



Auditor of State
Betty Montgomery

ZANESVILLE CITY SCHOOL DISTRICT PERFORMANCE AUDIT

JANUARY 20, 2005



**Auditor of State
Betty Montgomery**

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

In February of 2004, the Zanesville City School District (ZCSD) contacted the Auditor of State's Office (AOS) to initiate a performance audit. The District has implemented significant cost reductions during the past two years and sought an independent assessment to further lower costs and emphasize accountability within the community. The administration and the Board of Education selected four functional areas for assessment: financial systems, human resources, transportation, and technology. 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 ZCSD in improving its financial condition over the next five years.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of ZCSD's financial situation and a framework for a financial recovery plan to help the District eliminate its projected deficits. While the recommendations contained within the performance audit are resources intended to assist in improving ZCSD's financial condition, the District is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

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

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

Sincerely,

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

BETTY MONTGOMERY
Auditor of State

January 20, 2005

Executive Summary

Project History

In February of 2004, the Zanesville City School District (Zanesville CSD or the District) contacted the Auditor of State's Office (AOS) to request a performance audit. Consistent with the District's commitment to the residents of the Zanesville CSD, the administration requested an independent assessment of District operations to identify efficient and effective practices and determine potential areas for improvement. The District has implemented significant cost reductions during the past two years and has contracted for this independent assessment in an effort to further lower costs and emphasize accountability within its community.

Pursuant to discussions with Zanesville CSD's governing board and administration, the following assessment areas were identified for inclusion in the performance audit:

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

The performance audit is designed to develop recommendations that provide cost savings, revenue enhancements, and efficiency improvements, and to identify noteworthy accomplishments by recognizing efficient and effective practices currently in place at Zanesville CSD. The District is encouraged to continue to monitor and assess its operations to identify recommendations for future improvements.

District Overview

The boundaries of Zanesville CSD encompasses 16.7 square miles within the City of Zanesville in Muskingum County. According to the Ohio Department of Education (ODE), the District's average daily membership (ADM) was 4,224 students in FY 2003-04. Currently, the District operates eight elementary schools, two middle schools, and one high school. However, it is in the midst of a \$96 million construction project primarily funded through the Ohio School Facilities Commission (OSFC) that will consolidate operations within eight new schools by FY 2008-09.

According to the 2000 census, the Zanesville city population of 25,586 includes a significant percentage (26.8 percent) of school aged residents. Though Muskingum County is largely rural,

Zanesville CSD is primarily urban with only 0.5 percent of its boundaries defined as agricultural. Over the past decade, the District's enrollment has remained relatively stable.

During FY 2003-04, the District employed approximately 604 full-time equivalent (FTE) employees, including approximately 189 regular instruction teacher FTEs. The overall student to teacher ratio for regular instruction staff is approximately 19.2:1. According to ODE's FY 2002-03 Local Report Card, Zanesville CSD met five of 22 academic performance indicators, which resulted in an academic watch rating. The District earned the same rating in FY 2001-02 but achieved eight of 22 performance standards. During the past two fiscal years, the District increased its academic performance from academic watch to continuous improvement.

While the District's May 2004 five-year forecast shows negative ending fund balances beginning in FY 2004-05, the September 2004 five-year forecast shows a deficit fund balance in FY 2005-06. Despite recent budget cuts, the District could qualify for statutory fiscal caution by FY 2005-06 when it projects a year-end operating deficit of approximately 5 percent of projected revenues. Although it has passed four levies since 1996, these revenues have been partially offset by factors such as significant reductions in state funding and increases in health insurance costs. Also, the District receives only 18 percent of its funding from local sources due to lower property values in Zanesville as compared to other areas of the state. Further, nearly 49 percent of students receive Federal government subsidies for free and reduced lunch.

The District has reduced staffing levels by 33 positions (29 FTEs) since FY 2002-03 through attrition. Reductions in staff have generated a total of about \$1.8 million in savings which has been applied to reducing the District's projected deficits. Overall, Zanesville CSD has reduce its expenditures by about \$2 million since FY 2003-04.

Objectives, Scope, and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Audit work was conducted between April 2004 and July 2004. The goal of the performance audit process was to assist Zanesville CSD management in identifying cost saving opportunities, with the primary objective of increasing efficiency and/or effectiveness based on best practices, industry standards, and comparisons to peer school districts. The ensuing recommendations comprise options that the District can consider in its continuing efforts to improve and stabilize its financial condition. This performance audit assessed the key operations of Zanesville CSD in the areas of financial systems, human resources, technology, and transportation. Major assessments included the following:

- Reasonableness of the District's 2004 five-year financial forecasts, including its underlying financial data, along with their accompanying notes and assumptions

- District-wide staffing levels, collective bargaining agreements and benefit costs
- Key transportation operational statistics, such as staffing, and average costs per bus and student
- Specific information technology operations, including technical support staffing levels and processes, network infrastructure, hardware and software standards, professional development, security and long-term planning/budgeting strategies.

To complete this report, auditors gathered and assessed data from various sources pertaining to the key operations, conducted interviews with District personnel, and assessed requested information from the selected comparison (peer) districts. Throughout this report, comparisons are made to three similarly sized school districts. These districts include Alliance City School District (Alliance CSD) in Stark County; Ashtabula City School District (Ashtabula CSD) in Ashtabula County; and Barberton City School District (Barberton CSD) in Summit County. These districts were selected as peers based on their ranking as comparable districts as defined by the Ohio Department of Education (ODE), reviews of various demographic information, and input from Zanesville CSD personnel. Criteria included in ODE's comparable district listings include geographic size, average daily membership (ADM), socioeconomic demographics, population density, and real property valuation. Best practice information was used from ODE, the State Employment Relations Board (SERB), American Schools and Universities (AS&U), and related service industries.

The performance audit process involved significant information sharing with the District about identified audit areas and proposed recommendations. Furthermore, periodic status meetings were held throughout the engagement to inform the District of key issues impacting selected areas, and share proposed recommendations to improve or enhance operational efficiency or effectiveness. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District was provided an opportunity to provide written comments in response to the various recommendations for inclusion in the final report.

The Auditor of State and staff express their appreciation to the Zanesville CSD and the peer school districts for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

During the course of the performance audit, several noteworthy accomplishments or best practices were noted for Zanesville CSD. These are outlined below.

Financial Systems

- Zanesville CSD acted proactively in reviewing operating efficiency and effectiveness in order to address future potential deficits and operating fund reductions. The District has reduced about \$2 million in expenditures since FY 2003-04.
- The District's five year strategic planning process is comprehensive. The strategic plan is linked to the academic continuous improvement plan, includes estimates of financial resources, and identifies opportunities to obtain grants and other sources of funding.
- Zanesville CSD makes a significant effort to inform, educate and involve the public in issues impacting the District through its Community Improvement Plan Advisory Panel; District Curriculum & Instruction Meetings; Business Advisory Council; Safe Schools District Steering Committee; and Cluster Meetings through out the District.

Human Resources

- Zanesville CSD requires the special education students' home districts to hire any additional 1:1 staff, assistants, or aides needed above the regular and special education teaching staff. The home district must carry the employee on their payroll, which allows the aid to follow the student when changing districts. Providing extra necessary staff for special education students requires a lot of administrative time, and increases Zanesville CSD payroll responsibilities. This new policy keeps special education employees needed to serve out of district students off the Zanesville CSD payroll, and avoids reductions in force, lay offs, and reassignments when the students change districts or return to the home. Currently, Zanesville CSD has approximately 3 1:1 aides, and bills the home district for the excess costs.
- In the past, Zanesville CSD has been invoicing for out-of-district tuition at the end of each school year. Zanesville CSD is changing the billing system. At the end of each school year, a statement is prepared estimating annual excess expenses (expenses above State reimbursements) for each special education student. The District sends the home district a statement and a contract, which requires payment of one-half of the estimated costs in August and the second half in December. The July estimated amount will allow the home district to plan and budget for the additional costs and ensure revenue for the

Zanesville CSD. Settlement costs will be done at the end of each fiscal year. Additionally, all past due invoices must be paid or the student will not be accepted in the Zanesville CSD.

This procedure is a new concept and has not been tried before. The ODE area coordinator and Zanesville CSD legal council have reviewed and approved the procedure.

Technology

- Zanesville CSD receives about 39 percent of its technology funding from grants. This exceeds the peer average by 15 percent. The District received grant funds from Schoolnet, OneNet, Title II-D, Assistant Tech Infusion, and Tech. Additionally, e-rate discounts comprise about \$118,000 annually in savings. To ensure a continuation of high levels of grant funding, Zanesville should consider creative alternatives including partnerships with business and higher education, as well as private and federal funds like Raising the Bar grants and grants from the Martha Holden Jennings Foundation. Many teaching resource Web sites like E-School News (www.eschoolnews.com) and the United States Department of Education (www.ed.gov/fund) provide lists of grant resources

Key Recommendations

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

Human Resources

- **Zanesville CSD should consider reducing its regular education teaching staff within the middle and high schools by 9 FTE positions. Some of Zanesville CSD's regular teaching staff do not teach seven periods each day as stated in the collective bargaining agreement. After the reductions, teachers can be assigned to seven periods per day of direct student contact time. Additionally, Zanesville CSD should consider reducing an additional 6.0 FTE regular teacher positions throughout the District, thereby increasing the overall student-to-teacher ratio from 17.6:1 at the elementary, 16.0:1 at the middle schools, and 20.5:1 at the high school, for an overall ratio of 17.9 students per teacher, a level more commensurate with peers. A reduction of 9.0 FTE teaching positions would save the District \$565,470. Replacing the 9.0 positions with non-certificated positions would result in a net savings of about \$371,100 annually. The reduction of an additional 6.0 FTE teaching positions would save Zanesville CSD \$377,000 annually.**

- **The District should consider phasing out its vocational and business education programs, saving an estimated \$2.3 million over the forecast period. Instead, vocational and business education students could take advantage of an identical curriculum offered at the Mid-East Career and Technology Centers, serving Guernsey, Noble, Muskingum, and Perry counties. Additionally, Zanesville CSD has extended-day contracts with some teachers for vocational education which could then be eliminated.**

- **Zanesville CSD should continue to monitor the student qualification criteria for special education placement required by the Ohio Administrative Code (OAC) § 3301-51-09, multi-factored evaluation (MFE). Zanesville CSD should focus on placing override students into at-risk programs. If the District was able to transition a portion of its over-ride learning disability population into regular education programs, a reduction in special education teaching personnel would be possible. Assuming that 75 percent of over-ride cases are reclassified as regular education students (208 students), Zanesville CSD may be able to reduce up to 10 FTEs over the forecast and re-evaluation period. If the District opted to reduce FTEs over the forecast period, it could anticipate cost savings of approximately \$134,900 in FY 2005-06, \$269,900 in FY 2006-07, \$404,800 in FY2007-08, \$539,700 in FY 2008-09, and \$674,700 in FY 2009-10.**

- **Zanesville CSD should consider reducing staffing levels within other classifications as follows:**
 - **Reduce education service personnel (ESP) classifications by 10 FTEs, saving \$2,700,000 over the five-year forecast period; and**
 - **Reduce staffing levels within the teaching aide classifications by 20 FTEs, saving \$405,000 annually;**

- **Zanesville CSD should consider negotiating a cost-of-living adjustment (COLA) of not more than 2 percent annually for the next contract period. Salary and wage expenditures at the end of FY 2003 were approximately \$20.4 million for General Fund and DPIA. Each 1 percent increase in salaries costs the District approximately \$204,455, not including fringe benefits. See the financial systems section of the report for further discussion regarding salary and wage expenditures.**

- **The District should consider limiting increases in administrative salaries or reducing the pick-up of the employees' share of retirement contributions (10 percent) and 1 percent pick-up on the pick-up. Zanesville CSD should consider reduction of the employee share and pick up on pick-up of STRS/SERS contributions (11 percent total) unless expressly determined to be given in lieu of**

future salary increases. Based on the annual salary of the 21 Zanesville CSD employees who receive the employee share and pick up on pick up (\$1,119,000) for administrative positions, a reduction of the 11 percent benefit represents a potential annual cost savings of \$123,100.

