



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of the Buckeye Local School District,

The Auditor of State's Office selected the Buckeye Local School District (BLSD or the District) for a performance audit based on its projected financial condition. This performance audit was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the District's overall economy, efficiency, and/or effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management.

The District has been encouraged to use the management information and recommendations contained in the performance audit report. However, the District is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

SkinnyOhio.org: This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

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

Sincerely,

Dave Yost
Auditor of State
August 3, 2018

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Table of Contents

Executive Summary	1
Purpose and Scope of the Audit.....	1
Performance Audit Overview	1
Audit Methodology.....	1
Summary of Recommendations.....	4
District Staffing Overview.....	5
Background.....	7
Recommendations.....	9
R.1 Implement long range strategic, financial, and capital plans	9
R.2 Improve financial communication	10
R.3 Improve budgeting practices	11
R.4 Consider reducing the subsidy of extracurricular activities to local peer level	11
R.5 Eliminate 2.0 FTE central office administrative positions.....	13
R.6 Eliminate 11.0 FTE general education teacher positions.....	14
R.7 Eliminate 5.0 FTE career-technical teacher positions.....	15
R.8 Eliminate 2.5 FTE music education teacher positions	16
R.9 Eliminate 3.0 FTE physical education teacher positions	17
R.10 Eliminate 1.0 FTE computer operating position	18
R.11 Eliminate 0.5 FTE central office clerical position	19
R.12 Eliminate 0.5 FTE bookkeeping position.....	20
R.13 Renegotiate collective bargaining agreement provisions.....	21
R.14 Adhere to ODE’s T Form guidelines	21
R.15 Use the DAS Cooperative Purchasing Program for fuel purchasing	23
R.16 Implement formal bus replacement and preventive maintenance plans	24
R.17 Make additional reductions to address remaining deficit.....	25
Appendix A: Scope and Objectives	28
Appendix B: Additional Comparisons.....	29
Appendix C: Five-Year Forecasts.....	43
Client Response	45

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Executive Summary

Purpose and Scope of the Audit

In consultation with the Ohio Department of Education (ODE), the Auditor of State (AOS) determined that it was appropriate to conduct a performance audit of Buckeye Local School District (BLSD or the District) pursuant to Ohio Revised Code (ORC) § 3316.042. The purpose of this performance audit was to improve BLSD's financial condition through an objective assessment of economy, efficiency, and/or effectiveness of its operations and management. See **Background** for a full explanation of the District's financial condition.

In consultation with the District, the Ohio Performance Team (OPT) selected the following scope areas for detailed review and analysis: Financial Management, Human Resources, Facilities, and Transportation. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

The United States Government Accountability Office develops and promulgates Government Auditing Standards that establish a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as Generally Accepted Government Auditing Standards (GAGAS).

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

Audit Methodology

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

- Peer districts;
- Industry standards;
- Leading practices;

- Statutes; and
- Policies and procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and higher academic performance. A “Local Peers” set was selected for a comparison of compensation, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. Finally, a “Transportation Peers” set was selected for transportation operating and spending comparisons. This peer set was selected specifically for transportation operational comparability and included only those districts with a similar size in square miles and population density; two significant factors that impact transportation efficiency. **Table 1** shows the Ohio school districts included in these peer groups.

Table 1: Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Bellevue CSD (Huron County) • Claymont CSD (Tuscarawas County) • Edison LSD (Jefferson County) • Fairless LSD (Stark County) • Indian Valley LSD (Tuscarawas County) • Minerva LSD (Stark County) • Morgan LSD (Morgan County) • North Fork LSD (Licking County) • River View LSD (Coshocton County) • Washington-Nile LSD (Scioto County)
Local Peers (Compensation, and Bargaining Agreements)
<ul style="list-style-type: none"> • Harrison Hills City School District (Harrison County) • Indian Creek Local School District (Jefferson County) • Martin’s Ferry City School District (Belmont County) • St. Clairsville-Richland City School District (Belmont County)
Transportation Peers
<ul style="list-style-type: none"> • Beaver Local School District (Columbiana County) • Bellevue City School District (Huron County) • Clearfork Valley Local School District (Richland County) • Indian Valley LSD (Tuscarawas County) • North Fork LSD (Licking County)

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. Sources of industry standards or leading practices used in this audit include: the American Public Works Association (APWA), American Schools & University (AS&U), the Ohio Department of Administrative Services (DAS), the Government Finance Officers Association (GFOA), the Ohio Department of Education (ODE), and the National Association of State Directors of Pupil Transportation Services (NASDPTS). District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the ORC were also assessed.

The performance audit involved information sharing with the District, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the District of key issues impacting selected areas, and shared proposed recommendations to improve operations. The District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the elected officials, management, and employees of the Buckeye Local School District for their cooperation and assistance throughout this audit.

Summary of Recommendations

The following table summarizes performance audit recommendations and financial implications, where applicable.

Table 2: Summary of Recommendations

	Recommendations	Savings
R.1	Implement long range strategic, financial, and capital plans	N/A
R.2	Improve financial communication	N/A
R.3	Improve budgeting practices	N/A
R.4	Consider reducing the subsidy of extracurricular activities to local peer level	\$56,600
R.5	Eliminate 2.0 FTE administrative positions	\$190,700
R.6	Eliminate 11.0 FTE general education teacher positions	\$567,400
R.7	Eliminate 5.0 FTE career-technology teacher positions	\$257,900
R.8	Eliminate 2.5 FTE music teacher positions	\$128,900
R.9	Eliminate 3.0 FTE physical education teacher positions	\$154,700
R.10	Eliminate 1.0 FTE computer operating assignment position	\$54,000
R.11	Eliminate 0.5 FTE clerical position	\$24,200
R.12	Eliminate 0.5 FTE bookkeeping position	\$31,200
R.13	Renegotiate collective bargaining agreement provisions	N/A
R.14	Adhere to ODE’s T form guidelines	N/A
R.15	Use the DAS Cooperative Purchasing Program for fuel purchasing	\$12,700
R.16	Implement formal bus replacement and preventive maintenance plans	N/A
R.17	Make additional reductions to address remaining deficit	\$392,700
Total Cost Savings from Performance Audit Recommendations		\$1,871,000

Table 3 shows the District’s ending fund balances as projected in the October 2017 five-year forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances.

Table 3: Financial Forecast with Performance Audit Recommendations

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Original Ending Fund Balance	(\$1,041,008)	(\$2,740,487)	(\$4,943,205)	(\$7,684,277)
Cumulative Balance of Performance Audit Recommendations	\$1,871,000	\$3,774,200	\$5,711,400	\$7,684,300
Revised Ending Fund Balance	\$829,992	\$1,033,713	\$768,195	\$23

Source: BLSD, ODE, and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practicable there may be a reasonable delay in doing so. As a result, cost savings have been applied to FY 2018-19 through FY 2021-22 only.

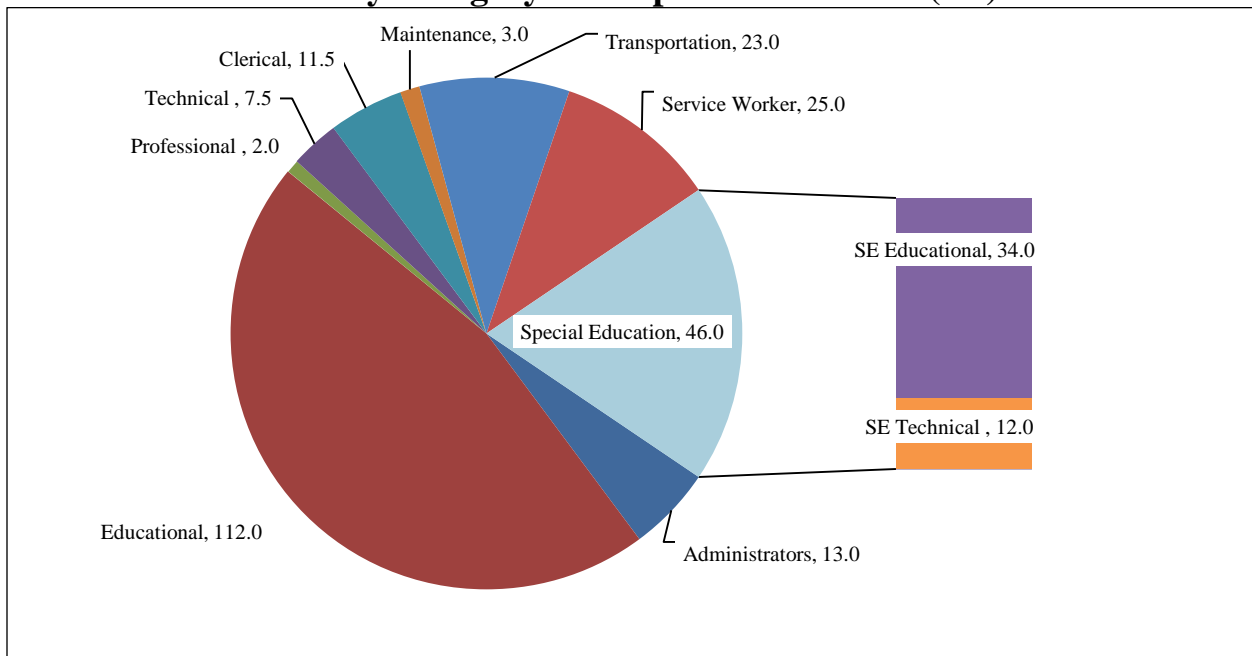
As shown in Table 3, implementing the performance audit recommendations would allow the District to avoid forecasted deficits throughout the five-year forecast.

District Staffing Overview

The appropriateness of staffing levels is significant to both the operational and financial conditions within school districts. Operational decisions such as classroom sizes, class offerings, and other non-educational service levels collectively drive the need for overall staffing total. Specifically, personnel costs (i.e., salaries and benefits) accounted for 64.7 percent of BLSD’s General Fund expenditures in FY 2016-17, a significant impact on the District’s budget and financial condition.

Chart 1 shows BLSD’s FY 2017-18 full time equivalent (FTE) staffing levels by category with special education staffing broken out for informational purposes only.

Chart 1: FTEs by Category with Special Education (SE) Breakout



Source: BLSD

As shown in **Chart 1**, BLSD employed a total of 243.0 FTE in FY 2017-18. Of this total, 46.0 FTEs, or 18.9 percent, were specifically dedicated to special education services. The remaining 197.0 non-special education FTEs were evaluated in each of the eight staffing categories shown in **Chart 1**.

Categories where staffing levels were compared to the primary peer average included administrators (see **R.5**), clerical (see **Table B-2**), educational (see **R.6**, **R.7**, and **R.8**), professional (see **Table B-1**), and technical staff (see **R.9**). Administrative, clerical, educational and technical staffing were categories where the District’s staffing per 1,000 students exceeded the primary peer average. Maintenance (see **Table B-5**), and service workers (see **Table B-5**) were assessed using workload measures and benchmarks rather than peer averages, as these positions operate in areas that have industrywide developed gauges of efficiency and effectiveness.

Due to its financial condition, the District may need to consider reducing staffing levels below the respective peer averages and benchmarks used in the staffing analyses (see **R.17**).

It is possible that in pursuing the options necessary to balance the budget and achieve fiscal stability, the District could face the unintended consequence of reductions in future federal aid and/or the need to repay federal funds previously received, due to inability to meet federal maintenance of effort (MOE) requirements. Federal funding is designed to supplement local operations within specific program areas such as Title I, Title II, and IDEA Part B. Because this funding is meant to be supplemental, MOE requirements are put into place to ensure that all schools maintain an acceptable level of local spending rather than shifting to an over-reliance on federal funding, also referred to as supplanting.

