



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MAPLETON LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

NOVEMBER 7, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

To the Board of Education and Residents of the Mapleton Local School District:

On March 14, 2002, the State Superintendent of Public Instruction placed Mapleton Local School District (Mapleton LSD) under fiscal caution. In accordance with the provisions of Ohio Revised Code (ORC) §3316.041, the Auditor of State initiated a performance audit on Mapleton LSD. The four functional areas assessed in the performance audit were financial systems, human resources, facilities and transportation. These areas were selected because they are important components of District operations which support its mission of educating children, and because improvements in these areas can assist Mapleton LSD in eliminating the conditions which brought about the declaration of fiscal caution.

The performance audit contains recommendations which provide cost savings, one-time revenues and efficiency improvements. The performance audit also provides an independent assessment of Mapleton LSD's financial situation and a framework for the District's financial recovery plan. While the recommendations contained in the performance audit are resources intended to assist Mapleton LSD in developing and refining its financial recovery plan, the District is encouraged to assess overall operations and develop other recommendations independent of the performance audit.

An executive summary has been prepared which includes the project history; a discussion of the fiscal caution designation district overview; the purpose and objectives of the performance audit; and a summary of findings, commendations, recommendations and financial implications. This report has been provided to Mapleton Local School District and its contents discussed with appropriate District officials and management. The District has been encouraged to utilize the results of the performance audit as a resource in improving its overall operations and financial stability.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or the toll free number in Columbus at (800) 282-0370. This performance audit can also be obtained on-line through the Auditor of State's website at <http://www.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

November 7, 2002

Executive Summary

Project History

Pursuant to Ohio Revised Code Section 3316.031, the state superintendent of public instruction, in consultation with the Auditor of State (AOS), has developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of fiscal watch or fiscal emergency within a school district. The Ohio Department of Education (ODE) and the AOS are permitted to assist school districts in identifying potential problems that may have contributed to fiscal caution status.

Mapleton Local School District (Mapleton LSD) was placed in fiscal caution on Thursday, March 14, 2002, because the District's ending fund balance for FY 2001-02 was forecasted to be \$27,732. This equates to less than 2 percent of the current year projected revenue, a qualification for fiscal caution status. However, Mapleton LSD completed FY 2001-02 with a positive ending fund balance of approximately \$363,000 as a result of cost and staffing reductions. As Mapleton LSD's financial situation improves, the District should revisit the staffing reductions made and prioritize which positions could be reinstated.

Pursuant to Ohio Revised Code Section 3316.031, AOS initiated a performance audit of Mapleton LSD. Based upon a review of Mapleton LSD information and discussions with the superintendent and treasurer, the following four functional areas were included in the performance audit:

- Financial Systems
- Human Resources
- Facilities
- Transportation

District Overview

Mapleton LSD is a rural school district located in Ashland County. The district encompasses approximately 90 square miles. In FY 2001-02, Mapleton LSD served 1,069 students and had a total of 181.1 FTE employees, including 71.7 FTE teachers. Mapleton LSD has a total of four schools, which includes two elementary schools, one junior high school and one senior high school. Last year, Mapleton LSD met 19 of the Ohio Department of Education's (ODE) 27 performance standards, which was five more performance standards than were met in the previous year. Mapleton LSD's total per pupil operating expenditures (governmental funds) of

\$6,871 in FY 2001-02 was higher than the peer school districts of Black River, Crestview and Northwestern.

During the course of this performance audit and even prior to being placed in fiscal caution, Mapleton LSD has attempted to address its financial difficulties. Since the current treasurer began working at Mapleton LSD in FY 2000-01, the District been diligent in monitoring and controlling discretionary spending. However, Mapleton LSD has been unable to pass an emergency levy to help the District improve its financial situation. Since the levy failed, the District has made additional expenditure reductions which the treasurer has incorporated into the five-year forecast.

In May 2002, the District was forecasting a \$27,700 ending fund balance for FY 2001-02 and negative ending fund balances for all of the forecasted years. However, when the treasurer updated the forecast in August 2002 to include actual information for FY 2001-02 and all the expenditure reductions the District has implemented or is anticipating implementing, Mapleton LSD ended FY 2001-02 with a positive \$363,000 ending fund balance. Furthermore, Mapleton LSD is forecasting FY 2002-03 through FY 2006-07 to end with positive fund balances. However, Mapleton LSD is including revenue from a \$600,000 emergency levy, which failed by almost 65 percent in its last two attempts in the current five-year forecast. Mapleton LSD is placing a 0.5 percent income tax levy on the November 2002 ballot. Instead, Mapleton LSD should consider implementing the recommendations in this performance audit to avoid future financial difficulties and reduce its reliance on new revenues. See **R2.5** and **Table 2-10** for the proposed financial recovery plan and impact of the performance audit recommendations on the General Fund ending balance.

Objectives & Methodology

The goal of the performance audit process is to assist Mapleton LSD management in identifying cost savings with the objective of eliminating the conditions which brought about the declaration of fiscal caution. The performance audit is designed to develop recommendations which provide cost savings, revenue enhancements and/or efficiency improvements. These recommendations, provide options that Mapleton LSD can consider in its continuing efforts to stabilize the District's financial condition. A second objective of the performance audit is to perform an independent assessment of the school district's financial situation, including a framework for a financial recovery plan. Mapleton LSD's financial forecast, along with its accompanying notes and assumptions, is also evaluated for reasonableness.

To complete this report, the auditors gathered and assessed a significant amount of data pertaining to the various reporting areas, conducted interviews with various individuals associated with Mapleton LSD, and assessed requested information from selected peer districts. Black River Local School District (Black River LSD), Crestview Local School District (Crestview LSD) and Northwestern Local School District (Northwestern LSD) were identified as

peers based upon comparable districts identified by the Ohio Department of Education, review of various demographic information and input from Mapleton LSD personnel. Furthermore, these peer districts demonstrated report card standards equal to or greater than those of Mapleton LSD. Best practice data was used from the Ohio Department of Education, State Employee Relations Board (SERB) and other school districts for additional comparisons. Interviews and discussions were held at many levels at Mapleton LSD and with groups of individuals involved internally and externally with the District. However, Mapleton LSD management did not always make themselves available for interviews or meetings to discuss the progress or conclusions of this performance audit. As a result, the performance audit is based upon the most current information the District made available before communication with AOS ended.

Since Mapleton LSD did not pass an emergency levy in May or August 2002, the District reduced and controlled expenditures to generate a positive ending fund balance in FY 2001-02. However, the current five-year forecast (see **Table 2-2**), which was updated after the emergency levy failed, still includes the revenue from this levy. The District has placed a 0.5 percent income tax levy instead of an emergency levy on the November 2002 ballot. Furthermore, the current five-year forecast does not include Parity Aid in FY 2006-07, which should be included at approximately \$530,000 based upon FY 2005-06 funding levels. Taking into account the failed emergency levy and the omission of Parity Aid in FY 2006-07, the current five-year forecast does not adequately reflect the actual or realistic future financial position of the District. As a result, Mapleton LSD may not need new revenue to operate the District and maintain a favorable fund balance during the forecast period. Instead, the District should continue to provide on-going attention to control expenditures and consider implementing the recommendations in this performance audit to further reduce operating expenditures.

Noteworthy Accomplishments

The performance audit report contains noteworthy accomplishments made by Mapleton LSD while in fiscal caution. The following are the noteworthy accomplishments:

- Mapleton LSD has worked diligently with the Board and the community to decrease expenditures for various spending reductions. Mapleton LSD's attention and responsiveness to its financial situation helped the District realize a significant increase in FY 2001-02's ending fund balance as compared to previous ending fund balance projections.
- In an effort to remedy Mapleton LSD's financial situation, District officials identified and reduced staffing levels by 7.82 FTEs for FY 2002-03. As a result, Mapleton LSD anticipates saving approximately \$332,000 in salaries and wages.
- In FY 2001-01, Mapleton LSD displayed the largest improvement in any one year than the peer school districts by meeting five additional ODE performance standards. Although the

District remains in the continuous improvement category, Mapleton LSD is progressing toward achieving the effective category rating.

Key Recommendations

The performance audit report and executive summary contain a number of recommendations pertaining to Mapleton LSD. The following are the key recommendations:

- Mapleton LSD should recreate its five-year forecast to provide a more realistic picture of the District's financial situation. Since Mapleton LSD completed FY 2001-02 with a positive \$363,000 ending fund balance, the District should have updated its forecast to disclose more accurate assumptions of its revenues and expenditures projections. For example, the current five-year forecast includes revenue from a \$600,000 emergency levy that the District does not need to maintain positive ending fund balances throughout the forecast period. In addition, the five-year forecast excluded approximately \$530,000 in parity aid in FY 2006-07, which will further increase Mapleton LSD's ending fund balance. Furthermore, Mapleton LSD's assumptions for expenditures, such as salaries and wages, do not provide sufficient detail of how the District is forecasting this line item. If the District would have forecasted a 3.5 percent cost of living increase and 1.5 percent step increase in its salaries and wages projections instead of an overall 7 percent increase, the District would further increase its ability to show positive ending fund balances without receiving any new tax revenue during the forecast period.
- Mapleton LSD should analyze and use the financial recovery plan outlined in **Table 2-10** to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on Mapleton LSD's financial condition. Mapleton LSD should consider implementing the recommendations in this performance audit to streamline and enhance operations that could potentially generate cost savings. By implementing recommendations to improve operations, and using the financial recovery plan outlined in this report and updating it on an ongoing basis, Mapleton LSD would be in a better position to manage its financial condition without new revenues.
- Mapleton LSD should review its staffing in the educational service personnel (ESP) classification for a potential reduction of 2 FTEs. However, before the District makes any reductions, it should determine the potential impact on the attainment of the Mapleton LSD's mission and educational goals. Mapleton LSD could realize an estimated cost savings of approximately \$116,300 per year as a result of reducing its educational service personnel by 2 FTEs.

- Mapleton LSD should consider reducing its custodial staffing level by 2.31 FTEs. Currently, Mapleton LSD's custodians are maintaining approximately 40 percent fewer square feet per custodian than the peer districts. Reducing custodial staffing by 2.31 FTEs will help Mapleton LSD lower its operating expenditures without negatively impacting the District's educational program or building cleanliness. By reducing its custodial staffing and adding capacity from the new construction, Mapleton LSD's custodial staffing levels will be more in line with the peer average and could save the District approximately \$55,100 annually in salary and benefit costs.
- Mapleton LSD should establish procedures to control the maintenance costs of its school buses. Based on the high maintenance cost per bus compared to the peer districts, Mapleton LSD should be able to find a more cost-effective means of maintaining its buses. Mapleton LSD should consider increasing the mileage between routine maintenance from every 2,000 miles to every 3,000 miles and between oil changes from every 4,000 miles to every 6,000 miles. Mapleton LSD should also consider initiating a request for proposal (RFP) process for routine maintenance instead of using the same local garage to perform all of its maintenance and repair work. By increasing the mileage between routine maintenance and oil changes, Mapleton LSD could save approximately \$2,500 annually.
- Mapleton LSD should consider renewing its participation in its routing software contract to determine if the District could consolidate any existing routes and enable the District to eliminate the use of one or more buses. Mapleton LSD could realize a cost savings of approximately \$14,000 in the year of installation. In each additional year, Mapleton LSD would realize an approximate savings of \$21,000, the average cost per bus (\$25,223) less the software's annual license fee (\$4,000).
- Mapleton should consider expanding the use of payments in lieu of transportation for non-public school students. While parents cannot be required to provide transportation to their children, the District should develop procedures to promote and encourage the use of payments in lieu of transportation. Although the use of payments in lieu of transportation for non-public students would not eliminate any buses, it could save the District approximately \$11,000 per year.

Additional Findings & Recommendations

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

Financial Systems

- Instead of placing a new \$600,000 emergency levy or a 0.5 percent income tax levy on the November ballot, Mapleton LSD should use the cost savings identified throughout this performance audit to reduce and better control expenditures.
- During future contract negotiations, Mapleton LSD should seek to control expenditures for salaries, wages and benefits. Beginning in FY 2003-04 and throughout the remaining forecast period, Mapleton LSD is assuming a 7 percent increase in salaries, which includes salary increases and step increases. However, if Mapleton LSD negotiated a 5 percent salary increase, inclusive of cost of living adjustments and step increases, the District could potentially save approximately \$916,000 during the forecast period.
- Mapleton LSD should closely examine its spending to determine if funds could be reallocated toward those programs and priorities which have the greatest impact on improving the student's education and proficiency test results.
- The five-year forecast and accompanying assumptions or notes should be expanded and consistently present more detailed historic and projected information and explanatory comments. More specifically, Mapleton LSD should have included approximately \$530,000 in parity aid revenue in FY 2006-07. The exclusion of this revenue materially misstates the District's revenue projections. By providing more detail in the forecast and its supporting notes, the Board and the public will better understand the financial condition of Mapleton LSD.

Human Resources

- Mapleton LSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to ODE and the Educational Management Information Systems (EMIS).
- Mapleton LSD should seek to maintain its current clerical staffing level of 7.0 FTEs by eliminating the vacant clerical position. The reduction of this open position would bring Mapleton LSD in line with the peer clerical staffing levels.

Facilities

- Mapleton LSD should account for all expenditures in accordance with the guidelines set forth in the USAS manual. By not accounting for salary-related expenditures in accordance with

the USAS manual, it is not possible to thoroughly examine certain salary-related expenditures from FY 2001-02. It is also not possible to determine how much benefits, such as vacation and sick leave, are costing the District.

- Mapleton LSD should develop and implement a formal, planned preventive maintenance program for each building in the District. A preventive maintenance log should also be created for each building to record when maintenance tasks are performed. The log book should be reviewed by the buildings and grounds supervisor and assistant director to ensure the work is being completed in a timely manner.

Transportation

- During the next contract negotiation, Mapleton LSD should consider reducing the number of days beyond the days students attend school for which bus drivers are paid. If Mapleton LSD reduced the number of paid days beyond the days students attend school from seven to three, the District could save approximately \$2,200 annually.
- Mapleton LSD's transportation supervisor should more actively manage bus maintenance and repairs and should keep a detailed record for each bus, either in electronic form or hard copy. By monitoring and documenting maintenance and repair expenditures more closely, the District would be better able to reduce transportation expenditures.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which the Mapleton LSD should consider. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Ref No.	Recommendations from all sections	Cost Savings	Implementation Costs
	<i>Human Resources</i>		
R3.2	Reduction in educational service personnel	\$116,300	
	<i>Facilities</i>		
R4.2	Reduction in custodial staffing	\$55,100	
	<i>Transportation</i>		
R5.1	Reduction in bus drivers' paid days	\$2,200	
R5.2	Use payments in lieu of transportation	\$11,000	\$650
R5.3	Purchase bus routing software	\$14,000 ¹	\$11,500 ¹
R5.4	Increase mileage between routine maintenance and oil changes	\$2,500	
	<i>Total Financial Implications</i>	\$201,100	\$12,150

¹ The cost savings and implementation costs for **R5.3** are for the first year of implementation. See **R5.3** for more information for cost savings and implementation costs for future years.

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

Financial Systems

Background

This section focuses on the financial systems within the Mapleton Local School District (Mapleton LSD). The objective is to analyze the current financial condition of Mapleton LSD and develop recommendations for improvements and efficiencies. Comparisons are made throughout the report to the following peer school districts: Black River Local School District (Black River LSD), Crestview School District (Crestview LSD), and Northwestern Local School District (Northwestern LSD).

The Auditor of State's Office (AOS) recommended the establishment of fiscal watch and emergency laws for school districts to create predetermined monitors and criteria for fiscal responsibility, and technical assistance to help school administrators restore fiscal stability. Senate Bill 310, effective September 19, 1996, established fiscal watch and emergency laws for Ohio school districts. Senate Bill 345, effective April 10, 2001, amended the conditions for declaring fiscal watch and emergency and created a new category of fiscal caution. The difference between fiscal caution, watch, and emergency is the severity of the school district's financial condition.

The Ohio Department of Education (ODE), in consultation with AOS, developed guidelines to identify fiscal practices that could lead to financial crisis if uncorrected. Prior to declaring fiscal caution, ODE consults with the school board. The school board is then required to provide a written proposal to ODE to correct the fiscal deficiencies and ODE may provide on-site technical assistance. Further examinations by ODE and AOS that identify potential problems can initiate fiscal caution status.

Mapleton LSD was placed into fiscal caution on March 14, 2002 because the District's ending fund balance for FY 2001-02 was forecasted to be \$27,732 which was less than two percent of the current year projected revenue (a qualification for fiscal caution). As a result, Mapleton LSD was required to provide a written proposal to ODE within 60 days that represented improvements for discontinuing or correcting the practices and conditions that led to fiscal caution status.