- **During future contract negotiations, Zanesville CSD should seek to negotiate changes to the health care premium payments. The District should require all employees to pay a percentage of the monthly premium costs to bring the its practices in line with the average employee contributions compiled by the State Employment Relations Board (SERB). Furthermore, the District should make adjustments to the percentage paid based on the hours worked. Establishing employee contributions with percentages based on the hours worked and SERB benchmarks will help the District offset annual increases in health care. Increasing the employee share for single (180 participants) and family (388 participants) coverage to 12 percent for all participating employees would allow Zanesville CSD to reduce costs by approximately \$669,800 per year. This increase in employee premium sharing would help offset the 10.0 percent increase in health insurance premiums for FY 2004-05. An additional estimated \$643,000 could be saved through changes to the features of the District’s health insurance plan. Lastly, the District should seek to include contractual language allowing the District to alter or reduce key medical benefits in an attempt to help contain health care costs to the District during the next round of collective bargaining negotiations.**

Transportation

- **Zanesville CSD should establish policies and procedures to ensure special education transportation costs are reported accurately to ODE, and reflect all applicable costs, including bus maintenance, employee benefits, fuel, tires, and insurance. Accurate reporting of special education transportation expenses should increase Zanesville’s special needs transportation reimbursement from ODE. Zanesville CSD could have obtained approximately \$8,498 more in reimbursement for special education in FY 2002-03 if it had included pro-rated operational costs and additional personnel costs on the T-forms submitted to ODE.**

Technology

- **The District should consider hiring a full-time technician to provide technical support for the District’s computer and network systems. Hiring 1.0 FTE technician would cost the District approximately \$47,500 annually.**

- **Zanesville CSD should establish a help desk to centralize the intellectual capital of the technology department and allow for efficient deployment of technical resources.**
- **The District should adopt a systematic 5-year replacement cycle to upgrade its equipment. Adopting a 5-year replacement cycle to upgrade equipment should reduce support costs and ensure students have the most current technology available. If the District chooses to implement thin client technology as a component of the plan, the cost of implementation will be approximately \$157,000.**
- **Zanesville CSD should develop a disaster recovery plan. Developing a disaster recovery plan prepares an organization for recovery from a breach in security, a natural disaster (fire, flood, etc.), or other catastrophic event as quickly and efficiently as possible.**
- **Zanesville CSD should continue to work toward aligning its instructional technology program with Ohio Department of Education’s (ODE) Academic Content Standards for Technology. Adopting content standards for technology should help students, teachers, and administrators develop the knowledge and technology skills to improve teaching and learning.**

Additional Findings and Recommendations

Financial Systems

- In order to ensure continuous high levels of continuity, consistency, and reliability in the five-year forecasting process, Zanesville CSD should formally document its current methodology through specific written policies and procedures.
- Zanesville CSD should revise its forecast assumptions in several categories, including real estate property taxes and property tax allocation; tangible personal property tax; unrestricted grants-in-aid; other revenue, salaries and wages, benefits, purchased services and encumbrances. Current projections may not adequately capture revenue trends and costs to the District and may increase the likelihood of over or under-stating revenues and expenditures.
- The District should formalize, through written policies, several current operating procedures to increase consistency and ensure that processes are completed correctly. These procedures include the following:

- Processes for the submission and verification the Community Alternative Funding System (CAFS) and Medicaid Administrative Claiming (MAC) reimbursement,
- Processes for the development and update of its Strategic and Continuous Improvement Plans (CIP),
- Financial planning and budgetary procedures, including the roles and responsibilities of administrative personnel involved with the process.
- An accounting policy and procedures manual, and
- Roles and responsibilities of its audit committee Written policies and procedures would help to ensure the audit committee addresses the issues identified in financial audits and ensure that they are promptly and effectively resolved.

Human Resources

- Zanesville CSD should complete updating its job descriptions. The job descriptions should include a revision date, as many job descriptions do not record when they were last updated. In addition, the Board should formally approve all job descriptions.
- Zanesville CSD should focus on student population and class size when considering special education open enrollment. The District should not expand services provided to non-open enrollment, out-of-district students. Zanesville CSD should continue to charge home districts for the out-of-district students currently served and should not support additional costs for out-of-district students.
- During the next contract negotiations, Zanesville CSD should seek to change several contractual provisions including the following:
 - Negotiate a lower vacation accrual rate for 12-month classified employees.
 - Negotiate a reduction in the maximum number of accrued but unused sick days paid out at retirement for both certificated and classified employees. Reducing the maximum number of accrued but unused sick leave days paid out at retirement by 15 days would save the District approximately \$44,000 for FY 2005-06, \$88,100 for FY 2006-07, and \$132,200 for FY 2007-08.
 - Add specific language in the certificated employee bargaining unit agreement that allows the District to restrict the number of leave days for association business. The District should seek to reduce the number of days to peer levels of about 6 days. By limiting association business days to six and requiring reimbursement for any days used over the stated amount, the District could avoid substitute costs of \$1,400 annually.

Transportation

- Zanesville CSD should consider revising its transportation policy and guideline manuals to transport students in grades K-8 who live one mile or more from their assigned school building.
- The District should allocate staff costs to appropriate departments or programs based on hours worked in the District's transportation operation. The District should ensure appropriate accounting of labor costs in order to reflect the true cost of transportation operations.
- Zanesville CSD should develop a formal preventative maintenance (PM) program for its bus fleet. A documented PM program will provide the transportation department and its administrators a management tool for monitoring and scheduling bus maintenance.
- Zanesville CSD should require fuel purchase logs for each vehicle that show the vehicle mileage, gallons purchased, price, and date.
- The District should develop a formal bus replacement plan and include it in its five year forecast. This plan should include the number of buses to be replaced each year, along with the age, mileage, and estimated replacement cost at the time of replacement. Further, the District should investigate and analyze alternative funding methods for bus purchases.

Technology

- The District should develop an on-line knowledgebase to help resolve technical issues. An on-line knowledgebase assists users in resolving simple technical problems by allowing them to access a history of solutions to common technical problems. The District should also place technology information on its website so that users have access to technology support information. Web site information could include technical support procedures, hardware and software standards, computer usage and donation policies, technology plans, and training information.
- Zanesville CSD should link funding for technology projects to the District technology plan. Linking funding to the District technology plan would provide a method for the District to better identify and monitor costs.
- Zanesville CSD should formally document evaluations and cost/benefit analyses for technology projects. Performing evaluations and cost analyses for technology projects ensures that equipment purchased is low cost and meets the needs of the District. One

method of cost analysis is to incorporate the concepts of total cost of ownership (TCO) into budgeting for technology purchases.

- Zanesville CSD should develop a quality assurance system that tracks downtime, quality service, and response to customer feedback. A quality assurance system provides a method to measure customer satisfaction of end-users with technical support services.
- The District should use the Citrix software list to develop a formal software inventory with guidelines to help direct technical support. A software inventory with guidelines for support should be developed and communicated to District staff so that support activity matches user expectations.
- Zanesville CSD should develop and implement a formal policy for donated technology equipment. The policy should include clear descriptions of basic standards and are tied to overall District hardware standards defined by technology staff. The policy should be placed on the District's website and communicated to all involved staff and potential donors to ensure consistent implementation.
- The District should develop on-line or e-learning training options for teachers. Developing on-line training options will expand training opportunities for technology training, increase staff capacity, and reduce the number of low-level support issues.
- The District should encourage professional certification of technology staff. Professional certification provides increased expertise, access to highly technical resources, and creates a culture of professionalism that encourages employees to excel. The District also could avoid contracting out for major technical tasks if the technology staff has in-house expertise. The average cost for a certification program is approximately \$3,500 per person. The costs for different certifications will vary depending on the type of class and the needs of the school district. Training to certify the director of instructional technology, the assistant technology coordinator, and two technicians would cost approximately \$14,000.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that Zanesville CSD should consider. Several of the recommendations are dependent on labor negotiations or labor agreements. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Financial Implications

Recommendations from Sections	Annual Revenue Enhancements	Annual Cost Savings	Implementation Cost	Annual Cost
Financial Systems				
R2.4 Recoup CAFS reimbursement	\$46,000			
Human Resources				
R3.2 Replace 9.0 FTE regular education teaching staff with non-certificated positions. Increase student-to-staff ratios by reducing 6.0 regular education FTEs.		\$371,100 \$377,000		
R3.3 Reduce 14.0 FTE teaching positions in vocational and business education programs. and reduce extended service contracts ¹		\$466,500		
R3.5 Reduce 10.0 FTE Special Education teaching positions		\$134,900		
R3.6 Reduce 10.0 ESP positions		\$540,000		
R3.7 Reduce 20 FTE teaching aide positions		\$405,000		
R3.9 Discontinue pick up on pick up STRS contribution for administrators		\$168,800		
R3.10 Increase employee share of monthly health insurance premiums.		\$669,800		
R3.12 Slow the rate of vacation accrual for classified employees		\$18,100		
R3.13 Reduce maximum unused sick days paid at retirement		\$44,000		
R3.14 Limit association business days to six.		\$1,400.		
Transportation				
R4.2 Reallocate salaries by function		\$31,000 ¹		
R4.4 Purchase preventive maintenance software			\$2,295	\$595
R4.6 Increase state reimbursement through better cost allocation	\$8,500			
R4.7 Implement bus replacement plan				\$25,000
Technology				
R5.1 Add 1.0 FTE technician				\$47,500
R5.6 Adopt a systematic 5-year replacement cycle to upgrade equipment.				\$157,000
R5.13 Encourage professional certification of technology staff.			\$14,000	
Total	\$54,500	\$3,227,600	\$16,295	\$230,095

Note: Summary of Financial Implications does not include the estimated \$643,000 in savings that could be achieved through a revision of key health insurance plan features as discussed in **R3.11**.

¹Annual Cost Savings reflects the net cumulative savings of \$2.3 million averaged over the forecast period. Because of the phase in process described in **R3.3**, the total savings of \$2.3 million would not be realized until the completion of the phase-in process.

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.

Issues Requiring Further Study

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

Special Education Program Distribution: Zanesville CSD should make every attempt to provide all or most services in each student's home building. The District should study its current program locations with the possibility of reducing transportation for special education during the school day and maintaining interaction with regular education teachers and students, thereby allowing more opportunities for the integration of special education students into the general student population and further the goals of the "No Child Left Behind" act.

Financial Systems

Background

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

Zanesville CSD's Treasurer's Office consists of five employees, including the treasurer, assistant treasurer, payroll clerk, and two accounts payable clerks. The treasurer is primarily responsible for managing and tracking district revenues and expenditures, developing the annual tax budget, preparing financial statements, and maintaining the District's five year forecast.

Financial Condition

In FY 2002-03 the District received a rebate of common stock through the Anthem Blue Cross and Blue Shield Insurance Company demutualization. The proceeds from the sale of stock in the amount of \$2,820,000 were reported as miscellaneous income and divided between three funds; the General Fund \$2,395,000; the Permanent Improvement Fund \$200,000; and the Severance Reserve Fund \$225,000. Also in FY 2002-03, Zanesville CSD issued approximately \$34 million in general obligation bonds to pay the local share of school construction projects initiated through the Ohio Classroom Facilities Assistance Program administered by the Ohio School Facilities Commission (OSFC). During the same period, the General Fund received revenue of approximately \$29 million, but had expenses of approximately \$30 million for an operating loss of \$1 million. As of June 30, 2003 the District had approximately \$32 million of the bond proceeds in the Building Capital Projects Fund and the General Fund had a balance of approximately \$2 million. Zanesville CSD experienced two major financial set-backs in FY 2003-04. In November 2003, the Superintendent notified the Board that the passage of HB 95 in June 2003 would result in a \$2.2 million loss of state aid. Also, health insurance premiums increased approximately \$750,000. These events reduced the projected ending fund balance for the District in the five year financial forecast by about \$1.8 million.

Financial Forecast

On December 1, 2003 the Ohio Department of Education (ODE) notified Zanesville CSD that its October 2003 five year forecast showed a negative unreserved fund balance sufficiently large to

cause the District to be placed in fiscal caution. In accordance with ORC §3316.031(A), a district may be placed in fiscal caution by the Superintendent of Public Instruction when the district projects a current year ending fund balance less than or equal to 2 percent of the current year projected revenues. The District was required to submit a proposal by January 31, 2004. The District's proposal included departmental budget reductions, a reduction in force, and the elimination of some student programs. The plan was accepted by ODE on February 5, 2004 and the District was not placed in fiscal caution. **Table 2-1** shows the projected October deficits and the revised May projections illustrating the impact of district reductions.

**Table 2-1: Zanesville CSD Projected Forecast Deficits,
October 2003 and May 2004**

Fiscal Year	Projected Revenue	Projected Ending Fund Balance	Ending Fund Balance as Percentage of Projected Revenue
October 2003			
2002-03	\$32,872,284	--	--
2003-04	\$33,289,278	\$773,689	2.3%
2004-05	\$34,383,179	(\$1,236,990)	(3.6%)
2005-06	\$34,438,974	(\$5,639,982)	(16.4%)
2006-07	\$35,644,341	(\$11,714,996)	(32.9%)
2007-08	\$36,188,289	(\$20,407,242)	(56.4%)
May 2004			
2002-03	\$31,588,440	--	--
2003-04	\$32,497,752	\$558,086	1.7%
2004-05	\$32,773,537	(\$531,026)	(1.6%)
2005-06	\$32,829,615	(\$2,813,142)	(8.6%)
2006-07	\$34,039,193	(\$6,177,730)	(18.1%)
2007-08	\$34,590,787	(\$11,883,838)	(34.4%)

Source: Zanesville CSD Five Year Forecast October 20, 2003 and May 24, 2004.