Federal funds are supplemental to District operations and pursuit of these supplemental funds does not alleviate the obligation to maintain a balanced budget. In exercising the responsibility to maintain a balanced budget, the District will need to critically evaluate the potential impact of planned changes on program expenditures and/or census/enrollment (i.e., the two major inputs used to calculate MOE).

ODE is charged with monitoring school districts' compliance with MOE requirements and is also in a position of working with districts to facilitate seeking a waiver from the US Department of Education, where available within the grant guidelines, when certain conditions are evident.¹ Two such conditions specific to Title I include:

- An exceptional or uncontrollable circumstance such as natural disaster; and
- A precipitous decline in financial resources (e.g., due to enrollment or loss of tax revenue).

The District should pursue necessary steps to balance, achieve, and maintain long-term fiscal stability, while working with ODE to minimize any unnecessary, unforeseen consequences, including seeking a waiver of MOE requirements, if available.

It is important to note that the provision of special education services may have a significant impact on BLSD's overall operating cost and staffing levels. However, the appropriateness of the District's special education cost and staffing were not evaluated as a part of this performance audit. Where applicable, special education staffing information is included for informational purposes only. All conclusions regarding the relative appropriateness of staffing are based solely on non-special education staff for both the District and the primary peers.

¹ IDEA Part B does not have a MOE waiver option.

Background

In May 2017, the District released its semi-annual five-year forecast which showed progressively declining year-end fund balances beginning in FY 2018-19. This forecast served as the primary impetus of the performance audit. **Table 4** shows BLSD's total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balance as projected in its May 2017 five-year forecast. This information is an important measure of the financial health of the District and serves as the basis for identification of fiscal distress conditions, possibly leading to formal designation by AOS and ODE.

Table 4: BLSD Financial Condition Overview (May 2017)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Total Revenue	\$21,834,936	\$21,820,362	\$21,299,390	\$21,561,008	\$21,830,474
Total Expenditure	\$21,836,423	\$22,216,495	\$22,523,705	\$23,275,163	\$23,713,647
Results of Operations	(\$1,487)	(\$396,133)	(\$1,224,315)	(\$1,714,155)	(\$1,883,173)
Beginning Cash Balance	\$634,928	\$633,441	\$237,308	(\$987,007)	(\$2,701,162)
Ending Cash Balance	\$633,441	\$237,308	(\$987,007)	(\$2,701,162)	(\$4,584,335)
Ending Fund Balance	\$633,441	\$237,308	(\$987,007)	(\$2,701,162)	(\$4,584,335)

Source: BLSD and ODE

As shown in **Table 4**, the District's May 2017 five-year forecast projects a deficit of approximately \$987,000 in FY 2018-19. This deficit condition is a direct result of a steady increase in expenditures with no growth in revenues. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$4.5 million by FY 2020-21.

In October 2017, the District released an updated financial forecast as required by ODE. **Table 5** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balances.

Table 5: BLSD Financial Condition Overview (October 2017)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Revenue	\$21,316,212	\$21,367,898	\$21,427,646	\$21,487,412
Total Expenditures	\$22,549,677	\$23,067,377	\$23,630,364	\$24,228,484
Results of Operations	(\$1,233,465)	(\$1,699,479)	(\$2,202,718)	(\$2,741,072)
Beginning Cash Balance	\$192,457	(\$1,041,008)	(\$2,740,487)	(\$4,943,205)
Ending Cash Balance	(\$1,041,008)	(\$2,740,487)	(\$4,943,205)	(\$7,684,277)
Ending Fund Balance	(\$1,041,008)	(\$2,740,487)	(\$4,943,205)	(\$7,684,277)

Source: BLSD and ODE

As shown in **Table 5**, the District's projected deficit for FY 2020-21 increased from approximately \$4.5 million, as shown in the May 2017 five-year forecast, to approximately \$4.9 million. Additionally, the deficit is projected to increase to over \$7.6 million by FY 2021-22. This increased deficit is a result of further expected decreases in revenue due to more students opting to enroll out to nearby districts and decreased commercial activity tax (CAT) revenues

because of an electricity generator being shut down.² ODE has contacted District officials requesting a cost reduction plan to sufficiently address its forecasted deficits. This plan, which was required to be completed by December 31, 2017, includes not filling a vacant custodial position and estimates 20 additional positions would need to be eliminated to save \$980,000.

² The commercial activity tax (CAT) is an annual tax imposed on the privilege of doing business in Ohio, measured by gross receipts from business activities in Ohio. The District expects to lose \$500,000 annually beginning January in FY 2017-18.

Recommendations

R.1 Implement long range strategic, financial, and capital plans

The District does not engage in long-term strategic, capital, or financial planning. District officials, instead, rely on reactive decisions focused on day-to-day operations.

Establishment of Strategic Plans (Government Finance Officers Association (GFOA), 2005) defines strategic planning as “a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization’s mission, and achieve consensus on strategies and objectives for achieving that mission.” Key steps in the strategic planning process include:

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

In addition to strategic planning, the GFOA also provides guidance on financial planning and capital planning. *Long-Term Financial Planning* (GFOA, 2008) specifies that long-term financial planning should encompass the following elements:

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

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

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

The District should concurrently develop a strategic plan and long-term financial plan. As part of these plans, the District should create a capital improvement plan for all capital assets. The absence of these plans puts the District at risk of not fully evaluating the relationship between its spending decisions and program or operational outcomes. This, in turn, increases the risk of inefficiently and/or ineffectively addressing needs.

R.2 Improve financial communication

The District's website lacks financial data or information as well as links to commonly included websites such as the AOS fraud tip line and ODE five-year forecasts. District officials are aware of the need to provide community members with more detailed information. The administration also stated that, in the past, the Board has not routinely requested additional details of the financial statements.

Public Participation in Planning, Budgeting, and Performance Management (GFOA, 2009) recommends governments incorporate public participation efforts in planning, budgeting and performance management results processes. Public participation can take many forms but for BLSD, providing information to the public should be the starting point. The GFOA states that information sharing can include the following approaches:

- Newsletters;
- Public notices in community media;
- Public hearings;
- Public reports, such as budgets in brief, popular annual financial reports or performance reports;
- Websites; and/or
- Individual or group emails, phone calls, and in person contact.

Good public participation practices can help governments be more accountable and responsive. It can also improve the public's perception of the government's performance and the value the public receives from the government. For BLSD, the District should improve its website and implement the newsletters and any other techniques for improving communication with its stakeholders.

R.3 Improve budgeting practices

The Board passes an appropriation measure annually, but there are no additional budget documents such as a building or department level budgets to guide micro-level spending. In the past, as now, the District has lax controls over all spending requests approvals.

Best Practices in School District Budgeting (GFOA, 2015) recommends that all districts go through the following steps as part of their planning and budgeting process:

- Step one deals with planning and preparing which includes data and information gathering on the academics as well as costs.
- Step two focuses on rooting the budget in the District's priorities by developing goals and identifying the root cause between goals and the current state.
- Step three focuses on paying for the priorities. This is also where decisions must be made about how to pay for the educational priorities, while also quantifying how much money is needed for each priority and where tradeoffs are made.
- Step four focuses on implementing the plan.
- Step five is to ensure sustainability, meaning that in order to achieve its goals, the District must monitor its progress while adjusting when needed to stay on track.

Because BLSD has never engaged in a formal budgeting process, it has no clear road map for its spending decisions, as evidenced by its lax controls over purchasing. Specifically BLSD, should develop a communication strategy (see also **R.2** for financial communication) because the budget process should include stakeholders and explain how decisions were made. Also, the District should apply a cost and staffing analysis to the budget process, allocate the resources needed for individual school sites and departments in a transparent method and consistent to the overall goals and strategy.

R.4 Consider reducing the subsidy of extracurricular activities to local peer level

In FY 2016-17, the District expended approximately \$501,900 on student extracurricular activities, which included the salaries and benefits of directors, coaches, advisors, supplies and materials, transportation services, awards and prizes, and other miscellaneous expenditures. A portion of these expenditures were offset by generating revenue of approximately \$167,700 from receipts for admissions, sales, and other extracurricular activities. As a result, the District incurred a net cost for student extracurricular activities in FY 2016-17 of approximately \$334,100. In turn, the amount of the net cost of extracurricular activities represents the amount of subsidy from the General Fund.

Table 6 shows a comparison of the District's FY 2016-17 student extracurricular activity net cost per pupil to the local peer average. This comparison helps to determine whether the District's net cost for student extracurricular activity programs was consistent with the local peers.

Table 6: Extracurricular Net Cost Comparison

	BLS D			Local Peer Avg.
Students			1,811.0	1,695.3
Activity Type	Rev.	Exp.	Net Cost	
Academic Oriented	\$0	\$62,339	(\$62,339)	(\$98,709)
Occupation Oriented	\$0	\$0	\$0	(\$4,785)
Sport Oriented	\$0	\$374,826	(\$374,826)	(\$312,069)
School & Public Service Co-Curricular	\$0	\$64,803	(\$64,803)	(\$104,844)
Bookstore Sales	\$0	\$0	\$0	\$0
Other Extracurricular	\$0	\$0	\$0	\$37,889
Non-specified	\$167,774	\$501,968	(\$334,193)	\$222,757
Total	\$167,774	\$501,968	(\$334,193)	(\$259,763)
			Net Cost per Pupil	(\$184.54)
				(\$153.23)

Source: BLS D and ODE

As shown in **Table 6**, the District’s student extracurricular activity net cost per pupil of \$184.54 was \$31.31, or 20.4 percent, higher than the local peer average. Although this signifies that the District’s costs are greater than the local peers, BLS D generated less revenue to support its programs so its reliance on the General Fund is larger as evidenced by the greater net loss. While it is common for school districts in Ohio to subsidize extracurricular costs with General Fund money, the existence of a net cost places a burden on the General Fund equal to the amount of the net cost. Given the severity of its forecasted deficit condition (see **Table 4** and **Table 5** in **Background**), the District should evaluate all available options to reduce expenditures and/or increase revenue for student extracurricular activities.

In order to reduce the General Fund subsidy, the District must increase revenue and/or decrease expenditures. This can be achieved by implementing one or more of the following:

- Increase pay to participate fees for sports;
- Increase admissions and sales;
- Increase booster club funding;
- Reduce the supplemental salary schedule; and/or
- Eliminate programs.

Making these changes would help reduce the General Fund subsidy, allowing more resources to be dedicated to student instruction. In the past, the District has not been willing to implement pay to participate fees or increase admissions and sales, however, administrators stated they are examining all activities offered and the supplemental salary schedules.

In order to fully address the deficit, the District will also need to consider full elimination of the General Fund subsidy of extracurricular activities (see **R.17**).

Financial Implication: Reducing expenditures and/or increasing revenue so that the General Fund subsidy to the Student Extracurricular Activity Fund is consistent with local peers could save the District **\$56,600** annually.

R.5 Eliminate 2.0 FTE central office administrative positions

Administrators include personnel who perform management activities, such as developing policies and executing them through the direction of staff members at all levels. BLSD employs 13.0 FTE administrators comprised of the Superintendent and Treasurer (each 1.0 FTE), 6.0 FTE building level administrators,³ and 5.0 FTE central office administrators.