The treasurer, working with the superintendent, the school board and ODE, created a fiscal recovery plan to help Mapleton LSD remove itself from fiscal caution status. As a result, the District has made several cost reductions and changes to its staffing levels in order to improve its financial situation. Mapleton LSD has been in regular contact with ODE in an effort to remove the District from fiscal caution. The District has supplied ODE with its plan for financial

recovery. In addition, the treasurer and representatives from ODE have met with the Ashland County auditor to ascertain current and future property tax revenues

In an effort to improve the financial situation of Mapleton LSD, the District placed a \$700,000 emergency levy on the May 2002 ballot. However, the levy failed, and the District began prioritizing reductions for FY 2002-03 that would yield a cost savings of approximately \$468,000. Reductions were made in educational programs, supplemental contracts, teaching positions, purchased services and supplies. However, before these reductions were implemented, the District placed another emergency levy on the August 2002 ballot in an effort to improve the District's financial situation without making all the identified staffing and program reductions. When the second attempt to pass an emergency levy failed in August 2002, Mapleton LSD began planning additional reductions that would yield cost savings of \$276,000. In total, the plans would result in a reduction of 7.82 FTEs. See the **human resources** section for more information regarding staffing reductions identified by the District and this performance audit.

According to the statistics compiled by the treasurer, since 1974, Mapleton LSD has experienced a 37 percent pass rate for levies. However, the last ten levies, which date back to May 1991, have a 70 percent pass rate. Levies that were placed on a special election ballot have passed 33 percent of the time, while levies placed on a general election ballot passed 18 percent, and levies placed on a primary ballot have passed 64 percent. Emergency and new levies, similar to the levy placed on the May 2002 and August 2002 ballots, have only a 25 percent pass rate for all election types.

To gain support for the emergency levy, Mapleton LSD has provided the community with several fliers that explain the District's finances and the need for the emergency levy. However, according to the AOS financial recovery plan, Mapleton LSD could potentially end FY 2002-03 through FY 2006-07 with a positive fund balance without the passage of a levy (See **Table 2-10**).

Financial Operations

Table 2-1 shows selected discretionary expenditures by account from Mapleton LSD's FY 2001-02 General Fund. The expenditures are then calculated as a percentage of total General Fund expenditures, and compared with similar spending by the peer districts.

Table 2-1: Discretionary Expenditures

	Mapleton	Black River	Crestview	Northwestern	Peer Average
Prof. and Technical Service	3.8%	1.9%	3.1%	0.9%	2.0%
Property Services	1.4%	1.9%	1.7%	1.4%	1.7%
Mileage/Meeting Expense	0.5%	0.1%	0.3%	0.3%	0.2%
Communications	0.3%	0.3%	0.4%	0.4%	0.3%
Contract, Craft or Trade Service	0.0%	0.0%	0.2%	0.1%	0.1%
Pupil Transportations	0.0%	0.0%	0.0%	0.1%	0.0%
Other Purchased Service	0.0%	0.0%	0.0%	0.0%	0.0%
General Supplies	1.5%	1.7%	1.5%	1.3%	1.5%
Textbooks/Reference Materials	0.4%	0.7%	1.0%	0.5%	0.7%
Supplies & Materials for Resale	0.0%	0.4%	0.0%	0.0%	0.2%
Food & Related Supplies/Mat	0.0%	0.0%	0.0%	0.0%	0.0%
Plant Maintenance and Repair	0.6%	0.9%	0.5%	1.0%	0.8%
Fleet Maintenance and Repair	0.7%	1.7%	0.8%	1.2%	1.2%
Other Supplies & Materials	0.0%	0.1%	0.0%	0.0%	0.0%
Land, Building & Improvements	0.0%	2.2%	1.6%	0.3%	1.4%
Equipment	0.0%	1.7%	1.4%	0.3%	1.1%
Buses/Vehicles	0.0%	1.9%	1.5%	0.0%	1.1%
Other Capital Outlay	0.0%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	1.9%	1.3%	0.9%	1.2%	1.1%
Insurance	0.3%	0.4%	0.1%	0.1%	0.2%
Awards and Prizes	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous	0.0%	0.0%	0.0%	0.0%	0.0%
Total	11.4%	17.3%	14.9%	8.9%	13.6%

Source: FY 2001-02 4502 Report

As shown in **Table 2-1**, Mapleton LSD's percentage of total discretionary spending (11.4 percent) was below the peer average (15.3 percent) by approximately 3.9 percent. Mapleton LSD has effectively controlled its discretionary spending by closely monitoring expenditures.

The financial forecast presented in **Table 2-2** represents the treasurer's projection of Mapleton LSD's present and future financial condition in the absence of significant increases in revenues or reductions in expenditures. The forecast and accompanying assumptions are the representations of Mapleton LSD and are presented without further verification. The projections, which incorporate the combined General and DPIA Funds, and that portion of the Debt Service

Fund relating to General Fund obligations, are accompanied by three years of comparative historical results, general assumptions and explanatory comments. Assumptions that have a significant impact on Mapleton LSD's financial recovery, such as the need for a new levy, amount forecasted for restricted grants-in-aid, and increases to salaries and wages were tested for reasonableness (See R2.1 through R2.3).

Table 2-2: Mapleton Local School District

Mapleton Local School District	Actual 1999-00	Actual 2000-01	Actual 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07
Real Estate Property Tax	1,577,698	1,597,436	1,675,980	1,648,963	1,675,346	1,702,152	1,729,386	1,757,056
Tangible Personal Property Tax	130,598	126,075	121,503	126,075	126,075	126,075	126,075	126,075
New Emergency Levy Revenue	0	0	0	0	300,000	600,000	600,000	600,000
Unrestricted Grants-in-Aid	3,470,818	3,347,432	3,784,386	3,863,945	4,235,882	4,354,487	4,476,413	4,601,753
Restricted Grants-in-Aid	29,925	30,315	99,928	256,562	329,784	427,712	529,640	0
Property Tax Allocation	184,519	194,484	217,363	194,484	194,484	194,484	194,484	194,484
Other Revenues	159,868	157,955	189,901	169,967	174,726	179,618	184,647	189,817
Total Operating Revenues	5,553,426	5,453,697	6,089,061	6,259,996	7,036,297	7,584,528	7,840,645	7,469,185
Salaries & Wages	3,697,809	3,780,955	4,063,780	4,072,263	4,357,321	4,662,333	4,988,696	5,337,905
Fringe Benefits	1,037,037	1,159,301	1,132,737	1,119,160	1,242,268	1,378,917	1,530,598	1,698,964
Purchased Services	496,693	636,691	495,429	490,000	514,500	540,225	567,236	595,598
Supplies, Materials & Textbooks	255,620	247,139	191,122	196,855	202,761	208,844	215,109	221,562
Capital Outlay	19,188	9,988	761	0	0	0	0	0
Other Expenditures	100,033	117,325	133,298	153,293	176,287	202,730	233,140	268,111
Total Operating Expenditures	5,606,380	5,951,399	6,017,127	6,031,571	6,493,137	6,993,049	7,534,779	8,122,140
Net Transfers/Advances In/(Outs)	9,479	0	(6,375)	0	0	0	0	0
Net Financing	9,479	0	(6,375)	0	0	0	0	0
Result of Operations (Net)	(43,475)	-497,702	65,559	228,425	543,160	591,479	305,866	(652,955)
Beginning Cash Balance	870,505	827,030	329,328	394,887	623,312	1,166,472	1,757,951	2,063,817
Ending Cash Balance	827,030	329,328	394,887	623,312	1,166,472	1,757,951	2,063,817	1,410,862
Outstanding Encumbrances	138,789	68,244	31,919	20,000	20,000	20,000	20,000	20,000
Ending Fund Balance	\$688,241	\$261,084	\$362,968	\$603,312	\$1,146,472	\$1,737,951	\$2,043,817	\$1,390,862

Source: Mapleton LSD's Treasurer as of August 8, 2002

The financial projection in **Table 2-2** presents the expected revenues, expenditures and fund balance of the General Fund of Mapleton LSD for each of the fiscal years including June 30, 2003 through June 30, 2007, with historical (unaudited) information presented for the fiscal years ended June 30, 2000, 2001, and 2002. Mapleton LSD completed FY 2001-02 with a

positive fund balance of approximately \$363,000, which is significantly higher than the District's original forecast that projected Mapleton LSD to complete FY 2001-02 with only a positive ending fund balance of \$27,000. However, this forecast assumes that Mapleton LSD was successful in passing a \$600,000 emergency levy in August 2002, which was defeated.

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

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

Revenues

- Mapleton LSD placed a new \$600,000 emergency levy on the May and August ballots to help the District manage its financial situation. However, both levy attempts failed by more than 65 percent. The financial forecast presented in **Table 2-2** has not been updated by the District to reflect the disapproval of the \$600,000 emergency levy by voters in August 2002. According to Mapleton LSD, the District is considering placing a 0.5 percent income tax levy on the November ballot. However, AOS was not provided with information regarding the amount of revenue that a 0.5 percent income tax levy would generate for the District (See **R2.1** and **R2.4**).
- General property real estate tax is forecasted to increase 1.6 percent per year. The treasurer has worked closely with Ashland's County Auditor to determine reasonable real estate tax estimates for future years. Tangible personal property tax is assumed at the same level as FY2000-01 due to recent utility deregulation. As a result of the new deregulation, Mapleton LSD is anticipating losing approximately \$351,000 in valuation. The treasurer is forecasting the District's property tax allocation, Homestead and rollback, to remain flat due to recent legislation.
- The treasurer is forecasting unrestricted grants-in-aid (State Foundation revenue) to increase by 2.8 percent per year. Mapleton LSD has worked closely with ODE to estimate the District's future State Foundation revenue.
- Mapleton LSD's restricted grants-in-aid mainly consist of parity aid the District receives from ODE. According to the laws that regulate parity aid, each school district eligible to receive parity aid will receive an additional 20 percent more parity aid each year through FY 2005-06. However, in FY 2006-07, Mapleton LSD is forecasting restricted grants-in-aid at \$0 because of the uncertainty of this funding source continuing beyond FY 2005-06. However, according to ODE representatives, parity aid would continue at 100 percent after FY 2005-06 (See **R2.2**).

- Mapleton LSD is forecasting all other revenue, which includes interest, manufactured home taxes and donations, at the August 2002 interest rate of 2.8 percent. Due to the slow economy, the treasurer is forecasting this revenue conservatively.
- In previous years, Mapleton LSD's other financing sources included a refund from Bureau of Workers Compensation (BWC). However, BWC informed Mapleton LSD that it would not receive refunds in future years because of flat investment returns received by BWC.

Expenditures

- The treasurer is forecasting personal services, which are salaries and wages for certificated and classified personnel, to remain almost flat in FY 2002-03 due to the staffing reductions made by the District. The FY 2002-03 staffing reductions include 7.82 FTEs; however, the District did not provide a cost savings associated with these staffing reductions. In addition, the District is forecasting salaries and wages for FY 2003-04 through FY 2006-07, which is not covered by current labor contracts, to increase by 7 percent (See **R2.3**).
- Mapleton LSD is forecasting total employee retirement and insurance benefits in FY 2002-03 to decrease by 1.2 percent due to the 7.82 FTE staffing reductions. For FY 2002-03 through FY 2006-07, Mapleton LSD is forecasting employee benefits to increase by 11 percent per year (See **R2.4**).
- Mapleton LSD is forecasting purchased services to decrease by 1.1 percent in FY 2002-03 from FY 2001-02. The decrease is due to a reduction in services purchased from the Ashland County Educational Service Center.
- The treasurer is forecasting supplies and materials to increase by three percent each year throughout the forecast period. The 3 percent annual increase represents an inflationary increase only.
- Beginning in FY 2002-03, Mapleton LSD is no longer forecasting capital outlay expenditures to be paid from the General Fund. Instead, Mapleton LSD is anticipating using the \$200,000 its permanent improvement levy generates annually to pay for its capital outlay expenditures.
- The debt issued to pay for the construction of the new elementary school and the addition to the high school is paid from the Construction Fund and not the General Fund.
- Mapleton LSD is forecasting other expenditures to increase by 15 percent per year. This increase is mainly attributed to significant increases from the county auditor and treasurer fees. In the past three years, these expenditures have increased 39.9 percent.
- Beginning in FY 2002-03, Mapleton LSD will discontinue its practice of purchasing supplies in the spring for the next school year. Since the District is eliminating this practice, the treasurer is forecasting estimated encumbrances to significantly decrease in future years.

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

- **Forecast Assumptions:** All forecast assumptions were tested; however, when the assumptions appeared reasonable, these were not included in the report;
- **District purchases:** During FY 2001-02 and FY 2002-03, the District closely monitored and controlled purchases.
- **Food service operations:** The District's food service operations generate sufficient revenue to cover expenses.

General Recommendations

Financial Forecast

- R2.1** Mapleton LSD should recreate its five-year financial forecast to exclude revenue from the \$600,000 emergency levy that failed in August. Since the District knew the levy failed after the forecast presented in Table 2-2 was created, the \$600,000 in additional property tax revenue should have been excluded from the forecast. In addition, the District should have more carefully considered the effects of its \$363,000 positive ending fund balance in FY 2001-02 before contemplating placing a 0.5 percent income tax levy on the November ballot. According to the financial recovery plan outlined in Table 2-10, the District could potentially end each forecasted fiscal year with a positive ending balance without additional money from a new tax levy. However, if Mapleton LSD does receive any new tax revenue, the District should ensure the revenue is only used for educational programs and that the revenue is appropriately managed to avoid asking for any additional tax increases during the forecasted period. In contrast, if Mapleton LSD does not pass the 0.5 percent income tax levy in November, the District should consider implementing the recommendations identified throughout this performance audit to help improve its financial situation and discontinue placing any new levies on the ballot during the forecasted period.

According to the treasurer's forecast presented in **Table 2-2** and the accompanying notes and assumptions, Mapleton LSD was anticipating receiving a \$600,000 emergency levy from the August ballot. However, this levy was disapproved by voters. In response to the failed levy, the District is anticipating placing a 0.5 percent income tax levy on the November ballot. Based on the reductions made by the District and the treasurer's current forecast (see **Table 2-2**), Mapleton LSD is projecting significantly higher ending fund balances than those projected when it was placed in fiscal caution. As a result, Mapleton LSD may not require an emergency levy or income tax levy to be placed on the November ballot. **Table 2-3A** shows Mapleton LSD's financial position with the \$600,000 proposed emergency levy.

Table 2-3A: Current Forecast with Emergency Levy

Current Forecast (Table 2-2)					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Emergency Levy Revenue	\$0	\$300,000	\$600,000	\$600,000	\$600,000
Total Revenue & Other Financing Sources	\$6,259,996	\$7,036,297	\$7,584,528	\$7,840,645	\$7,469,185
Total Expenditures & Other Financing Uses	\$6,031,571	\$6,493,137	\$6,993,049	\$7,534,779	\$8,122,140
Results of Operations (Net)	\$228,425	\$543,160	\$591,479	\$305,866	(\$652,955)
Beginning Fund Balance	\$394,887	\$623,312	\$1,166,472	\$1,757,951	\$2,063,817
Ending Cash Balance	\$623,312	\$1,166,472	\$1,757,951	\$2,063,817	\$1,410,862
Outstanding Encumbrances	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Ending Fund Balance	\$603,312	\$1,146,472	\$1,737,951	\$2,043,817	\$1,390,862

Source: Mapleton LSD's five-year forecast

As shown in **Table 2-3A**, Mapleton LSD is forecasting positive ending fund balances during the forecast period. However, to achieve these ending fund balances, Mapleton LSD needed to be successful in passing a \$600,000 emergency levy in August 2002. Therefore, Mapleton LSD used inaccurate data when it updated its forecast because the levy already failed before the forecast presented in **Table 2-2** was created. In addition, the treasurer stated that the District was anticipating placing a 0.5 percent income tax levy, instead of an emergency levy, on the November ballot. However, the District did not provide information in the forecast or the accompanying notes and assumptions of how much revenue the income tax levy would generate.

If Mapleton LSD is successful in passing any new tax levies, the District should ensure the revenue is only used for educational programs. District officials should ensure that the revenue is appropriately managed to avoid asking for any additional levies during the forecast period. Furthermore, if any new tax revenue is received, Mapleton LSD should revisit its staffing reductions and reinstate positions that would increase direct educational contact time with students and have the most impact on improving the District's educational performance.

Since Mapleton LSD was not successful in passing the \$600,000 emergency levy in August, **Table 2-3B** presents how the financial forecast is affected without the \$600,000 emergency levy.

