



Mary Taylor, CPA  
Auditor of State

CAMBRIDGE CITY SCHOOL DISTRICT  
PERFORMANCE AUDIT

MAY 22, 2008



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Auditor of State

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

The Ohio Department of Education (ODE) placed Cambridge City School District (Cambridge CSD) in fiscal caution on February 16, 2006 due to anticipated deficits. Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit was initiated. The functional areas assessed in the performance audit were financial systems, human resources, facilities, transportation, food service and technology. These areas were selected because they are important components of District operations that support its mission of educating children, and because improvements in these areas can assist in eliminating the conditions that brought about the declarations of fiscal caution.

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

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

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

Sincerely,

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

May 22, 2008



# **Executive Summary**

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## **Project History**

Ohio Revised Code § 3316.042 permits the Auditor of State (AOS) to conduct a performance audit of any school district in a state of fiscal caution, watch, or emergency and review any programs or areas of operations in which it believes greater operational efficiency, effectiveness, and accountability can be achieved. The Ohio Department of Education (ODE) placed Cambridge City School District (Cambridge CSD or CCSD) in fiscal caution on February 16, 2006. As a result, Cambridge CSD was selected to receive a comprehensive performance audit.

Based on AOS research and discussions with Cambridge CSD officials, the following areas were assessed in the performance audit:

- Financial Systems;
- Human Resources;
- Facilities;
- Transportation;
- Food Service; and
- Technology.

## **District Overview**

Cambridge CSD operates under a locally elected Board of Education consisting of five members and is responsible for providing public education to residents of the District. The District is located in Guernsey County. In FY 2004-05, the District's per pupil expenditures equaled \$8,844. Cambridge CSD met 7 of the 23 performance standards outlined in the District report card issued by ODE for FY 2004-05, which resulted in a continuous improvement designation. In FY 2005-06, Cambridge CSD received approximately 55.3 percent of its revenues from the State, 34.0 percent from local property taxes, and 10.6 percent from federal grants. Additionally, in FY 2005-06, the District expended \$8,714 per pupil and met 13 of the 25 report card standards, resulting in a continuous improvement designation.

During FY 2005-06, Cambridge CSD operated five school buildings, including one high school, one middle school, and three elementary schools. The District had a total of approximately 291.03 full-time equivalent (FTE) employees comprising 15.40 administrative FTEs, 168.02 professional education FTEs, 6.02 professional FTEs, and 101.59 classified and other support staff FTEs. These employees were responsible for providing educational services to an average

daily membership (ADM) of 2,441 students. Students with physical and learning disabilities comprise 14.7 percent of the student population. The regular education student-to-teacher ratio is 17.0-to-1.

In November 2006, Cambridge CSD updated its five-year financial forecast and projected a positive General Fund balance of approximately \$889,000 in FY 2006-07, \$887,000 in FY 2007-08 and \$566,000 in FY 2008-09. However, beginning in FY 2009-10, the District projected a negative year-end fund balance through the remainder of the forecast period. By FY 2010-11, Cambridge CSD projected a deficit of approximately \$1.8 million. Lastly, Cambridge CSD passed a 7.51 mill emergency levy in November 2006.

## **Objectives**

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function, or activity to develop findings, recommendations, and conclusions. The overall objective of the performance audit is to assist the District in identifying strategies to eliminate the conditions that brought about the fiscal caution declaration. The following major assessments were conducted in this performance audit:

- Key financial management practices such as forecasting, management and stakeholder reporting, budgeting, and purchasing were reviewed in the financial systems section.
- District-wide staffing levels, collective bargaining agreements, and benefit costs were assessed in the human resources section.
- Custodial and maintenance operations, including staffing, policies and procedures, energy management practices, and work orders were examined in the facilities section.
- Key transportation information, such as staffing and average cost per bus, was reviewed in the transportation section.
- Staffing levels, planning and budgeting, policies and procedures, security, hardware, and instructional and management software were assessed in the technology section.

In addition, the District's financial activity for food services was reviewed at the start of the performance audit. Revenues exceeded expenditures by \$74,984 in FY 2003-04, \$21,202 in FY 2004-05, and \$141,512 in FY 2005-06. There were no transfers from the General Fund to food service and no transfers are forecasted in the next five years. As a result, the performance audit did not further review food service operations.

This performance audit was designed to develop recommendations that provide cost savings, revenue enhancements, or efficiency improvements. The recommendations comprise options that Cambridge CSD can consider in its continuing efforts to stabilize its financial condition.

## **Scope and Methodology**

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Additionally, data was deemed reliable unless noted otherwise in the report sections. Peer school district data and other information used for comparison purposes were not tested for reliability, although the information was reviewed for reasonableness and applicability.

Audit work was conducted during FY 2006-07, and data was drawn from FY 2004-05 and FY 2005-06. To complete this report, the auditors gathered a significant amount of data pertaining to the District, conducted interviews with numerous individuals associated internally and externally with the various departments, and reviewed and assessed available information.

The performance audit process involved significant information sharing with the District, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the District of key issues impacting selected areas and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on the District's comments.

AOS developed a database of ten districts that was used for peer comparisons. These districts include East Holmes Local School District (Holmes County); New Riegel Local School District (Seneca County); Springfield Local School District (Mahoning County); Southeast Local School District (Wayne County); Logan-Hocking Local School District (Hocking County); Garaway Local School District; Indian Valley Local School District (Tuscarawas County); Loudonville-Perrysville Exempted Village School District (Ashland County); Leipsic Local School District (Putnam County); and New London Local School District (Huron County). These districts were selected based upon demographic and operational data. Specifically, ODE classifies these ten school districts as "Type 1" (Rural/agricultural – high poverty, low median income), the same type as Cambridge CSD. Additionally, these ten school districts were meeting a high number of performance standards at a relatively low cost per pupil.

Furthermore, external organizations and sources were used to provide comparative information and benchmarks, including the following:

- Government Finance Officers Association;
- American Institute of Certified Public Accountants;
- State Employment Relations Board;
- Society for Human Resource Management;
- American Schools and Universities; and
- National Center for Education Statistics.

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

## Noteworthy Accomplishments

This section of the executive summary highlights specific Cambridge CSD accomplishments identified throughout the course of the audit.

- **Staffing:** During the course of this audit, Cambridge CSD approved staffing reductions effective for the FY 2007-08 school year. Those reductions included 2 bus drivers, 0.25 groundskeeper, and 13 teaching positions. AOS did not incorporate these reductions into the assessments included in this report.
- **Discretionary Spending:** The District has limited its discretionary spending during the last two years. The District's total discretionary spending in FY 2004-05 and FY 2005-06 was lower than the peer average in FY 2005-06. This indicates that the District has taken effective action to limit expenditures that are within its direct control.
- **Maintenance and Custodial Training:** CCSD trains maintenance and custodial employees when standards or procedures are changed or updated due to new equipment, technology, or procedures. Further, employees receive "refresher" training for tasks and equipment already in use, as well as external training related to their responsibilities. This helps promote consistency and understanding of standards and processes used by employees.
- **Disposition of Used Oil:** The District incurs no costs associated with the disposition of its used oil, and disposes its used oil in accordance with OEPA and OAC regulations.
- **Providing Computers to Teachers:** The 2006 BETA Survey reports that more District teachers have a computer (94.9 percent) compared to peer districts (85.5 percent) or the State (83.2 percent).

- **Protective Software:** CCSD uses targeted software products to provide additional protections to the District beyond the traditional security software. In addition, CCSD uses a software product that provides remote management of computers in the District. This software allows the Technician to remotely review student computer activity and ensure the system's security procedures are functioning appropriately.
- **Uninterruptible Power Supply (UPS) Units:** CCSD uses UPS portable backup generators throughout the District to secure technology devices and preserve functionality of equipment in the event of unexpected power loss.
- **Cable Television:** CCSD uses cable television to provide a continuous daily listing of announcements on an internal District channel. The District uses a PowerPoint presentation and sets various televisions in the buildings to run the presentation on a continuous loop. Technology teachers at the elementary schools are responsible for the announcements.
- **Video Standards and Delivery Systems:** According to responses to the 2006 BETA survey, CCSD exceeds peer districts and the State by having all buildings compliant with IP video standards; only 25.5 percent of peer districts and 38.0 percent of districts in the State use these types of video standards. All CCSD buildings use a media retrieval system for video delivery. By comparison, only 10 percent of peer districts and only 12.8 percent of districts in the State that use this type of system. In addition, 80.0 percent of CCSD buildings also use cable television, somewhat higher than the State (77.0 percent) and much higher than peer average (51.7 percent).

## Conclusions and Key Recommendations

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

*In the area of financial systems:*

- Cambridge CSD should analyze and use the financial recovery plan outlined in **Table 2-9 and 10** to evaluate the proposed recommendations presented in this performance audit and determine the impact of the related cost savings on its financial condition. The District should also consider implementing the recommendations in this performance audit along with other strategies to improve its current and future financial condition. Finally, the District should update its financial recovery plan on a continual basis as critical financial issues are addressed. In particular, CCSD should ensure that it can realize the impact of the lower benefit costs in FY 2006-07 during the next four years, when compared to the AOS revised projections.

- Cambridge CSD should review and adjust projections of revenues and expenditures and include additional detail to explain the rationale and basis for the District's financial forecast (e.g., historical events and trends, explanation of relevant statutes, etc). This would help the School Board and community understand the forecast and draw well-informed conclusions. This would also better ensure that the projections appear reasonable.
- The Board should expand its policies to include formal guidelines and procedures for developing the five-year forecast. These procedures should specify timelines for review, completion, and presentation to the Board. CCSD should continue its efforts to decentralize the budgeting process by increasing involvement of stakeholders, such as principals, teachers, and other staff. The budget should tie to the District's goals and objectives expressed in the strategic plan. The District should incorporate a formal budget monitoring process into the District's management practice. Lastly, the budget presentation should be clear, available to all stakeholders, and supported by a budget document.
- Cambridge CSD should activate its audit committee. The audit committee should follow guidelines from relevant organizations, such as the Treadway Commission and AICPA.

*In the area of human resources:*

- The District should consider eliminating 1.0 administrative FTE and 1.0 clerical FTE. Because of its financial condition (see **financial systems**), Cambridge City School District should also consider reducing its regular teaching and Educational Service Personnel (ESP) positions. The District could reduce regular teaching staff by 14 FTEs and ESP staff by 2 FTEs, which would still result in operating above minimum requirements in OAC 3301-35-05. Furthermore, the District should develop a formal staffing plan to address current and future staffing needs.
- During future negotiations, Cambridge CSD should consider modifying its insurance plan design, renegotiating employee contributions to 15 percent of premiums, and implementing cost containment strategies. The District should also consider implementing monthly premium contributions for administrative employees.
- Cambridge CSD should strengthen its current sick leave policies by clearly defining patterns of abuse. During future negotiations with the certificated collective bargaining unit, the District should eliminate or reduce the sick leave incentive and require doctor's notification for extended sick leave. Furthermore, Cambridge CSD should try to renegotiate reductions in the maximum sick days accrued and maximum sick days paid at retirement.

- The District should develop a formal board orientation program. The Board should develop effective methodologies for evaluating itself, the Superintendent, and the Treasurer. Finally, the Board should consider establishing an active Policy Review Committee to keep policies current.

*In the area of facilities:*

- Cambridge CSD should consider reducing 1.0 FTE custodian position at Cambridge High School. Doing so would bring staffing levels more in line with NCES benchmarks. In addition, the District should monitor maintenance staffing levels and contracted services along with developing facility and capital plans, formal performance standards, and maintenance and custodial procedure manuals.
- Cambridge CSD should develop and implement energy management policies and procedures that District staff should follow to help control and potentially minimize energy costs. In addition, the District should develop an energy conservation training and education program based on its policies and procedures, and information from industry sources. The training and education program should cater to both students and staff members, convey the steps to conserve energy, and the reasons behind energy conservation.
- The District should develop and formally adopt a five to ten-year forecast methodology for projecting student enrollment. The District should then use the adopted methodology to prepare formal enrollment projections. Subsequently, the District should review and update the enrollment projections on a yearly basis, compare them with building capacities to address potential capacity issues, and, if necessary, determine possible building closings or reconfigurations.
- Cambridge CSD should ensure that it has documented policies regarding the health and safety of its facilities. The District should also develop a preventative maintenance program that addresses all routine, cyclical, and planned building maintenance functions. Furthermore, Cambridge CSD should develop a method for prioritizing work orders, as well as collect work order data to better predict maintenance needs. Taking these steps will help ensure the safety of occupants and timely maintenance.

*In the area of transportation:*

- Cambridge CSD should develop and implement formal procedures for reporting transportation data to ODE. Specifically, the Transportation Supervisor and the Treasurer should verify the transportation expenditures and related data (e.g., non-routine miles and special needs riders) before submission of the forms to the State for reimbursement.

The Treasurer's Office should verify adherence to the procedures before approving the T-2 report.

- If the District continues to experience financial difficulties, Cambridge CSD should consider reducing transportation services to a level closer to State minimum requirements. However, prior to making reductions in transportation services, the District should work with ODE to determine any potential reductions in State reimbursements to ensure that savings would outweigh the loss of State reimbursements. The Board and administrators should review other cost-saving strategies without changing service levels. The District should also ensure that the safety of students would not be compromised by reducing service levels closer to State minimum requirements. Furthermore, the District should consider reducing the number of routes by four and the number of spare busses by three, thereby increasing bus utilization.
- Cambridge CSD should develop and implement procedures for a cost recovery program for non-routine use of school busses. This would allow the District to make decisions on which non-routine uses should be charged and the appropriate amount.

*In the area of technology:*

- Cambridge CSD should develop a formal replacement plan for its computers (e.g., five-year replacement cycle) and related equipment, and include it in its technology plan and capital plan (see **facilities**). The District should budget funds annually to support the formal replacement plan. Although the District should consider other factors when deciding whether to replace technology (e.g., its financial condition, repair costs, other District priorities, etc.), a formal replacement plan would help the District anticipate and quantify potential costs for replacing computers in the future. It could also help the District transition all computers to the same operating system.
- Cambridge CSD should review the allocation of computers across school buildings to ensure teachers and students have equitable and sufficient access to technology resources and that variations are appropriately justified. Prior to altering computer allocations, the District should ensure it has accurately identified its computer inventory at each building. In addition, the District should address computer allocations for each building in its technology plan and sets reasonable goals for the future. District officials should also determine the feasibility of providing a computer for each teacher or devise a method whereby each teacher could easily access and use a computer, such as rotating system during planning periods.

- Cambridge CSD should consider hiring additional technology staffing and implementing a program to train students to assist in technical support. These students could assist the Computer Technician in basic troubleshooting and routine tasks, in exchange for course credit. A student program would help prepare students for careers in technology by educating them in technology support and deployment, while allowing the District to use low-cost resources for some of its technology support needs.
- Cambridge CSD should develop a formal disaster recovery plan for technology systems. Doing so would help the District effectively recover from potential disasters and possibly alleviate foreseeable problems. Once developed, the District should review and update the plan at least annually.

## Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that auditors do not have the time or the resources to pursue. AOS has identified the following issues:

- **Internet Protocol Telephony:** CCSD should conduct a cost-benefit analysis of emerging technology such as Internet Protocol (IP) or Voice over Internet Protocol (VoIP) telephony to determine whether the District would benefit from implementing expanded services. By exploring new technology, CCSD may find that potential long-term savings of certain technology outweigh the costs of initial equipment investments.
- **Food Services:** Although the performance audit did not conduct a detailed review of food services due to the positive financial condition of the Food Service Fund, the following items were noted for further study:
  - The District does not have a capital replacement plan.
  - The District does not charge indirect costs to the Food Service Fund and does not have a method of determining total program costs.
  - CCSD food service workers' salaries were 18.5 percent higher than the peer district average in FY 2005-06.

## Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that Cambridge CSD should consider. Detailed information concerning the financial implications, including assumptions, can be found in the individual sections of the performance audit.

### Summary of Performance Audit Recommendations

Recommendation	Annual Cost Savings	One-time Costs	Annual Costs
<b>Recommendations Not Subject to Negotiation</b>			
<b>R3.2</b> Reduce administrative staffing by 1.0 FTE	\$50,000		
<b>R3.3</b> Reduce regular teaching staff by 14.0 FTEs	\$596,300		
<b>R3.4</b> Reduce ESP staffing by 2.0 FTEs	\$65,700		
<b>R3.5</b> Reduce clerical staffing by 1.0 FTE	\$24,500		
<b>R3.8</b> Require administrators to contribute 10 percent of the cost for insurance premiums	\$25,000		
<b>R3.12</b> Reduce substitute teacher costs by reducing sick leave taken by certified employees	\$42,500		
<b>R4.2</b> Purchase an ISSA custodial cleaning manual		\$60	
<b>R4.3</b> Reduce 1.0 FTE custodial position	\$38,779		
<b>R5.1</b> Implement State minimums and transport 444 fewer students (annual cost to transport each student \$654.93)	\$160,000		
<b>R5.2</b> Reduce bus driver staffing by 4.0 FTEs	\$107,060		
<b>R5.2</b> Reduce insurance costs by eliminating four buses	\$5,320		
<b>R5.7</b> Avoid purchasing any more buses for several years (\$61,000 per bus)	\$61,000		
<b>R5.10</b> Charge for non-routine bus miles	\$97,123		
<b>R6.2</b> Adopt a five-year replacement cycle			\$102,000
<b>R6.6</b> Develop a staffing policy for technical support and increase the number of technicians			\$13,000
<b>Total Recommendations Not Subject to Negotiation</b>	<b>\$1,273,282</b>	<b>\$60</b>	<b>\$115,000</b>
<b>Recommendations Subject to Negotiation</b>			
<b>R3.8</b> Increase certified and classified insurance premium contributions from 10 to 15 percent	\$160,000		
<b>R3.11</b> Renegotiate the certified leave incentive to a level comparable to the classified incentive	\$22,000		
<b>R3.11</b> Reduce the number of paid holidays for classified employees	\$38,600		
<b>Total Recommendations Subject to Negotiations</b>	<b>\$220,600</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Recommendations</b>	<b>\$1,493,882</b>	<b>\$60</b>	<b>\$115,000</b>

Source: Financial implications identified throughout this performance audit

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

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# Financial Systems

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## Background

This section of the performance audit focuses on financial systems in the Cambridge City School District (CCSD or the District). The objective is to analyze the current financial condition of CCSD and develop recommendations for improvements and efficiencies. For benchmarking purposes, the performance audit compares CCSD to a peer average consisting of ten school districts classified as “Type 1” (rural/agricultural – high poverty, low median income) by the Ohio Department of Education (ODE), the same type as CCSD. These ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Specifically, the peer average is comprised of East Holmes Local School District, Garaway Local School District, Indian Valley Local School District, Leipsic Local School District, Logan-Hocking Local School District, Loudonville-Perrysville Exempted Village, New London Local School District, New Riegel Local School District, Southeast Local School District (Wayne County), and Springfield Local School District (Mahoning County). The performance audit also used information from other applicable sources for comparison purposes, including the Government Finance Officers Association (GFOA).

### *Organization Structure & Function*

The Treasurer’s office consists of four full-time employees including the Treasurer, who supervises the Payroll/Benefits Administrator, Budgetary/Accounts Payable position, and Executive Secretary. The District updated job descriptions in 1997 (see **R2.13**). While the job titles and duties of the staff were not exactly as described, the best fit to the aforementioned titles include Treasurer, Bookkeeper (Accounts Payable/Receivable), Bookkeeper (Payroll) and Central Office Executive Secretary.

The Treasurer holds both Treasurer and Business Manager licenses and functions as the chief financial officer and business manager for the District and as clerk for the Board of Education. Duties include preparing financial reports requested by ODE, such as the five-year forecast and annual budget, attending all Board meetings, taking and maintaining minutes, handling Board communications and correspondence, administering contracts, and accounting for the receipts and disbursement of all public funds. According to the Treasurer, all employees in the Treasurer’s Office are qualified to perform their duties. Staff members have five to twenty-two years of experience and meet the job qualifications, albeit outdated, in their respective job descriptions. Staff members review each other’s work, but are not cross-trained to perform functions other than their own (see **R2.13**).

*Financial Status*

The District has experienced fluctuations in its ending fund balance over the last three years. For example, the District's ending unencumbered General Fund balance was approximately \$2.5 million in FY 2003-04, \$562,000 in FY 2004-05 and \$1.1 million in FY 2005-06. Furthermore, the District is projecting a deficit in FY 2009-10 and FY 2010-11. **Table 2-1** represents the five-year financial forecast that the District submitted to ODE on November 2, 2006.

**Table 2-1: CCSD Financial History and Forecast (in 000's)**

	Actual 2003-04	Actual 2004--05	Actual 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09	Forecast 2009-10	Forecast 2010-11
General Property (Real Estate)	\$4,371	\$4,667	\$6,131	\$4,811	\$4,228	\$3,625	\$3,828	\$3,986
Tangible Personal Property Tax	925	928	892	669	446	223	0	0
Unrestricted Grants-in-Aid	11,298	10,822	11,366	11,698	12,006	12,345	12,685	11,911
Restricted Grants-in-Aid	525	587	830	830	835	839	843	847
Property Tax Allocation	642	1,129	674	691	708	726	744	763
Other Revenues	834	695	820	785	792	800	808	815
<b>Total Operating Revenues</b>	<b>\$18,595</b>	<b>\$18,828</b>	<b>\$20,714</b>	<b>\$19,485</b>	<b>\$19,015</b>	<b>\$18,557</b>	<b>\$18,907</b>	<b>\$18,322</b>
Personnel Services	\$11,840	\$12,368	\$12,336	\$11,328	\$11,248	\$11,462	\$11,680	\$11,903
Employee Benefits	4,253	4,577	4,401	4,217	4,338	4,589	4,854	5,137
Purchased Services	2,214	2,512	2,544	2,620	2,874	2,960	3,049	3,140
Supplies, Materials & Textbooks	408	447	312	632	651	670	690	711
Capital Outlay	171	46	71	5	5	5	5	5
Other Expenditures	650	821	588	618	636	655	675	695
<b>Total Operating Expenditures</b>	<b>\$19,536</b>	<b>\$20,772</b>	<b>\$20,252</b>	<b>\$19,420</b>	<b>\$19,752</b>	<b>\$20,341</b>	<b>\$20,953</b>	<b>\$21,591</b>
Net Transfers/ Advances	85	(33)	42	8	8	8	8	8
<b>Result of Operations (Net)</b>	<b>(\$857)</b>	<b>(\$1,977)</b>	<b>\$504</b>	<b>\$72</b>	<b>(\$729)</b>	<b>(\$1,776)</b>	<b>(\$2,038)</b>	<b>(\$3,261)</b>
Beginning Cash Balance	\$3,396	\$2,539	\$562	\$1,066	\$1,139	\$410	(1,366)	(\$3,405)
<b>Ending Cash Balance</b>	<b>\$2,539</b>	<b>\$562</b>	<b>\$1,066</b>	<b>\$1,139</b>	<b>\$410</b>	<b>(1,366)</b>	<b>(\$3,405)</b>	<b>(\$6,666)</b>
Encumbrances	200	146	123	250	250	250	250	250
Property Tax – Renewal	0	0	0	0	728	1,455	1,455	1,455
<b>Ending Fund Balance</b>	<b>\$2,340</b>	<b>\$417</b>	<b>\$944</b>	<b>\$889</b>	<b>\$887</b>	<b>\$566</b>	<b>(\$17)</b>	<b>(\$1,823)</b>

Source: CCSD

The projections in **Table 2-1** present the expected revenues, expenditures and fund balances in the General Fund from June 30, 2007 through June 30, 2011. Historical information is for the fiscal years ended June 30, 2004, 2005, and 2006. One of the objectives of this audit was to assess the District's process for developing the financial forecast and to test the Treasurer's assumptions and methodologies for certain key line items to determine the overall reliability of the forecast for decision-making purposes. Assessed line items include:

- General property tax (real estate) (see **R2.2**),
- Unrestricted and restricted grants-in-aid (see **R2.2**),
- Other revenues (see **R2.6**),
- Personnel services (see **R2.3**),
- Employee benefits (see **R2.3**), purchased services, supplies, materials and textbooks, and
- Capital outlay (See **R2.3**).

These line items accounted for nearly 88 percent of the District's revenues and approximately 97 percent of the total expenditures in FY 2005-06.

#### *Assessments Not Yielding Recommendations*

In addition to the analyses in this report, assessments conducted on areas within the financial systems section not warranting changes and not yielding recommendations include the following:

- **Historical Figures are Valid and Reliable:** A review of the FY 2002-03, FY 2003-04, and FY 2004-05 financial audits revealed no material reportable conditions or non-compliance matters that would invalidate the District's historical data.
- **Purchasing Software:** CCSD is taking advantage of software to aid in the purchasing function. The District has automated controls that consist of approval of purchase requisitions, approval of purchase orders, supervision of the purchasing process, segregation of duties among purchasing and accounting personnel, and maintenance of purchasing files and records.
- **Purchasing Function:** Purchasing functions are organizationally separate from other District departments that requisition goods and services.

### *Noteworthy Accomplishment*

The following is a noteworthy accomplishment identified during the course of the performance audit of the District's financial systems:

- **Discretionary Spending:** The District has limited its discretionary spending during the last two years. Specifically, the District's total discretionary spending per student declined from \$903 in FY 2004-05 to \$623 in FY 2005-06. This was due, in part, to the District paying the HVAC service contract from the Classroom Facilities Maintenance Fund in FY 2005-06. According to the forecast assumptions, this contract will be paid from the General Fund beginning in FY 2007-08 (see the **facilities** section for an additional discussion). Furthermore, the District's discretionary spending per pupil in FY 2004-05 and FY 2005-06 were lower than the peer average in FY 2005-06 (\$1,003). This indicates that the District has taken effective action to limit expenditures in the General Fund that are within its direct control.

### *Issues for Further Study*

Auditing standards require the disclosure of significant issues identified during an audit not reviewed in depth. The relationship of these issues may not be consistent with the audit objectives or may be issues the auditors do not have the time or resources to pursue. AOS has identified the following issue:

- *Business Services* - The District spent \$59 more per student than the peer average on business services (see **Table 2-7**). This category includes expenditures in service area direction, purchasing services, printing, publishing and duplicating services, and other support services. Examination of this category indicates that the District allocated some wages and benefits to this line item. As this category comprised less than one percent of the total governmental fund operating expenditures in FY 2005-06, the higher per pupil spending was not further reviewed in this performance audit. However, the District should consider reviewing this category to determine the potential for cost savings.

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## Recommendations

### *Financial Forecast*

- R2.1 The Board should expand its policies to include formal guidelines and procedures for developing the five-year forecast. These procedures should specify timelines for review, completion, and presentation to the Board. Additionally, the procedures should include a description of specific documentation necessary to support the forecast assumptions, including methodologies used for each line item. The policies and procedures should also address key forecast factors such as the development process, stakeholder participation and responsibility, periods covered, evaluation, and the presentation to stakeholders. The District should continuously review and update the guidelines to reflect changes to the forecasting process.**

Review of the Finance policies revealed a broad policy stating that the Board directs the Superintendent/Treasurer to maintain annually, a detailed five-year projection of estimated revenues and expenditures as required by the District's Appropriations and Spending Plan. It also states that the Board shall adopt, as part of its annual appropriation measure, a spending plan presented in such detail and form as the Superintendent of Public Instruction prescribes, that sets forth a five-year projection for General Fund revenues and expenditures.

*Documentation of Accounting Procedures and Policies*, (The Government Finance Officers Association (GFOA), 2002), recommends formal documentation of accounting policies and procedures which the entity should approve and add to the current operational guidelines/policies. The policies and procedures should be reviewed periodically, updated as changes occur, and available to all employees who need them.

GFOA recommends opportunities for stakeholders to participate in the forecasting process. A general-purpose public hearing shortly before making final decisions on the forecast is not adequate as the sole means of soliciting input from stakeholders, especially on major issues. The process developed for obtaining information from others should ensure that an entity gathers information in a timely and complete manner to be useful in financial decision-making.

Forecasts are vital tools that provide advance insight into opportunities and potential problems. Without appropriate forecasting policies and procedures, the forecast vision is often short-term and does not consider long-term planning. Additionally, documented forecasting policies and procedures provide a framework for future administrators to follow.

**R2.2 The Treasurer should review the methodology and assumptions used in projecting the key revenue line items in the forecast and ensure projections are consistent with existing legislation and historical trends. Specifically, the Treasurer should incorporate all known factors impacting general property tax collections, including reappraisals, updates, and increases in property values. The Treasurer should also formally monitor and project enrollment. The District's average daily membership (ADM) and assessed valuation are crucial to the funding the District receives in unrestricted grants-in-aid.**

**Furthermore, notes in the forecast should fully explain deviations from legislation and historical trends. Taking these actions will help ensure consideration of all known factors that could potentially affect revenues. More detailed note disclosures will help report users understand the issues influencing the District.**

As indicated in **Table 2-3**, the Treasurer is projecting total revenues to increase approximately 0.2 percent from FY 2007-08 through FY 2010-11. A summary analysis of the revenue line items includes the following:

- **Real Estate Property Taxes:** The Treasurer projected real estate property tax to be approximately \$4.8 million in FY 2006-07 and increase 3 percent in FY 2007-08 due to the triennial update, 2.5 percent in FY 2008-09 based on historical data, and 4 percent in FY 2009-10 due to the reappraisal in calendar year 2009. As shown in **Table 2-3**, in FY 2010-11 the forecast projects real estate property tax to increase 3 percent, but the forecast assumptions do not include an explanation for this year. The projection for FY 2006-07 appears reasonable based on information from the Guernsey County Auditor. However, the District's actual FY 2006-07 receipts were \$3.4 million because it received a \$1.5 million general property tax advance at the end of FY 2005-06. Furthermore, the projection for FY 2007-08 appears reasonable based on historical increases in revenues after a triennial update. The Treasurer's projections for FY 2008-09 through FY 2010-11 are not consistent with historical trends since FY 2000-01. Specifically, revenues have been historically flat in years not affected by value updates and higher than the Treasurer's projections in years following a reappraisal.

CCSD voters passed an emergency levy renewal in November of 2006, which will continue for five years and generate approximately \$727,500 in FY 2007-08 (half year collections) and \$1,455,000 throughout the remaining forecast period. Because the emergency levy was pending at the time of the forecast process, the Treasurer did not include it in this line item. *AOS Bulletin 1998-015* states, "Property tax revenue estimates are usually based on historical growth patterns, including scheduled updates and reappraisals, and are substantiated by information provided for the upcoming fiscal year from the county auditor."

- **Tangible Personal Property Tax:** This line item includes taxes paid by businesses on the assessed value of machinery, furniture, fixtures, and inventories used in conducting their business. Until the signing of HB 66 on June 30, 2005, ORC § 5711.22 slowly phased out the tangible personal property tax by reducing the assessed property valuation rates by 1 percent in tax years (TYs) 2002 through 2004. The phase-out then increased to 2 percent annually, beginning in TY 2005, and was scheduled to continue at that rate until the tax was eliminated. However, HB 66 accelerated the phase-out period. Under HB 66, the tangible tax on general business and railroad property expires by TY 2009 and the tax on telephone and telecommunications property expires by TY 2011. At the same time, the legislation replaces the revenue lost due to the accelerated phase out of the tax (the portion attributed to HB 66). In the first five years, the State reimburses school districts and local governments fully for lost revenue. In the following seven years, the reimbursements phase out. *AOS Bulletin 2006-04* indicates that school districts should account for the tangible personal property tax reimbursements in the property tax allocation line item.
- **Unrestricted Grants in Aid:** The Treasurer projects FY 2006-07 revenues to be approximately \$11.7 million based on the SF-3 report from ODE and historical data. For FY 2007-08 through FY 2010-11, the Treasurer projects a 1 percent increase based on historical trends. However, based on historical trends in the Treasurer's forecast work papers, the District's average increase since FY 2000-01 is 4 percent. As a result, the Treasurer's assumption appears overly conservative. In addition to these assumptions, the Treasurer included the TPPT reimbursements in unrestricted grants-in-aid. As noted in the tangible property tax assessment, this methodology is inconsistent with *AOS Bulletin 2006-04*.
- **Restricted Grants in Aid:** The Treasurer projects FY 2006-07 revenues to be \$830,410 based on the SF-3 report from ODE and FY 2007-08 through FY 2010-11 to increase 0.5 percent annually based on historical data. However, since FY 2000-01, unrestricted grants in aid have increased an average of 13.5 percent, with annual increases ranging from 11.8 percent to 53.0 percent. This contradicts the Treasurer's assumption of a 0.5 percent annual increase. Given the volatility of this line item and to maintain conservative revenue projections, AOS will not revise the Treasurer's 0.5 percent annual increase. After the Treasurer completed the forecast, an updated Settlement Report from ODE became available. As a result, AOS will revise the Treasurer's projections using this document as a base and applying the 0.5 percent annual increase.
- **Property Tax Allocation:** This line item includes funds received for Tangible Personal Property Tax Reimbursement, Electric Deregulation, Homestead and Rollback, and a \$10,000 exemption for businesses. The Treasurer projects FY

2006-07 revenues to be \$691,147 with a 2.5 percent increase projected for FY 2007-08 through FY 2010-11 based on historical data. This assumption appears reasonable and AOS will not adjust it. However, AOS will adjust property tax allocation revenues to account for the TPPT reimbursement and AOS revisions to the real estate property tax line item. CCSD included TPPT reimbursements in unrestricted grants in aid when, according to *AOS Bulletin 2006-04*, these reimbursements should be included in property tax allocation. Furthermore, *AOS Bulletin 1998-015* indicated that because of the relationship to real property taxes, the property tax allocation receipts may be calculated as a fixed percentage of property tax receipts. Based on historical data, for CCSD this is approximately 14.6 percent.

- **All Other Operating Revenue:** This line item includes operating sources not included above, including but not limited to, tuition, fees, earnings on investment, rentals, and donations. CCSD's other operating revenue consists primarily of income received from open enrollment tuition. The Treasurer did not indicate in the forecast assumptions or work papers how the FY 2006-07 other revenues were calculated. In addition, the Treasurer increased FY 2007-08 through FY 2010-2011 by 1 percent annually without explanation. Based on the five-year historical increase of 23 percent, a 1 percent increase appears overly conservative. However, an accounting change in FY 2003-04 affected how districts account for tuition revenue. The four-year average, excluding FY 2003-04, decreased dramatically to (2.1) percent. Because the cumulative effect of the Treasurer's projected 1 percent increase is minimal, the AOS did not restate the projections.

Based on the issues outlined above, the performance audit adjusted real estate property taxes to reflect no growth in years without an update or reappraisal, such as FY 2008-09. FY 2009-10 and FY 2010-11 will be adjusted to reflect a 5.5 percent and 6.5 percent increase, respectively, to account for historical increases in years following reappraisals. AOS will also include the revenue from the levy approved in November 2006. The performance audit adjusted unrestricted grants in aid to reflect historical increases, with enrollment held constant since CCSD's enrollment has decreased approximately 0.23 percent since FY 2003-04. Furthermore, TPPT reimbursements will be included in the property tax allocation line rather than in unrestricted grants in aid. AOS adjusted restricted grants in aid to account for updated information from ODE that was unavailable at the time the Treasurer created the forecast. Finally, AOS adjusted property tax allocation to include the TPPT reimbursements and to account for AOS revisions to the real estate property tax line item. **Table 2-2** show the impact these revisions will have on CCSD's forecast.

**Table 2-2: Revised Revenue Projections (in 000's)**

	FY 2007-08	FY 2008-09	FY 2009-10	FY2010-11
<b>CCSD Projections</b>				
<b>Real Estate</b>	\$4,956	\$5,080	\$5,283	\$5,441
<b>Tangible Personal Property</b>	\$446	\$223	\$0	\$0
<b>Unrestricted Grants in Aid</b>	\$12,006	\$12,345	\$12,685	\$11,911
<b>Restricted Grants in Aid</b>	\$835	\$839	\$843	\$847
<b>Property Tax Allocation</b>	\$708	\$726	\$744	\$763
<b>Other</b>	\$792	\$800	\$808	\$815
<b>Total</b>	\$19,743	\$20,012	\$20,362	\$19,777
<b>AOS Projections</b>				
<b>Real Estate</b>	\$4,956	\$4,956	\$5,228	\$5,568
<b>Tangible Personal Property</b>	\$446	\$223	\$0	\$0
<b>Unrestricted Grants in Aid</b>	\$11,876	\$12,276	\$12,678	\$13,118
<b>Restricted Grants in Aid</b>	\$877	\$882	\$886	\$891
<b>Property Tax Allocation</b>	\$1,154	\$1,377	\$1,628	\$1,441
<b>Other</b>	\$792	\$800	\$808	\$815
<b>Total</b>	\$20,101	\$20,514	\$21,229	\$21,833
<b>Difference between AOS and CCSD Projections</b>	\$359	\$502	\$867	\$2,055

Source: CCSD Five-Year Forecast, November 2006 and AOS

**R2.3 The Treasurer should review the methodology and assumptions used in projecting the key expenditure line items in the forecast. Specifically, the Treasurer should include estimates for negotiated wage increases when projecting the personnel services line item. The Treasurer should base these estimates on historical increases and existing negotiated agreements. While some employee classifications did not recently receive negotiated wage increases, it is unlikely the District will be able to sustain this practice indefinitely.**

**Additionally, the Treasurer should thoroughly analyze the health insurance program separate from other expenditures that comprise the fringe benefits line item. Health insurance costs represent more than 50 percent of the District's total fringe benefit expenditures and are independent of salary increases.**

**The forecast should fully explain deviations from historical trends in the forecast notes to ensure consideration of all cost drivers. This will provide the Board with a more reliable assessment of the District's financial condition, which could affect strategies for achieving financial recovery.**

As indicated in **Table 2-3**, the Treasurer is projecting that total expenditures will increase 9.3 percent from FY 2007-08 through FY 2010-11. A summary analysis of the expenditure line items includes the following:

- **Personnel Services:** This line item represents employee salaries and wages, including extended time, severance pay, and supplemental contracts. Personnel services represented approximately 61 percent of the District's FY 2005-06 general operating expenditures. The Treasurer's projection for FY 2006-07 includes a 4 percent increase due to step increases within the negotiated agreements and negotiated pay increases of 2 percent. FY 2006-07 also reflects a material reduction in salaries effective July 1, 2006 due to the District's financial condition. Beginning in FY 2007-08, the Treasurer assumes a 2 percent increase due to salary increments and 0 percent increase on base wages. This assumption is not reasonable because the average historical negotiated wage increase combined with the step increases is approximately 3.35 percent for certificated personnel and over 3 percent for classified personnel. Administrative and Central Office staff will not receive a negotiated wage increase through FY 2007-08.

If the District reduces additional staff or provides a wage increase, this would greatly affect the projections. Furthermore, future negotiation results will also affect the forecast projections. *AOS Bulletin 98-015* states that when making assumptions on personnel services and employee retirement/insurance benefits, the amounts for salaries and benefits should be based on existing negotiated agreements. For periods beyond the current agreements, historical patterns regarding salary and benefit increases should be used. Substitutes and extended service should not be overlooked. Any significant additions or deletions should be addressed, such as the opening of a new building, the implementation of an early retirement incentive program, or a significant reduction in force. Incorporating estimated negotiated wage increases into District projections of personnel service expenditures will help to adequately prepare for future expenditures.

- **Benefits:** This line item represents CCSD's contributions for employee retirement, health insurance, workers' compensation, and Medicare. Employee benefits represented approximately 21.7 percent of the District's general operating expenditures in FY 2005-06, with medical insurance costs making up over 50 percent of employee benefits expenditures. CCSD's forecast reflects a \$183,428 decrease in fringe benefits for FY 2006-07 due to staff reductions that became effective on July 1, 2006. In addition, the Treasurer assumed that the retirement portion of the employee benefits would increase due to step and negotiated increases. Because retirement costs are directly impacted by personnel costs, the District's retirement portion of employee benefits is not reasonable based on the AOS revision to the personnel services line item.

The Treasurer's benefit assumptions also take into account inflation in the District's insurance coverage, a 6 percent increase for medical insurance and a 1 percent increase for dental. A review of the Treasurer's forecast work papers did

not show detailed analysis and support for the 6 percent increase for medical expenditures. Furthermore, historical data shows that insurance premiums are increasing by more than 9 percent per year.

- **Purchased Services:** This line item reflects amounts paid for contracted services, such as legal services, maintenance agreements, utilities, and tuition for students attending other school districts. Of these categories, tuition and utilities are the most volatile. Purchased services represented approximately 12.6 percent of the District's FY 2005-06 general operating expenditures. Historical purchased service expenditures have increased by an average of 20.6 percent over the last five years. In FY 2003-04, purchased services increased more than \$1,000,000. According to the FY 2004-05 forecast assumption notes, the increase was due to moving expenditures, utility increases due to the new buildings, and an increase in outgoing enrollment. Purchased services continued to increase each year even though the District only incurred moving expenditures in FY 2003-04.

The District's FY 2006-07 forecast assumptions state that material reductions have been made in this line item effective July 1, 2006. They further state that in FY 2005-06 and FY 2006-07, the Maintenance Fund paid the \$175,000 HVAC contract cost (see **facilities** section), providing a savings from the General Fund. From FY 2007-08 onward, the General Fund will pay for the contract. The Treasurer also projects a 3 percent increase through FY 2010-11. Increasing purchased service costs and factoring in the HVAC contract in the assumptions is reasonable because there is not sufficient evidence to revise the projections. Furthermore, the 3 percent increase keeps pace with inflation rates. *AOS Bulletin 98-015* states that when making assumptions on purchased services, "anticipated expenditures in these areas are normally based on historical patterns. Variations from historical patterns should be identified and explained."

- **Supplies and Materials:** This line item includes general supplies, instructional materials including textbooks and media materials, bus fuel and tires, and all other maintenance supplies. Supplies and materials represented approximately 1.5 percent of the District's FY 2005-06 general operating expenditures. While this line item does not constitute a significant level of expenditures, school districts are required by ORC § 3315.17 to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Reserved amounts not spent by end of the year or offset by similarly restricted resources received from the State during the year carry forward for the same purposes in future years. CCSD's set-aside requirement for textbooks is approximately \$390,000 per year.

For FY 2005-06, the District received a waiver from ODE to forego the textbook set-aside because of its fiscal caution status. According to ORC § 3315.17, a fiscally designated district can apply for a textbook waiver each year it has a designation because of future deficit projections. Furthermore, the State allows carry forward balances from expenditures that qualified for textbooks but exceeded the required set aside amount. This explains why the textbook expenditures are so low in FY 2003-04 and FY 2004-05.

The Treasurer's FY 2006-07 forecast assumes the District will have to pay the entire set-aside amount from FY 2006-07 through FY 2010-11. In addition, the Treasurer assumed a 3 percent increase each year from FY 2007-08 through FY 2010-2011. Because AOS found no real trend and the Treasurer considers the set aside requirements along with annual increases to keep pace with inflation, the assumptions are reasonable and logical. However, the District should annually apply for any set-aside waivers for which it is eligible, but continue to forecast the necessary funding to meet those requirements should it's eligibility for waivers change.

- **Capital Outlay:** The line item includes expenditures that have at least a five-year life expectancy. Expenditures in this category include improvements to land, buildings, and grounds; new equipment; computers/technology; furnishings; buses; and vehicles. While capital outlay represented only 0.34 percent of the District's FY 2005-06 general operating expenditures, like supplies and materials, the State requires an annual set-aside. Carry forward balances can be used to meet these requirements. In FY 2004-05, CCSD's set-aside requirement for capital outlay was \$384,725. Deducting this amount from the set-aside reserve balance, the balance carried forward exceeded \$4.7 million. As a result, the District can safely assume that it will meet the State set-aside requirement throughout the forecast period.

For the projections in **Table 2-3**, the Treasurer assumes the substantial reduction in this line item will be from the District's attempt to reduce expenditures in the General Fund. The assumption states CCSD purchases one school bus per year with the District's remaining Permanent Improvement Fund balance. It also states that the District is not projecting material capital improvements and/or upgrades to equipment due to the District's financial condition and recognizes that the longer the District operates without making equipment and technology upgrades and capital improvements, the greater the amount that will be needed in the future to remedy these neglected areas.