The October 2003 forecast included revenue and expenditures associated with the new school construction levy, an error that was corrected in the May 2004 forecast. However, the May 2004 incorrectly reflected revenue from a five year emergency operating levy passed in March 2004. The proceeds of the levy were not included in general property taxes line item, but this was corrected in the October 2004 five year forecast. Although Zanesville CSD met the criteria for fiscal caution in its October 2003 five-year forecast, the revised May 2004 five year forecast shows that the cost reduction efforts have had a short-term but important impact. **Table 2-1** illustrates the reductions forestall fiscal oversight for a year, giving the District another year to plan for the projected deficit. Based on the May 2004 and the October 2004 forecast, Zanesville CSD will meet the criteria to be placed in fiscal caution status in FY 2005-06.

The financial forecast presented in **Table 2-2** represents the treasurer's projections of Zanesville CSD's present and future financial condition as of May 2004. At the time the forecast was developed, complete FY 2003-04 information was not available; however, the forecast presented in **Table 2-2** has been updated by AOS to include actual FY 2003-04 information. The beginning and ending cash balances were also adjusted for the balance of the forecast period. In addition the treasurer has incorporated the effects of the cost savings actions the District took prior to this audit. The forecast and accompanying assumptions are the representations of Zanesville CSD and are presented without verification. Where appropriate, AOS comments are also noted. The projections reflect the General and Disadvantaged Pupil Impact Aid (DPIA) Funds and are accompanied by four years of comparative historical results, general assumptions and explanatory comments. Assumptions that have a significant impact on the District's financial status, such as real estate property tax revenue, salaries and wages, and fringe benefits, have been tested for reasonableness.

Table 2-2: Zanesville CSD Financial History and Forecast (in 000's)¹

	Actual 2000-01	Actual 2001-02	Actual 2002-03	Actual 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Real Estate Property Tax	\$6,242	\$7,176	\$5,658	\$7,391	\$7,242	\$6,812	\$7,329	\$7,757
Tangible Personal Property Tax	\$3,321	\$3,186	\$3,087	\$3,083	\$2,734	\$2,531	\$2,427	\$2,302
Unrestricted Grants-in-Aid	\$14,779	\$14,995	\$14,893	\$15,636	\$16,369	\$17,060	\$17,561	\$17,756
Restricted Grants-in-Aid	\$1,862	\$2,235	\$3,017	\$2,350	\$2,303	\$2,354	\$2,406	\$2,459
Property Tax Allocation	\$1,217	\$1,366	\$1,334	\$1,117	\$1,466	\$1,613	\$1,858	\$1,858
Other Revenues	\$1,393	\$946	\$3,599	\$2,963	\$2,659	\$2,459	\$2,459	\$2,459
Total Operating Revenues	\$28,815	\$29,904	\$31,588	\$32,540	\$32,774	\$32,830	\$34,039	\$34,591
Salaries & Wages	\$18,407	\$19,702	\$20,623	\$20,600	\$20,512	\$20,804	\$21,572	\$22,586
Fringe Benefits	\$5,793	\$6,808	\$7,103	\$7,912	\$8,409	\$9,195	\$10,434	\$12,010
Purchased Services	\$2,140	\$2,310	\$2,890	\$3,875	\$3,566	\$3,816	\$4,083	\$4,369
Supplies, Materials & Textbooks	\$1,184	\$1,116	\$876	\$1,009	\$569	\$586	\$604	\$622
Capital Outlay	\$679	\$853	\$540	\$329	\$328	\$328	\$328	\$328
Debt Service	\$117	\$112	\$106	\$101	\$96	\$0	\$0	\$0
Other Expenditures	259	\$305	\$279	\$318	\$352	\$352	\$352	\$352
Total Operating Expenditures	\$28,580	\$31,205	\$32,418	\$34,144	\$33,833	\$35,082	\$37,374	\$40,267
Net Transfers/ Advances	\$164	\$6	(\$32)	(\$31)	(\$30)	(\$30)	(\$30)	(\$30)
Other Financing Sources	\$128	\$32	\$0	\$0	\$0	\$0	\$0	\$0
Net Financing	\$292	\$38	(\$32)	(\$31)	(\$30)	(\$30)	(\$30)	(\$30)
Result of Operations (Net)	\$527	(\$1,264)	(\$862)	(\$1,635)	(\$1,089)	(\$2,282)	(\$3,365)	(\$5,706)
Beginning Cash Balance	\$3,964	\$4,491	\$3,227	\$2,366	\$731	(\$359)	(\$2,641)	(\$6,005)
Ending Cash Balance	\$4,491	\$3,227	\$2,366	\$731	(\$359)	(\$2,641)	(\$6,005)	(\$11,711)
Outstanding Encumbrances	\$564	\$380	\$357	\$153	\$0	\$0	\$0	\$0
Total Reservations	\$766	\$766	\$672	\$700	\$0	\$0	\$0	\$0
Ending Fund Balance	\$3,161	\$2,081	\$1,337	(\$122)	(\$359)	(\$2,641)	(\$6,005)	(\$11,711)
Renewal / Replacement Levies				\$0	\$723	\$1,435	\$1,435	\$1,435
Cumulative Balance of Renewal/Replacement	\$0	\$0	\$0	\$0	\$723	\$2,158	\$3,593	\$5,028
Ending Fund Balance	\$3,161	\$2,081	\$1,337	(\$122)	\$364	(\$483)	(\$2,412)	(\$6,683)

Source: Zanesville CSD Treasurer's Office

¹ Amounts are rounded and may differ slightly from summation totals.

Zanesville CSD's financial forecast (**Table 2-2**) presents projected revenues, expenditures and ending fund balances for the General and DPIA funds for each of the fiscal years including June 30, 2005 through June 30, 2008, with historical (unaudited) information presented for the fiscal years ended June 30, 2001, 2002, 2003, and 2004. The District had recently passed a renewal levy but the proceeds were not reflected in the property tax lines but in the renewal/replacement levies line item. After considering the renewal levies, the District's May 2004 forecast had an ending fund deficit in excess of \$6.6 million at the end of FY 2007-08. The October 2004 forecast reflects a \$3 million reduction in revenue and a deficit of \$11.1 million at the end of FY 2007-08. As shown in **Table 2-2**, expenditures began outpacing revenues in FY 2001-02, causing a reduction of the District's cash balance. The projected deficit could be reduced if the

District were to pass an operating levy in the future. However, the forecast indicates that additional revenues may not fully resolve the District's financial problems.

The assumptions disclosed herein were developed by the treasurer and are used for the projections found in **Table 2-2**. They are based on information obtained from Zanesville CSD and are augmented with explanatory comments (shown in indented bullets). 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.

Zanesville CSD uses software specifically designed for forecast modeling. The software, provided by the School Business Solutions, Inc., assists treasurers in detailing assumptions for each major line item. Although the forecast submitted to ODE does not include the detailed workbook behind the forecast, Zanesville CSD's treasurer retains the detailed information used in her projections. Major assumptions used to develop the May 2004 five-year forecast were as follows:

Revenues

- Property tax revenue estimates are based on historical valuation growth patterns, including the effects of scheduled updates and reappraisals. For FY 2003-04, the estimate is based on the amounts certified by the County Auditor. In addition, property tax estimates are based on historical increases and collection levels. The treasurer has projected an average increase of 7 percent over the forecast period. This includes a 1.7 percent annual increase attributed to new housing.
 - Although the average annual change during the historical period was about 3 percent, the treasurer forecasted an increase of 7 percent over the life of the five-year forecast period. As previously noted this line-item did not include the recently approved renewal levy proceeds. Projected increases of 30 percent in FY 2003-04 were realized. However, decreases in future years of 4 and 6 percent in FYs 2004-05 and 2005-06, respectively, are more optimistic than historical data would indicate. As noted previously, the District had recently passed a renewal levy but the proceeds were not reflected in the property tax lines. They were shown in the renewal/replacement levies line item. Recommendations for adjustments to this line item are contained in **R2.2**.
- Personal property tax estimates are based on current and historical tax valuations. An average annual loss of 6 percent is forecast through the five-year period. In several prior years, funds attributed to real estate property were reclassified as tangible personal property. The treasurer shows these adjustments in the detailed forecast workbook.

- HB 283, adopted in 1999, reduced the assessed valuation of the inventory component of personal property tax from 25.0 percent to 0 percent by 2031. However, the more recently passed HB 95 (adopted in June 2003) accelerates the phase-out of this tax from 1 percent to 2 percent per year until the tax is completely eliminated. The loss of revenue in FYs 2004-05, through FY 2007-08 cannot be estimated with a high degree of accuracy as business tangible personal property tax returns are confidential and subject to annual changes in economic conditions.

Also, effective January 1, 2001, non-municipal owned utilities and rural co-ops were deregulated by the state legislature, lowering their assessment percentages for tax purposes. Effective May 1, 2001, a kilowatt-hour (kWh) tax was implemented to replace lost revenues from the deregulation. A portion of these funds will be deposited in a Property Tax Replacement Fund (PTRF) that will be paid to districts to reimburse for lost revenue as determined by the Ohio Department of Taxation through 2006.

- During FY 2002-03, the District received \$17.9 million in school foundation revenue to support its General Fund. This amount includes \$14.9 million in unrestricted grants in aid and an additional \$3 million in restricted grants in aid. Unrestricted grants in aid include state foundation, state reimbursement for personal property inventory loss, and the Community Alternative Funding System (CAFS) reimbursements (see **R2.4**). Restricted grants-in-aid include DPIA funds, bus allowances and career technical allocations.

Fiscal year 2003-04 state foundation estimates were based on the District's SF-3 report. Fiscal Years 2004-05 through 2007-08 were based on estimated enrollment and projected state per pupil allocations. Zanesville CSD did not use ODE simulations for FYs 2004-05 and 2005-06. Unrestricted grants in aid are projected to increase by approximately 3.6 percent annually over the forecast period. Restricted grants in aid are projected to decrease by a similar percentage over the five-year period.

The forecast includes several reductions created by HB 95 which include the following:

- Elimination of the 3 year ADM average (net loss of \$245,406);
- Changing the ADM amount from \$5,088 to \$5,058 (net loss of \$119,940);
- Changing the excess cost supplement calculation from 3 mills to 3.3 mills (net loss of \$113,220);
- Parity aid paid at 58 percent instead of 60 percent (net loss of \$39,475); and
- Changing the cost of doing business factor (net loss of \$35,943).

Also, a revision of the DPIA calculations will begin in FY 2003-04 which is likely to result in a 2 percent increase in funding for FY 2003-04. ODE simulations projected increases in this line item for FY 2003-04 of about \$1.2 million. However, reductions in State funding offset this projected increase.

- Property tax allocation projections are estimated based on historical trends with the addition of the 10 percent reduction phase-out contained in HB 95. Over the five-year period, this line item is projected to increase at about 8 percent.
 - Property tax allocations (Homestead and Rollback taxes) include a 10 percent property tax rollback for all real estate property owners and a 2.5 percent rollback for owner-occupied homes. Also included in this category is an exemption for businesses with less than \$10,000 in personal property taxes. With the passage of HB 95, this exemption (which is reimbursed by the State) is scheduled to be phased out over the next ten years at 10 percent per year.

Although the average increase from prior years is about 4 percent, the high rate of increase is directly tied to the increases projected in the real estate property category. If real estate property tax estimates are revised, the property tax allocation would need to be adjusted as well (see **R2.2**).

- Other local revenues include tuition for out of district special education students, investment earnings, donations, class fees, and rental of school facilities. Estimates are based on historical annual average increases. This line item is projected to decrease at about 7 percent annually with projections held flat in the last two years of the forecast. As a result of a new accounting requirement, the open enrollment gross amount is now reflected in other revenue. Previously, only the net amount (open enrollment in minus open enrollment out) was recorded under the purchased services account.
 - Because of the high degree of volatility in this line item, the treasurer's conservative projections appear appropriate. However, the treasurer could improve the accuracy of projections in this line item by basing projections on each component of other local revenues (see **R2.2**).

Expenditures

- The amounts for salaries and benefits are based on the District's bargaining agreements. Wages for FYs 2002-03 and 2003-04 were calculated in accordance with the negotiated agreements and Board approved salary schedules. Step increments account for an annual increase of approximately 2.7 percent. Zanesville CSD has negotiated a 4 percent cost-of-living allowance (COLA) for certificated and classified employees for FY 2002-03 and 2003-04 and a 4 percent COLA for classified employees for FY 2004-05. The collective

bargaining agreement for certified employees expired July 31, 2004 and a new agreement is currently being negotiated. The classified agreement will expire December 31, 2005. For the periods beyond the current agreements, 2.0 percent COLAs and salary step increases of 1.18 percent for certificated and 1.48 percent for classified and related benefits have been used.