Table 2-3B: Revised Financial Forecast without Emergency Levy

New Forecast with no Emergency Levy (See Table 2-10)					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Total Revenue & Other Financing Sources	\$6,259,996	\$6,736,297	\$6,984,528	\$7,240,645	\$6,869,185
Total Expenditures & Other Financing Uses	\$6,031,571	\$6,493,137	\$6,993,049	\$7,534,779	\$8,122,140
Results of Operations (Net)	\$228,425	\$243,160	(\$8,521)	(\$294,134)	(\$1,252,955)
Beginning Fund Balance	\$394,887	\$623,312	\$866,472	\$857,951	\$563,817
Ending Cash Balance	\$623,312	\$866,472	\$857,951	\$563,817	(\$689,138)
Outstanding Encumbrances	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Ending Fund Balance	\$603,312	\$846,472	\$837,951	\$543,817	(\$709,138)

Source: Mapleton LSD's five-year forecast

Table 2-3B shows that, although the results of operations are forecasted to be negative starting in FY 2004-05, Mapleton LSD could potentially end each fiscal year with a positive fund balance, with the exception of FY 2006-07. However, in FY 2006-07, Mapleton is no longer forecasting Parity Aid funding. As a result, Mapleton LSD is forecasting total revenue and other financing sources to be significantly less in FY 2006-07 than in previous years. However, according to ODE, Parity Aid funding will continue in FY 2006-07 (See **R2.2**).

R2.2 Mapleton LSD should update the five-year forecast to include Parity Aid in FY 2006-07. According to ODE representatives, Parity Aid will continue at the FY 2005-06 funding level. Therefore, since Mapleton LSD's Parity Aid funding for FY 2005-06 is forecasted to be \$529,640, the District should forecast the same amount for FY 2006-07.

According to Mapleton LSD's five-year forecast and accompanying note and assumptions, the District is forecasting restricted grants-in-aid to be \$0 in FY 2006-07 due to the uncertainty of Parity Aid funding to continue in FY 2005-06. However, according to ODE representatives, school districts can expect to receive the same amount of Parity Aid in FY 2006-07 as will be received in FY 2005-06.

Table 2-4A shows Mapleton LSD's current forecast without Parity Aid in FY 2006-07.

Table 2-4A: Current Forecast without Restricted Grants-in-Aid

Current Forecast (Table 2-2)					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Restricted Grants-in-Aid	256,562	329,784	427,712	529,640	\$0
Total Revenue & Other Financing Sources¹	\$6,259,996	\$7,036,297	\$7,584,528	\$7,840,645	\$7,469,185
Total Expenditures & Other Financing Uses	\$6,031,571	\$6,493,137	\$6,993,049	\$7,534,779	\$8,122,140
Results of Operations (Net)	\$228,425	\$543,160	\$591,479	\$305,866	(\$652,955)
Beginning Fund Balance	\$394,887	\$623,312	\$1,166,472	\$1,757,951	\$2,063,817
Ending Cash Balance	\$623,312	\$1,166,472	\$1,757,951	\$2,063,817	\$1,410,862
Outstanding Encumbrances	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Ending Fund Balance	\$603,312	\$1,146,472	\$1,737,951	\$2,043,817	\$1,390,862

Source: Mapleton LSD's five-year forecast

¹Total Expenditures & Other Financing Uses includes the \$600,000 emergency levy revenue

As shown in **Table 2-4A**, Mapleton LSD is not forecasting any revenue from restricted grants-in-aid in FY 2006-07. As a result, Mapleton LSD forecast shows results of operations to be negative \$653,000 in FY 2006-07.

Table 2-4B presents how the financial forecast would be affected by including Parity Aid in FY 2006-07 using the FY 2005-06 funding level.

Table 2-4B: Revised Forecast with Restricted Grants-in-Aid

New Forecast (Table 2-10)					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Restricted Grants-in-Aid	256,562	329,784	427,712	529,640	\$529,640
Total Revenue & Other Financing Sources¹	\$6,259,996	\$7,036,297	\$7,584,528	\$7,840,645	\$7,998,825
Total Expenditures & Other Financing Uses	\$6,031,571	\$6,493,137	\$6,993,049	\$7,534,779	\$8,122,140
Results of Operations (Net)	\$228,425	\$543,160	\$591,479	\$305,866	(\$123,315)
Beginning Fund Balance	\$394,887	\$623,312	\$1,166,472	\$1,757,951	\$2,063,817
Ending Cash Balance	\$623,312	\$1,166,472	\$1,757,951	\$2,063,817	\$1,940,502
Outstanding Encumbrances	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Ending Fund Balance	\$603,312	\$1,146,472	\$1,737,951	\$2,043,817	\$1,920,502

Source: Mapleton LSD's five-year forecast

¹Total Expenditures & Other Financing Uses includes the \$600,000 emergency levy revenue

As shown in **Table 2-4B**, Mapleton LSD's financial forecast could be significantly improved by including Parity Aid funding in FY 2006-07. By appropriately including parity aid revenue in FY 2006-07, Mapleton LSD portrays a more realistic outlook of its revenue stream and reduces the likeliness that the District will need to place any new tax levies on the ballot during the forecasted period (See **R2.1**).

R2.3 During future contract negotiations, Mapleton LSD should seek to control expenditures for salaries, wages and benefits. The District's union agreements with certificated and classified employees are in effect through FY 2002-03. According to these agreements, certificated and classified employees will receive a 3.25 percent and 3.0 percent annual increase, respectively. However, beginning in FY 2003-04 and throughout the remaining forecast period, Mapleton LSD is assuming a 7 percent increase in salaries, which includes cost of living increases and step increases.

The treasurer's previous forecast prepared in May 2002 presented only a 5 percent increase in salaries. However, the current forecast presented in **Table 2-2** prepared in August 2002 projects total salary and wages to increase at 0.2 percent for FY 2002-03 and 7 percent for FY 2003-04 through FY 2006-07. Salaries and wages for FY 2002-03 are only projected to increase by 0.2 percent from FY 2001-02 because of staffing reductions made by the District. According to the current union contracts for classified and certificated employees, which are effective until FY 2002-03, the annual salary increases are approximately 3.0 percent and 3.25 percent, respectively.

Table 2-5A presents the effects of the current forecast's assumption of a 0.2 percent salary increase in FY 2002-03 and 7 percent salary increases in FY 2003-04 through FY 2006-07.

Table 2-5A: Salary Increases for FY 2002-03 through FY 2004-05

Current Forecast (Table 2-2)					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Percent Salary Increase	0.20%	7.00%	7.00%	7.00%	7.00%
Total Revenue and Other Financing sources	\$ 6,259,996	\$ 6,736,297	\$ 6,984,528	\$ 7,240,645	\$ 6,869,185
Salaries and Wages Expenditures	\$ 4,072,263	\$ 4,357,321	\$ 4,662,333	\$ 4,988,696	\$ 5,337,905
Total Expenditures	\$ 6,031,571	\$ 6,493,157	\$ 6,993,049	\$ 7,534,779	\$ 8,122,140
Results of Operations (Net)	\$ 228,425	\$ 243,140	\$ (8,521)	\$ (294,134)	\$ (1,252,955)
Beginning Fund Balance	\$ 362,968	\$ 603,312	\$ 846,452	\$ 837,931	\$ 543,797
Ending Fund Balance	\$ 603,312	\$ 846,452	\$ 837,931	\$ 543,797	\$ (709,158)

Source: Mapleton LSD's five-year forecast

As shown in **Table 2-5A**, Mapleton's LSD's total revenue and other financing sources are forecasted to exceed its total expenditures and other financing uses in FY2002-03 and

FY2003-04. However, beginning in FY 2004-05 the results of operations are forecasted to be negative, which could potentially lead Mapleton LSD to report a negative ending fund balance in FY 2006-07.

Table 2-5B presents the effects on the current forecast of 5 percent annual increases in salary and wages for FY 2003-04 through FY 2006-07. The five percent increase would consist of a cost of living adjustment and step increases.

Table 2-5B: Proposed Salary Increases for FY 2002-03 through FY 2004-05

New Forecast (See Table 2-10)					
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Percent Salary Increase	0.20%	5.00%	5.00%	5.00%	5.00%
Total Revenue and Other Financing sources	\$6,259,996	\$ 6,736,297	\$ 6,984,528	\$ 7,240,645	\$ 6,869,185
Salaries and Wages Expenditures	\$ 4,072,263	\$ 4,275,876	\$ 4,489,670	\$ 4,714,154	\$ 4,949,861
Total Expenditures	\$6,031,571	\$ 6,411,712	\$ 6,820,386	\$ 7,260,237	\$ 7,734,096
Beginning Fund Balance	\$ 362,968	\$ 603,312	\$ 927,897	\$ 1,052,021	\$ 1,032,429
Ending Fund Balance	\$ 603,312	\$ 927,897	\$ 1,052,021	\$ 1,032,429	\$ 167,518

Source: Five-year forecast and Treasurer’s Office

As shown in **Table 2-5B**, by negotiating salary increases at 5 percent instead of 7 percent, Mapleton LSD could potentially end each fiscal year with a positive fund balance. Therefore, during the next contract negotiations, Mapleton LSD should carefully consider the effects of salary increases on the District’s finances. Furthermore, if Mapleton LSD successfully negotiates a 5 percent salary increase instead of a 7 percent salary increase, the cost savings generated would further prevent the District from needing to place any new tax levies on the ballot during the forecast period (See **R2.1**).

R2.4 The five-year forecast and the accompanying assumptions or notes should be expanded and should consistently present more detailed historic and projected information and explanatory comments. In addition, the Mapleton LSD should ensure the notes and assumptions adequately reflect what is reported in the five-year forecast. By providing more detail in the forecast and its supporting notes, the Board and the public will better understand the financial condition of Mapleton LSD.

A forecast is a management tool developed by the treasurer with the assistance of other managers within the school district. Assumptions are informed estimates developed by the appropriate managers within each building or at the district level and communicated to the school board. Since assumptions can change based upon economic conditions, the forecast should be considered a working document that can be altered if the ending result is considered significantly different as time progresses. Although Mapleton LSD includes assumptions and notes to its five-year financial forecast, the assumptions and

notes do not provide adequate disclosure regarding the following factors that have an impact on the forecast:

- Historic and projected inflation rates;
- Actual results of the three most recent fiscal years, for comparison, with explanation of significant variances between forecasted and actual amounts;
- Comparable external averages and benchmarks, as well as internal financial objectives;
- Historic and projected enrollment and Average Daily Membership;
- Information about facility utilization (new building construction);
- Detailed description of the components of state foundation revenues;
- Historic and projected staffing by position;
- Historic and projected expenditures for main components of purchased services, materials and supplies, and other expenditures, specifically amounts fulfilling minimum state requirements;
- Description of projected capital outlay expenditures, identifying amounts related to routine maintenance, specific projects and fulfilling minimum state requirements;
- Detailed description of debt service obligation; and
- Impact of outstanding encumbrances at year-end.

The following items represent a sample of inconsistencies or insufficiently detailed analyses that were noted during the review of the forecast assumptions:

- Salaries and wages are forecasted to increase at 0.2 percent for FY 2002-03. According to the treasurer, the 0.2 percent increase is the net effect of Mapleton LSD reductions in staff and the wage and step increases for the remaining staff. However, the detail regarding the extent of cost savings realized by the District was not provided. In addition, the corresponding benefits cost reductions associated with the staffing reductions was not provided.
- The 7 percent salary and wage increases that are forecasted for FY 2003-04 through FY 2006-07 were also presented without sufficient detail to substantiate the forecasted amounts. The blanket 7 percent increase in this line item starts in a new contract year that has not been negotiated. In the current negotiated contract, salary increases for certificated and classified employees are stated at 3.25 percent

and 3.0 percent, respectively, with an approximate average of 1.5 percent for step increases.

- Although benefits are described in the assumptions as having been calculated at 16 percent, they were calculated at 11 percent in the forecast. In addition, the residual effect of the 7 percent salary increases for employer contributions to pensions was not included.
- Mapleton LSD is forecasting purchased services to decrease by 1.1 percent in FY 2002-03 and increase 5 percent for the remaining years. The savings is due to reduced services from the Ashland County Educational Service Center. However, the types and costs of the services purchased were not described.
- Mapleton LSD placed a new \$600,000 emergency levy on the August and November ballots to help the District improve its financial situation. However, both levy attempts failed by more than 65 percent. The financial forecast presented in **Table 2-2** and its accompanying notes and assumptions have not been updated to reflect the failure of the \$600,000 emergency levy. According to Mapleton LSD, the District is considering placing a 0.5 percent income tax levy on the November ballot. However, AOS was not provided with information regarding the amount of revenue that a 0.5 percent income tax levy would generate for the District. Furthermore, the inclusion the emergency levy revenue in the current forecast misleads the reader about the District's actual and future financial situation.
- Mapleton LSD is not forecasting parity aid revenue in FY 2006-07. According to ODE representatives, parity aid will continue at the FY 2005-06 funding levels. As a result, Mapleton LSD's current forecast misstates revenues by approximately \$530,000, which may mislead users of the forecast of the District's future financial picture.

The forecast should also identify set-asides for capital maintenance, textbooks and instructional materials and supplies. Furthermore, Mapleton LSD should quantify the cost of implementing programs needed to meet the educational outcomes and accountability standards established in recently passed legislation, such as standards for attendance and proficiency test results and new graduation requirements. These costs should be included as "Additional Educational Enhancements" and described in the accompanying notes.

The treasurer shares the financial forecast with the school board. However, the treasurer does not formally update the forecast each month unless a material change occurred.

Instead, the treasurer provides a monthly financial report to the Board that includes the fund activity and balances, checks paid, monthly revenue, and updated estimates of how the district will end the year.

The treasurer includes assumptions and supporting explanations along with the financial forecast, which has improved the reader's understanding of these projections. However, inclusion of actual historical information as well as comparative state averages and peer data would further assist the reader in interpreting the forecast and drawing well-founded conclusions.

Revenue and Expenditure Analysis

R2.5 Mapleton LSD should closely examine the spending patterns indicated in Table 2-7 and Table 2-8 and consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the students' education and proficiency test results. Furthermore, Mapleton LSD should analyze the cost reductions recommended in the human resource, facilities and transportation sections of this report to aid Mapleton LSD's efforts to regain financial stability without placing a new levy on the ballot.

The allocation of resources between the various functions of a school district is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be evaluated and prioritized. Analyzing the spending patterns between the various functions should indicate where the priorities of the school board and management are placed. In addition, analyzing the number of ODE's 27 performance standards a school district meets should also correlate to the school district's spending patterns. Ohio law calls for each school district to receive a performance accountability rating based on 27 performance standards. These 27 standards are minimum performance goals for public education in Ohio. **Table 2-6** presents the number of performance standards Mapleton LSD and the peers met in FY 1998-99, FY 1999-00 and FY 2000-01.

Table 2-6: ODE Performance Standards Comparison

# of 27 Performance Standards Met	Mapleton	Black River	Crestview	Northwestern	Peer Average
FY 1998-1999	14	17	15	18	17
FY 1999-2000	14	18	18	22	19
FY 2000-2001	19	18	20	22	20

Source: ODE Report Cards

As shown in **Table 2-6**, Mapleton LSD has met fewer performance measures than the peer average for all years presented. However, Mapleton displayed the largest

improvement in any one year in FY 2000-2001, by meeting five additional standards. Although this increase still keeps the District in the continuous improvement category, Mapleton LSD is coming closer to becoming a school district rated in the effective category.

Table 2-7 and **Table 2-8** show the amount of expenditures posted to the various USAS function codes for Mapleton LSD and the peer districts. Function codes are designed to report expenditures by their nature or purpose. **Table 2-7** shows the operational expenditures per pupil and percentage of operational expenditures by function for all funds which are classified as governmental fund types. Governmental funds are used to account for a District’s governmental-type activities.