Central office administrators are responsible for a variety of functions, including educational and operational management. BLSD’s central office administrators include the Assistant Superintendent/Director of Curriculum Instruction and Professional Development, the Maintenance Supervisor, the Administrative Coordinator of Special Programs, the Education Administrative Specialist (who primarily oversees the teacher evaluation system), and the Transportation Director/Anti-Harassment and Bullying Compliance Officer. **Table 7** shows a comparison of the District’s FY 2017-18 central office administrative staffing per 1,000 students educated compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 7: Central Office Administrator Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Administrative Assistant	1.00	0.58	0.12	0.46	0.79
Supervisor/Manager	1.00	0.58	0.70	(0.12)	(0.21)
Coordinator	1.00	0.58	0.57	0.01	0.02
Education Administrative Specialist	1.00	0.58	0.00	0.58	1.00
Director	1.00	0.58	0.12	0.46	0.79
Building Manager	0.00	0.00	0.06	(0.06)	(0.10)
Other Official/Administrative	0.00	0.00	0.12	(0.12)	(0.21)
Total	5.00	2.90	1.69	1.21	2.08

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of central administrator FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 7**, the District’s central office administrative staffing is 2.08 FTE higher than the primary peer average. While the need for these positions is dependent on the type and level of services provided within a school district, BLSD should consider reducing its central office

³ A detailed analysis of building level administrators (i.e., principals and assistant principals) showed BLSD to be in line with benchmarks, resulting in an assessment not yielding recommendation (see **Table B-1** in **Appendix B**).

administrative staffing level by 2.0 FTEs by integrating or distributing functions to other positions within the District.

Financial implication: Eliminating 2.0 FTE central office administrative positions could save the District approximately **\$190,700** in salaries and benefits in FY 2018-19.⁴ This was calculated using salaries and benefits of the least tenured central office administrative positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.6 Eliminate 11.0 FTE general education teacher positions

General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the district-wide ratio of general education teachers to students to be at least 1.0 FTE classroom teacher for every 25 regular students. This category excludes teaching staff in other areas such as gifted, special education, and educational service personnel.

Table 8 shows a general education teacher staffing comparison using BLSD’s FY 2017-18 general education staffing and the FY 2016-17 primary peer average. Comparing teacher staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 8: General Education Teacher Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Table 8: General Education Teacher Comparison					
Position	BLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
General Education Teachers	89.00	51.65	45.24	6.41	11.04

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of general education teacher FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 8**, BLSD’s general education teacher staffing was 11.04 FTE above the primary peer average. Reducing 11.0 FTE positions would result in a ratio in line with the primary peer average. All staffing decisions must be balanced with the fiduciary responsibility to adapt to financial realities and maintain a solvent operation. Prior to making any reductions, the District should review staffing in all areas to determine appropriate service levels based on programmatic needs and responsibilities.

⁴ The value of the savings from this recommendation is projected to increase by 1.8 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

In order to fully address the deficit, the District will need to consider additional reductions to staffing levels (see **R.17**).

Financial Implication: Eliminating 11.0 FTE general education teachers could save approximately **\$567,400** in salaries and benefits for FY 2018-19.⁵ The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the 21.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.7**, **R.8**, and **R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.7 Eliminate 5.0 FTE career-technical teacher positions

According to ORC § 3313.90, each city, local and exempted village school shall provide career technical education to students in grades 7-12 either by establishing and maintaining its own education program, becoming a member of a joint vocational school district, or contracting for career-technical education with a joint vocational school district or another school district to provide the programs. To provide these services, BLSD uses the Jefferson County JVS located in Bloomingdale, Ohio. In addition to the JVS career tech courses, BLSD also employs 8.0 FTEs who teach theater, business, and home economics courses.

Table 9 shows BLSD’s career-technical teacher staffing per 1,000 students for FY 2017-18 compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 9: Career-Technical Teaching Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14.0)	
Students Educated (Thousands)	1.723		1.737	(0.014)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Career-Technical Programs/Career Pathways	8.0	4.64	1.61	3.03	5.22

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of career technical FTEs per 1,000 students in line with the primary peer average.

⁵ The value of the savings from this recommendation is projected to increase by 2.3 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

Table 9 shows that the District's career-technical teacher staffing level is 5.22 FTEs above the primary peer average.

Financial Implication: Eliminating 5.0 FTE career-technical teaching positions could save approximately **\$257,900** in salaries and benefits for FY 2018-19.⁶ The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the 21.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.6**, **R.8**, and **R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.8 Eliminate 2.5 FTE music education teacher positions

Educational service personnel (ESP) teacher positions include K-8 art, music, and physical education teachers as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.⁷ In FY 2017-18, the District employed 5.0 FTE music teachers. The District does not offer art.

Table 10 shows the District's FY 2017-18 music education staffing per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 10: Music Education Teacher Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14.0)	
Students Educated (Thousands)	1.723		1.737	(0.014)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Music Education K-8	5.00	2.90	1.39	1.51	2.60

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of music education FTEs per 1,000 students in line with the primary peer average.

⁶ The value of the savings from this recommendation is projected to increase by 2.3 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

⁷ Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students." This revision effectively eliminated State minimum staffing levels for ESP staffing.

As shown in **Table 10**, BLSD had a staffing level that was 2.60 FTE music education teachers higher than the primary peer average.

Financial Implication: Eliminating 2.5 FTE music teacher positions could save approximately **\$128,900** in salaries and benefits for FY 2018-19.⁸ The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the 21.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.6**, **R.7**, and **R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.9 Eliminate 3.0 FTE physical education teacher positions

Educational service personnel (ESP) teacher positions include K-8 art, music, and physical education teachers as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.⁹ In FY 2017-18, the District employed 5.0 FTE physical education teachers.

Table 11 shows the District’s FY 2017-18 physical education teacher staffing per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 11: Physical Education Teacher Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14.0)	
Students Educated (Thousands)	1.723		1.737	(0.014)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Physical Education K-8	5.00	2.90	1.15	1.75	3.02

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of physical education FTEs per 1,000 students in line with the primary peer average.

⁸ The value of the savings from this recommendation is projected to increase by 2.3 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers’ compensation.

⁹ Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, “The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students.” This revision effectively eliminated State minimum staffing levels for ESP staffing.

As shown in **Table 11**, BLS D had a staffing level that was 3.02 FTE physical education teachers higher than the primary peer average.

Financial Implication: Eliminating 3.0 FTE physical education teacher positions could save approximately **\$154,700** in salaries and benefits for FY 2018-19.¹⁰ The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the 21.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.6**, **R.7**, and **R.8**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.10 Eliminate 1.0 FTE computer operating position

In FY 2017-18, BLS D employed 2.0 FTE computer operating staff. **Table 12** shows the District's FY 2017-18 computer operating staff per 1,000 students to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 12: Computer Operating Staff Comparison

Students	BLS D		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14.0)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	BLS D		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Computer Operating	2.00	1.16	0.40	0.76	1.31

Source: BLS D and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of physical education FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 12**, BLS D employed 1.0 FTE more computer operating staff than the peer average.

¹⁰ The value of the savings from this recommendation is projected to increase by 2.3 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

Financial Implication: Eliminating 1.0 FTE computer operating position could save approximately **\$54,000** in total salary and benefits costs for FY 2018-19.¹¹ This was calculated using the salary and benefit costs of the least tenured computer operating staff. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.11 Eliminate 0.5 FTE central office clerical position

BLSD employs 3.0 FTE clerical staff in the central office. **Table 13** shows the District's FY 2017-18 central office clerical staff per 1,000 students to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 13: Central Office Clerical Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Central Office Clerical ³	3.00	1.74	1.2	0.54	0.93

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of physical education FTEs per 1,000 students in line with the primary peer average.

³ Reflects clerical staff (EMIS position code 502) not assigned to a specific school building.

As shown in **Table 13**, central office clerical positions are 0.93 FTE above the primary peer average on a per 1,000 student basis. Reducing 0.5 FTE from the central office clerical would bring BLSD's staffing in line with the primary peer average.

Financial implication: Eliminating 0.5 FTE clerical staff could save approximately **\$24,200** in total salaries and benefits costs for FY 2018-19.¹² This was calculated using the salary and benefit costs of the least tenured central clerical and bookkeeping staff. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

¹¹ The value of the savings from this recommendation is projected to increase by 3.8 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

¹² The value of the savings from this recommendation is projected to increase by 4.4 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

R.12 Eliminate 0.5 FTE bookkeeping position

BLSD also employs 2.0 FTE in the bookkeeping position who are primarily responsible for Education Management Information System (EMIS) coding and treasurer office duties. **Table 14** shows the District's FY 2017-18 bookkeeping staff per 1,000 students to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 14: Bookkeeping Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	BLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Bookkeeping	2.00	1.16	0.78	0.38	0.65

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of physical education FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 14**, the District is 0.65 FTE above the primary peer average for this area. Reducing 0.5 FTE from the bookkeeping positions would bring BLSD's staffing in line with the primary peer average.

Financial Implication: Eliminating 0.5 FTE clerical staff could save approximately **\$31,200** in total salaries and benefits costs for FY 2018-19.¹³ This was calculated using the salary and benefit costs of the least tenured central clerical and bookkeeping staff. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

¹³ The value of the savings from this recommendation is projected to increase by 3.7 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

R.13 Renegotiate collective bargaining agreement provisions

The District has collective bargaining agreements (CBAs) with the Buckeye Local Classroom Teachers' Association (effective September 1, 2016 through June 30, 2019) for the certificated staff and the Ohio Association of Public School Employees (effective July 1, 2016 through June 30, 2019) for the classified staff. An analysis of these CBAs identified certain provisions that exceeded State minimum standards as set forth in the ORC and/or provisions in the local peer district contracts.

- **Sick Leave Accumulation and Severance Payout:** The certificated CBA allows employees to accumulate unlimited days of unused sick leave and the classified CBA allows a maximum of 275 days. The certificated and classified CBAs of the local peers have average maximum sick leave accumulation 259 days and 253 days, respectively, fewer than BLSD's maximums. Furthermore, ORC § 3319.141 establishes a sick leave accumulation level of only 120 days. Providing accumulation in excess of State minimum levels represents the potential for increased financial liability when sick leave is paid out to employees upon severance. Also, ORC § 124.39 states that school employees are entitled to be paid for a minimum of 30 days (i.e., 25 percent of 120 days) of unused sick leave at retirement. In contrast, BLSD's certificated employees are entitled to maximum severance payouts of 250 days and classified employees get 82.5 days, significantly higher than the ORC minimum. The local peers certificated and classified employees are entitled to average severance payouts of 121 days and 58 days, respectively.
- **Vacation Accrual:** The classified CBA entitles employees to accrue 555 vacation days over the course of a 30-year career. This is higher than the local peer average of 460 days and higher than the ORC § 3319.084 minimum requirement of 460 days. Providing employees with more vacation days could increase substitute and/or overtime costs. Direct savings from reducing the vacation schedule could not be quantified; however, a reduction would increase the number of available work hours at no additional cost to the District.

R.14 Adhere to ODE's T Form guidelines

In accordance with ORC § 3327.012 and OAC 3301-83-01, school districts in Ohio are required to submit annual T-1 and T-2 Forms to ODE. School districts are required to complete the T-1 Form by recording the average number of pupils enrolled and regularly transported to school as well as the average daily miles traveled for pupil transportation (excluding non-routine and extra-curricular miles) during the first full week of October. This data certifies the actual number and type of pupils transported, daily miles traveled, and buses used in the transportation program and is used for the calculation of the pupil transportation payment pursuant to ORC § 3327.012. Cost data is reported via the T-2 Form, which serves to certify the actual expenses incurred in the transportation of eligible pupils reported on the corresponding T-1 Form.

At BLSD, the Transportation Supervisor is responsible for collecting all transportation related data including, transportation expenditure information, from the Treasurer's Office to complete

the T Forms. ODE provides detailed instructions for completing both the T-1 and T-2 forms. In particular, it provides guidelines detailing how a district should properly code its students, mileage, and buses on the T-1 Form and the manner in which transportation related expenditures should be recorded on the T-2 Form.