- The Board of Education approved approximately \$612,000 in expenditure reductions for FY 2003-04 through attrition that resulted in a reduction of 7 FTEs. An additional cost savings of approximately \$1.4 million has been realized based on staff reductions of 26 positions for FY 2004-05.
- The fringe benefits category consists of mandatory retirement contributions, health, dental, vision and life insurance premiums, workers compensation premiums, and mandatory contributions to Medicare and unemployment. Employers are required to contribute 14 percent of salaries to the State Teachers Retirement System (STRS) or the School Employees Retirement System (SERS), depending on whether the employees are certificated or classified.

Benefits for FY 2003-04 were calculated in accordance with the negotiated agreements and the current insurance plans. The health insurance cost is projected to increase by 20 percent annually through the forecast period. The health insurance policies were renewed in September 2004.

- Likewise, the State Employee Relations Board (SERB) has projected a lower rate of increase of 14.8 percent for health insurance beginning in FY 2004-05.
- The purchased services category accounts for fixed-item costs such as utilities (electricity, gas, water, and telephone) and property insurance. Other budgeted items in this area include tuition, leases, repairs and maintenance, postage, legal fees, and staff development. As a result of a new accounting requirement, the open enrollment gross amount is now reflected in purchased services. Previously, only the net amount (open enrollment in minus open enrollment out) was recorded under the purchased services account.
 - Although prior annual increases were about 15 percent, the District has projected this line item at a lower rate of increase. Because of high increases in utility costs, the projection may underestimate these costs to the District (see **R2.9**).
- The supplies and materials category includes instructional materials, office supplies, library books, software, fuel, custodial supplies, etc. The FY 2003-04 amounts were determined through the District's annual appropriation process. This line item is projected to increase slightly in FY 2003-04 and then decrease by about 48 percent in FY 2004-05

to accommodate budget reductions. In the last three years of the forecast, supplies and materials are projected to increase at 7 percent annually.

- Capital outlay expenditures are for the purchase of new or replacement equipment for the District. This category has no growth projected in FY 2004-05 through FY 2007-08. To meet forecasted amounts, the District plans to delay purchases or reduce non-personnel items as needed.
- Debt service includes payments on HB 264 principal and interest payments based on established debt schedules.
- Other expenditures include county auditor and treasurer fees, fees on delinquent taxes, annual single audits, liability insurance, and professional dues/fees/memberships. These amounts are projected to increase by approximately 25 percent in FY 2003-04, due to increases in audit costs and fees assessed by the county auditor and treasurer and then remain flat through the remainder of the forecast period.

Other Financing Sources/ Uses

- Operating Transfers Out and Other Financing Uses included about \$1.3 million in FY 2003-04. This includes payments from the Budget Reserve (\$672,162) and Insurance Reserve Account (\$705,273). The District has taken steps to significantly reduce the amount of transfers required in the future. The transfer to the Athletic Fund is expected to be required in future years due to the poverty rate in the District and is reflected in the forecast.
- The revenue from replacement/renewal levies line item shows the impact of the District renewing the five-year emergency levy in March 2004. The District has no levies expiring during the forecast period.

Financial Operations

In an effort to reduce its forecasted operating deficits, the District identified several areas for cost reductions prior to this performance audit. In making reductions, the District focused primarily on personnel costs, approving the reduction of 26 positions (see the **human resources** section for more information). The staffing reductions saved the District approximately \$1.4 million in FY 2004-05. The following tables represent Zanesville CSD's operations in FY 2002-03 and could suggest areas for further reductions. **Table 2-3** compares the District's FY 2002-03 operational revenues and expenditures per pupil as a percentage of total governmental funds to those of the peer districts.

Table 2-3: Revenues by Source and Per Pupil Expenditures ¹

Number of Students (ADM)	Zanesville CSD		Alliance CSD		Ashtabula Area CSD		Barberton CSD		Peer Average	
	4,065		3,190		4,572		4,113		3,958	
	\$ Per Pupil	% of Total	\$ Per Pupil	% of Total	\$ Per Pupil	% of Total	\$ Per Pupil	% of Total	\$ Per Pupil	% of Total
Property and Income Tax	\$2,125	30%	\$1,874	29%	\$2,265	34%	\$2,770	39%	\$2,303	34%
Intergovernmental Revenues	\$4,206	59%	\$4,485	70%	\$4,292	64%	\$4,303	60%	\$4,360	64%
Other Revenues	\$825	11%	\$90	1%	\$168	2%	\$75	1%	\$111	2%
Total Revenue	\$7,156	100%	\$6,449	100%	\$6,725	100%	\$7,148	100%	\$6,774	100%
Wages	\$4,675	63%	\$4,582	70%	\$4,267	63%	\$4,601	64%	\$4,484	66%
Fringe benefits	\$1,599	21%	\$1,110	17%	\$1,501	22%	\$1,401	19%	\$1,337	19%
Purchased Services	\$711	10%	\$547	9%	\$683	10%	\$800	11%	\$677	10%
Supplies & Textbooks	\$215	3%	\$152	2%	\$162	2%	\$208	3%	\$174	2%
Capital Outlay	\$125	2%	\$36	1%	\$88	1%	\$69	1%	\$64	1%
Miscellaneous	\$69	1%	\$81	1%	\$105	2%	\$171	2%	\$119	2%
Total Expenditures	\$7,394	100%	\$6,508	100%	\$6,808	100%	\$7,250	100%	\$6,855	100%
Per Pupil Revenues over (under) Expenditures	(\$238)	N/A	(\$59)	N/A	(\$82)	N/A	(\$102)	N/A	(\$81)	N/A

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

¹ Amounts are rounded and may differ slightly from summation totals.

Zanesville CSD’s financial condition is primarily explained by a higher level of expenditures per pupil compared to the peer school districts. As shown in **Table 2-3**, Zanesville CSD’s total expenditures per pupil were 8 percent greater than the peer average. Based on **Table 2-3**, Zanesville CSD receives a smaller percentage of revenues from local and intergovernmental sources. The District receives only 30 percent of its revenues from local sources compared to 34 percent for the peer average. As a result, Zanesville CSD is more affected by changes in state funding and is less likely to be able to easily make up revenue shortfalls through additional local funding. In addition, the District received 11 percent of its revenue from other revenue sources (one time, non-reoccurring sources), while the peer average was only 2 percent. In contrast to the peers, Zanesville CSD has a lower percentage of overall costs allocated to fixed personnel costs (63 percent versus the peer average of 66 percent), but higher fringe benefits percentages reflect the more generous benefit levels offered by the District (see **R3.11**).

Table 2-4 shows selected FY 2002-03 discretionary expenditures, by account, as a percentage of total FY 2002-03 General Fund expenditures for Zanesville CSD and the peer districts. In addition, FY 2003-04 discretionary expenditures for Zanesville CSD have been included to reflect recent changes to spending patterns.

Table 2-4: FY 2002-03 General Fund Discretionary Expenditures ¹

	FY 2002-03 Zanesville CSD	FY 2003-04 Zanesville CSD	Barberton CSD	Alliance CSD	Ashtabula Area CSD	Peer Average
Prof. and Technical Services	1.4%	2.2%	1.0%	0.3%	1.8%	1.0%
Property Services	1.6%	1.0%	2.3%	1.5%	1.1%	1.6%
Mileage/Meeting Expense	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%
Communications	0.4%	0.3%	0.4%	0.4%	0.2%	0.3%
Pupil Transportation Services	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Other Purchased Services	1.3%	1.0%	0.5%	0.0%	0.0%	0.2%
General Supplies	1.7%	1.5%	1.5%	1.2%	0.9%	1.2%
Textbooks/ Reference Materials	0.9%	0.8%	0.3%	0.3%	0.2%	0.3%
Plant Maintenance and Repair	0.0%	0.0%	0.7%	0.4%	0.7%	0.6%
Fleet Maintenance and Repair	0.3%	0.3%	0.3%	0.5%	0.6%	0.5%
Land, Buildings and Improvements	0.0%	0.0%	0.4%	0.0%	0.0%	0.1%
Equipments	1.7%	0.6%	0.5%	0.5%	0.4%	0.5%
Buses/Vehicles	0.0%	0.4%	0.0%	0.1%	0.9%	0.3%
Dues and Fees	0.8%	0.8%	1.2%	1.2%	1.5%	1.3%
Insurance	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%
Total	10.5%	9.1%	9.5%	6.5%	8.5%	8.2%

Source: Annual Financial Reports (4502's) Statement P

¹ Amounts are rounded and may differ slightly from summation totals.

As shown in **Table 2-4**, Zanesville CSD's FY 2002-03 discretionary spending as a percentage of all General Fund expenses (10.5 percent) was 2.3 percentage points above the peer average (8.2 percent). However in FY 2003-04 discretionary spending as a percentage of all General Fund expenses was reduced to 9.1 percent, or 0.9 percentage points above the peer average. In FY 2003-04 discretionary spending decreased 1 percent but General Fund expenditures increased 13 percent. In FY 2002-03 the largest portion of discretionary spending was in professional and technical services; other purchased services; general supplies; textbooks/reference materials; and equipments. These items accounted for 7 percent of the District's total expenditures in FY 2002-03 but only 6.1 percent in FY 2003-04. The variance from the peer average for each of these items is explained below:

- **Professional and Technical Services:** From FY 2001-02 to FY 2002-03 these expenditures increased 27 percent due to management information services maintenance contracts and fees. This area increased 77 percent in FY 2003-04 due to increases in special education and pupil support services costs (See **R3.4** and **R3.7**).

- **Communications:** The District's expenditures in this category totaled about \$119,000 in FY 2002-03 compared to the peer average of \$88,000. From FY 2001-02 to FY 2002-03 these expenditures increased 30 percent but decreased 16 percent in FY 2003-04 to approximately \$100,000. The increase was due to the use of Parity Aid (\$46,600 in FY 2002-03 and \$32,200 in FY 2003-04) for school grading software programs and "effective school" consultants.
- **Other Purchased Services:** From FY 2001-02 to FY 2002-03 these expenditures decreased 20 percent and decreased an additional 18 percent in FY 2003-04. Prior to FY 2003-04 the payments to the Muskingum Valley Educational Service Center (MVESC) were coded to professional and technical services.
- **General Supplies:** These expenditures decreased as a percentage of General Fund expenditures because the total General Fund expenditures increased in FY 2003-04. These expenditures decreased 10 percent between FY 2001-02 and 2002-03, but increased by 6 percent in FY 2003-04. The increase was due to the use of Parity Aid for approximately \$39,000 in FY 2003-04 for computer software programs.
- **Textbooks/Reference Materials:** These expenditures decreased 41 percent between FY 2001-02 and 2002-03, and another 7 percent in FY 2003-04. The District spent \$110,000 and \$65,000 in FY 2001-02 and FY 2002-03 for textbooks and instructional workbooks respectively.
- **Equipment:** These expenditures decreased 8 percent between FY 2001-02 and 2002-03, and another 62 percent in FY 2003-04.

In an effort to reduce costs the District froze the purchase of all non-essential items in February 2003 and delayed major purchases, such as textbooks and equipment. **Table 2-4A** compares the District's total FY 2002-03 and FY 2003-04 expenditures for purchased services and supplies and materials to illustrate the District's effectiveness in monitoring and controlling these costs.

Table 2-4A: District Purchases FY 2002-03 and FY 2003-04

	FY 2002-03	FY 2003-04	% Increase (Decrease)
PURCHASED SERVICES:			
Professional and Technical Services	\$428,805	\$761,035	77%
Property Services	\$494,687	\$333,315	(33%)
Mileage/Meeting Expense	\$44,037	\$51,333	17%
Communications	\$119,035	\$100,576	(16%)
Utilities	\$727,426	\$645,314	(11%)
Tuition ¹	\$666,035	\$1,642,004	147%
Contracted Craft or Trade Service	\$5,250	\$8,466	61%
Other Purchased Services	404,587	\$332,729	(18%)
Total Purchased Services	\$2,889,862	\$3,874,772	34%
MATERIALS AND SUPPLIES			
General Supplies	\$ 498,112	\$527,247	6%
Textbooks	\$262,563	\$250,430	(5%)
Library Books	\$13,007	\$7,567	(42%)
Periodicals and Films	\$2,883	\$2,051	(29%)
Food & Related Supplies & Materials	\$5,398	\$6,210	15%
Maintenance and Repairs to Fleet	\$90,200	\$93,556	4%
Other Supplies & Materials	\$3,785	\$4,721	25%
Total Materials and Supplies	\$875,948	\$891,782	2%

Source: Annual Financial Reports (4502's)

¹Tuition was posted at the gross amount in FY 2003-04 instead of net amount due to a new accounting requirement.