Table 2-7: Governmental Funds Operational Expenditures by Function

USAS Function Classification	Mapleton		Black River		Crestview		Northwestern		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instructional Expenditures:	\$3,935	61.2%	\$3,457	60.0%	\$3,648	60.1%	\$4,518	61.6%	\$3,856	60.6%
Regular Instruction	\$3,084	47.9%	\$2,708	47.0%	\$2,847	46.9%	\$3,309	45.1%	\$2,943	46.3%
Special Instruction	\$584	9.1%	\$742	12.9%	\$663	10.9%	\$590	8.0%	\$669	10.5%
Vocational Education	\$196	3.1%	\$7	0.1%	\$138	2.3%	\$416	5.7%	\$178	2.8%
Adult/Continuing Education	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Extracurricular Activities	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Classroom Materials and Fees	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Miscellaneous	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other Instruction	\$70	1.1%	\$0	0.0%	\$0	0.0%	\$202	2.8%	\$65	1.0%
Support Service Expenditures:	\$2,147	33.4%	\$2,071	35.9%	\$2,128	35.0%	\$2,544	34.7%	\$2,240	35.2%
Pupil Support Services	\$157	2.4%	\$232	4.0%	\$231	3.8%	\$339	4.6%	\$266	4.2%
Instructional Support Services	\$197	3.1%	\$246	4.3%	\$241	4.0%	\$336	4.6%	\$274	4.3%
Board of Education	\$28	0.4%	\$19	0.3%	\$44	0.7%	\$53	0.7%	\$38	0.6%
Administration	\$560	8.7%	\$404	7.0%	\$387	6.4%	\$561	7.7%	\$450	7.1%
Fiscal Services	\$237	3.7%	\$184	3.2%	\$139	2.3%	\$184	2.5%	\$171	2.7%
Business Services	\$0	0.0%	\$3	0.1%	\$0	0.0%	\$0	0.0%	\$1	0.0%
Plant Operation & Maintenance	\$531	8.2%	\$409	7.1%	\$558	9.2%	\$564	7.7%	\$503	7.9%
Pupil Transportation	\$392	6.1%	\$567	9.8%	\$505	8.3%	\$465	6.3%	\$516	8.1%
Central Support Services	\$45	0.7%	\$6	0.1%	\$24	0.4%	\$41	0.6%	\$22	0.4%
Non-Instructional Services Expenditures	\$0	0.0%	\$5	0.1%	\$19	0.3%	\$19	0.0%	\$8	0.1%
Extracurricular Activities Expenditures	\$352	5.5%	\$231	4.0%	\$280	4.6%	\$268	3.7%	\$257	4.0%
Total Governmental Fund Operational Expenditures	\$6,433	100.0%	\$5,765	100.0%	\$6,074	100.0%	\$7,330	100.0%	\$6,361	100.0%

Source: Mapleton LSD, Black River LSD, Crestview LSD, Northwestern LSD 4502s.

According to **Table 2-7**, Mapleton LSD's overall per pupil average is approximately one percent higher than the peer per pupil average of \$6,361. However, some of the expenditure groups are significantly higher.

As discussed in the **human resources**, **facilities**, and **transportation** sections of this report, recommendations were made to reduce staffing, optimize facility usage, optimize bus routing procedures, and use payments in lieu of transportation. These recommendations, if implemented, could potentially reduce expenditures and are further supported by the analysis in **Table 2-7** which shows the following:

- **Mapleton LSD's regular instruction is \$203 per pupil higher than the peer average.** Expenditures for regular instruction are affected by staffing levels, salaries, benefits, experience of staff, and class size. Of these factors, the experience level of Mapleton LSD's certificated staff is the leading contributor to higher regular instruction expenditures. Seventeen of the 58 (29 percent) regular instruction teachers have 25 years of experience or more, which means these teachers are at the highest end of the salary schedule.
- **Mapleton LSD's vocational instruction expenditures are \$10 per pupil higher than the peer average.** However, Mapleton LSD has eliminated two of its four vocational education programs, which will significantly reduce vocational education expenditures in FY 2002-03.
- **Mapleton LSD's administration expenditures are \$114 per pupil more than the peer average.** Mapleton LSD did not provide adequate details regarding the accounts that contribute to administration expenditures. The reason for high costs in this area was not adequately explained.
- **Mapleton LSD's fiscal services expenditures are \$72 per pupil more than the peer average.** Mapleton LSD did not provide adequate details regarding the accounts that contribute to fiscal services expenditures. The reason for high costs in this area was not adequately explained.
- **Mapleton LSD's plant operation expenditures are \$30 per pupil greater than the peer average.** As discussed in the **facilities** section of this performance audit, Mapleton LSD's custodians maintain less square footage than custodians at the peer districts. As a result, Mapleton LSD could reduce its custodial staffing by 2.31 FTEs to help reduce operating expenditures. Mapleton LSD could still operate effectively while reducing its custodial staffing by 2.31 FTEs after the

construction of the new elementary school and addition to the high school are complete (See R4.2).

- **Mapleton LSD’s extracurricular expenditures are \$105 per pupil more than the peer average.** Although Mapleton LSD is planning on reducing its extracurricular expenditures for FY 2002-03, the District did not provide adequate details regarding the planned reductions.
- **Mapleton LSD’s transportation expenditures are \$114 per pupil less than the peer average.** However, Mapleton LSD should evaluate the recommendations suggested in **transportation** section of this performance audit, such as using payments in lieu of transportation and purchasing routing software, to further reduce transportation expenditures (See R5.2 and R5.3).

Table 2-8 shows the total expenditures of the governmental funds, including facilities acquisition and construction expenditures, and debt services expenditures.

Table 2-8: Total Governmental Fund Expenditures by Function

USAS Function Classification	Mapleton		Black River		Crestview		Northwestern		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Total Governmental Funds Operational Expenditures	\$6,433	55.9%	\$5,765	91.0%	\$6,074	94.4%	\$7,330	67.1%	\$6,361	81.1%
Facilities, Acquisition & Construction Expenditures	\$438	3.8%	\$146	2.3%	\$94	1.5%	\$485	4.4%	\$240	3.1%
All Debt Service Expenditures	\$4,646	40.3%	\$424	6.7%	\$269	4.2%	\$3,114	28.5%	\$1,245	15.9%
Total Governmental Funds Operational Expenditures	\$11,518	100.0%	\$6,334	100.0%	\$6,438	100.0%	\$10,929	100.0%	\$7,846	100.0%
Adjustment to Total Government Funds Operational Expenditures, Excluding Capital Projects Debt										
Total Governmental Funds Operational Expenditures	\$6,433	94%	\$5,765	98%	\$6,074	98%	\$7,330	94%	\$6,361	97%
Facilities Acquisition & Construction Expenditures	\$438	6%	\$146	2%	\$94	1.5%	\$485	6%	\$240	3%
General Fund Debt Only	\$0	0%	\$0	0%	\$24	0.5%	\$0	0%	N/A	N/A
Adjusted Total Governmental Funds Operational Expenditures	\$6,871	100%	\$5,911	100%	\$6,192	100%	\$7,815	100%	\$6,601	100%

Source: Mapleton LSD, Black River LSD, Crestview LSD, Northwestern LSD’s FY 2001-02 4502s

As shown in Table 2-7, Mapleton LSD’s total governmental expenditures of \$11,518 per pupil is \$3,672 more than the peer average of \$7,846 per pupil. However, Mapleton LSD

is in the process of building a new elementary school and building a new addition to its high school, which is why the District's debt service expenditures (\$4,646 per pupil) are significantly higher than the peer average (\$1,245 per pupil). The District's debt service expenditures are attributed to its Capital Projects Fund and not the General Fund. **Table 2-7** also shows that with the effect of Capital Projects Debt removed, Mapleton LSD's total governmental funds operational expenditures would be \$6,872 per pupil, which is approximately 4.1 percent above the peer average (\$6,601 per pupil).

Financial Recovery Plan

R2.6 Mapleton LSD should analyze and use the financial recovery plan outlined in Table 2-10 to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on its financial condition. Mapleton LSD should consider implementing the recommendations in this performance audit to avoid future financial difficulties. In addition, Mapleton LSD should update the financial recovery plan on an ongoing basis as critical financial issues are addressed.

Table 2-9 illustrates the effect of the revised assumptions and recommendations presented in the financial systems section of this performance audit. In addition, **Table 2-9** presents the effect of the all the recommendations made throughout all the sections of this performance audit report. The ending fund balances reported in **Table 2-9** match the ending fund balances reported in **Table 2-10**.

Table 2-9: Changes to Mapleton LSD's Ending Fund Balances

	Actual FY 02-03	Actual FY 03-04	Actual FY 04-05	Actual FY 05-06	Actual FY 06-07
Beginning Fund Balance (See Table 2-2) ¹	\$603,312	\$1,146,472	\$1,737,951	\$2,043,817	\$1,390,862
Increase/(Decrease) Resulting from Revised Assumptions					
R2.1 Proposed Levy	\$0	(\$300,000)	(\$600,000)	(\$600,000)	(\$600,000)
R2.2 Parity Aid	\$0	\$0	\$0	\$0	\$529,640
R2.3 Salaries and Wages	\$0	\$81,445	\$172,663	\$274,542	\$388,044
AOS Assumption Subtotal	\$0	(\$218,555)	(\$427,337)	(\$325,458)	\$317,684
Increase/(Decrease) Resulting from Recommendations:					
R3.2 Reduction in educational service personnel	\$116,300	\$122,115	\$128,221	\$134,632	\$141,363
R4.2 Reduction in custodial personnel	\$55,100	\$57,855	\$60,748	\$63,785	\$66,974
R5.1 Reduction in paid days for bus drivers	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
R5.2 Use payments in lieu of transportation ²	\$10,350	\$10,350	\$10,350	\$10,350	\$10,350
R5.3 Purchase routing software ²	\$2,500	\$17,000	\$17,000	\$17,000	\$17,000
R5.4 Change transportation maintenance practices	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Recommendation Subtotal	\$188,950	\$212,020	\$221,019	\$230,467	\$240,387
Adjusted Ending Fund Balance (See Table 2-10) ³	\$792,262	\$1,328,887	\$1,714,048	\$1,924,923	\$1,830,040

¹ The beginning fund balances are the ending fund balances illustrated in the Mapleton LSD's forecast on **Table 2-2**.

² **R5.2** and **R5.3** are presented net of the applicable implementation costs identified in **Table 2-10B**.

³ The adjusted ending fund balances are the ending fund balances illustrated in the financial recovery plan in **Table 2-10**.

Table 2-10 is being presented as a potential financial forecast for Mapleton LSD management to use to assess the financial condition of the district. It is a management tool to be utilized to assess the impact that implementation of the various performance audit recommendations will have on Mapleton LSD's financial condition. The forecast presented contains the same financial projections as presented in **Table 2-2** with additional lines including the financial implications and implementation costs associated with the performance audit recommendations. However, adjustments were made to the financial projections in **Table 2-2** based upon analysis conducted in this report, which include the following:

- Excluding Mapleton LSD's proposed emergency levy which was forecasted to provide \$300,000 in FY 2003-04 and \$600,000 for FY 2004-05, FY 2005-06 and FY 2006-07. (See **R2.1**);
- Including Restricted Grants in Aid for the FY 2006-07 at the FY 2005-06 level, \$529,640, to reflect legislation (H.B. 94) that provides for parity aid to replace power equalization (See **R2.2**); and
- Projecting a 5 percent salary increase in FY 2003-04, FY 2004-05, FY 2005-06, and FY 2006-07. (See **R2.3**).

Accompanying tables (**Table 2-10A and Table 2-10B**) summarize the financial implications associated with the recommendations contained within this report. Some recommendations could be implemented immediately, while others will require further management action to realize the proposed savings. In addition, implementation costs and cost avoidance associated with the various recommendations are also summarized.

The performance audit recommendations presented in **Table 2-10A** are broken down into two categories; those recommendations subject to negotiation and those recommendations not subject to negotiation. **Table 2-10B** presents the implementation costs associated with various recommendations contained within the performance audit. For Mapleton to achieve and maintain financial stability, it will be necessary to make difficult management decisions. The ideas and recommendations included in this report should be considered for implementation by Mapleton LSD. However, the audit is not all inclusive, and other cost savings and revenue enhancements should be explored and incorporated into the District's financial recovery plan.

Table 2-10: Proposed Financial Recovery Plan

Mapleton Local School District	Actual 1999-00	Actual 2000-01	Actual 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07
Real Estate Property Tax	1,577,698	1,597,436	1,675,980	1,648,963	1,675,346	1,702,152	1,729,386	1,757,056
Tangible Personal Property Tax	130,598	126,075	121,503	126,075	126,075	126,075	126,075	126,075
Unrestricted Grants-in-Aid	3,470,818	3,347,432	3,784,386	3,863,945	4,235,882	4,354,487	4,476,413	4,601,753
Restricted Grants-in-Aid	29,925	30,315	99,928	256,562	329,784	427,712	529,640	529,640
Property Tax Allocation	184,519	194,484	217,363	194,484	194,484	194,484	194,484	194,484
Other Revenues	159,868	157,955	189,901	169,967	174,726	179,618	184,647	189,817
Total Operating Revenues	5,553,426	5,453,697	6,089,061	6,259,996	6,736,297	6,984,528	7,240,645	7,398,825
Salaries & Wages	3,697,809	3,780,955	4,063,780	4,072,263	4,275,876	4,489,670	4,714,154	4,949,861
Fringe Benefits	1,037,037	1,159,301	1,132,737	1,119,160	1,242,268	1,378,917	1,530,598	1,698,964
Purchased Services	496,693	636,691	495,429	490,000	514,500	540,225	567,236	595,598
Supplies, Materials & Textbooks	255,620	247,139	191,122	196,855	202,761	208,844	215,109	221,562
Capital Outlay	19,188	9,988	761	0	0	0	0	0
Other Expenditures	100,033	117,325	133,298	153,293	176,287	202,730	233,140	268,111
Performance Recommendations	0	0	0	(201,100)	(216,670)	(225,669)	(235,117)	(245,038)
Implementation Costs	0	0	0	12,150	4,650	4,650	4,650	4,650
Total Operating Expenditures	5,606,380	5,951,399	6,017,127	5,842,621	6,199,672	6,599,367	7,029,770	7,493,708
Net Transfers/Advances In/(Outs)	9,479	0	(6,375)	0	0	0	0	0
Net Financing	9,479	0	(6,375)	0	0	0	0	0
Result of Operations (Net)	(43,475)	(497,702)	65,559	417,375	536,625	385,161	210,875	(94,883)
Beginning Cash Balance	870,505	827,030	329,328	394,887	812,262	1,348,887	1,734,048	1,944,923
Ending Cash Balance	827,030	329,328	394,887	812,262	1,348,887	1,734,048	1,944,923	1,320,400
Outstanding Encumbrances	138,789	68,244	31,919	20,000	20,000	20,000	20,000	20,000
Ending Fund Balance	\$688,241	\$261,084	\$362,968	\$792,262	\$1,328,887	\$1,714,048	\$1,924,923	\$1,830,040

Source: Mapleton LSD's financial forecast and recommendations identified throughout this performance audit

Table 2-10A details those performance audit recommendations reflected in the forecast in **Table 2-10**.

Table 2-10A: Summary of Performance Audit Recommendations

	Recommendation (no negotiation)	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
R3.2	Reduction in educational service personnel	\$116,300	\$122,115	\$128,221	\$134,632	\$141,363
R4.2	Reduction in custodial personnel	\$55,100	\$57,855	\$60,748	\$63,785	\$66,974
R5.1	Reduction in paid days for bus drivers	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
R5.2	Use payments in lieu of transportation	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
R5.3	Purchase routing software	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000
R5.4	Implement changes to transportation maintenance	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
	Totals	\$201,100	\$216,670	\$225,669	\$235,117	\$245,038

Source: Financial implications identified throughout this performance audit

Table 2-10B summarizes the implementation costs associated with various recommendations contained within the performance audit. Each cost is dependent on Mapleton LSD's decision to implement the associated recommendation and the timing of that implementation.

Table 2-10B: Implementation Costs

	Implementation Cost	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
R5.2	Use payments in lieu of transportation	\$650	\$650	\$650	\$650	\$650
R5.3	Purchase Bus Routing Software	\$11,500	\$4,000	\$4,000	\$4,000	\$4,000
	Totals	\$12,150	\$4,650	\$4,650	\$4,650	\$4,650

Source: Implementation costs identified throughout this performance audit.

Human Resources

Background

This section of the report focuses on various human resources operations within Mapleton Local School District (Mapleton LSD). Comparisons are made throughout this section of the report to the following peer school districts: Black River Local School District (Black River LSD), Crestview Local School District (Crestview LSD) and Northwestern Local School District (Northwestern LSD). Mapleton LSD’s peers were identified based upon comparable districts identified by the Ohio Department of Education, a review of various demographic information and input from Mapleton LSD administrators. Furthermore, these peer districts also demonstrated report card standards equal to or greater than those of Mapleton LSD. Best practices data will also be used from the Ohio Department of Education (ODE), State Employees Relations Board (SERB) and other school districts for additional comparisons throughout the human resources section of the report.

Organizational Function

Mapleton LSD is a small school district without a formal human resources department. Instead, the human resources functions are divided among the administrative personnel of the District. The superintendent oversees the entire human resources function and delegates many of the duties to the building principals, classified employee supervisors and the treasurer. When filling a vacant position, the administrator that will be the direct supervisor of the employee, interviews the applicants and then recommends a candidate to the superintendent for final approval. When there is a disciplinary issue, the grievance policies set forth in the bargaining unit agreements are followed. Employee benefits are managed by the treasurer with some assistance from the superintendent.

Staffing

Table 3-1 illustrates the actual staffing levels at Mapleton LSD and the peer districts during FY 2001-02, as reported in the Educational Management Information System (EMIS). Adjustments were made to the corresponding EMIS reports based upon interviews with district personnel. The following classifications were adjusted: assistant principal, other administrators, counseling, regular teaching, educational service personnel, bookkeeping, crafts and trade, custodial, transportation and attendance officers.