Table 15 shows the District’s transportation expenditures as reported on the T-2 Form in comparison to the District’s actual expenditures for pupil transportation from FY 2012-13 through FY 2014-15. This analysis is important because it provides context for the District’s historical reporting accuracy.

Table 15: T-2 Report vs. Actual Expenditures Comparison

	T-2 Expenditures	Reportable Expenditures	Difference	% Difference
FY 2012-13	\$1,346,912	\$1,248,736	\$98,179	7.9%
FY 2013-14	\$1,446,038	\$1,251,141	\$194,897	15.6%
FY 2014-15	\$1,301,273	\$1,208,563	\$92,710	7.7%

Source: BLSD and ODE

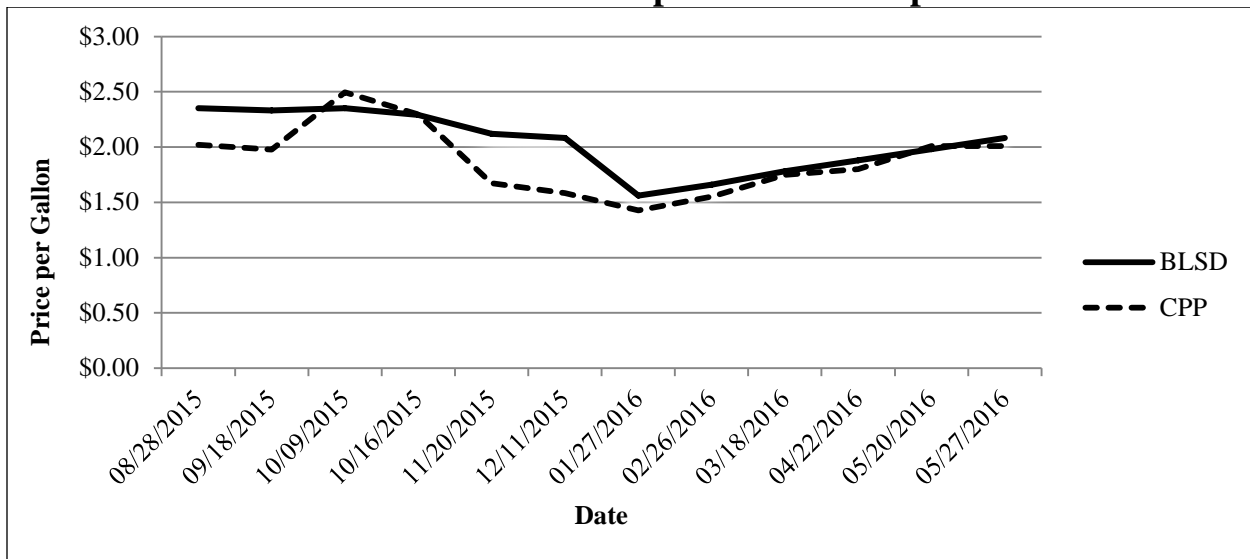
As shown in **Table 15**, expenditures as reported on the T-2 Form exceeded actual expenditures in each year from FY 2012-13 through FY 2014-15. This should not occur as not all transportation related expenditures are required to be included on the T-2 Form. Specifically, capital outlay related expenditures are to be excluded from the T-2 Form as well as expenditures for non-routine use of school buses, such as summer school, after school events, athletic trips, and educational field trips. Further analysis revealed that if capital outlay was deducted from the T-2 Report expenditure totals, the variance between the T-2 Report and actual expenditures would be 0.2 percent or less for each of the three years shown.

The District should adhere to ODE guidelines when completing the T-2 Forms. Failure to accurately report this information could result in incorrect calculations of State pupil transportation payments to the District. Creating and/or adhering to policies and procedures governing T-2 Form data collection will help to ensure the District’s expenditures are accurately reported.

R.15 Use the DAS Cooperative Purchasing Program for fuel purchasing

The District did not participate in a cooperative purchasing program for diesel fuel in FY 2015-16; instead fuel was purchased directly from a local vendor. The DAS Cooperative Purchasing Program (CPP) offers political subdivisions, including school districts, the benefits and cost savings of procuring goods and services through State contracts. **Chart 2** shows a comparison between the District’s cost per gallon for diesel fuel and the price offered through the CPP on the same dates during FY 2015-16.¹⁴ This comparison provides insight into what the District paid for fuel and what it could have paid through cooperative purchasing.

Chart 2: Diesel Fuel Price per Gallon Comparison



Source: BLSD and DAS

As shown in **Chart 2**, the District generally paid more per gallon for diesel fuel compared to the CPP contract in FY 2015-16. ORC § 125.04(C) states, "A [school district] may purchase supplies or services from another party, including a political subdivision, instead of through participation in contracts described in division (B) of this section if the [school district] can purchase those supplies or services from the other party upon equivalent terms, conditions, and specifications but at a lower price than it can through those contracts." Accordingly, the District should price shop for fuel through the CPP and procure fuel from DAS when its prices are lower than other local vendors.

Financial Implication: The District could save approximately **\$12,700**, annually, by purchasing diesel fuel through the CPP. These savings are based on the average difference between the District’s diesel fuel expenditures and the CPP per gallon prices, multiplied by the District’s total fuel expenditures for FY 2015-16.

¹⁴ FY 2015-16 was the most recent fuel cost data available at the time of the analysis.

R.16 Implement formal bus replacement and preventive maintenance plans

BLSD repairs and replaces buses without the guidance of a formal preventive maintenance or bus replacement plan. **Table 16** compares BLSD’s maintenance and repair expenditure ratios to the transportation peer average for FY 2015-16.

Table 16: Maintenance and Repairs Analysis

	BLSD	Transportation Peer Average	Difference	% Difference
Per Yellow Bus Rider	\$158.51	\$92.55	\$65.96	71.3%
Per Active Bus	\$8,084.02	\$4,519.63	\$3,564.39	78.9%
Per Routine Mile	\$0.37	\$0.29	\$0.08	27.1%

Source: BLSD and transportation peer T-2 Reports

As shown in **Table 16**, the District’s maintenance and repair costs were significantly higher than the peers for every metric displayed. According to the District, its aging fleet and rural nature of the routes, including hills, potholes, and gravel roads are the primary drivers of maintenance and repairs and maintenance supplies expenditures. Having higher maintenance repairs costs furthers the importance of having an effective plan in place to manage these costs.

According to *Public Works Management Practices Manual (American Public Works Association, 2001)*, a formal preventive maintenance program should be developed for all equipment that includes scheduling, recording performance, and monitoring the program. Effective documentation and planning for preventive maintenance are essential components of an effective, safe and cost-effective maintenance program. Moreover, this documentation serves as the basis for an organization to justify its budget needs and allocations.

Having a fleet comprised primarily of older buses also places increased importance on having an effective bus replacement plan. *School Bus Replacement Considerations* (National Association of State Directors of Pupil Transportation Services, 2002) emphasizes that replacement of school buses should be a planned process, as “it directly impacts the timeliness of introducing the latest safety, efficiency and emissions improvements into the fleet.” While finances may be an obstacle for replacing buses on a schedule set by the District, a bus replacement plan would allow it to communicate to its leadership and to the public about the needs of its bus fleet, its progress in meeting its schedule of replacement, and any risks posed by the current state of the fleet.

Developing formal preventive maintenance and bus replacement plans would help BLSD ensure that bus repair and replacement needs are effectively evaluated and communicated. In developing the plans, the District should consider such factors as enrollment and ridership trends, and the maintenance and repair costs for each bus.

R.17 Make additional reductions to address remaining deficit

Even after implementing all preceding recommendations, the District’s forecast would still project a cumulative deficit of \$1,570,777 or \$392,700 annually. To address the remaining gap, the District will need to consider additional cost saving measures; including those that would bring staffing levels below primary peer averages. The exact nature of these additional cost savings measures are at the discretion of District leadership and elected officials, with stakeholder input, but should be reflective of the necessity to uphold fiduciary responsibilities.

The following four options represent some of the choices that the District could make to address the remaining deficit over the forecast period. The implementation of a combination of these options would be sufficient to eliminate the deficit by the end of the forecast period.

- Eliminate the entire General Fund subsidy of extracurricular activities:** The District incurred a net cost for student extracurricular activities in FY 2016-17 of \$334,100 which required subsidization from the General Fund. **R.4** recommends reducing the General Fund subsidy to a level consistent with the local peer average; however, completely eliminating the subsidy should be considered due to the financial condition of the District. This action could result in an additional cost savings of **\$277,500** annually. Although this option would not fully alleviate the deficit, when coupled with the following options, it could result in significant savings.
- Eliminate an additional 7.0 FTE general education teacher positions:** General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the District-wide ratio of general education teachers to students be at least 1.0 FTE classroom teacher for every 25 regular students.¹⁵ **R.6** compared BLSD’s general education teacher staffing level to the primary peer average per 1,000 students. **Table 17** shows the additional FTE general education teacher positions that would need to be eliminated in order to address the remaining deficit. In addition, the resulting regular student to FTE classroom teacher ratio is shown as well as staffing at state minimums. It is important to compare staffing options in context of state minimum requirements in order to gauge the appropriateness of further elimination of positions.

Table 17: General Education Staffing Comparison

FY 2017-18 FTE General Education Teachers			89.00
R.6 Elimination of FTE General Education Teacher Positions			11.00
Remaining FTE General Education Teachers			78.00
Regular Student Population			1,399.20
Staffing Ratio (Students: Teachers)			17.94
	Staffing Ratio (Students :Teachers)	Proposed FTE Staffing	Proposed FTE Reduction
Address Remaining Deficit	19.71	71.00	7.00
State Minimum	25.00	55.97	22.03

Source: BLSD, ODE, and OAC

¹⁵ This category excludes teaching staff in other areas such as gifted, special education, and educational service personnel (ESP).

As shown in **Table 17**, after implementing staffing reductions from **R.6**, the District’s student to teacher ratio would be 17.94 to 1. Based on this ratio, the District would have 22.0 FTE more general education teachers than minimally required. However, eliminating 7.0 FTE general education positions is sufficient to address the remaining deficit. Reducing general education teachers to a level closer to the State minimum requirement may be necessary to maintain fiscal solvency depending on the extent to which the District implements other recommendations in this performance audit. The selection of any of the options presented in **Table 17** is ultimately District management’s responsibility based on needs and desires of the stakeholders in the community and any staffing decisions must be balanced with the fiduciary responsibility to adapt to financial realities and maintain a solvent operation.

Eliminating an additional 7.0 FTE general education teacher positions (in addition to those in **R.6**) could save the District approximately **\$397,000** for FY 2018-19.¹⁶ The value of each FTE reduction is calculated using the average of the actual salaries and benefits of the next 7.0 FTE least tenured teaching positions, following the 21.5 FTE teaching positions that were already recommended for elimination within this performance audit (see **R.6, R.7, R.8, and R.9**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

- Eliminate additional staffing District-wide:** Another option would be to reduce staffing levels District-wide to meet the remaining deficit. While **R.5, R.6, R.7, R.8, R.9, R.10, R.11, and R.12** address areas where staffing exceeded the primary peer averages (which are accounted for in **Table 18**), the District could make an additional 6.5 percent across-the-board staffing reduction to generate enough savings to address the remaining deficit. **Table 18** shows the nature and savings of this staffing reduction for each classification category. This analysis provides the District with the information necessary to evaluate potential staffing reductions and the potential savings associated with each option.