The amounts projected are not reasonable based on historical trends and do not account for inflation even if expenditures can be held constant. The least the District has spent since FY 2000-01 for capital outlay was \$47,978 in FY 2001-02. Furthermore, there was no evidence of a plan describing how the District would be able to maintain this low level of spending for five consecutive years. However, AOS did not adjust capital outlay because the **technology** section of this audit recommends computer equipment upgrades equal to approximately \$100,000 per year.

- **Other Objects:** This line item includes membership fees and dues, ESC contract deductions, County Auditor/Treasurer fees, audit expenses, and election costs. The Treasurer projected other expenditures to be \$631,843 in FY 2006-07, which is an increase of 5 percent from the prior year. In addition, the Treasurer projects a 3 percent increase from FY 2007-08 through FY 2010-11. Historically, the District has experienced fluctuations in this line item, with no clear trend. In consideration of these issues, the Treasurer's projections for FY 2006-07 through FY 2010-11 appear reasonable.

Based on the issues outlined above, AOS revised CCSD's personnel services based on FY 2005-06 actual expenditures adjusted to reflect staffing reductions effective for FY 2006-07. FY 2006-07 through FY 2010-11 will be increased by 3.2 percent, which represents the average increase attributed to step increases and estimated negotiated wage increases for all staff. Furthermore, AOS adjusted the District's benefit projections to account for health insurance and payroll related benefits (retirement, workers' compensation, and Medicare). The health insurance portion will increase 9.5 percent annually based on the average family premium increase over the past 11 years, as stated in the *2006 Report on Health Insurance Costs in Ohio's Public Sector* (SERB, 2007). In addition, AOS adjusted payroll-related benefits to reflect revisions to the personnel services line item. **Table 2-3** show the impact these revisions will have on CCSD's forecast.

**Table 2-3: Revised Expenditure Projections (in 000's)**

	FY 2007-08	FY 2008-09	FY 2009-10	FY2010-11
<b>CCSD Projections</b>				
Personnel Services	\$11,248	\$11,462	\$11,680	\$11,903
Employee Benefits	\$4,338	\$4,589	\$4,854	\$5,137
Purchased Services	\$2,874	\$2,960	\$3,049	\$3,140
Supplies and Materials	\$651	\$670	\$690	\$711
Capital Outlay	\$5	\$5	\$5	\$5
Other Objects	\$636	\$655	\$675	\$695
<b>Total</b>	<b>\$19,752</b>	<b>\$20,341</b>	<b>\$20,953</b>	<b>\$21,591</b>
<b>Revised Projections</b>				
Personnel Services	\$11,465	\$11,832	\$12,210	\$12,601
Employee Benefits	\$5,085	\$5,462	\$5,871	\$6,315
Purchased Services	\$2,874	\$2,960	\$3,049	\$3,140
Supplies and Materials	\$651	\$670	\$690	\$711
Capital Outlay	\$5	\$5	\$5	\$5
Other Objects	\$636	\$655	\$675	\$695
<b>Total</b>	<b>\$20,715</b>	<b>\$21,583</b>	<b>\$22,500</b>	<b>\$23,467</b>
<b>Difference between AOS and CCSD Projections</b>	<b>\$963</b>	<b>\$1,243</b>	<b>\$1,546</b>	<b>\$1,876</b>

Source: CCSD Five-Year Forecast, November 2006 and AOS

### *Budgeting Practices*

**R2.4 CCSD should continue its efforts to decentralize the budgeting process by increasing involvement of stakeholders, such as principals, teachers, and other staff. The budget should tie to the goals and objectives expressed in the strategic plan (see R2.5). The District should incorporate a formal budget monitoring process into the its management practices.**

The budget presentation should be clear, available to all stakeholders, and supported by a budget document. The budget document should provide budget estimates and historical comparisons at both summary and line-item levels of detail. Financial trends and factors affecting the budget should be explained, including the District's long-range outlook, expected revenues, need for future borrowing, and significant use of, and changes in, fund balances. In addition, the budget document should include key performance measures and a guide to operations illustrating staffing levels and organizational information. CCSD should use charts and graphs to increase the document's readability. Furthermore, the budget document should include a concise summary and explain the budgetary basis of accounting. Effective budgeting should communicate how and why decisions were made, while showing that the District is using its resources in the most efficient manner possible.

According to the current Treasurer, the former Treasurer prepared the budget with the assistance of departments and principals by reviewing historical spending and comparing it to actual spending. Together they would determine cost containment areas and budget accordingly by fund. The current Treasurer expects to follow a similar process while budgeting to the function level and working more closely with the finance committee to monitor and review the accuracy of the budget.

After receiving input from the Superintendent and Principals, the Treasurer develops budget appropriations and returns them to the Superintendent and finance committee for review and input. The Treasurer then submits the appropriations to the Board for approval. According to the Treasurer, stakeholders have the opportunity to provide input and receive information about the budget from District officials at the budget hearings.

GFOA suggests that school districts provide opportunities in the budget process for obtaining stakeholder input. This helps ensure identification of stakeholder priorities and enhances support for the approved budget. In addition, GFOA recommends that governments develop a budget that is consistent with approaches to achieve goals, and that it includes the following items:

- **Description of key policies, plans, and goals:** The identification of key programmatic and financial policies, plans, and goals assists stakeholders in determining the appropriateness of a district's direction and allows stakeholders to develop their own opinions as to whether the district's programs and decisions conform to or are likely to achieve those policies, plans, and goals.
- **Identification of key issues:** The identification of key issues focuses attention on critical areas, improves the likelihood that an appropriate level of deliberation will occur regarding decisions, provides accountability to stakeholders, and promotes trust.
- **A financial overview of the short and long-term financial plan:** Stakeholders need to have the financial plan of the district clearly identified in order to make the best budgetary decisions. A financial overview typically consists of financial statements and accompanying narrative, charts, and graphics. The overview should clearly describe the current and projected financial position, fund balances, financial activities and expectations for the budget period, and the expected implications for future periods.

- **A guide to operations:** This information provides a context for allocations of resources in the budget, which helps to enable reasoned decision making about the use of resources. It also provides readers with a guide to the government's programs and the organizational structure in place to provide those programs and services.
- **Explanation of the budgetary basis of accounting:** Explaining the differences between the budgetary basis of accounting and the basis used in preparing the annual financial report helps stakeholders understand and interpret the numbers presented in each document, and helps to prevent errors during preparation or interpretation of the budget.
- **A budget summary:** A concise summary of the key issues, choices, and financial trends is needed to inform and direct the reader to the appropriate location for additional information, because most stakeholders do not want to take the time to read and understand all of the details in a budget.

GFOA also indicates that performance measures, including efficiency and effectiveness measures should be presented in basic budget materials, including the operating budget document, and should be available to stakeholders. Performance measures should be reported using actual data, where possible. At least some of these measures should document progress toward achievement of previously developed goals and objectives (see **R2.10**).

Operating without an inclusive budget development process that considers long-range strategies and community conditions can result in inaccurate appropriations and lack of stakeholder support. Process documentation is important to help ensure good internal controls, increase communication, and ensure smooth administrative changes.

**R2.5 CCSD should maintain and publish a clearly written, multi-year strategic plan to provide vision and direction. The plan should incorporate the Comprehensive Continuous Improvement Plan (CCIP) and operational areas such as technology, facilities, transportation, and financial operations of the District. In developing the strategic plan, the Board should identify and formally adopt district priorities that will guide strategies and decision-making for major financial commitments and program directives. The strategic plan should clearly define the District's goals and objectives and provide strategies to achieve them. Periodically, the District should use the adopted priorities and strategic plan to evaluate progress toward meeting its goals.**

The District does not have a strategic plan. *The Best Financial Management Practices*, (Florida Office of Program Policy Analysis and Government Accountability ((OPPAGA)), 2002) recommends that districts have a clearly written multi-year strategic plan that includes measurable goals, objectives, and strategies to achieve them. Districts should base the goals and objectives on identified needs, projected enrollment, and revenues. The board should be involved in the development of the strategic plan. Furthermore, the board should identify and formally adopt a limited number of district priorities to guide the district's strategies and major financial and program decisions. It should also instruct district staff on consideration of these priorities in making program and budget decisions.

The strategic plan should clearly delineate the following:

- District goals, objectives, and strategies for achieving them;
- Priorities the board assigns to its goals, objectives, and strategies;
- Performance measurers and standards the district will use to judge its progress toward meeting its goals; and
- Entities responsible for implementing the strategies in the plan and the periods for implementation.

The board should annually assess progress toward achieving its objectives. It should also annually review and, if necessary, amend its priorities and strategic plan to reflect changes in community standards, student needs, or board direction. Once complete, the board should formally adopt the plan and articulate to the district its importance in facilitating the district's goals.

A strategic plan establishes a vision, mission, and beliefs for the district. It provides a path to accomplish its goals and provides a means for the community to work together to accomplish these goals. The strategic plan identifies needs, provides performance measurement benchmarks, and helps determine how funds are spent.

### *Revenues and Expenditures*

**R2.6 CCSD should consider pursuing various options to increase other revenues. These options would include the review and possible increase of student fee structures for classroom materials. The additional revenue generated through these efforts would help the District offset the cost of offering programs outside the standard curriculum.**

**Table 2-4** shows the General Fund revenues per student in comparison to the peer average.

**Table 2-4: Revenue Generated on a Per Student Basis**

	CCSD FY 2005-06	Peer Average FY 2005-06
<b>Property &amp; Income Tax</b>	\$2,836	\$3,402
<b>Intergovernmental Revenues</b>	\$4,922	\$4,282
<b>Other Revenues</b>	\$326	\$525
<b>Total Revenue</b>	<b>\$8,084</b>	<b>\$8,209</b>

Source: CCSD FY 2005-06 4502

**Table 2-4** shows that CCSD's per student revenues are lower than peers are in all revenue categories except intergovernmental revenues. **Table 2-5** provides a breakdown of the other revenues line item in comparison to the peer average.

**Table 2-5: Other Revenues per Student**

	CCSD FY 2004-05	CCSD FY 2005-06	Peer Average FY 2005-06
<b>Tuition</b>	\$233.35	\$284.91	\$265.56
<b>Transportation Fees</b>	\$0.00	\$0.00	\$1.01
<b>Investment Earnings</b>	\$33.98	\$25.15	\$108.10
<b>Food Service</b>	\$0.00	\$0.00	\$0.00
<b>Extra-curricular</b>	\$1.21	\$2.77	\$0.65
<b>Classroom materials</b>	\$0.00	\$0.00	\$29.11
<b>Miscellaneous</b>	\$9.53	\$12.71	\$21.12
<b>Total</b>	<b>\$278.08</b>	<b>\$325.53</b>	<b>\$425.55</b>

Source: CCSD FY 2004-05 and FY 2005-06 4502, Exhibit 2

In FY 2006-07 CCSD implemented pay-to-participate fees for extra-curricular activities that will increase revenues in the extra-curricular category. The District's extra-curricular revenues per student were higher than the peer average for FY 2004-05 and FY 2005-06. This category includes receipts from various sources including beverage commissions and multiple fundraising efforts.

Explanations for areas where revenues are lower than the peers include the following:

- *Tuition* - FY 2004-05 tuition revenues were lower than the peer average by approximately \$32.21 per student. This line item accounts for tuition revenues received from students attending through open enrollment, which is outside the District's direct control. In FY 2005-06, tuition revenues were \$19.35 per student higher than the peers. This significant fluctuation underscores the volatility of this line item. In addition, the final FY 2005-06 SF-3 shows the District's open enrollment adjustment was a negative \$51,645, which helps confirm that the District is losing students through open enrollment.

- *Transportation Fees* - **Table 2-6** shows the District's transportation fees are lower than the peer average and that there has been no revenue generated in this category for the last two years (see the **transportation** section).
- *Investment Earnings* - The District's FY 2004-05 investment returns were lower than the peer average by \$74.12 per student and in FY 2005-06 investment returns were \$82.95 per student less than the peers. The District's lower investment revenues are likely a function of having lower cash reserves available for investment purposes.
- *Classroom Materials* - **Table 2-5** shows the District does not generate any revenue in this line item compared to the peer average of \$29.11 per student. The District does not have any type of fee structures for classroom materials such as student workbooks.
- *Miscellaneous* - **Table 2-5** shows the District's FY 2004-05 miscellaneous revenues were lower than the peer average by \$11.59 per student and in FY 2005-06, miscellaneous revenues improved somewhat, to \$8.41 less per student than the peers. This line item accounts for a variety of miscellaneous revenues from local sources.

Painesville Township LSD has instituted various student fees which are used to purchase workbooks and other learning tools. Elementary, middle school, and eighth grade students pay \$50, joint vocational students pay \$40, and high school students pay \$80. The miscellaneous fees generated \$214,405 in FY 2005-06.

While CCSD conducts fundraising events and collects pay-to-play fees, there may be other means by which the District could increase local funding and help relieve some expenditure burden.

- R2.7 CCSD should closely examine the spending patterns indicated in Tables 2-6 and 2-7 and the cost reductions recommended in the human resources and facilities sections of this report. The District should consider reallocating resources toward those programs and priorities that have the greatest impact on improving student achievement and proficiency test results. Analyzing spending patterns and performance audit recommendations will aid the District in its efforts to maintain financial stability.**

**Table 2-6** compares CCSD FY 2005-06 General Fund revenues by source and expenditures by object to the peer averages. The data is presented on a per student basis to account for differences in student population.

**Table 2-6: Revenues by Source, Expenditures by Object**

	CCSD FY 2005-06	Peer Average FY 2005-06
Property & Income Tax	\$2,836	\$3,402
Intergovernmental Revenues	\$4,922	\$4,282
Other Revenues	\$326	\$525
<b>Total Revenue</b>	<b>\$8,084</b>	<b>\$8,209</b>
Wages	\$4,800	\$4,532
Fringe Benefits	\$1,717	\$1,702
Purchased Service	\$1,027	\$957
Supplies & Textbooks	\$126	\$312
Capital Outlays	\$29	\$132
Debt Service	\$0	\$5
Miscellaneous	\$231	\$181
Other Financing Uses	\$13	\$155
<b>Total Expenditures</b>	<b>\$7,942</b>	<b>\$7,976</b>

Source: CCSD FY 2005-06 4502 Report

**Table 2-6** shows that per student revenues were slightly lower than the peer average due to the District's property tax receipts and other revenues (see **R2.6**). CCSD's effective millage is 29.26 compared to the peer average of 27.08. Although CCSD's average property value is greater than the peer district average, the District has a lower property value per student than peers.

**Table 2-6** also shows that CCSD's total expenditures per student were slightly lower than the peers. However, the District spent \$268 more per student for wages and \$15 more per student for benefits than the peers (see the **human resources** section). The higher wages are a result of the District's compensation package rather than staffing levels. For example, the average reported salary in the District is \$39,797, whereas the peer average is \$37,289. In contrast, the District employs 119.24 FTEs per 1,000 students compared to the peer average of 125.32.

Additionally, purchased service expenditures were approximately \$70 more per student than the peers, due primarily to utility expenditures. When excluding utility expenditures from purchased services, the District's expenditures in this category are slightly lower than peers were. CCSD's miscellaneous expenditures were \$50 more per student than peers, due to Board expenditures.

**Table 2-7** shows the amount and percent of expenditures posted to the various Uniform School Accounting System (USAS) function codes for CCSD and the peers. Function codes report expenditures by their nature or purpose. The following table shows operational expenditures per pupil and the percentage of total operating expenditures by function for all funds classified as governmental fund types.

**Table 2-7: Governmental Expenditures by Function**

USAS Function Classification	CCSD FY 2004-05		CCSD FY 2005-06		Peer Average FY 2005-06	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
<b>Instructional Expenditures:</b>	<b>\$5,790</b>	<b>61.4%</b>	<b>\$5,657</b>	<b>61.2%</b>	<b>\$5,339</b>	<b>60.2%</b>
Regular Instruction	\$3,988	42.3%	\$3,847	41.6%	\$3,886	43.8%
Special Instruction	\$1,140	12.1%	\$1,063	11.5%	\$1,035	11.7%
Vocational Education	\$73	0.8%	\$40	0.4%	\$210	2.4%
Adult/Continuing Education	\$0	0.0%	\$0	0.0%	\$1	0.0%
Extracurricular Activities	\$0	0.0%	\$0	0.0%	\$0	0.0%
Classroom Materials and Fees	\$0	0.0%	\$0	0.0%	\$0	0.0%
Miscellaneous	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other Instruction	\$588	6.2%	\$707	7.7%	\$206	2.3%
<b>Support Service Expenditures:</b>	<b>\$3,360</b>	<b>35.6%</b>	<b>\$3,329</b>	<b>36.0%</b>	<b>\$3,188</b>	<b>36.0%</b>
Pupil Support Services	\$411	4.4%	\$458	5.0%	\$356	4.0%
Instructional Support Services	\$391	4.1%	\$390	4.2%	\$404	4.6%
Board of Education	\$23	0.2%	\$21	0.2%	\$26	0.3%
Administration	\$819	8.7%	\$717	7.8%	\$787	8.9%
Fiscal Services	\$196	2.1%	\$199	2.2%	\$272	3.1%
Business Services	\$40	0.4%	\$67	0.7%	\$8	0.1%
Plant Operation & Maintenance	\$982	10.4%	\$996	10.8%	\$766	8.7%
Pupil Transportation	\$397	4.2%	\$406	4.4%	\$547	6.2%
Central Support Services	\$102	1.1%	\$75	0.8%	\$23	0.3%
<b>Non-Instructional Services Expenditures</b>	<b>\$44</b>	<b>0.5%</b>	<b>\$35</b>	<b>0.4%</b>	<b>\$38</b>	<b>0.4%</b>
<b>Extracurricular Activities Expenditures</b>	<b>\$235</b>	<b>2.5%</b>	<b>\$231</b>	<b>2.5%</b>	<b>\$302</b>	<b>3.4%</b>
<b>Total Governmental Fund Operational Expenditures</b>	<b>\$9,429</b>	<b>100.0%</b>	<b>\$9,252</b>	<b>100.0%</b>	<b>\$8,866</b>	<b>100.0%</b>

Source: CCSD 4502 Exhibit 2

As shown in **Table 2-7**, CCSD's total instructional expenditures per pupil in FY 2005-06 exceeded the peer average by \$386 per student. The District's expenditures per student were higher than the peer average in the following line items:

- *Special Instruction* - The District spent \$28 more per student than the peer average on special instruction. This is due to the special education teachers earning an average salary of \$47,713 in FY 2005-06, compared to the peer average of \$42,939. This can be explained by the higher tenure of the District's classroom teachers (see the **human resources** section for more information).

- *Other Instruction* - The District spent \$501 more per student than the peer average on other instruction. This line-item accounts for the tuition payments associated with students attending other school districts through open enrollment. The District spent approximately \$700,000 on open enrollment tuition in FY 2005-06.
- *Pupil Support Services* - The District spent \$102 more per student than the peers on pupil support services. CCSD employs more guidance counselors, nurses, speech and language therapists, and instructional paraprofessionals classified under this category (see the **human resources** section for further analysis).
- *Business Services* - See *Issues for Further Study*.
- *Plant Operation and Maintenance* - CCSD spent \$230 more per student than the peer average in this category. Plant operation and maintenance consists of expenditures for service area direction, care and upkeep of buildings, grounds, equipment and furniture services, vehicle and maintenance services, security services, and other operation and maintenance of plant services (see the **facilities** section for further analysis).
- *Central Support Services* - CCSD spent \$52 more per student than the peers in this category that includes planning, research, development, evaluation, information, health, statistical, data processing, coordination, and other supporting services.

**Table 2-8** compares CCSD's academic performance indicators to those of its peers as a way to link performance standards to spending patterns.

**Table 2-8: ODE Performance Standards Comparison**

	CCSD FY 2005-06	Peer District Average FY 2005-06	Difference
<b>Percent of Performance Standards Met</b>	52.0%	95.2%	(43.2%)
<b>Performance Index Score</b>	88.8	100.6	(11.84)

Source: Ohio Department of Education

As shown in **Table 2-8**, CCSD was below the peer average in number of performance standards met and index scores while maintaining slightly lower General Fund (see **Table 2-6**) and higher Governmental Fund (see **Table 2-7**) expenditures per student in FY 2005-06.

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*Management Reporting*

**R2.8 CCSD should formally establish the Finance/Audit Committee and increase its scope of responsibilities to include those practices recommended by GFOA. The District should refer to the AICPA Audit Committee Toolkit for guidance in implementing the GFOA recommended practices. In addition, future committee participants can include those that have managerial responsibilities, such as the Treasurer and Superintendent. However, anyone whose duties fall within the scope of an audit should abstain from audit committee work in order to follow best practices.**

**Furthermore, the District should consider the feasibility of establishing an internal audit function to help maintain internal controls. An existing District employee could perform this function.**

According to the Treasurer, CCSD has a Finance/Audit Committee. During the course of this audit, CCSD selected new Committee members, including the Board President, the Board Vice President and a community member. The Treasurer and the Superintendent also serve on the committee.

The Finance/Audit Committee reviews audits, acknowledges citations, and recently expanded its responsibilities to include involvement in the audit process and monitoring of financial performance. The Committee's goals describe a more comprehensive approach to monitoring and review of financial reporting and processes. CCSD's Finance/Audit Committee only reviews internal controls when a problem becomes apparent. The District does not conduct internal audits.

*Recommended Practice, Audit Committees*, (GFOA, 2006), describes audit committees as a practical means for a governing body to provide much needed independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors. The committee provides a forum in which auditors and other interested parties can candidly discuss concerns without the involvement of management.

GFOA makes the following recommendations regarding the establishment of audit committees by state and local governments:

- Every government should establish an audit committee or its equivalent.
- The audit committee should be formally established by charter, enabling resolution, or other appropriate legal means. The written document should prescribe the scope of the committee's responsibilities, as well as its structure, processes, and membership requirements.

- All members of the audit committee should possess or obtain a basic understanding of governmental financial reporting and auditing and should have access to the services of at least one financial expert.
- All members of the audit committee should be members of the governing body and no governing body member should have managerial responsibilities that fall within the scope of the audit.
- The audit committee should have at least three members but not so many as to impede its efficient operation.
- Members of the audit committee should be educated regarding both the role of the audit committee and their personal responsibility as members, including their duty to exercise an appropriate degree of professional skepticism.
- The audit committee is responsible for providing independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors.
- The audit committee should have access to the reports of any internal auditors, as well as access to any annual internal audit work plans.
- The audit committee should present annually to the governing board and management a written report of how it has discharged its duties and met its responsibilities. It is further recommended that this report be made public.
- The audit committee should establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
- The audit committee should be adequately funded and should be authorized to engage the services of financial experts, legal counsel, and other appropriate specialists.
- In its report to the governing body, the audit committee should specifically state that it has discussed the financial statements with management and with the independent auditors in private.

The American Institute of Certified Public Accounts (AICPA) also recognizes the increasing importance of audit committees and has developed a toolkit to help government organizations consider the full breadth of audit committee activities. Toolkit

examples include a sample audit committee charter to illustrate an effective document for managing audit committee activities, evaluation guidance for the internal audit team, independent auditors, and self-evaluations, and a multitude of other resources.

GFOA recommends every government consider the feasibility of establishing a formal internal audit function because such a function can help management maintain a comprehensive framework of internal controls. In this regard, GFOA defines the internal auditor as any audit professional who works directly for management and whose primary responsibility is helping management to fulfill its duties as effectively and efficiently as possible. Internal audit functions should be formally established and audit work should be conducted in accordance with Government Auditing Standards. The head of the internal audit function should possess a college degree and appropriate relevant experience.

**R2.9 While CCSD has several policies and opportunities for parental/community involvement, District-sponsored survey results indicate that many parents do not feel this is adequate. Therefore, the District should expand its efforts to increase community involvement in District decision-making and activities. CCSD should achieve this through planning, goal setting, increased communications, volunteer recognition, and development of more business relationships.**

The District encourages community participation through radio, newspaper, and television coverage of the monthly Board of Education meetings. During the Board meetings, the Treasurer reviews monthly financial reports, grant opportunities, and any other important finance-related information.

In addition to the monthly newsletter sent to parents by each school building, some of which are available on the District's web site, CCSD sends newsletters to parents if there is important information to communicate. According to the Treasurer, the District will always accept an invitation to speak at a community gathering, and has on occasion presented to the Parent Teacher Advisory Groups, Lion's Club, and Kiwanis.

CCSD has fostered business and community relationships with the local YMCA, the City of Cambridge, and several local businesses who donate computers or money. Additionally, during the course of this audit, the District formed a Business Advisory Council.

In the spring of 2006, the District sent two surveys to parents, one for elementary and middle school parents and one for high school parents, which asked specific questions about parental volunteerism. CCSD uses volunteers in various buildings to help with lunch, the library, and fundraising. Responses to the high school parent survey indicated that the District could better manage volunteers. For example when asked if the District clearly communicates how parent volunteers can help, only 30 percent of respondents

agreed. The remaining respondents were neutral or disagreed. In addition, only 27 percent agreed that parent volunteers felt appreciated while 75 percent agreed that parent volunteers are vital to the school community.

According to the Northwest Regional Educational Laboratory (2001), parent involvement produces positive results for children including improved academic performance and school behavior, greater academic motivation, and lower dropout rates. Parents also experience benefits from their involvement, including increased knowledge of child development, strengthened social networks, and positive rapport with the school. Additionally, parent participation can have the following impact on teachers and schools:

- Improved parent and community relationships, as well as greater support and respect from the community;
- Improved work environments for teachers;
- Additional help implementing everyday programs, such as one-on-one tutoring and school wide fundraising;
- More effective academic and social programs; and
- Savings on materials, resources, and personnel.

Helping parents understand the needs of schools, and helping schools understand how to optimize parents as resources, are key. Bringing the two sides together to form a strong partnership can be challenging, but when achieved, immeasurable benefits result.

**R2.10 CCSD should establish a performance measurement system that would enable the District to assess progress in meeting goals and objectives. The performance measurement system should include performance standards developed by District administrators. CCSD should incorporate the performance measurement system into the CIP. The District could also incorporate the performance measurement system in its strategic plan during its development (see R2.8).**

The District does not have established performance measures other than those dictated by ODE, such as the yearly Performance Index in which Ohio school districts strive to meet certain criteria established by ODE. *Best Practices in Public Budgeting*, (GFOA, 2000) states that governments should develop and utilize performance measures for functions, programs, and/or activities. Performance measures are used for assessing how efficiently and effectively functions, programs, and activities are provided and determining whether program goals are being met. Measures should be valid, reliable, and verifiable and expressed in quantifiable terms. Types of performance measures include: inputs (resources), outputs, efficiency and effectiveness (outcomes). Chosen measures must be relevant to the goals of the program.

Additionally, *Performance Management: Using Performance Measurement for Decision Making*, (GFOA, 2002), recommends that program and service performance measures be developed and used as an important component of long-term strategic planning and decision making which should be linked to governmental budgeting. Performance measures should address the following:

- Be based on program goals and objectives that tie to a statement of program mission or purpose;
- Measure program outcomes;
- Provide for resource allocation comparisons over time;
- Measure efficiency and effectiveness for continuous improvement;
- Be verifiable, understandable, and timely;
- Be consistent throughout the strategic plan, budget accounting and reporting systems and to the extent practical, be consistent over time;
- Be reported internally and externally;
- Be monitored and used in managerial decision-making processes;
- Be limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs; and
- Be designed in such a way to motivate staff at all levels to contribute toward organizational improvement.

Over time, performance measures should be used to report on the outputs and outcomes of each program and should be related to the mission, goals and objectives of each department with the eventual goal of measuring the programs, missions, and priorities of the organization.

*Best Practices with Their Associated Indicators*, (OPPAGA, 2002), also recommends that districts periodically conduct evaluations of their educational and operational programs, functions, or activities using information and other reasonable criteria. A district should be able to demonstrate specifically how it uses evaluation results to improve performance and cost-efficiency. School districts should clearly report major educational and operational program performance to parents and other taxpayers to ensure accountability.

CCSD has not recognized the importance of measuring its performance outside of academics. Meaningful performance measurement assists in identifying for government officials and citizens financial and program results, evaluating past resource decisions, and facilitating qualitative improvements in future decisions regarding resource allocation and service delivery.

**R2.11 CCSD should consider updating its web site to include financial information that could be useful to local citizens and other interested parties. The District should post to the web site published documents, including but not limited to budget documents (see R2.4) and a comprehensive annual financial report (CAFR). The CAFR should be supplemented by a popular annual financial report (PAFR). A redesigned web site would serve as a communication and educational tool readily available to the public and could potentially reduce the time and costs associated with public records requests.**

CCSD does not use its web site as a communication tool to convey financial or Board information, such as the five-year forecast, Board policies, and levy/millage information. In addition, the District does not publish a CAFR or PAFR. According to GFOA, every government should publish its budget document and CAFR on the government's web site. GFOA also recommends that governments follow guidelines when presenting these documents on their web sites. These guidelines are as follows:

- Electronic financial statement should be identical to the printed versions;
- The web site should state whether the budget document is preliminary or the approved budget;
- Historical information should be clearly identified and segregated from the current fiscal year; and
- Web site security should provide protection from manipulation.

Westerville CSD uses its web site as a tool to communicate important financial information, including the following:

- **Budget Appropriations:** FY 2008 Tax Budget, School Finance 101, Current Five-Year Forecast, and Understanding the Five-Year Forecast;
- **Taxes/Millage/Valuation:** Tax Calculator, Taxable Income Calculator, Presentation of Governor's Blue Ribbon Task Force on Student Success, Franklin County Area School District's Effective Tax Rates (Tax Year 2004), Franklin County Area School Districts Full Tax Rates (Tax Year 2004), Tax Rate History, and Q&A Questions on Taxes and Millage;
- **Annual Reports:** CAFR and PAFR from FY 2002 to FY 2006; and
- **Miscellaneous:** State Performance Audit, School Finance Terms, State Financial Designations, Expenditure Per Pupil (Franklin County), Ohio School District Income Tax Q & A, and a Glossary of Terms.

Furthermore, GFOA recommends publication of a CAFR. A CAFR is an unparalleled means of demonstrating financial accountability, as recognized by the National Council of Governmental Accounting (NCGA) and reiterated by the Governmental Accounting Standards Board (GASB). Because of the complexity and detail of a CAFR, GFOA also

recommends that governments issue a PAFR to assist those who need or desire a less detailed overview of government financial activities. A PAFR can take the form of consolidated or aggregated presentations, or a variety of other formats.

These reports provide a tool for community members, Board members, staff, and local businesses to gain an insight into the financial operations of the District. Benefits from posting this information include increased awareness, increased usage, avoidance of disclosure redundancy, and savings.

### *Financial Policies and Procedures*

#### **R2.12 CCSD should develop financial policies that address the following topics:**

- **Contingency planning.**
- **Stabilization of funds;**
- **Fees and Charges;**
- **Debt Issuance and Management;**
- **Debt Level and Capacity;**
- **Use of one-time revenues;**
- **Use of unpredictable revenues;**
- **Balancing the operating budget; and**
- **Revenue diversification.**

**Once the Board has developed and adopted a comprehensive set of financial policies, the District should ensure that its financial and budgetary practices are consistent with these policies. Furthermore, CCSD should periodically review the policies to identify appropriate changes and ensure their continued relevancy.**

CCSD contracted NEOLA in 2002 to create the District's policies in 2002. Included in the recently updated Board Policy Manual are policies that cover the following financial topics:

- Investments;
- Borrowing;
- Fiscal Planning;
- Purchases;
- Appropriations;
- Financial Reporting; and
- Payroll.

Although CCSD has the aforementioned financial policies, the District does not have policies that address the following:

- Contingency planning;
- Stabilization of funds;
- Fees and Charges;
- Debt Issuance and Management;
- Debt Level and Capacity;
- Use of one-time revenues;
- Use of unpredictable revenues;
- Balancing the operating budget; and
- Revenue diversification.

According to GFOA, financial policies should be consistent with broad organizational goals, based on sound analysis, consistent, and relational. Additionally, financial policies should be an integral part of the development of service, capital, and financial plans and the overall budgeting process. All other adopted budgetary practices should be consistent with these policies. GFOA recommends development of the following policies:

- **Contingency Planning:** A government should have a policy to guide the financial actions it will take in the event of emergencies, natural disasters, or other unexpected events. When emergencies or unexpected events occur, having a policy that can be applied, or at least serve as a starting point, for financial decisions and actions improves the ability of a government to take timely action and aids in the overall management of such situations.
- **Stabilization of Funds:** A government should develop policies to guide the creation, maintenance, and use of resources for financial stabilization purposes. Governments should maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.
- **Fees and Charges:** A government should adopt policies that identify the manner in which fees and charges are set and the extent to which they cover the cost of the service provided. Policies that require identification of both the cost of the program and the portion of the cost a government will recover through fees and charges allow governments and stakeholders to develop a better understanding of the cost of services and to consider the appropriateness of established fees and charges.

- **Debt Issuance and Management:** A government should adopt policies to guide the issuance and management of debt. Issuing debt commits a government's revenues several years into the future and may limit the government's flexibility to respond to changing service priorities, revenue inflows, or cost structures. Adherence to a debt policy helps ensure that governments prudently issue and manage debt in order to maintain a sound fiscal position and protect credit quality.
- **Debt Level and Capacity:** A government should adopt a policy on the maximum amount of debt and debt service that should be outstanding at any one time. Policies guiding the amount of debt that a government may be issue help ensure that outstanding and planned debt levels do not exceed an amount that supported by the existing and projected tax and revenue base.
- **Use of One-Time Revenue:** A government should adopt a policy limiting the use one-time revenue expenditures. By definition, one-time revenues cannot be relied on in future budget periods. A policy on the use of one-time revenues provides guidance to minimize disruptive effects on services due to non-recurrence of these sources.
- **Use of Unpredictable Revenues:** A government should identify major revenue sources it considers unpredictable and define how these revenues may be used. Particularly with major revenue sources, it is important to consider how significant variation in revenue receipts will affect the government's financial outlook and ability to operate programs in the current and future budget periods. For each major unpredictable revenue source, a government should identify those aspects of the revenue source that make the revenue unpredictable.
- **Balancing the Operating Budget:** A government should develop a policy that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstance, and provides for disclosure when a deviation for a balanced operating budget is planned or when it occurs.
- **Revenue Diversification:** A government should adopt a policy that encourages diversity of revenue sources. All revenue sources have particular characteristics in terms of stability, growth, sensitivity to inflation or business cycle effects, and impact on tax and taxpayers. Diversity in revenue sources can improve a government's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services.

Once developed, GFOA indicates that the financial policies should be publicly available and reviewed periodically. The comprehensive polices recommended by GFOA could help CCSD better manage its limited resources and ensure consistency in financial

practices. Such policies can also help the District operate smoothly, can be used as tools for financial decision making, and can improve the ability of a school district to take timely action. In addition, financial policies aid in the overall management of the budget and achievement of long-range goals.

**R2.13 CCSD should update the Treasurer’s Office job descriptions to reflect current job titles, qualifications, and responsibilities. Additionally, the District should develop a cross-training program for Treasurer’s Office staff to train more than one employee for each critical accounting function. To achieve this, CCSD should review accounting procedures to verify there is no duplication of effort and determine accounting functions for which employee cross training would reduce risk, improve productivity, and increase employee commitment and motivation.**

The District last updated job descriptions for Treasurer’s Office positions in 1997 and they do not reflect current position titles and responsibilities. Additionally, staff in the Treasurer’s Office are not cross-trained. With the exception of the Treasurer, the Office has not experienced a high level of turnover.

According to *Job Descriptions, a Resource Guide for School Management*, (Ohio School Boards Association, 1998), job descriptions are valuable resources for job applicants, employees, supervisors, and human resource administrators. However, to be valuable they must be accurate, up-to-date, and sufficiently detailed to clearly communicate expectations and prevent misunderstandings.

Furthermore, *Job Descriptions – An Overview*, (Society for Human Resource Management ((SHRM)), 2002), states job descriptions and other forms of job documentation have the potential to become the subject of contention, including grievances or litigation. Accordingly, maintaining accuracy is critical. To ensure this, the employer should designate one party as having primary responsibility for keeping them current, and should have a plan for reviewing them regularly. A plan of this type should reflect the personnel resources available to do the review and the character of the job content. Jobs that are dynamic, changing rapidly and extensively due to technological or organizational considerations should be reviewed often while jobs that change very little over long periods need not be reviewed as often.

According to *Cross Training – Value in Today’s Environment*, (SHRM, 2001), cross training can be beneficial both to the organization and to employees. Cross training increases employees’ knowledge and ability to perform different tasks by using current skills or by learning ones. In addition, cross training adds variety to employees’ workday, adds new challenges to their jobs, and enhances future career opportunities within the organization. Cross training can also help employees to better understand

interrelationships between jobs, thereby enhancing their operational perceptiveness. Most organizations benefit from cross training for the following reasons:

- Creates a more flexible and versatile workforce;
- Enables organizations to reduce the number of different jobs and hence reduce work jurisdiction;
- Prevents stagnation;
- Improves productivity;
- Allows for effective succession planning;
- Leads to better coordination and teamwork;
- Motivates the workforce and instills commitment;
- Enables employees to understand organizational goals and objectives;
- Supports implementation of family-friendly policies;
- Increases retention and avoids recruiting costs;
- Increases organizational marketability and support recruiting initiatives; and
- Helps create a learning organization.

### *Purchasing*

**R2.14 CCSD should consider lowering the minimum requirement to obtain multiple price quotes from \$15,000 to a threshold that allows purchasing more items in a competitive environment. The Treasurer's Office should help determine the new threshold with the intent of subjecting more items to competitive pricing without being overly cumbersome for operational units.**

The District's purchasing policies are broad and only require competitive pricing in the following instances:

- The District will comply with state laws regarding competitive bidding requirements for anything exceeding \$25,000, as noted in ORC §3313.46.
- The Business Manager should attempt to obtain two price quotations on any and all single item purchases of more than \$15,000 except in cases of emergency or when materials purchased are of such a nature that price negotiations would not result in a savings or when the item is subject to a formal bid.
- The Business Manager can authorize purchases that are within the amount contained in the appropriate fund and originally contemplated in the budget. The District authorized the Business Manager to adjust appropriations within a fund in order to make necessary purchases. These modifications shall be reported at the following regular Board meeting. The Board authorized the Superintendent to

make emergency purchases, without prior adjustment for those goods and services needed to keep the schools in operation. These purchases shall be brought to the Board's attention at the regular meeting.

The District's purchasing policies indicate that employees are permitted to make purchases of single items costing up to \$15,000 without securing multiple price quotes beforehand as long as the Business Manager approves the purchase. By contrast, the Akron City School District requires employees to obtain three price quotes on anything costing more than \$6,000. Similarly, the Cincinnati City School District requires various forms of competitive pricing for goods and services costing more than \$500. OPPAGA recommends that districts take maximum advantage of the purchasing function by ensuring that effective price quotation policies are in place requiring quotes for small dollar purchases that fall below the dollar limits requiring competitive bidding.

By establishing the minimum purchasing threshold at \$15,000, the Board has minimal assurance that employees are obtaining fair prices for significant purchases. In addition, appropriate purchasing policies protect the integrity and reputation of District personnel.

**R2.15 The District should adopt formal policies and procedures for requests for proposals (RFP), which indicate usage in contracting for purchased services, as well as the dollar thresholds and types of purchases that would be subject to competitive proposals. The District should work with legal counsel to develop appropriate RFP templates and identify key items for inclusion, such as terms, conditions, evaluation process, performance expectations, and reporting requirements.**

CCSD does not have a policy regarding the use of RFPs. The *Contract Management Manual: A Guide for Bidding, Selecting, Contracting, and Monitoring Service* (Voinovich Center for Leadership and Public Affairs at Ohio University, June 2001) indicates that an RFP is a form of a bid and usage is generally for services difficult to summarize in written bid specifications. It recommends numerous elements for inclusion in an RFP, including the following:

- Time table for the RFP process;
- Request that vendors submit a budget for the project or service;
- Detailed description of the services that will be performed under the contract;
- Vendor disclosures and a conflict of interest statement;
- Disclaimer indicating that the contracts resulting from the proposals are contingent on the availability of funds;
- Proposal delivery date, time, and address;
- Description of the evaluation process for proposals;
- Terms and conditions;
- Vendor project requirements and qualifications;

- Project deliverables, including performance expectations; and
- Reporting requirements.

The *Contract Management Manual* also indicates that entities should form a team to conduct advanced planning for an RFP and a team leader should be identified to manage the creation of an RFP and determine the evaluation process. In creating the evaluation criteria, the team should identify the significant points in the RFP to evaluate and assign relative weights to each point. The team also needs to develop a system for scoring the proposals. Additionally, a team should be identified to evaluate the proposal submissions, which may be the same team that conducted the advanced planning. Furthermore, one person should be appointed as the contact for potential vendors to ensure consistency in responses.

In order to aid in the evaluation process, the *Contract Management Manual* provides the following sample evaluation criteria:

- Responsiveness to all items listed in the RFP;
- Relevance of services to be provided;
- Clarity and measurability of proposal to provide services;
- Continuous improvement strategy;
- Corporate capabilities; and
- Budget and cost-effectiveness.

Without formal RFP policies and procedures, the Board has limited assurance that vendor selection decisions are objective.

**R2.16 CCSD should consider expanding its membership in consortiums to increase the pool of products and prices to compare and further help ensure the District pays the “best” price for products.**

CCSD’s policy on cooperative purchasing states that the Board recognizes the cost saving advantages of centralized bulk purchasing and encourages the administration to seek joint purchasing with other governmental units. The Superintendent or designee negotiates joint purchases agreements, which are subject to Board approval and all legal bidding requirements.

The District is a member of the Metropolitan Educational Council (MEC) for natural gas and the Rural Electric Association – Guernsey-Muskingum County (REA) cooperative for electric. However, it is not a member of U.S. Communities: Government Purchasing Alliance (USC), which is a nonprofit entity that assists public agencies in reducing the cost of purchased goods by pooling their purchasing power nationwide. Key advantages of participating in USC include the following:

- Generates savings through the lack of user fees or costs to participate, saves time and money, and frees resources for other public priorities, programs and services;
- Competitively solicited contracts;
- Nationally sponsored by leading associations and purchasing organizations (e.g., Association of School Business Officials International);
- Directed by public purchasing professionals; and
- Aggregates purchasing power of up to 87,000 local agencies, expands purchasing choices beyond state boundaries and includes over 8,000 public agencies in 50 states.

USC offers technology products such as computer hardware, software, and peripherals, as well as office/school supplies, janitorial supplies, office and school furniture, and office machines. Further exploring membership in other relevant consortiums could help the District ensure it purchases products at the most economical price.

### *Financial Recovery*

**R2.17 CCSD should analyze and use the proposed recommendations presented within this performance audit and determine the impact of the related cost savings on its financial condition. The District should also consider implementing the recommendations in this performance audit to improve its current and future financial situation. In addition, the District should update its forecast on a continual basis as critical financial issues are addressed. In particular, CCSD should ensure that it can realize the impact of the lower benefit costs in FY 2006-07 during the next four years, when compared to the AOS revised projections.**

**Table 2-9** demonstrates the effect of the recommendations in this report and includes the AOS revised projections. During the course of this audit, FY 2006-07 actual revenues and expenditures became available. AOS projections for FY 2006-07 were not materially different from FY 2006-07 actual revenues and expenditures, with the exception of the benefits line item (see **Table 2-10**)<sup>1</sup>. As a result, **Table 2-9** only presents projections from FY 2007-08 through FY 2010-11. In addition, the beginning fund balance for FY 2007-08 represents the District's actual ending fund balance for FY 2006-07. Italicized line items represent revisions made to the District's projections in this performance audit (see **R2.2** and **R2.3**).

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<sup>1</sup> The District's original projections for supplies and materials appeared reasonable (see **R2.3**). However, the actual expenditures for supplies and materials in FY 2006-07 (\$378,271) were approximately \$254,000 lower than the District's projections (\$632,000). While this is a material difference within supplies and materials, total supplies and materials comprised only two percent of total expenditures in FY 2006-07. Furthermore, it is unknown whether the District could sustain the lower level of spending in FY 2006-07 during the next four years.