Table 3-1: FTE Staffing Levels for FY 2001-02

Category	Mapleton	Black River	Crestview	Northwestern	Peer Average
Administrators: Subtotal	6.0	8.0	10.8	10.4	9.7
Central Based Administrators	2.0	2.0	2.0	2.0	2.0
Site Based Administrators	4.0	5.0	8.0	8.0	7.0
Other Administrators	0.0	1.0	0.8	0.4	0.7
Professional Education: Subtotal	76.6	100.0	86.3	98.7	94.9
Counseling	2.6	3.0	2.0	2.0	2.3
Librarian / Media	2.0	1.0	1.0	1.0	1.0
Remedial Specialist	2.1	1.0	4.3	2.0	2.4
Regular Teaching	51.9	72.0	57.5	67.2	65.6
Special Education Teaching	6.0	11.0	9.5	10.0	10.2
Vocational Education Teaching	4.0	1.0	3.0	9.0	4.3
Tutor / Small Group Instructor	0.0	0.0	0.5	0.5	0.3
Educational Service Personnel ¹	8.0	11.0	8.5	7.0	8.8
Professional – Other	0.0	2.2	0.0	2.0	1.4
Technical: Subtotal	0.0	3.1	3.0	3.0	3.0
Computer Operating	0.0	0.0	1.0	0.0	0.3
Computer Programming	0.0	0.0	0.0	0.0	0.0
Library Technician	0.0	0.0	0.0	2.0	0.7
Library Aide	0.0	1.1	2.0	0.0	1.0
Other Technical	0.0	2.0	0.0	1.0	1.0
Office / Clerical: Subtotal	11.7	19.1	7.0	20.8	15.6
Bookkeeping	2.0	2.0	1.0	2.0	1.7
Clerical	6.0	4.0	6.0	7.5	5.8
Records Managing	0.0	3.0	0.0	0.0	1.0
Teaching Aide	3.7	10.1	0.0	11.3	7.1
Crafts / Trades	1.3	3.0	1.0	0.0	1.3
Transportation	6.3	18.7	11.7	13.1	14.5
Custodial	8.1	6.0	9.0	10.0	8.3
Food Service	8.1	10.5	7.5	12.0	10.0
Other Service Worker / Laborer	0.0	1.0	4.7	1.0	2.2
Total FTEs	118.1	171.6	141.0	171.0	160.9

Source: FY 2001-02 EMIS Staff Summary Report and School Enrollment Report from Mapleton LSD and peers

¹ The educational service personnel classification only includes art, music and physical education teachers. All other positions classified as educational service personnel according to the Ohio Administrative Code (OAC) are coded separately in EMIS. See **R3.2** for further analysis on all educational service personnel.

Staffing levels within a school district vary depending upon the number of students enrolled. **Table 3-2** illustrates the staffing levels per 1,000 ADM at Mapleton LSD and the peer districts for FY 2001-02.

Table 3-2: FTE Staffing Levels for FY 2001-02 per 1,000 ADM

Category	Mapleton	Black River	Crestview	Northwestern	Peer Average
Average Daily Membership (ADM)	1,069	1,560	1,255	1,401	1,405
Administrators: Subtotal	5.6	5.1	8.6	7.4	7.0
Central Based Administrators	1.9	1.3	1.6	1.4	1.4
Site Based Administrators	3.7	3.2	6.4	5.7	5.1
Other Administrators	0.0	0.6	0.6	0.3	0.5
Professional Education: Subtotal	71.7	64.1	68.7	70.3	67.7
Counseling	2.4	1.9	1.6	1.4	1.6
Librarian / Media	1.9	0.6	0.8	0.7	0.7
Remedial Specialist	2.0	0.6	3.4	1.4	1.8
Regular Teaching	48.6	46.2	45.8	47.9	46.6
Special Education Teaching	5.6	7.1	7.6	7.1	7.3
Vocational Education Teaching	3.7	0.6	2.4	6.4	3.1
Tutor / Small Group Instructor	0.0	0.0	0.4	0.4	0.3
Educational Service Personnel ¹	7.5	7.1	6.7	5.0	6.3
Professional – Other	0.0	1.4	0.0	1.4	0.9
Technical: Subtotal	0.0	2.0	2.4	2.1	2.3
Computer Operating	0.0	0.0	0.8	0.0	0.3
Computer Programming	0.0	0.0	0.0	0.0	0.0
Library Technician	0.0	0.0	0.0	1.4	0.5
Library Aide	0.0	0.7	1.6	0.0	0.8
Other Technical	0.0	1.3	0.0	0.7	0.7
Office / Clerical: Subtotal	11.0	12.3	5.6	14.8	10.9
Bookkeeping	1.9	1.3	0.8	1.4	1.2
Clerical	5.6	2.6	4.8	5.4	4.3
Records Managing	0.0	1.9	0.0	0.0	0.6
Teaching Aide	3.5	6.5	0.0	8.0	4.8
Crafts / Trades	1.2	1.9	0.8	0.0	0.9
Transportation	5.9	12.0	9.3	9.4	10.2
Custodial	7.6	3.8	7.2	7.1	6.0
Food Service	7.6	6.7	6.0	8.6	7.1
Other Service Worker / Laborer	0.0	0.6	3.7	0.7	1.7
Total FTEs per 1,000 ADM	110.6	109.9	112.3	121.8	114.7

Source: FY 2001-02 EMIS Staff Summary Report and School Enrollment Report from Mapleton LSD and the peers

¹ The educational service personnel classification only includes art, music and physical education teachers. All other positions classified as educational service personnel according to the Ohio Administrative Code (OAC) are coded separately in EMIS. See **R3.2** for further analysis on all educational service personnel.

As illustrated in **Table 3-2**, Mapleton LSD has a higher number of FTE's per 1,000 ADM staffing allocation as compared to the peer average in several classifications including:

- Central Based Administrators,
- Counseling (see **R3.2**),
- Librarian / Media (see **R3.2**),
- Regular Education Teachers,
- Vocational Education Teachers,
- Educational Service Personnel (see **R3.2**),
- Bookkeeping (see **R3.3**),
- Clerical (see **R3.3**), and
- Custodial (see the **facilities** section).

As reported in the 2002 District Report Card by the Ohio Department of Education (ODE), Mapleton LSD had one teacher (1.0 FTE) for every 17.8 students during FY 2000-01. The state average during FY 2001-02, as reported on the 2002 District Report Card, was one teacher (1.0 FTE) for every 18.0 students. Ohio Administrative Code (OAC) 3301-35-05(A) (3) states that “the ratio of teachers to students district wide shall be at least one full-time equivalent teacher for each 25 students in the regular student population.” Notwithstanding, the peer districts have student-to-teacher ratios of 20.1, 17.4, and 17.6 for Black River LSD, Crestview LSD and Northwestern LSD, respectively.

In an effort to reduce its expenditures, Mapleton LSD has made 7.82 FTE staffing reductions for FY 2002-03. Mapleton LSD’s FY 2002-03 total staffing changes (which included shifting some staff to fulfill needs in other areas and direct staff reductions) include the following:

- 4 FTE regular education teachers,
 - 3 FTE reductions including 2 FTEs that retired or resigned and 1 FTE moved from regular education teaching to a vacant Title I funded remedial position;
 - 1 FTE was shifted from regular education to create an additional special education position, which should not be considered a staffing reduction.
- 2 FTE vocational education teacher reductions,
- 1 FTE counseling position reduction,
- 1 FTE clerical position reduction, and
- 0.82 FTE teaching aide reductions.

Table 3-3 compares Mapleton LSD’s FY 2002-03 FTE per 1,000 ADM staffing levels with FY 2001-02 FTE per 1,000 ADM staffing levels for the peer districts.

Table 3-3: Changes to Mapleton LSD FTE Staffing Levels for FY 2002-03 per 1,000 ADM

Category	Mapleton ¹	Black River	Crestview	Northwestern	Peer Average
Administrators: Subtotal	5.6	5.1	8.6	7.4	7.0
Central Administrators Subtotal	1.9	1.3	1.6	1.4	1.4
Site Based Administrators Subtotal	3.7	3.2	6.4	5.7	5.1
Other Administrators	0.0	0.6	0.6	0.3	0.5
Professional Education: Subtotal	66.1	64.1	68.7	70.3	67.7
Counseling	1.5	1.9	1.6	1.4	1.6
Librarian / Media	1.9	0.6	0.8	0.7	0.7
Remedial Specialist	2.0	0.6	3.4	1.4	1.8
Regular Teaching	44.8	46.2	45.8	47.9	46.6
Special Education Teaching	6.5	7.1	7.6	7.1	7.3
Vocational Education Teaching	1.9	0.6	2.4	6.4	3.1
Tutor / Small Group Instructor	0.0	0.0	0.4	0.4	0.3
Educational Service Personnel ²	7.5	7.1	6.7	5.0	6.3
Professional – Other	0.0	1.4	0.0	1.4	0.9
Technical: Subtotal	0.0	2.0	2.4	2.1	2.3
Computer Operating	0.0	0.0	0.8	0.0	0.3
Computer Programming	0.0	0.0	0.0	0.0	0.0
Library Technician	0.0	0.0	0.0	1.4	0.5
Library Aide	0.0	0.7	1.6	0.0	0.8
Other Technical	0.0	1.3	0.0	0.7	0.7
Office / Clerical: Subtotal	9.3	12.3	5.6	14.8	10.9
Bookkeeping	1.9	1.3	0.8	1.4	1.2
Clerical	4.7	2.6	4.8	5.4	4.3
Records Managing	0.0	1.9	0.0	0.0	0.6
Teaching Aide	2.7	6.5	0.0	8.0	4.8
Crafts / Trades	1.2	1.9	0.8	0.0	0.9
Transportation	5.9	12.0	9.3	9.4	10.2
Custodial	7.6	3.8	7.2	7.1	6.0
Food Service	7.6	6.7	6.0	8.6	7.1
Other Service / Laborer	0.0	0.6	3.7	0.7	1.7
Total Staff	103.3	109.9	112.3	121.8	114.7

Source: FY 2002-03 Staffing Changes from Mapleton LSD Interviews

¹ Mapleton LSD's FY 2002-03 FTE per 1,000 ADM ratios were calculated using its FY 2001-02 ADM.

² The educational service personnel classification only includes art, music and physical education teachers. All other positions classified as educational service personnel according to the Ohio Administrative Code (OAC) are coded separately in EMIS. See **R3.2** for further analysis on all educational service personnel.

As a result of its FY 2002-03 staffing reductions, Mapleton LSD has the lowest total FTE per 1,000 ADM ratio when compared to the peers. As shown in **Table 3-2**, Mapleton LSD's staffing levels were higher than the peer average in nine different classifications. When the staffing reductions made for FY 2002-03 are compared to the peer districts' staffing levels, Mapleton LSD's staffing levels are higher than the peer average in five classifications: librarian/media, educational service

personnel, central based administrators, clerical, and custodial. It is estimated that the staffing reductions made for FY 2002-03 will save the District approximately \$332,000 in salaries and benefits.

The regular education teaching staff changes will affect the student-to-teacher ratio. During FY 2001-02, the ratio provided by ODE's District Report Cards was 17.8:1. However, based on the reductions implemented by Mapleton LSD for FY 2002-03 the ratio will increase to 19.3. This increase in the student-to-teacher ratio will remain below the minimum state ratio of 25:1.

Collective Bargaining

Certified and classified personnel within Mapleton LSD are governed by negotiated agreements. During this performance audit, certain contractual and employment issues were evaluated and compared to the peer districts. Because contractual and employment issues directly affect the operating budget, many of the issues have been examined to show their financial impact on Mapleton LSD. **Table 3-4** and **Table 3-5** illustrate key contractual issues in the certified and classified negotiated agreements.

Table 3-4: Certified Contractual Agreement Comparisons for 2001-2002

Description	Mapleton	Black River	Crestview	Northwestern
Length of work day	7 hours, 30 minutes	7 hours, 30 minutes	7 hours, 15 minutes	6 hours
Maximum class size ¹	25:1	25:1	27:1	25:1
Number of contract days	<u>184 days</u>	<u>184 days</u>	<u>184 days</u>	<u>184 days</u>
Instructional Days	179 days	178 days	178 days	178 days
In-service Days	4 days	2 days	4 days	4 days
Parent/Teacher Conferences	1 days	2 days	2 days	2 days
Professional Development	0 days	2 days	0 days	0 days
Maximum number of sick days accrued	Unlimited	265 days	240 days	240 days
Maximum number of sick days paid out at retirement	25 percent of accumulated sick leave up to maximum payout of 46 days	25 percent of accumulated sick leave up to maximum payout of 64.5 days	25 percent of accumulated sick leave up to maximum payout of 50 days	25 percent of accumulated sick leave up to maximum payout of 60 days
Number of personal days	3 days	3 days	3 days	3 days
Notice required	3 days notice	5 days notice	5 days notice	1 day notice
Number of leave days for association business	Max: 2 people for 4 days/year	6 days	up to 8 days	Max: 2 people for 2 days/year
Sabbatical leave	A leave of absence without pay may be granted with Board approval.	Yes: One school year	No sabbatical leave policy stated in contract	No sabbatical leave policy stated in contract
Cost of living increases each year of the contract	FY 2001: 3.25% FY 2002: 3.25% FY 2003: 3.25%	FY 2001: 3.0% FY 2002: 3.0% FY 2003: n/a	FY 2001: 3.0% FY 2002: 3.0% FY 2003: 4.0% FY2004: 3.0% FY2005: 5.0%	FY 2001: 2.58% FY 2002: 3.41% FY 2003: 0.00%

Source: Certified negotiated agreements from Mapleton LSD and the peer school districts; Interviews.

¹ Ohio Administrative Code 3301-35-05(A)(3) states that “the ratio of teachers to students district wide shall be at least one full-time equivalent teacher for each 25 students in the regular student population.”

Table 3-5: Classified Contractual Agreement Comparisons

Description	Mapleton	Black River	Crestview	Northwestern
Minimum call-in hours paid to employees for emergencies	1 hour	1 hour	2 hours	1 hour
Vacation time to accumulate Full time employees	1-9 years: 2 weeks 10-14 years: 3 weeks 15+ years: 4 weeks	1-5 years: 2 weeks 6-15 years: 3 weeks 16-20 years: 4 weeks 20 years: 1 day additional/year for up to thirty days max.	1-10 years: 2 weeks 11-20 years: 3 weeks 20+ years: 4 weeks	1-5 years: 2 weeks 6-15 years: 3 weeks 16+ years: 4 weeks
Sick / Personal leave incentive for 12- month full time employees	None	0 days missed = \$250 1 day missed = \$125	None	0 days missed = \$250 1 day missed = \$200 2 days missed = \$100
Maximum number of sick days accrued	Unlimited	250 days	240 days	240 days
Maximum number of sick days paid out of retirement	25 percent of accumulated sick leave up to maximum payout of 46 days	25 percent of accumulated sick leave up to maximum payout of 62.5 days	25 percent of accumulated sick leave up to maximum payout of 50 days	25 percent of accumulated sick leave up to maximum payout of 60 days
Number of personal days	3 days	3 days	3 days	3 days
Notice required	2 days notice	5 days notice	5 days notice	1 day notice
Number of holidays for 11 to 12-month employees	8 days	11 days	7 days	7 days
Number of holidays for less than 11-month employees	7 days	8 days	6 days	6 days
Number of leave days for association business	3 days	8 days	2 delegates may go for a max. of 3 days/year for OAPSE mtg.	2 delegates may go for a max. of 2 days/year
Cost of living increases each year of the contract	FY 2001: 3.0% FY 2002: 3.0%	FY 2001: 3.0% FY 2002: 3.0%	FY 2001: 3.5% FY 2002: 3.5% FY 2003: 3.5% FY 2004: 3.5% FY 2005: 3.5%	FY 2001: 3.0% FY 2002: 3.0%

Source: Classified negotiated agreements from Mapleton and the peer school districts.

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

- **Administrator staffing levels:** Total administrator staffing levels were in line with the peers;
- **Regular education teaching staffing levels:** Mapleton LSD made four regular education teacher reductions during the course of this performance audit;
- **Special education teaching staffing levels:** Mapleton LSD was below the peer average in special education teaching staffing levels;

- **Vocational education teaching staffing levels:** During the course of this performance audit, the District reduced two vocational educational programs;
- **Salaries:** The District's salary structures are in line with the peers;
- **Leave usage:** Mapleton LSD's leave usage is in line with the peer average; and
- **Medical and Dental insurance monthly premiums:** The District's medical and dental insurance premiums are in line with the peer school districts.

General Recommendations

Staffing

R3.1 Mapleton LSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to ODE and the Educational Management Information Systems (EMIS).

