supervisor position	\$13,000
<b>R5.2</b> Reduce mechanic bus driver substitute overtime	\$3,000
<b>TOTAL</b>	\$16,000

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