**Table 2-9: Revised Financial Forecast (in 000's)**

	Forecast 2007-08	Forecast 2008-09	Forecast 2009-10	Forecast 2010-11
<i>Real Estate Property Tax</i>	\$4,956	\$4,956	\$5,228	\$5,568
Tangible Personal Property Tax	\$446	\$233	\$0	\$0
<i>Unrestricted Grants in Aid</i>	\$11,876	\$12,276	\$12,678	\$13,118
<i>Restricted Grants in Aid</i>	\$877	\$882	\$886	\$891
<i>Property Tax Allocation</i>	\$1,154	\$1,377	\$1,628	\$1,441
Other Revenues	\$792	\$800	\$808	\$815
<b>Total Operating Revenues</b>	<b>\$20,101</b>	<b>\$20,524</b>	<b>\$21,229</b>	<b>\$21,833</b>
Other Financing Sources	\$58	\$58	\$58	\$58
<b>Total Revenues and Other Sources</b>	<b>\$20,159</b>	<b>\$20,582</b>	<b>\$21,287</b>	<b>\$21,891</b>
<i>Personnel Services</i>	\$11,465	\$11,832	\$12,210	\$12,601
<i>Fringe Benefits</i>	\$5,085	\$5,462	\$5,871	\$6,315
Purchased Services	\$2,874	\$2,960	\$3,049	\$3,140
Supplies, Materials, & Textbooks	\$651	\$670	\$690	\$711
Capital Outlay	\$5	\$5	\$5	\$5
Other Expenditures	\$636	\$655	\$675	\$695
<b>Total Operating Expenditures</b>	<b>\$20,715</b>	<b>\$21,583</b>	<b>\$22,500</b>	<b>\$23,467</b>
Other Financing Uses	\$50	\$50	\$50	\$50
<b>Total Expenditures and Other Uses</b>	<b>\$20,765</b>	<b>\$21,633</b>	<b>\$22,550</b>	<b>\$23,517</b>
<b>Result of Operations (Loss)</b>	<b>(\$606)</b>	<b>(\$1,052)</b>	<b>(\$1,263)</b>	<b>(\$1,626)</b>
Beginning Cash Balance	\$332	(\$274)	(\$1,326)	(\$2,589)
<b>Ending Cash Balance</b>	<b>(\$274)</b>	<b>(\$1,326)</b>	<b>(\$2,589)</b>	<b>(\$4,215)</b>
Encumbrances and Reservations	\$250	\$250	\$250	\$250
<b>Ending Fund Balance</b>	<b>(\$524)</b>	<b>(\$1,576)</b>	<b>(\$2,839)</b>	<b>(\$4,465)</b>
<b>AOS Recommendations - Cumulative <sup>1</sup></b>	NA	<b>\$1,221</b>	<b>\$2,441</b>	<b>\$3,662</b>
<b>Revised Ending Fund Balance</b>	<b>(\$524)</b>	<b>(\$355)</b>	<b>(\$397)</b>	<b>(\$803)</b>

Source: CCSD Five-year Forecast, November 2006 and AOS

<sup>1</sup> AOS held cost savings from recommendations constant in each year of the forecast to be conservative. In addition, this row excludes **R5.7** because the District plans to use the Permanent Improvement Fund for bus purchases and **R5.10** because the impact on the General Fund could not be readily quantified.

**Table 2-10** shows CCSD will end the forecast period with a negative ending fund balance even after implementing all of the recommendations in this performance audit. However, the revised benefit expenditures were approximately 15 percent higher than the actual benefit expenditures in FY 2006-07, due partially to the District experiencing a health insurance holiday in FY 2006-07. As this difference can have a material impact on the projected ending fund balances, **Table 2-10** shows the impact of this difference after accounting for the effect of the insurance holiday. As a result, **Table 2-10** assumes that the District will not experience an insurance holiday in the next four years, but will be able to carry forward the remaining difference in the AOS benefit projections when compared to the actual benefit expenditures for FY 2006-07.

**Table 2-10: Revised Ending Fund Balance with Benefits Adjustment (in 000's)**

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
<b>Revised Ending Fund Balance</b>	<b>(\$524)</b>	<b>(\$355)</b>	<b>(\$397)</b>	<b>(\$803)</b>
Benefits Adjustment - Cumulative	\$380	\$789	\$1,228	\$1,701
<b>Revised Ending Fund Balance with Benefits Adjustment</b>	<b>(\$143)</b>	<b>\$434</b>	<b>\$831</b>	<b>\$898</b>

Source: CCSD Five-year Forecasts, November 2006 and November 2007, and AOS

As illustrated in **Table 2-10**, after the benefits adjustment, CCSD will maintain a positive ending fund balance after FY 2007-08 if the District implements all of the recommendations in this performance audit. Furthermore, the fund balance could be higher if CCSD experiences insurance holidays in the future.

**Table 2-11** summarizes the performance audit recommendations containing financial implications. These recommendations provide a series of options that CCSD should consider. The magnitude of cost savings associated with some recommendations could be affected or offset by the implementation of others. Therefore, the actual cost savings, when compared to estimates, could vary depending on the implementation of the various recommendations. Detailed information concerning the financial implications is contained within the individual sections of the performance audit.

**Table 2-11: Summary of Performance Audit Recommendations**

<b>Recommendation</b>	<b>Annual Cost Savings</b>	<b>One-time Costs</b>	<b>Annual Costs</b>
<b>Recommendations Not Subject to Negotiation</b>			
<b>R3.2</b> Reduce administrative staffing by 1.0 FTE	\$50,000		
<b>R3.3</b> Reduce regular teaching staff by 14.0 FTEs	\$596,300		
<b>R3.4</b> Reduce ESP staffing by 2.0 FTEs	\$65,700		
<b>R3.5</b> Reduce clerical staffing by 1.0 FTE	\$24,500		
<b>R3.8</b> Require administrators to contribute 10 percent of the cost for insurance premiums	\$25,000		
<b>R3.12</b> Reduce substitute teacher costs by reducing sick leave taken by certified employees	\$42,500		
<b>R4.2</b> Purchase an ISSA custodial cleaning manual		\$60	
<b>R4.3</b> Reduce 1.0 FTE custodial position	\$38,779		
<b>R5.1</b> Implement State Minimums and transport 444 fewer students (annual cost to transport each student \$654.93)	\$160,000		
<b>R5.2</b> Reduce bus driver staffing by 4.0 FTEs	\$107,060		
<b>R5.2</b> Insurance savings from eliminating four buses	\$5,320		
<b>R5.7</b> Avoid purchasing any more buses for several years (\$61,000 per bus)	\$61,000		
<b>R5.10</b> Charge for non-routine bus miles	\$97,123		
<b>R6.2</b> Adopt a five-year replacement cycle			\$102,000
<b>R6.6</b> Develop a staffing policy for technical support and increase the number of technicians			\$13,000
<b>Total Recommendations Not Subject to Negotiation</b>	<b>\$1,273,282</b>	<b>\$60</b>	<b>\$115,000</b>
<b>Recommendations Subject to Negotiation</b>			
<b>R3.8</b> Increase certified and classified insurance premium contributions from 10 to 15 percent	\$160,000		
<b>R3.11</b> Renegotiate the certified leave incentive to a level comparable to the classified incentive	\$22,000		
<b>R3.11</b> Reduce the number of paid holidays for classified employees	\$38,600		
<b>Total Recommendations Subject to Negotiations</b>	<b>\$220,600</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Recommendations</b>	<b>\$1,493,882</b>	<b>\$60</b>	<b>\$115,000</b>

Source: AOS

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# Human Resources

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## Background

This section of the performance audit focuses on the human resource operations in the Cambridge City School District (CCSD or the District). The objective is to develop recommendations for improvements, identify opportunities to increase efficiency and effectiveness, and reduce District expenditures. The Auditor of State's Office (AOS) evaluated CCSD's operations against best practice standards from several sources, including the Ohio Department of Education (ODE), the State Employment Relations Board (SERB), the Government Finance Officers Association (GFOA), the Ohio Bureau of Workers' Compensation (BWC), the Ohio Education Association (OEA), the Ohio Department of Administrative Services (DAS), and the Kaiser Family Foundation (Kaiser). In addition, AOS uses Type 1 rural and agricultural districts<sup>1</sup> with similar demographics (high poverty and low median income), high Ohio Proficiency test scores, and low per-pupil expenditures as peer districts<sup>2</sup>. These districts are referred to as the "peer districts".

### *Organizational Structure and Function*

CCSD does not have a separate department dedicated to human resource functions. The Superintendent, Treasurer, secretarial assistants, building principals, and special service coordinators complete the primary responsibilities. Due to its financial condition, CCSD does not employ a business manager. Instead, the Treasurer assumes these responsibilities.

### *Staffing*

**Table 3-1** illustrates the full-time equivalent (FTE) staffing levels at CCSD and the average of the peer districts as reported to ODE through the Education Management Information System (EMIS). Peer data is from FY 2005-06 while AOS updated CCSD's FTE's to reflect FY 2006-07 staffing levels. The FTEs in **Table 3-1**, have been presented on a per 1,000 student basis because staffing levels are partially dependent on the number of students served.

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<sup>1</sup> As categorized by the Ohio Department of Education.

<sup>2</sup> East Holmes Local School District (Holmes County), New Riegel Local School District (Seneca County), Springfield Local School District (Mahoning County), Southeast Local School District (Wayne County), Logan Hocking Local School District (Hocking County), Garaway Local School District and Indian Valley Local School District (Tuscarawas County), Leipsic Local School District (Putnam County), Loudonville-Perry Exempt Village School District (Ashland County) and New London Local School District (Huron County).

**Table 3-1: Cambridge CSD and Peer Staffing Comparison**

	Cambridge CSD		Peer District Average		Variances	
	FTE Reported	Per 1,000 Students	FTE Reported <sup>1</sup>	Per 1,000 Students	FTE	Per 1,000 Students
<b>Administrators:</b>	<b>15.40</b>	<b>6.31</b>	<b>8.72</b>	<b>6.11</b>	<b>6.68</b>	<b>0.20</b>
Site Based Administrators	8.00	3.28	4.80	3.23	3.20	0.05
Central Administrators	7.40	3.03	3.92	2.88	3.48	0.15
<b>Educational Staff:</b>	<b>168.02</b>	<b>68.84</b>	<b>108.99</b>	<b>75.28</b>	<b>59.03</b>	<b>(6.44)</b>
Curriculum Specialist	2.00	0.82	0.10	0.09	1.90	0.73
Counselors	5.00	2.05	2.40	1.71	2.60	0.34
Librarian / Media	1.00	0.41	1.01	0.89	(0.01)	(0.48)
Remedial Specialist	10.50	4.30	5.58	3.30	4.92	1.00
Regular Teachers	116.87	47.89	71.13	49.62	45.74	(1.73)
Special Education Teachers	20.00	8.19	14.08	9.07	5.92	(0.88)
Vocational Teachers	3.43	1.41	3.58	2.49	(0.15)	(1.08)
Tutor/Small Group Instructors	0.72	0.30	2.03	1.57	(1.31)	(1.27)
ESP Teachers	6.00	2.46	6.79	4.90	(0.79)	(2.44)
Suppl. Spec. Educ. Teacher	2.50	1.02	1.00	0.96	1.50	0.06
All Other Educational Staff	0.00	-	1.28	0.69	(1.28)	(0.69)
<b>Professional Staff:</b>	<b>6.02</b>	<b>2.47</b>	<b>2.77</b>	<b>1.25</b>	<b>3.25</b>	<b>1.22</b>
Psychologists	2.00	0.82	0.40	0.16	1.60	0.66
Registered Nurses	1.12	0.46	0.40	0.13	0.72	0.33
Social Worker	1.00	0.41	0.00	-	1.00	0.41
Physical Therapists	0.00	-	0.10	0.03	(0.10)	(0.03)
Speech & Language Therapists	1.90	0.78	0.97	0.52	0.93	0.26
Occupational Therapists	0.00	-	0.20	0.05	(0.20)	(0.05)
All Other Professional Staff	0.00	-	0.70	0.36	(0.70)	(0.36)
<b>Technical Staff:</b>	<b>14.63</b>	<b>5.99</b>	<b>7.46</b>	<b>4.54</b>	<b>7.17</b>	<b>1.45</b>
Computer Support	2.80	1.15	0.34	0.36	2.46	0.79
Practical Nurses	1.00	0.41	0.20	0.15	0.80	0.26
Library Technicians / Aides	0.00	-	0.93	0.58	(0.93)	(0.58)
Instruct. Paraprofessionals	10.63	4.36	5.70	3.25	4.93	1.11
All Other Technical Staff	0.20	0.08	0.30	0.20	(0.10)	(0.12)
<b>Office / Clerical Staff:</b>	<b>25.08</b>	<b>10.28</b>	<b>15.71</b>	<b>10.68</b>	<b>9.37</b>	<b>(0.40)</b>
Clerical	16.50	6.76	8.73	5.73	7.77	1.03
Teaching Aide	6.58	2.70	4.87	3.45	1.71	(0.75)
All Other Office / Clerical Staff	2.00	0.82	2.11	1.51	(0.11)	(0.69)
<b>Crafts and Trades</b>	<b>5.00</b>	<b>2.05</b>	<b>3.05</b>	<b>2.36</b>	<b>1.95</b>	<b>(0.31)</b>
<b>Custodians/Groundskeepers</b>	<b>18.75</b>	<b>7.68</b>	<b>9.51</b>	<b>6.12</b>	<b>9.24</b>	<b>1.56</b>
<b>Bus Drivers</b>	<b>19.37</b>	<b>7.94</b>	<b>14.82</b>	<b>10.16</b>	<b>4.55</b>	<b>(2.22)</b>
<b>Food Service Workers</b>	<b>18.76</b>	<b>7.69</b>	<b>10.25</b>	<b>7.71</b>	<b>8.51</b>	<b>(0.02)</b>
All Other Reported Personnel	0.00	-	1.91	1.11	(1.91)	(1.11)
<b>Total FTE Reported</b>	<b>291.03</b>	<b>119.24</b>	<b>183.19</b>	<b>125.32</b>	<b>107.84</b>	<b>(6.08)</b>

**Source:** FY 2005-06 EMIS reports and Student Enrollment Reports from peer districts. FY 2006-07 EMIS reports and Student Enrollment Reports from CCSD.

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

<sup>1</sup> Reflects unadjusted and unconfirmed FTE employees reported by the peer districts and may not include changes to staff levels or include Educational Service Center staff.

As illustrated in **Table 3-1**, CCSD had a greater number of FTEs per 1,000 students in the following classifications:

- **Administrators:** CCSD staffing levels are slightly above the peer district average when comparing site based and central administrators. The central based administrative staff per 1,000 students is above the peer average by 0.15 FTEs and the site-based administrators per 1,000 students are 0.05 FTEs above. Overall, combined administrative staff per 1,000 students is 0.20 FTEs above the peer district average (see **R3.2**).
- **Curriculum Specialist:** CCSD employs 0.82 FTEs per 1,000 students, which is higher than the peer average of 0.09 FTEs per 1,000 students. However, compensation of the District's curriculum specialists is from Title 1 and other federal funds.
- **Counselors:** CCSD employs 0.34 FTEs above the peer district average on a per 1,000 student basis. The counselor position is also recognized as part of educational service personnel staff (ESP) by the Ohio Revised Code (ORC) § 3317.32. A separate analysis was performed to include ORC defined ESP staffing (see **R3.4**).
- **Remedial Specialist:** CCSD employs 1.00 FTE remedial specialists per 1,000 students more than the peer district. According to the EMIS classification, remedial specialists perform activities concerned with correcting or improving specific marked deficiencies that are not due to impairment of mental or physical ability. AOS conducted a comparison of all staffing dedicated to remedial studies, which included the tutor/small group instructor classification. When compared to the peers on this basis, CCSD's has slightly fewer FTEs per 1,000 students devoted to remedial studies than the peer district average. Additionally, the classified demographics report indicated that CCSD's remedial specialists are grant funded.
- **Supplemental Special Education Teacher:** CCSD employs slightly more FTEs per 1,000 students than the peer district in this classification. However, supplemental assistance can be provided through tutoring or small group instruction where CCSD falls below the peer average. Therefore, AOS conducted an analysis of total special education staffing and determined that CCSD understaffed special education (see **R3.6**).
- **Psychologists:** CCSD employs 0.82 FTEs per 1,000 students, which is higher than the peer average of 0.16 FTEs per 1,000 students. However, OAC 3301-51-09 limits the number of special education students a psychologist can serve. Based on the District's special education population, its psychologist staffing level is appropriate.
- **Speech and Language Therapist:** CCSD has 1.90 FTEs per 1,000 students, which is 0.26 FTEs higher than the peer average. Although the District's average is higher, 1.00 FTE is dedicated to special education where staffing is governed by the Individual

Education Plans (IEPs). AOS conducted an additional analysis of special education staffing and determined CCSD is understaffed in other special education categories (see **R3.6**).

- **Registered Nurses and Social Workers:** CCSD employs 0.33 and 0.41 FTEs more than the peer district average, respectively. These positions are recognized as a component of ESP by ORC § 3317.32. A separate analysis was performed to include ORC defined ESP staffing (see **R3.4**).
- **Practical Nurses:** CCSD employs 0.41 FTEs per 1,000 students, which is higher than the peer average of 0.15 FTEs per 1,000 students.
- **Instructional Paraprofessionals:** CCSD employees slightly more FTEs per 1,000 students than the peer district average when examining non-certificated support staff. The District has 4.3 Instructional Paraprofessionals, 1.1 more than the peer average. However, CCSD has 2.7 Teaching Aides per 1,000 students and the peer average is 3.4. Overall, CCSD is only 0.3 FTEs higher than the peer average on a per 1,000 student basis for Non-Certificated Educational Support Staff.
- **Clerical:** CCSD employs more clerical staff than the peer district average by approximately 1.0 FTE per 1,000 students. AOS conducted a separate analysis that compares CCSD and peer clerical staffing per district building and employees per clerical staff (see **R3.5**).
- **Technical Staff & Custodians/Groundskeepers:** The staffing levels reported in **Table 3-1** illustrate the number of FTEs staff classifications compared to the peer district average. The performance audit analyses of these classifications are in other sections of the report (see **facilities** and **technology sections**).

### *Assessments Not Yielding Recommendations*

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

- **Teachers' Salaries:** CCSD teachers' salaries were 6.8 percent higher than the peer district average in FY 2005-06. However, according to ODE's FY 2004-05 Classroom Teacher Salaries report, 70 percent of CCSD teachers had 10 or more years of experience. This was higher than all but 1 of the 10 peer districts. Additionally, beginning salaries for teachers with Bachelors and Masters Degrees were only 2.22 percent and 2.34 percent higher, respectively, than the peer average.

- **Administrative Salaries:** CCSD's administrative salaries were 10.2 percent below the peer average in FY 2005-06. Additionally, the District decided to freeze the administrators' salaries for school year 2006-07 to save on personnel costs. Therefore, CCSD administrators did not receive a pay increase for FY 2006-07.
- **Classified Salaries:** While CCSD's classified salaries were generally higher than the peer district average, it was largely due to the high salaries received by the food service workers (see **Issues for Further Study**). Other classified positions including maintenance workers, custodians, and bus drivers were below the peer average salaries in FY 2005-06.
- **Pick-up of Employee's Retirement Contribution:** CCSD picks-up the employees' retirement contribution only for the Treasurer and Superintendent. Other District employees make retirement contributions through salary reduction, with the District paying its required contribution.
- **Substitute Pay:** The substitute rate at CCSD is in line with the rates offered by the Ohio Valley ESC and the other Guernsey County districts. Offering the \$75 rate allows CCSD to attract and employ substitutes at a comparable rate.
- **Dental and Life Insurance:** CCSD covers 100 percent of the \$60.60 premium for dental insurance for 261 of its eligible employees. Although the District pays the same premium for single and family coverage, the amount is collectively less than estimated SERB averages for FY 2006-07. CCSD provides life insurance in the amounts of \$25,000, \$30,000, and \$100,000 for its certified, classified, and administrative staff, respectively. The District pays \$0.13 per \$1,000 of coverage per month, which is below the statewide average monthly cost of approximately \$0.19 per \$1,000 of coverage per employee reported in SERB's 2004 13<sup>th</sup> Annual Report on the Cost of Health Insurance in Ohio's

#### *Public Sector*

- **Collective Bargaining Process:** CCSD maintains an effective collective bargaining process by including outlines for negotiations within its certified and classified collective bargaining agreements. Clearly defining the process allows all employees, both bargaining unit members and administrators, to obtain an understanding of the process and prepare for the negotiation. Additionally, The District uses interest-based bargaining during certificated negotiations, allowing for creative solutions and improved relationships between the bargaining unit and administration.

- **Board of Education Policies:** The District has formal policies that outline the roles and responsibilities of CCSD Board of Education, individual board members, the Superintendent, and the Treasurer. CCSD's Board policies state that the Superintendent is responsible for facilitating the communication between the Board to the staff, which is in line with industry benchmarks.
- **Special Education Services:** CCSD actively uses the parent mentor to provide special education services to parents, staff, and students in the District. For example, the parent mentor organizes and leads support groups for parents, offers training to educate staff and parents about specific disabilities, and is available to support and provide understanding to parents and students during the IEP meetings. Additionally, CCSD explores options for providing services to special needs students by contracting with external providers. Being aware of and implementing available options allows CCSD to provide services to special needs students in the most beneficial way. Additionally, CCSD has an effective method in place to report special education students on the December Child Count Report, which helps to ensure timely and reliable reimbursements.

### *Issues for Further Study*

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be consistent with the audit objectives or may be issues the auditors do not have the time or resources to pursue. AOS has identified the following issue:

- **Food Service Workers' Salaries:** CCSD food service workers' salaries were 18.5 percent higher than the peer district average in FY 2005-06. However, the Food Service Fund supports the food service workers' salaries and does not require General Fund subsidies. If, in the future, the Food Service Fund requires subsidies, CCSD should be prepared to address the food service workers' higher salaries.

## Recommendations

### *Staffing*

- R3.1 CCSD should develop a formal staffing plan to address the current and future staffing needs of the District. Similar to the plans used by the Tulsa Public Schools in Oklahoma and the Lakota Local School District in Ohio, CCSD should consider establishing staffing allocations for administrative, certificated, and classified personnel to help ensure the District proactively addresses its staffing needs. By developing a formal staffing plan, CCSD can ensure that it is compliant with State requirements and is aware of the impact current and future staffing levels have on its budget.**

CCSD does not follow a formal plan when planning future employment levels. In February of each school year, the Superintendent and Treasurer review enrollment at each building by grade level to determine appropriate staffing levels for the following year. For example, the District reallocates staffing in response to fluctuations from year to year in class size. CCSD also tries to identify staff that plan to transfer or retire to determine if it can fill the vacancy by reallocating existing staff or if it must hire new staff. The Superintendent and Treasurer work with department heads and building principals to make these decisions. In recent years, the financial position influenced staffing levels, causing the District to reduce the number of employees.

OAC 3301-35-05 and OAC 3301-51-09 govern minimum staffing levels for regular classroom teachers, educational service personnel (ESP), and principals, as well as instructors and aides involved in the delivery of services for students with special needs. School districts are required to meet the terms of these regulations.

*Strategic Staffing Plans* (The Society for Human Resource Management (SHRM), June 2002) notes that high performing organizations use plans and a system to monitor and control the cost of engaging human capital. Strategic staffing plans form an infrastructure to support effective decision-making in an organization. SHRM's *Staffing Strategy over the Business Cycle* (2005) elaborated on the effect of strategic staffing plans on organizations. In detailing how organizations may react to changes in the business cycle, SHRM noted that reductions in staffing to meet declining labor needs often did not result in anticipated savings for 12 to 18 months. As a result, staffing plans tied to strategic plans and organizational needs can help organizations better meet the constraints of their operating environments.

The Tulsa Public Schools in Tulsa, Oklahoma established a recognized best practice staffing plan that incorporates state and federal regulations, workload measures, and industry benchmarks, as well as staffing levels determined by its administration. The plan outlines the allocation of regular and special education, administrative, other instructional, clerical, custodial, and food service staff. For example, food service staffing is determined using a minimum target meals per labor hour calculation established by the District. The plan also bases custodial staffing levels on a calculation using the number of teachers, students, and rooms and the total area of the buildings. Tulsa uses the plan as a guide to determine efficient staffing levels and ensure compliance with state and federal regulations. Additionally, some Ohio schools have developed staffing plans that meet best practice criteria. For example, Lakota Local School District in Butler County, Ohio has a staffing plan similar that used by Tulsa in that it guides staffing decisions using an assortment of variables and formulas.

CCSD has not developed a formal staffing plan in writing because the current process seems to have worked effectively. However, in FY 2005-06, salaries and benefits accounted for 82.6 percent of CCSD expenditures. Without a formal staffing plan that incorporates staffing requirements and District benchmarks, CCSD does not have an effective method to ensure it is consistent in meeting state requirements. Developing a formal staffing plan will enable CCSD to allocate staff appropriately to meet its academic and fiscal needs.

**R3.2 CCSD should consider reducing administrators by 1.0 FTE to bring levels in line with the peer district average. The District could use the savings from reduced salary and benefit expenditures to avoid deficits.**

**Table 3-2** compares CCSD's administrative staffing levels to the peer district average. Comparisons are made on a per 1,000 student basis by central, site based, and total administrators. This analysis also compares CCSD's administrators per district building to the peer average as well as district employees per district administrator.

**Table 3-2: Cambridge CSD and Peer Administrative Staffing**

	Cambridge CSD	Peer District Average	Variance
Central Administrators	7.40	3.92	3.48
Site Based Administrators	8.00	4.80	3.20
<b>Total FTE Administrators</b>	<b>15.40</b>	<b>8.72</b>	<b>6.68</b>
<b>Site Based Administrators per Building</b>	<b>1.60</b>	<b>1.02</b>	<b>0.58</b>
Employees Excluding Administrators	275.60	174.47	
<b>Employees per Administrator</b>	<b>17.90</b>	<b>20.20</b>	<b>(2.30)</b>
Central Administrators per 1,000 Students	3.03	2.88	0.15
Site Based Administrators per 1,000 Students	3.28	3.23	0.05
<b>Total Administrators per 1,000 Students</b>	<b>6.31</b>	<b>6.11</b>	<b>0.20</b>
<b>Total Administrators Above/(Below) Type 1 Districts <sup>1</sup></b>			<b>0.49</b>

Source: CCSD FY 2006-07 and peer FY 2005-06 All R Staff and Enrollment EMIS reports

<sup>1</sup> Represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with comparable districts.

As illustrated in **Table 3-2**, CCSD administrative staffing levels are slightly above the peer district average in each comparison. The central based administrative staff per 1,000 students is higher than the peer average by 0.15 FTEs, and the site-based administrators per 1,000 students are 0.05 FTEs above the peers. Combined administrative staffing per 1,000 students is 0.20 FTEs above the peer district average. CCSD employs 1.60 site-based administrators per building, 0.58 more than the peer average of 1.02 FTEs. Lastly, CCSD has 17.9 employees per administrator, which is 2.3 employees lower than the peer average of 20.2 employees per administrator. If the District were to eliminate 1.0 FTE administrative position, the employees per administrator would be 19.14 which is comparable to the peers.

Higher administrative staffing levels increases salary and benefit costs and represent an opportunity to reduce personnel costs. The District could use the savings generated from reduced salary and benefit expenditures to offset projected deficits or reallocate to other priorities, such as student instruction.

*Financial Implication:* By reducing administrative staffing by 1.0 FTE, CCSD would save approximately \$50,000 in salary and benefit costs based on the lowest FY 2006-07 administrator salary plus 35 percent for benefits. This conservative estimate of savings will increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried staff.

**R3.3 CCSD should consider making additional reductions in its regular teaching staff to avoid deficits. The District could reduce its regular teaching staff by 14.0 FTEs and remain 30 percent above State minimum requirements as set forth by OAC 3301-35-05.**

**Table 3-3** illustrates CCSD's FY 2006-07 FTE regular classroom teachers per 1,000 students as compared to the FY 2005-06 peer district average and State minimum staffing requirements.

**Table 3-3: Cambridge CSD Regular Classroom Teachers**

	CCSD <sup>1</sup>	Peer District Average <sup>2</sup>	Variance
<b>Regular Classroom Teachers (FTE)</b>	<b>116.9</b>	<b>71.1</b>	<b>45.8</b>
Regular Student Population	1,987	1,247	740
Regular Students to Regular Teacher Ratio	17.0	17.2	(1.2%)
<b>Teachers Above (Below) Peer Districts <sup>3</sup></b>			<b>1.4</b>
% of Time Enrollment (ADM)	2,441	1,489	952
ADM / Teacher	20.9	20.3	3.0%
<b>Teachers Above (Below) Peer Districts <sup>4</sup></b>			<b>(3.3)</b>
FY 2005-06 Performance Indicators Met (out of 25)	13.0	24.3	(46.5%)
FY 2005-06 Performance Index (out of 120)	88.8	100.9	(12.0%)
<b><u>Comparison to State Minimum Requirements</u></b>			<b><u>FTE Teachers</u></b>
Regular Classroom Teachers Employed			116.9
State Minimum Required Classroom Teachers			79.5
<b>Teachers Above/(Below) State Minimum Requirement</b>			<b>37.4</b>

Source: CCSD FY 2006-07 FTEs, FY 2005-06 ODE Report Card, and FY 2005-06 peer district average EMIS data as reported to the ODE

<sup>1</sup> CCSD FTE employees are FY 2006-07 staffing levels reported to EMIS and verified by the District for use in this analysis.

<sup>2</sup> Peer district average FTEs are FY 2005-06 staffing as reported to ODE through EMIS.

<sup>3</sup> Calculated by dividing CCSD regular population by the peer regular students to regular teacher ratio. This number subtracted from CCSD total regular teacher FTE arrives at the number that added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

<sup>4</sup> Calculated by dividing CCSD percent of time enrollment by the peer ADM to teacher ratio. This number subtracted from CCSD total regular teacher FTE arrives at the number that added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

As shown in **Table 3-3**, for FY 2006-07 CCSD had 116.9 regular education teacher FTEs. With a regular student population of 1,987, CCSD had approximately 17 regular students per regular teacher. This is 1.2 percent above the peer ratio of 17.2 regular students per regular teacher. CCSD would need to reduce approximately 1.4 regular education teacher FTEs to bring its staffing to a level comparable with the peer district average. When considering the percent of time enrollment, CCSD is 3.3 FTEs below the peer average. This takes into consideration all students, such as special needs and vocational, who spend time in a regular classroom with a regular teacher.

**Table 3-3** further illustrates that CCSD maintains a regular education teacher staffing level approximately 37.0 FTEs higher than the State minimum requirement. OAC 3301-35-05 states that the district wide ratio of teachers to students shall be at least one FTE classroom teacher for each twenty-five students in the regular student population as defined in ORC § 3317.023. "Classroom teacher" means a licensed employee who provides direct instruction to pupils, excluding teachers funded from money paid to the district from federal sources; educational service personnel; and vocational and special education teachers. The "regular student population" calculation is from ADM but does not include students spending time in other classes such as vocational or special education.

In FY 2005-06 CCSD met 13 out of 25 performance indicators and had a performance index of 88.8 out of 120. The peer district average performance indicator score was 24.3 out of 25 with an average performance index of 100.9 out of 120. A reduction in regular education staffing may have an adverse affect on CCSD's performance indicator and index achievement; therefore, the District should consider student performance as a factor when determining appropriate staffing levels. When considering its student performance, CCSD may not want to reduce staff to the minimum level required by the State. If CCSD reduced its regular education teachers by 29.0 FTEs, 22.0 FTEs, or 14.0 FTEs, the District would be 10 percent, 20 percent, or 30 percent, respectively above State minimum requirements.

*Financial Implication:* Based on a reduction of 14 regular education teachers, CCSD could save approximately \$596,320 in salaries and benefits based on the average of the 14 lowest paid teachers' salaries plus 35 percent for benefits. This conservative estimate of savings will increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried staff.

**R3.4 CCSD should consider reducing 2.0 FTE education service personnel (ESP) positions, which would take the District to 2.0 FTEs above the State minimum requirements. Although the District's ESP staffing level is below the peer average, financial conditions may necessitate significant reductions to avoid deficits.**

**Table 3-4** illustrates a comparison between CCSD, peer district average, and State requirements for Education Service Personnel (ESP) staffing levels.

**Table 3-4: ESP Staffing Comparison**

	Cambridge CSD <sup>1</sup>	Peer District Average	Variance
ESP Teachers <sup>2</sup>	6.0	6.8	(0.8)
Counselors	5.0	2.4	2.6
Librarian / Media Specialist	1.0	1.0	0.0
School Nurses	1.1	0.4	0.7
Social Workers	1.0	0.0	1.0
Visiting Teachers	0.0	0.0	0.0
<b>Total Education Service Personnel (FTE)</b>	<b>14.1</b>	<b>10.6</b>	<b>3.5</b>
Regular Student Population	1,987	1,247	740
<b>Total ESP per 1,000 Regular Students</b>	<b>7.1</b>	<b>9.0</b>	<b>(1.9)</b> <sup>3</sup>
State Minimum Required ESP			9.9
<b>ESP Above State Minimum Requirement</b>			<b>4.2</b>

Source: CCSD FY 2006-07 FTEs and FY 2005-06 peer district average EMIS data as reported to the ODE. ESP requirement formula from OAC

<sup>1</sup> CCSD FTE employees are FY 2006-07 staffing levels reported to EMIS and verified by the District for use in this analysis.

<sup>2</sup> ESP teachers include K-8 art, music, and physical education teachers.

<sup>3</sup> Calculated by multiplying the difference per 1,000 regular students by the district's regular student population. Represents the number of FTE employees added or subtracted would bring the number of employees per 1,000 students in line with comparable districts.

According to **Table 3-4**, CCSD's ESP staffing level is below to the peers but above the State minimum requirement. CCSD employs 4.2 FTEs more than required by ORC § 3317.023, which states a minimum of 5.0 FTEs shall be employed district wide for each 1,000 students in the regular student population. Educational service personnel must be assigned to at least five of the following eight areas: counselor, library media specialist, school nurse, visiting teacher, social worker, and elementary art, music and physical education.

*Financial Implication:* Based on a reduction of 2.0 FTE ESP staffing positions, CCSD could save approximately \$65,700 in salaries and benefits based on the average of the two lowest paid teachers' salaries plus 35 percent for benefits. This conservative estimate of savings will increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried staff.

**R3.5 CCSD should consider reducing 1.0 FTE from its clerical staffing, which would bring the District in line with the peer district average. This could potentially help reduce the District's salary and benefit costs, helping the District to avoid deficits.**

**Table 3-5** compares CCSD and average peer district clerical staffing. CCSD numbers reflect staffing levels during FY 2006-07 while peer data is from FY 2005-06.

**Table 3-5: CCSD and Peer District Clerical Staffing Comparison**

	Cambridge CSD	Peer District Average	Variance
Total Clerical Staff	18.5	10.8	7.7
Clerical Staff per 1,000 Students	7.6	7.2	0.4
Clerical Staff per School Building	3.7	2.3	1.4
Employees per Clerical Staff	14.7	17.1	(2.4)
<b>Clerical Staff Above/(Below) Type 1 Districts</b>			<b>0.98</b>

Source: CCSD FY 2006-07 and FY 2005-06 peer district EMIS data as reported to the ODE

According to **Table 3-5**, CCSD has slightly higher clerical staffing than the peer district average. With 7.6 clerical FTEs per 1,000 students, CCSD is 0.4 FTEs higher than the peer average. CCSD has approximately 3.7 clerical FTEs staff per building, 1.4 more than the peer average of 2.3 FTEs. Additionally, CCSD had 14.7 employees per clerical staff, 2.4 less than the peer average of 17.1.

CCSD's forecasted operating deficit may require the District to make clerical staffing reductions to balance the budget. In order to become in line with the peer average, CCSD could reduce clerical staffing by 1.0 FTE.

*Financial Implication:* By reducing clerical staffing by 1.0 FTE, CCSD would save approximately \$24,500 in salaries and benefits based on the lowest clerical salary plus 35 percent for benefits. This conservative estimate of savings will increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried staff.

- R3.6 CCSD should continually work with the ODE Office for Exceptional Children to ensure that it staffs its special education program at the optimal level to provide effective service to special needs students. The District is understaffed for special needs education. The District should request a waiver from ODE in order to continue operating and remain in compliance with applicable laws and regulations.**

**Table 3-6** illustrates CCSD's staffing levels compared to the special education staffing ratios established in OAC 3301-51-09.

**Table 3-6: CCSD Special Needs Teaching Ratios Compared to OAC Standards**

Category of Disability	Teaching Ratios as suggested by OAC & ODE	CCSD Number of students within each category	FTEs Needed
<b>Cognitive Disabilities</b>			
Elementary, Middle, Junior High Level	1:16	58.00	3.63
Senior High School Level	1:24	40.00	1.67
<b>Specific Learning Disability</b>			
Elementary, Middle, Junior High Level	1:16	63.00	3.94
Senior High School Level	1:24	39.00	1.63
Hearing, visual, orthopedic and/or other health impairments	1:10	41.00	4.10
Emotional Disturbances	1:12	39.00	3.25
Multiple Disabilities	1:08	16.00	2.00
Autism, deaf-blindness, and/or traumatic brain injury	1:06	8.00	1.33
Preschool	1:16	56.00	3.50
<b>Total</b>		<b>360.00</b>	<b>25.05</b>

**Source:** CCSD FY 2006-07 December Child Count, OAC, and ODE

**Note:** Ratios above exclude speech and language

As illustrated in **Table 3-6**, CCSD's special education staffing level of 22.5 FTEs is below the OAC staffing guideline of 25.05 FTE special education teachers to serve its 360 special needs students. The District does not have a waiver from ODE for this lower level of staff. Operating understaffed without a waiver does not allow CCSD to be certain it is appropriately staffed to support its special needs students. However, the size of the District, make up of the program, and the IEPs dictate the staffing needed to service its children with special needs. Furthermore, the District does not have a formal staffing plan that could indicate deficiencies in its special education staffing level (see **R3.1**).

OAC 3301-51-09 specifies ratios for school age special needs service providers in multiple categories that limit the number of children that the specialist can serve. These guidelines help to ensure efficient staffing to support the number of special education students in school districts. However, a school district, county board of Mental Retardation/Developmental Disabilities or other educational agency may request a waiver from the requirements of OAC 3301-51-09. Submission of waiver requests regarding school age services must be made in writing to ODE's Office for Exceptional Children. The written request should include, but not be limited to, the following information: identification of the specific rule requested for the waiver; the specific time for the waiver; and the rationale for the request.

At the end of fiscal year 2005-06, the District eliminated three special education teacher positions through retirement and contract non-renewal. CCSD did not replace these positions due to its financial situation. Instead, the District moved teachers within the

special education department to support the needs of students. According to CCSD's Special Education Coordinator, the District implemented some creative ideas in response to the staffing reduction, including sharing aides and adjusting schedules. Furthermore, maintaining special education staffing levels has been difficult because there is not as much freedom to add staff because of the District's financial situation. Student numbers are constantly changing making it difficult to ensure a specific ratio of providers.

### *Health Benefits & Workers' Compensation*

**R3.7 CCSD should establish formal cost containment steps to provide health insurance to its employees with premium costs more in line with the SERB averages. These cost containment steps should meet the GFOA's suggested strategies for health care cost containment such as plan design, vendor management, individual health management, aggregation, and cost sharing.**

**Table 3-7** compares CCSD's FY 2006-07 insurance premiums to SERB FY 2006-07 estimated averages. CCSD's health insurance plan includes medical, prescription, and vision coverage; however, the vision and prescription premium costs are not broken out. Therefore, to provide an accurate comparison of the premiums to the industry benchmark, AOS totaled SERB's premiums in each of the categories to provide an aggregate average for medical, prescription, and vision premiums.

**Table 3-7: FY 2006-07 Cambridge and SERB Insurance Premium Rates**

	Cambridge CSD	SERB Average			Variance	
		Medical, Prescription, and Vision Premium	Self Funded Plan Premium	Prescription Drug Premium	Vision Average Premium	Total Average Premium
<b>Monthly Single Plan Premium</b>	<b>548.29</b>	\$464.53	\$10.68	\$12.85	<b>\$488.06</b>	<b>12.3%</b>
<b>Monthly Family Plan Premium</b>	<b>\$1,225.43</b>	\$1,087.84	\$23.27	\$23.01	<b>\$1,134.12</b>	<b>8.0%</b>

**Source:** CCSD FY 2006-07 insurance premiums and SERB 2005 Annual Report

**Note:** SERB 2005 average premiums are inflated by 12.2 percent to provide an estimate for 2006-07 comparison

As shown in **Table 3-7**, CCSD's FY 2006-07 premiums are higher than the SERB averages. The premium for the single coverage plan is 12.3 percent higher while premium for the family coverage is 8.0 percent higher.

The District stated that it is proposing a wellness program to the collective bargaining units. GFOA's *Recommended Practice for Health Care Cost Containment* (2004) recommends that governments institute a number of efforts to contain costs. As a preliminary step, governments should perform a cost analysis that uses historical trend

data on costs and utilization experienced by the employer to highlight areas for remedial action. GFOA recommends the following cost containment practices:

- **Plan Design:** Incremental changes include adjusting co-payment and co-insurance levels to influence individual behavior, establishing criteria for eligibility, and evaluating managed care organizations such as PPOs or consumer driven health plans. Incremental or major initiatives will provide employee coverage more efficiently with an effective plan structure.
- **Vendor Management:** Management of vendors encompasses activities designed to operate a plan more effectively by making optimal use of health care vendors. This includes audits of claims, positive re-enrollment, and periodic re-bidding of vendors.
- **Individual Health management:** Targeted efforts to encourage lifestyle changes may be effective financially such as wellness programs, financial incentives for lifestyle modification, education on health care matters, and making provider costs more visible to participants.
- **Aggregation:** Evaluate whether or not to aggregate purchasing power by forming health care insurance pools or participating in state master agreements.
- **Cost sharing:** Implement cost sharing through joint payment of premiums, co-payments, and co-insurance.

Although CCSD is proposing cost containment strategies such as a wellness program, implementing the GFOA cost containment guidelines could assist in providing health insurance at lower cost to eligible employees.

**R3.8 CCSD should renegotiate all contract language within its collective bargaining agreements that specifically defines health insurance contribution rates or benefit percentages. Contract language restricting CCSD's ability to adjust benefit percentages and contribution amounts could potentially leave the District vulnerable to insurance market fluctuation.**

**The District should also renegotiate employee health care contributions with the goal of increasing the single and family contributions from 10 percent to a percentage more in line with the Kaiser average of 15 percent. Increasing employee contributions to a higher level would allow CCSD to reduce expenditures by lowering District insurance costs while maintaining a contribution percentage comparable to industry standards.**

**Furthermore, CCSD should discontinue the practice of paying 100 percent of administrators' premiums and require a 15 percent premium contribution. This will help lower the District's total health insurance expenditures and bring administrator benefits in line with those of the collective bargaining units.**

CCSD's certificated collective bargaining agreement stipulates that the Board of Education will pay 90 percent of the health insurance premium and the bargaining unit member will pay the remaining 10 percent. However, the agreement includes a cap that limits the premium contribution for family coverage to \$125.00 per month and single coverage to \$58.00 per month during the life of the contract. CCSD's certificated premiums are currently below these caps. An employee on a leave of absence can continue coverage by paying the monthly premium and part time employees are entitled to pro-rata Board contributions. In addition, if a husband and wife are both employees of CCSD, one of them is on the family insurance plan and the other receives a cash payment of \$300.00 per year. Lastly, CCSD pays the full cost of dental coverage for certificated employees.

CCSD's classified collective bargaining agreement stipulates each covered employee's premium contribution for the coverage effective January 1, 2006 shall be 10 percent of the premium, up to \$58.00 a month for single coverage and \$110 a month for family coverage. While 10 percent of the FY 2006-07 insurance premium is \$122.55, classified employees only are required to pay \$110.00, leaving the Board responsible for the difference. Employees that work less than 25 hours per week must bear the full cost of the premium to participate in the group medical and hospitalization coverage. The District prorates the contribution to health insurance for 9 and 10-month employees who are in paid status less than the full work year for that classification and for employees in an unpaid status for part of a month. Additionally, CCSD pays 100 percent of the dental insurance premium.