Assessments Not Yielding Recommendations

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

- **Debt Service:** Although the District made HB 264 loan payments from the General Fund, these loans will be fully paid in FY 2004-05. From FY 2005-06 through the end of the forecast period, the District does not anticipate using General Fund revenue to support debt payments.
- **Transfers/Advances:** The \$30,000 transfer to Athletics will be reduced to \$15,000, but the General fund will pay for 50 percent of the athletic transportation costs. The District subsidizes Athletics due to the high poverty level in the District. The District does not subsidize food service and offsets a significant percentage of food service expenditures through the large number of free/reduced lunches served.

- **Financial Reporting:** The treasurer provides the Board with monthly reports detailing budget to actual expenditures for the General Fund by line item (including an ending fund balance), fiscal year comparisons with explanatory comments showing variances between the fiscal years, and reports on the District's investments.
- **Payroll System:** The District uses direct deposit, and automated folding and stuffing machines to increase the efficiency of its payroll function.

Noteworthy Accomplishments

During the course of this performance audit, the following noteworthy accomplishments were noted within the District:

- Zanesville CSD acted proactively to request a performance audit in March 2004 to review the operating efficiency and effectiveness of the District in order to address potential deficits and operating funding reductions in the future.
- The District has achieved approximately \$2 million in cost savings during FY 2003-04 and 2004-05 through attrition.
- The District's five year strategic planning process is comprehensive. The strategic plan is linked to the academic continuous improvement plan and includes estimates of financial resources and identifies opportunities to obtain grants and other sources of funding.
- Zanesville CSD makes a significant effort to inform, educate and involve the public in issues impacting the District through its Community Improvement Plan Advisory Panel; District Curriculum & Instruction Meetings; Business Advisory Council; Safe Schools District Steering Committee; and Cluster Meetings through out the District.

Recommendations

Financial Forecast

R2.1 In order to ensure high levels of continuity, consistency, and reliability in the five year forecasting process, Zanesville CSD should formally document its current methodology through specific written policies and procedures. These policies and procedures should address key forecast factors including parties responsible for information, periods covered, the development process, assumption development and evaluation, support for assumptions, presentation, and outside consultation. Prior to approval, the superintendent and Board should thoroughly review the forecast and assumptions in accordance with these policies and amend the forecast as necessary before formal submission to ODE.

The District does not have formal written policies or procedures pertaining to the development and review of the five-year forecast. The treasurer is responsible for preparing the five-year forecast after various meetings with the superintendent and other administrative staff using “what if” scenarios to show the impact of reductions in staffing or increases in wages and health insurance at various rates. The forecast is submitted to the Board for approval, followed by submission to ODE. However, the treasurer did not submit supporting documentation or provide a comprehensive explanation of the forecast assumptions or the basis for the forecast.

The American Institute of Certified Public Accountants (AICPA) *Guide for Prospective Financial Information* identifies best practices for reviewing financial forecast information. These practices are listed and explained below:

- ***Responsible party’s experience:*** An analysis of prior forecasts developed by the preparer compared to actual results may indicate the effectiveness of the process used by the preparer. The responsible party’s experience is not necessarily indicative of the reliability of the forecast but it may help to identify areas where the preparer can improve. Gaining an understanding of significant variances will help in the development of future forecasts.
- ***Prospective period covered:*** The extent to which historical results are used to develop the forecast should be considered in relation to the length of the forecast period. When historical trends are used to forecast line-items it must be determined if an adequate amount of historical data was used.
- ***Development process:*** Inquiry, observation, review of manuals, memoranda, instructions, examination of analysis models or statistical techniques, and review of

documentation should be conducted to obtain a complete and comprehensive understanding of how the forecast was developed.

- ***Procedures to evaluate assumptions:*** Perform those procedures deemed necessary to determine whether the assumptions provide a reasonable basis for the forecast. These procedures can be as simple or complex as deemed necessary.
- ***Development of Assumptions:*** Using knowledge of operations and its economic environment, it should be determined whether assumptions have been developed for all key factors on which the District's financial results appear to depend.
- ***Support for Assumptions:*** Once all key factors have been identified and assumptions have been developed for each key factor, support for the assumptions should be formally documented. Documentation should be submitted to reviewers with the forecast so both can be properly evaluated.
- ***Presentation:*** In evaluating preparation and presentations of the financial forecast, procedures should be performed which will provide reasonable assurance that the presentation reflects the identified assumptions, computations are mathematically accurate, assumptions are internally consistent, and accounting principles are consistent with those used for historical data.
- ***Using the work of a specialist/consultant:*** Areas in which the forecast may be enhanced by input from outside sources should be identified and consultants or specialist used when necessary.

By establishing formal policies and procedures for preparing and reviewing the five-year forecast, the District can better ensure the consistency and reliability of its forecasts. Likewise, by using individuals who are properly trained to thoroughly review the forecast, the District will be able to reduce the risk of errors in five-year financial forecast.

Revenue and Expenditures Analysis

R2.2 Zanesville CSD should revise its revenue assumptions and projections in the following categories: Real Estate Property Tax and Property Tax Allocation; Tangible Personal Property Tax; Unrestricted Grants-in-Aid; and Other Revenue.

In an effort to increase the reliability of financial decision-making information the treasurer should seek to improve the assumptions and projections presented in the

five year forecast using the most comprehensive and complete information available, such as the following:

- **Real Estate Property Tax should be projected based on historical trends (prior years' increases) and information available about population growth, and economic conditions within the District and region. As the Property Tax Allocation is tied to real property projections, this should be adjusted accordingly.**
- **Tangible Personal Property Tax should be projected based on historical trends and information available about economic trends in the region. Zanesville CSD should also be sensitive to data provided by the Muskingum County Auditor. Lastly, the District should examine multiple trends such as a five-year average increase (decrease) and a ten year average increase (decrease) and base its forecast on the more conservative of the two trends.**
- **Zanesville CSD should adjust its projected revenues for Unrestricted Grants-in-Aid. As per pupil allocations have remained relatively stagnant and the three year average ADM has been eliminated, the District's projections may be overly optimistic. In future forecasts, the treasurer should consider using ODE simulations as a base for the first two forecast years.**
- **Zanesville CSD should revise its revenue projections in the Other Revenues line items. Because of the volatility associated with Other Revenue sources, this line item should be projected based on its components before being aggregated into the line item.**

The revised assumptions are shown in Table 2-5 through Table 2-8.

The treasurer projected real estate property taxes to increase by over 33 percent in FY 2003-04 and at an average of 7 percent over the life of the forecast, although the average annual historical increase is only 3 percent during the past seven years. Likewise, an average annual increase of about 8 percent was forecasted for the property tax allocation, although the historical increase over the seven year period was about 4 percent. When year-end figures became available, data showed that the amounts used as the basis for the May 2004 five year forecast were not always reflective of the actual receipts to date in these line items.

FY 2003-04 reflected the triennial property tax valuation update performed in 2003. Future years' projections will not increase at the same rate as in FY 2003-04. Historically, real estate property tax revenues have increased by about 3 percent over the last seven year period. Over the six-year reappraisal and update period, real estate

property tax revenues fell by an average of 6 percent annually in non-reappraisal or update years. This is applied to the revised amounts. Although the update in 2003 increased real estate property tax revenues by an unprecedented 30 percent, it included the triennial real estate property tax valuation and a \$700,000 advance, so a more conservative value of 15 percent is applied to the reappraisal year FY 2006-07 (similar to the increase in 2000) in the revised amounts. The District received \$7,390,527 in real estate property taxes in FY 2003-04 after adjusting for a tangible personal property posting error and the \$700,000 advance received in June 2004.

The property tax allocation has ranged between 17 and 24 percent of real estate property tax. Although this line item averages only 12.5 percent of real estate property tax among Ohio school districts, a three year average for Zanesville CSD is about 18 percent. This amount has been applied through the forecast period and is reflected in the revised amounts. **Table 2-5** shows revised projections using more conservative assumptions for the real estate property tax revenue and property tax allocation line items using FY 2003-04 actual amounts as a base.

Table 2-5: Real Estate Property Tax and Property Tax Allocation Assumptions and Adjusted Amounts

	2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Real Estate Property Tax	\$7,561,181	\$7,241,892	\$6,812,019	\$7,328,600	\$7,757,204
Property Tax Allocation	\$1,100,885	\$1,465,645	\$1,612,911	\$1,857,911	\$1,857,911
Revised Amounts					
Real Estate Property Tax	\$7,390,527	\$7,447,100	\$7,000,200	\$8,050,300	\$7,567,300
Property Tax Allocation	\$1,116,775	\$1,340,500	\$1,260,000	\$1,449,000	\$1,362,100
Net Impact on Fund Balance	(\$154,764)	\$80,063	(\$164,730)	\$312,789	(\$685,715)

Source: May 2004 Forecast

Tangible personal property taxes decreased by less than one percent in FY 2003-04, and at an average annual historical decrease of about 3.6 percent during the past two years. The treasurer projected tangible personal property taxes to decrease at an average annual rate of 5.7 percent over the forecast period. Although in line with historical data, the projections may not take into account recent information from the Muskingum County Auditor’s Office showing that Tangible Personal Property Tax will be about \$2.2 million in FY 2004-05.

Table 2-6 shows revised projections using more conservative assumptions for the Tangible Personal Property Tax revenue. FY 2004-05 was based on the Muskingum County Auditor’s projection. An average annual decrease of 5 percent has been applied through the forecast period to reflect the slight decline and to anticipate the accelerated phase out of Personal Property Tax as detailed in ORC §5711.22.

Table 2-6: Tangible Personal Property Tax Assumptions and Adjusted Amounts

	2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Tangible Personal Property Tax	\$2,909,853	\$2,733,991	\$2,530,684	\$2,426,645	\$2,301,653
Revised Amounts					
Tangible Personal Property Tax	\$3,082,949	\$2,247,500	\$2,135,200	\$2,028,400	\$1,927,000
Net Impact on Fund Balance	\$173,096	(\$486,491)	(\$395,484)	(\$398,245)	(\$374,653)

Source: May 2004 Forecast

In contrast to real estate property taxes, the majority of tangible personal property taxes are collected in one major settlement during October. This payment had not been received at the time the May forecast was developed and therefore the forecast did not reflect the total amount received. The Muskingum County Auditor provided personal property tax settlement sheets for the last two years which show the District's personal property tax distributions have decreased less than 1 percent. In addition, total valuations, including general and public utilities, have decreased by 2 percent each year.

Also, Zanesville CSD is currently projecting unrestricted grants-in-aid to increase, on average, about 3.6 percent annually over the forecast period. While 3 percent is an appropriate estimate to offset inflation, the District has projected increases of 6.8 and 4.2 percent for FYs 2004-05 and 2005-06, respectively to reflect the phase in of parity aide from 58 percent to 75 percent in FY 2004-05 and 100 percent in FY 2005-06. The additional amount received in FY 2004-05 will be \$346,190. The State's education funding is undergoing sweeping changes that include anticipated reductions in the inflationary factor used to calculate state aid, along with a slightly declining enrollment that may negatively impact state funding. Although some increase will occur in FY 2004-05, based on the increases in the per-pupil amount, the increase will amount to approximately 2.2 percent rather than the anticipated increase of 3.5 percent.

Table 2-7 adjusts the unrestricted grants-in-aid, assuming no growth in student population, based on FY 2003-04 actual amounts. An inflationary factor of 2.5 percent is applied through the remainder of the forecast period to better reflect the current financial constraints facing the Ohio Legislature.

Table 2-7: Unrestricted Grants-in-Aid Assumption and Adjusted Amounts

	2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Unrestricted Grants-in-Aid	\$15,320,175	\$16,369,018	\$17,060,153	\$17,560,577	\$17,755,628
Revised Forecasted Amounts					
Unrestricted Grants-in-Aid ¹	\$15,636,450	\$16,027,300	\$16,428,000	\$16,838,800	\$17,259,700
Net Impact on Fund Balance	\$316,275	(\$341,718)	(\$632,153)	(\$721,777)	(\$495,928)

Source: May 2004 Forecast

¹FY 2003-04 actual and FY 2004-05 ODE Simulation

Other revenues were forecasted to decline by an average of 7 percent each year over the life of the forecast. Other revenues have been revised to reflect an average of the past four years (excluding FY 2002-03 which is above average as a result of the sale of Anthem stock) adjusted for inflation using FY 2003-04 actuals as a base. Other revenues include about \$600,000 in investment revenue in FY 2003-04. According to the treasurer, the Board passed a resolution in April 2002 that authorized all construction interest to be posted to the General Fund. **Table 2-8** shows revised projections using more conservative assumptions for the other revenues line item.