Table 18: Additional Staffing Reductions

	Revised FTEs	6.5% Reduction	Rounded FTE Reduction	FY 2018-19 Savings
Administrative	11.00	0.72	0.50	\$41,400
Educational	90.5	5.88	5.50	\$303,800
Professional	2.00	0.13	0.00	\$0.00
Technical	6.50	0.42	0.00	\$0.00
Clerical	10.50	0.68	0.50	\$29,800
Maintenance	3.00	0.20	0.00	\$0.00
Service Workers ¹	25.00	0.72	0.50	\$14,300
Total	134.50	8.74	7.00	\$389,500

Source: BLS and ODE

Note: Transportation staffing levels are determined by industry benchmarks. Based on the benchmarks there are no opportunities to reduce routes and staffing.

¹ Food service employees are excluded from this category of staffing as they are paid out of the Food Service Fund and not the General Fund. As such, eliminating additional FTE positions will not impact the five-year forecast.

¹⁶ The value of the savings from this recommendation is projected to increase by 2.9 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

As shown in **Table 18**, an across-the-board staffing reduction of 6.5 percent would result in the elimination of an additional 7.0 FTEs. Based on the District's remaining deficit, eliminating the above employees could save approximately **\$389,500** in salaries and benefits for FY 2018-19.¹⁷ This was calculated using salaries and benefits of the least tenured employees remaining after position reductions identified in **R.5, R.6, R.7, R.8, R.9, R.10, R.11, and R.12**. Estimated savings could increase if the reductions occur through retirement or voluntary separation of higher salaried staff. This option could be implemented in FY 2018-19. Although this option would alleviate the deficit, it could drastically change service levels within the District. Considering it with a combination of the options above could enable the District to avoid operating deficits.

The following option would not alleviate the deficit but when coupled with other options presented above, it could result in significant savings.

- **Implement a salary freeze:** Although the CBAs do not expire until June 30, 2019, there is a clause for a wage and benefits re-opener in May 2018. According to the District's assumptions to the October 2017 five-year forecast, in FY 2018-19, the District will be obligated to spend an additional \$93,817 in step increases, step advancement, and merit based pay steps. If the District were to freeze the salary schedules during the May 2018 reopener, it could possibly freeze the schedules for the remaining year in the contract for an average annual savings of approximately **\$95,200**.¹⁸

Financial Implication: Eliminating the entire General Fund subsidy for extracurricular activities could save approximately **\$277,500** annually; eliminating an additional 7.0 FTE general education teachers could save approximately **\$397,000** for FY 2018-19 in salaries and benefits; making across-the-board staffing reductions would save **\$389,500** for FY 2018-19 in salaries and benefits; and implementing a salary freeze for FY 2019-20 could save approximately **\$95,200**. The District should evaluate these options and determine the appropriate combination of the various options in order to address the remaining savings needed of **\$392,700** annually.

¹⁷ The value of the savings from this recommendation is projected to increase by 2.8 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

¹⁸ It is important to note that a

Appendix A: Scope and Objectives

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

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: Financial Management, Human Resources, Facilities, and Transportation. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Twelve of the 19 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

Table A-1: Audit Objectives and Recommendations

Objective	Recommendation
Financial Management	
Is the strategic plan consistent with leading practices?	R.1
Are the financial communication practices consistent with leading practices?	R.2
Are budgeting and forecasting practices comparable to leading practices and is the forecast reasonable and supported?	R.3, R.17
Are extracurricular activities appropriate to peers and/or the financial condition?	R.4
Are the purchasing practices comparable to leading practices and appropriate based on the financial condition?	N/A
Human Resources	
Are staffing levels efficient compared to general peers, state minimum requirements, and/or demand for service and are they appropriate based on the financial condition?	R.5, R.6, R.7, R.8, R.9, R.10, R.11, and R.12
Are salaries and wages comparable to local peers and appropriate based on the financial condition?	N/A
Are CBA provisions comparable to local peers and/or ORC minimums and appropriate based on the financial condition?	R.13
Facilities	
Are building utilization rates consistent with industry benchmarks?	N/A
Is the custodial and maintenance staffing efficient compared to benchmarks?	N/A
Are the facilities expenditures comparable to peers?	N/A
Are temporary labor expenditures comparable to peers and industry benchmarks?	N/A
Is the preventive maintenance plan comparable to industry benchmarks?	N/A
Is the capital planning efforts consistent with leading practices?	N/A
Transportation	
Are the T-Report procedures and practices consistent with ODE requirements?	R.14
Is the fuel purchasing practice resulting in efficient pricing?	R.15
Is the fleet maintained efficiently?	N/A
Are the bus replacement practices consistent with leading practices?	R.15
Is the fleet sized appropriately and routed efficiently compared to leading practices?	R.16

Note: Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives.

Appendix B: Additional Comparisons

Staffing

Table B-1 shows a comparison of the District’s FY 2017-18 building administrator staff per 1,000 students and per building compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population and per building normalizes the effect of district sizes the varying number of buildings on raw staffing numbers.

Table B-1: Building Administrator Staff Comparison

Students and Buildings	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Buildings ²	5.0		4.2	0.8	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Assistant Principal	1.00	0.58	0.95	(0.37)	(0.64)
Principal	5.00	2.90	2.42	0.48	0.83
Total	6.00	3.48	3.37	0.11	0.19
Position	FTEs	FTEs per Building	FTEs per Building	FTEs per Building	Total Above/ (Below) ⁴
Assistant Principal	1.00	0.20	0.39	(0.19)	(0.95)
Principal	5.00	1.00	1.00	0.00	0.00
Total	6.00	1.20	1.39	(0.19)	(0.95)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

² Reflects the number of District school buildings and excludes the central office building, if located outside of a school building.

³ Represents the number of FTEs that, when added or subtracted, would bring the District’s number of building administrator FTEs per 1,000 students in line with the primary peer average.

⁴ Represents the number of FTEs that, when added or subtracted, would bring the District’s number of building administrator FTEs per building students in line with the primary peer average.

As shown in **Table B-1**, BLSD has 6.0 FTE building level administrators, which is in line with the primary peer average.

Educational

Table B-2 shows a comparison of the District’s FY 2017-18 teaching staff compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-2: Teaching Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	BLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
General Education	89.00	51.65	45.24	6.41	11.04
Gifted and Talented	1.00	0.58	0.47	0.11	0.19
Career-Technical Programs/Career Pathways	8.00	4.64	1.61	3.03	5.22
Art Education K-8	0.00	0.00	0.98	(0.98)	(1.69)
Music Education K-8	5.00	2.90	1.39	1.51	2.60
Physical Education K-8	5.00	2.90	1.15	1.75	3.02

Source: BLSD and ODE

Note: Teaching assignments related exclusively to special education are excluded, as the special education positions are removed from the staffing analysis (see **District Staffing Overview** in the **Executive Summary**).

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of teaching staff FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-2**, BLSD was above the primary peer averages in general education, career-technical, music education, and physical education teaching positions and below or in line with the primary peer averages for gifted and talented, LEP instructional, and art education positions. Analyses of teaching staff that resulted in recommendations include general education (see **R.6**), career technical (see **R.7**), music education (see **R.8**), and physical education positions (see **R.9**).

Table B-3 shows a comparison of the District’s FY 2017-18 non-teaching educational staff compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-3: Non-Teaching Educational Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	BLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Curriculum Specialist	0.00	0.00	0.23	(0.23)	(0.40)
Counseling	3.00	1.74	1.61	0.13	0.22
Remedial Specialist	1.00	0.58	2.14	(1.56)	(2.69)
Tutor/Small Group Instructor	0.00	0.00	1.68	(1.68)	(2.89)
Teacher Mentor/Evaluator	0.00	0.00	0.12	(0.12)	(0.21)
Other Educational	0.00	0.00	0.50	(0.50)	(0.86)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-3**, BLSD employs 3.0 FTE counselors and 1.0 FTE remedial specialist, which is either in line or below the primary peer average.

Professional

Table B-4 shows a comparison of the District’s FY 2017-18 professional staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-4: Professional Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	BLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Accounting	0.00	0.00	0.06	(0.06)	(0.10)
Psychologist	1.00	0.58	0.17	0.41	0.71
Other Professional - Other	0.00	0.00	0.11	(0.11)	(0.19)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of professional FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-4**, BLSD employs 1.0 FTE psychologist who serves all five buildings. This position is normally coded partially or entirely to special education, so while BLSD staffing level is above the peer average, it is in line with how the other districts use this position.

Table B-5 shows a comparison of the District’s FY 2017-18 other clerical staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-5: Central Office Clerical Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	BLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Central Office Clerical ³	3.00	1.74	1.2	0.54	0.93
Bookkeeping	2.00	1.16	0.78	0.38	0.65
Messenger	0.00	0.00	0.06	(0.06)	(0.10)
Records Managing	0.00	0.00	0.40	(0.40)	(0.69)
Other Office/Clerical	0.00	0.00	0.25	(0.25)	(0.43)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of other clerical FTEs per 1,000 students in line with the primary peer average.

³ Reflects clerical staff (EMIS position code 502) not assigned to a specific school building.

As shown in **Table B-5**, BLSD employs 3.0 FTE central office clerical and 2.0 FTE bookkeeping positions, which are both above the primary peer average (see **R.11** and **R.12**, respectively).

Table B-6 shows a comparison of the District’s FY 2017-18 building clerical staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-6: Building Clerical Staff Comparison

Students and Buildings	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Buildings	5		4.2	0.8	
	BLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Building Clerical ³	5.00	2.90	4.21	(1.31)	(2.26)
	BLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per Building	FTEs per Building	FTE per Building	Total Above/ (Below) ⁴
Building Clerical ³	5.00	1.00	1.74	(0.74)	(3.70)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of building clerical FTEs per 1,000 students in line with the primary peer average.

³ Reflects clerical staff (EMIS position code 502) assigned to a specific school building.

³ Represents the number of FTEs that, when added or subtracted, would bring the District’s number of building clerical FTEs per building in line with the primary peer average.

As shown in **Table B-6**, BLSD employs fewer building clerical than the primary peer averages.

Other Position Comparisons ¹⁹

Table B-7 shows the District’s FY 2017-18 library staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing library staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-7: Library Staff Comparison

	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
	BLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Librarian/Media	0.00	0.00	0.40	(0.40)	(0.69)
Library Aide	0.00	0.00	1.15	(1.15)	(1.98)
Total	0.00	0.00	1.55	(1.55)	(2.67)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of library staff FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-7**, BLSD does not employ any of these positions.

Table B-8 shows a comparison of the District’s FY 2017-18 nursing staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

¹⁹ Positions within one EMIS staffing category can sometimes have job functions comparable to positions within another category. For these reasons, the District’s staffing was analyzed by making comparisons to respective benchmarks based on job functions, regardless of the category in which they are defined within EMIS.

Table B-8: Nursing Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
	BLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Registered Nursing	1.00	0.58	0.69	(0.11)	(0.19)
Practical Nursing	0.00	0.00	0.09	(0.09)	(0.16)
Total	1.00	0.58	0.78	(0.20)	(0.34)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of nursing staff FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-8**, BLSD employs fewer nursing staff FTEs per 1,000 students than the primary peer average for all positions.

Table B-9 shows a comparison of the District’s FY 2017-18 classroom support staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-9: Classroom Support Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
	BLSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Instructional Paraprofessional	5.50	3.19	3.37	(0.18)	(0.31)
Teaching Aide	1.50	0.87	2.81	(1.94)	(3.34)
Total	7.00	4.06	6.18	(2.12)	(3.65)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of classroom support staff FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-9**, BLSD employs fewer classroom support staff than the primary peer average for all positions.