Although administrators do not have a binding contract, it is the District's practice to pay 100 percent of the premium for medical and dental insurance for administrative employees. In FY 2006-07, this covered 17 administrators with 15 family and 2 single plans.

**Table 3-8** illustrates CCSD and employee contributions for FY 2006-07 health insurance premiums.

**Table 3-8: Cambridge CSD Premium Rates and Shared Contributions**

	Employee Cost	District Cost	Total Cost
<b>Certified Employees</b>			
Single	\$54.83 (10%)	\$493.46 (90%)	\$548.29
Family	\$122.55 (10%)	\$1,102.88 (90%)	\$1,225.43
<b>Classified Employees</b>			
Single	\$54.83 (10%)	\$493.46 (90%)	\$548.29
Family	\$110.00 (9%)	\$1,115.43 (91%)	\$1,225.43
<b>Administrative Employees</b>			
Single	\$0.00 (0%)	\$548.29 (100%)	\$548.29
Family	\$0.00 (0%)	\$1,225.43 (100%)	\$1,225.43

Source: CCSD Insurance premiums and benefits FY 2006-07 and employee bargaining agreements.

Note: CCSD's premiums amounts are from July 2006.

AOS compared CCSD's employee premium contribution of 10 percent to average contributions reported in Kaiser's *Employer Health Benefits 2006 Annual Survey* and SERB's *2005 14<sup>th</sup> Annual Report on the Cost of Health Insurance in Ohio's Public Sector*. Kaiser reported average employee contributions of 16 percent for single and 27 percent for family for 2006. Employee contribution benchmarks reported by SERB include the following:

- **Average Percent of Employee Contributions:** 8.4% for single and 10.4% for family medical coverage;
- **Average Employee Contributions by School Districts (per ADM):** 10.4% for single and 11.7% family for schools with an of ADM 1,000-2,499;
- **Average Employee Contributions experienced by School Districts (per region):** 8.9% for single and 13.9% for family in the Southeast region; and
- **Average Monthly Premiums and Employee Contributions (by covered employees):** 7.5% for single and 10.2% for family for schools with 250-499 employees.

CCSD's single coverage contribution percentage is lower than the peer region and number of employee comparison, but higher than the Kaiser report and per ADM comparisons. CCSD's employee contribution percentage for family coverage is slightly lower than the above benchmarks. However, the restrictive language in the collective bargaining agreements limits CCSD from controlling insurance costs. If premiums rise, the Districts costs increase by picking up the remaining amount.

*Financial Implication:* If CCSD's administrators contribute 10 percent for health insurance premiums, the District would save approximately \$25,000 based on FY 2007-08 costs. This calculation based on estimated FY 2007-08 premiums, and the number of administrators receiving single and family coverage. AOS based this conservative financial implication on administrator contributions consistent with the current

contributions of certified and classified staff. If CCSD implemented a 15 percent contribution for administrators, the savings would be higher.

**R3.9 CCSD should consider modifying its insurance plan design to reduce the personnel expenditures dedicated to insurance benefits. In addition to renegotiating the employee contributions (R3.8), and implementing cost containment strategies (R3.7), CCSD should consider reorganizing its benefit plan, specifically co-payments, co-insurance, and deductibles, to further reduce costs.**

CCSD administrators acknowledge that the District's plan benefits are generous and plans to negotiate with the collective bargaining units to increase the out of pocket maximum and the deductible, and add a three tiered prescription plan to replace the current two-tiered plan of generic and name brand.

The following is a comparison of CCSD plan benefits to those reported in Kaiser's *2006 Annual Survey* and the Ohio Education Association's (OEA's) *Survey of School District Health and Life Insurance Plans* (2006):

- **Co-payments for physician visits:** CCSD's plan has \$10 co-payments for in network visits. A majority of respondents (35 percent) to The Kaiser Foundation survey require a \$20 co-payment for PPO services.
- **Coinsurance for physician visits (percentage paid):** The District's coinsurance is 90/10 percent, up to \$1,500 single/\$3,000 family for Network providers and 80/20 percent up to \$2,000 single/\$4,000 family for Non-Network providers. Kaiser reports that 68 percent of respondents offer a 20 or 25 percent coinsurance for Network providers.
- **Multi-tier Drug Plan Co-payments:** District co-payments are \$10 for generic and \$20 for name brand for both retail and mail order service. Kaiser reports \$11 for generic, \$24 for preferred, and \$38 for non-preferred. OEA reports \$10 for generic, \$15 for formulary, and \$30 for non-formulary for a 30-day supply at retail. Mail order costs are \$10 generic, \$30 brand name, and \$40 brand name non-formulary for a 90-day supply.
- **Average Annual Deductible:** The District's annual deductible is \$100 for single and \$200 for family. Kaiser reports \$473 for single in network and \$1,034 for family in network. OEA reports single in/out of network as \$100/\$200 and family as \$200/\$400.

- **Average Cost for Hospital Visits:** The coinsurance for hospital charges is the same as above, 90/10 percent for Network and 80/20 for Non-Network. Kaiser reports an average of 17 percent coinsurance.
- **Average Cost sharing for Outpatient Surgery:** The District's outpatient cost sharing is 90/10 percent for Network and 80/20 percent Non-Network. Kaiser reports of 17 percent for coinsurance.
- **Annual Out-of-Pocket Maximums:** CCSD's maximum out of pocket expense for single coverage is \$150 for Network and \$400 for Non-Network. The maximum out of pocket expense for family coverage is \$300 for Network and \$800 for Non-Network. Kaiser reports the majority of respondents, 23 percent, with single coverage average pay out of pocket costs of \$1,500-\$1,999 and the majority of respondents, 25 percent, with family coverage average pay \$3,000-\$3,999. OEA reports \$600/\$1,200 for single and family Network and \$1200/\$2,400 for single and family Non-Network.
- **Dental Benefits:** CCSD's maximum non-orthodontia service is \$750. The maximum for lifetime orthodontia is \$500. Of the 82 percent of respondents that offered the benefit, OEA's reported maximum is \$1,500 per year. Its maximum for orthodontia lifetime benefit is \$1,000.

CCSD offers a more generous health care plan than the industry benchmarks. Providing plan benefits more in line with these benchmarks would help with efforts to contain health insurance costs. Because the District is self-insured, the structure of its insurance plan affects the amount of claims and costs to the District. CCSD may not be effectively using deductibles, co-payments, and co-insurance to contain these costs. As shown in the premium comparison (R3.7), CCSD's premium expenses are higher than the SERB benchmarks.

**R3.10 CCSD should work with a representative from the Ohio Bureau of Workers' Compensation (BWC) to determine its eligibility for participation in additional programs such as the Drug-Free Workplace Program (DFWP) and the Premium Discount Program + (PDP+). Participation in these programs would allow CCSD to create a safer workplace environment and could allow a reduction in its current premium amount.**

**Table 3-9** illustrates CCSD's worker's compensation base rate and premium history for the past three years.

**Table 3-9: CCSD Three-Year BWC Rating History**

	2004	2005	2006	Average
<b>Base Rate</b>	1.16	1.25	1.17	1.19
<b>Premium Rate<sup>1</sup></b>	.002844	.003746	.006587	.004392

Source: BWC

**Note:** The basis for calculations from BWC is on the payroll periods for calendar years, not fiscal years (January – December). The rates are sent in December for the following calendar year. The dates above reflect the payroll-reporting year that BWC billed the District.

<sup>1</sup>The premium rate is per \$1 of payroll reported

As shown in **Table 3-9**, CCSD's BWC experience modifier for the last three years was 1.16 in 2004, 1.25 in 2005, and 1.17 in 2006. CCSD's average rating over the three-year period was approximately 1.19.

CCSD participates in BWC's Transitional Work Development Program to transition injured workers back to the job. Additionally, CCSD is a member of a local safety committee sponsored by the Cambridge Chamber of Commerce and either the Treasurer or Payroll Clerk attends the monthly meeting. The District receives a discount on its workers' compensation premium for being a member. However, CCSD is not taking advantage of all available programs to reduce premiums, such as BWC's Premium Discount Program + (PDP+) and the Drug-Free Workplace Program (DFWP). These two programs specifically focus on helping government entities reduce their BWC premium amounts. PDP+ is an incentive program designed to assist experience-rated employers, those not in a group rating, retrospective rating, or one claim program, with a 0.90, or greater experience modifier, establish a safer, more cost-effective workplace. For implementing BWC's 10-Step Business Plan, employers receive premium discounts of up to 10 percent for each of the first two years of participation and up to 5 percent the third year, upon meeting program requirements. However, the premium discount cannot take the premium rate below a 0.90 experience modification.

Initial assistance in implementing a PDP+ program is available by reviewing the requirements and suggested approaches in the PDP+ Self-Implementation Workbook. All employers participating in PDP+ receive this workbook. Employers who enroll in PDP+ must develop a Plan of Action for the implementation of this program and report annually using the self-assessment form.

According to BWC, the DFWP is an incentive program designed to help employers deter, detect, and take corrective action related to substance use that affects workplace safety. Participants must develop a substance policy that describes their drug-free program. The policy should describe annual employee education and supervisor training, drug and alcohol testing, and employee assistance, which along with the written policy, comprise the key components of any effective drug-free workplace program.

Savings related to participation in the DFWP are categorized in the following three levels with corresponding requirements:

- **Level 1 – 10 percent discount:** Level 1 requires development of a written policy and certain types of testing: pre-employment and/or new hire; reasonable suspicion; post-accident; and follow-up. In addition, employers must do annual employee education and supervisor training and develop a list of local community resources that employees with problems can turn to for assistance.
- **Level 2 – 15 percent discount:** Level 2 requires the same drug and alcohol testing requirements as Level 1, along with random drug testing of 10 percent of the average annual total work force. For public employers, random testing applies only to safety-sensitive positions or functions, as defined by the employer. Level 2 employers must offer annual employee education and supervisor training and must expand available employee assistance. In addition, they must implement five steps of BWC’s 10-Step Business Plan, a highly coordinated safety program.
- **Level 3 – 20 percent discount:** Level 3 requires 25 percent random drug testing, employee education, supervisor training, and expanded employee assistance. Employers must also implement all 10 steps of the 10-Step Business Plan.

According to the BWC, eligible employers may participate in the DFWP and PDP+ during the same policy year and stack the discount amounts for both programs. BWC encourages companies to have a transitional work program to reduce compensation paid, lower claims reserves for future payouts, lessen health care costs, improve safety programs, and reduce the need to retrain and rehire new workers.

### *Collective Bargaining Agreements*

**R3.11 CCSD should attempt to renegotiate the certificated and classified collective bargaining agreements in order to limit or remove contract provisions determined to be in excess of State requirements or which exceed recommended practices. These provisions include the following:**

- **Maximum Sick Days Accrued;**
- **Maximum Sick Leave Payout;**
- **Doctor’s Notification;**
- **Vacation Days;**
- **Holidays; and**
- **Certificated Sick Leave Incentive.**

CCSD has provisions in its certificated and classified collective bargaining agreements for which the Board offers benefits in excess of State requirements and best practices. Contract provisions that are significantly above industry standards and State requirements are costly and the District should attempt to renegotiate them. **Table 3-10 highlights areas where the District’s contract provisions exceed ORC requirements and industry standards.**

**Table 3-10: CCSD and ORC Requirements/Industry Standards**

	<b>Certified Bargaining Agreement</b>	<b>Classified Bargaining Agreement</b>	<b>ORC Requirements / Industry Standards</b>
<b>Maximum accrual</b>	Sick leave may be accrued for a maximum of 15 days per year, and may be accumulated to 260 days	Sick leave may be accrued for a maximum of 15 days per year, and may be accumulated to a total of 240 days.	ORC § 3319.141 states that school employees can accrue up to 120 days. More can be approved by the local board of education.
<b>Sick Leave Payout at Retirement</b>	<p>Upon retirement, bargaining unit members will be paid, in a lump sum, an amount equal to one-fourth (1/4) of the member’s unused accumulated sick leave days up to a maximum of 160 unused sick leave days, or a maximum payment of 40 days plus one day of severance pay for each 10 days of accumulated sick leave beyond 160 days.</p> <p>Upon retirement, bargaining unit members with less than 160 days of accumulated unused sick leave will be paid, in a lump sum, one-fourth of their accumulated days.</p> <p>An employee with more than 160 unused sick days will be paid 40 days for the first 160 days and 1 day for each additional 10 sick days up to 260, for a maximum payment of 50 days.</p>	<p>Calculation of this severance/service retirement payment will be as follows: The employee shall receive 1/3 of unused accumulated sick leave days up to a maximum of 105 days, or a maximum of 35 days, plus 1 day of severance pay for each 20 days of accumulated sick leave beyond 105 days.</p> <p>Upon retirement, classified bargaining unit members with less than 105 days of accumulated unused sick leave will be paid, in a lump sum, one-third of their accumulated days.</p> <p>An employee with more than 105 unused sick days will be paid 35 days for the first 105 days and 1 day for each additional 20 sick days up to 240, for a maximum payment of 41.75 days.</p>	<p>According to ORC § 124.39, if an individual retires from active service with ten or more years of service with the state, they are entitled to be paid in cash for one-fourth of the value of the employee’s accrued but unused sick leave credit up to 30 days. A policy can be adopted allowing an employee to receive payment for more than one-fourth the value of the unused sick leave, for more than the aggregate value of thirty days of the employee’s unused sick leave, or allowing the number of years of service to be less than ten.</p>

	<b>Certified Bargaining Agreement</b>	<b>Classified Bargaining Agreement</b>	<b>ORC Requirements / Industry Standards</b>
<b>Doctor notice required</b>	If a doctor is consulted, the Board of Education may require the bargaining unit member to furnish a doctor’s name and the dates on which he or she was consulted. The superintendent may require a bargaining unit member to submit a doctor’s certificate verifying that the member was ill, provide that the member had been absent for twenty (20) consecutive workdays.	No language in Agreement regarding doctor notices.	The Agreement between the State of Ohio and the State Council of Professional Educators OEA/NEA includes a clause regarding the notice of extended sick leave. It states “In the case of a condition exceeding seven consecutive calendar days, a physician’s statement specifying the employee’s inability to report to work and the probable date of recovery is routinely required”.

Source: Cambridge CSD Certified and Classified Bargaining Agreements, Ohio Revised Code, and the OEA/NEA Contract

A summary description of the certificated and classified contract provisions that are more generous in comparison to ORC requirements and industry standards includes the following:

- Maximum number of sick days accrued:** CCSD’s agreements allow District employees to accrue sick days well in excess of the State requirement of 120 days stipulated within ORC § 3319.141. CCSD’s certificated agreement permits a maximum number of 260 sick days while the classified agreement permits a maximum number of 240 days. Provisions allowing employees to accrue sick days in excess of State requirements represents a potential for increased financial liability when accrued sick leave is paid out to retiring employees.
- Maximum sick leave payout:** Because of higher accrual limits for sick leave, CCSD’s negotiated agreements allow for a maximum sick leave payout that is also in excess of State requirements within ORC § 124.39. The State required maximum sick leave payout is 25 percent of accrued but unused sick leave up to a maximum of 30 days. CCSD’s certificated agreement allows for a maximum payout of 50 days while the classified agreement allow for a maximum of 41.75 days. CCSD’s excess days represent an increased financial responsibility, which the District will incur as its employees retire.
- Doctor’s Notification:** The Agreement between the State of Ohio and the State Council of Professional Educators OEA/NEA includes a clause regarding the notice of extended sick leave. It states, “In the case of a condition exceeding seven consecutive calendar days, a physician’s statement specifying the employee’s inability to report to work and the probable date of recovery is

routinely required”. Requiring employees to furnish written signed statements could help reduce costs by reducing the number of sick days incurred at CCSD.

In addition, the sick leave incentive in CCSD’s certificated contract exceeds best practices and that offered to classified employees. Certificated bargaining members who work at least 120 days in the school year are eligible for leave incentive pay. CCSD teachers who use the following number of total sick and personal leave days (not including professional leave) during a school year are entitled to an incentive payment as follows:

- 0 days, \$600.00;
- 1 or less, \$500.00;
- 2 or less, \$400.00;
- 3 or less, 300.00; and
- 4 or less, \$200.00.

In addition, if a teacher uses no sick or personal leave after April 15 of the school year, the teacher will be paid \$100.00. The classified bargaining agreement also includes incentive pay for employees. If a classified employee uses no personal leave days during an entire school year, the employee will receive \$75.00 if 12 month employee or \$55.00 if less than 12 month employee. If there is no sick leave usage during the entire school year, 12-month employees will receive \$125.00 and less than 12-month employees will receive \$95.00.

Motivating employees to avoid using sick leave when possible can be a sound business practice to reduce costs, but when sick leave continues to rise, the incentive is not beneficial. Refer to **R3.12** for additional analysis of CCSD sick leave usage.

Finally, two provisions unique to CCSD’s classified agreement exceed best practices. **Table 3-11** highlights areas where the District’s classified contract provisions exceed ORC requirements.

**Table 3-11: CCSD Classified Contract and ORC Requirements**

Provision	CCSD Classified Contract	ORC Requirements
<p><b>Number of Holidays</b></p>	<p><b>12 month employees (13 Holidays):</b> New Year’s Day, Martin Luther King Day, Presidents’ Day, Fair Day (Friday of Fair Week), Good Friday, Labor Day, July 4<sup>th</sup>, Memorial Day, Veterans Day (usually Compensatory Time Day), Thanksgiving Day, Friday after Thanksgiving Day, Work Day Before Christmas Day, Christmas Day.</p> <p><b>Bus Drivers, cafeteria personnel, aides, attendance/security (10 Holidays):</b> New Year’s Day, Martin Luther King Day, Presidents’ Day, Good Friday, Labor Day, Memorial Day, Veterans Day (usually Compensatory Time Day), Thanksgiving Day, Friday after Thanksgiving Day, Christmas Day.</p> <p><b>School clerical personnel including computer coordinator (11 Holidays):</b> New Year’s Day, Martin Luther King Day, Presidents’ Day, Fair Day (Friday of Fair Week) Good Friday, Labor Day, Memorial Day, Veterans Day (usually Compensatory Time Day), Thanksgiving Day, Friday after Thanksgiving Day, Christmas Day.</p>	<p>According ORC § 3319.087, all regular non-teaching school employees are entitled to the following holidays:</p> <ul style="list-style-type: none"> <li>• <b>Eleven or twelve month employees:</b> New Year’s day, Martin Luther King day, Memorial day, Independence day, Labor day, Thanksgiving day, and Christmas day.</li> <li>• <b>Nine or ten month employees:</b> New Year’s day, Martin Luther King day, Memorial day, Labor day, Thanksgiving day, and Christmas day.</li> <li>• <b>Less than nine-month employees:</b> shall be entitled to a minimum of those holidays enumerated in this section which fall during the employees’ time of employment.</li> </ul>
<p><b>Vacations</b></p>	<p>Vacation schedules for all full time classified 11 and 12 month employees shall be as follows:</p> <p>After service of 1 year = 2 calendar weeks;                      After service of 5 years = 3 calendar weeks;                      After service of 12 years = 4 calendar weeks; and                      After service of 20 years = 5 calendar weeks.</p>	<p>According to ORC § 3318.084, non-teaching school employees including full-time hourly-rate and per diem employees receive the are entitled to the following number of vacation weeks:</p> <ul style="list-style-type: none"> <li>• One to nine years: two calendar weeks;</li> <li>• Ten or more years: three calendar weeks; and</li> <li>• Twenty or more years-four calendar weeks.</li> </ul>

Source: Cambridge CSD Classified Bargaining Agreement and the Ohio Revised Code

A summary description of provisions specific to the classified contract provisions that exceed ORC requirements includes the following:

- **Vacation:** CCSD's classified employees receive 2 weeks of vacation after 1 year of service, 3 weeks after 5 years of service, 4 weeks after 12 years of service, and 5 weeks after 20 years of service. According to ORC § 3318.084, non-teaching school employees are entitled to 2 weeks vacation for 1 to 9 years of service, 3 weeks after 10 years of service, and 4 weeks after 20 years.
- **Holidays:** CCSD offers 13 holidays for 12-month employees, 10 for bus drivers, cafeteria personnel, aides, and attendance/security employees, and the 11 days for clerical personnel. As stipulated in ORC § 3319.087, the State requires 7 days for 12-month employees and 6 holidays for 9 or 10-month employees. Decreasing the number of holidays could lead to an increase in productivity.

*Financial Implication:* If CCSD could renegotiate its certificated leave incentive to a level comparable to its classified employees', it could save approximately \$22,000 per year. Using a two-year average of employee incentive payments, AOS calculated the amount these certificated employees would have received if on the classified employees' incentive plan. Added to this number was the two-year average amount paid out for not missing work after April 1<sup>st</sup>.

*Financial Implication:* If CCSD could reduce the number of paid holidays by four for all classified employees, a level that would still be above ORC minimums, it could reduce holiday pay by approximately \$38,600 annually.

**R3.12 CCSD should attempt to reduce the amount of sick leave used by its employees by strengthening current policies. The sick leave abuse policies should clearly define what CCSD will consider a pattern of abuse and should indicate that if an employee engages in a pattern of abuse, he or she may be subject to discipline. These policies will help ensure that employees are not abusing leave and increase productivity within the District. In addition to strengthening its policies, CCSD should consider following the American Society for Public Administration's (ASPA's) suggestions for effectively managing sick leave abuse.**

The Treasurer noted that the sick leave incentives in the contracts (See R3.11) have helped with employees that usually would only miss one or two days a year. Those employees seem to try hard not to miss any days. However, there are always employees that will miss work regardless of the incentive. The objective of sick leave incentive programs is to reduce sick leave abuse.

**Table 3-12** compares CCSD's FY 2005-06 sick leave usage to the Ohio Department of Administrative Services (DAS) averages.

**Table 3-12: CCSD FY 2005-06 Sick Leave to DAS Average**

Cambridge CSD Employees	Number of Employees	Total Sick Leave (Days)	Average Leave Per Employee (Days)	DAS State Average (Days)	CCSD Days Above (Below) State Average
Certificated	204.00	1,938.97	9.50	6.71	2.79
Classified	118.00	1,815.86	15.39	7.03	8.36

**Source:** CCSD Leave Usage FY 2005-06 and DAS FY 2005-06 Averages It should be noted that the AOS did not test the reliability of data reported by the District in its sick leave usage reports.

**Note:** DAS averages for certified employees taken from SCOPE/OEA bargaining unit average. Averages for classified employees taken from AFSCME averages for FY 2005-06.

As shown in **Table 3-12**, CCSD certificated and classified employees, on average, used more sick leave per employee than the DAS averages. **Table 3-13** compares CCSD's sick leave usage from FY 2003-04 to FY 2005-06.

**Table 3-13: CCSD Sick Leave Change FY 2003-04 to FY 2005-06**

Cambridge CSD Employees	FY 2004 Number of Employees	Average Leave Per Employee	FY 2005 Number of Employees	Average Leave Per Employee	Percent Change FY 04 to FY 05	FY 2006 Number of Employees	Average Leave Per Employee	Percent Change FY 05 to FY 06	Three Year Change (FY 03 to FY 06)
Certificated	209	7.79	199	8.86	13.78%	204	9.50	7.22%	22.00%
Classified	121	7.58	118	11.48	51.53%	118	15.39	34.00%	103.05%

**Source:** CCSD Leave Usage FY 2003-04, FY 2004-05, and FY2005-06

**Note:** Percentages may be off due to rounding

As illustrated in **Tables 3-12 and 3-13**, the average sick leave used per employee by CCSD's certificated and classified employees increased from FY 2003-04 to FY 2005-06. The average leave for certificated employees increased by 22 percent during this time, while average leave for classified employees increased by 103 percent, with a significant increase of 51.53 percent from FY 2003-04 to FY 2004-05.

According to the CCSD's Treasurer, the District reviews payroll reports for sick leave patterns, such as using sick leave before and after holidays. If an employee appears to abuse sick leave, the building principal sets up a face-to-face meeting to discuss the issue. The Treasurer indicated that the District is planning to prepare monthly reports to show these trends and make it easier to track and record.

CCSD requires employees to submit the appropriate form when requesting sick leave, vacation leave, or personal leave. The personal leave form has boxes for the employee to check the reason for using leave, such as ceremonies, funerals, road conditions, or emergencies. CCSD retains these forms to help identify reoccurring instances. While the

District monitors sick leave, there is not a formal method or descriptive policy in place to effectively track and define the patterns of abuse.

The State of Ohio has collective bargaining agreements with the State Council of Professional Educators, Ohio Education Association (SCOPE) and the Ohio Civil Service Employees Association (OCSEA), Local 11. Teachers, librarians, and educational specialists comprise the majority of positions represented by SCOPE. OCSEA Local 11 represents numerous classifications including clerks, administrative assistants, custodial workers, electricians, equipment operators, food service workers, and maintenance repair workers. Both collective bargaining agreements contain provisions for disciplining employees who abuse sick leave or demonstrate patterns of abuse, defined as consistent periods of sick leave use. The agreements provide the following as examples of pattern abuse:

- Before and/or after holidays;
- Before, and/or after weekends or regular days off;
- After pay days;
- Any one specific day;
- Absence following overtime worked;
- Half days;
- Continued pattern of maintaining zero or near zero balances; and
- Excessive absenteeism.

Additionally, the SCOPE agreement indicates that for absences exceeding seven consecutive calendar days, a physician's statement, specifying the employee's inability to work and probable recovery date, is routinely required. The OCSEA agreement indicates that the employer may request submission of a physician's statement within a reasonable period.

According to the article, *Sick Leave Abuse: A Chronic Workplace Ill?* (ASPA Times, April 2002), determining if and why employees exploit leave policies is important. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine if sick leave is higher in one department, or under a particular supervisor, and if workplace policies and procedures affect absences. Finding the root causes of the problem helps address core issues. Methods for monitoring sick leave abuse vary from one organization to another, but the following explains common guidelines all employers can follow to manage sick leave effectively.

- Recognize the problem and intervene early before it escalates. Managers need to enforce leave policies and take appropriate action.

- Find out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behavior stems from personal problems.
- Learn to say “No.” Employers should not let employees get away with abusing leave policies.
- Use procedures, regulations, practices, and knowledge to benefit management as well as the employee.
- Document everything to learn from past mistakes.

High sick leave use can result in decreased productivity and cause CCSD to incur additional substitute costs. Sick leave abuse is costly, both in direct and indirect costs. Such costs include; overtime pay for other employees, hiring substitutes, missed deadlines, sinking morale, and lower productivity.

*Financial Implication:* If it strengthens its sick leave policy and takes other steps to reduce leave use to the DAS averages, the District could save approximately \$42,500 in annual substitute costs for its certificated staff. The basis for this calculation is to multiply CCSD’s substitute cost of \$75.00 per day by the total number of sick days taken in excess of the DAS average.

**R3.13 Given its financial situation, CCSD may consider offering employees an early retirement incentive (ERI) to help reduce staff or replace more experienced and expensive staff. If CCSD offers an ERI in the future, it should ensure that it is in line with the recommendations set forth by GFOA and captures all costs, including savings and payments. Setting goals, performing a thorough cost analysis of the incentive plan, estimating budgets, and developing an implementation plan will allow CCSD to ensure that it effectively evaluates the benefit of an ERI.**

CCSD does not offer an ERI to its certified staff. However, in an effort to reduce teaching positions the District offered a retirement incentive for teachers with 30 years or more service credit who retired at the end of the FY 2005-06 school year. Teachers who retired received a health insurance incentive, whereby the District will reimburse the employee for the actual cost of health insurance coverage for two years not to exceed \$2,500 for single coverage and \$8,500 for employee and spouse coverage per year. CCSD will reimburse the retiree once per year with proof of enrollment in a healthcare plan. Eight teachers took advantage of this incentive.

In its publication, *Evaluating the Use of Early Retirement Incentives (2004)*, GFOA recommends that governments exercise extreme caution if considering ERIs. Governments should take several actions prior to the decision to offer an ERI in terms of

goal setting, cost/benefit analysis, and budgetary analysis. Governments should also develop an implementation plan. The following is a brief description of what each of these actions should include:

- **Goal Setting:** Governments should be explicit in setting documented goals for the ERI. Goals can be financial in nature, such as realizing permanent efficiencies in staffing or achieving budgetary objectives. Designing ERIs can also assist in achieving human resource goals, such as creating vacancies that allow for additional promotion opportunities and allowing management to bring in new staff. ERI goals should not conflict with other retirement plan goals, such as reducing turnover or increasing retention.
- **Cost/benefit analysis:** In judging if to offer an ERI, governments should assess the potential costs and benefits of ERI proposals, and the cost/benefit analysis should link to the goals of the ERI. For example, if a government sets a financial goal of obtaining long-term staffing efficiencies, then an independent cost/benefit analysis should determine whether the ERI would actually bring about such staffing efficiencies.
- **Budgetary considerations:** In order to develop accurate budgetary estimates for the ERI, it is necessary to estimate the incremental cost of the ERI, which will vary according to the level of employee participation. Any budgetary analysis should project multiple scenarios for employee participation levels.
- **Implementation Plan:** Governments should consider a communication plan to help employees understand the ERI in the context of overall retirement planning. It may be necessary to gain input from collective bargaining units. Governments should consider the impact upon service delivery after employees retire, with identification of critical personnel whose services are essential. The duration of the window should take into account the ability of retirement staff to manage retirement application workloads, among other factors. Lastly, use of performance measures should demonstrate achievement of ERI goals.

Encouraging more experienced staff to retire could save the District money in the end because of the greater expense of experienced teachers' salaries.

While CCSD does not currently offer ERIs to its employees, it may consider the option in the future and should be aware of the importance of the planning stage. With defined goals and a well-developed plan, CCSD could benefit from an ERI as a result of reduced staffing and decreased personnel service expenditures.

*Board of Education*

**R3.14 CCSD should develop a formal Board member orientation packet that includes all relevant information on school community relationships and general responsibilities, school finance, curriculum and instruction, administration and staff, and school facilities. The development and use of a formal new member orientation packet will allow Board members to adapt and operate in a more efficient manner. CCSD should also encourage the Board to seek outside training, such as that offered by the Ohio School Boards Association (OSBA). These trainings could strengthen internal communications by informing the Board about ways to work as a team when making important District decisions. CCSD should track the training hours and courses attended by each Board member.**

According to CCSD's bylaws, the Board shall encourage each new member to understand the functions of the Board, acquire knowledge of matters related to the operation of the schools, and learn Board procedures. When the election is certified, each new Board member shall receive the following:

- A copy of the Ohio Ethics Law, as required by ORC § 102.09;
- A copy of the Board policy manual;
- A copy of each current negotiated agreement; and
- The current budget statement, audit report, and related fiscal material.

Additionally, each new Board member should meet with the Board President, the Superintendent, and/or the Treasurer to discuss Board functions, policies, and procedures.

According to CCSD's Board members, the District does not provide a formal orientation for newly elected members. Rather, new members "learn as they go". Veteran Board members are helpful in the learning process at CCSD, but there is not a specific process to educate or guide the new members. Most Board members indicated they have attended outside trainings from OSBA.

According to the National School Board Association's (NSBA's) *Becoming a Better Board Member* (2006), orientation and reference material should be available to new board members. The following are five resources, with examples of each, which should be included in the form of an orientation packet:

- **School-community relationships and general responsibilities:** A personal copy of written board policies and administrative rules of the district, minutes from the past year's board meeting, an explanation of school board organization (officers, standing, committees etc.), a list of board member development opportunities throughout the year, an explanation of how board meetings are conducted,

including parliamentary procedures, and an explanation of the authority and responsibilities of the board, superintendent, administrators, and individual board members.

- **School finance:** A copy of the district's budget, an explanation of the funding process for the school district, data on district per pupil cost and expenditures, and a description of enrollment trends and projections.
- **Curriculum and instruction:** A copy of the district's written statement of educational philosophy, an explanation of curriculum standards required by state law and implemented by rules of the state department of education, and the district's technology plan that outlines instructional technology needs.
- **Administration and staff:** An organizational chart of the school district's management structure, a copy of job descriptions of top administrators, and a copy of the district's collective bargaining agreement(s).
- **School district facilities:** A list showing the number, location, and condition of schools and other buildings owned or operated by the district.

Additionally, OSBA offers a variety of training courses and seminars for board members. Many online trainings are available free of charge. These online sessions vary from as short as 10 minutes to more than an hour. The following are examples of the free training offered by OSBA that could benefit CCSD's Board:

- Board – Leadership Team Relationship;
- Effective Policies;
- Roles and Responsibilities of a School Board Member;
- Speaking One Voice – Communication as a Board;
- Running an Effective Board Meeting; and
- Superintendent – Board Relationship.

OSBA also offers seminars scheduled for various locations and dates and there is a usually a fee for attendance. For example, OSBA offers a full day workshop for board presidents for a fee of \$100.

Although CCSD has a policy governing the direction of new Board members, the Board does not receive initial training or formal orientation when elected. Without a formal orientation program for new Board members CCSD is not effectively training and informing them about the District's condition and processes. CCSD may experience a loss of efficiency and or effectiveness in the event of one or more new Board members.

**R3.15 In addition to ensuring that its Superintendent and Treasurer receive effective annual evaluations, CCSD's Board should develop a method for evaluating itself. Formal self-evaluations could allow CCSD's Board to evaluate the past and future goals and achievements for the District. Furthermore, self-evaluations could assist the Board in improving internal communication and strengthening the process of acting as the governing voice of CCSD, ultimately improving its service to the District. In developing the self-evaluation tool, the Board should consider the standards set by the NSBA.**

According to the District's Administrative Policies, the Board of Education believes it is essential to evaluate the performance of the Superintendent and Treasurer in order to ensure the proper discharge of their responsibilities and to enable the Board to provide the District with the best possible leadership. These evaluations are to occur at least annually.

Through interviews with CCSD Board members, the Board verified its practice to evaluate the Superintendent and Treasurer annually. The District uses a rating system for the evaluations. The Board president gives each member a standardized evaluation form to fill out for the respective individual. Board members complete the forms independently and then create a final composite version with all opinions and ratings. The Board collectively discusses the assessment with the Superintendent or Treasurer.

CCSD has not conducted evaluations for its Superintendent or Treasurer since January 2006 because of changes in the District's administration. When the former Superintendent became the Treasurer, the District had to recruit a new Superintendent. The Board plans to complete annual evaluations now that the District has a permanent Superintendent and Treasurer.

Although the Board has a method for evaluating the Superintendent and Treasurer, it does not have a method in place to monitor its own progress and performance. According to NSBA's *Becoming a Better Board Member* (2006), board members need to engage in regular self-evaluations to ensure that they continue to exercise the most effective leadership possible. While there is no one "right" method for board evaluation, *Becoming a Better Board Member* provides standards that school board veterans see as essential elements and outcomes. These standards are as follows:

- An evaluation should be constructive and assess both the strengths and weaknesses of the board;
- Board members should develop the standards against which they will evaluate themselves;

- Evaluations should be on goals that the Board sets for itself, not on goals it sets for the entire school system. When developing an evaluation instrument, the board should recognize the difference between board goals and district goals;
- The evaluation process should include Board establishment of goals and strategies for improving Board performance;
- The Board should not limit itself to those items that appear on the evaluation form;
- Formal evaluations should occur at least once a year and at a scheduled time and place;
- A composite picture of Board strengths and weaknesses is best. Each board member should complete an evaluation form independently then as a whole compare and discuss results; and
- The Board evaluation should be as a whole, not as individuals.

Conducting self-evaluations would allow the Board to monitor its own performance and set goals to strengthen the responsibilities it has to the District. With internal issues that may arise on any school board, such as personality conflicts, leadership issues, and communication problems, a self-evaluation may allow the Board to find effective ways to work together and better serve the District.

**R3.16 CCSD should encourage the practice of providing updated and accurate Board policies. The Board might consider establishing an active Policy Review Committee to identify issues and situations that require modification to current policies.**

While CCSD's Board had a policy committee in the past, it has not recently been an active committee. During the course of this audit, CCSD sent policies to the Northeast Ohio Learning Associates (NEOLA) for updating. NEOLA provides school districts with a complete service for developing and updating Board Bylaws and Policies. NEOLA works with superintendents and school boards in Florida, Indiana, Illinois, Ohio, Michigan, Wisconsin and West Virginia.

The basis for each manual is a set of templates thoughtfully prepared by NEOLA's school law firm from that state and customized to the district's unique circumstances through choices made by the school board and administrative team.

NEOLA assists school districts in developing Board Bylaws and Policies, which meet the following criteria:

- **Complete:** The manual contains all policies needed for effective operation of the school district.

- **Appropriate:** Each bylaw and policy reflects sound school governance or management as well as legal compliance.
- **Understandable:** The writing of each policy is so staff, students, parents and the community can comprehend the Board's position and philosophy.
- **Usable:** Information can be located quickly for use when needed.
- **Non-procedural:** Each statement of policy delegates to the Superintendent the responsibility to develop Administrative Guidelines/Procedures for proper policy implementation.

According to ASBO's Key Legal Issues for Schools Effective Policy Formation (2006), many boards engage the services of professional organizations such as their state school board associations and/or private policy development companies to develop policy manuals. The general operating procedures of school boards should include annual reviews of all new and revised policies to determine whether modifications are necessary based on implementation experiences. ASBO suggests the board and superintendent of schools might consider establishing a Policy Review Committee to identify issues and situations for consideration in the annual policy review activities.

Because CCSD policies are not subject to periodic review, some are likely to be out of date or no longer reflective of the Board's position. Without clear and current policies, District administrators may unintentionally act in manner that is inconsistent with the desires of Board or current laws, rules, and regulations.

With the recent administrative turnover, new employees and Board members may need time to become familiar with the policies in order to recommend changes and updates to fit the needs of the District. The Board should develop a formal Policy Review Committee to ensure it provides the District with accurate and up to date policies.

## Financial Implications Summary

The following tables summarize the estimated annual cost savings associated with the recommendations in this section of the performance audit. The financial implications are in two groups: those that are, and those that are not, subject to negotiation. Implementation of those recommendations subject to negotiation requires agreement from the affected bargaining units.

### Recommendations Not Subject to Negotiations

Recommendation	Annual Cost Savings
R3.2 Reduce administrative staffing by 1.0 FTE	\$50,000
R3.3 Reduce regular teaching staff by 14.0 FTEs	\$596,300
R3.4 Reduce ESP staffing by 2.0 FTEs	\$65,700
R3.5 Reduce clerical staffing by 1.0 FTE	\$24,500
R3.8 Require administrators to contribute 10 percent of the cost for insurance premiums	\$25,000
R3.12 Reduce substitute teacher costs by reducing sick leave taken by certified employees	\$42,500
<b>Total</b>	<b>\$804,000</b>

### Recommendations Subject to Negotiations

Recommendation	Annual Cost Savings
R3.8 Increase certified and classified insurance premium contributions from 10 to 15 percent	\$160,000
R3.11 Renegotiate the certified leave incentive to a level comparable to the classified incentive	\$22,000
R3.11 Reduce the number of paid holidays for classified employees	\$38,600
<b>Total</b>	<b>\$220,600</b>

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# Facilities

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## Background

This section focuses on custodial and maintenance staffing, operations, expenditures, and building utilization within the Cambridge City School District (CCSD or the District). The objective is to analyze these areas and, where appropriate, develop recommendations for operational improvements and possible reductions in expenditures. Throughout the report, comparisons are made to best practices and benchmarks from the following organizations: the National Center for Education Statistics (NCES), the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), the Government Finance Officers Association (GFOA), the American School and University Magazine (AS&U), and DeJong and Associates, Inc. In addition, the District's operations are compared to ten peer districts<sup>1</sup> chosen based on enrollment, expenditures, and demographic data obtained from the Ohio Department of Education (ODE).

CCSD's enrollment is decreasing, primarily due to open enrollment and a falling population in the city of Cambridge. Fiscal year (FY) 2005-06 enrollment was approximately 2,690 students. The District consists of five schools: North Elementary (grades K-5), South Elementary (grades K-5), Central Elementary (grades K-5), Cambridge Middle (grades 6-8), and Cambridge High (grades 9-12). The schools were built through the Ohio School Facilities Commission (OSFC) and were occupied in FY 2003-04. The District is also responsible for several smaller auxiliary buildings located throughout the District, including the administration buildings<sup>2</sup> and Oakland Elementary<sup>3</sup>.

### *Staffing*

CCSD employs facilities staff year round. The custodial staff is responsible for the routine care, cleanliness, safety, maintenance, protection, and preservation of District facilities and their

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<sup>1</sup> Peer districts include the following: East Holmes Local School District (Holmes County), Garaway Local School District (Tuscarawas County), Indian Valley Local School District (Tuscarawas County), Leipsic Local School District (Putnam County), Logan-Hocking Local School District (Hocking County), Loudonville-Perrysville Exempted Village School District (Ashland County), New London Local School District (Huron County), New Riegel Local School District (Seneca County), Southeast Local School District (Wayne County), and Springfield Local School District (Mahoning County).

<sup>2</sup> Administration buildings are located on an outdoor education campus owned by the District. Buildings include: manufactured home, garage/office, gymnasium, upper dormitory/maintenance shop, auditorium, dining hall, superintendent's office, and treasurer/business manager's office. These buildings were not part of the OSFC construction project.

<sup>3</sup> Oakland Elementary houses the District's Title I and special education programs. This building will be used as the new administrative building in FY 2007-08. This building was not part of the OSFC construction project.

contents and grounds. This includes various cleaning tasks, minor maintenance, and grounds work, such as shoveling sidewalks. Custodial staff report to the building principals, who in turn report to the business manager/treasurer. Maintenance workers are responsible for providing for the care, safety, and maintenance of school facilities and grounds. This includes performing basic plumbing, electrical, and carpentry repairs, as well as assisting with seasonal activities, such as snow removal and lawn mowing. Maintenance workers report to the business manager/treasurer. Groundskeepers are responsible for the maintenance of outdoor athletic facilities and report to the business manager/treasurer. At the time of this audit, the District employed custodians, maintenance workers, and a combined grounds/custodial/maintenance position (This position reports directly to the treasurer).

**Table 4-1** illustrates the full-time equivalent (FTE) staffing levels for custodial, maintenance, and grounds-keeping duties at CCSD, based on FY 2006-07 Education Management Information System (EMIS) data, then adjusted based on interviews with District personnel.

**Table 4-1: CCSD Facilities Staffing**

Classification	Number of Positions <sup>1</sup>	FY 2006-07 FTEs <sup>2</sup>
Custodians	16.0	15.5
Maintenance	2.0	2.8
Groundskeeper	0.0	1.5
Grounds/ Custodial/ Maintenance	2.0	0.0
<b>Total</b>	<b>20.0</b>	<b>19.8</b>

Source: FY 2006-07 EMIS reports as reported to ODE, District interviews

<sup>1</sup> Positions as indicated on the District's organization chart.

<sup>2</sup> Staffing levels have been adjusted based on interviews with District personnel. As a result, staffing numbers may not match those found in the **human resources** section.

FY 2006-07 FTEs illustrates adjusted staffing when custodial, maintenance, and grounds personnel based on the amount of time spent performing each duty during the majority of the school year. This table also includes 1.0 custodial FTE position that was vacant at the time of this audit. However, **Table 4-1** does not account for custodians that perform some grounds keeping duties in the winter.

### *Key Statistics*

**Table 4-2** presents key statistics related to the building maintenance function. Also included in **Table 4-2** and throughout the report are benchmark standards for facilities and maintenance operations based on the National Center for Education Statistics' *Planning Guide for Maintaining School Facilities* (2003) and results from American School and University's (AS&U's) 35<sup>th</sup> *Annual Maintenance and Operations Cost (M&O) Study* (April 2006).