Table 2-8: Other Revenue Assumptions and Adjusted Amounts

	2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Other Revenues	\$2,809,492	\$2,659,492	\$2,459,492	\$2,459,492	\$2,459,492
Revised Amounts					
Other Revenues	\$2,963,100	\$2,363,100	\$2,008,600	\$1,707,300	\$1,451,200
Net Impact on Fund Balance	\$153,608	(\$296,392)	(\$450,892)	(\$752,192)	(\$1,008,292)

Source: May 2004 Forecast

In FY 2002-03 and 2003-04, Zanesville CSD received several large, unexpected and unusual one-time sources of revenue, such as \$2.3 million from the sale of Anthem stock, \$244,000 from FY 2001-02 excess costs billings received in FY 2002-03, \$411,000 in interest earnings from the building construction funds, and \$944,000 in FY 2003-04 as a refund of prior year’s expenditures. It is unlikely that similar events will occur in the future; therefore this line-item may be overstated in the forecast and should be adjusted to reduce the impact of the one-time sources of revenue on historical trends. These revenues are sensitive to external variables and reviewing these variables will help the District ensure the accuracy of its projections.

Although a certain degree of error or variability is expected in each year of a forecast, using historical data to forecast future revenues may compound the variability or error of a single year. As a result, the accuracy of a forecast may decrease in the final years of the forecasted period. The District can potentially reduce the variability in the final three

years of the forecast by using a forecasting model that more accurately reflects the current pattern of receipts in the other revenues line item.

R2.3 Zanesville CSD should adjust its projected expenditures in the areas of salaries and wages, benefits, purchased services and encumbrances. Current projections may not adequately capture costs to the District and may increase the likelihood of understating expenditures.

Salaries are projected at an average annual increase of 1.86 percent over the forecast period. The 1.86 percent increase takes into consideration the reduction of 10 positions in FY 2003-04; 17 in FY 2004-05; 16 in FY 2005-06 and 5 in FY 2006-07 for a total of 48 positions. Actual step increases are 1.48 percent for classified and 1.18 percent for certified and for FY 2003-04, the average cost-of-living (COLA) increase is 3.65 percent. The average annual increase was about 6 percent over the last three years.

The treasurer did not include COLA increases in the forecast because of the District's current financial circumstances. However, the forecasted rate of increase may not be sufficient to capture the step increases and COLAs, particularly in FY 2005-06 and 2006-07 (0.35 percent and 1.42 percent respectively). Likewise, despite the District's financial condition, it is unlikely that the administration will be able to negotiate no COLAs through the five-year forecast period. In addition, the treasurer included 2 percent COLAs in what-if scenarios that were used during the collective bargain process.

Fringe benefits have consistently increased at an average annual rate of about 10 percent. In the detailed worksheet, the treasurer projected increases in retirement based on increases or decreases in payroll and health insurance benefits of 20 percent. However, fringe benefits are projected to increase at an average annual rate of 11.1 percent in the forecast period with the percentages increasing in the latter years of the forecast.

Purchased services are projected to increase by about 8.7 percent annually. However, prior years' average annual increases were about 14.5 percent with an average annual increase of 16.5 percent in the last three years. The projection of an 8.7 percent annual increase takes into account the District's initiative to cut discretionary spending and the accounting change for open enrollment from net to gross in FY 2003-04, but does not appear to reflect increased ESC costs for special education or increased costs for utilities for the new buildings.

Lastly, outstanding encumbrances should be reflected in the District's forecast. Even though the District's outstanding encumbrances have been decreasing consistently from \$564,000 to \$357,000 for an average of 37 percent over the past three years, it is not realistic to reflect zero outstanding obligations at the end of each year. Therefore, a flat

amount of \$150,000 which is reflective of FY 2003-04 will be shown in each year of the forecast.

Table 2-9 reflects actual amounts for FY 2003-04. Salaries are adjusted to increase at an annual rate of 4 percent (reflecting an average 2 percent step increase and a 2 percent COLA) through the remainder of the forecast period after the District-initiated reductions in FY 2004-05. SERB is projecting a 14.8 percent annual increase for the Southeast region of the state for health insurance benefits, which the District feels may not be reflective of its older group. Therefore, in **Table 2-9** benefits are projected at an annual increase of 15 percent to reflect the anticipated rise in cost for retirement and health insurance benefits. Finally, purchased services are projected to increase at a rate of 12 percent to reflect the District’s initiatives to cut costs but also to reflect anticipated increased costs in fixed purchased services such as utilities. Purchased services also reflected open enrollment posted at gross.

Table 2-9: Revised Salary, Benefits and Purchased Services Expenditures

	2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Salaries	\$20,440,510	\$20,512,106	\$20,804,175	\$21,571,971	\$22,585,854
Benefits	\$7,828,827	\$8,408,911	\$9,194,888	\$10,434,445	\$12,009,754
Purchased Services	\$3,379,657	\$3,566,233	\$3,815,869	\$4,082,980	\$4,368,788
Encumbrances	0	0	0	0	0
Revised Amounts					
Salaries	\$20,600,255	\$19,776,200	\$20,567,300	\$21,390,000	\$22,245,600
Benefits	\$7,912,271	\$9,099,100	\$10,464,000	\$12,033,600	\$13,838,600
Purchased Services	\$3,874,773	\$4,339,800	\$4,860,500	\$5,443,800	\$6,097,000
Encumbrances	\$152,805	\$150,000	\$150,000	\$150,000	\$150,000
Net Impact on Fund Balance	(\$891,110)	(\$877,850)	(\$2,226,868)	(\$2,928,004)	(\$3,366,804)

Note: District step increases are 1.48 for certificated and 1.12 for classified. The 2 percent step included in the revised projections is a conservative estimate and shows the effect of potential future wage increases.

The 2003 Vital Statistic for the Ohio Appalachian School Districts compiled by the Coalition of Rural and Appalachian Schools, shows Zanesville CSD’s average teacher salary of \$44,216 was the 7th highest salary among the 126 districts and exceeded the state mean of \$43,397. Clermont County had five districts with salaries greater than Zanesville CSD. In addition, Zanesville CSD’s regular K-12 pupil teacher ratio of 14.60 was the 23rd lowest.

Regular education (47 percent), special education (19 percent), and administration (10 percent) comprise 76 percent of total salaries and wages in FY 2003-04. Also the District continues to incur approximately \$168,000 for the employee’s share of STRS/SERS for 21 employees (see **R3.9**). While the District anticipates additional staff reductions that will result in cost savings of approximately \$1.4 million, this is not reflected in the May 2004 forecast, but has been included in the October 2004 forecast. In addition the District

is in the process of reviewing the special education costs by considering consolidating units, reducing intra-district transportation, re-evaluating its initial eligibility requirements and examining the cooperative relations with the Muskingum County Education Service Center, which will also impact purchased services.

Management Controls

R2.4 Zanesville CSD should develop a formal written policy and standard operating procedures for the submission and verification the Community Alternative Funding System (CAFS) and Medicaid Administrative Claiming (MAC) reimbursement. Written policies and procedures would help to ensure the reimbursement forms are completed for all applicable services, by all applicable personnel, updated in a timely and consistent manner, and submitted in compliance with the applicable reimbursement requirements.

Typically students eligible for free and reduced price lunches are also eligible for Medicaid and many of these students receive Medicaid reimbursable services provided by the District. CAFS, a federally funded, state administrated program, reimburses the District for Medicaid reimbursable services provided to the students.

Zanesville CSD and the peer districts use Healthcare Billing Service (HBS), a third party billing service to obtain the CAFS reimbursements. The districts must submit a report of services rendered prior to the reimbursement request. Zanesville CSD received approximately \$125,000 in FY 2002-03 and \$105,000 in FY 2003-04. In FY 2002-03 the peer districts also received CAFS reimbursements. Ashtabula CSD received approximately \$291,000; Barberton received \$329,000 and Alliance received approximately \$182,000.

The District receives CAFS reimbursement but does not have written procedures in place to ensure it is recouping all costs associated with the provision of Medicaid reimbursable services. Services covered under CAFS and/or Medicaid Administrative Claiming (MAC) include, but are not limited to: Nursing Service; Nutrition; Occupational Therapy; Physician Services; Physical Therapy; Psychological Services; Service Coordination; Social Work; Speech Therapy; Targeted Case Management; and Transportation. In addition the District should submit billings for CAFS or MAC reimbursements for one on one aides, and for meetings or activities related to the development of Individual Education Plans (IEP), (e.g., when a parent comes in, and/or a building principal sits in on an IEP conference). **Table 2-10** notes the District's average annual units for services provided, the CAFS reimbursement rate per unit, and the average annual CAFS reimbursement for FY 2003-04.

Table 2-10: FY 2003-04 Average Annual CAFS Reimbursement

Service Provided	Average Annual Units of Services Provided	Reimbursement Rate Per Unit of Service	Average Annual Reimbursement
Delegated Nursing	426	\$ 3.00	\$1,278
Registered Nursing	481	\$ 3.00	\$1,443
Occupational Therapy	932	\$ 15.00	\$13,980
Physical Therapy	462	\$ 19.00	\$8,778
Speech/Audiology	448	\$ 30.00	\$13,440
Transportation	1,453	\$ 3.00	\$4,359
Psychology	478	\$ 32.00	\$15,296
Service Coordination	317	\$ 7.00	\$2,219

Zanesville CSD had two psychologists and a special education coordinator that did not submit documentation for reimbursement for services provided during FY 2003-04, and two other special education service coordinators, a psychologist and speech therapist that only periodically submitted the documentation. In addition, Zanesville CSD noted services provided for a speech therapist that were not included in HBS' summary of services provided.

Procedures should be developed to identify and require all service providers to submit the required documentation for the CAFS and/or MAC reimbursements. The District should also develop and implement procedures to ensure all eligible providers and services are identified, documented and submitted to HBS for reimbursement in order to obtain the maximum reimbursement. In addition the District should take advantage of the formal training and consultation services for CAFS and MAC provided by Healthcare Billing Services as the program has recently implement new eligibility criteria and documentation.

Financial Implication: Zanesville CSD should submit the documentation to HBS in an attempt to recoup the CAFS reimbursements of \$30,592 for the two psychologists; \$2,224 for the service coordinator; and \$13,440 for the speech therapist for five months, for a total of \$46,256 for FY 2003-4. In addition, Zanesville CSD should establish corrective action procedures for employees who fail to submit the necessary documentation for reimbursement and reconcile the units submitted for reimbursement to the HBS billing summary report to ensure the completeness and accuracy of requests for reimbursement.

R2.5 Zanesville CSD should develop a formal written policy and standard operating procedures to document its processes for the development and update of its Strategic and Continuous Improvement Plans (CIP). Written policies and

procedures would help to ensure the plans are completed or updated in a consistent manner and ensure compliance with the Board's intentions. In addition the District should include success indicators for its financial objectives in the strategic plan.

Zanesville CSD has committed resources to the development and implementation of its Strategic and Continuous Improvement Plans (CIP). The District's five year CIP is an indicator of its commitment to improving the quality of education it provides while identifying funding sources, timelines for completion, action steps needed to complete the goals, as well as quantified projections for evaluation. In addition, it is linked to the strategic plan. While management uses these plans to make and evaluate financial and academic decisions, the procedures used to develop and update them have not been formalized and adopted by the Board of Education.

The Ohio Department of Education (ODE) completes site evaluations for districts in a state of academic emergency, as required by the Ohio Administrative Code 3310-56-01, by using the Baldrige framework for school improvement. The United States Department of Commerce established the Baldrige National Quality Program to provide a framework for educational institutions to assess performance on a wide range of key indicators. In the executive summary of the Zanesville CSD report dated February 1, 2001, ODE noted key strengths as well as opportunities for improvement.

- The District had improved sufficiently to meet the requirements for Academic Watch instead of Academic Emergency;
- The District's CIP built upon the strategic plan;
- The senior leadership team clearly and effectively communicated the District's vision and mission statements and guiding principles and beliefs;
- The District used student performance data to effectively respond to needs;
- The District used the Effective School Correlates, a research based approach to promote student learning; and;
- The District's senior leadership have built and maintained positive relationships with business and community leaders.

ODE noted two key opportunities for improvement: institutionalizing a formal process for consistently collecting, analyzing and using data that includes comparative and benchmark data for areas included in the two plans; and developing a similar system for measuring organization processes, such as leadership, continuous improvement planning, student and stakeholder expectations and needs, information collection and analysis, faculty and staff resources, and educational and operational support processes.

The District has implemented a strategic plan that links short- and long-term goals to its CIP, the five year forecast, and the OSFC plan. However, it does not have a formal written policy and/or standard operating procedures for the strategic planning process and

CIP, or a system for measuring the success for the financial objectives. The formal written policies and procedures would help to ensure continuity, consistency and reliability in the strategic planning process.