During a review of various EMIS reports for this performance audit, it was discovered that Mapleton LSD had classified some employees incorrectly when entering information into EMIS. ODE developed and implemented EMIS to assist school districts in effectively and efficiently managing student and personnel demographics. All schools are required to provide specific student, staff and financial data to ODE for processing. Entering data correctly helps to ensure comparability between school districts. In addition, the various data entered into EMIS can be used by the District when making decisions, including required staffing levels needed that should be adjusted as student enrollment fluctuates in various classifications.

In addition to developing policies and procedures to ensure that accurate reports are prepared and reconciled, Mapleton LSD should ensure that someone independent of the data gathering process reviews the information to ensure accuracy of the numbers. Furthermore, Mapleton LSD should consistently use the EMIS Definitions, Procedures, and Guidelines report which is produced annually by ODE to assist school districts in entering information into EMIS. If it is needed, Mapleton LSD should seek the necessary training and assistance to meet these objectives.

R3.2 Mapleton LSD should review its staffing levels in the educational service personnel (ESP) classification for a potential reduction of 2.0 FTEs. Classifications which should be reviewed for possible reductions would include art teachers, music teachers, physical education teachers, counselors and library/media staff. However, before the District makes any reductions, it should determine the potential impact on the attainment of the Mapleton LSD's mission and goals. Additional factors which Mapleton should consider are the impact on student contact time as well as the financial situation of the District.

Table 3-6 compares the staffing levels of all ESP personnel at Mapleton LSD for FY 2002-03 with the peer district staffing levels for FY 2001-02. That staffing levels are illustrated in actual FTEs and FTEs per 1,000 ADM.

Table 3-6: Comparison of ESP Staffing Levels

Classification	Mapleton ¹	Black River	Crestview	Northwestern	Peer Average
ESP Teachers ²	8.0	11.0	8.5	7.0	8.8
Counselors	1.6	3.0	2.0	2.0	2.3
Librarian Media Specialists	2.0	1.0	1.0	1.0	1.0
Registered Nurse	0.0	0.0	0.0	1.0	.3
Totals	11.6	15.0	11.5	11.0	12.5
FY 2001-02 ADM	1,069	1,560	1,255	1,401	1,405
ESP FTEs per 1,000 ADM	10.9	9.6	9.2	7.9	8.9

Source: Interviews; EMIS reports from Mapleton LSD and the peer districts

¹ Mapleton LSD's staffing level has been adjusted to reflect the change in staff for FY2003, which includes the reduction of one counselor FTE.

² This classification includes those individuals that teach art, music or physical education classes.

As illustrated in **Table 3-6**, Mapleton LSD has 10.9 FTEs per 1,000 ADM as ESP personnel which is greater than the peer average and greater than the minimum standards identified in OAC 3301-35-05(A)(4) of 5.0 FTEs per 1,000 ADM. Approximately 73 percent of Mapleton LSD's ESP staff members are art, music and physical education teachers which have direct instructional contact with students throughout the day. If Mapleton LSD adjusts its ESP staffing ratio to the minimum standards identified in OAC 3301-35-05(A)(4), it could reduce current ESP staffing levels by approximately 6 FTEs. However, a reduction of fewer than 6 FTEs would allow Mapleton LSD to remain above the minimum standards while also reducing costs. A reduction of 2 FTEs would allow Mapleton LSD to have an ESP staffing ratio comparable to the peer average and maintain current services. Mapleton LSD should consider reducing the 2 FTE positions within the ESP Teacher classification once it combines its elementary schools into one building and eliminates the middle school to become an addition the high school.

Financial Implication: Assuming an estimated annual salary of \$44,400 per educational service personnel and benefits equal to 31 percent of annual salaries, Mapleton LSD could generate an estimated annual cost savings of approximately \$116,300 as a result of reducing its educational service personnel by 2 FTEs. These cost savings could then be reallocated to other operational areas within Mapleton LSD.

R3.3 Mapleton LSD should conduct a detailed analysis of the duties and responsibilities for its clerical personnel to determine if resources are being used effectively in relation to the needs of the District. Based on the analysis conducted in this performance audit, Mapleton LSD should seek to maintain its current clerical staffing level of 7 FTEs and leave the vacant clerical position unfilled.

Due to the resignation of one clerical staff member, Mapleton LSD has a similar clerical staffing level compared to the peer districts for the FY 2002-03 as shown in **Table 3-7**.

However, according to Mapleton LSD superintendent, the position is considered a temporary vacancy.

Table 3-7: Comparison of FTE Clerical Staffing Levels¹

Category	Mapleton	Black River	Crestview	Northwestern	Peer Average
Bookkeeping	2.0	2.0	1.0	2.0	1.6
Clerical	5.0	4.0	6.0	7.5	5.8
Records Managing	0.0	4.0	0.0	0.0	1.3
Other Office / Clerical	0.0	0.0	0.0	0.0	0.0
Total Clerical Staff	7.0	10.0	7.0	9.5	8.8
FY 2001-02 ADM	1,069.0	1,560.0	1,255.0	1,401.0	
Clerical Staff per 1,000 ADM	6.5	6.4	5.6	6.8	6.3

Source: Interviews; 2001-2002 EMIS reports for Mapleton LSD and peer districts.

¹ Mapleton LSD's clerical staffing levels have been adjusted to reflect the change in clerical staffing for FY 2002-03, which includes the possible reduction of 1.0 FTE.

According to **Table 3-7**, Mapleton LSD is 0.2 FTE higher than the peer average for total clerical staff per 1,000 ADM. Therefore, Mapleton LSD should evaluate the needs of the District for FY 2002-03 and consider reallocating its current clerical staffing level based on those needs. However, if Mapleton LSD replaced the vacant clerical position, it would result in staffing of approximately 1.2 additional FTEs above the peer average.

Financial Implications Summary

The following table is a summary of estimated annual cost savings from the above recommendations. Mapleton LSD should consider reallocating a portion of the Estimated Annual Cost Savings to cover other educational areas with Mapleton LSD.

Summary of Financial Implications Not Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.2 Reduction in ESP Staff	\$116,300
Totals	\$116,300

This page intentionally left blank.

Facilities

Background

The facilities section focuses on custodial and maintenance operations within the Mapleton Local School District (Mapleton LSD). The objective is to analyze building operations of Mapleton LSD and develop recommendations for improvements and reductions in expenditures. Comparisons will be made throughout the report to the following peer school districts: Black River Local School District (Black River LSD), Northwestern Local School District (Northwestern LSD) and Crestview Local School District (Crestview LSD).

Organizational Structure and Function

The superintendent is responsible for overseeing the custodial and maintenance operations. The goal of the custodial staff is to provide the students with a safe, attractive and clean place in which to learn, play and develop. The superintendent spends approximately 10 percent of his time managing custodial and maintenance operations. The principals are responsible for the immediate supervision of the custodial staff assigned to their buildings and for completing performance evaluations for the custodial employees in their facility.

The custodial staff is responsible for opening, closing and cleaning the buildings. During days when school is in session and it is not possible to enter into a classroom to clean, the day custodians maintain common areas and perform other duties as assigned. During the winter, the custodial staff removes snow and ice from the walkways; and during the summer, they maintain the grounds surrounding the buildings.

Mapleton LSD's maintenance staff consists of one full-time employee and the transportation supervisor, who dedicates approximately 30 percent of his time to building maintenance and repairs. The full-time maintenance employee reports directly to the superintendent. The maintenance staff is responsible for building maintenance, responding to emergency repair needs, delivering equipment and supplies to the buildings, and completing the majority of the grounds work.

In the fall of 2000, the Ohio School Facilities Commission released its Facilities Master Plan for Mapleton LSD as part of the Classroom Facilities Assistance Program as outlined in Senate Bill 102. Mapleton LSD's Board approved the Facilities Master Plan, which will cost \$20.2 million. Mapleton LSD passed the bond issue necessary to generate \$4.2 million for the project, and the State is contributing the remaining \$16 million. A new K-5 elementary school will be built and an addition will be made to the high school building, which will then house grades 6-12. The

new building and addition will replace the district's two elementary buildings and middle school. The construction will have a significant impact on the District's custodial and maintenance operations.

Table 4-1 contains the staffing levels and the number of full-time equivalent employees responsible for maintaining Mapleton LSD's facilities. In FY 2001-02, Mapleton LSD's custodial staff consisted of 10.21 FTEs. The number of custodial staff assigned to each building ranges from 1.25 to 3.00 FTEs. Mapleton LSD's largest elementary school, Polk, employs 1.81 FTEs: 1.0 FTE head custodian and a .81 FTE cleaner. Nankin, the smallest elementary school, has a 1.0 FTE head custodian and a cleaner equivalent to .25 FTE. The middle school custodial staff consists of 2.75 FTEs: 1.0 FTE head custodian, and 1.75 FTE cleaners. The high school custodial staff consists of 3.00 FTEs: 1.0 FTE head custodian, and 2.0 FTE assistant custodians. There have been no major changes in custodial staffing levels in the last five years.

Table 4-1: Number of Positions and Full-Time Equivalents for FY 2001-02

Classification	Total Number of Positions	Number of Full-Time Equivalents
Superintendent	1	.10
Total Administration	1	.10
Transportation Supervisor	1	.30
Maintenance	1	1.0
Total Maintenance	2	1.30
Head Custodian	4	4.00
Assistant Custodian	2	2.00
Cleaner	4	2.81
Total Custodial	10	8.81
Total	13	10.21

Source: Mapleton LSD's Superintendent's Office

Key Statistics

Key statistics related to the maintenance and operations of Mapleton LSD are presented in **Table 4-2**. In addition, results from the 31st annual American Schools & University, Maintenance & Operations Cost Study (AS&U), which was released in April 2002, are included in the table and throughout the facilities section of the report. AS&U mailed a detailed survey to chief business officials at public school districts across the nation to gather information regarding staffing levels, expenditures and salaries for maintenance and custodial workers. Unlike previous years' AS&U reports where results were divided into regions, this year's report provides the median number for each category on a national level and by district enrollment (less than 1,000 students; 1,000 to 3,499 students; and greater than 3,500 students).

According to the 31st Annual AS&U study, long-term and preventive maintenance issues continue to be a central theme in school building maintenance. The study states, “Even as the effects of inadequate maintenance continue to plague many of the nation’s school buildings, maintenance and operations budgets continue to be among the first cut during tight financial times – resulting in a classic ‘pay me now or pay me later’ scenario.”

Unless otherwise noted, peer district averages do not include statistics for Mapleton LSD.

Table 4-2: Key Statistics and Indicators

Number of School Buildings	4
- Elementary Schools	2
- Middle School	1
- High School	1
Total Square Feet Maintained	122,309
- Elementary School	32,877
- Middle School	38,933
- High School	50,499
Square Feet Per FTE Custodial Staff Member (8.81)	13,883
- Elementary School (3.06)	10,744
- Middle School (2.75)	14,157
- High School (3)	16,833
Total Square Feet Per FTE Custodial Staff Member after construction	18,928
AS&U 31st Annual Cost Survey for 1,000-3,400 Students	24,782
AS&U 31st Annual Cost Survey National Average	23,985
Peer District Average	23,128
Square Feet per FTE Maintenance Employee (1.3)	94,084
AS&U 31st Annual Cost Survey for 1,000-3,400 Students	86,204
AS&U 31st Annual Cost Survey National Average	89,000
Peer District Average	92,437
FY2000-01 Maintenance and Operations Expenditures Per Square Foot	\$4.33
- Custodial and Maintenance	\$3.40
- Utilities	\$.93
Peer District Average	\$3.88

Source: Mapleton LSD and peer districts; AS&U 31st Annual Maintenance & Operations Cost Survey

Financial Data

Tables 4-3 illustrates the General Fund expenditures incurred to maintain and operate Mapleton LSD's facilities for FYs 1999-00, 2000-01 and FY 2001-02.

Table 4-3: Maintenance and Operations Expenditures

Accounts	FY 1999-2000 Total	FY 2000-01 Total	FY 2001-02 Total	FY 2000 to FY 2001 Percentage Change	FY 2001 to FY 2002 Percentage Change
Salaries	\$228,267	\$226,280	\$245,393	(0.9)%	8.4%
Benefits	\$72,305	\$74,920	\$86,687	3.6%	15.7%
Purchased Services	\$62,966	\$62,639	\$49,380	(0.5)%	(21.2)%
Utilities	\$106,357	\$150,452	\$113,439	41.5%	(24.6)%
Supplies/ Materials	\$37,967	\$29,556	\$34,433	(22.2)%	16.5%
Capital Outlay	\$409	0	\$163	(100.0)%	N/A
Total	\$508,271	\$543,847	\$529,495	7.0%	(2.6)%

Source: Mapleton LSD Treasurer's Office

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

- *An 8.4 percent salary increase from FY 2000-01 to FY 2001-02:* In FY 2001-02, Mapleton LSD opted not to use the Uniform School Accounting System (USAS) object codes for leave usage. Instead, all salary-related expenditures, except overtime usage, were coded to object code 141, regular non-certificated salaries and wages. As a result, it is not possible to determine all causes of the salary-related expenditure increases, although overtime costs increased by approximately \$3,000. See **R4.1** for more information regarding the importance of coding expenditures to the correct USAS object codes.
- *A 15.7 percent increase in benefit costs from FY 2000-01 to FY 2001-02:* Hospitalization costs increased by approximately \$10,000 and dental and vision insurance expenditures increased by approximately \$800.
- *A 21.2 percent decrease in purchased service expenditures from FY 2000-01 to FY 2001-02:* In FY 2000-01, Mapleton LSD paid some one-time costs related to copier lease agreements and athletic field maintenance.

- *A 41.5 percent increase in utility costs from FY 1999-00 to FY 2000-01 and a 24.6 percent decrease in utility costs from FY 2000-01 to FY 2001-02:* During the winter of 2000, natural gas prices increased significantly across the country, thereby increasing Mapleton LSD's natural gas expenditures. Natural gas prices decreased and resulted in lower utility expenditures for FY 2001-02.
- *A 22.2 percent decrease in supplies and materials from FY 1999-00 to FY 2000-01 and a 16.5 percent increase in FY 2001-02:* The expenditure variances are due to various projects the District undertook, including the remodeling of the Board Office.

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

- **Energy conservation measures:** Since Mapleton LSD is constructing a new elementary and an addition to the high school, these building will have energy conservation measures in place.
- **Custodial and maintenance overtime usage:** The District used minimal overtime and was in line with peer average.

General Recommendations

R4.1 Mapleton LSD should account for all expenditures in accordance with the guidelines set forth in the Uniform School Accounting System (USAS) manual. When expenditures are not coded according to the USAS guidelines, inaccurate functional expenditure data is created. Without accurate information, it is not possible to easily recognize abnormally high expenditures or opportunities for cost savings. In addition, the ability to forecast and budget functional area expenditures is also compromised.

Mapleton LSD does not adequately code its custodial and maintenance expenditures. As a result, it is difficult to determine a true cost to maintain its buildings and grounds. **Table 4-4** shows Mapleton LSD and the peers' General Fund facilities-related expenditures per square foot for FY 2001-02.

Table 4-4: FY 2001-02 General Fund Expenditures per Square Foot

Expenditure	Mapleton	Black River	Crestview	Northwestern	Peer Average	AS&U Average
Custodial and Maintenance Salaries and Benefits	\$2.72	\$1.84	\$2.14	\$2.17	\$2.05	\$1.61
Purchased Services	\$0.40	\$0.45	\$0.29	\$0.38	\$0.37	\$0.03
Utilities	\$0.93	\$1.09	\$1.09	\$0.84	\$1.01	\$1.21
Supplies/ Materials	\$0.28	\$0.48	\$0.21	\$0.44	\$0.38	\$0.33
Capital Outlay	\$0.00	\$0.14	\$0.07	\$0.01	\$0.07	N/A
Other	\$0.00	\$0.01	\$0.00	\$0.00	\$0.00	\$0.08
Total General Fund Expenditures	\$4.33	\$4.01	\$3.80	\$3.84	\$3.88	\$3.26

Source: Mapleton LSD and peer district treasurers' offices, FY 2001-02 expense budget worksheets for the General Fund, 2700 Function and AS&U 31st Annual Maintenance and Operations Cost Survey

Overall, Mapleton LSD's facilities-related expenditures are \$0.45, or 11.6 percent, higher than the peer district average and are \$1.07, or 32.8 percent, higher than the AS&U average. While Mapleton LSD's utility, supplies and materials, and capital outlay expenditures are lower than the peer average, the custodial and maintenance salary and benefit costs and purchased services expenditures are higher than the peer average. However, Mapleton LSD's supplies and materials expenditures are lower than the AS&U average. Mapleton LSD's high custodial and maintenance salary and benefit costs are due in part to custodial overstaffing (see **R4.2**).