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

<b>Number of Buildings</b>	<b>14</b>
Elementary Schools	3
Middle School	1
High School	1
Administration <sup>1</sup>	8
Other <sup>2</sup>	1
<b>Total Square Feet Maintained</b>	<b>461,261</b>
Elementary Schools	167,957
Middle School	88,600
High School	145,707
Administration <sup>1</sup>	30,908
Other <sup>2</sup>	28,089
<b>Square Feet Per FTE Custodial Staff Member (15.5 FTEs <sup>3</sup>)</b>	<b>27,947</b>
Elementary Schools (6.0 FTEs)	27,993
Middle School (3.0 FTEs)	29,533
High School (6.0 FTEs)	24,285
Administration <sup>1</sup> (0.5 FTE)	61,816
NCES National Average	28,000
<b>Square Feet Per FTE Maintenance Staff Member (2.8 FTE <sup>3</sup>)</b>	<b>165,921</b>
AS&U 35th Annual Cost Survey, 1,000 – 3,499 Student Median	116,272
AS&U 35th Annual Cost Survey, National Median	100,720
<b>Acreage Per FTE Groundskeeper Staff Member (1.5 FTEs <sup>3</sup>)</b>	<b>76</b>
AS&U 35th Annual Cost Survey, 1,000 – 3,499 Student Median	43
AS&U 35th Annual Cost Survey, National Median	40

Source: CCSD, AS&U 35<sup>th</sup> Annual M&O Cost Survey, NCES Planning Guide for Maintaining School Facilities

<sup>1</sup> Administration includes manufactured home, garage/office, gymnasium, upper dormitory/maintenance shop, auditorium, dining hall, superintendent's office, and treasurer/business manager's office.

<sup>2</sup> Other includes Oakland Elementary.

**Table 4-2** illustrates that while custodial staff in the high school and the elementary schools maintains less square footage per FTE than reported in the NCES' *Planning Guide for Maintaining School Facilities*, custodians in the administration buildings and the middle school maintain more. As a result, total square feet per custodian is comparable to the nation average. District maintenance workers maintain significantly more square footage when compared to similarly sized districts and the national average, as reported by AS&U's 35<sup>th</sup> Annual M&O Cost Study. The District contracts some maintenance work to Johnson Controls, Inc (see **R4.10**). Grounds-keepers also maintain significantly more acreage than the median for similarly sized districts, as reported in the 35<sup>th</sup> Annual M&O Cost Study. The District also contracts some grounds keeping duties.

*Financial Data*

**Table 4-4** tracks facilities-related spending in CCSD from FY 2003-04 through FY 2005-06.

**Table 4-3: CCSD Historical Expenditures**

	FY 2003-04	FY 2004-05	FY 2005-06	3- Year Change (%)
Salaries/Wages	\$728,114	\$788,802	\$794,991	9.2
Retirement/Insurance	\$358,268	\$411,438	\$372,254	3.9
Purchased Services	\$903,867	\$1,130,618	\$1,042,569	15.4
Supplies/Materials	\$56,550	\$74,936	\$60,822	7.6
Capital Outlay	\$1,128	\$0	\$0	(100.0)
Capital Outlay - Replacement	\$716	\$3,301	\$301	(58.0)
Other	\$0	\$0	\$0	0.0
<b>Total</b>	<b>\$2,070,975</b>	<b>\$2,454,524</b>	<b>\$2,465,644</b>	<b>19.06</b>

Source: CCSD financial records

As illustrated in **Table 4-3**, CCSD saw expenditures increase in every category, except capital outlay, from FY 2003-04 to FY 2004-05. From FY 2004-05 to FY 2005-06, expenditures decreased in every category except salaries and wages. Explanations for these variances include the following:

- **Salaries/Wages:** In December 2004, the District implemented a new collective bargaining agreement with classified staff that was retroactive until January 1, 2004. Additionally, bus drivers and custodians won an arbitration against the District for not consistently providing weighted average compensation. The settlement decision was retroactive for the two prior years.
- **Retirement/Insurance:** There was a 20 percent premium increase for medical insurance from FY 2003-04 to FY 2004-05. In the beginning of FY 2005-06, CCSD reduced 21 staff positions.
- **Purchased services:** Telephone expenditures fell in FY 2005-06 from FY 2004-05 levels because of an e-rate grant, but there was an increase in natural gas costs. The District also signed a partial year contract with Johnson Controls, Inc. in FY 2003-04, and a full year contract in FY 2004-05. In FY 2005-06, CCSD changed the fund code for the Johnson Controls, Inc. contract, using building maintenance funds to pay for the contract instead of the General Fund.
- **Supplies/Materials:** CCSD purchased filters at a cost of \$3,500 in FY 2003-04 and \$16,000 in FY 2004-05. The District did not purchase any filters in FY 2005-06.

**Table 4-4** illustrates CCSD's FY 2005-06 General Fund custodial and maintenance-related expenditures per square foot compared to the national median, as identified by the 35<sup>th</sup> *Annual M&O Cost Study*, and the peer district average.

**Table 4-4: Facilities Expenditures per Square Foot, FY 2005-06**

Object Code	CCSD	Peer Average	Variance	AS&U	Variance
District Square Feet	402,264	221,424	81.7%	N/A	N/A
Salaries/ Benefits	\$2.90	\$2.57	13.1%	\$2.08	39.5%
Purchased Services	\$0.52	\$0.55	(5.2%)	\$0.17	205.7%
Utilities	\$2.07	\$1.28	62.1%	\$1.31	58.2%
Materials and Supplies	\$0.15	\$0.31	(51.6%)	\$0.33	(54.2%)
Capital Outlay	\$0.00	\$0.04	(98.3%)	\$0.00	N/A
Miscellaneous	\$0.00	\$0.00	0.0%	\$0.20	(100.0%)
<b>Total General Fund Expenditures</b>	<b>\$5.65</b>	<b>\$4.75</b>	<b>18.8%</b>	<b>N/A</b>	<b>N/A</b>
All Funds Utilities	\$2.07	\$1.29	60.4%	N/A	N/A
<b>Total All Funds</b>	<b>\$6.13</b>	<b>\$4.89</b>	<b>25.2%</b>	<b>\$4.09</b>	<b>49.9%</b>

Source: CCSD and peer district financial reports and AS&U 35<sup>th</sup> *Annual M&O Cost Study*

**Table 4-4** shows that CCSD spends more per square foot than peer district and AS&U averages in salaries/benefits and utilities. Salaries/benefits expenditures are higher because CCSD's custodian and groundskeeper staffing levels are higher than peer districts. Additionally, the District's workers' compensation costs increased over this period. CCSD's utility expenditures were higher for electric, water and sewage, and gas. All fund utilities and total all funds were also substantially higher in CCSD than at the peers.

### *Noteworthy Accomplishments*

The following is a noteworthy accomplishment identified during the course of the performance audit of the District's facilities operations:

- Maintenance and Custodial Training:** CCSD trains maintenance and custodial employees when standards or procedures are changed or updated due to new equipment, technology, or procedures. Further, employees receive "refresher" training for tasks and equipment already in use, as well as external training related to their responsibilities. This helps promote consistency and understanding of standards and processes used by employees.

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*Assessments Not Yielding a Recommendation*

In addition to the analyses presented in this section, assessments were conducted on other aspects of facilities operations that did not warrant changes and did not yield any recommendations. These include the following:

- **Equitable building maintenance:** CCSD allocates staff based on square footage and works to ensure no staff member has a more difficult area than others. Further, the District reduced staffing levels while maintaining building safety and health when it moved into new buildings in FY 2003-04. Equitable staffing ensures all buildings receive the same level of care by maintenance and custodial staff.
- **Organization of custodial and maintenance operations:** CCSD has job descriptions for each position that include reporting relationships. The job descriptions are comparable to practices recommended in *Planning Guide for Maintaining School Facilities* (NCES, 2003).
- **Overtime use:** Of total salaries paid to CCSD custodial and maintenance employees between FY 2003-04 and FY 2005-06, less than 5.0 percent was overtime. Further, overtime use in the District decreased during this period.
- **Maintenance and grounds staffing:** CCSD maintains more square footage per maintenance FTE and almost twice the acreage per grounds keeping FTE when compared to the 35<sup>th</sup> *Annual Maintenance and Operations (M&O) Cost Survey*.
- **Energy management:** CCSD contracts with Johnson Controls, Inc. to monitor utility use, identify and track trends in utility use, and control building temperatures. Johnson Controls, Inc. also provided energy conservation training to District personnel and students. Furthermore, CCSD purchases its natural gas through the Metropolitan Educational Council (MEC) and electricity through the Rural Electric Association of Guernsey-Muskingum County (REA). However, the District does not have a comprehensive energy conservation policy (See **R4.5**).
- **Security protocols and plans:** CCSD has a comprehensive safety plan in place for each building in the District that complies with the requirements stipulated by Ohio Revised Code (ORC) § 3313.536. The District's safety plans also meet the best practices identified by the *Planning Guide for Maintaining Schools Facilities*

## Recommendations

### *Staffing & Employment Issues*

**R4.1 CCSD should make all performance standards for maintenance, custodial, and grounds staff readily accessible to employees and other interested parties. Accurate performance standards ensure that all personnel are familiar with work expectations and performance appraisals.**

The District developed and implemented written performance standards for its custodial and maintenance operations, which are included on performance evaluations. The District reviewed and updated evaluation forms during FY 2005-06. Performance standards address the following areas:

- Written communication;
- Teamwork;
- Problem solving;
- Planning and organization;
- Personal appearance;
- Oral communication;
- Managing people;
- Leadership;
- Judgment;
- Cooperation;
- Conflict resolution;
- Communications; and
- Attendance and punctuality.

Additionally, the evaluations include checklists that allow the evaluator to rate the employee on position-specific duties. Interviews with District personnel revealed that job evaluations are not readily accessible to employees; however, staff is aware of performance standards through the evaluation process. CCSD's staff is small enough that the District may not feel the need to implement a formal method of sharing performance standards, other than including them in performance evaluation forms. However, this can pose a problem if the District terminates an under-performing employee. The District must clearly communicate performance standards and expectations to employees.

*Best Practices in Facilities Management*, developed by the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), recommends districts establish performance standards for commonly repeated tasks to ensure employees are familiar with the assigned work and to conduct performance appraisals. Districts should

ensure the performance standards are written, communicated to employees, and made readily available to other interested parties. Furthermore, districts should establish performance standards based on internal review or available benchmarks and industry practices and use them for assigning work and conducting performance appraisals.

Additionally, districts should have a process for communicating failures to meet departmental and staff performance standards, as well as tracking responses to such failures. Performance standards serve as a basis for measuring how well the maintenance and custodial staff meet or adhere to board policies, standards, and objectives. They also set clear expectations for job performance and give managers consistent tools for evaluating performance. Ineffective performance standards make it difficult to hold staff accountable for their work.

**R4.2 CCSD should develop and implement maintenance and custodial procedures manuals that detail proper maintenance and cleaning procedures to be used by all facilities staff. Developing procedures manuals will ensure staff are familiar with work expectations and employment protocols, as well as the use of and acquisition of materials and equipment.**

**Once developed, the District should annually review the manuals. Furthermore, CCSD should make maintenance and custodial procedures manuals available to staff and the public by placing copies in each building and on its web site.**

CCSD does not have maintenance or custodial procedures manuals that detail specific cleaning procedures and activities. Employees receive on-the-job training and training on specific products through the vendor. As part of the Ohio School Facilities Commission (OSFC) project, the District received product warranty information and a suggested yearly maintenance calendar for each building and major system.

According to OPPAGA, districts should have up-to-date comprehensive written operating procedures available to employees and the public that, at a minimum, provide for the following:

- Replacement and selection of equipment;
- Purchase of equipment, supplies, and materials;
- Maintenance and operations budget criteria;
- Facilities standards;
- Personnel staffing and hiring policies; and
- Use of facilities and equipment.

Maintenance of educational facilities generally requires the coordinated management of a variety of individual trades and crafts, support related functions, and contracted services

necessary to fulfill a facility's intended purpose. Operating procedures should match appropriate employees, tools, technology, and other resources to accomplish work tasks. They define the implementation manner of work and resources applied to support the educational environment.

Further, the International Sanitary Supply Association (ISSA) has developed a training program manual designed to help train custodial staff. The program details correct cleaning methods as well as the proper use of custodial equipment. This manual details procedures, guidelines, and pointers on the following:

- Floor finish application;
  - Auto scrubbing;
  - Carpet care and maintenance;
  - Damp/wet mopping;
  - Proper dilution methods;
  - Dust mopping;
  - Oscillating and multiple brush floor machines;
  - Rotary floor machines;
  - Scrubbing/stripping;
  - Spray buffing/high speed burnishing;
  - Wall washing;
  - Washroom cleaning;
  - Wet/dry vacuums; and
  - Window cleaning.
- 
- The Brevard County (Florida) School District's Office of Facilities Services developed Custodial Standards and Custodial Procedures manuals for its custodial staff. The Custodial Standards manual provides custodial staff duties/responsibilities, building cleaning schedules and standards, and environmental priorities, such as energy conservation and pest management. The Custodial Procedures manual addresses detailed cleaning procedures for specific rooms, such as offices, restrooms, classrooms, corridors, and surfaces, such as hard floor surfaces and carpet.

Additionally, these manuals and other facilities related documents are available on the Brevard Public Schools' web site.

Without policies and procedures to guide employee decision-making, processes used in these areas may be inconsistently applied. Maintenance and custodial procedures manuals can help ensure compliance with district standards and that all buildings meet or exceed the requirements in the manuals.

*Financial Implication:* The cost of the ISSA custodial cleaning manual is \$60 for non-members and \$45 for members. In addition to this manual, ISSA has several other training programs for custodial staff.

**R4.3 CCSD should reduce 1.0 FTE custodial position at Cambridge High School to achieve a staffing level comparable to the NCES standards. This reduction would increase the square footage per FTE at the High School from 24,285 square feet to 29,141 square feet, which is comparable to the NCES benchmark.**

In FY 2006-07, CCSD had three elementary schools (Central Elementary, North Elementary, and South Elementary) for grades kindergarten through five; one middle school (Cambridge Middle) for grades six through eight; and one high school (Cambridge High) for grades nine through twelve. North Elementary and South Elementary are located on their own campuses, while Central Elementary, Cambridge Middle, and Cambridge High are located on one campus. The District is also responsible for several smaller auxiliary buildings located throughout the District, including administration buildings and Oakland Elementary School. **Table 4-2** illustrated staffing for the District's facilities. As the table shows, total square footage maintained per custodian in the high school is significantly lower than the NCES average. Each of the 6.0 FTE custodians in the high school maintains 24,285 square feet, which is 15.3 percent less (3,715 square feet) than the national average of 28,000 square feet per custodian.

Additionally, CCSD's salary and benefit expenditures of \$2.90 per square foot are higher than the peer average of \$2.57 per square foot and the AS&U median of \$2.08. This contributes to the District's higher total all funds expenditures per square foot compared to the peer average and AS&U median (see **Table 4-4.**)

According to the NCES, planners, administrators, and community members must agree on what constitutes "cleanliness." While there is not a nationwide standard for describing standards of cleanliness, the following five-tiered system of expectations is emerging to help guide decision making:

- Level 1 cleaning results in a "spotless" building, as might normally be found in a hospital environment or corporate suite. At this level, a custodian with proper supplies and tools can clean approximately 10,000 to 11,000 square feet in an eight-hour period.
- Level 2 cleaning is the uppermost standard for most school cleaning and is generally reserved for restrooms, special education areas, kindergarten areas, or food service areas. A custodian can clean approximately 18,000 to 20,000 square feet in an eight-hour shift.

- Level 3 cleaning is the norm for most school facilities. It is acceptable to most stakeholders and does not pose any health issues. A custodian can clean approximately 28,000 to 31,000 square feet in eight hours.
- Level 4 cleaning is not normally acceptable in a school environment. Classrooms would be cleaned every other day, carpets would be vacuumed every third day, and dusting would occur once a month. At this level, a custodian can clean 45,000 to 50,000 square feet in eight hours.
- Level 5 cleaning very rapidly leads to an unhealthy situation. Trashcans might be emptied and carpets vacuumed on a weekly basis. A custodian can clean 85,000 to 90,000 square feet in eight hours.

The figures above are estimates. The actual number of square feet a custodian can clean per shift will depend on additional variables, including the type of flooring, wall covers, and number of windows, all of which must be taken into account when determining workload expectations. For the purposes of this audit, the lower end of the Level 3 NCES criteria, 28,000 square feet in an eight-hour shift, will serve as the benchmark standard.

*Financial Implication:* If CCSD reduced 1.0 FTE custodial position, it would save approximately \$38,779 per year, based on the lowest full-time custodial salary for FY 2006-07 of \$28,725 and benefits equivalent to 35 percent of salaries.

**R4.4 CCSD should develop an orientation program for new custodians, maintenance personnel, and groundskeepers. This orientation program should include employees new to the District, as well as District personnel that transfer to the position. An orientation program should include the elements outlined in the NCES *Planning Guide for Maintaining School Facilities*.**

CCSD does not have an orientation program for its facilities staff. The District hires custodial employees from a pool of substitute custodians, who are usually bus drivers. The District has not hired a maintenance employee in several years. The NCES *Planning Guide for Maintaining School Facilities* states that people who are new to an organization have special training needs. Consequently, newly hired personnel should receive the following types of training as soon as possible after joining the organization:

- Tour of the organization's facilities;
- Orientation or tour of the person's work area;
- Equipment instructions, including an introduction to all tools, machinery, and vehicles the individual will be expected to use;
- Task-oriented lessons, including instructions on how to best perform the individual's work tasks;

- Expectations; and
- Evaluation information.

Furthermore, skills tend to get rusty unless used on a regular basis. There is a trade-off between the benefits of staff training and the costs of lost work time during training. School districts cannot simply treat their employees like full-time students; nonetheless, preparing staff to get their work done properly, efficiently, and safely is cost-effective.

While many custodial employees are familiar with the District because of previous positions, there is no system in place to ensure that they are aware of and understand procedures related to their new position. Further, should the District begin to hire external candidates, there is no mechanism in place to ensure they understand their new position.

### *Energy Management*

**R4.5 CCSD should develop an energy conservation policy in order to support a District-wide energy conservation program. Specifically, the District's energy policy should define clear expectations for building performance and be readily visible and accessible to District personnel. The policy should require reporting on the outcomes of District energy conservation efforts on a regular basis, as well as guidelines for energy conservation program-related expenditures, such as facility repairs and improvements.**

**Additionally, the District should write clear procedures for implementing the energy conservation policy. Lastly, the District should provide periodic training from the energy management company or District personnel on energy conservation behaviors to encourage general energy awareness and voluntary changes in behavior. Together, the policy and supporting procedures could lead to reductions in energy consumption.**

Board of Education Policy 7460 directs the Superintendent to develop and implement both immediate and long range plans to conserve natural and material resources. Furthermore, the Board expects observance of all guidelines and procedures by all staff as well as supported in the educational program and staff interactions with students. The District conducted an energy conservation education program through Johnson Controls, Inc. This training was for staff and students, with principals from each building participating. However, CCSD's utilities expenditures per square foot are significantly higher than the peer average and the AS&U median; refer to **Table 4-4**.

*School Operations and Maintenance: Best Practices for Controlling Energy Costs* (U.S. Department of Energy, 2004) states that the single most important energy cost management tool is a well-conceived district energy policy that defines clear expectations

for building performance. Members of an energy management committee and/or district staff could review some of the numerous school district energy policies available on the Internet, in print, and from other sources to serve as a template.

School districts should include two key elements in their energy conservation policies, according to *School Operations and Maintenance: Best Practices for Controlling Energy Costs*. A mission statement should be the first priority. This a high visibility document that emphasizes the serious and continuing commitment of the board and senior administrators to improved management of facilities and energy costs. These policies should also outline key elements of the new operations and management (O&M) initiative. The single most important element of an energy policy is not content, but visibility. A well-conceived and comprehensive policy that only gathers dust in file cabinets is a waste of district staff time and resources. The second key element, not often included in district policies, is the issue of broadly defining a criterion for spending district funds on the many repairs and improvements likely identified in an O&M program. The private sector, defines this as the “hurdle rate”, or minimum return on investment required for a specific project. Similarly, it may be useful for the district to set a broad target project payback criterion of one to three years. Ultimately, this type of guidance will allow the O&M program manager to quickly pursue repair or modification projects meeting the stated financial criteria.

To supplement energy conservation efforts, the program manager needs to develop a procedures manual to define standardized building management practices that are to be employed by O&M staff at all school facilities. Without this detailed guidance, building practices such as shutdown procedures or equipment tune-up schedules may be haphazard. Elements in a procedures manual include the following:

- Heating/cooling temperatures and hot water;
- Ventilation control and exhaust fans;
- Off hour building scheduling;
- Lighting - illumination levels and lighting control;
- Control of computers, vending machines, and other plug/connected loads;
- Vacation and nighttime shutdown procedures,
- Scheduled maintenance and record keeping; and,
- Energy system repair - work orders and administrative process.

For the energy savings program to work, the district must be aware of the following critical factors:

- **Program visibility and progress reporting:** Helps to sustain interest by the local school board, staff, and the community through communicating the energy savings and information;

- **Communicating energy savings:** Emphasize that energy savings from O&M are not immediate;
- **Distribution of information:** Readily available information helps staff and administrators better implement energy saving measures;
- **Program flexibility:** A program is successful only if it is compatible with District resources and staff needs; and,
- **External support:** Identifying potential sources of support from utilities, local businesses, and other organizations.

Additionally, *School Operations and Maintenance: Best Practices for Controlling Energy Costs* states that Voluntary Energy Awareness (VEA) programs operate on the premise that increasing the general energy awareness of faculty, staff, and students will result in voluntary changes in behavior and reductions in energy consumption. A familiar example of this approach is the affixing of “Please Turn Off the Lights” stickers to lighting switch plates in bathrooms and other intermittently used school areas. VEA programs have an “educational” approach to energy in which the development and presentation of energy related curricula and training materials plays the central role. Incorporating energy efficiency modules into classroom curricula often leads to the expectation of energy savings at home as well as school. Although the primary focus is usually on faculty and students in the classroom, VEA programs can also include staff training and other program elements such as district energy policies.

In general, VEA programs are relatively simple to implement. School districts have ready access to a wide variety of curricular and awareness materials already developed by government agencies and nonprofit organizations. Since the program is not dependent on analysis of “hard energy data” or repair of defective building systems, program costs are relatively low. However, the lack of energy cost tracking and accountability means that energy savings are more limited and may erode quickly with the departure of key staff or the arrival of new classroom priorities. Normally, existing district staff design and implement a VEA effort, often with the assistance of students. Temporary outside consultants or staff may be required if more technical material is presented to custodial or maintenance staff. Lastly, the District could combine VEA efforts with rewards for schools that decrease their energy use through effective energy management, as recommended by *Planning Guide for Maintaining School Facilities* (National Center for Educational Statistics and the National Cooperative Education Statistics System, 2003).

Without visible, clearly defined objectives and district-wide operational standards, administrators will have great difficulty improving energy conservation practices in a multi-school district. As such, the development of this policy must be a high priority.

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*Operational Management*

**R4.6 CCSD should regularly update the OSFC facility master plan. The facilities master plan should include a 10-year enrollment history; enrollment projections; building capacity data, including the methodology used for their calculations; a list of the cost estimates for planned capital improvements; and a description of the District's educational plan. Additionally, the District should link the plan to its educational programs and academic achievement through the comprehensive continuous improvement plan (CCIP). CCSD should link its planning documents to the District-wide strategic plan (see the financial systems section.)**

CCSD Policy 7100 states that the District will develop a building utilization plan that includes a thorough description and analysis of local and regional demographic factors which influence general population growth and public school enrollment. It further states the District will revise the plan periodically. However, CCSD does not have a building utilization plan, nor has it developed its own comprehensive facilities master plan. OSFC produced all planning documentation on behalf of the District during the OSFC construction project. The OSFC planning documents include a master plan, enrollment projections, capacity analyses, and facility utilization assessments. They also include funding estimates, but not funding sources. The OSFC provided planning documents to CCSD in 2006, and there were no updates at the time of this audit. The CCSD community had input in the planning process for the new buildings, including site selection and building design.

DeJong & Associates, Inc., one of the nation's leading experts in educational facility planning, published *Creating a Successful Facility Master Plan* (School Planning & Management, July 2001). It defines a facility master plan as a plan that specifies identified projects, the timing of the projects, sequencing of the projects, and their estimated cost. A district-wide facility master plan is typically a 10-year plan that is important in determining and securing financing and providing the macro scope of projects. A facility master plan should be updated periodically to incorporate improvements that have been made, changes in demographics, or other educational directions. *Creating a Successful Facility Master Plan* identifies the following essential components of a facilities master plan:

- Historical and projected student enrollment figures (see **R4.11**);
- Demographic profiles of the community/school district;
- Facility inventory;
- Facility assessment (condition and educational adequacy of buildings);
- Capacity analysis (see **R4.11**);
- Descriptions of educational programs;

- Academic achievement; and
- Financial and tax information.

Additionally, the NCES *Planning Guide for Maintaining Schools Facilities* identifies the steps required when developing and implementing a facilities plan. These include the following:

- Involving stakeholders in the planning process;
- Identifying needs (e.g., improving cleanliness and safety, correcting deficiencies, addressing deferred projects, increasing efficiency, decreasing utility bills);
- Establishing priorities and targets;
- Collecting and using supporting data to inform decision-making;
- Sharing the plan to garner support from management and key stakeholders;
- Allocating funds to pay for planned activities;
- Training staff to implement planned activities;
- Implementing the plan;
- Being patient while awaiting cost savings or other results;
- Evaluating the plan systematically;
- Refining efforts based on evaluation findings; and
- Reviewing and revising the plan periodically (e.g., every three years).

A facility master plan, if developed appropriately, has the potential of having a significant effect on the quality of education in a school district. *The Visionary Master Plan* (AS&U, 2003) states that well-crafted plans will establish priorities, set a framework from which decisions flow, and specify funding parameters so that building development advances in a thoughtful, comprehensive, and cohesive manner. A master plan can organize and analyze future construction projects while addressing and prioritizing deferred-maintenance issues. Planning does not end with the delivery of the planning document. Rather, effective planning is a continuous process. Currently, the absence of formal enrollment projections hinders the District's ability to develop an accurate plan for its facilities.

**R4.7 CCSD should develop a formal five-year capital improvement plan that is updated on an annual basis to ensure that critical repair work or equipment replacement is completed. The capital improvement plan should include a capital project categorization and prioritization system that provides the administration with a breakdown between maintenance tasks and capital projects, ensures work is completed in a timely manner, minimizes both safety hazards and facility deterioration, and identifies funding sources for projects. The District should link the planning document to the District-wide strategic plan.**

CCSD does not have a capital improvement plan. OSFC produced all of the District's planning documents during the OSFC construction project (see **R4.6**). The OSFC capital improvement planning documents include preventive maintenance calendars, asset descriptions, and required maintenance for assets.

According to the Government Finance Officers Association (GFOA), a government should develop a capital improvement plan that identifies its priorities and period for undertaking capital projects and provides a financing plan for those projects. A process should exist for evaluating proposed capital projects and financing options, and developing a long-range capital improvement plan that integrates projects, periods, and financing mechanisms. The plan should project at least five years into the future and be integrated into the entity's overall financial plan. The capital improvement plan should also be reflected in a budget document, either in a single document describing both the operating and capital budgets or in a separate document describing the capital improvement plan and capital budget. The process for developing the plan should allow many opportunities for stakeholder involvement in prioritizing and reviewing projects. The capital improvement plan should also take into account overall affordability in terms of both capital and operating costs, community concerns, available alternatives, coordination with other projects, impacts on services, beneficiaries of the project, and important community goals. In addition to developing the plan, the GFOA further recommends that districts have the capital plan approved by the governing body.

At the 100<sup>th</sup> Annual GFOA Conference held May 10, 2006 in Montreal, Canada, Julia H. Cooper, Deputy Director of Finance of the City of San Jose presented best practices relating to capital improvement plans and how important they are to debt management. She stated the reasons for developing a capital improvement plan (CIP) are attributable to capital project expense, capital project life cycle, and the varying cost of capital spending from year to year. She also mentioned that project implementation can take years and relies on debt financing. When preparing a CIP, it is important to determine the period to be covered, set process priorities, establish a cost evaluation mechanism for capital maintenance and operating costs, and involve stakeholders. The CIP elements should include accounting for a length of time not shorter than five or six years, identifying funding sources, identifying incremental operating costs of new capital, including capital maintenance as well as new projects, explanation of prioritization methods, phasing of projects in a timeline, and accommodating the political world. If a government follows these steps, then the results of an effective CIP should include the following:

- Creation of a management tool for planning and budgeting;
- Documentation of school capital needs;
- Establishment of the basis of support and documentation of the need for debt issuance; and

- Process of development of CIP means everyone may not be happy, but everyone feels they had an opportunity to be heard and participate.

The development and implementation of a five-year capital improvement plan will help the District anticipate needed facility and equipment repairs and replacements. By planning, project financing sources can be identified and secured before they are needed, helping to eliminate the significant effect of unforeseen capital costs on the District's finances.

**R4.8 CCSD should ensure that it has formal policies in place regarding the health and safety of its facilities. Specifically, Cambridge should develop formal policies for:**

- **Indoor air quality;**
- **Water quality and use;**
- **Emergency power systems;**
- **Hazardous materials;**
- **Pest management;**
- **Protective clothing;**
- **Radon testing;**
- **Playgrounds;**
- **Storm water runoff; and**
- **Underground storage tanks.**

**Doing so will ensure that students and personnel are sufficiently protected against potential hazards.**

CCSD has policies in place to address the following facility safety issues:

- Crisis intervention;
- Emergency evacuation of schools;
- Preparedness for toxic hazard and asbestos hazard;
- Risk reduction program and reporting accidents;
- Control of casual-contact/ non casual contact communicable diseases;
- Control of blood-borne pathogens;
- Maintenance and hygienic management; and
- Plant security.

The District also has programs to address several safety issues, but does not have formal policies detailing these programs. Such programs include indoor air quality, monitored by Johnson Controls; water quality and use, monitored by the Ohio Department of Health and Johnson Controls; pest management, performed by a private contractor once a

month; and playground equipment, inspected biannually by the Ohio Department of Health.

Additionally, since most of the District's school buildings are less than five years old, the District does not need some recommended safety policies, such as those addressing lead paint, asbestos, and polychlorinated biphenyls (PCBs).

The NCES *Planning Guide for Maintaining Schools Facilities* recommends that districts be prepared to deal with a number of safety issues, including having a plan for managing the following:

- Indoor air quality;
- Water quality and use;
- Integrated pest management;
- Chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs);
- Emergency power systems;
- Hazardous materials;
- Personal protective equipment;
- Radon;
- Playgrounds;
- Storm water runoff; and
- Underground storage tanks.

Providing all maintenance staff with policies and procedures to identify signs of common environmental problems helps to ensure a timely response to environmental health issues. This is the best way to ensure the safety of the buildings to students, parents, and staff members.

**R4.9 CCSD should develop a preventive maintenance program that addresses all routine, cyclical, and planned building maintenance functions. The District should begin a preventive maintenance program by conducting a facility audit to inspect the District's assets.**

CCSD's preventive maintenance program is limited to its contract with Johnson Controls for the following:

- **Mechanical:** An HVAC maintenance technician will work on site for a minimum of eight hours per week completing preventive maintenance on all HVAC equipment. Tasks will be pre-scheduled and their completion recorded both at the equipment and in a report filed monthly with the District Treasurer. Further, the

HVAC technician will conduct boiler combustion analysis, refrigerant leak checking and quarterly filter maintenance.

- **Building Management System:** Includes an annual test and inspection of the systems components and any necessary repairs.
- **Elevator:** Includes an annual test and inspection of elevator components and any necessary repairs.
- **Fire/Life Safety:** Includes an annual test and inspection of fire alarm system components and any necessary repairs and annual test and inspection of sprinkler system, excluding repairs.
- **Chemical Treatment Program:** Includes chemical treatment program services for all chillers, boilers, and cooling towers and a quarterly bacteria test for all tower systems.

Costs for the preventive maintenance contract decreased from \$207,060 in FY 2004-05 to \$184,187 in FY 2005-06, or 11.0 percent.

The NCES *Planning Guide for Maintaining School Facilities* recommends that all school districts have a preventive maintenance program. Many school districts practice “breakdown maintenance” where there is no maintenance on a piece of equipment until it breaks. The problem with breakdown maintenance is that it defers the repairs and allows damage to accumulate, thus compounding the problem. Preventive maintenance focuses on regularly scheduled equipment maintenance to prevent sudden unexpected equipment failure.

A good maintenance program begins with an audit of the buildings, grounds, and equipment. A facility audit is a comprehensive review of a facility’s assets, including the age and condition of a facility or piece of equipment. Facility audits can be a tool for predicting future maintenance costs because they establish a baseline of information about the components, policies, and procedures for a new or existing facility. The information is helpful when used over time to determine the real life cycle of the product or piece of equipment, the impact of various maintenance strategies on product life, and future demands the aging process might place on the infrastructure of the district. The audit should be conducted by a team that includes staff who work closely with the facility. Building components to assess include, but are not limited to, the following items:

- Rooms;
- Interior and exterior walls and doors;

- Floors;
- Plumbing;
- Electrical systems;
- HVAC systems;
- Kitchens;
- Roofs and roofing materials; and
- Foundations and basements.

Grounds components include the following:

- Courtyards;
- Fields;
- Playgrounds;
- Parking lots;
- Roads;
- Signs; and
- Landscaping.

Types of equipment include the following:

- Fixed equipment (motors, compressors);
- Tools (lawnmowers, snow, and leaf blowers);
- Vehicle fleets (buses, vans, trucks, cars); and
- Supplies (pesticides, cleaning agents, and other chemicals).

After compiling the facilities data, The District can select structural items and equipment for preventive maintenance. The District will need to decide on the frequency and type of inspections needed for the preventive maintenance plan. Usually, the equipment manufacturer manuals offer guidelines on the frequency of preventive maintenance and list the items to be maintained on the equipment. Depending on the needs and circumstances, the District can incorporate the following items into a preventive maintenance plan:

- Access controls;
- Boilers;
- Electrical systems;
- Energy management;
- Fire alarm systems;
- Floor covering, including gym floor care;
- HVAC systems;

- Hot water heaters;
- Kitchens;
- Painting;
- Plumbing; and
- Roofing.

The District's contract with an outside supplier may have reduced the priority placed on developing its own program. However, preventive maintenance is widely thought to reduce long-term costs by maximizing the operating capacity of equipment, minimizing downtime, and avoiding breakdowns that would otherwise lead to higher repair costs. In the absence of a formal preventive maintenance program, the maintenance staff must try to balance emergency maintenance repairs against preventive needs, thus reducing their efficiency and decreasing the life of the equipment. Preventive maintenance using regularly scheduled work orders allows for more efficient operations (see **R4.10**).

**R4.10 CCSD should develop a formal method for prioritizing work orders, as well collect work order data to better predict maintenance needs. Additionally, to improve maintenance services, the District should consider gathering customer satisfaction feedback. Doing so would ensure that District facilities are maintained in a timely and effective manner.**

CCSD does not have a formal system to prioritize work orders or collect data related to work order requests. District personnel requesting facility repairs can fill out paper work orders. The form goes to the Treasurer, who signs it and passes it on to the maintenance staff. After the task is completed, the form returns to the Treasurer. The Treasurer also receives emails and phone calls with additional maintenance requests, particularly if they occur overnight. The building principal or the Treasurer prioritizes the work. If an emergency maintenance issue arises, the Maintenance Foreman and the Treasurer determine how best to address the repair. The District does not track costs or time per work order, nor does it include a customer satisfaction element in its work order process.

The NCES *Planning Guide for Maintaining School Facilities* states that work order systems help school districts register and acknowledge work requests, assign tasks to staff, confirm that work was done, and track the cost of parts and labor. A work order system can be a manual, paper-based, tracking tool or a computerized maintenance management system. A work order system should, at a minimum, account for the following:

- Date the request was received, approved, and completed;
- Job tracking number;

- Job status (received, assigned, ongoing, or completed), priority (emergency, routine, or preventive), and location (where, specifically, is the work to be performed);
- Entry used (the person requesting the work);
- Supervisor and craftsman assigned to the job; and
- Supply and labor costs for the job.

Furthermore, the NCES *Planning Guide for Maintaining School Facilities* outlines an effective process for prioritizing work orders. Once a work order reaches the maintenance department, the department issues a control number and the work is given a priority rating. The task is then assigned to a craftsman and a supervisor. Upon completion of the work, the craftsman records all labor and parts needed to complete the job. The supervisor determines if the quality of the work meets or exceeds departmental standards, then submits the order to the maintenance office for closeout. Upon closing out a work order, all information about the request should be placed in a data bank for future historical and analytical use, such as determining the yearly cost of building maintenance. Because it is unrealistic to check every work order that goes through the maintenance office, good supervisors often take a two-step approach to evaluation: randomly inspecting a small percentage of completed work orders; and in every case, providing the requesting party an opportunity to respond to a customer satisfaction survey.

Without a centralized prioritization system, CCSD could experience conflict between various staff members as to what work needs to be addressed first. Further, it could lead to a lag in the work order system. Additionally, collecting facilities data allows the District to better plan future facility related costs.

### *Enrollment and Building Capacity*

**R4.11 CCSD should continue to develop enrollment projections on an annual basis to be in compliance with EMIS requirements. Additionally, enrollment projections are a valuable planning tool that can assist the District in predicting state funding allocations, completing financial forecasts, determining appropriate staffing levels, as well as evaluating current and future building use and capacity. Enrollment projections should be included as part of the District's facility master plan.**

In October 2006, ODE began requiring school districts to include projections for average daily membership (ADM) as part of its annual five-year forecast. Per that requirement, CCSD submitted projection figures from FY 2006-07 through FY 2010-11 that show total enrollment increasing. The District also received enrollment projections, capacity analyses, and facility utilization assessments prepared by OSFC as part of its construction project (see **R4.6**). According to the Treasurer, the District has not updated the initial

enrollment projections because it did not receive the OSFC documentation until 2006 and the projections do not need updating.

OSFC calculated building capacity as part of its Master Plan for the District. OSFC bases capacity on a pre-established square footage per student. DeJong and Associates has published criteria for determining elementary school capacity using 25 students per classroom for all grades and eliminating special use rooms (e.g. art and music) in the calculation of capacity. Junior high and high school classroom capacity should be set at 85 percent of total capacity because of bell scheduling, teacher preparation workspaces, and other factors that limit the use of every space 100 percent of the time. **Table 4-5** illustrates District capacity.

**Table 4-5: CCSD Capacity and Utilization, FY 2006-07**

Building	Total Classrooms	Kinder-garten	Self-Contained Special Ed	Set-Aside <sup>1</sup>	Regular Classroom	AOS Capacity	2006-07 Enrollment	Building Utilization
North Elementary	28	3	4	5	16	590	487	83%
Central Elementary	22	3	1	6	12	460	430	93%
South Elementary	18	2	1	5	10	360	280	78%
Cambridge Middle	38	0	4	0	34	757	588	78%
Cambridge High	39	0	3	0	36	791	793	100%
<b>Total</b>	<b>145</b>	<b>10</b>	<b>13</b>	<b>16</b>	<b>108</b>	<b>2,957</b>	<b>2,578</b>	<b>87%</b>

**Source:** District interviews, DeJong and Associates *Defining Capacity* (1999), CCSD FY 2006-07 EMIS data, as reported to the Ohio Department of Education.

<sup>1</sup> Set-asides include art room(s), music room(s), computer lab(s), gym, and library.

**Table 4-5** shows that overall building utilization in is comparable to the benchmark of 85 percent. North Elementary, South Elementary, and Cambridge Middle are below the benchmark capacity. However, Central Elementary and Cambridge High are above the benchmark. Interviews with District personnel indicated that while core classes in Cambridge High are at full capacity, elective courses are not.

Because enrollment links to a district's actual and projected building capacity/utilization, as well as state funding and staffing needs, enrollment projections are a valuable planning tool. Further, projecting enrollment can help school districts with planning as part of an overall Facility Master Plan, and assist in estimating future revenue and staffing needs (see **R4.6**).

## Financial Implications Summary

The following table summarizes the one-time implementation costs and estimates annual cost savings for recommendations contained in this section of the report.

### Summary of Financial Implications for Facilities

<b>Recommendation</b>	<b>One Time Cost</b>	<b>Estimated Annual Savings</b>
<b>R4.2</b> Purchase an ISSA custodial cleaning manual	\$60	
<b>R4.3</b> Reduce 1.0 FTE custodial position		\$38,779
<b>Total</b>	<b>\$60</b>	<b>\$38,779</b>

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# Transportation

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## Background

This section of the performance audit analyzes the Cambridge City School District's (CCSD or the District) transportation operations. The objective is to develop recommendations for improvements and identify opportunities to increase efficiency and effectiveness. For benchmarking purposes, AOS compared CCSD's transportation operations to a peer average consisting of ten school districts throughout this section of the report. The peer average is comprised of data from Ridgewood Local School District (Coshocton County), New Riegel Local School District (Seneca County), Springfield Local School District (Mahoning County), Southeast Local School District (Wayne County), Celina City School District (Mercer County), Garaway Local School District, Indian Valley Local School District (Tuscarawas County), Symmes Valley Local School District (Lawrence County), Leipsic Local School District (Putnam County), and New London Local School District (Huron County). This report refers to these districts as the "peer districts".

Ohio Revised Code (ORC) § 3327-01, requires that, at a minimum, school districts provide transportation to and from school to all students in grades kindergarten through eight who live more than two miles from their assigned school. The legislation also states that the board, at its discretion, may provide transportation for students in grades nine through twelve. In addition, school districts are required to provide transportation to community school and non-public school students on the same basis provided to their resident school students. School districts must also provide transportation to disabled students who are unable to walk to school regardless of the distance and to educate mentally retarded children in accordance with standards adopted by the State Board of Education. Finally, when required by an individualized education plan (IEP), school districts must provide specialized, door-to-door transportation to special needs students based on the unique needs of the child. CCSD's transportation policy and practices exceed the minimum standards as the District provides pupil transportation services to most students in grades K-12 who reside one mile or more from school.

### *Operational Statistics and Cost Ratios*

The Transportation Supervisor oversees the District's transportation function. In FY 2006-07, CCSD increased its ridership five percent by providing Type I pupil transportation services to 1,509 regular needs riders and one special needs rider. In FY 2005-06, the District provided Type I transportation services to 1,432 regular needs riders and no special needs riders. Type I services pertain to those students transported on District-owned yellow buses and comprise the majority of transportation-related costs for which school districts are reimbursed by ODE. In addition, the

District provided Type V pupil transportation services to eight special needs riders in FY 2006-07. Type V services pertain to those provided on Board-owned vehicles other than yellow buses, e.g., vans.

**Table 5-1: CCSD Students Riding Yellow Buses vs. Peer Districts in FY 05-06**

	CCSD FY 2005-06	Peer District Average	Percent Variance
<b>Number of Students</b>	<b>2,690</b>	<b>1,597</b>	<b>68.5%</b>
Active Buses	21	17	23.5%
<b>Type I and II Regular Needs Riders</b>	<b>1,432</b>	<b>1,283</b>	<b>11.6%</b>
Public Riders	1,427	1,250	14.2%
• Public Riders as Percent of Total	99.7%	97.4%	2.2%
Non-Public Riders	5	26	(80.5%)
• Non-Public Riders as Percent of Total	0.3%	2.0%	(1.6%)
<b>Type I and II Special Needs</b>	<b>0</b>	<b>9</b>	<b>N/A</b>
<b>Total Yellow Bus Riders</b>	<b>1,432</b>	<b>1,291</b>	<b>10.9%</b>
• Per Active Bus	68.2	70.5	(3.3%)
• As a Percentage of Number of Students	53.2%	80.9%	(27.6%)

**Source:** Ohio Department of Education It should be noted that the AOS did not test the reliability of data reported by the District in its T-1 reports.

As illustrated in **Table 5-1**, CCSD provided yellow bus transportation services to 1,432 riders in FY 2005-06, that were all considered regular needs riders. Type I transportation services refer to those provided on Board-owned yellow buses. Type II services are those provided on contractor-owned yellow buses. CCSD, along with nine of the ten peer districts transported all bus riders on Board-owned, or Type I yellow buses. Springfield had two contractor-owned (Type II) yellow buses that are used to transport special needs riders in FY 2005-06. These riders, and buses, were included in this comparison.