Table B-10 shows the District’s FY 2017-18 student support staffing compared to the FY 2016-17 primary peer average per 1,000 students. Comparing monitoring staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-10: Monitoring Staff Comparison

Students	BLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,723		1,737	(14)	
Students Educated (thousands)	1.723		1.737	(0.014)	
Position	BLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) ²
Monitoring	0.00	0.00	0.81	(0.81)	(1.40)

Source: BLSD and ODE

¹ Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District

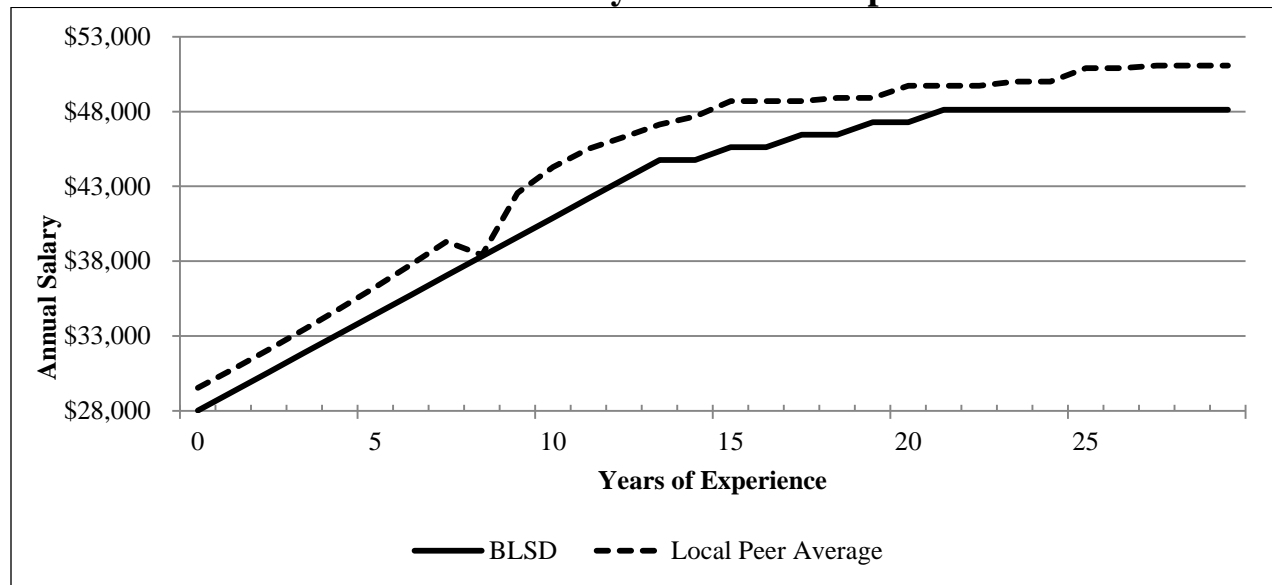
² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of monitoring FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-10**, BLSD does not employ this position.

Salaries

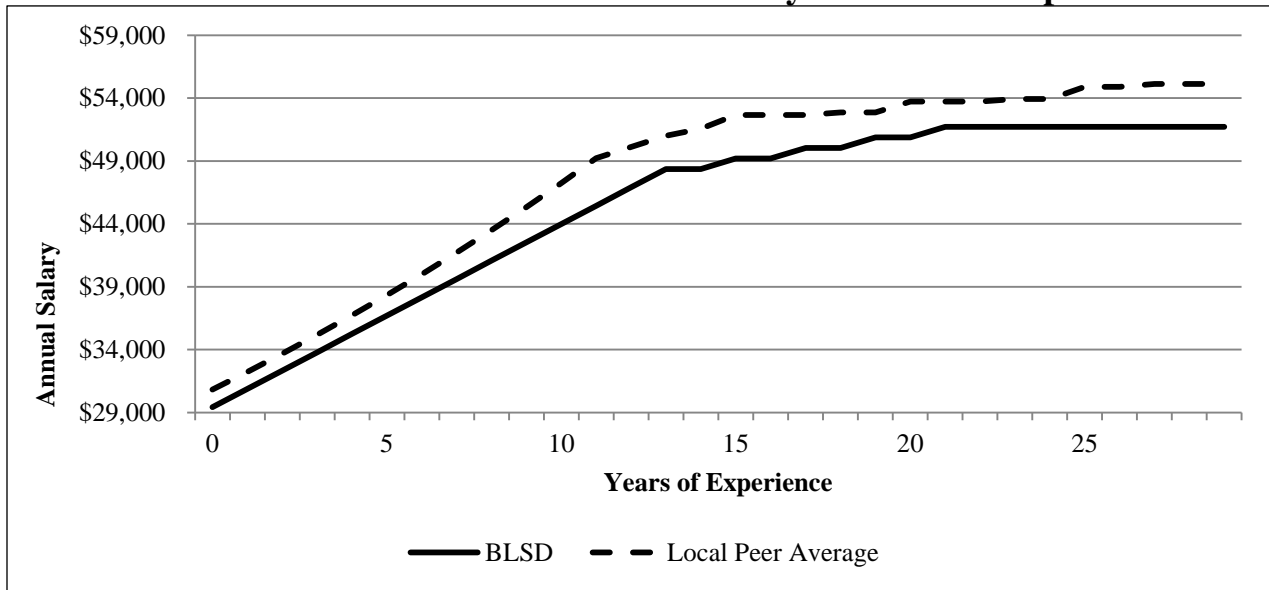
Charts B-1 through B-7 show BLSD’s certificated and classified salary schedules compared to the local peer averages for FY 2017-18. It is important to examine the beginning salaries and steps in the pay schedule to identify the cause of any variation relative to the local peer districts. For classified staff, total hourly rate refers to the rate of pay plus any longevity payments.

Chart B-1: BA Salary Schedule Comparison



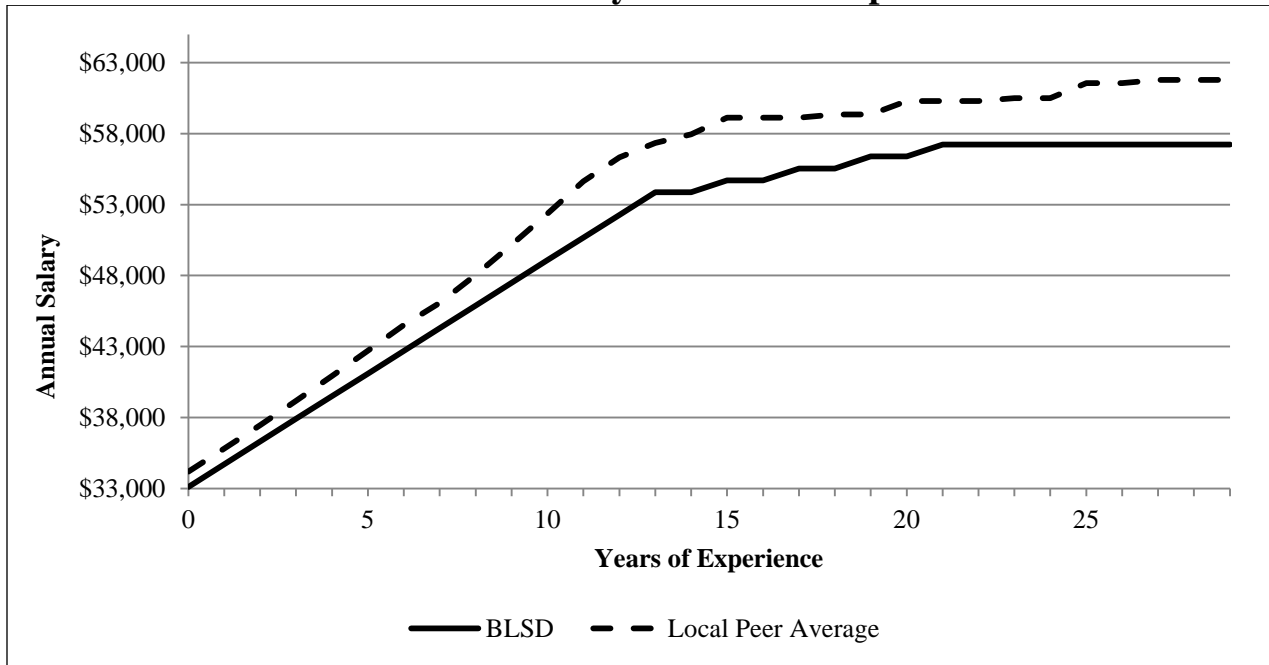
Source: BLSD and local peer district CBAs

Chart B-2: BA + 150 Semester Hours Salary Schedule Comparison



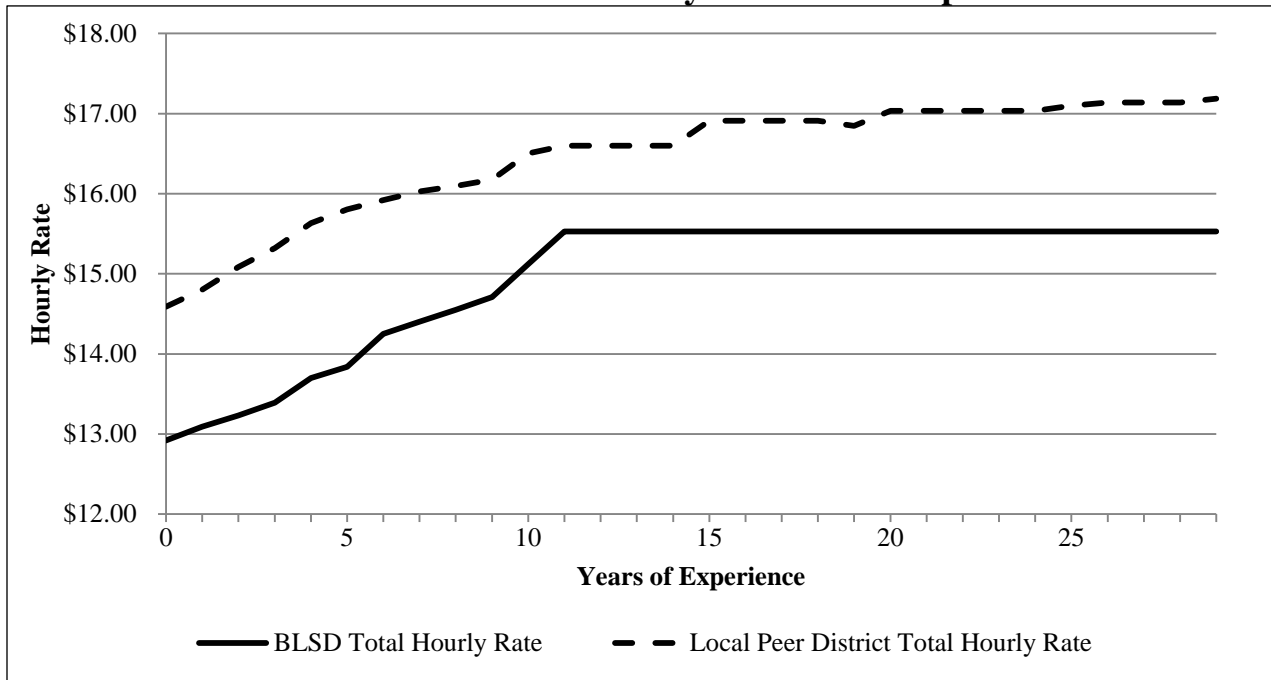
Source: BLSLSD and local peer district CBAs