R2.6 Zanesville CSD should formalize its financial planning and budgetary policies and procedures, including the roles and responsibilities of administrative personnel involved with the process. A well-designed and properly maintained system of documenting financial planning and budgetary policies enhances both accountability and consistency. (See R3.1 on updating employee job descriptions.)

Districts make program and service decisions and allocate scarce resources to programs and services through the budget process. As a result, the budget process is one of the most important activities undertaken by the district. The quality of decisions resulting from the budget process and the level of their acceptance depends on the budget process that is used. Zanesville CSD's budgetary process includes reviewing the prior year's building and departmental budgets; meeting with administrative personnel to discuss current and future needs, including staffing; the superintendent reviewing the amounts prepared by the treasurer; and, the treasurer preparing the required budgetary documents, including the development of the five year financial forecast as part of the District's strategic plan.

The Board has adopted policies that are general in nature, and not specific to the District for school improvement, fiscal management goals, fiscal planning, tax budget preparation, budget hearings and appropriations, and spending plans to help ensure compliance with the Ohio Revised Code. These policies, along with the job descriptions for the treasurer and superintendent, are general in nature regarding fiscal and budgetary responsibilities. The treasurer's job description includes responsibilities for establishing and maintaining long-range fiscal and building plans and the preparation of the annual budget based on District resources and needs. The superintendent's job description includes preparation of the budget in accordance with law and the guidance of the Board, and the responsibility to act as the business/purchasing agent for the District. The treasurer, superintendent and other administrators (the Cabinet Members) each are responsible for gathering, compiling and preparing relevant information within the annual operating budget, strategic plan and CIP processes. These responsibilities should be formalized in job descriptions or standard operating procedures adopted by the Board of Education. In addition, the District did not have a job description for the assistant treasurer.

The Government Finance Officers Association (GFOA) recommends that, at minimum, financial planning, revenue and expenditures policies be developed by professional staff and formally adopted by the jurisdiction's governing board. The jurisdiction's adopted financial policies should be used to frame policy initiatives and be summarized in the

budget document. It is further recommended that these policies, along with any others that may be adopted, be reviewed during the budget process. Professional staff should review the policies to ensure continued relevance and to identify any gaps that should be addressed with new policies. The results of the review should be shared with the governing board during the review of the proposed budget.

Policy categories that should be considered for development, adoption and regular review are as follows:

Financial Planning Policies

These policies address both the need for a long-term view and the fundamental principle of a balanced budget. At a minimum, jurisdictions should have policies that support:

1. **Balanced Budget** – A jurisdiction should adopt a policy(s) that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.
2. **Long-Range Planning** – A jurisdiction should adopt a policy(s) that supports a financial planning process that assesses the long-term financial implication of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.
3. **Asset Inventory** – A jurisdiction should adopt a policy(s) to inventory and assess the condition of all major capital assets. This information should be used to plan for ongoing financial commitments required to maximize the public’s benefit.

Revenue Policies

Understanding the revenue stream is essential to prudent planning. Most of the policies seek stability to avoid potential service disruptions caused by revenue shortfalls. At a minimum, jurisdictions should have policies that address:

1. **Revenue Diversification** – A jurisdiction should adopt a policy(s) that encourages a diversity of revenue sources in order to improve the ability to handle fluctuations in individual sources.
2. **Fees and Charges** – A jurisdiction should adopt a policy(s) identifying the manner in which fees and charges are set and the extent to which they cover the cost of the service provided.

3. **Use of One-time Revenues** – A jurisdiction should adopt a policy(s) discouraging the use of one-time revenues for ongoing expenditures.
4. **Use of Unpredictable Revenues** – A jurisdiction should adopt a policy(s) on the collection and use of major revenue sources it considers unpredictable.

Expenditure Policies

The expenditures of a jurisdiction define the ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability. At a minimum, jurisdictions should have policies that address:

1. **Debt Capacity, Issuance, and Management** – A jurisdiction should adopt a policy(s) that specifies appropriate uses for debt and identifies the maximum amount of debt and debt service that should be outstanding at any time.
2. **Reserve or Stabilization Accounts** – A jurisdiction should adopt a policy(s) to maintain a prudent level of financial resources to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures.
3. **Operating/Capital Expenditure Accountability** – A jurisdiction should adopt a policy(s) to compare actual expenditures to budget periodically and decide on actions to bring the budget into balance, if necessary

The District has encountered and or considered many of these transactions, but has not formally adopted policies and procedures for handling these situations on a formal basis. Formalized policies will ensure continuity and heighten financial accountability within the District.

R2.7 The Board should develop and implement an accounting policy and procedures manual. A well designed accounting policy and procedures manual will clearly outline the specific authority and responsibility of individual employees, while establishing employee accountability. In addition, the manual will serve as a training and reference tool for employees seeking guidance on the handling of specific transactions and situations, thereby reducing the threat of inconsistency due to employee turnover.

The District uses the Uniform School Accounting System (USAS) manual to post financial transactions to its accounting system, but does not have an accounting policy and procedures manual. The USAS manual provides direction for the use of the

accounting system, but does not establish duties and responsibilities of individual employees.

GFOA recommends an accounting policies and procedures manual possess all of the following characteristics:

- **Appropriate Content** – A properly designed accounting policies and procedures manual will indicate *which employees* are responsible for performing *which functions* in *which manner*. Employees are more likely to perform control procedures faithfully if they are aware of the purpose and importance of the procedures; therefore, a sound policy and procedures manual will go beyond a simple description of the appropriate handling of transactions and events to communicate clearly the design and objectives of control policies and procedures.
- **Timeliness** – The accounting policy and procedures manual should be expanded promptly to provide guidance on new programs and activities.
- **Currency** – The accounting policy and procedures manual should be updated regularly to reflect changes in the government’s operating environment, e.g., discontinued programs, new compliance requirements, etc.
- **Accuracy** – The procedures described in the accounting policy and procedures manual should reflect controls as management actually intends for them to function. That is to say, the accounting policy and procedures manual should describe the specific controls that management intends to implement and maintain, rather than some “ideal” set of controls.
- **Accessibility** – The accounting policy and procedures manual should be disseminated widely enough to be easily available to all the employees who will need it.

Because of the critical need for management involvement in all aspects of internal controls, it is recommended that the accounting policy and procedures manual be promulgated and approved by top management. Top management’s clear association with the manual will greatly enhance its credibility, and hence, its effectiveness, with management and staff at all levels.

As discussed in **R2.8** the District has reoccurring matters pertaining to financial and budgetary accountability and the Ohio Revised Code. A detailed set of accounting policies and procedures will help the District ensure that measured and exacted steps are taken in the completion of its finance related matters, and allow the Board and administration to focus on academic issues. Furthermore, as oversight and

management controls are enhanced, the District will establish positive controls over monetary resources and will be in a better position to direct resources toward activities that enhance educational outcomes.

R2.8 Zanesville CSD should develop standard operating procedures for the roles and responsibilities of its audit committee. Written policies and procedures would help to ensure the audit committee addresses the issues identified in financial audits and ensure that they are promptly and effectively resolved. Although the issues identified are minor, the District should address the compliance issues identified in financial audits.

Zanesville CSD has not remedied reoccurring budgetary noncompliance citations. Although minor, the District's financial audits for the last four years show repeated instances of budgetary noncompliance. Zanesville CSD has an audit committee that consists of a Board member, an administrator and the treasurer that meet after the financial audit to discuss the results. However, the budgetary noncompliance issues identified in past financial audits have not been resolved.

Schedule of Findings – June 30, 1999

- ORC § 5705.41(D) – Prohibits expenditures from exceeding appropriations. Expenditures exceeded appropriations for several funds; ORC § 5705.36 - Failure to certify the total amount available for expenditures.

Schedule of Findings – June 30, 2000

- ORC § 5705.39 - Total appropriations exceeded the total estimated resources for two funds; ORC § 5705.41 – Failure to certify the availability of resources prior to the obligation.

Schedule of Findings – June 30, 2001

- ORC § 5705.36 - Failure to certify the total amount available for expenditures; ORC § 5705.41(B) – Expenditures exceeded appropriations for several funds at the legal level of budgetary control, i.e. General fund – Instruction, General-Community Services, General-Extracurricular Activities, General- Capital Outlay; Teacher Development – Community Services.

Schedule of Findings – June 30, 2002

- ORC § 5705.41(B) – Expenditures exceeded appropriations for several funds at the legal level of budgetary control, i.e. Management Information System, Comprehensive Reform and School Store; ORC § 5705.41(D) – Failure to certify the availability of resources prior to the obligation.

In addition results for the FY 2002-03 include:

- ORC § 5705.39 - Total appropriations exceeded the total estimated resources for three funds; ORC § 5705.41(D)(1) – Failure to certify the availability of resources prior to the obligation; ORC § 5705.41(B) – Expenditures exceeded appropriations by \$77,800 for the DPIA Fund; ORC § 5705.36 - Failure to certify the total amount available for expenditures excluding reserve balance accounts; ORC § 5705.10 – Money paid into a fund must be used only for purposes for which the fund has been established, i.e., several funds had negative fund balances indicating monies from one fund was used to cover expenses of another fund.

The instances of noncompliance are indicative of the District potentially spending more than it has available. The citations, in some cases, are not avoidable because of the manner in which Ohio school districts are funded (the combination of local and State revenues). While additional oversight may help avoid some citations, the Board should be aware of the effects of deficit spending and incorporate measures to limit spending to estimated resources, as it has done in recent fiscal years through staffing reductions and other cost-saving measures.

The National Commission on Fraudulent Financial Reporting (known as the Treadway Commission) has stated that audit committees can serve as “informed, vigilant, and effective overseers of the financial reporting process and internal controls.” The primary functions of the Board’s audit committee should be to monitor and review the District’s accounting and financial reporting practices; serve as a liaison between the Board and its auditors; and ensure that internal control and compliance issues identified in the audit are promptly and effectively resolved. However, it appears that the audit committee has not acted to rectify management letter comments disclosed in Zanesville CSD’s annual financial audits.

The Board should establish a formal written policy defining the role and responsibility of the audit committee, including financial oversight and specific measures to evaluate the committees’ effectiveness. Also, it is preferable to include representation that is independent from elected officials or management. The committee could include professionals knowledgeable about accounting principles and the District’s operations, such as local attorneys or bankers. The audit committee should meet regularly (perhaps quarterly) to monitor the District’s financial reporting and control activities, and should meet with the independent auditors before and after each audit. Each year, the audit committee should present a written report to the full Board and the public detailing how it has met its duties and responsibilities. Ultimately, the audit committee should be used as a tool to enhance the integrity of financial reporting and accountability within the District.

R2.9 Zanesville CSD should continue to closely examine spending patterns in several areas (see Table 2-11 and Table 2-12) and consider allocating monies toward those programs and priorities which have the greatest impact on learning outcomes and proficiency test results. In addition, Zanesville CSD should analyze cost reductions recommended in the human resources, facilities and transportation sections of this report to further increase operational and financial efficiencies.

Table 2-11 shows the per pupil operational expenditures and percentage of total operational expenditures, by function, for all governmental funds. The Uniform School Accounting System (USAS) function codes for Zanesville CSD and the peer districts are designed to report expenditures by nature or purpose.

Table 2-11: FY 2002-03 Pupil Operational Expenditures by Function

Number of Students (ADM)	Zanesville CSD		Alliance CSD		Ashtabula Area CSD		Barberton CSD		Peer Average	
	4,022		3,055		4,565		4,111		3,910	
USAS Function Classification	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instruction Expenditures										
Regular Instruction	\$3,665	39%	\$3,868	44%	\$4,204	51%	\$3,464	38%	\$3,857	44%
Special Instruction	1,813	20%	1,162	13%	1,195	14%	1,518	17%	1,300	15%
Vocational Instruction	109	1%	424	5%	52	0%	316	4%	242	3%
Adult/Continuing Instruction	0	0%	0	0%	0	0%	40	0%	14	0%
Other Instruction	166	2%	106	1%	17	0%	311	3%	143	2%
Support Services Expenditures										
Pupil Support	422	5%	459	5%	462	6%	459	5%	460	5%
Instructional Support	523	6%	333	4%	217	3%	511	6%	350	4%
Board of Education	19	0%	7	0%	23	0%	6	0%	13	0%
Administration	829	9%	779	9%	600	7%	640	7%	660	8%
Fiscal Services	138	1%	69	1%	161	2%	127	1%	125	1%
Business Services	0	0%	21	0%	114	1%	98	1%	84	1%
Plant Operation/Maintenance	861	9%	1,137	13%	707	9%	977	11%	913	11%
Pupil Transportation	254	3%	172	2%	344	4%	184	2%	243	3%
Central Support Services	167	2%	23	0%	9	0%	16	0%	15	0%
Non-Instructional Services Expenditures	190	2%	50	1%	64	1%	115	1%	78	1%
Extracurricular Activities Expenditures	135	1%	165	2%	135	2%	313	4%	205	2%
Total Governmental Fund Operational Expenditures¹	\$9,291	100%	\$8,775	100%	\$8,304	100%	\$9,095	100%	\$8,703	100%

Source: Exhibit II - FY 2002-03 4502 reports

¹Totals may vary slightly due to rounding

According to **Table 2-11**, Zanesville CSD allocates the second lowest percentage of its expenditures to regular instruction when compared to the peers. The District allocates the highest amounts among the peers to Special Instruction and Other Instruction. Zanesville CSD's total operating expenditures per pupil (\$9,291) were the highest of the peer districts. A contributing factor may be students with disabilities which constitute 22.6 percent of student enrollment at Zanesville CSD; compared to 16.1 percent at Alliance CSD; 17.4 percent at Ashtabula Area CSD and 14.3 percent at Barberton CSD, according to the ODE 2002-03 School Year Report Cards.