CCSD had 68.5 percent more students (2,690) than the peer district average (1,597) according to ODE's enrollment head count in FY 2005-06. The District also transported approximately 10.9 percent more students (1,432) than the peer district average (1,291).

**Table 5-2** compares CCSD's transportation expenditures for yellow bus riders, as reported on the FY 2005-06 T-2 Form, to the peer district average.

**Table 5-2: CCSD and Peer District FY 2005-06 Rider Expenditures**

	CCSD FY 2005-06	Peer District Average	Percent Difference Above (Below)
<b>Riders</b>	<b>1432</b>	<b>1291</b>	<b>10.9%</b>
• Type I Regular Needs	1432	1283	11.6%
<b>Buses</b>	<b>29</b>	<b>21.6</b>	<b>34.3%</b>
• Active	21	17.0	23.5%
• Spare	8	4.6	73.9%
• Spare Buses as Percentage of Fleet	27.6%	22.8%	4.7%
• Riders Per Active Bus	68.2	70.5	(3.3%)
<b>Annual Routine Miles<sup>1</sup></b>	<b>237,780</b>	<b>273,618</b>	<b>(13.1%)</b>
• Per Bus	8,199	11,337	(27.7%)
<b>TOTAL TYPE I EXPENDITURES<sup>2</sup></b>	<b>\$937,853</b>	<b>\$732,080</b>	<b>28.1%</b>
• Per Type I Regular Rider	\$654.93	\$583.51	12.2%
• Per Bus	\$32,340	\$33,893	(4.6%)
• Per Routine Mile	\$3.94	\$2.68	47.4%

Source: Ohio Department of Education

<sup>1</sup> Calculated by multiplying total daily miles from T-1 (1321) by 180 and does not include non-routine miles.

<sup>2</sup> Includes only Type I expenditures reported to ODE on T-2 Form.

As illustrated by **Table 5-2**, CCSD maintained a fleet of twenty-one active and eight spare buses to transport public, parochial, and special needs students in FY 2005-06. While the District had 11.6 percent more Type I regular riders, it maintained 23.5 percent more active buses and transported 3.3 percent fewer riders per active bus (68.2) in comparison to the similar district average (70.5). Consequently, the District's total Type I expenditures per rider (\$654.93) were approximately 12.2 percent higher than the similar district average (\$583.51).

CCSD reported spending 28.1 percent more in total Type I expenditures than the peer district average; however, the District transported only 11.6 percent more students in FY 2005-06. The District incurred higher per rider and per routine mile expenditures than the peer average by 12.2 and 47.4 percent, respectively. Per routine-mile expenditures were \$3.94 compared to the peer district average of \$2.68 per routine mile, approximately 47.4 percent higher.

**Table 5-3** demonstrates the changes in service levels at CCSD over the past three fiscal years.

**Table 5-3: CCSD Yellow Bus Rider Three Year Change**

	FY 2004-05	FY 2005-06	FY 2006-07	Three year change
<b>Number of Students</b>	<b>2,711</b>	<b>2,690</b>	<b>2,578</b>	(4.9%)
Active Buses	21	21	22	4.8%
<b>Type I and II Regular Needs Riders</b>	<b>1,912</b>	<b>1,432</b>	<b>1,509</b>	(21.1%)
Public Riders	1,905	1,427	1,506	(20.9%)
• Public Riders as Percent of Total	99.6%	99.7%	99.8%	0.2%
Non-Public Riders	7	5	3	(57.1%)
• Non-Public Riders as Percent of Total	0.4%	0.3%	0.2%	(0.2%)
<b>Type I and II Special Needs</b>	<b>0</b>	<b>0</b>	<b>1</b>	N/A
<b>Total Riders (Type I and II)</b>	<b>1,912</b>	<b>1,432</b>	<b>1,510</b>	(21.0%)
• Per Active Bus	91.0	68.2	68.6	(24.6%)
• As a Percentage of Number of Students	70.5%	53.2%	58.6%	(12.0%)

Source: Ohio Department of Education

As illustrated in **Table 5-3**, enrollment decreased by 4.9 percent while the number of students transported decreased 21.1 percent. Consequently, the number of riders per active bus dropped from 91 in FY 2004-05 to 68 in FY 2005-06 (and remains at approximately the same level in FY 2006-07), a 24.6 percent decrease. During the same period, the number of buses increased by one new bus.

**Table 5-4** compares CCSD's transportation expenditures over a three-year period (for FY 2003-04, FY 2004-05, and FY 2005-06) as reported by the District to the Ohio Department of Education (ODE). The expenditures are presented by service type and line item, and include only Type I expenditures and riders; expenditures associated with transporting students riding Board-owned and operated school buses.

**Table 5-4: CCSD Three-Year Expenditures by Line item**

	FY 2003-04	FY 2004-05	FY 2005-06	Three-Year Change
<b>Riders</b>	<b>1608</b>	<b>1912</b>	<b>1432</b>	<b>(10.9%)</b>
• Type I Regular Needs	1599	1912	1432	(10.4%)
• Type I Special Needs	9	0	0	(100.0%)
<b>PERSONNEL</b>				
Supervisor	\$52,295	\$33,938	\$40,385	(22.8%)
Secretary Clerk	\$10,419	\$10,359	\$9,744	(6.5%)
Regular Driver Salaries	\$228,562	\$291,638	\$312,505	36.7%
Substitute Driver Salaries	\$39,415	\$33,853	\$26,505	(32.8%)
Bus Attendant Salaries	\$11,346	\$10,074	\$11,277	(0.6%)
Mechanic	\$62,181	\$69,761	\$58,192	(6.4%)
Retirement	\$82,953	\$79,895	\$78,667	(5.2%)
Workers' Compensation	\$1,361	\$939	\$1,657	21.7%
Employee Insurance	\$203,828	\$242,966	\$207,639	1.9%
Physical Exams and Drug Test (Drivers)	\$136	\$1,922	\$5,077	3633.1%
Certification and Licensing Cost	\$3,735	\$2,342	\$1,075	(71.2%)
Training (All)	\$975	\$696	\$0	(100.0%)
<b>Personnel Subtotal</b>	<b>\$697,206</b>	<b>\$778,383</b>	<b>\$752,723</b>	<b>8.0%</b>
<b>GENERAL OPERATIONS - TYPE I</b>				
Maintenance and Repairs	\$31,013	\$18,260	\$18,060	(41.8%)
Tires and Tubes	\$7,905	\$9,471	\$8,881	12.3%
Fuel	\$51,545	\$75,860	\$106,994	107.6%
Bus Insurance	\$37,429	\$39,361	\$38,564	3.0%
Maintenance Supplies	\$562	\$990	\$1,396	148.4%
Utilities	\$2,968	\$8,796	\$11,235	278.5%
<b>General Operations Subtotal</b>	<b>\$131,422</b>	<b>\$152,738</b>	<b>\$185,130</b>	<b>40.9%</b>
<b>TOTAL TYPE I EXPENDITURES</b>	<b>\$828,628</b>	<b>\$931,121</b>	<b>\$937,853</b>	<b>13.2%</b>
• Per Type I Rider	\$515.32	\$486.99	\$654.93	27.1%
<b>GRAND TOTAL EXPENDITURES</b>	<b>\$828,628</b>	<b>\$931,121</b>	<b>\$937,853</b>	<b>13.2%</b>
• Per Rider	\$515.32	\$486.99	\$654.93	27.1%

Source: Ohio Department of Education

Note: Includes Type I (board-owned) expenditures only.

CCSD transportation expenditures have changed from FY 2003-04 to FY 2005-06. **Table 5-1** provides an illustration of this three-year change by line item. CCSD reported a 13.2 percent increase in total Type I expenditures from FY 2003-04 to FY 2005-06 despite transporting 10.9 percent fewer students. Total personnel expenditures increased 8.0 percent from FY 2003-04 to FY 2005-06 while general operations expenditures rose 40.9 percent over the same period.

As shown in **Table 5-4**, CCSD experienced both significant increases and decreases in transportation expenditures and ridership over the three fiscal years, as explained by the following:

**Type I regular needs riders:**

- **Regular driver salaries:** In December 2004, the District implemented a new collective bargaining agreement with classified staff, which was retroactive until January 1, 2004. Additionally, bus drivers and custodians won an arbitration against the District for failing to be consistent in providing weighted average compensation. The settlement decision was retroactive for the two prior years.
- **Supervisor:** According to the Treasurer, the previous Transportation Supervisor had significantly more seniority and thus, higher pay. The current Transportation Supervisor began in this capacity in FY 2004-05.
- **Workers' Compensation:** This was primarily due to a rate increase in the District's workers' compensation rate.
- **Physical exams and drug test costs for drivers:** The District switched to a new vendor for drug testing of bus drivers. Due to a change in regulations, the District had to switch to an approved drug testing facility to conduct drug testing for bus drivers. In FY 2003-04, the Health Department performed all tests. In FY 2004-05, the Health department performed half of the drug tests while an outside contractor did the other half. In FY 2005-06, the outside contractor did all of the drug testing for District bus drivers.
- **Certification and licensing costs:** Drivers' certificates and licenses expire in clusters so the fluctuation of costs depends on expiration dates.
- **Training costs:** Prior to FY 2005-06, an outside contractor did some training of Transportation department staff. In FY 2005-06 and moving forward, the State Highway Patrol will provide the Transportation department with some free training, thus the significant decrease in training expenditures.
- **Maintenance and Repairs:** The District implemented a budget reduction over the last three years leading to reduced expenditures in this area. In addition, the Transportation department has increased the number of miles between preventive maintenance of buses due to contracting with a used-oil analysis firm. Additionally, the Transportation department found a source of refurbished spare parts that contributed to lower maintenance and repair expenditures.
- **Tires and tubes:** Higher costs depend on the number of buses needing tire replacement and rotation, which are done on a two-year cycle.
- **Fuel costs:** The increase is primarily due to a market-wide escalation in fuel prices.

- **Maintenance supplies:** This increase was partially the result of an increase in the cost of maintenance supplies such as filters, oil, fluids, and anti-freeze purchased from discount suppliers.
- **Utilities:** This is due to an increase in gas heating costs.

**Table 5-5** illustrates expenditure data from the FY 2005-06 4502 financial statement, and demographic data for CCSD and peer district averages.

**Table 5-5: FY 05-06 CCSD 2800 Function Code Comparison to Peer Districts**

	CCSD	Peer District Average	Percent Difference Above (Below)
<b>District Square Miles</b>	77.0	115.4	(33.3%)
<b>Number of Students</b>	2,690	1,597	68.5%
• Per District Square Mile	34.9	15.3	128.7%
<b>Total Expenditures (all Function Codes General Fund)</b>	\$19,667,224	\$11,383,346	72.8%
<b>2800 Function Code Expenditures (General Fund)</b>	\$1,005,716	\$789,687	27.4%
• As a Percentage of Total	5.1%	6.4%	(1.3%)
• Per Student	\$373.87	\$462.76	(19.2%)
<b>Population Density</b>	218.0	98.1	122.2%

Source: Ohio Department of Education

CCSD covers an area of 77 square miles, 33.3 percent less than the peer district average of 115.4 square miles. In FY 2005-06, CCSD reported having 2,690 students, approximately 68.5 percent more than the peer average of 1,597. In addition, CCSD's population density was 122.2 percent higher than the peer average, with 128.7 percent more students per square mile.

In FY 2005-06, CCSD reported spending \$1,005,716 from its General Fund on transportation, which was approximately 5.1 percent of total General Fund expenditures. This percentage of expenditures dedicated to transportation was 1.3 percent lower than the peer district average of 6.4 percent. Additionally, CCSD's cost per student, using 2800 function code expenditures, was \$373.87 or approximately 19.2 percent lower than the peer district average of \$462.76 per student.

Four major cost categories: Personnel; maintenance and repairs; fuel; and bus insurance make up the transportation operating statistics for school districts. **Tables 5-6** through **5-9** compare CCSD's FY 2005-06 operational expenditures to the peer district average in each of these four major categories.

**Table 5-6** illustrates CCSD's and peer district FY 2005-06 personnel expenditures on a cost per rider, per bus, and per routine mile basis.

**Table 5-6: FY 2005-06 CCSD and Peer District Personnel Expenditures**

	CCSD	Peer District Average	Percent Difference Above (Below)
<b>Personnel</b> <sup>1</sup>	<b>\$752,723</b>	<b>\$550,793</b>	<b>36.7%</b>
• Per Rider	<b>\$526</b>	<b>\$430</b>	22.2%
• Per Bus	\$25,956	<b>\$22,996</b>	12.9%
• Per Routine Mile	\$3.17	<b>\$2.02</b>	56.4%

Source: Ohio Department of Education

Note: Percentages may be off due to rounding

<sup>1</sup>Includes salaries and wages, as well as retirement, employee insurance, physical exams, drug tests, certification/licensing, and training expenditures.

CCSD reported \$752,723 in total personnel expenditures for transportation employees on the FY 2005-06 T-2 Form. As illustrated in **Table 5-6**, CCSD had higher expenditures on per rider, per bus, and per routine mile basis when compared to the peer district average. CCSD spent \$3.17 per routine mile on personnel, 56.4 percent higher than the peer average of \$2.02 per mile. (See **R5.2** for further personnel expenditure analysis)

**Table 5-7** illustrates CCSD and peer district FY 2005-06 maintenance and repairs expenditures on a cost per rider, per bus, and per routine mile basis. These expenditures include maintenance and repairs, tires and tubes, maintenance supplies expenditures, and the salaries and wages of mechanics (and their helpers, where applicable).

**Table 5-7: FY 2005-06 CCSD and Peer District Maintenance and Repairs Expenditures**

	CCSD	Peer District Average	Percent Difference Above (Below)
<b>Maintenance &amp; Repairs</b> <sup>2</sup>	<b>\$86,529</b>	<b>\$93,612</b>	<b>(7.6%)</b>
• Per Rider	<b>\$60</b>	<b>\$73</b>	(16.7%)
• Per Bus	\$2,984	<b>\$4,334</b>	(31.2%)
• Per Routine Mile	\$0.36	<b>\$0.34</b>	6.4%

Source: Ohio Department of Education

Note: Percentages may be off due to rounding

<sup>2</sup> Includes expenditures for (a) maintenance/repairs; (b) tires and tubes; (c) maintenance supplies; and, (d) mechanics' (and helpers') salaries.

As illustrated in **Table 5-7**, CCSD reported a total of \$86,529 in maintenance and repairs expenditures in FY 2005-06, 7.6 percent lower than the peer district average of \$93,612. For this analysis, maintenance and repairs expenditures included the salaries of mechanics and mechanic helpers. The District had significantly lower expenditures on per rider and per bus basis, but was slightly higher on per routine mile basis when compared to the peer district average. (See **R5.7** for further fleet size, maintenance and repair expenditure analysis)

**Table 5-8** illustrates CCSD and peer district FY 2005-06 fuel expenditures on a per rider, per bus, and per routine mile basis.

**Table 5-8: FY 2005-06 CCSD and Peer District Fuel Expenditures**

	CCSD	Peer District Average	Percent Difference Above (Below)
<b>Fuel</b>	<b>\$106,994</b>	<b>\$97,033</b>	<b>10.3%</b>
• Per Rider	\$75	\$76	(2.1%)
• Per Bus	\$3,689	\$4,066	(9.3%)
• Per Routine Mile	\$0.45	\$0.37	23.3%

Source: Ohio Department of Education

Note: Percentages may be off due to rounding

As illustrated in **Table 5-8**, CCSD reported \$106,994 in total fuel expenditures in FY 2005-06, 10.3 percent higher than the peer district average of \$97,033. CCSD's fuel expenditures were lower than the peer district average on per rider and per bus basis, but higher on per routine mile basis. The District spent \$0.45 per routine mile on fuel, 23.3 percent higher than the peer average of \$0.37 per mile. (See **R5.6** for further analysis of fuel expenditures)

**Table 5-9** illustrates CCSD and peer district FY 2005-06 bus insurance expenditures on a per rider, per bus, and per routine mile basis.

**Table 5-9: FY 2005-06 CCSD and Peer District Bus Insurance Expenditures**

	CCSD	Peer District Average	Percent Difference Above (Below)
<b>Bus Insurance</b>	<b>\$38,564</b>	<b>\$19,953</b>	<b>93.3%</b>
• Per Rider	\$27	\$19	42.1%
• Per Bus	\$1,330	\$929	43.1%
• Per Routine Mile	\$0.16	\$0.09	81.8%

Source: Ohio Department of Education

Note: Percentages may be off due to rounding

CCSD reported \$38,564 in total bus insurance expenditures on the FY 2005-06 T-2 Form, 93.3 percent higher than the peer district average of \$19,953. As illustrated in **Table 5-9**, the District had significantly higher bus insurance expenditures on per rider, per bus, and per routine mile basis when compared to the peer district averages. CCSD spent \$0.16 per routine mile on bus insurance, 81.8 percent higher than the peer average of \$0.09 per mile. Currently, the District is not a member of any insurance or purchasing consortium. (See **R5.6** for further analysis of bus insurance expenditures)

*Noteworthy Accomplishment*

- **Disposition of Used Oil:** The District has contracted with a local petroleum company for the disposition of its used oil. The vendor collects the used oil at no cost to the District and uses it in its recycling operations. According to the company's website ([www.heartland-petroleum.com](http://www.heartland-petroleum.com)), Heartland Petroleum provides non-hazardous waste oil clean up and removal, used oil pickup, and oil removal and disposal services.

The Ohio Environmental Protection Agency (OEPA) regulates the transportation and use of used motor oil. In addition, the Ohio Administrative Code (OAC) has regulations on used oil specifications (OAC 3745-279-11) and the disposal of hazardous and of non-hazardous used oils (OAC 3745-279-81).

The District accumulates used oil as part of the routine maintenance performed on the buses. The used oil is stored in a 250-gallon container until collection by Heartland Petroleum. As a result, the District does not incur any costs associated with the disposition of its used oil. The District disposes of its used oil in accordance with Ohio EPA and OAC regulations and deserves a commendation for the way it handles the process.

*Assessments Not Yielding Recommendations*

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

- **Guaranteed Paid Work Hours:** At the start of the FY 2006-07 school year, CCSD's Transportation Department employed one full-time transportation supervisor, two full-time mechanics, twenty-three (23) bus drivers, and two aides. Additionally, the department maintained a pool of substitute drivers. The department assigns these drivers as needed. CCSD's collective bargaining agreement does not stipulate a guaranteed or specified number of paid work hours for bus drivers during regular school days. Article 8, section 7 of the negotiated agreement states that an employee called in to work from his or her home will be guaranteed a minimum of two hours' pay, to be paid at the regular rate unless such time constitutes overtime. Article 11, section 2 requires that a driver who is called in to work from his/her home will be guaranteed a minimum of two hours' work. A driver who takes a field trip run that does not require him/her to come from home, will be guaranteed a minimum of one hours' pay for that complete run. There is no specific language in the collective bargaining agreement regarding bus drivers' pay for regularly scheduled trips. The practice at CCSD is to pay employees only for hours worked.

- **Facility Physical Security:** There are two levels of security at the Transportation facility: 1) the two gates to the outside; and, 2) the access to the garage building/facility; with only three individuals, the transportation supervisor, head mechanic and mechanic having access. Additionally, there are three others with access to the two main gates; the administration secretary, the maintenance department supervisor, and the groundskeeper. Bus drivers have temporary access to the Transportation facility in the event they have an after-hours or weekend trip.
  
- **Fuel Tank Security and Fuel Inventory Monitoring:**

*Security around Fuel Tanks:* The Transportation facility has a camera that monitors all activities around the re-fueling pump station. The camera is on 24 hours, 7 days a week. Additionally, there is an electronic fuel pump shut-off switch on the outside of the main garage building that is secured (padlocked) every evening.

*Monitoring of Fuel Inventory:* The mechanics keep track of daily fuel use through the entry of usage data into a spreadsheet. A “Daily Gas Report” is located next to the fuel pumps and each driver is required to write down the number of gallons and sign at every fill up. When drivers forget to do so, mechanics correct the error as they compare the handwritten daily logs to the computer generated fuel pump system receipts that show the time and quantity of each fill up.
  
- **Preventive Maintenance:** CCSD has well established preventive maintenance practices that comply with OAC. This has led to lower-than-average maintenance and repair costs that were 7.6 percent below the peer district average in FY 2005-06, as well as the avoidance of costly repairs and unexpected breakdowns. The District’s preventive maintenance practices also ensure efficient and uninterrupted operations in the safe transportation of students. They also help prolong the useful life of their buses; thereby reducing the frequency of new bus purchases.
  
- **Other Types of Transportation (Type V):** CCSD reported one vehicle (van 5) as a Type V (Board owned, other vehicles) vehicle to ODE on its FY 2006-07 T-1 Report. The District currently has nine special needs students receiving transportation to and from school. It utilizes an eight-seat van (van 5) to transport eight of the nine students, and a bus (bus 21) to transport the remaining special needs student. (Also see **R5.4**)

## Recommendations

### *Policy Updates and State Minimums*

**R5.1** If CCSD continues to encounter financial difficulties, it should review its transportation policies and practices to determine if it can operate closer to State minimum requirements and achieve cost savings. AOS reviewed and compared the District's transportation policy and practices to State minimum standards as outlined in ORC 3327.01. Both the District's transportation policy and practices were significantly more generous than State minimums. More specifically, the District could choose to transport only K-8 students who live more than two miles from school. However, prior to reducing transportation services, the Board and administrators should review other cost-saving strategies without changing service levels and ensure that the safety of the students would not be compromised by reducing transportation services levels. In addition, the District should regularly determine the financial impact associated with adopting transportation policies in excess of state minimum standards. The current formula used by the Ohio Department of Education to reimburse schools for transportation expires at the end of the FY 2009-10.

**Additionally, the District should update its policy to reflect actual transportation practices. It should also review the transportation policy manual annually and amend it as necessary to reflect changes to service levels based on its financial condition, enrollment, and pupil residence.**

The District has Board Policies that specifically refer to transportation services. Board Policy stipulates student transportation procedures, including regulations for special needs students and students that reside in the District but attend non-public schools.

The District's transportation policy is to transport any student that resides 1.5 miles or more from their school. However, the Transportation Department's practice has been to transport students that reside 1.0 mile or more from their school. In essence, all K-12 students who live more than 1.0 mile from school receive transportation services.

The District's actual transportation practices exceed State minimums in the following areas:

- Transporting kindergarten through eighth grade students living less than 2.0 miles from school; and,
- Transportation of high school students

According to the Ohio Revised Code (ORC) 3327.01, school districts are required to provide transportation to resident pupils in kindergarten through eighth grade who live more than two miles from school. The District currently transports 187 students that live 1.0 to 1.5 miles away from their assigned school and another 257 students that live between 1.5 and 2.0 miles from their assigned school.

The District does not regularly monitor the financial impact associated with providing transportation services in excess of state minimum standards. As a result, more buses and staff are required than would otherwise be the case.

The District's transportation policy provides clear mileage thresholds for the provision of transportation services. However, these mileage thresholds are more generous than State minimums, resulting in the District transporting more students than would otherwise be necessary. Additionally, the District does not strictly enforce the established mileage thresholds, resulting in significantly more students transported. This has a direct impact on the number of buses needed, staffing levels, and ultimately, overall operational expenditures.

*Financial Implication:* If the District decides to stop transporting the 444 students that reside within a 2.0-mile radius of their assigned school and eliminated six busses, it would reduce costs approximately \$160,000 annually, based on the average annual salary and benefits cost for six bus drivers and the cost of bus insurance for six busses.

### *Operational Efficiency*

**R5.2 Cambridge City School District should consider eliminating four (4) of its older, higher-mileage, and more costly to maintain buses and four bus driver positions by maximizing riders per bus. To accomplish this, the District should review and optimize its routing using the recently purchased routing software.**

**The District should also continuously assess the feasibility of increasing its utilization rate to a level comparable to, or in excess of, 57 students per route per 71-seat bus (114 students in a two-tier system, or 171 in a three-tier system). For 65-seat buses, the District should increase its utilization rate to a rate comparable to, or in excess of, 52 students per route or 104 students in a two-tier system (156 students in a three-tier system). This utilization would be comparable to the industry-recommended capacity utilization of 80 percent and would allow the District to consolidate routes without materially affecting the quality of the services provided while reducing current transportation expenditures.**

CCSD uses 22 active buses and 1 van to provide transportation services to 12 schools consisting of public (includes 2 schools in Zanesville), vocational, and parochial schools.

The number of active buses increased by one in FY 2006-07 with the purchase of a new bus.

**Table 5-10** illustrates the school sites (and times) served by the Transportation department.

**Table 5-10: CCSD School Sites Served by Transportation**

School Site	Type of School	Times
Cambridge High	District Public School	7:40 AM - 2:35 PM
Cambridge Middle	District Public School	7:40 AM - 2:35 PM
North Elementary	District Public School	9:00 AM - 3:00 PM
Central Elementary	District Public School	9:00 AM - 3:00 PM
South Elementary	District Public School	9:15 AM - 3:15 PM
Rufus Putnam Elementary	Blind & Deaf Program	8:20 AM - 3:25 PM
Zanesville City Schools	Blind & Deaf Program	7:20 AM - 2:30 PM
MPCC – Mid East Career Center	Joint Vocational School	8:17 AM - 2:41 PM
GNCC – Guernsey Noble Career Center	Joint Vocational School	8:00 AM - 3:04 PM
St. Benedict	Parochial School	8:30 AM - 3:00 PM
Bishop Rosecrans	Parochial School	7:30 AM - 3:00 PM
Muskingum Christian	Parochial School	7:50 AM - 2:30 PM
Bright Beginnings pre-school	District Public Pre-School	9:00 AM - 3:30 PM

Source: Cambridge City School District

**Table 5-11** compares CCSD operating statistics for FY 2005-06 to the peer district average, as reported to ODE.

**Table 5-11: FY 2005-06 CCSD and Peer Operating Statistics**

	CCSD FY 2005-06	Peer District Average	Percent Difference Above (Below)
<b>TOTAL TYPE I EXPENDITURES<sup>1</sup></b>	<b>\$937,853</b>	<b>\$732,080</b>	<b>28.1%</b>
• Per Type I Regular Rider	\$654.93	\$583.51	12.2%
• Per Bus	\$32,340	\$33,893	(4.6%)
• Per Routine Mile	\$3.94	\$2.68	47.4%
<b>Riders</b>	<b>1432</b>	<b>1291</b>	<b>10.9%</b>
• Type I Regular Needs Riders	1432	1283	11.6%
• Riders Per Active Bus	68.2	70.5	(3.3%)
<b>Buses</b>	<b>29</b>	<b>21.6</b>	<b>34.3%</b>
• Active	21	17.0	23.5%
• Spare	8	4.6	73.9%

Source: Ohio Department of Education

<sup>1</sup>Includes only Type I expenditures reported to ODE on T-2 Form.

**Table 5-11** shows that CCSD spends significantly more per rider and per routine mile than the peer average while the cost per bus is 4.6 percent lower than the peer average. However, the lower cost per bus is a function of the District having significantly more

spare buses (8) than the peer average (4.6) and is not necessarily an indication of operational efficiency. Additionally, the District transported 3.3 percent fewer riders per bus (68.2) in FY 2005-06 than the peer average (70.5). Considering the District has a two-tier transportation system (two runs per bus), each bus averaged only 34 students per run.

**Table 5-12** presents the District's bus capacity utilization for FY 2006-07.

**Table 5-12: FY 2006-07 CCSD Bus Capacity Utilization**

Bus Number	Year	Total Daily Miles	Number of Students Transported (AM)	Bus Capacity - Active Buses (number of seats)	AM Runs/Tiers (1,2,3 or 4)	Total Bus Capacity Based on Number of Runs	Bus Utilization
1	2003	32	80	71	2	142	56.34%
4	1986	35	142	60	3	180	78.89%
5	2001	48	106	71	2	142	74.65%
6	1999	40	89	71	3	213	41.78%
8	1993	43	82	64	3	192	42.71%
9	1994	51	65	71	2	142	45.77%
10	1997	50	70	71	2	142	49.30%
13	1986	23	52	60	2	120	43.33%
14	1995	93	47	71	2	142	33.10%
16	1999	72	28	71	2	142	19.72%
17	1997	45	85	65	3	195	43.59%
19	1996	59	93	71	2	142	65.49%
20	1996	107	42	71	2	142	29.58%
21	1990	17	1	20	2	40	2.50%
22	2003	29	86	71	2	142	60.56%
23	2003	122	79	71	2	142	55.63%
24	1990	39	88	65	2	130	67.69%
25	1998	87	55	65	2	130	42.31%
26	1998	94	32	71	2	142	22.54%
27	2001	77	29	71	2	142	20.42%
28	2001	142	14	23	1	23	60.87%
29	2004	32	145	77	4	231	62.77%
<b>Average</b>	<b>1997</b>	<b>61</b>	<b>69</b>	<b>65</b>	<b>2</b>	<b>144</b>	<b>46.34%</b>
<b>Totals</b>		<b>1337</b>	<b>1510</b>	<b>1422</b>		<b>3158</b>	
<b>Proposed Capacity</b>			<b>115</b>			<b>144</b>	<b>80%</b>

Source: Ohio Department of Education and CCSD Transportation Department

The majority of CCSD's active buses have a capacity of 71 students, as designated by the manufacturer. Assuming two runs per bus, the maximum daily capacity of most of the District's buses is 142 students per bus. The District averaged 68.2 riders per active bus or 34 students per run in FY 2005-06. In FY 2006-07, the District averaged 69 riders per active bus. Overall, the District's average utilization rate is 46.3 percent of total bus capacity. These ratios indicate that the District is not developing routes to make full use of the capacity on existing buses.

Operating a school bus fleet at high efficiency has a real impact on the dollars saved for a school district and the reliability of transportation services to students. According to the article "*Hidden Savings in Your Bus Budget*" (American Association of School Administrators 2005), "an effective pupil-to-bus ratio should average at least 100 pupils on a double-route, two-tier bus system. Actual capacity use must be measured with 80 percent of rated capacity as a goal."

By operating below the effective pupil-to-bus ratio established by AASA the District runs more routes with fewer riders on board and therefore incurs higher transportation expenditures. Were CCSD to increase the number of students per run, per bus to the benchmark of 50 students (100 students in a two-tier system); the District could eliminate routes, thereby lowering the costs of providing transportation services.

CCSD covers over 77 square miles with approximately 35 students per square mile. Because of the low number of square miles in the District, compared to the peer average of 115 square miles, and the above-average population density, the District should be able to increase its bus utilization rate by combining routes and eliminating some buses.

Taking into consideration that a majority of the District's buses have a capacity of 71 as designated by the manufacturer, the District could reduce up to six (6) buses by increasing the capacity utilization to achieve the recommended effective pupil-to-bus ratio average of 115 students per bus, or 80 percent of rated capacity utilization per 71-seat bus in a two-tier bus system. This equates to an average of 57 students per bus per run/tier. This capacity assumes three students in each of the 24 seats. However, CCSD transports high school, middle school, and elementary school students on buses; therefore, it may be unrealistic to assume 3 students per seat. It may be more reasonable to assume two students per seat thus eliminating fewer buses. The District should be able to eliminate four buses were it to adopt the industry-recommended 80 percent of rated capacity utilization.

*Financial Implication:* By eliminating up to four buses and four drivers, the District could save approximately \$101,627 annually in salaries and benefits, based on the average personnel expenditure per bus. The District would also save approximately \$5,320 annually in bus insurance costs, based on the insurance cost per bus, for a total

annual cost savings of approximately \$107,000. Furthermore, reducing four buses would realize additional cost savings due to the avoidance of fuel, repair, and maintenance costs. These savings would be in addition to those identified in (R5.1).

### *Cost-Saving Routing, Ridership Monitoring, and Special Needs Transportation*

**R5.3 CCSD should reconsider the practice of transporting a single special needs student on a bus per run. When transporting students, the District should implement cost-efficient and effective ways that may require the inclusion of a bus aide in cases where students are disruptive while being transported. The District may also want to consider a payment-in-lieu-of transportation agreement (parent/guardian contract) as an alternative to providing transportation. School Districts can negotiate parent/guardian contracts for special needs students by following the guidelines set forth in OAC 3301-83-21.**

**The District should also implement cost-saving routing methods that are best practices and maintain an acceptable utilization rate considering the demographics of the District. Although the District is already utilizing cost-saving methods such as cluster stops, multi-tiered routes, and staggered start times, the implementation of the recently purchased routing software will permit it to realize additional savings by more efficiently and effectively planning routes; eventually leading to higher bus utilization rates. The routing software will also enable the District to monitor ridership throughout the year to ensure the optimal efficiency of its transportation system while identifying any trends in student ridership.**

**Cost-Saving Routing:** The District's Transportation department currently operates twenty-one active bus routes. In addition, bus number 21 operates a "shuttle transfer or student transfer" route because it has a smaller capacity of twenty (20). The District also operates a van, bringing total routes to twenty-three. Bus number 21 runs a shuttle route for regular students and transports one special education/special needs student alone in the morning before embarking on its regularly scheduled route. The District provides transportation services to 12 schools consisting of public (includes two schools in Zanesville), vocational, and parochial schools.

Prior to the current Transportation Supervisor assuming the position in FY 2004-05, manually established bus routes had been in use. They are still in use today. The District communicates route information to parents and students at the start of each school year via the local newspaper and will soon begin posting route information on its website. In addition, the District utilizes multi-tiered bell schedules as illustrated by **Table 5-10**, and runs two or three tiers with most of the buses as illustrated by **Table 5-12**. Only one bus runs a single tier, primarily because of the distance traveled (142 miles roundtrip).

**Ridership Monitoring:** The District issues the parents of each student that will be riding the bus a school bus card to complete and turn in. These school bus cards also serve as a medical card for the student in case of an emergency. They list the child's allergies, medical conditions, emergency contacts, etc. Official student counts occur every year in October. There are also interim student counts in November and December; and whenever a bus driver notices a change in the number of riders on their bus and mentions they are getting full or empty. The District is currently in the process of inputting all student information from these cards into the newly purchased routing software.

According to the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA) Best Practices, the indicators for good route planning include:

- The use of computer routing, if appropriate for the size and complexity of the district to create and update bus routes and bus stops that are effective and cost-efficient without compromising safety.
- Adopting staggered school start times to help ensure that the district's buses can serve as many students as possible (i.e., maximize the district's average bus occupancy).
- Regularly reviewing student count information to identify trends and issues that may require managerial or budgetary responses and that may result in cost savings within the present time frame or in the future.

CCSD's bell schedule permits the District to transport students attending various schools on the same bus by staggering the bus drop offs. Varying bell schedules also permit the District to have multi-tiered schedules for all but one of its buses. This has led to excess capacity in routing and bus capacity that is under-utilized. As a result, practices such as transporting a single special needs student before the bus embarks on its regular route have evolved. Additionally, the District transports 187 students that live within 1.0 to 1.5 miles of their assigned school and another 257 students that live within 1.5 to 2.0 miles of their assigned school. The Ohio Revised Code (Section 3327.01) only requires districts to transport K-8 students who live more than 2.0 miles from their assigned school.

The District recently purchased routing software, Transportation training for staff is complete and the software is implemented. As previously recommended, the implementation of this routing software will permit the District to more efficiently and effectively plan routes, thus increasing bus capacity utilization and leading to a reduction in the number of buses needed and a decrease in operational costs without adversely affecting the delivery of transportation services.

**Special Needs Transportation:** CCSD currently has nine special needs students receiving transportation services. The District utilizes a regular bus (bus 21) to transport one special needs student and an eight-seat van (van 5) to transport the remaining eight special needs students. The District classifies bus 21 as a special needs bus and reports it as such to ODE via its FY 2006-07 T-1 Report. *(See summary E9)*

### Reporting

**R5.4 The District should establish formal policies and procedures to ensure accurate T-reports are prepared, reviewed, and reconciled before submission to ODE. In developing these policies, the District should consider requiring the Treasurer's office and the Transportation Supervisor to complete a thorough review of the T-Reports prior to submission to ODE. For example, the Treasurer's office and the Transportation Supervisor should be responsible for reconciling the expenditures reported on the T-2 report with the 4502 financial statements, and identifying and explaining significant variances from prior year reports, including a comparison of ridership and enrollment totals. Finally, the Treasurer's Office should verify adherence with the procedures before approving the T-2 report. Improving the report review process should subsequently ensure that the District receives the appropriate amount of State reimbursements for its transportation services.**

CCSD does not have a formal written policy for completing T-Forms or corroborating data between the Transportation Department and the Treasurer's Office. Both the Transportation Supervisor and main office Administrative Assistant are responsible for collecting and completing the data required on the Form T-1 (student count and miles traveled), and ensuring its accuracy. They sent the information to the Treasurer and ultimately to the Superintendent for their verification and approval before transmission to ODE. Form T-2 data (expenditures) are communicated to the Transportation Supervisor from the Treasurer's office for input into the ODE reporting link.

The District conducts official student counts annually in October. In addition, subsequent counts are made in November and December; and whenever a bus driver notices a change in the number of riders in their bus and mentions they are getting full or empty. Counts comply with OAC 3301-83-01 that states, in part, "Eligible children with disabilities who ride on regular school buses on regular routes are not eligible for special education transportation reimbursement. They are to be counted on the department's T-1 and T-2 forms. However, if fifty per cent or more of the passengers on a regular school bus, on a regular route, are eligible children with disabilities, that cost can be prorated and reported to the department's center for school finance for reimbursement."

In FY 2005-06, the District had reported no special needs transportation expenditures because it complied with OAC 3301-83-01. However, in FY 2006-07, the Transportation

department reported transporting nine special education needs students. The District reports one Board-owned bus, transporting one special needs student, and one Board-owned van transporting eight special needs students.

ODE requires the submission of T-2 Forms by school districts to report transportation information such as number of students transported, number of miles traveled, and cost of services provided. The T-2 allows each school superintendent or treasurer to certify to ODE the actual expenses for the transportation of eligible pupils. The form also includes a section for miscellaneous data such as bus purchases, number of non-routine miles traveled, square miles, etc.

According to the 2003 report, *Student Transportation in Ohio*, issued by the Legislative Office of Education Oversight (LOEO), accuracy problems for transportation related data exist in a number of school districts, especially in terms of the number of students transported, daily bus miles traveled per student, and district transportation costs. One recommendation put forth by LOEO was that the Ohio Department of Education (ODE) continue to work with school districts to improve the accuracy of the data submitted regarding the number of students transported, the average daily bus miles per student, and the cost of transportation services. The first step in ensuring accurate data is for a district to create and adhere to formal policies and procedures that govern its submission.

A review and comparison of the District's T-Forms to its 4502s noted the reporting of varying expenditures as follows:

- In FY 2005-06, the District reported total expenditures of \$937,853 on its Form T-2 and \$1,005,761 in the 2800 Function code on its FY 2005-06 4502, a discrepancy of \$67,908.
- Similarly, in FY 2004-05, the District reported total expenditures of \$958,319 on its Form T-2 and \$993,414 in its 2800 Function code on the FY 2004-05 4502, a discrepancy of \$35,095.

CCSD does not have a formal process in place between the Transportation Department and the Treasurer's Office to ensure information reported is accurate and comparable on both the Form T-2 and 4502 report. As a result, transportation costs are not accurate. In the absence of formal policies and procedures that identify the process for completing T-Forms and reviewing their accuracy and completeness, the District risks submitting erroneous information to ODE.

*Parts On-hand Inventory*

**R5.5 Cambridge City School District should implement an inventory program that establishes a cost and quantity threshold for inventory purposes. The program should track parts and equipment on hand, ownership, and include usage information. A best practice would identify the class, an assigned number, description, serial number identifying the equipment, date purchased, vendor, cost, date of use, and expected life. Then sorting of inventories can be by numerical sequence. Conducting inventories should be on an established and more frequent cycle. The implementation of an inventory program would enable the District to better understand total unit costs that encompass all costs associated with the stocking of parts and supplies on hand.**

CCSD does not have an inventory system that tracks spare parts and supplies received and on-hand for servicing school buses. However, spare parts installation information is input into a database that tracks each bus' service history. Once each year there is an inventory of all parts. The department keeps a variety of spare parts and supplies in stock at the garage facility. Smaller parts and supplies are located on shelves within the bus garage in sizeable quantities.

According to the *Public Works Management Practices Manual* (American Public Works Association, 2001), inventories are needed for fleets, tools, portable and stationary equipment, fuels, liquids, and parts. A parts inventory program tracks new and used parts, tires, and batteries used in the maintenance and repair of equipment. The program should identify parts received, parts issued by bus number, monitor stock levels, turnover frequency, cost, and vendor number and be updated routinely.

Due to the lack of an inventory system, the District cannot provide a total cost and quantity of inventory by category or total of all categories on hand. This can lead to additional expenditures by having parts and supplies on hand rather than on a just-in-time basis.

A properly developed inventory program can be used to manage costs by ensuring only appropriate quantities of parts inventory are on hand. Ordering parts on an as-needed basis would allow the District to reduce the amount of parts on hand and help to minimize the cost of inventory necessary for the Transportation Department. A parts inventory system would also assist in monitoring stock levels, turnover frequency, and costs.

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*Purchasing/Bidding Procedures*

- R5.6 Cambridge City School District should develop and implement policies and procedures that define the process for competitive bids, requests for proposals (RFP), and requests for qualifications (RFQ) to ensure accountability, continuity, and the selection of quality vendors.**

**The District should consider seeking competitive bids or issuing requests for proposals (RFPs) to multiple vendors for the procurement of fuel, parts, supplies, and bus insurance. The District should also periodically compare prices to determine whether it should consider joining a purchasing consortium for the purchase of fuel, parts, and other transportation-related supplies (e.g., Ohio Department of Administrative Services.) CCSD should track the price it pays for gas and diesel fuel to ensure that it is competitive with the price it could get from the Ohio Department of Administrative Services (ODAS) or other consortiums. If the District finds that the local supplier's prices are consistently above the ODAS bid price, it should consider soliciting competitive bids; issuing requests for proposals (for fuel, parts, and other transportation-related supplies); or, using ODAS for purchasing purposes.**

The CCSD has been a member of a purchasing consortium since at least 2002. However, the purchasing consortium; the Metropolitan Educational Council (MEC) is a consortium of school districts and related agencies in Ohio and provides purchasing services to its members in two key areas; (1) Natural gas, and; (2) Property liability and fleet insurance. Additional purchasing services provided are for supplies (e.g., pencils, paper, desks) and bus-bidding services. The purchasing consortium does not provide purchasing services for bus/transportation-related parts and supplies, fuel, or bus insurance.

**Parts and Supplies Purchase:** The Transportation department has several spare parts vendors from a pre-selected vendor list. Prior to July 2005, vendors stopped by the garage facilities and looked at spare parts and supplies on hand in stock and automatically restocked the garage's shelves with what appeared to them to be running low. Effective July 2005, the Transportation department now has to go through a requisition process through the Treasurer's office. In addition, starting with the 2006-07 school year, the Transportation department has attempted to limit spare part ordering due to the District-wide financial problem. However, there are still sizeable quantities of parts and supplies in the bus garage facility that contribute to supply expenditures.

**Fuel Purchase:** The District purchases fuel from three key suppliers. The three pre-selected fuel suppliers are the only options the District has used in the past. Historically, the District has not sought bids for any fuel purchases. The Transportation facility has two underground fuel tanks (one for gasoline and the other for diesel) with capacities of

10,000 gallons each. Once the underground tanks drop below 1,500 gallons, the Transportation staff starts shopping for the best prices, using only the three pre-selected fuel vendors. Fuel is usually ordered four times a year and only after calling the three suppliers and selecting the one with the lowest price at the time. The selected vendor delivers the fuel the day after receipt of the order.

**Bus Purchasing:** According to the Treasurer, the District purchased a new bus in FY 2005-06. CCSD sent requests for quotations to four school bus sales companies and the purchase order awarded to the company with the most reasonable quote. However, the District Administration did not complete a cost-benefit analysis prior to purchasing the new bus to determine whether the purchase was necessary. In addition, the District is a member of the Metropolitan Educational Council (MEC), a purchasing consortium service that provides its members with bus-bidding services for a nominal fee of \$40.00. The District did not take advantage of this service.

**Bus Insurance Purchase:** According to the Treasurer, the District does not seek bids for bus insurance through a competitive bidding process.