Chart B-3: MA Salary Schedule Comparison



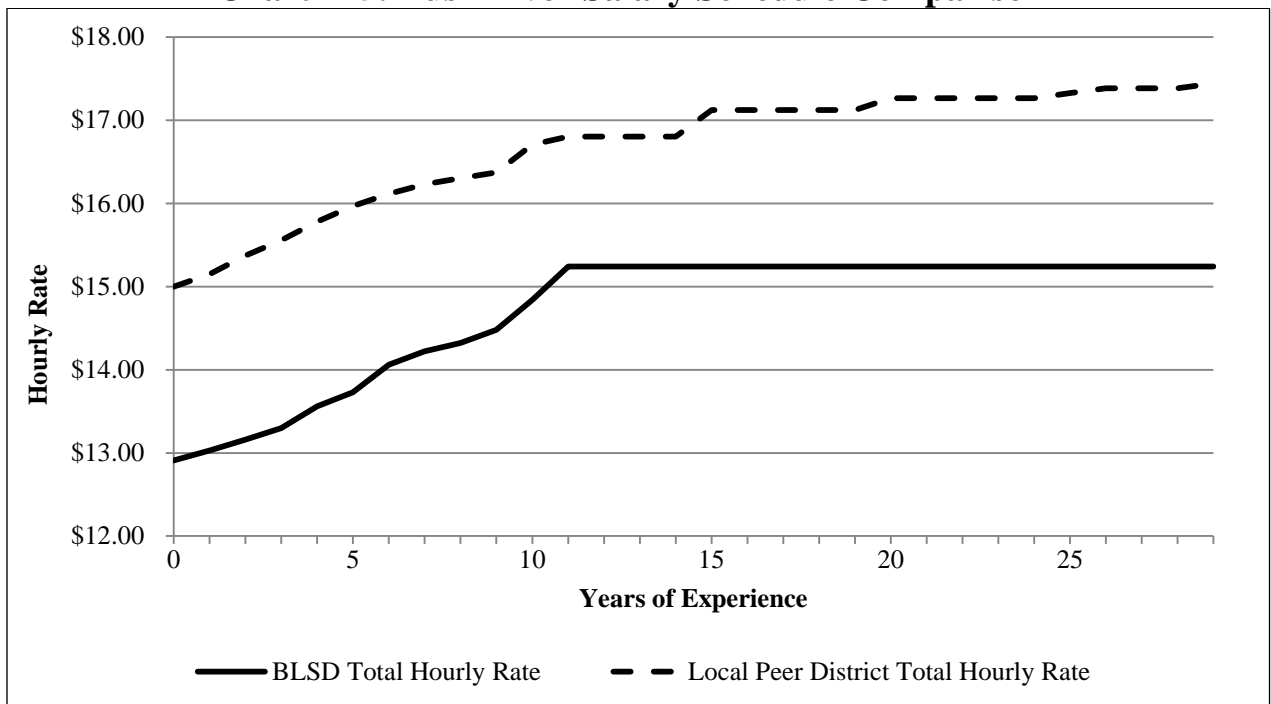
Source: BLSLSD and local peer district CBAs

Chart B-4: Maintenance Salary Schedule Comparison



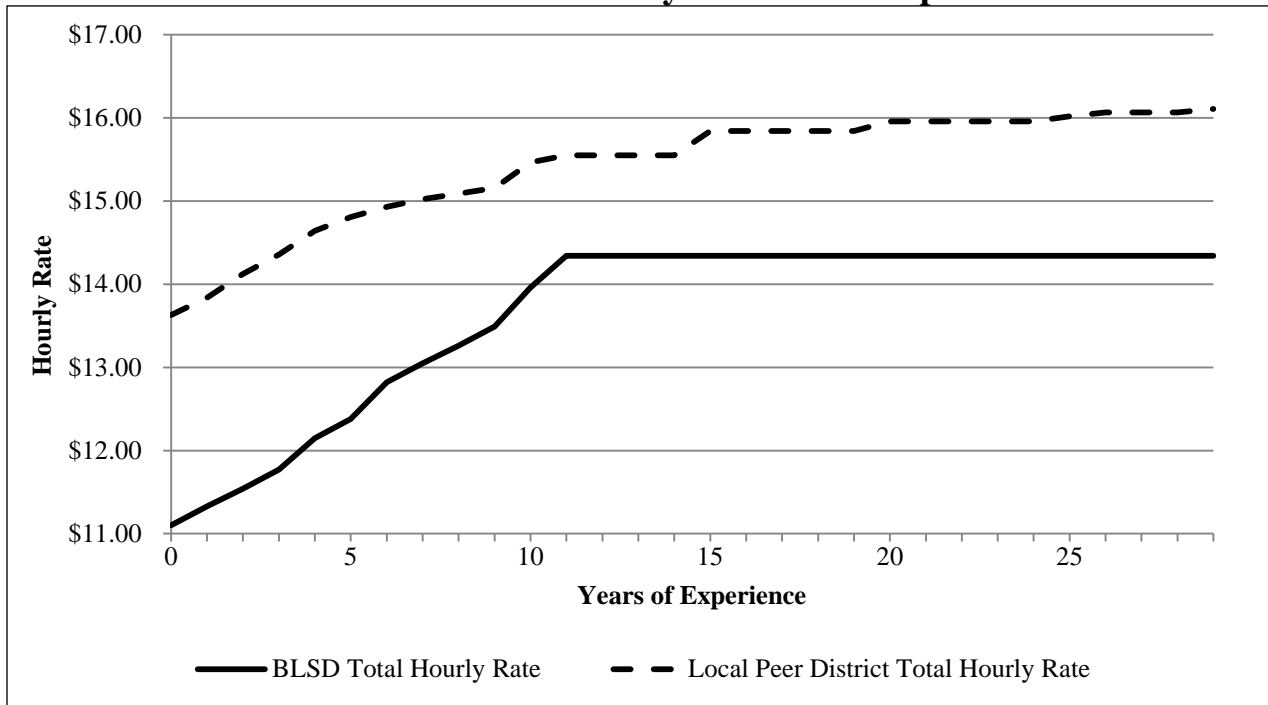
Source: BLSD and local peer district CBAs

Chart B-5: Bus Driver Salary Schedule Comparison



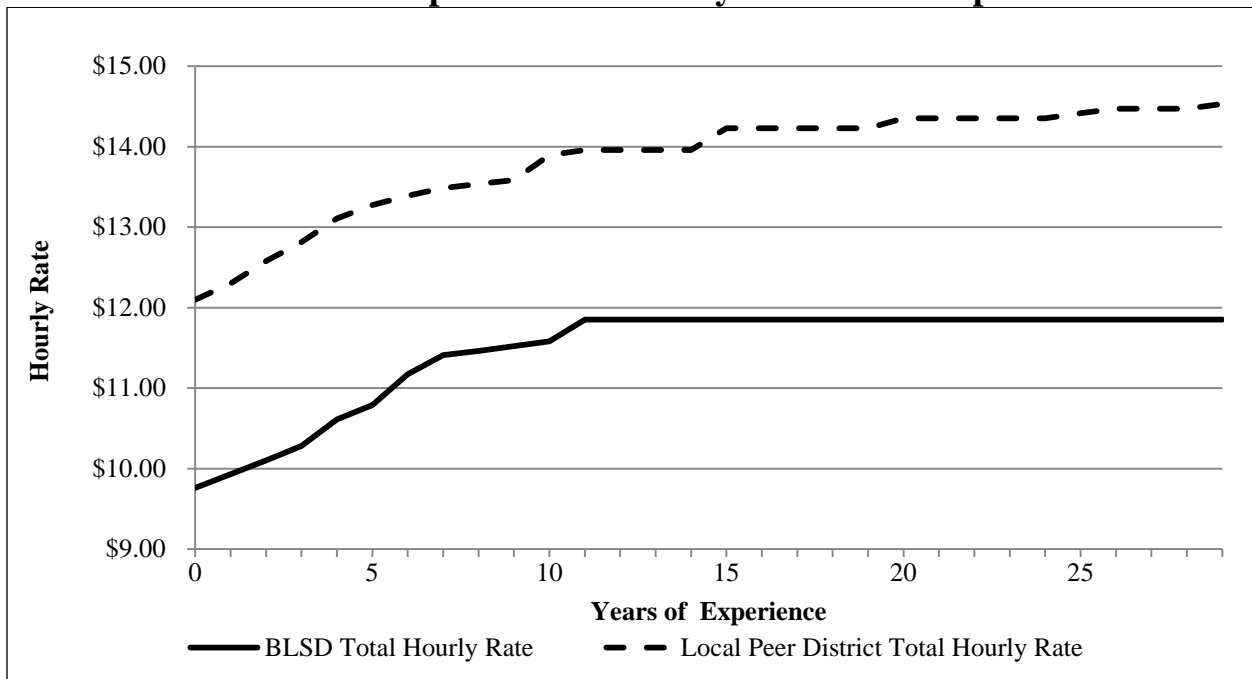
Source: BLSD and local peer district CBAs

Chart B-6: Custodian Salary Schedule Comparison



Source: BLSD and local peer district CBAs

Chart B-7: Paraprofessional Salary Schedule Comparison



Source: BLSD and local peer district CBAs

As shown in **Charts B-1** through **B-7**, BLSD’s beginning step for each classification was lower than the local peers and remained below the local peer averages for duration of the schedule.

Sick Leave Severance

Table B-11 shows the District’s maximum financial liability for sick leave severance by position in comparison to the projected liability that could result from bringing CBA provisions for sick leave payout in line with ORC minimums (see **R.13**). This analysis provides an indication of the District’s current maximum sick leave severance exposure compared to the minimum levels required.

Table B-11: Difference between ORC and BLSD for Severance Liability

Certificated Employees						
	Final Daily Rate of Pay	CBA Maximum Severance Days	Maximum Payout	ORC Minimum	Pay Out at ORC	Difference
BA	\$262.99	65	\$17,094.35	30	\$7,889.70	\$9,204.64
BA + 20	\$282.58	65	\$18,367.70	30	\$8,477.40	\$9,890.30
MA + 30	\$318.21	65	\$20,683.65	30	\$9,546.30	\$11,137.35
Average Difference						\$10,077.43
Classified Employees						
Bus Driver	\$101.32	82.5	\$8,358.90	30	\$3,039.60	\$5,320.30
Custodian	\$112.88	82.5	\$9,312.60	30	\$3,386.40	\$5,926.20
Maintenance	\$122.40	82.5	\$10,098.00	30	\$3,672.00	\$6,426.00
Paraprofessionals	\$81.34	82.5	\$6,710.55	30	\$2,440.20	\$4,270.35
Average Difference						\$5,485.71

Source: BLSD and ORC

Note: Classified severance payments based on the average daily hours for each job classification.

As shown in **Table B-11**, BLSD employees are entitled to receive severance payout for more days at retirement than the ORC minimum. Adjusting payouts to the ORC minimum could decrease the District’s future severance liability.

Facilities

Table B-12 shows the District’s FY 2017-18 building and grounds staffing compared to industry benchmarks established by the National Center for Educational Statistics²³ (NCES) and American School and University (AS&U). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

Table B-12: Building and Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	1.0
Acreage Maintained	140.5
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	3.5
Grounds FTEs Above/(Below) Benchmark	(2.5)
Custodial Staffing	
Custodial FTEs	11.0
Square Footage Cleaned	323,180
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	11.0
Custodial FTEs Above/(Below) Benchmark	0.1
Maintenance Staffing	
Maintenance FTEs	2.0
Square Footage Maintained	323,180
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	3.4
Maintenance FTEs Above/(Below) Benchmark	(1.4)
Total Buildings & Grounds Staffing	
Total FTEs Employed	14.1
Total Benchmarked Staffing Need	17.9
Total FTEs Above/(Below) Benchmark	(3.8)

Source: BLSD, AS&U, and NCES

As shown in **Table B-12**, BLSD’s custodial, maintenance, and grounds staffing levels are at or below the established staffing benchmarks.