Mapleton LSD coded some of its custodial and maintenance salary expenditures, regardless of why the expenditures were incurred, to object code 141, regular non-certificated salaries and wages. According to the USAS manual, object code 141 is to be used to record expenditures incurred for actual work performed by employees who are considered to be in positions of a permanent nature. However, in FY 2001-02, Mapleton LSD coded expenditures for sick leave and holiday pay incorrectly to object code 141. Prior to FY 2001-02, Mapleton LSD used the non-certificated leave benefits object codes (151 sick leave, 152 personal leave, 153 vacation leave, etc.) to track how much it was spending when a classified employee was absent and could not accomplish the duties normally performed for “regular” salaries and wages. Doing so made it possible to easily determine how much the negotiated leave benefits were costing the District. The decision to discontinue using the non-certificated leave benefits object codes in FY 2001-02 inhibits Mapleton LSD’s ability to readily identify costly benefits, potential abuse of leave time, and opportunities for cost savings. In addition, Mapleton LSD’s ability to accurately forecast and budget future salary and benefit costs is also negatively impacted.

R4.2 Mapleton LSD should consider reducing its custodial staffing level by 2.31 FTEs. Reducing custodial staff by 2.31 FTEs will help Mapleton LSD lower its operating expenditures without negatively impacting the District’s educational program or building cleanliness.

Mapleton LSD does not use a formal procedure or formula to determine custodial staffing needs. However, the superintendent stated that the size of the building, its usage and the total student population are taken into consideration when making custodial staffing assignments. **Table 4-5** illustrates the average square footage each FTE custodial employee maintained in FY 2001-02 for Mapleton LSD, the peer districts, as well as the AS&U average for similar size districts.

Table 4-5: FY 2001-02 Square Footage per FTE Custodial Employee

	Square Footage
Mapleton	13,883
Peer Districts:	
- Black River	21,328
- Crestview	22,263
- Northwestern	25,794
Peer District Average	23,128
Difference	(9,245)
AS&U 30th Annual Cost Survey Average For Districts with 1,000 – 3,400 Students	24,782
Difference	(10,899)

Source: Custodial Departments staffing rosters and building inventories

Mapleton LSD's FY 2001-02 custodial staffing level results in 1.0 FTE custodial employee for every 13,883 square feet, which is 9,245 square feet, or approximately 40 percent, less than the peer average and is 10,899 square feet, or approximately 44 percent, less than the AS&U average. The low square footage maintained per FTE custodian in Mapleton LSD is due in part to the size of its buildings. **Table 4-6** compares Mapleton LSD's school buildings and cleaning staff to the peer districts' school buildings and cleaning staff.

Table 4-6: Comparison of School Facilities and FY 2001-02 FTE Cleaning Staff

	Mapleton	Black River	Crestview	Northwestern	Peer Average	Difference Between Mapleton and Peer Average
Elementary School Buildings	2	1 ¹	1 ¹	2		
Total Sq. Footage	32,877	114,032	95,000	69,283		
Number of FTE Custodians	3.06	6.00	4.48	3.43		
Sq. Footage per FTE	10,744	19,005	21,205	20,199	20,136	(9,392)
Middle School Buildings	1			1		
Total Sq. Footage	38,933			49,713		
Number of FTE Custodians	2.75			2.00		
Sq. Footage per FTE	14,157	N/A	N/A	24,857	24,857	(10,700)
High School Buildings	1	1	1	1		
Total Sq. Footage	50,499	56,594	86,000	84,000		
Number of FTE Custodians	3.00	2.00	3.65	2.44		
Sq. Footage per FTE	16,833	28,297	23,542	34,426	28,762	(11,929)
Total Sq Footage for All Buildings	122,309	170,626	181,000	202,996		
Number of FTE Custodians	8.81	8.00	8.13	7.87		
Sq. Footage per FTE	13,883	21,328	22,263	25,794	23,128	(9,245)

Source: EMIS FY 2002 Staff Demographic Reports and district building inventories

¹The building is used to house both the elementary and middle school programs.

As shown in **Table 4-6**, Mapleton LSD's custodians maintain less square footage per FTE in all buildings than the peer districts. As a result, there is some potential for Mapleton LSD to reduce its custodial staffing levels in order to be more in line with the peer average. **Table 4-7** compares the current custodial staffing levels and the recommended custodial staffing reductions.

Table 4-7: Comparison of Current to Recommended Custodial Staffing Levels

Type of Facility	Current Staffing Level	Recommended Staffing Level	Difference in FTEs and Square Footage Maintained	Peer Average	Difference Between Mapleton and Peer Average
Elementary School Buildings	2				
Total Sq. Footage	32,877				
Number of FTE Custodians	3.06	2.50	(0.56)		
Sq. Footage per FTE	10,744	13,151	2,407	20,136	(6,985)
Middle School Building	1				
Total Sq. Footage	38,933				
Number of FTE Custodians	2.75	2.00	(0.75)		
Sq. Footage per FTE	14,157	19,467	5,310	24,857	(5,390)
High School Building	1				
Total Sq. Footage	50,499				
Number of FTE Custodians	3.00	2.00	(1.00)		
Sq. Footage per FTE	16,833	25,250	8,417	28,762	(3,512)
Total Sq Footage for All Buildings	122,309				
Number of FTE Custodians	8.81	6.50	(2.31)		
Sq. Footage per FTE	13,883	18,817	4,934	23,128	(4,311)

Source: EMIS FY 2002 Staff Demographic Reports and district building inventories and AS&U 31st Annual Maintenance and Operations Cost Survey

As shown in **Table 4-7**, if Mapleton LSD reduced its custodial staffing level at Polk Elementary from 1.81 FTEs to 1.25 FTEs, the overall elementary square footage cleaned would increase to 13,151 square feet, which would be 6,985 square feet, or approximately 35 percent, less than the peer average. In addition, if Mapleton LSD reduced its middle school custodial staffing level from 2.75 to 2.00 FTEs, the overall middle school footage maintained per FTE would increase to 19,467 square feet, which would be 5,390 square feet, or approximately 22 percent, less than the peer average. Furthermore, if Mapleton LSD reduced its high school custodial staffing level from 3.00 to 2.00 FTEs, the overall high school square footage maintained per FTE at the high school would increase to 25,250 square feet, which would be 3,047, or approximately 11 percent, less than the Black River LSD high school average, and 3,503, or approximately 12 percent, less than the high school peer average.

As a result, if Mapleton LSD reduced its total custodial staffing level by 2.31 FTEs, the Mapleton LSD's custodial staff would still be maintaining less square footage than the peer average. Reducing the total custodial staffing level from 8.81 FTEs to 6.50 FTEs, would increase the overall square footage maintained per FTE from 13,833 to 18,817 square feet, which is 4,307, or approximately 19 percent, less than the peer district average. The most significant increases in square footage by type of facility would occur at the high school (8,417) and the middle school (5,310).

After the new K-5 elementary school and high school addition are built, Mapleton LSD will no longer use its existing elementary and middle school buildings. The custodians

will have to be reallocated among the two school buildings. **Table 4-8** illustrates a proposed allocation of Mapleton LSD custodial staff.

Table 4-8: Proposed Custodial Allocation for New Construction

Building	Proposed Custodial Staffing Level	Peer Average	Difference Between Mapleton and Peer Average	AS&U average for Districts 1,000-3,400	Difference Between Mapleton and AS&U Average
Elementary School (K-5)					
Total Sq. Footage	60,743				
Number of FTE Custodians	2.5				
Sq. Footage per FTE	24,297	20,136	4,161	N/A	N/A
Middle/High School (6-12)					
Total Sq. Footage	106,062				
Number of FTE Custodians	4.0				
Sq. Footage per FTE	26,516	28,762	(2,246)	N/A	N/A
Total Sq. Footage for All Buildings	166,805				
Number of FTE Custodians	6.5				
Sq. Footage per FTE	25,662	23,128	2,534	24,782	880

Source: EMIS FY 2002 Staff Demographic Reports and OSFC Facilities Master Plan and

If Mapleton LSD opted to place 2.5 FTEs in the new elementary school building, the square footage per FTE would be in line with the peer district average. Mapleton LSD could then place the remaining 4.0 FTEs in the middle/high school building. The elementary school building custodial staff will be responsible for maintaining approximately 4,161 square feet more than the peer district average, however, the new construction will require less effort to maintain.

Financial Implication: If Mapleton LSD reduces its custodial staff by 2.31 FTEs, the District could save approximately \$55,100 annually in salary and benefit costs based on the custodial weighted average and 30 percent for benefits.

R4.3 Mapleton LSD should develop and implement a formal, planned preventive maintenance program for each building in the District. Preventive maintenance schedules for each building’s heating, cooling, and plumbing systems should be developed. After determining which components will be included, preventive maintenance checklists, including task frequency, should be developed for each building. Most preventive maintenance tasks should be scheduled according to manufacturers’ suggestions.

After a task is completed, it should be recorded on the checklist or in a log book. A preventive maintenance log should also be created for each building to record when each task is performed. The log book should be reviewed by the buildings and grounds supervisor and assistant director to ensure the work is being completed in a timely manner.

Currently, Mapleton LSD does not have a formal, planned preventive maintenance program for each building in the District. An effective preventive maintenance program can extend equipment life, decrease energy consumption, reduce maintenance and capital expenditures, reduce the number of work orders, and improve worker productivity by proactively maintaining equipment rather than responding to breakdowns and emergencies. The lack of a comprehensive preventive maintenance program increases the risk of incurring high emergency repair costs.

Financial Implications Summary

The following table summarizes the annual cost savings for the recommendations in this section of the report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Facilities Financial Implications Summary

Recommendation	Annual Cost Savings
R4.2 Custodial Staff Reductions	\$55,100
Total	\$55,100

Transportation

Background

Mapleton Local School District (Mapleton LSD) provided transportation to 1,054 regular needs students and 12 special needs students in FY 2001 using District-owned yellow buses. One additional special needs student was transported via a parent/guardian contract. The total number of students transported includes students attending the public schools in the District, as well as those attending parochial schools in the surrounding area. **Table 5-1** identifies the total riders for Mapleton LSD and the peer districts, as well as a breakdown of where the students attended school.

Table 5-1: FY 2000-01 Total Regular & Special Needs Riders

	Mapleton	Black River	Crestview	Northwestern	Peer Avg
Public ¹	1,050	1,526	1,310	1,444	1,427
Non-Public ¹	4	21	25	0	23
Total Regular Needs Riders	1,054	1,547	1,335	1,444	1,442
Total Special Needs Riders	13	26	7	26	20
Total Riders	1,067	1,573	1,342	1,470	1,462

Source: District T-1 and T-11 Forms and interviews

¹These students are all regular needs riders.

Organizational Structure and Function

Mapleton LSD employs a full-time transportation supervisor who oversees the District's transportation operations and manages the bus drivers. The transportation supervisor spends approximately 70 percent of his time managing the transportation operation and approximately 30 percent of his time completing building maintenance and repairs. Mapleton LSD does not employ mechanics or transportation aides. **Table 5-2** displays Mapleton LSD's staffing levels in comparison to the peer districts'.

Table 5-2: Comparison FY 2000-01 Transportation Staffing Levels

Staffing	Mapleton		Black River		Crestview		Northwestern		Peer Avg	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Supervisor/Assistant	1.0	0.7	2.0	0.5	1.0	0.7	1.0	0.5	1.3	0.6
Bus Driver	15.0	5.6	20.0 ¹	15.9	19.0	9.6	15.0	12.1	18.0	12.5
Mechanic/Assistant	0.0	0.0	1.0	1.5	1.0	1.3	0.0 ²	0.5	1.0	1.1
Administrative Asst	0.0	0.0	0.0	0.0	1.0	0.1	0.0	0.0	N/A ³	N/A ³
Aides	0.0	0.0	1.0	0.8	0.0	0.0	0.0	0.0	N/A ⁴	N/A ⁴
Total	16.0	6.3	24.0	18.7	22.0	11.7	16.0	13.1	20.7	14.5
Total Number of Students Transported	1,067		1,573		1,342		1,470		1,462	
Students Transported per Bus Driver FTE	191		99		140		121		120	
Students Transported per Total FTE	169		84		115		112		104	
Square Miles in District	90		125		105		112		114	
Square Miles per Total FTE	14.3		6.7		9.0		8.5		8.1	

Source: District Transportation Departments

¹ Black River LSD has three substitute drivers who work on an almost full-time basis covering sick time and field trips.

² Northwestern LSD has a bus mechanic supervisor who acts as the transportation supervisor and the mechanic. This individual is represented in the Supervisor/Assistant category.

³ Crestview LSD is the only district which employs a transportation administrative assistant.

⁴ Black River LSD is the only district which employs a transportation aide.

Mapleton LSD transports 59 percent more students per FTE bus driver and approximately 63 percent more students per total FTE than the peer average. Additionally, the District's square miles per total FTE is almost twice the peer average. As shown in **Table 5-2**, Mapleton LSD's transportation department does not appear overstaffed.

Operational Statistics

Overall, Mapleton LSD transported 1,067 students on 15 active buses which traveled approximately 192,240 miles in FY 2000-01. Fourteen buses were used to transport regular needs students, and one bus was used to transport special needs students. The total cost of Mapleton LSD's transportation program in FY 2000-01 was \$374,080, of which 59 percent was reimbursed by the State. In addition to the 15 active buses, Mapleton LSD's bus fleet also included four spare buses, for a total of 19 buses.

Of Mapleton LSD's total transportation cost, the District spent \$353,119 on regular needs transportation. Approximately \$210,889, or 60 percent of total regular needs transportation spending, was reimbursed by the State. In FY 2000-01, Mapleton LSD served 1,054 students through the regular needs program and traveled approximately 172,800 miles. The District spent \$20,961 on special needs transportation, of which \$8,517 (41 percent) was reimbursed by the

State. The special needs transportation program at Mapleton LSD transported 13 students in FY 2000-01. Twelve students were transported using a District-owned yellow bus which traveled approximately 19,440 miles for the year. One student was provided transportation via a parent/guardian contract, which cost the District \$546. **Table 5-3** provides FY 2000-01 basic operating statistics and ratios for Mapleton LSD and the peer districts.

Table 5-3: FY 2000-01 Basic Operating Statistics

	Mapleton	Black River	Crestview	Northwestern	Peer Avg
Students Transported					
Regular Needs, Yellow Bus	1,054	1,520	1,327	1,392	1,413
Regular Needs, Other Methods	0	27	8	52	29
Special Needs	13	26	7	26	20
Total Students Transported	1,067	1,573	1,342	1,470	1,462
Expenditures					
Regular Needs, Yellow Bus	\$353,119	\$861,746	\$613,229	\$479,547	\$651,507
Regular Needs, Other Methods	\$0	\$45,803	\$1,376	\$4,651	\$17,277
Total Regular Needs	\$353,119	\$907,549	\$614,605	\$484,198	\$668,784
Total Special Needs	\$20,961	\$139,883	\$31,766	\$54,205	\$75,285
Total Expenditures	\$374,080	\$1,047,432	\$646,371	\$538,403	\$744,069
State Reimbursements					
Regular Needs	\$210,889	\$392,697	\$210,503	\$306,719	\$303,306
Special Needs	\$8,517	\$31,729	\$9,134	\$16,924	\$19,262
Total State Reimbursements	\$219,406	\$424,426	\$219,637	\$323,643	\$322,568
Miles Traveled					
Regular Needs, Yellow Bus	172,800	331,020	165,420	286,920	261,120
Buses					
Active, Regular Needs	14	17	18	15	17
Active, Special Needs	1	2	2	2	2
Spare	4	9	7	6	7
Total Buses	19	28	27	23	26
Square Miles in District	90	125	105	112	114
School Sites					
Public	6	5	5	7	6
Non-public	1	2	1	1	1
Total School Sites	7	7	6	8	7
Regular Needs Ratios					
Cost per Mile, Yellow Bus	\$2.04	\$2.60	\$3.71	\$1.67	\$2.66
Cost per Active Bus	\$25,223	\$50,691	\$34,068	\$31,970	\$38,910
Cost per Student, Yellow Bus	\$335	\$567	\$462	\$345	\$458
Cost per Student, All Methods	\$335	\$587	\$460	\$335	\$461
Student per Active Bus	75	89	74	93	85
Special Needs Ratios					
Cost per Student	\$1,612	\$5,380	\$4,538	\$2,085	\$4,001

Source: District T-1, T-2 and T-11 Forms and ODE Summary of Settlement Forms

Mapleton LSD's regular needs cost per mile ratio, \$2.04, is 23 percent lower than the peer average. Furthermore, the District's regular needs cost per mile ratio is 45 percent lower than Crestview LSD, the peer district closest in both size (measured in square miles) and miles

traveled. Additionally, Mapleton LSD's cost per active bus, \$25,223, and cost per student (yellow bus), \$335, for regular needs transportation are lower than the peer districts' costs. The District's cost per active bus is approximately 35 percent lower than the peer average and the cost per student (yellow bus) is approximately 37 percent lower. However, Mapleton LSD's ratio of students per active bus is approximately 12 percent lower than the peer average, which indicates the District is transporting fewer students per bus than the peer districts. Mapleton LSD's cost per student ratio for special needs students also compares favorably to the peer average. Mapleton LSD's cost per student is the lowest among the peers and less than half the peer average. Although Mapleton LSD compares favorably to the peer districts, several areas in which the District could reduce costs or improve operational efficiencies have been identified throughout this report.