As illustrated by **Table 5-1**, expenditures for the following Transportation-related purchases have trended as follows over the last three fiscal years (FY 2003-04 to FY 2005-06):

- Fuel purchase expenditures increased 107.6 percent
- Maintenance supplies expenditures increased 148.4 percent
- Tires and tubes expenditures increased 12.3 percent
- Bus insurance expenditures increased 3.0 percent

In addition, CCSD spent approximately 23.3 percent more per mile in FY 2005-06 on fuel compared to peer-district averages, and approximately 43.1 percent more on insurance expenditures per bus. (*See summary E4C*)

According to the Voinovich Center for Leadership and Public Affairs at Ohio University, effective contract management assures the community that expenditures of taxpayer dollars are strategic and wise, which includes control over what is to be purchased, by whom, for what purpose, with what results, and at what price. The purchasing authority must be able to demonstrate consistent, fair, and objective practices, and not be subject to charges of favoritism or bias in the selection, compensation, or evaluation of service providers. Professionally developed policies and consistently applied contract administration procedures provide these assurances to the community.

OPPAGGA recommends the level of inventory of parts, supplies, and equipment needed to support transportation services should balance the concerns of immediate need and

inventory costs. It also recommends that districts maintain a “just-in-time” inventory of all parts and supplies to minimize the size and cost of inventory while providing needed support to district transportation functions. In addition, through such a system, districts obtain on a continuing basis, those parts, supplies, and services that are necessary to support transportation functions in a cost-effective manner. Districts obtain such items and services by using methods such as competitive bids, local pool purchases, pre-negotiated state contracts, and discounted blanket purchase orders. Finally, Transportation personnel review all parts, supplies, and services when they upon receipt to ensure that the delivered items are correct, the billing price is correct, and services were satisfactory and a computer system tracks all transportation-related parts and supplies for inventory

Members of Ohio Department of Administrative Services’ (ODAS) Cooperative Purchasing Program buy supplies and services through state government contracts at discounted prices. ODAS provides members with weekly fuel prices every Monday that districts can use to compare with other vendors’ prices.

By establishing and documenting specific methods for vendor selection, CCSD will provide a clearer understanding of the level of responsibility in determining the best purchase price, ensure proper accountability and internal controls, and reduce the appearance of any improprieties. Purchasing fuel, parts and supplies, and bus insurance from the same local vendors without competitive bidding is a potential financial burden to the District. Comparing fuel prices and parts and supplies, insurance prices among a variety of vendors and purchasing it through a consortium will permit CCSD to ensure the most competitive price. Because CCSD is a school entity, the annual membership fee would be \$110 annually to join the DAS State Cooperative Purchasing program.

### *Active Bus Fleet Size*

**R5.7 Based on the age and mileage of the current active and spare fleet; and the recommendation to reduce four (4) active buses (see R5.2), the District should consider not replacing any buses over the next several years. To determine future purchases of the appropriate number of buses, the District should draft, approve, and update a bus replacement plan. The plan should include the number of buses scheduled for replacement in future fiscal years, along with the age, mileage, maintenance costs, and estimated cost at the time of replacement. By reviewing and updating the plan annually, the District should be able to plan for future costs while maintaining or reducing its fleet.**

**In addition, the District is currently underutilizing its bus capacity (see R5.2). Implementing the new routing software, in conjunction with continued appropriate**

**maintenance scheduling, would enable the District to extend the useful life of its fleet.**

In FY 2006-07, CCSD operated a fleet of 22 active buses that traveled 1,337 daily miles. This is an annual distance of 240,660 miles, or an average of 10,939 miles per active bus. In FY 2005-06, the District operated a fleet of 21 active buses and traveled 1,321 daily miles. This was an annual average of 237,780 miles or on average 11,323 miles per active bus. **Table 5-13** provides a summary of CCSD's active bus fleet as of October 4, 2006.

**Table 5-13: CCSD Bus Fleet Inventory as of 10/04/2006**

<b>Bus Number</b>	<b>Year</b>	<b>Total Daily Miles</b>	<b>Bus Capacity</b>	<b>Mileage (as of 10-04-2006)</b>
1	2003	32	71	28,229
4	1986	35	60	222,593
5	2001	48	71	88,399
6	1999	40	71	84,997
8	1993	43	64	140,259
9	1994	51	71	162,961
10	1997	50	71	83,553
13	1986	23	60	316,847
14	1995	93	71	185,531
16	1999	72	71	108,875
17	1997	45	65	118,015
19	1996	59	71	140,869
20	1996	107	71	186,456
21	1990	17	20	29,367
22	2003	29	71	26,472
23	2003	122	71	61,898
24	1990	39	65	20,740
25	1998	87	65	118,806
26	1998	94	71	159,707
27	2001	77	71	91,771
28	2001	142	23	133,169
29	2004	32	77	24,896
<b>Average</b>	<b>1997</b>	<b>61</b>	<b>65</b>	<b>115,200</b>
<b>Totals</b>	<b>22</b>	<b>1,337</b>	<b>1,422</b>	

Source: ODE's T-1 Report and CCSD Transportation Department

As illustrated in **Table 5-13**, CCSD's number of active buses total 22. The average model year is 1997 and the average number of miles per bus was 115,200 as of October 2006. In FY 2005-06, the District did not classify any active buses as serving special needs

students. In addition, the District currently implements a bus rotation system using older buses as spares or moving them to routes with fewer miles.

**Table 5-14** illustrates CCSD's and peer district FY 2005-06 maintenance and repairs expenditures on a cost per rider, per bus and per active bus, and per routine mile basis. These expenditures include maintenance and repairs, tires and tubes, maintenance supplies expenditures, and the salaries and wages of mechanics (and their helpers, where applicable).

**Table 5-14: FY 2005-06 CCSD and Peer District  
Maintenance and Repairs Expenditures**

	CCSD	Peer District Average	Percent Difference Above (Below)
<b>Maintenance &amp; Repairs</b> <sup>2</sup>	<b>\$86,529</b>	<b>\$93,612</b>	<b>(7.6%)</b>
• Per Rider	<b>\$60</b>	<b>\$73</b>	<b>(16.7%)</b>
• Per Bus	\$2,984	<b>\$4,334</b>	<b>(31.2%)</b>
• Per Active Bus	\$4,120	<b>\$5,507</b>	<b>(25.2%)</b>
• Per Routine Mile	\$0.36	<b>\$0.34</b>	<b>6.4%</b>

Source: Ohio Department of Education

Note: Percentages may be off due to rounding

<sup>2</sup> Includes expenditures for (a) maintenance/repairs; (b) tires and tubes; (c) maintenance supplies; and, (d) mechanics' (and helpers') salaries.

As illustrated in **Table 5-14**, CCSD reported a total of \$86,529 in maintenance and repair expenditures in FY 2005-06, 7.6 percent lower than the peer district average of \$93,612. Maintenance and repairs expenditures included the salaries of mechanics and mechanic helpers. CCSD spent \$58,192 on personnel while the peers spent \$36,140. CCSD spent \$28,337 on other maintenance while the peers spent \$57,472. The District had 11.6 percent more Type I regular riders (1432) than the peer average (1283). It maintained 23.5 percent more active buses (21) than the peer average (17) and transported 3.3 percent fewer riders per active bus (68.2) in comparison to the similar district average (70.5). The District had significantly lower expenditures on a per rider and per bus basis, but was slightly higher on per routine mile basis when compared to the peer district average.

There are no State guidelines for bus replacement beyond the requirement that the bus must be able to pass the annual Highway Patrol inspection. As long as the bus can pass the inspection, a district may continue to use the bus for transportation, regardless of age or mileage. The standards from the National Association of State Directors of Pupil Transportation Services (NASDPTS) suggest the replacement of buses after 250,000 miles or 15 years of service.

ODE's Office of Pupil Transportation supports the benchmark of 12-15 years and 250,000 miles for the life of school buses used for the transportation of students.

### *Spare Bus Fleet*

**R5.8 Cambridge City School District should consider reducing its spare bus fleet by three (3) buses and not replacing them. This would reduce the District's ratio of spare buses to total fleet to be more consistent with the ODE benchmark, assuming the District implements R5.2 to reduce the number of active buses by four (4) buses. If the District were to implement R5.2, there would be a need to reduce the number of spare buses as well, to a suitable percentage of the total fleet size; not to exceed 20 percent. Reducing buses would typically start with the oldest, higher-mileage buses. In addition, this reduction would result in cost-savings by helping the District reduce its vehicle insurance and maintenance costs.**

The District has six spare buses. Criteria for determining spare buses are age and mileage. The oldest buses with the most miles are spares, while trip buses are usually the newest and have the least miles to avoid the chance of a bus breaking down on a trip. Currently, two buses are trip buses while the other four are spare buses. However, all six buses are part of the spare bus fleet.

**Table 5-15** illustrates CCSD's active and spare buses compared to the peer district average for FY 2005-06.

**Table 5-15: CCSD and Peer District Spare Bus Inventory - FY 2005-06**

	CCSD FY 2005-06	Peer District Average	Percent Variance
<b>Buses</b> <sup>1</sup>	<b>29</b>	<b>21.6</b>	<b>34.3%</b>
• Active	21	17.0	23.5%
• Spare	8	4.6	73.9%
• Spare Buses as Percentage of Fleet	27.6%	22.8%	4.7%

Source: Ohio Department of Education T-1 Reports

<sup>1</sup> Includes spare buses because these contribute to overall operating expenditures.

As illustrated in **Table 5-15**, the District's spare bus fleet represented 27.6 percent of the total fleet in FY 2005-06, which was 4.7 percent higher than the peer average. However, just before the start of this performance audit, the District reduced its spare fleet by two buses by junking one and trading in another, leaving six spare buses. The District also increased its active fleet by purchasing one new bus. After these changes, the District's spare buses now represent 21.4 percent of the total fleet, which is comparable to the peer average. According to ODE, spare buses typically comprise 20 percent of a district's fleet. Based on comparisons to the ODE benchmark and the peer average, the District's

spare bus fleet is appropriate. However, based on **R5.2** to reduce four active buses, there would be a need to reduce spare buses to a level not to exceed 20 percent of 17 active buses, or by 3 buses.

### *Bus Replacement Plan*

**R5.9 Cambridge City School District should establish and implement a formal bus replacement plan to ensure that it is properly planning and budgeting for bus procurement in future years. CCSD should also periodically update the bus replacement plan to ensure that it establishes criteria for bus replacement based on the age, mileage, and condition of the buses. By formalizing a replacement plan, the District will be better able to plan for future expenditures while maintaining an adequate bus fleet.**

The District does not have a formal bus replacement plan. There is also no mention of a bus replacement plan in Board Transportation Policies, nor the Transportation Department Policies. Without a formal bus replacement plan, the District replaces buses based on opinions about their condition. According to the Transportation Supervisor, the District informally evaluates the age and mileage of a bus before considering replacing it. Before replacement of any bus, the District evaluates the cost of maintaining versus replacing. The goal is to choose the more cost-effective option.

The Florida Office of Program Policy Analysis and Government Accountability (OPPAGA) recommends that school boards adopt a policy addressing the cost-effective replacement of school buses. The replacement policy should include criteria such as age, mileage, and maintenance costs vs. vehicle value. The board should review the policy should periodically for any revisions.

The Government Finance Officers Association (GFOA) recommends that government agencies, including school districts, prepare and adopt comprehensive multi-year capital plans to ensure effective management of capital assets. A prudent multi-year capital plan identifies and prioritizes expected needs based on an organization's strategic plan, establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. GFOA further recommends that a replacement plan should establish criteria for equipment replacement.

Although the State Highway Patrol visits the District once a year to conduct bus inspections, there are no State guidelines for bus replacement beyond the requirement that the bus must be able to pass the annual Highway Patrol inspection. As long as the bus can pass the inspection, a district may continue to use the bus for transportation, regardless of age or mileage.

CCSD relies on the experience and knowledge of staff when making decisions concerning the replacement of buses. Without a formal bus replacement plan the District cannot adequately consider replacement costs within its budget. Having a replacement plan with criteria will provide the District with a basis to better plan for long-range capital needs.

### *Non-Routine Miles and Costs*

**R5.10 Cambridge City School District should develop and implement procedures and internal controls for accurately identifying costs incurred in the transportation of students on non-routine trips for purposes of charging non-routine costs back to users, when appropriate. Developing an effective method of tracking, recording, and allocating non-routine costs would allow the District to recover costs more efficiently from appropriate departments/users for the non-routine use of school buses.**

CCSD has established practices for tracking non-routine miles and reporting them accurately on the T-2 Form reported to ODE. Each non-routine trip requires the teacher/principal/chaperone initiating the trip to complete a “Transportation Request” form. The Transportation Request form initiates a “Trip Ticket” that indicates the organization/group going on the trip and where the trip is scheduled to go once it is approved by District administration and forwarded to the Transportation supervisor. Bus drivers also use the “Trip Ticket” to indicate the bus they use and their starting and ending times as well as starting and ending mileage. The district inputs data elements from the trip tickets such as starting mileage, ending mileage, and fuel used into a database throughout the school year. Drivers are required to fill up before leaving for the trip, fill up after returning from the trip, and indicate the number of gallons of fuel used for the trip. Finally, the teacher or chaperone on the trip completes a “Bus Inspection” form that rates the condition of the bus and evaluates the bus driver, which is submitted to the Transportation Supervisor.

The District classifies non-routine miles into the following five categories:

- Athletics;
- Marching Band;
- Choir;
- Symphony, and;
- Field Trip

According to Anderson’s 2006 Ohio School Law Manual, school buses may be used for certain purposes other than the daily transportation of students to and from school. These traditionally have been for purposes such as the transportation of athletic teams, band

groups, and other school groups to contests or functions in which the team or group participates. Another use of school buses is the “field trip”, the transportation of students to museums, places of historic interest, or other point of interest having an educational function.

OAC defines the non-routine use of school buses as “transportation of passengers for purposes other than regularly scheduled routes to and from school”. OAC 3301-83-16 states that a school board shall recover the amount, not to exceed the actual operational costs associated with the non-routine use of school buses, with the exception of field trips on regular school days that are extensions of the instructional program.

The District tracks the number of non-routine miles driven each school year; however, it does not recover the operational costs of the non-routine use of school buses, including reimbursements to cover driver salaries and benefits. The District reported 36,370 non-routine miles in FY 2005-06, and 40,885 non-routine miles in FY 2004-05. Non-routine miles attributed to athletics comprised more than 50 percent of total non-routine miles reported in both years.

*Financial Implication:* If the District were to charge costs back to the non-routine users it would save the General Fund approximately \$97,123 annually, based on CCSD’s cost of \$3.94 per bus mile traveled. This would not necessarily reduce the cost to the District because the District would still charge other funds unless the District received monies from an outside source to cover the costs.

## Financial Implications Summary

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

### Summary of Financial Implications for Transportation

<b>Recommendation</b>	<b>Estimated Cost Avoidance</b>	<b>Estimated Annual Cost Savings</b>
<b>R5.1</b> Implement State Minimums, transport 444 fewer students and eliminate 6 busses		\$160,000
<b>R5.2</b> Personnel costs (bus driver salaries and benefits) from eliminating four (4) buses		\$107,060
<b>R5.2</b> Insurance costs from eliminating four (4) buses		\$5,320
<b>R5.7</b> Avoid purchasing any more buses for several years (\$61,000 per bus)	\$61,000	
<b>R5.10</b> Charge for non-routine bus miles		\$97,123
<b>Total</b>	<b>\$61,000</b>	<b>\$369,503</b>

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# Technology

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## Background

This section focuses on technology functions within the Cambridge City School District (CCSD or the District). The objective is to assess technology-related organization and staffing, planning and budgeting, policies and procedures, security, training, and hardware and software deployment. Where appropriate, recommendations for operational improvements are included. CCSD's operations are evaluated against best practices and operational standards from several sources. These sources include the SchoolNet 2006 Biennial Educational Technology Assessment (BETA) Survey, Florida's Office of Program Policy and Government Analysis' (OPPAGA) *Best Financial Management Practices With Their Associated Indicators (2002)*, the Consortium for School Networking (CoSN), the Texas School Performance Review, the International Society for Technology Education (ISTE), TechSoup.org, eSchool News Online, and Tech Learning Magazine. In addition, Districts with high Ohio proficiency test scores, and low per-pupil expenditures were used as peer districts. The ten districts used for peer comparisons include East Holmes Local School District (Holmes County), Garaway Local School District (Tuscarawas County), Indian Valley Local School District (Tuscarawas County), Leipsic Local School District (Putnam County), Logan-Hocking Local School District (Hocking County), Loudonville-Perrysville Exempted Village School District (Ashland County), New London Local School District (Huron County), New Reigel Local School District (Seneca County), Southeast Local School District (Wayne County), and Springfield Local School District (Mahoning County).

### *Organizational Function*

The CCSD Technology Department is responsible for maintaining and purchasing equipment, and training all District personnel on commonly used software. The Department supports the three elementary schools, the middle school, the high school, the central office, and the special services building.

CCSD developed a three-year technology plan through the Ohio SchoolNet Commission's eTech Ohio web site. CCSD completed the most recent plan in 2006 for the FY 2006-07 to FY 2008-09 cycle and received final approval for the plan from the Treasurer and Superintendent. While the technology plan references constraints due to recent staffing changes and ongoing financial difficulties, it also lists multiple areas for improvement including staff training, staff surveys, public involvement, and student assistance.

CCSD has policies to ensure privacy and the appropriate use of technology. All Internet users are required to sign a written agreement that they will abide by the District's Internet policies.

### *Staffing*

CCSD has had inconsistent staffing in the Technology Department. During FY 2004-05 and 2005-06, a technology director led the Department. As part of the budget reduction plan in FY 2005-06, the Treasurer assumed the duties of the Director and eliminated the separate position. The Department also includes two technology teachers and a computer technician. Each of the two technology teachers provides support at the elementary schools. The technician provides support at Cambridge Middle School and Cambridge High School. CCSD also contracts for network support (4E's Communications). The contract has changed from 5 days per week in FY 2003-04 and FY 2004-05 (\$60,000) to 4 days in FY 2005-06 (\$48,000) to 3 days in FY 2006-07 (\$36,000). CCSD also contracts the application process for E-Rate. The Treasurer does not foresee assigning a new full-time person in the immediate future.

CCSD staff can access a work order system on the District web site to place a request for technical assistance. One of the technology teachers (the former technology director) routes the tickets to the proper person rather than using an automated assignment system. Documented response times and performance assessments are not available because the District does not track tickets. CCSD does not use a helpline other than certain staff calling directly to the Technician's cell phone for emergencies.

### *Key Statistics*

CCSD reported 2,956 users on its network in FY 2005-06, including students and most instructional, administrative, and support staff. **Table 6-1** outlines the total number of users and the user-to-computer ratio.

**Table 6-1: User Community and User-to-Computer Ratio**

	CCSD	Peer Districts <sup>1</sup>	Statewide
<b>Computer Totals</b>	896	4,593	598,480
<b>Approximate Staff FTE</b>	321	1,832	472,519
<b>Enrollment</b>	2,635	15,668	1,807,796
<b>Total User Community</b>	2,956	17,500	2,280,315
<b>Total Users-to-Computer Ratio</b>	3.4	3.7	3.8

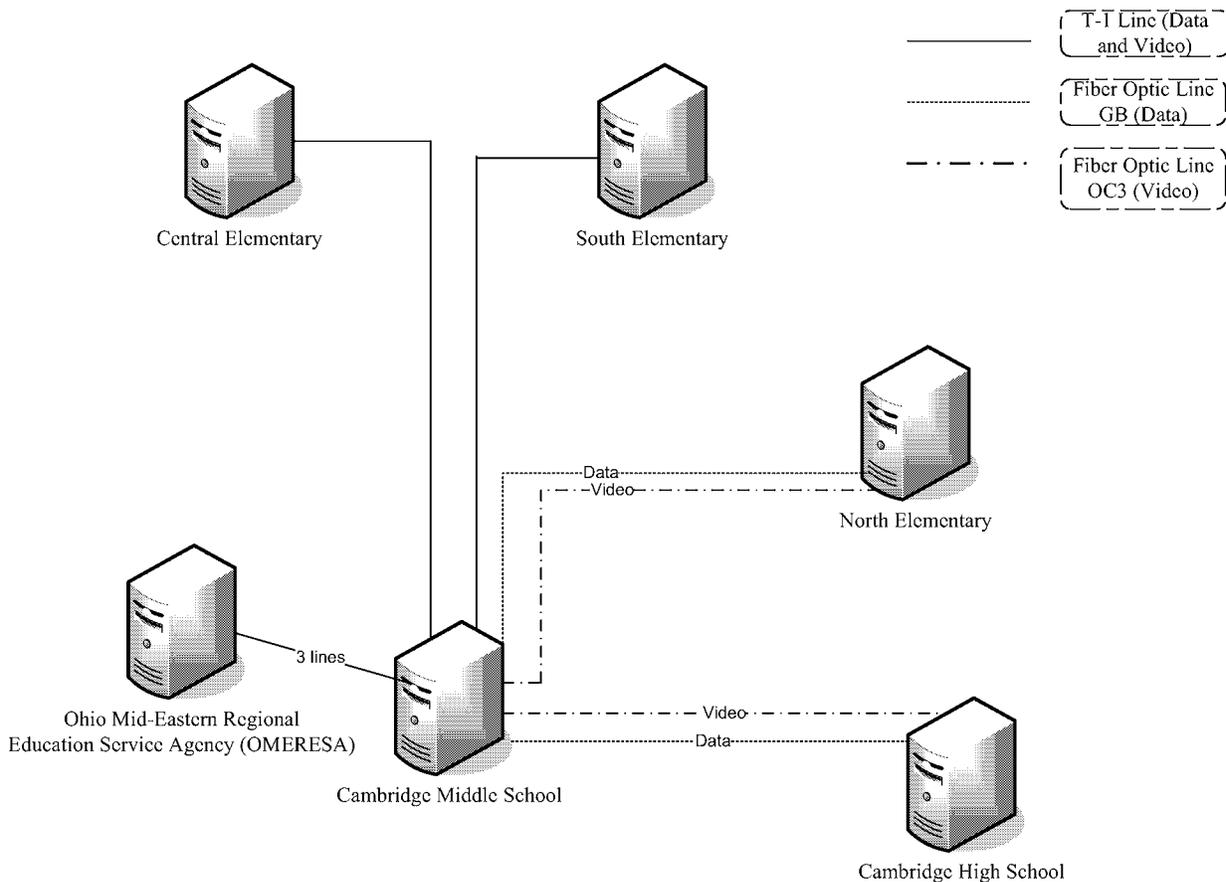
Source: 2006 BETA Surveys, ODE EMIS Staffing Reports, and ODE Enrollment.

<sup>1</sup> Ratio for peer districts is an average of all peer district ratios.

**Table 6-1** shows that CCSD has a user ratio of 3.4 users for each computer, which is lower than the peer district and State averages. Thus, CCSD has more computers available per student and staff than the average within peer districts or across the State. This improves access to technology-based administrative and instructional tools for District students and employees.

**Diagram 6-1** illustrates the CCSD technology network architecture.

**Diagram 6-1: CCSD Network Infrastructure**



Source: CCSD Technology Department

As shown in **Diagram 6-1**, CCSD connects directly to the Ohio Mid-Eastern Regional Education Service Agency (OMERESA) through T1 access lines to Cambridge Middle School (CMS). North Elementary and Cambridge High School connect through fiber optic lines to CMS; Central Elementary and South Elementary connect to CMS through T-1 coaxial lines.

CCSD has a domain server at each building to run software applications and uses backup servers for labs and guidance offices. CCSD uses a variety of operating systems including Windows 98 and XP as well as Mac OS9 and OS10. All servers are running the Windows 2000 or NT4 server systems.

### Financial Data

**Table 6-2** displays total and per pupil technology spending for FY 2003-04 through FY 2005-06. CCSD, like most Ohio school districts, uses multiple accounting codes to track technology expenditures.

**Table 6-2: District Technology Expenditures**

	Actual FY 2003-04		Actual FY 2004-05		Actual FY 2005-06	
	Total	Per pupil	Total	Per pupil	Total	Per pupil
<b>General Fund</b>	\$236,406	\$87.95	\$290,228	\$109.35	\$285,529	\$108.36
<b>Other Funds</b>	\$99,694	\$37.09	\$44,949	\$16.94	\$14,885	\$5.65
<b>Total Technology Expenditures</b>	<b>\$336,100</b>	<b>\$125.04</b>	<b>\$335,177</b>	<b>\$126.29</b>	<b>\$300,414</b>	<b>\$114.01</b>

**Source:** CCSD accounting worksheets for function code 2967, Internet service provider fees, network consultant contract, and Department staff salaries. Enrollment from ODE EMIS and fall student enrollment counts.

**Note:** Additional technology expenditures such as salaries are included in the table to reflect the true cost of technology implementation and support.

**Table 6-2** shows that expenditures decreased each year between FY 2003-04 and FY 2005-06. This was primarily due to decreased spending within the SchoolNet fund.

**Table 6-3** details expenditures by category for FY 2003-04 through FY 2005-06.

**Table 6-3: District Technology Expenditures by Category**

Category	Actual FY 2003-04	Actual FY 2004-05	% Change	Actual FY 2005-06	% Change	Three Year Change
<b>Salaries/Benefits</b>	\$108,301	\$145,912	34.7%	\$160,854	10.2%	48.5%
<b>Purchased Services</b>	\$132,473	\$144,738	9.3%	\$126,479	(12.6%)	(4.5%)
<b>Supplies &amp; Materials</b>	\$9,619	\$8,234	(14.4%)	\$5,358	(34.9%)	(44.3%)
<b>Capital Outlay</b>	\$85,707	\$36,292	(57.7%)	\$7,724	(78.7%)	(91.0%)
<b>Total</b>	<b>\$336,100</b>	<b>\$335,177</b>	<b>(0.3%)</b>	<b>\$300,414</b>	<b>(10.4%)</b>	<b>(10.6%)</b>

**Source:** CCSD accounting worksheets for function code 2967, Internet service provider fees, network consultant contract, and Department staff salaries.

**Note:** Additional technology expenditures such as salaries are included in the table to reflect the true cost of technology implementation and support. Totals may be affected by rounding.

**Table 6-3** shows that CCSD spending decreased by 10.6 percent from FY 2003-04 to FY 2005-06. Reasons for the significant changes in the individual categories illustrated in **Table 6-3** are as follows:

- **Salaries/Benefits** (48.5 percent cumulative increase): CCSD employed a Technology Director to lead the Department in FY 2004-05. The District eliminated the position by the start of FY 2006-07.
- **Purchased Services** (4.5 percent cumulative decrease): CCSD reduced the contract for the outsourced network consultant by one day resulting in a savings.
- **Supplies and Materials** (44.3 percent cumulative decrease): CCSD cut spending on software by controlling purchases.
- **Capital Outlay** (91.0 percent cumulative decrease): In FY 2003-04, expenditures from SchoolNet Plus State funds permitted CCSD to purchase computers and technology equipment. The District received \$68,000 less in grant fund revenue in FY 2005-06 compared to FY 2003-04.

### *Noteworthy Accomplishments*

During the course of the performance audit, the AOS identified the following recommended or best practices within CCSD:

- **Providing Computers to Teachers:** The 2006 BETA Survey reports that more District teachers have a computer (94.9 percent) when compared to peer districts (85.5 percent) or the State (83.2 percent).
- **Protective Software:** CCSD uses targeted software products to provide additional protections beyond the traditional security software. According to the Technician, CCSD uses software called Deep Freeze that can provide protection for high-risk computers located in computer labs and libraries. The software allows students to install or change controls on the computers during the day, but then restores the machines overnight to a previously stored state. This cancels out any installed malicious software saving CCSD technology staff from continuously monitoring and updating these computers. In addition, CCSD uses another software product called LanSchool that provides remote management of computers in the District. This software allows the Technician to remotely review student computer activity and ensure the system's security procedures are functioning appropriately.
- **Uninterruptible Power Supply (UPS) Units:** CCSD uses UPS portable backup generators throughout the District to secure technology devices and preserve functionality of equipment

in the event of unexpected power loss. According to *Redundancy in All Things* (PC Magazine, 2002), UPSs are often overlooked, but should be included in planning a backup facility because they ensure redundancy in the event a temporary facility must work as the primary facility. Having back-up power ensures that information and services can continue so that the District will be able to recover rapidly and cost-effectively.

- **Cable Television:** CCSD uses cable television to provide a continuous daily listing of announcements on an internal District channel. The District uses a PowerPoint presentation and sets various televisions in the buildings to run the presentation on a continuous loop. Technology teachers at the elementary schools are responsible for the announcements.
- **Video Standards and Delivery Systems:** According to responses to the 2006 BETA survey, CCSD exceeds peer districts and the State by having all buildings compliant with IP video standards; only 25.5 percent of peer districts and 38.0 percent of the State uses these types of video standards. All CCSD buildings use a media retrieval system for video delivery, which contrasts with only 10 percent of peer districts and only 12.8 percent of the State that use this type of system. In addition, 80.0 percent of CCSD buildings also use cable television, somewhat higher than the State (77.0 percent) and much higher than peer districts (51.7 percent).

### *Assessments Not Yielding Recommendations*

In addition to the analyses presented in this section, the AOS assessed several other areas, which did not warrant changes and did not yield any recommendations. These areas include the following:

- **Purchasing Planning, Research, and Value:** CCSD uses a purchasing software system that requires approval by the Technology Department for all District technology purchases. According to the Technology Technician, the Department seeks to maximize the value of limited funding by calling multiple vendors and comparing services. The use of a Technology Committee assists by providing some additional review and oversight for purchases.
- **Technical Expertise:** CCSD currently has one full-time staff member in the Technology Department. The Technician has a bachelor's degree in computer science from Ohio University and has been at the District for over three years.
- **Network Architecture and Bandwidth:** CCSD's network configurations appear consistent with the peer districts and the State. According to the Technician, CCSD runs servers at each building; therefore, the networking system conforms to recommended practices ensuring redundant systems. While CCSD currently has fiber optic lines only between the buildings receiving service through CMS, OMERESA plans to install additional fiber optic lines in the

future. CCSD uses wireless technology to provide solutions to physical limitations in computer labs and libraries. OMERESA and the Treasurer reported the bandwidth is sufficient to handle the current use of technology in the classroom. OMERESA assists in managing the bandwidth and provides recommendations on capacity expansion.

- **Management Software:** CCSD uses State fiscal software from OMERESA to manage and integrate financial, payroll, and student information to maximize efficiency. CCSD also uses transportation routing software to facilitate planning school bus routes and schedules.
- **Software Purchase & Installation Controls:** CCSD uses adequate controls on the purchase of management and instructional software to ensure that selections are compatible with the technology, consistent with District instructional goals, and approved by the Technology Department.
- **Information Technology Center (ITC):** CCSD uses software and services provided by the ITC. The Treasurer reports that the ITC provides technical support and services the District does not have the resources to provide independently.
- **Information Technology (IT) Internal System Controls:** CCSD has established general controls in the areas of access, systems maintenance, and operations to promote proper functioning of the Department. CCSD has protective software for technology systems, including anti-virus protection, filtering software, and password protection. CCSD backs up all user information and uses multiple servers (redundancy) to protect the system.
- **Student Acceptable Use Policy (AUP):** CCSD has a student acceptable use policy that provides information to students on the appropriate use of school computers.
- **High Technology Options:** CCSD uses technology options such as video delivery and distance learning to enhance instruction. The 2006 BETA survey indicates that CCSD teachers have greater access to video delivery systems and have video standards exceeding the peer districts and the State. CCSD teachers reported using distance learning at monthly and annual rates that exceed the peer districts and the State.
- **Financial Information Systems:** The CCSD Treasurer and Finance Department use the State fiscal software available from the ITC. The software, designed to automatically exchange data and reduce the need for manual input processes, performs satisfactorily according to the District.

- **Computer Access:** CCSD has a ratio of 3.4 student or staff users per computer. This ratio exceeds averages both for peer districts (3.7 students per computer) and the State (3.8 students per computer). This improves access to technology-based administrative and instructional tools for District students and employees. CCSD has a ratio of 3.0 students per computer, a ratio that is lower than the peer districts and equal to the State.

### *Issues for Further Study*

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS identified the following issue:

- **Internet Protocol Telephony:** CCSD should conduct a periodic cost-benefit analysis of emerging technology such as Internet Protocol (IP) or Voice over Internet Protocol (VoIP) telephony to determine whether it would benefit from implementing expanded services. By exploring new technology, CCSD may find the potential long-term savings of certain technology outweigh the costs of initial equipment investments.

## Recommendations

### *Planning and Budgeting*

**R6.1** CCSD should expand its technology planning beyond the completed eTech Ohio requirements by including Board approval of the plan, a list of specific building needs, and detailed project costs. Planning and funding decisions should be the result of direct collaboration with community stakeholders so that the public understands the costs associated with technology decisions. The Board should authorize an annual needs assessment to assist in prioritizing projects and continue to update the technology plan to correlate with actual spending and current budgets. As adequate funding is critical to successful implementation of any strategic plan, CCSD will be able to more easily define the nature of future projects by using total cost of ownership (TCO) estimates for planning future maintenance costs (R6.3) and by developing a more consistent cycle for replacing dated technology (R6.2). Because of the reality of budget constraints, tying the technology plan to the budget focuses attention on the need to prioritize and track projects and to establish realistic estimations of budgets. CCSD should create alternative strategies based on historical trends and current relevant evidence. In addition, CCSD should link the overall plan to a staffing plan (R6.6) that includes targeted service levels and incorporates results from reviews of regular user satisfaction surveys and performance evaluations (R6.7).

CCSD develops a three-year technology plan through the Ohio SchoolNet Commission's template on the eTech Ohio web site. This template ensures that districts satisfy the eligibility requirements for various State and federal grant funding. CCSD completed the most recent plan in 2006 for the FY 2006-07 to FY 2008-09 cycle, using input from a technology planning committee consisting primarily of District technology staff. As required by eTech, CCSD received final approval for the plan from the Treasurer and Superintendent. CCSD did not obtain Board approval for the plan.

The technology plan submitted to eTech included consideration for staff training, staff surveys, public involvement, and student assistance; however, the plan does not articulate the specific strategies for achieving these goals. The plan references staffing changes and financial constraints but offers no guidance on the District's plans for overcoming these hardships. The technology plan also includes references to funding sources, but does not demonstrate how spending will be prioritized. When AOS compared CCSD's technology plan budget to actual spending, the FY 2005-06 budget of \$242,567 was 24 percent lower than actual spending of \$300,414.

The Ohio SchoolNet Commission evaluates technology plans developed through the eTech Ohio web site for completeness, but the eTech plans do not require all best practice criteria recommended for school district technology plans. *Best Financial Management Practices with Their Associated Indicators* (Florida's Office of Program Policy Analysis and Government Accountability (OPPAGA), 2002) recommends that school district technology plans encompass the following:

- Board approval of the technology plan;
- Annual district technology assessments;
- Broad stakeholder input in plan development;
- Identification of individual school technology needs; and
- Adequate funding of maintenance and initiatives.

CCSD uses the eTech web site to guide development of its three-year technology plan and like many Ohio school districts, tends not to vary from the requirements. The plan conforms to the requirements of eTech but misses some additional best practices. Technology Department staff noted that CCSD administration has continuously provided little support for technology. This has included financial support to develop capital improvement plans or any type of planning for replacements.

Although eTech does not require Board approval of the technology plan, CCSD may miss an opportunity to involve the public and the Board in the discussion of District technology. By involving the community and the Board in the development of the plan, CCSD could earn greater support for technology-related projects during tight budgetary periods. Tying the technology plan more directly to the budget should also help to focus attention on prioritized projects.

**R6.2 CCSD should adopt a systematic five-year replacement cycle to upgrade technology equipment, help reduce support costs, and ensure adequate operational performance. Approving and enforcing a replacement policy requires CCSD to set aside funds annually for implementation.**

**CCSD should consider the potential long-term savings associated with implementing a thin-client technology system as part of a replacement cycle. While current budget restrictions prevent significant short-term investments, CCSD should continue to evaluate this option as part of a strategy for extending the useful life of computers.**

CCSD's technology plan included a goal of replacing computers, but created no policy for timely replacement. In practice, CCSD replaces computers as funding becomes available. Among other activities, the Technology Committee determines how to fund computers. According to the 2006 BETA Survey, CCSD supports more computers considered "old" by eTech Ohio than peer districts or the State.

**Table 6-4** shows the number of “old” computers at CCSD in comparison to peer districts and Statewide.

**Table 6-4: Number of “Old” Computers**

	CCSD	Peer Districts	Statewide
<b>Pentium II and below Macintosh Pre-G3</b>	410	655	93,663
<b>Total Number of Computers</b>	869	4,593	598,479
<b>Percent of “Old” Computers</b>	47.2%	15.5%	15.7%

Source: 2006 BETA Survey

Note: Computer count includes grades K-12 as well as computers used in labs, in media centers, and on mobile carts.

**Table 6-4** demonstrates that CCSD supports 47.2 percent of computers considered “old” by eTech Ohio, a substantially higher percentage than peer districts or the State.

The *Technology Support Index* (International Society for Technology in Education (ISTE), 2006) recommends that school districts replace equipment according to a three to five year cycle, either by leasing or purchasing equipment. In *Technology’s Real Costs* (ElectronicSchool.com), schools should expect to replace computers at least every five years. The life cycle of even the most advanced multimedia computer is still only about five years. While CCSD has no plans to install thin-client technology at this time, according to *Thin-Client Technology* (PC Magazine, 2002), this type of technology results in lower hardware costs, easier client management, and improved disaster recovery capabilities. Technicians would be able to concentrate on technology user issues with a more centralized and powerful system of network management and support. Any PC can be a client since the thin-client environment requires very little processing and memory from desktop terminals. Applications and settings are on the server, enabling easier and more centralized backups. The 2006 BETA Survey indicates that the majority of State school districts have not installed thin client technology nor developed plans to implement it.

CCSD has not created a replacement plan due to budget limitations. Replacement usually occurs through grants or other specific funding. With no formal replacement plan, CCSD runs the risk of supporting equipment that could be draining the budget with high maintenance and related costs. Due to its financial condition, substantial replacement expenditures may not be feasible at this time. However, the development of a plan will assist the District in better communicating the costs of long-term technology maintenance to District residents. Because it does not track relevant costs, CCSD cannot determine when continued maintenance of older computers exceeds the cost of replacement. Additionally, the implementation of a replacement plan will assist by minimizing technology costs, improving operational performance, and enhancing the potential learning environment.

*Financial Implication:* Estimating computers at a replacement cost of \$639 per unit and targeting a student to computer ratio consistent with peer districts, CCSD would need to budget for the replacement of 799 computers over a five-year replacement cycle. This would result in an annual replacement cost of \$102,000.

**R6.3 CCSD should develop policies and procedures to capture the total cost of ownership (TCO) of District technology. The District should incorporate TCO into the District’s technology plan.**

CCSD has not created a TCO estimate for planning future maintenance and support costs. The District uses TCO as a concept within planning, but does not create documentation to assess the estimated long-term costs of running particular hardware and software.

According to *Technology Budgeting Basics* (TechSoup, 2000), only about 30 percent of the TCO of a computer system is the initial purchase of hardware, software, and peripherals. In *A School Administrator’s Guide To Planning for the Total Cost of New Technology* (Consortium of School Networking (CoSN), 2001), CoSN recommends use of the free web-based tool [www.classroomtco.org](http://www.classroomtco.org) it developed to help school leaders understand all direct and indirect costs associated with operating school networks and ensure they have budgeted adequately to support educational technology investments. Districts input approximately 100 pieces of data into the tool to form the basis for the analysis. While there is no one “right” number for TCO, the tool allows district decision-makers to evaluate their own decisions over time, while also allowing them to compare their districts against other similar school districts.

Updating the technology plan to reflect actual TCO costs will help to create a more detailed picture that allows CCSD and the community to understand the costs associated with maintaining the investment in technology. Using TCO, CCSD could better determine when continued maintenance of older computers exceeds the cost of replacement. CCSD could also use TCO to determine the level of funding required to accurately budget for equipment purchases and associated costs. Fully itemizing and identifying the costs associated with maintaining and operating existing technology will provide information necessary to allow the Board, administrators, and community to understand fully the costs of current operations and potential future projects.

**R6.4 CCSD should ensure a consistent system for identifying technology expenditures. In doing so, the District should develop a policy for using the existing accounting code or create a new Special Cost Center in order to identify these expenditures.**

CCSD has not identified technology expenditures through a consistent accounting mechanism. While AOS does not recommend a specific coding system for expenditures,

CCSD provided inconsistent totals, indicating that the District cannot reasonably be reviewing financial statistics in technology spending. The coding system is not enforced.

Consistent coding of technology spending will allow CCSD to develop a complete picture of technology purchases for planning and budgeting purposes. Accurate coding increases accountability by ensuring that totals are reconciled against projected spending goals. By appropriately grouping these expenditures, CCSD will gain a better understanding of spending trends and be able to establish goals.

### *Policies & Procedures*

**R6.5 CCSD should develop several standard practices into written policies to provide full information to staff and the public and better ensure compliance. While technology practices such as uniform equipment, donations, and disposal have been historically consistent at CCSD, the District has not formally documented them.**

**The recommended policies include the following:**

- **Uniform equipment purchases: identifies and documents the equipment compatible with District infrastructure;**
- **Computer donation guidelines: ensures donated computers are consistent with the uniform equipment standards; and**
- **Technology equipment disposal: includes elements of best practice criteria such as a chain of responsibility and security for data erasures.**

The CCSD Technician reports that he pursues computer purchases based on the Ohio SchoolNet Commission's approved list of computer vendors on the eTech web site. The Technician reports he tries to purchase computers with a current operating system, 256 MB (megabytes) of memory, a 40- gigabyte hard drive, and a network card. By not having a standard list of uniform hardware and software, however, CCSD creates situations where the Technology Department might potentially purchase other types of computers or may have to defend to administration or the public reasons for purchasing these models. A written purchasing policy will allow the Board, the administration, and the community to be fully informed in order to facilitate purchasing and permit oversight of decision-making. Both of these can lead to cost savings by reducing wasteful spending. Creating a standardized list is a simple way to improve the efficiency of staff because they will be working with approved products.

CCSD has general Board policies on computer technology donations, but no additional guidelines on the types of acceptable computer equipment or circumstances for refusal of equipment. CCSD does not receive computer donations often and has inconsistent reports on whether the District refuses inappropriate donations.

However, by sending the Technician to evaluate the computers, CCSD has assumed the computers were appropriate. The Technician indicates that the District may accept computers that are below standards. Accepting equipment donations is a valuable tool for obtaining needed equipment in school districts with minimal funding. By developing written guidelines, the District can ensure the compatibility and usefulness of equipment donated to the District while fairly addressing potential inappropriate donations that would require additional support costs. Additionally, written guidelines can include details such as required operating systems and transferable warranties.

CCSD has a written policy governing the general disposal of property. The policy states that the Superintendent has authority to dispose of property valued at less than \$10,000. The policy requires that a record be made of disposed or transferred property as part of the general inventory process. Historically, CCSD has stored obsolete computers, using replacement parts as needed and disposing of any unsalvageable parts during the local waste authority's hazardous waste collection. The District has not focused on disposal, primarily because budgetary problems have not allowed adoption of any periodic replacement plan and because the District has established general asset disposal policies. Without an adequate policy, a district can end up with buildings full of rapidly aging equipment or face fines if equipment is disposed of in an unacceptable manner. Further, districts that do not specify chains of responsibility and timelines can face confusion over accountability for stored computers. Assigning responsibility and requiring documentation will help to prevent security issues, including fraud or misdirection.

According to *Innovative Solutions to Help Address the Issues and Challenges Facing Most Public School Districts* (Texas School Performance Review, 2003), unwritten rules are simply no substitute for clearly outlined procedures. Districts need clear policies and procedures for the purchase of technology, its acceptable use, the application of copyright laws, and the control of software and hardware inventories.