Appendix C: Five-Year Forecasts

Chart A: BLSD May 2017 Five-Year Forecast

Line	Actual			Forecasted				
	2014	2015	2016	2017	2018	2019	2020	2021
1.010 General Property (Real Estate)	7,326,170	7,691,180	8,179,904	8,456,554	8,566,560	8,320,588	8,582,206	8,851,672
1.035 Unrestricted Grants-in-Aid	8,856,503	9,066,905	8,925,695	8,934,276	8,934,276	8,934,276	8,934,276	8,934,276
1.040 Restricted Grants-in-Aid	747,046	565,165	620,922	622,526	622,526	622,526	622,526	622,526
1.050 Property Tax Allocation	598,305	602,790	604,727	672,667	660,000	660,000	660,000	660,000
1.060 All Other Operating Revenue	528,189	515,138	522,994	776,200	755,000	500,000	500,000	500,000
1.070 Total Revenue	18,056,213	18,441,178	18,854,242	19,462,223	19,538,362	19,037,390	19,299,008	19,568,474
2.010 Proceeds from Sale of Notes	1,600,000	1,500,000	1,200,000	1,511,000	1,500,000	1,500,000	1,500,000	1,500,000
2.040 Operating Transfers-In	597,577	760,000	720,000	720,000	720,000	700,000	700,000	700,000
2.050 Advances-In	50,530	6,641	27,366	9,713				
2.060 All Other Financial Sources	153,977	193,714	233,721	132,000	62,000	62,000	62,000	62,000
2.070 Total Other Financing Sources	2,402,084	2,460,355	2,181,087	2,372,713	2,282,000	2,262,000	2,262,000	2,262,000
2.080 Total Revenues and Other Financing Sources	20,458,297	20,901,533	21,035,329	21,834,936	21,820,362	21,299,390	21,561,008	21,830,474
3.010 Personnel Services	9,315,998	9,438,416	9,556,369	9,684,344	9,750,466	9,884,097	10,013,163	10,135,275
3.020 Employees' Retirement/Insurance Benefits	4,393,814	4,475,840	4,768,924	4,463,980	4,860,131	5,082,046	5,707,572	6,024,952
3.030 Purchased Services	2,948,873	2,958,913	3,829,618	3,830,000	3,850,000	3,850,000	3,850,000	3,850,000
3.040 Supplies and Materials	959,580	1,015,549	853,973	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
3.050 Capital Outlay	287,074	34,209	41,660	30,000	20,000	20,000	20,000	20,000
4.010 Debt Service: All Principal (Historical)		83,717	80,318	84,219				
4.020 Debt Service: Principal-Notes	1,599,758	1,500,000	1,200,000	1,511,000	1,500,000	1,500,000	1,500,000	1,500,000
4.050 Debt Service: Principal - HB 264 Loans				65,000	65,000	65,000	65,000	65,000
4.055 Debt Service: Principal - Other			27,621	36,731	42,551	14,930	14,930	14,930
4.060 Debt Service: Interest and Fiscal Charges	24,249	10,203	11,401	38,149	33,347	32,632	29,498	28,490
4.300 Other Objects	335,343	425,739	373,427	373,000	375,000	375,000	375,000	375,000
4.500 Total Expenditures	19,864,689	19,942,586	20,743,311	21,116,423	21,496,495	21,823,705	22,575,163	23,013,647
5.010 Operational Transfers - Out	597,577	839,550	803,863	720,000	720,000	700,000	700,000	700,000
5.020 Advances - Out	6,532	27,366	9,713					
5.040 Total Other Financing Uses	604,109	866,916	813,576	720,000	720,000	700,000	700,000	700,000
5.050 Total Expenditure and Other Financing Uses	20,468,798	20,809,502	21,556,887	21,836,423	22,216,495	22,523,705	23,275,163	23,713,647
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	-10,501	92,031	-521,558	-1,487	-396,133	-1,224,315	-1,714,155	-1,883,173
7.010 Beginning Cash Balance	1,074,956	1,064,455	1,156,486	634,928	633,441	237,308	-987,007	-2,701,162
7.020 Ending Cash Balance	1,064,455	1,156,486	634,928	633,441	237,308	-987,007	-2,701,162	-4,584,335
10.010 Fund Balance June 30 for Certification of Appropriations	1,064,455	1,156,486	634,928	633,441	237,308	-987,007	-2,701,162	-4,584,335
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	1,064,455	1,156,486	634,928	633,441	237,308	-987,007	-2,701,162	-4,584,335
15.010 Unreserved Fund Balance June 30	1,064,455	1,156,486	634,928	633,441	237,308	-987,007	-2,701,162	-4,584,335

Source: BLSD and ODE

Chart B: BLSD October 2017 Five Year Forecast

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	7,691,180	8,179,904	8,591,102	8,553,841	8,269,966	8,315,171	8,366,426	8,417,624
1.035 Unrestricted Grants-in-Aid	9,066,905	8,925,695	8,937,357	9,009,059	8,974,474	8,971,749	8,968,995	8,966,213
1.040 Restricted Grants-in-Aid	565,165	620,922	564,150	568,342	572,576	576,852	581,171	585,533
1.050 Property Tax Allocation	602,790	604,727	604,235	586,728	578,261	577,285	578,248	579,212
1.060 All Other Operating Revenue	515,138	522,994	774,909	736,447	658,935	664,841	670,806	676,830
1.070 Total Revenue	18,441,178	18,854,242	19,471,753	19,454,417	19,054,212	19,105,898	19,165,646	19,225,412
2.010 Proceeds from Sale of Notes	1,500,000	1,200,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
2.040 Operating Transfers-In	760,000	720,000	720,000	720,000	700,000	700,000	700,000	700,000
2.050 Advances-In	6,641	27,366	9,604	12,763				
2.060 All Other Financial Sources	193,714	233,721	144,419	62,000	62,000	62,000	62,000	62,000
2.070 Total Other Financing Sources	2,460,355	2,181,087	2,374,023	2,294,763	2,262,000	2,262,000	2,262,000	2,262,000
2.080 Total Revenues and Other Financing Sources	20,901,533	21,035,329	21,845,776	21,749,180	21,316,212	21,367,898	21,427,646	21,487,412
3.010 Personnel Services	9,438,416	9,556,369	9,672,510	9,693,613	9,787,430	9,882,185	9,977,887	10,074,546
3.020 Employees' Retirement/Insurance Benefits	4,475,840	4,768,924	4,502,844	4,717,500	5,027,656	5,314,661	5,623,494	5,955,895
3.030 Purchased Services	2,958,913	3,829,618	4,115,530	4,088,657	4,211,242	4,338,286	4,469,964	4,606,461
3.040 Supplies and Materials	1,015,549	853,973	791,257	777,265	800,583	824,601	849,340	874,820
3.050 Capital Outlay	34,209	41,660		99,032	20,000	20,000	20,000	20,000
4.020 Debt Service: Principal-Notes	1,500,000	1,200,000	1,511,000	1,511,000	1,500,000	1,500,000	1,500,000	1,500,000
4.050 Debt Service: Principal - HB 264 Loans				65,000	65,000	50,000	50,000	55,000
4.055 Debt Service: Principal - Other	83,717	107,939	118,973	42,551	14,930	14,930	14,930	14,930
4.060 Debt Service: Interest and Fiscal Charges	10,203	11,401	20,599	33,347	32,632	29,498	28,490	27,500
4.300 Other Objects	425,739	373,427	362,313	378,672	390,204	393,216	396,259	399,332
4.500 Total Expenditures	19,942,586	20,743,311	21,095,026	21,406,637	21,849,677	22,367,377	22,930,364	23,528,484
5.010 Operational Transfers - Out	839,550	803,863	803,001	720,000	700,000	700,000	700,000	700,000
5.020 Advances - Out	27,366	9,713	12,763					
5.040 Total Other Financing Uses	866,916	813,576	815,764	720,000	700,000	700,000	700,000	700,000
5.050 Total Expenditure and Other Financing Uses	20,809,502	21,556,887	21,910,790	22,126,637	22,549,677	23,067,377	23,630,364	24,228,484
6.010 Excess Rev & Oth Financing Sources over/(under) Exp & Oth Financing	92,031	-521,558	-65,014	-377,457	-1,233,465	-1,699,479	-2,202,718	-2,741,072
7.010 Beginning Cash Balance	1,064,455	1,156,486	634,928	569,914	192,457	-1,041,008	-2,740,487	-4,943,205
7.020 Ending Cash Balance	1,156,486	634,928	569,914	192,457	-1,041,008	-2,740,487	-4,943,205	-7,684,277
10.010 Fund Balance June 30 for Certification of Appropriations	1,156,486	634,928	569,914	192,457	-1,041,008	-2,740,487	-4,943,205	-7,684,277
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	1,156,486	634,928	569,914	192,457	-1,041,008	-2,740,487	-4,943,205	-7,684,277
13.020 Property Tax - New				1,045,000	1,900,000	1,900,000	1,900,000	1,900,000
13.030 Cumulative Balance of New Levies				1,045,000	2,945,000	4,845,000	6,745,000	8,645,000
15.010 Unreserved Fund Balance June 30	1,156,486	634,928	569,914	1,237,457	1,903,992	2,104,513	1,801,795	960,723

Source: BLSD and ODE

Client Response

The letter that follows is the District's 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 District disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.



Buckeye Local School District

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February 14, 2018

Mr. David Yost
Auditor of State
88 East Broad Street
Fifth Floor
Columbus, OH 43215

Dear Auditor of State Yost:

The Buckeye Local School District Board of Education and administration would like to thank you for conducting our performance audit. Martha Lowe, Michael Day, and Godwin Echikunwoke were extremely thorough and very detailed during the phases of the performance audit. Their guidance and professionalism throughout this process are greatly appreciated.

We appreciate your office providing recommendations for efficiencies regarding financial communication, budgeting practices and staffing. The District will work to implement the performance team's recommendations with the intent to become more effective with the use of state and local funding.

Prior to this performance audit, the leadership team reviewed the administrative team salary schedule eliminating and restructuring administrative positions and reducing salary indexes. This initial phase saved the district \$192,141.97. In addition to this savings, an open faculty position was appointed as a long-term substitute versus a full time teaching position at a savings of approximately \$13,000. Purchased services throughout the district were reviewed with eliminations taking place in areas that did not affect academics. Some of these areas included elimination of uniform rentals such as rugs, uniforms, and linens at a savings of approximately \$25,000.00; maintenance contracts on copying machines and elimination of unnecessary copying in three buildings at a savings of \$3,500.00 per year; and other purchased services totaling \$20,000.00. To date, the district has saved approximately \$253,641.97 with the dismissal of these services.

"EXCELLENCE - PART OF OUR HERITAGE - THE FOUNDATION OF OUR FUTURE"

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The areas the performance team reviewed and analyzed with great detail included financial management, human resources, facilities, and transportation. The Buckeye Local School District is deeply committed to continuing our efforts to reduce spending in all financial areas and not limit reductions to the specific areas reviewed and analyzed by the performance team.

As a result of the audit, the leadership team will continue to monitor finances and use this document to help make informed decisions in regard to the financial future of our school district. Buckeye Local School District will continue to analyze the information gained through the Performance Audit Process for the continued improvement of our school district. Thank you for all the time and effort that your team put into the process.

Sincerely,



Kim Leonard
Superintendent



Merri Matthews
Treasurer/CFO