In addition to the analyses in this report, additional assessments were conducted on several areas within the transportation section which did not warrant changes or yield any recommendations. These areas include the following:

- **Transportation policy:** Mapleton LSD transports some students above the ORC requirements due to the location of schools. In addition, students attending schools located in their village walk instead of riding the bus.
- **Length of time students ride the bus:** The average route time for regular needs students is 68 minutes, ranging from 50 to 85 minutes. Adopting a multi-tiered bell schedule could further increase route times and create excessively long bus trips for students.
- **Fuel procurement and distribution:** The District received fuel below the retail price from a local vendor. Access to fuel is controlled via a fuel card and the transportation supervisor monitors fuel consumption.
- **Paid work hours per day for bus drivers:** Bus drivers are only paid for actual route times. The union agreement does guarantee hours.

General Recommendations

- R5.1 During the next contract negotiation, Mapleton LSD should consider reducing the number of days for which bus drivers are paid when students are not in school. Mapleton LSD should reduce the number of paid days beyond those students attend school, from seven to three. Reducing the number of paid days will help the District's efforts to improve its financial condition.**

Mapleton LSD pays bus drivers for each day students attend school and for seven additional days each year, per the current bargaining unit agreement. The current bargaining unit agreement expires at the end of FY 2002-03. Crestview LSD pays drivers for one additional day and Northwestern LSD pays its drivers for two additional days. Paying drivers for an excessive number of days increases the District's overall transportation expenses.

Financial Implication: Using the average bus driver's salary for FY 2001-02 of \$12.34 per hour, Mapleton LSD could save approximately \$2,200 annually by reducing the number of paid extra days from seven to three.

- R5.2 Mapleton LSD should explore the use of payments in lieu of transportation for non-public school students to lower transportation costs. While parents cannot be required to provide transportation, the District should develop procedures to promote and encourage the use of payments in lieu of transportation. Although Mapleton LSD's cost per student ratio for regular students (all methods) is much lower than the peer average, the District should attempt to further reduce these expenditures in its efforts to improve its financial condition.**

In FY 2000-01, Mapleton LSD transported all regular needs students on district-owned yellow buses. The District also transported four non-public students using one bus. In FY 2000-01, Mapleton LSD spent approximately \$12,000 transporting the four non-public school students. In contrast, Black River LSD used payments in lieu of transportation in FY 2000-01 to transport 21 regular needs, non-public riders at a cost of \$229 per student (\$4,812 total), which is less than half of Black River LSD's cost per student for regular needs, yellow bus transportation. In addition, the peer average cost for payments in lieu of transportation was \$164 per student, according to each district's T-1 and T-2 forms. If the parents/guardians of all four non-public school students accepted payments in lieu of transportation, it would cost Mapleton LSD approximately \$650, based on the peer average of \$164 per student, annually. This would reduce transportation costs by approximately \$11,000 each year.

Financial Implication: Using payments in lieu of transportation for non-public students would save the District approximately \$11,000 per year.

R5.3 Mapleton LSD should renew its participation in the routing software contract to optimize bus routes, with the goal of consolidating existing routes and eliminating the use of one or more buses. Although the initial license and staff commitment are resource intensive, routing software would greatly simplify the re-routing which will be necessary once all of the District's buildings are located at a central site. Mapleton LSD should consider purchasing routing software when the District improves its financial situation.

Mapleton LSD currently transports only students who live within the District, which is 90 square miles. Bus routes are designed manually using historical routes with changes made as needed to accommodate new students. Creating and maintaining bus routes manually can be labor intensive, particularly if routes require major alterations. Furthermore, manual routing limits a district's ability to evaluate different routing scenarios based on proposed policy changes.

Three years ago Mapleton LSD's Educational Service Center (ESC) negotiated a contract with a routing software company on behalf of several of its districts. The ESC does not hold a license for the software and therefore, cannot distribute it to its districts at no charge. However, the ESC annually renegotiates the contract on behalf of district software users, who split the cost of the annual license fee. The greater the number of users, the less each user pays. The annual license fee includes documentation, software updates, telephone and modem support. Each district also pays a workstation fee, which varies on the number of workstations installed with the software. Mapleton LSD participated in the initial contract and attended software training provided by its A-site. However, the District never fully implemented the software and has not participated in the annual contract since the initial purchase.

The routing software which Mapleton LSD purchased includes auto-routing and auto-stop generation features which apply a district's transportation policies, census data and bus information to a map of the district to optimize routes. By optimizing routes, districts can reduce the amount of time students spend on the bus and the overall mileage buses travel in a school year. Additionally, optimized routes may increase the number of student per active bus, see **Table 5-3**, enabling the District to eliminate a bus.

Mapleton LSD could renew its participation in the upcoming contracts and would have to pay its share of the annual license fee, as well as the individual workstation fee. This would cost the District a maximum of \$3,500, for one workstation. Mapleton LSD would also need additional software training, given the length of time since the previous

training. Because the A-site no longer provides training on the routing software, Mapleton LSD would have to contract directly with the software company for training. The software company recommends six to eight days of training, which would cost the District between \$6,000 and \$8,000, depending on the number of training days. Mapleton LSD would also have to pay a maximum of \$4,000 for the annual license fee in each future contract. If the District used the routing software, it could potentially reduce the use of one bus. Based on Mapleton LSD's cost of \$25,223 per bus (see **Table 5-3**), the District could save approximately \$14,000 in the first year by incurring the \$11,500 (\$3,500 workstation fee plus \$8,000 for training) implementation costs. Previous AOS Performance Audits have found routing software has usually been beneficial to districts with more than 10 buses.

Financial Implication: If Mapleton LSD renewed its participation in the routing software contract, it would cost the District approximately \$11,500 for the first year of implementation and approximately \$4,000 annually after that. However, the District could potentially eliminate one bus and realize a cost savings of approximately \$14,000 in the year of installation. In each additional year, Mapleton LSD would realize an approximate savings of \$21,000, the average cost per bus (\$25,223) less the software's annual license fee (\$4,000).

R5.4 Mapleton LSD should establish procedures to control the maintenance costs of its school buses. Based on the high maintenance cost per bus compared to the peer districts, Mapleton LSD pays an excessive amount for maintenance and repairs. The following are options the District should consider to reduce maintenance and repair costs:

- **Mapleton LSD could issue a request for proposal (RFP) to solicit bids for routine maintenance from several garages in the area. The RFP should define what work constitutes routine maintenance and should be reissued each fiscal year. Mapleton LSD should select a vendor based on price and convenience. A blanket purchase order for the entire fiscal year should be issued to the vendor for the amount of the bid. After each scheduled maintenance and repair visit, the vendor should send an invoice to the transportation supervisor documenting what work was performed, as well as the cost of the services. The transportation supervisor should then forward the invoice to the treasurer for payment. A copy of each invoice should be retained by the transportation supervisor and filed in the appropriate bus' record.**

- **Mapleton LSD could negotiate with area garages to establish discounts for maintenance and repair work performed during the summer months, when buses can be left for extended periods of time. Doing so would allow the garage to work on the buses during down time.**
- **Mapleton LSD could engage in a cooperative maintenance agreement with another school district or government entity. Other small governments striving for cost savings may be willing to share the costs and services of one or more mechanics. Nearby school districts, the City of Ashland or Ashland County may already have mechanics Mapleton LSD could use on a fee-for-service basis. While Mapleton LSD should ensure any negotiated rates between governments are fair to all parties, the District may be able to take advantage of government-supplier, or consortium-negotiated rates by partnering with another government entity.**
- **Mapleton LSD could increase the mileage between routine maintenance to every 3,000 miles and between oil changes to every 6,000 miles. The 3,000 mile/6,000 mile schedule is in line with peer districts and consistent with the recommendations of a local bus distributor. Increasing the mileage between routine maintenance and oil changes would reduce the costs incurred by the District.**

Mapleton LSD uses one local garage to perform all maintenance and repair work on its yellow buses because it does not have the facilities or staff to complete the work in-house. In FY 2000-01, the District paid over \$78,000 to the local garage for bus maintenance and repair work. Mapleton LSD administrators indicated the District plans to send buses to several area garages in the coming school year to establish competition and lower maintenance costs. However, the Mapleton LSD School Board has not yet approved the use of other area garages. Each peer district employs at least one mechanic who services and repairs its bus fleet using district-owned facilities. **Table 5-4** compares Mapleton LSD's FY 2000-01 maintenance costs and ratios to the peer districts.

Table 5-4: FY 2000-01 Maintenance Costs and Ratios ¹

	Mapleton	Black River	Crestview	Northwestern	Peer Avg
Maintenance and Repairs	\$85,200	\$13,724	\$13,896	\$25,744	\$17,788
Tires and Tubes	\$8,164	\$9,733	\$1,833	\$1,950	\$4,505
Mechanic Salaries	\$0	\$29,276 ²	\$31,616	\$25,956	\$28,949
Total Maintenance Costs	\$93,364	\$52,733	\$47,345	\$53,650	\$51,243
Number of Buses Maintained	18	26	25	21	24
Average Maintenance Costs per Bus	\$5,187	\$2,028	\$1,894	\$2,555	\$2,159

Source: District FY 2000-01 T-2 Forms

¹ Regular needs buses only

² This includes salary information for the mechanic and mechanic helper.

As **Table 5-4** shows, Mapleton LSD's maintenance costs and ratios are considerably higher than the peer average. Although Mapleton LSD operates a smaller fleet than the peer districts, the District's total maintenance cost is nearly twice the peer average and its average maintenance costs per bus are more than twice the peer average. Additionally, Mapleton LSD's fleet is not excessively old and therefore, should not require extensive repairs. **Table 5-6** details the ages of the District's buses. Because all of Mapleton LSD's maintenance and repairs are performed at a private garage, hourly labor rates comprise a significant portion of the District's maintenance and repair costs. Conversely, the peer districts perform all routine maintenance and the majority of repairs in-house.

Table 5-5 compares Mapleton LSD's scheduled maintenance to the peer districts.

Table 5-5: Scheduled Maintenance

	Mapleton	Black River	Crestview	Northwestern
Routine Maintenance	2,000 miles	3,000 – 6,000 miles	Varies	6,000 miles
Oil Change	4,000 miles	3,000 – 6,000 miles	Minimum of every 5,000 miles	6,000 miles
Scheduled Maintenance Procedure	Routine maintenance performed every 2,000 miles and oil changes every 4,000 miles.	Routine maintenance and oil changes performed every 3,000 miles for older buses and every 6,000 miles for newer buses.	Chassis greased every 3,000 miles, fluid levels and tire pressure checked weekly. Oil is sampled at 5,000 miles and then every 3,000 miles until the sample indicates the oil needs changed.	Routine maintenance and oil changes performed every 6,000 miles.

Source: Interviews with Mapleton LSD and peer transportation department staff

As shown in **Table 5-5**, Mapleton LSD has a more frequent routine maintenance schedule than the peers. For example, routine maintenance is performed every 2,000 miles, at a cost of approximately \$50 per bus. Oil changes accompany the routine maintenance every 4,000 miles at a cost of approximately \$106 per bus. The peers perform routine maintenance and oil changes at varying schedules. Routine maintenance is performed at a minimum of every 3,000, as are oil changes for older buses. Furthermore, an Ohio distributor for Thomas Built Buses stated 99 percent of school districts perform routine maintenance every 3,000 miles and oil changes every 6,000 miles.

Financial Implication: Mapleton LSD could save approximately \$2,500 annually by increasing the mileage between routine maintenance service visits from every 2,000 miles to every 3,000 miles and by increasing the mileage between oil changes from every 4,000 miles to every 6,000 miles.

R5.5 Mapleton LSD’s transportation supervisor should more actively manage bus maintenance and repairs and should keep a detailed record for each bus, either in electronic form or hard copy. Although a cost savings can not be quantified, the District should be able to reduce its maintenance and repair costs by monitoring and controlling expenditures more closely.

Mapleton LSD’s transportation supervisor does not maintain detailed maintenance and repair records for each bus. Currently, drivers submit their completed pre-trip forms, which provide information from their pre-trip inspections, to the transportation supervisor, who records the information in paper format. Some drivers also document completed maintenance work on their pre-trip forms. Insufficient records limit the transportation supervisor’s ability to control maintenance and repairs and contribute to the District’s high maintenance and repair costs (**See R5.4**).

The transportation supervisor should assume greater responsibility for bus maintenance and repairs. Drivers should inform the transportation supervisor of unusual noises or irregular handling. The transportation supervisor should then obtain a written estimate from at least two local garages prior to making any major repairs. A vendor should be selected based on price, warranty and convenience, and a purchase order should be issued to the vendor in the amount of the estimate (**See R5.4**). Invoices should be sent directly to the transportation supervisor for review and approval. The transportation supervisor should retain a copy of the invoice for the bus’s file and then should send the original to the treasurer for payment.

The transportation supervisor should also keep a more detailed record for each bus, which includes the following information:

- Routine maintenance, including oil changes;
- Repairs;
- Cost of maintenance and repairs;
- Mileage; and
- Fuel usage.

Additionally, the transportation supervisor should create a separate file for each bus at the start of each fiscal year. The files should include maintenance and repair invoices, route lists and other pertinent documents. By maintaining more detailed records about the maintenance and repairs for each bus, Mapleton LSD could better monitor and control its expenditures for these items.

R5.6 Mapleton LSD should develop and maintain a formal, documented bus replacement plan outlining when each bus will be replaced and the funding source to be used for the replacements. A formal, written bus replacement plan would help Mapleton LSD better plan for new bus purchases, as well as communicate its transportation needs to the Board and the public. The District should also look into alternative solutions for financing buses, such as leasing or engaging in lease-to-purchase contracts.

During the course of this audit, Mapleton LSD reduced its fleet from 19 full-sized yellow buses to 16 full-sized yellow buses. All of the buses are diesel. Of these, 14 are active on a daily basis, while the remaining 2 serve as spares. One active bus is equipped for, and is dedicated to, the provision of special needs transportation. The buses vary in age from 1 to 13 years, with an average age of 7 years. While there are currently no State minimum standards for the replacement of school buses, a general consensus among ODE personnel, private bus contractors and transportation departments is that buses should be replaced at 12 years of age or 200,000 miles for diesel buses and 150,000 miles for gasoline buses. Despite these general guidelines, a school district can use a bus for student transportation as long as it passes a mandatory annual inspection completed by the Ohio Highway Patrol. **Table 5-6** shows Mapleton LSD's buses by model year and mileage.

Table 5-6: Mapleton LSD Bus Fleet by Model Year and Mileage

Model Year	Age	Mileage
1989	13	148,904
1989	13	98,555
1990	12	154,616
1990	12	163,500
1991	11	148,549
1992	10	146,168
1993	9	95,332
1995	7	106,273
1996	6	102,728
1996	6	77,281
1997	5	103,121
1999	3	64,255
1999	3	50,194
2001	1	22,336
2001	1	22,217
2001	1	13,120

Source: Mapleton LSD

As shown in **Table 5-6**, Mapleton LSD currently has four buses that are 12 years old or older and two additional buses that will reach the 12-year guideline in the next two years. Although Mapleton LSD does not have any buses that exceed the mileage guidelines, 5 buses, 2 of which are spares, each have over 145,000 miles. The District generally tries to purchase one new bus each year and has used permanent improvement funds to finance the most recent bus acquisitions. However, Mapleton LSD does not have a formal, written bus replacement plan which identifies the buses to be replaced in a given fiscal year, as well as the funding source for the replacements. A formal replacement plan allows the District to better plan for its future transportation needs.

Financial Implications

The following table represents a summary of implementation costs and annual cost savings. This table illustrates the savings Mapleton LSD could potentially realize. For the purposes of this table, only recommendations with quantifiable impacts are listed.

Summary of Financial Implications for Transportation

Recommendation	One-Time Implementation Costs	Annual Implementation Costs	Annual Costs Savings
R5.1 Reduce bus drivers' paid days	\$0	\$0	\$2,200
R5.2 Use payments in lieu of transportation	\$0	\$650	\$11,000
R5.3 Purchase routing software	\$11,500	\$4,000	\$21,000
R5.4 Increase mileage between routine maintenance and oil changes	\$0	\$0	\$2,500
Total	\$11,500	\$4,650	\$36,700