### *Staffing and Organization*

**R6.6 CCSD should develop a detailed technical support staffing policy that guides decisions on the allocation of staff and sets standards for administrative duties and direct user support functions. The support plan should include a service level agreement to identify the specific duties and responsibilities of the Technology Department.**

**CCSD should assess its support goals in conjunction with end-user service expectations to determine the best balance for the District. This policy will then provide guidance for future staffing decisions. The policy should acknowledge the amount of time required for staff for annual planning updates, budgeting, purchasing oversight, cost-benefit analyses, and reporting. In addition, the District**

**should consider maintenance demands on staff to update security protocols and prepare equipment for disposal, in addition to the immediate needs of troubleshooting technical problems. CCSD should make every effort to ensure the trouble-ticketing system is as efficient as possible by reviewing and conducting cost-benefit analyses of upgrades to support services wherever possible. Additional automation of work order tickets and helpdesk functions might improve staff productivity. CCSD should evaluate using information technology center (ITC) network support services or hiring a technician with network support expertise for long-term cost savings. In addition, the District should consider the implementation of low cost alternatives such as additional high school student support (R6.10) and teacher coordinators to meet established staffing goals.**

The Technician indicated that CCSD does not use a specific service level agreement. The Technology Department's staffing has been inconsistent because the full-time Technology Director position was eliminated for FY 2006-07 as part of the budget reductions. The Treasurer and the Technician have both assumed some of the administrative duties of the Department. However, the former Technology Director reported that even during his tenure as a leader of the Department, he was primarily responding to service needs. Technology staff reported that the removal of a full-time director has caused some problems. The Treasurer does not foresee assigning a new full-time person in the immediate future.

According to *Helping Schools Make Technology Work* (Texas School Performance Review, 2003), districts should set standards for information technology staffing. For example, a district must determine how many computers one technician can support. Technology planning should include the consideration of staffing as a resource allocation. To make this allocation process fair and equitable, it is important that schools monitor various ratios that measure the efficiency of staff. There is a range of criteria for technology staffing when comparing ratios of computers to staff. The *Technology Support Index* (ISTE, 2005) suggests a school district is pursuing a best practice if the staff-to-computer ratio is 1:150. However, *A School Administrator's Guide to Planning for the Total Cost of New Technology* (CoSN, 2001) suggests that a technologically advanced district can potentially manage 500 computers per technician in a closely managed network. The latter criterion notes that the networked systems can tolerate higher ratios since staff members are more centralized, achieving greater efficiency in time and productivity. Furthermore, CoSN recommends that a school district develop technology support goals such as a pre-determined ratio of support based on the district's technology needs and incorporate these into its technology plan.

Budgetary issues have restricted the Technology Department's limited resources. Staffing for support is limited due to the restricted funding and recent personnel cuts. Technology staff report that the age of the systems exacerbates the technical problems. Although the

former Technology Coordinator moved into a full-time teaching position, he regularly volunteers his services in technology matters. However, his unpaid service is assisting the District to postpone addressing long-term staffing needs. In the event this individual leaves, the District will be in immediate need of additional support.

CCSD has focused on maintenance of computers. The previous Technology Director implemented a simple online system for communicating technical problems, although use of the system is not enforced. The Technology department provides support on an as-needed basis, prioritized by the support responders. Financial constraints prevent improvements to the system.

Without a baseline standard for support, CCSD administration is in danger of making staffing changes that seriously affect the District's ability to properly maintain and support technology. Not only does this cause waste of a valuable resource, but it could also lead to the District making purchases and decisions that could be difficult and expensive to correct in the future. Developing a staffing policy will help CCSD be prepared for staffing alternatives during periods of financial constraint. A policy will provide information on the staffing necessary to maintain certain service levels and the repercussions to the District for specific cuts. The policy will also streamline the process for these decisions by presenting a reference for administrators and Board members. Further, a general service level agreement will create a clear policy on the responsibility and accountability of the Department. In exchange, the Department will gain the authority to enforce technology policies ranging from using laser printers (R6.11) to consistent administrative use of technology (R6.16).

*Financial Implication:* If CCSD chose to match best practice criteria of the 1:500 staff-to-computer ratio, in order to service the inventory of 869 instructional computers, staffing should increase by 0.3 FTE. Hiring 0.3 FTE technician would cost CCSD approximately \$13,000 annually, which includes salary and benefits. The District could reduce this cost by contracting for building technology coordinators and creating a student technology support program (R6.10). CCSD could also develop a staffing guideline that would establish a baseline of support other than 1:500, but would allow it to evaluate user response needs and adjust as necessary based on a combination of technical staff and performance measurements.

- R6.7 CCSD should implement a system or survey to develop formal documentation for performance measurement and evaluation of technology services such as work-order ticket turnaround time and satisfaction statistics. CCSD should measure the quality of its technical support and the reliability of its systems through a system that tracks customer satisfaction. CCSD should review the information collected and modify its technical support strategy accordingly. By incorporating surveys and feedback as part of regular assessments, the District can implement performance**

evaluation benchmarks for technical service and incorporate these into staffing plans (R6.6).

The Technician reported that the Department personnel have no specific performance measurements or goals. The technology plan created through eTech serves as the primary focus of goal setting. The Technician appeared to consider the document as a plan of action. CCSD uses no individual staff surveys to assess technology services aside from the Biennial Education Technology Assessment (BETA) surveys required by eTech. Personnel are able to relay some feedback through technology committee meetings.

**Table 6-5** shows the responses of teachers to the 2006 BETA Survey asking for the response time for technical support.

**Table 6-5: Survey of Technical Support Response Time**

Typical Response Time	CCSD		Peer Districts	Statewide	
	# of Teachers	% of Teachers	Average % of Teachers	# of Teachers	% of Teachers
Same day	24	13.5%	21.7%	25,291	26.5%
Next day	36	20.2%	24.2%	22,373	23.4%
2-3 working days	61	34.3%	29.7%	24,108	25.2%
4-5 working days	12	6.7%	9.0%	8,247	8.6%
More than 5 working days	39	21.9%	12.8%	12,844	13.5%
Does not apply to me	6	3.4%	2.7%	2,615	2.7%
<b>Total</b>	<b>178</b>	<b>100.0%</b>	<b>100.0%</b>	<b>95,478</b>	<b>100.0%</b>

Source: 2006 BETA Teacher Survey Q41

Note: Totals may not equal 100% due to rounding.

According to **Table 6-5**, a substantially lower percentage of CCSD teachers responded that they receive same day technical support than either the peer districts or the State. The percentage of CCSD teachers reporting support occurring the next day was also lower than peer districts or the State. In addition, the percentage of teachers at CCSD reporting that support took more than five working days was higher (21.9 percent) than peer districts (12.8 percent) or the State (13.5 percent).

According to the *Technology Support Index* (International Society for Technology in Education (ISTE), 2005), an outstanding organization ensures that quality is measured by a random and automatic system that tracks customer satisfaction and closed tickets. The system collects data throughout the year and uses it to make necessary adjustments to technical support strategies. Questions asked by the system are specific to technical support.

According to *Technology in Schools* (National Center for Education Statistics (NCES), 2002), technology planning and implementation should be a continuous process that includes ongoing evaluation. Effective evaluation will force planners to review objectives, priorities, and strategies as implementation proceeds. Continuous evaluation also facilitates changes if parts of the plan are not working. NCES recommends keeping accountability measures to facilitate the review cycle. The District can gather student and staff observations through written surveys, as well as interviews and other meetings, to assist in determining the extent to which the technology plan is reaching its objectives.

CCSD has focused on providing equipment and services, but does not appear to have developed an interactive relationship with users. It experiences problems encouraging the overall use of technology in the District by both staff and administration. In the absence of regular surveys, CCSD cannot track data over time or identify subtle patterns. The Department also cannot share the results with community members for planning purposes or report progress data to Board of Education members and the Superintendent for departmental oversight. By adopting feedback and performance measurement into planning, CCSD can work to create reasonable service levels and expectations in the user community. With the increase in technology use in education, it is essential that a school district's technology meets its users needs and that users have technical problems resolved and corrected in a reasonable amount of time. Performance measures and user surveys are a valuable way to evaluate the work of the department and staff against established criteria. Goals can drive performance and can also influence budgets and financial estimates.

**R6.8 CCSD should include the job function of grant-seeking in staffing decisions by ensuring sufficient time is allocated to staff for activities including researching, writing, and monitoring of technology grants. While CCSD has received additional funding in the past, it has implemented reductions in administrative technology staffing that may restrict future grant-seeking opportunities. The District should ensure appropriate time for staff to pursue and apply for funding.**

CCSD pursues the typical school district grants such as SchoolNet, Ohio K-12 Network (formerly ONenet Ohio), ERate, and Title II-D. Additionally, the District received funding through a grant from the Guernsey County Jobs and Family Services agency.

CCSD has demonstrated pursuit of non-governmental funding opportunities primarily through arrangements with local parent-based organizations to replace computers and upgrade labs. Time spent pursuing funding opportunities has varied because of staffing changes.

According to *How Technology is Funded* (TechSoup, 2006), even technology directors with limited experience can pursue the following successful grant-seeking strategies:

- Learn basic grant-seeking skills by studying funding guidelines, reviewing past reports, researching databases, and attending grant-writing workshops sponsored by any of several resource centers.
- Create a history of the organization's technology assets and stories including specific examples of instances in which technology contributed to organizational goals.
- Identify and include technology overhead expenses as portions of budgets, regardless of whether the proposal focuses on technology.
- Be a technology "translator" by communicating information about technology clearly and in plain language especially to funding sources.
- Regularly appraise technology costs and ask potential contractors or vendors to support their numbers instead of simply "cutting and pasting" them into a funding document.
- Talk with technology directors about possible funding sources and opportunities and research potential opportunities by reading annual reports, web sites, and grant guidelines.
- Recognize that technology funding can also be through in-kind donations of hardware, software, or services and may be easier to obtain than cash grants, especially from technology companies.

The reduction of administrative staff in the Technology Department affects administrative functions such as grant seeking. While CCSD has outsourced the E-Rate application process in order to manage the grant writing requirements for this funding opportunity, it has restricted the ability to research or pursue additional opportunities. Grants serve to enhance the opportunities of a school district by providing supplemental funding to allow for larger purchases that may not be possible within the constraints of a tight budget. Changes in the staffing levels for administrative functions may have long-term consequences on the timely pursuit of grants.

Universal Service Administrative Company estimates the E-Rate application alone takes an estimated 16.5 hours for repeat applicants. CCSD could potentially secure additional grant resources by appointing someone to research grant opportunities across the District or outsourcing the process of certain typical funding applications to reduce staff obligations.

**R6.9 CCSD should continue with plans to install management software that allows the District to remotely install and control software applications. The software should allow CCSD staff to address computer installation and maintenance issues without the additional time and expense of traveling to each site.**

The District does not use remote management software for remote installation and technical servicing of computers. The Technician reported that the installation of this software would occur when the District gets new servers. CCSD uses software called PC Anywhere to allow the network support person to log into servers and manage them from off-site. According to the *Technology Support Index*, (International Society for Technology in Education (ISTE), 2005), a district is exemplary if remote management is available for all computers and is used as a primary strategy of support.

One reason for the delay in getting remote management software is that for many service requests, the problem is the computer hard drive has crashed. Remotely connecting would not be possible in these instances. More tailored training for CCSD staff (**R6.13**) should reduce this problem. The Technician reports that the servers are currently older and can hold limited new software. Planned replacement of servers should address this problem.

CCSD has implemented remote networking technology, which allows the staff to load and manage software from a central location, thereby increasing the efficiency of a small staff. The increased efficiency will benefit the District by allowing technicians to be more accessible to users and enable the technology department to manage its computers in a more efficient manner.

**R6.10 CCSD should implement a program to train middle school and high school level students to assist with technical support. Students could assist with basic technology troubleshooting and routine tasks in exchange for course credit. This type of training prepares students for careers in technology and educates them in technology support and deployment. This type of program can be mutually beneficial as it also allows CCSD to employ the students as a low-cost resource for addressing some of its basic technology support needs.**

The eTech technology plan for FY 2006-07 to 2008-09 indicates the District has trained students, but that a student program has not been implemented. According to the 2006 BETA Survey, 16.9 percent of CCSD teachers responded that students provide technical support to them when classroom computers do not work or they have other technology problems. Thus, even without a formal program, CCSD is receiving technical assistance from students.

*Technology Support Index* (International Society for Technology in Education (ISTE), 2005), recommends that school districts design curricular programs to train students to

provide peripheral technical support. According to *Are We There Yet?* (National School Boards Foundation (NSBF), 2006), more than half of school leaders reported that students are providing technical support in their districts. Key duties included troubleshooting problems, setting up equipment/wiring, and technical maintenance. Nearly half of these leaders reported that they provide formal technology training to students. Furthermore, eTech Ohio has developed an online database at [www.osn.state.oh.us/misc/assist](http://www.osn.state.oh.us/misc/assist) containing field-proven technology support models using students from 30 school districts.

The Technician reported that CCSD has not been able to use students because of block scheduling at the high school. This scheduling arrangement means that the students do not have the same time beyond basic core classes as other schools in which students have study halls and other free periods. Training students in technical support functions represents a win-win program for a school district. First, it helps a district prepare students for careers in technology and educate them in technology support and deployment. In addition, it allows the district to use low-cost resources for some of its technology support needs. Finally, it creates an opportunity for the district and students to work toward mutual goals within the venue of technology use and support activities. Districts can minimize the potential expense of a student program by providing class credit in lieu of an hourly wage.

## Hardware

**R6.11 CCSD should enforce a district-wide transition to the black and white shared access printers. While CCSD has installed laser printers as networked printers, it should complete this transition by removing the high number of existing inkjet classroom printers. When the budget permits, CCSD should consider the purchase of software that controls and tracks printing by networked color laser printers.**

In FY 2003-04, CCSD initiated a transition from inkjets to shared laser printers, citing the expense of purchasing ink. Each building has a networked color laser printer that teachers can connect to through the network. Because of complaints, the District has allowed teachers to continue to use inkjet printers. CCSD consistently has a smaller percentage of printing equipment resources devoted to lasers or shared access printing than peer districts or the State.

According to *Inkjet Costs* (Small Business Computing, 2005), the cost of a common laser printer, including purchase price and ink, to produce 40,000 pages is about two cents per page, or eight times less than an inkjet printer. Further, laser printer prices are continuing to fall and the range of available products is steadily mounting. Laser printers are quieter, faster, and remarkably hassle free.

In *Controlling Color Costs* (Information Week, 2004), color laser technology has now become competitive with inkjet printers. “While inkjet printers have provided most of desktop color printing to date, color laser printers offer much higher print quality and the ability to add the printers to the corporate network, so that a desktop printer can be efficiently shared among several users.” The costs are still more expensive than monochrome because color toner can be significantly more expensive than black and can get used at a faster rate. Information Week also discusses the ability of some printers to provide color control capabilities that permit the network administrator to decide which users can print in color and which have only monochrome privileges. Certain software even allows the administrator to define usage by assigning each user a set number of color prints in any given time or to track network usage in order to estimate costs and control excesses.

By eventually phasing out old inkjet printers and purchasing laser printers, CCSD could realize ongoing savings in toner purchases and maintenance. Unless CCSD increases the replacement schedule and removes inkjets from classrooms, it will continue to experience unnecessary expenses through purchasing ink cartridges.

**R6.12 CCSD should develop a policy to ensure all students have equal access to technology resources. An equitable distribution of computers across buildings in the District should be part of the strategic technology planning. Since computers serve as an educational tool, an accounting of individual building needs should be part of the technology plan (R6.1). CCSD should identify specific reasons for or exceptions to the equal distribution of computers so that the staff, students, and public are informed. This will assist in ensuring that distribution appears fair and that purchasing is accountable.**

While CCSD provides an overall ratio of students to classroom computers that is equal to the State (3.0), it does this with an uneven distribution of computers. **Table 6-6** lists the ratios for student accessibility to computers by identifying student enrollment for FY2005-06 and comparing it to instructional computers.

**Table 6-6: Ratio of Students to Classroom Computers**

School Level	CCSD	Peer Districts	Statewide
Kindergarten	3.6	7.4	5.3
Elementary	3.5	5.5	4.3
Junior High	3.8	7.2	4.7
High School	10.5	5.4	4.7
Total in Classrooms (K-12 only)	4.5	5.9	4.6
Total in Buildings (Classrooms plus labs, libraries, and carts)	3.0	3.4	3.0

Source: 2006 BETA Surveys and ODE Enrollment.

According to **Table 6-6**, CCSD ratios at the kindergarten, elementary, and middle school grade levels are lower than peer districts or the State. At these grade levels, students have more classroom computers available than do students in the peer districts or the State on average. The ratio for Cambridge High School (CHS), however, is significantly higher than the rest of the District's buildings. The ratio of high school students per classroom computer is nearly twice as high as peer districts and the State.

Although CHS has a ratio of 10.5 students per classroom computer, the school has additional computers available in libraries and labs. By considering all computers used for instruction, CHS has a ratio of 4.3 students per computer. This is still the highest ratio but falls within the State standard of 5.0 students per computer. The other buildings also exceed the State standard and most are even below the State average. In fact, the low ratios suggest that CCSD could safely redistribute these computers or reduce the replacement within these buildings to save on future replacement costs and support expenses.

In addition, CCSD exceeds peer districts and the State in the percentage of teachers provided with computers. As a result, fewer District teachers report not having a computer (5.1 percent) when compared to peer districts (14.5 percent) or the State (16.8 percent). In addition, CCSD has focused less on laptops (3.9 percent) than peer districts (16.9 percent) or the State (16.6 percent). This suggests that CCSD could reduce future purchasing of administrative or teacher computers in order to ensure user access is cost-effective.

According to *SchoolNet Plus Grade 7 FY05 Application and Guidelines Document* (Ohio SchoolNet, 2004), a district should seek to have a student-to-computer ratio of 5:1 in grades K-12. Additionally, *Best Financial Management Practices with Their Associated Indicators* (Florida's Office of Program Policy Analysis and Governmental Accountability (OPPAGA), 2002), states a school district should equitably distribute

technology resources among schools by linking each school's educational plan with the technology plan to ensure resources are budgeted to meet planning and curriculum needs.

Financial limitations and restrictions placed on grant purchases constrain the purchase and allocation of computers. In addition, CCSD tends to focus primarily on maintaining computers and has limited time for planning. Certain buildings may have reasonable explanations for unequal allocation of computers, such as physical limitations of the structures, varying online testing requirements, or specific academic programming goals. Equal distribution may not be attainable, but planning should address inequalities.

Sufficient system access can ensure users are able to access technology in an educational or administrative setting. By adequately allocating hardware throughout its different buildings and programs, CCSD could reduce potential resentment and dissatisfaction among students, parents, and faculty. The constant reallocation of computers to address inequities can be waste resources. Therefore, CCSD should be cautious in the planning of appropriate resources. Reducing the number of computers and addressing their distribution could help the District reduce future replacement costs.

### *Professional Development*

**R6.13 CCSD should expand technology training for staff, including administrators, within the existing professional development (PD) plan for technology users. While it has provided limited training opportunities, the District should develop a list of technology core competencies and assess staff needs in relation to fundamental skill-sets. CCSD should use individualized evaluations and programs to target staff for professional development and should create specific training to address the areas in need of improvement. In establishing these programs, CCSD should use in-house expertise, online training courses, and other low-cost training opportunities. The online professional development program may consist of technology classes and links to technology training resources and materials.**

CCSD provides training sessions only periodically for staff, primarily on an as-needed basis. The Technology Department historically pursues low-cost training opportunities offered by the State and regional agencies. The Technician and Technology Teachers provide training to other District staff members at internal trainings. In addition, CCSD includes staff in the eTech Ohio SchoolNet conferences, when possible, and arranges some vendor-sponsored training to educate staff on new software and hardware.

Based on the budgeted amounts in the eTech technology plan for FY 2006-07 through FY 2008-09, CCSD plans to spend an average of 1.3 percent of its total technology budget for professional development. This is an increase from the 0.4 percent spent on training in FY 2005-06, as reported by the District in the technology plan.

According to the *Technology Support Index* (ISTE, 2006), an outstanding organization meets the following technology PD standards:

- A comprehensive staff development program is in place that addresses all staff. The program is progressive in nature and balances incentive, accountability, and diverse learning opportunities.
- Basic troubleshooting is built into the PD program, and is used as a first line of defense in conjunction with technical support.
- Online training opportunities are provided for staff both onsite and remotely, and represent a diversity of skill sets.
- A process and delivery system has been established for just-in-time training organization-wide and is used consistently.
- Expectations for all staff are clearly articulated and are broad in scope. Performance expectations are built into the work functions and are part of the organizational culture.
- Most technical staff receives ample training as a normal part of their employment.
- Technical staff members receive consistent training around emergent issues and have district-sponsored opportunities for advanced training.

ISTE also recommends on-line training as an option to expand training opportunities, increase staff capacity, and reduce low-level support issues. ISTE states that by training staff on basic troubleshooting skills through the PD program, a school district should see a decrease in the number of low-level technical support calls.

According to the 2006 BETA Teacher Survey, teachers reported the level of sufficient professional development opportunities provided by the District to build teacher capacity to use technology. **Table 6-8** compares the responses for CCSD, peer districts, and the State.

**Table 6-8: Providing Sufficient PD Opportunities for Teachers**

	CCSD		Peer Districts	Statewide	
	# of Teachers	% of Teachers	Average % of Teachers	# of Teachers	% of Teachers
Very weak	35	19.7%	3.4%	6,730	7.0%
Moderately weak	42	23.6%	10.8%	13,047	13.7%
Adequate	65	36.5%	36.4%	35,323	37.0%
Moderately strong	24	13.5%	29.2%	22,801	23.9%
Very strong	12	6.7%	19.9%	17,577	18.4%
<b>Total</b>	<b>178</b>	<b>100.0%</b>	<b>100.0%</b>	<b>95,478</b>	<b>100.0%</b>

Source 2006 BETA Teacher Surveys Q35

Note: Totals may not equal due to rounding.

**Table 6-8** shows that a significantly higher percentage of CCSD teachers (43.3 percent) reported that the District is very weak to moderately weak in providing sufficient professional development opportunities for teachers compared both to peer districts (14.2 percent) and the State (20.7 percent). The percentage of teachers reporting that CCSD was adequate was similar to the peer districts and the State.

CCSD has focused its limited financial resources primarily on maintenance issues. The technology staff is able to contribute only limited amounts of time to providing PD on technical issues to the District's teachers and other staff. It is not clear whether staff motivation or lack of appropriate training is the cause of problems, but these issues will likely contribute to future PD problems if not addressed.

By developing a comprehensive ongoing technology PD program, CCSD can ensure that District staff members are attending ongoing training. By offering more technology development, CCSD will expand the capability of teachers to handle minor technical problems, allowing Technology Department staff to concentrate on issues that are more complex. CCSD can minimize the cost of these proposed training programs by developing them in-house with the assistance of existing expertise and through online training resources.

### *Communications*

**R6.14 CCSD should fully utilize email and teacher web pages as low-cost communication tools. While the District has both, teachers report either not having access or never using these at rates higher than peer districts or the State. CCSD should develop targeted training for teachers (R6.13) to ensure all staff have a proper understanding of how to use the system, are encouraged by management on the need to actively participate, and have no barriers to adequate access to the system. By expanding use, the District will foster better communications with parents and**

**the community at a relatively low cost. During the course of the audit, technology staff members identified a software program at the eTech Ohio Conference called POW-PAK that they report will be implemented to facilitate access to web pages.**

**CCSD should also consider introducing intranet pages as a source of internal communications. The District currently uses building web pages and internal cable television for this type of information. Some restricted access intranet pages allow teachers and staff to share a broader level of information as well as provide a place for locating teaching resources such as grade level guides and lesson plans. An intranet is a relatively low-cost tool that will primarily require staff time to develop and maintain, but the POW-PAK software should facilitate implementation with few additional resources.**

**CCSD should also ensure updated District web pages and information by encouraging all buildings to participate in providing information for the District calendar.**

CCSD has a District web site with information as well as links to building web pages that provide additional detailed information. In addition, employees have email as long as they have signed an acceptable use policy agreement. CCSD uses the web site to facilitate both internal and external communication, as it does not have a separate intranet. Teachers are able to construct web pages through the linked web site service SchoolNotes. A few teachers have web pages directly on the web site. Survey results indicate that participation in both email and constructing teacher web pages is lower than peer districts or the State.

According to the 2006 BETA Survey, the percentage of CCSD teachers reporting no access to communicating with parents via email is more than twice as high (15.2 percent) than either the peer districts (6.0 percent) or the State (7.0 percent). The percentage of teachers at CCSD reporting they never use email for communicating with parents is again over twice as high (54.5 percent) as the peer districts (26.7 percent) or the State (22.0 percent). The percentages for all frequencies of use are lower for CCSD teachers than peer districts or the State.

The Survey also shows that a higher percentage of CCSD teachers (57.3 percent) report never posting class-related information on web pages than either the peer districts (49.6 percent) or the State (44.2 percent). In addition, a higher percentage of teachers at CCSD (18.0 percent) indicate that they do not have access to posting this type of information in comparison to peer districts (9.9 percent) or the State (14.5 percent). CCSD teachers reported posting class-related information on web pages less often than peers or the State at all frequencies.

According to *Best Financial Management Practices with Their Associated Indicators* (OPPAGA, 2002), a school district uses best practices if it uses web technologies to improve and enhance communication between groups such as schools, districts, the state, parents, and the community. OPPAGA recommends that districts use these tools to supplement communication of policies and information, to circumvent costly meetings whenever feasible, and to increase the frequency and speed of communications to parents and teachers. In *Study: School Web Sites Not Making the Grade* (eSchool News Online, 2004), school districts are encouraged to use the web site as a communication channel to build stronger relationships with students, parents, teachers, staff, and community residents, as well as alumni, prospective employees, journalists, and volunteers. According to *Establishing a Typology of New York State School District Web Site Home Pages from a Public Relations Perspective* (Utica College, 2004), the extent to which school district can connect with the key user groups depends heavily on the web site design and the extent that the site creates an interactive experience. In addition, in *Tips for Building a Successful School or District Intranet* (eSchool News Online, 2000), an intranet is recommended as a vehicle for encouraging communications and collaboration within a school district. An intranet can include administrative information for staff as well as connect staff to each other through discussion forums and online meetings.

CCSD can save money on phone calls, stationery, and printer ink by more effectively using its technology as a means of communication. Sending administrative information over email and using an intranet frees up a school district's employee time to concentrate more on their job functions. The District will be able to decrease the number of meetings it conducts and therefore save both time and money. This process also potentially keeps District employees more informed, provides more interaction, reduces costly letters, and eliminates the time and effort associated with numerous phone calls. Keeping all parties informed can also allow CCSD to make changes in a more efficient manner.

### *Use of Technology*

**R6.15 CCSD should implement policies and procedures to support the full integration of instructional software and technology into the curriculum. It should encourage teachers to use technology to enter and manage student information, examine student performance trends, support instruction, and create lesson plans. CCSD should eliminate technical barriers to network and email access. Furthermore, administrators should fully utilize technology tools and investigate other methods to convey support to the staff.**

According to responses on the 2006 BETA Teacher Survey, CCSD reported lower percentages of teachers using technology on a daily or weekly basis to assist in instruction than peer districts or the State. These tasks included using computers to enter and manage student information, examine student performance trends, administer quizzes

or tests, create lesson plans, customize individual education plans (IEPs), and support standards based instruction.

In each of the areas noted above, a significant percentage of teachers reported having no access to the technology. When asked about the low access and participation results, CCSD technology staff indicated that access was available. However, in discussions, the Department staff indicated that certain District staff members lost connectivity because of problems with passwords, forms, or past abuse. The Treasurer reported that the responses might be because CCSD had not yet implemented certain student data software. The District is not connected to the new system because of OMERESA's timetable. The staff expressed concerns that the responses might have been the result of low morale because the administration does not regularly use technology. In response to a question on the BETA Survey, 36.0 percent of CCSD teachers reported that the administration of the District was very weak or moderately weak in their support of teachers using technology in the classroom. The response from CCSD was significantly higher than peer districts (10.8 percent) or the State (15.1 percent). This is consistent with the concern expressed by the technology staff.

Lower percentages of teachers at CCSD report very strong or moderately strong levels of support from administrators for using technology in the classroom. This may contribute to the higher percentages of teachers reporting never using technology for many instructional uses in contrast with peer districts or the State. In addition, higher percentages of CCSD teachers report having no access to technology. Several factors may be influencing this measure. Some teachers may be indicating they have no access because of network access issues; others because software is not yet installed, or still others because of frustration. These responses indicate CCSD has developed several disincentives that may be influencing the use of technology. The level of integration of instructional software into the curriculum is significant to the value of a district's investment in this type of technology. Purchasing software and not using it effectively is a waste of limited resources.

**R6.16 The District should reconsider the use of distance-learning. It effectively shut down the program in FY 2005-06 by eliminating the aide who was responsible for directing and scheduling distance learning. CCSD should consider reinstating the program in order to take advantage of this low-cost educational tool.**

CCSD used distance learning to enhance instruction. According to the 2006 BETA Survey, the percentage (37.6 percent) indicating they used distance learning at least once per year is over twice as high as peer district (15.4 percent) and four times as high as the State (8.8 percent). CCSD teachers reported using distance learning on a monthly basis at rates slightly higher than peer districts or the State.

The District acquired distance learning equipment and began a program in FY 1997-98 through a grant from ODE. Administrators cancelled the program but have not explained the reasons for not conducting an assessment of the program. The Technician suggests that reports of technical problems (echoes) may have discouraged continuing the program. Use of video delivery systems and distance learning equipment provide enhanced learning opportunities and allow staff to have access to additional teaching resources. Dismantling the system effectively terminated the program. The equipment is being stored and teachers no longer have access to this resource.

### *Security*

**R6.17 CCSD's inventory of technology equipment should be properly tracked and placed in the District in accordance with the fixed asset inventory, grant requirements, and the technology plan. Tracking the technology inventory should continue in the fixed asset inventory system and CCSD should conduct periodic reconciliations between the database and the actual physical assets. While CCSD has a door access control system, which provides facility security for all fixed assets, it should maintain and update the inventory system to reveal any internal fraud.**

While CCSD has taken steps to record fixed assets, during the audit period, the District has not adequately maintained an appropriate inventory of technology assets nor periodically reconciled the inventory to deter and reveal any fraud or misdirection of assets. According to the District, an appraisal firm appraises all building inventory and the District reconciles to the appraisal firm's records of computer inventory. The District does not have an inventory system that it maintains throughout the year.

According to *How to Manage Your Technology Assets Effectively* (eSchool News Online, 2001), the inventory tracking system must be easy to update and be able to be updated by many people so that data entry does not become an information bottleneck. Staff members need to reconcile information in the system with a physical inventory on a regular basis. This will help remind all employees that they need to keep information up to date and will uncover problems while there is still time to solve them.

Since fiscal problems and cuts have been the focus of management, the reconciliation of inventory has likely not been a high priority for the administration. By improving inventory controls, the District will have increased security and be less open to the possible release of sensitive information. While CCSD has made efforts to enhance inventory-auditing procedures, it does not continuously monitor technology assets and can still be subject to internal fraud or misdirection of resources. Reconciling inventory will also ensure the District is complying with grant requirements and using equipment as planned.

**R6.18 CCSD should expand installation controls to prevent the installation of unauthorized software on all systems throughout the District. Although it protects high-risk systems, the District should enforce installation standards on all computers in order to prevent potential security risks.**

CCSD uses purchasing software that requires approval from the Technology Department and an evaluation of risk to other installed systems prior to new software purchase. It restricts installation of software on high-risk computer systems in order to limit risk to the systems.

According to *Technology Support Index* (International Society for Technology in Education (ISTE), 2005), a district has a best practice if software security standards are in place for all systems along with periodic security audits.

CCSD has directed the focus of most security procedures against high-risk. With proper controls, a district prevents redundant purchases of software or selections that are not compatible with District technology.

**R6.19 The District should properly enforce its acceptable use policy. CCSD should seek to address any technical issues that restrict access as well as discourage staff from actively refusing to sign the acceptable use policy. The District should link continued employment to a willingness to enter into an agreement on the proper uses of District resources. In the event a staff person, for example, is restricted from registering to use online systems because of OMERESA's use of personal information for access, CCSD should work with OMERESA to negotiate an appropriate compromise or provide assurances to the staff member of the integrity of the information.**

CCSD uses standard policies for the acceptable use of computers and the network. The policies include detailed information on the acceptable use of equipment, appropriate use of the Internet, and security issues relating to data privacy. Prior to using the computers, employees are required to sign an acceptable use policy agreement, which the Treasurer keeps on file. The Technician tracks these forms and does not connect employees who have not signed.

According to *Weaving a Secure Web Around Education* (National Center for Education Statistics (NCES), 2003), a school district's acceptable use policy should contain the following:

- Notice of the rights and responsibilities of computer and network users;
- Notice of legal issues, such as copyright and privacy;
- Notice of acceptable content and conduct on the network;

- Description of behaviors that could result in disciplinary action; and
- Description of the range of disciplinary options, including the removal of access privileges.

An acceptable use policy helps protect both the organization supplying computer access and the user. It protects the organization by restricting the behavior of users and the user has knowledge of the parameters of use.

Enforcement of the policy has been to restrict use rather than to address the reasons for failure to sign. Because of the costly nature of purchasing and maintaining technology equipment, a school district should ensure these resources are used for school related issues, school correspondence, or educational purposes. The adoption of a written policy regarding the proper use of technology provides the opportunity to inform the District's employees and students about what functions are appropriate and which require discipline.

**R6.20 CCSD should implement a formal disaster recovery plan for key technology systems to comply with Board policies. The plan should include detailed strategic information that will guide actions during a crisis. CCSD should conduct internal, low-cost research to develop a more comprehensive outline of action steps and necessary decisions. Developing a disaster recovery plan prepares an organization for recovery from a breach in security, a natural disaster, or other catastrophic event as quickly and efficiently as possible. By exploring the details of possible crises ahead of time, CCSD may be able to develop agreements and procedures that will expedite crisis decision-making and alleviate foreseeable problems. Once developed, the plan should be audited and updated by the District at least annually.**

CCSD does not have a disaster recovery plan. Board policy requires the District to establish an electronic data processing disaster recovery plan. CCSD uses backup tapes and UPS portable backup generators on District computers as the extent of its preparedness to preserve and recover data systems during or following a crisis.

According to *Safeguarding Your Technology* (National Center for Education Statistics, 1998), a school district should build a disaster recovery team, obtain and/or approximate key information, perform and/or delegate duties, specify details within the plan, test the plan frequently, and update the plan regularly. Without testing, a district will not be able to ensure that problems have been identified before an actual catastrophic failure occurs.

**Table 6-9** identifies best practices cited in the *Eagle Pass School District Audit* (Texas School Performance Review, 2001) for planning and development of a disaster recovery document.

**Table 6-9: Key Elements of a Disaster Recovery Plan**

<b>Build Disaster Recovery Team</b>	<ul style="list-style-type: none"> <li>Identify a disaster recovery team that includes key policy makers, building management, end-users, key outside contractors and technical staff.</li> </ul>
<b>Obtain and/or approximate key information</b>	<ul style="list-style-type: none"> <li>Develop an exhaustive list of critical activities performed within the district.</li> <li>Develop an estimate of the minimum space and equipment necessary for restoring essential operations.</li> <li>Develop a period for starting initial operations after a security incident.</li> <li>Develop a key list of personnel and their responsibilities.</li> </ul>
<b>Perform and/or delegate duties</b>	<ul style="list-style-type: none"> <li>Create an inventory of all assets, including data, software, hardware, documentation, and supplies.</li> <li>Set up reciprocal agreements with comparable organizations to share each other's equipment in an event of an emergency at one site.</li> <li>Make plans to procure hardware, software, and other equipment to ensure mission-critical activities are resumed with minimal delay.</li> <li>Establish contractual agreements with backup sites.</li> <li>Identify alternative meeting and start-up locations to be in used in case regular facilities are damaged or destroyed.</li> <li>Prepare directions to all off-site locations.</li> <li>Establish procedures for obtaining off-site backup records.</li> <li>Gather and safeguard contact information and procedures.</li> <li>Arrange with manufacturers to provide priority delivery of emergency orders.</li> <li>Locate support resources that might be needed (i.e. trucking and cleaning companies).</li> <li>Establish emergency agreements with data recovery specialists.</li> </ul>
<b>Specify details within the plan</b>	<ul style="list-style-type: none"> <li>Identify the roles and responsibilities by name and job title so everyone knows exactly what needs to be done.</li> <li>Define actions in advance of a disaster.</li> <li>Define actions to be taken at the onset of a disaster to limit damage, loss, and compromised integrity.</li> <li>Identify actions to be taken to restore critical functions.</li> <li>Define actions to be taken to re-establish normal operations.</li> </ul>
<b>Test the plan</b>	<ul style="list-style-type: none"> <li>Test the plan frequently and completely.</li> <li>Analyze test results to determine further needs.</li> </ul>
<b>Deal with the damage appropriately</b>	<ul style="list-style-type: none"> <li>If a disaster occurs, document all costs and videotape the damage. Be prepared to overcome downtime, insurance settlements can take time to resolve.</li> </ul>
<b>Give consideration to other significant issues</b>	<ul style="list-style-type: none"> <li>Do not make the plan unnecessarily complicated.</li> <li>Make one individual responsible for maintaining the plan, but have it structured so that others are authorized and prepared to implement if it is necessary.</li> <li>Update the plan regularly and whenever changes are made to the system.</li> </ul>

Source: National Center for Education Statistics, Safeguarding your Technology, modified by Texas School Performance Review, Eagle Pass School District audit.

According to **Table 6-9**, a school district should build a disaster recovery team, obtain key information, perform and delegate duties, specify details, test the plan, and update the plan regularly. CCSD does not conduct these necessary planning and testing elements. As a result, it may be unable to identify problems before an actual catastrophic failure occurs.

The technology staff focuses on maintenance issues and daily operations. Limited budgets have reduced the ability to focus on this type of planning issue. While CCSD uses backup tapes to assist in restoring data following a crisis, it has not developed action steps to follow during an emergency. Since OMERESA protects a majority of the data, much of the necessary support is equipment-based recovery. The District purchased UPS units to assist with these types of failures, but without a written policy regarding disaster recovery, it may not know what steps to follow in order to repair or replace its systems. This is especially important in the event technology staff are not available. Once a written disaster recovery plan is in place, CCSD will be better organized and efficient in the event of a disaster.

## Financial Implications Summary

The following table lists quantifiable annual implementation costs associated with the recommendations in this section.

**Table 6-10: Summary of Financial Implications for Technology**

<b>Recommendation</b>	<b>Annual Implementation Costs</b>
<b>R6.2</b> Adopt a five-year replacement cycle	\$102,000
<b>R6.6</b> Develop a staffing policy for technical support and increase the number of technicians	\$13,000
<b>Total</b>	<b>\$115,000</b>

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**DISTRICT RESPONSE**

## **District Response**

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The letter that follows is the Cambridge City School District's (Cambridge CSD or the District) official response to the performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When the officials disagreed with information contained in the report and provided supporting documentation, the audit report was revised.

In its official response, the District expressed concern with implementing **R5.1** that pertains to reducing transportation services to a level closer to State minimum requirements. It should be noted that **R5.1** is contingent upon the District continuing to experience financial difficulties. Prior to public release of the performance audit, language was clarified in **R5.1** in the transportation section and in the executive summary to acknowledge the following: prior to reducing transportation services, the Board and administrators should review other cost-saving strategies without changing service levels, and ensure that the safety of the students would not be compromised by reducing transportation services levels.



April 23, 2008

The Honorable Mary Taylor, CPA  
Auditor of State  
Lausche Building, 12<sup>th</sup> Floor  
615 W. Superior Avenue  
Cleveland, Ohio

Re: Performance Audit of Cambridge City School District

Dear Auditor Taylor:

As you know, Cambridge City School District was placed in fiscal caution in February, 2006. As a result, the District was selected to receive a comprehensive performance audit of the operations of the District at no cost to Cambridge City Schools.

During fiscal year 2005, the District realized that significant reductions in expenditures were necessary. Over the past several years, the District has continued to reduce expenditures in order to operate in a fiscally responsible manner. The District has reduced the budgeted annual expenditures of the General Fund in excess of \$5.2 million dollars over the past three fiscal years.

On behalf of the Cambridge City School District Board of Education and Administrative Team, we would like to express our appreciation for the time, effort, and energy expended by your staff in gathering the information necessary to develop this performance audit report. A special thank you goes to Jim Pyers and the performance audit team for their efforts to understand the diversity of our district and to communicate with us throughout the audit process.

The result has been an audit document that the Cambridge City School District believes support the fiscal measures we have taken to date and will assist in our efforts to refine efficiency and effectiveness of our operations, while we continue to provide a quality education to the students in our district.

The District appreciates the acknowledgement your office has given to specific noteworthy accomplishments identified during the audit:

- Staffing Reductions – During the course of the audit, the District approved staffing reductions effective with 2007-2008 fiscal year that AOS did not incorporate into this assessment;
- Discretionary Spending – The District limited its discretionary spending during the last years indicating that the District has taken effective action to limit expenditures that are within its direct control;
- Providing Computer to Teachers – The 2006 BETA Survey reports that more District teachers have a computer (94.9%) compared to peer districts (85.5%) or the State (83.2%);
- Disposition of Used Oil – The District incurs no costs associated with the disposition of its used oil, and disposes its used oil in accordance with OEPA & OAC regulations;
- Protective Software: The District uses targeted software products to provide additional protections to the District beyond the traditional security software;
- Cable Television: The District uses cable television to provide a continuous daily listing of announcements on an internal District channel;
- Video Standards and Delivery System: The District exceeds peer districts and the State by having all buildings compliant with IP video standards, only 25.5% of peer districts and 38% of districts in the State use these types of video delivery.

Despite these accomplishments, the district acknowledges that there are areas that can be improved upon. Sixteen recommendations that contain financial implications are made in the audit. Five of those recommendations have already been implemented (or partially implemented) by the district.

- R3.3 – Reduce regular teaching staff by 14.0 FTEs. Effective with the 2007-2008 school year, a total of 13.0 FTE teaching positions were reduced by the District resulting in significant annual cost savings in excess of \$500,000;
- R3.5 – Reduce clerical staffing by 1.0 FTE – Effective during the 2007-2008 school year, 1.0 FTE was reduced at the Administrative Offices;
- R5.2 – Reduce bus driver staffing by 4.0 FTEs – Effective with the 2007-2008 school year, a total of 2.0 FTEs bus drivers were reduced by the District;

- R5.7 – Avoid purchasing any more buses for several years – The District has not budgeted for the purchase of a bus during the 2007-2008 school year.
- R5.10 – Charge for non-routine bus miles. Effective with the 2006-2007 school year, a pay-to-participate fee was implemented to offset the cost of transportation to and from athletic and band competitions resulting in approximately \$30,000 of general fund transportation fees collected.

The objective of this performance audit is to assist the District in identifying strategies to eliminate the conditions that brought about the fiscal caution declaration. The District has proactively reviewed and implemented financial reduction plans over the past three fiscal years. The District's 2007-2008 financial reduction plan included several of the same expenditure reductions contained in the audit report as noted above. As a result of implementation of the five recommendations reflected above containing financial implications, the District has reduced expenditures by \$661,737 or 51% of the total recommendations not subject to negotiations included in the performance audit report.

The Cambridge City School District intends to seriously study the recommendations that have been made throughout the performance audit report. Undoubtedly many of these additional recommendations will be implemented over time. However, the District has concerns regarding R5.1 regarding transportation which recommends the District implement State minimums and transport 444 fewer students. Although there is significant financial savings attached to this recommendation, the District does not believe the reduction of transportation services is in the best interest to the safety and education of our students. Because of the high level of poverty in our District, the absence of adequate infrastructure for walkways, and the square miles contained in our district (82 miles), our school community would not have the ability to transport themselves financially or safely to school each day. This would drastically affect student attendance and the educational process.

Again, on behalf of the Cambridge City School District Board of Education and Administrative Team, we would like to thank you for your valuable assistance in helping to develop a more efficient and effective school district. We will use this report in every feasible way to improve the services the district provides to the students and the residents of the Cambridge City School District.

With kind regards,

CAMBRIDGE CITY SCHOOL DISTRICT



Dan Carpenetti  
President, Board of Education



Susan Tucker  
Treasurer/Business Manager