In FY 2002-03 Zanesville CSD had expenditures of \$1,813 per pupil for the special instruction classification which were approximately \$513 per pupil greater than the peer average. Zanesville CSD's total General Fund special education expenditures of \$5 million exceeded the peer average of \$3.1 million. However, in FY 2002-03, Zanesville CSD billed \$397,957 in excess costs to other districts for 56 handicapped students. In FY 2004-05 Zanesville CSD began billing the districts for the current year's excess costs of educating handicapped students. Bills are sent in August and January with the balance due in June.

There were 835 native and 42 non-native students served through special education programs in the District in FY 2003-04. The District has attempted to reduce expenditures within this category by shifting the excess (unreimbursed) costs to support these students to the home school district. Starting in FY 2004-05 Zanesville CSD will not accept special needs students without an agreement from the home district to pay any excess costs incurred by Zanesville CSD.

Also, during FY 2002-03, Zanesville CSD expenditures in other instruction were approximately \$166 per pupil, or \$23 greater than the peer average. This was a result of payments for tuition of \$666,035. Because of new accounting requirements, gross open enrollment has been posted to purchased services, previously only the net amount was posted.

Table 2-11 shows that Zanesville CSD spent significantly more than the peer average in the following support function categories:

- **Instructional Support:** During FY 2002-03, Zanesville CSD expenditures of \$2.1 million in the instructional support category were approximately \$523 per pupil, and \$173 greater than the peer average. This is primarily due to salaries and benefits for 15 employees at Zanesville CSD (approximately \$936,000, or 44 percent of the expenditures in this function.) In addition, this total includes four library technicians, which the other districts did not employ.
- **Board of Education:** Zanesville CSD spent approximately \$7 per student more than the peer average. According to the treasurer this was attributed to the \$34,137 for liability insurance paid from the \$40,000 in the miscellaneous object code expenditures.
- **Administration:** Zanesville CSD expenditures of \$829 in this category were approximately \$169 greater per pupil than the peer average in the administration services function. Zanesville CSD had 38 employees in this function that included 17 building secretaries, a switchboard operator and cashier along with administrators. At the end of FY 2003-04, two site-based administrators voluntarily resigned and the District does not plan to replace these positions. After factoring in the reduction of

two FTEs, the District will have 6.9 FTE administrative positions compared to the peer average of 7.1 FTEs per 1,000 ADM for FY 2004-05. Zanesville CSD pays both the employee’s and district’s share of retirement for 21 employees. (See **R3.9**)

- **Fiscal Services:** Zanesville CSD was approximately \$13 per pupil above the peer average in the fiscal services classification. This function includes three fiscal services employees at Zanesville CSD. In addition, Zanesville CSD posted state and county auditor and treasurer fees of \$229,290 in the miscellaneous object code in this function.
- **Central Support Services:** Zanesville CSD was approximately \$152 per pupil higher than the peer average in the category of central support services. Expenditures were primarily for the information management and technology salaries, benefits, purchased services and capital outlay.
- **Non-instructional Services:** In FY 2002-03 Zanesville CSD non-instructional services expenditures totaled \$764,134, compared to the peer average of \$304,929. The majority of these costs were community services that the peers posted to other line items or funds.

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

Table 2-12: Total Governmental Fund Expenditures by Function per Pupil

Number of Students (ADM)	Zanesville CSD		Alliance CSD		Ashtabula Area CSD		Barberton CSD		Peer Average	
	4,022		3,055		4,565		4,111		3,910	
USAS Function Classification	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Total Governmental Funds										
Operational Expenditures	\$9,291	50%	\$8,773	52%	\$8,303	44%	\$9,095	86%	\$8,703	56%
Facilities Acquisition & Construction Expense	\$477	2%	\$7,912	46%	\$424	2%	\$732	7%	\$2,482	16%
Debt Service Expenditures	\$8,879	48%	\$363	2%	\$10,097	54%	\$774	7%	\$4,295	28%
Total Governmental Funds Expenditures	\$18,647	100%	\$17,048	100%	\$18,824	100%	\$10,601	100%	\$15,480	100%

Source: Exhibit II - FY 2002-03 4502 reports

As shown in **Table 2-12**, Zanesville CSD’s total governmental fund expenditures of \$18,647 per pupil are second highest, and exceed the peer average by \$3,156 per pupil. Debt service expenses accounted for approximately 48 percent of the District’s total expenditures. These expenditures are primarily attributed the District’s new buildings and are paid through the recently approved bond issue from the Debt Service Fund.

The Ohio Department of Education 2002-03 District Report Card (the report card) reflects the performance of students on the state 4th grade, 6th grade, and 9th grade proficiency tests during FY 2002-03. The report is recognized as an indicator of the success of a district’s curriculum program in meeting academic goals. **Table 2-13** compares Zanesville CSD’s 2002-03 report card scores with those of the peers.

Table 2-13: FY 2002-03 District Report Card Results

	Zanesville CSD	Alliance CSD	Ashtabula Area CSD	Barberton CSD
Number of Indicators Met (of 22)	5	5	6	9
Performance Index Score (2002-03)	75.5	69.8	72.7	79.8
Performance Index Score (2001-02)	69.8	68.2	72.9	80.2
Adequate Yearly Progress	Not Met	Not Met	Not Met	Not Met
District Rating	Academic Watch	Academic Emergency	Academic Watch	Academic Watch

Source: ODE 2002-03 School Year Report Card

Zanesville CSD met fewer performance standards than two of the three peers in FY 2002-03. However, the district demonstrated greater improvement from the previous year when compared to the peers. In addition, Zanesville CSD improved its standing to Continuous Improvement, according to its 2003-04 School Report Card.

Financial Recovery Plan

R2.10 Zanesville CSD should consider implementing the recommendations in this performance audit to improve its current and future financial situation. In addition, the District should update its forecast on an ongoing basis as critical financial issues are addressed. Furthermore, Zanesville CSD should use the proposed financial forecast outlined in Table 2-14 to gauge its progress in ensuring the optimization of future financial resources relative to operational and educational needs of staff and students.

In order for Zanesville CSD to achieve and maintain financial stability, it will be necessary to make several difficult management decisions. The District should consider the ideas and recommendations included in this report for implementation. However, the audit is not all inclusive and other cost savings and revenue enhancements should be explored and incorporated in future financial recovery plans.

Table 2-14 demonstrates the effect of the revised assumptions and recommendations in this report and includes both the beginning fund balance for each year and the adjusted fund balance reflecting the effect of the recommendations. As shown, the District is projected to have negative General Fund balances beginning in FY 2005-06. Zanesville

CSD may need to consider revenue enhancements such as operating levies, emergency levies, or district income tax levies to address these fiscal challenges.

Table 2-14: Revised Financial Forecast with Adjustments (in 000's)

	Actual 2000-01	Actual 2001-02	Actual 2002-03	Actual 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08
Real Estate Property Tax ¹	\$6,242	\$7,176	\$5,658	\$7,391	\$7,447	\$7,000	\$8,050	\$7,567
Tangible Personal Property Tax ¹	\$3,321	\$3,186	\$3,087	\$3,083	\$2,248	\$2,135	\$2,028	\$1,927
Unrestricted Grants-in-Aid ¹	\$14,779	\$14,995	\$14,893	\$15,636	\$16,027	\$16,428	\$16,839	\$17,260
Restricted Grants-in-Aid	\$1,862	\$2,235	\$3,017	\$2,796	\$2,303	\$2,354	\$2,406	\$2,459
Property Tax Allocation ¹	\$1,217	\$1,366	\$1,334	\$1,117	\$1,341	\$1,260	\$1,449	\$1,362
Other Revenues ¹	\$1,393	\$946	\$3,599	\$2,963	\$2,363	\$2,009	\$1,707	\$1,451
Total Operating Revenues	\$28,815	\$29,904	\$31,588	\$32,986	\$31,729	\$31,186	\$32,479	\$32,026
Salaries & Wages ²	\$18,407	\$19,702	\$20,623	\$20,600	\$19,776	\$20,567	\$21,390	\$22,246
Fringe Benefits ²	\$5,793	\$6,808	\$7,103	\$7,912	\$9,099	\$10,464	\$12,034	\$13,839
Purchased Services ²	\$2,140	\$2,310	\$2,890	\$3,875	\$4,340	\$4,861	\$5,444	\$6,097
Supplies, Materials & Textbooks	\$1,184	\$1,116	\$876	\$960	\$569	\$586	\$604	\$622
Capital Outlay	\$679	\$853	\$540	\$328	\$328	\$328	\$328	\$328
Debt Service	\$117	\$112	\$106	\$101	\$96	\$0	\$0	\$0
Other Expenditures	259	\$305	\$279	\$352	\$352	\$352	\$352	\$352
Performance Recommendations				\$0	(\$2,993)	(\$3,348)	(\$3,705)	(\$4,064)
Implementation Costs				\$0	\$248	\$234	\$236	\$238
Total Operating Expenditures	\$28,580	\$31,205	\$32,418	\$34,128	\$31,813	\$34,044	\$36,683	\$39,658
Net Transfers/ Advances	\$164	\$6	(\$32)	(\$30)	(\$30)	(\$30)	(\$30)	(\$30)
Other Financing Sources	\$128	\$32	\$0	(\$884)	\$0	\$0	\$0	\$0
Net Financing	\$292	\$38	(\$32)	(\$914)	(\$30)	(\$30)	(\$30)	(\$30)
Result of Operations (Net)	\$527	(\$1,264)	(\$862)	(\$2,056)	(\$116)	(\$2,888)	(\$4,234)	(\$7,662)
Beginning Cash Balance	\$3,964	\$4,491	\$3,227	\$2,366	\$308	\$192	(\$2,696)	(\$6,930)
Ending Cash Balance	\$4,491	\$3,227	\$2,366	\$308	\$192	(\$2,696)	(\$6,930)	(\$14,590)
Outstanding Encumbrances	\$564	\$380	\$357	\$153	\$150	\$150	\$150	\$150
Total Reservations	\$766	\$766	\$672	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$3,161	\$2,081	\$1,337	\$157	\$42	(\$2,846)	(\$7,080)	(\$14,742)
Renewal / Replacement Levies				\$0	\$723	\$1,435	\$1,435	\$1,435
Cumulative Balance of Renewal/Replacement	\$0	\$0	\$0	\$0	\$723	\$2,158	\$3,593	\$5,028
Ending Fund Balance	\$3,161	\$2,081	\$1,337	\$157	\$765	(\$688)	(\$3,487)	(\$9,714)

Source: Zanesville CSD Treasurer's Office

Note: Totals may vary slightly due to rounding. Performance audit recommendations do not include District estimated savings in **R3.11**.

¹ Adjusted to reflect **R2.2**.

² Adjusted to reflect **R2.3**.

Table 2-15 details those performance audit recommendations reflected in the forecast in **Table 2-14**. The recommendations are divided into two categories; those requiring negotiation and those not requiring negotiation.

Table 2-15: Summary of Performance Audit Recommendations

Recommendation	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Recommendations Not Subject to Negotiation				
R2.4 Recoup CAFS Reimbursement	\$46,000	\$46,000	\$46,000	\$46,000
R3.2 Replace 9.0 FTE regular education teaching staff with monitor positions.	\$371,100	\$382,233	\$393,700	\$405,511
R3.2 Increase student-to-staff ratios by reducing 6.0 regular education FTEs.	\$377,000	\$388,310	\$399,959	\$411,958
R3.3 Eliminate vocational education program contract and 14.0 FTE (net savings)	\$177,400	\$471,600	\$765,800	\$1,059,900
R3.5 Reduce 10.0 Special Education teaching positions	\$134,900	\$138,947	\$143,115	\$147,409
R3.6 Reduce 10 ESP positions	\$540,000	\$556,200	\$572,886	\$590,073
R3.7 Reduce 20 FTE teaching aide positions	\$405,000	\$417,150	\$429,665	\$442,554
R3.9 Discontinue payment of additional 11% for employees share of retirement and pick-up on the pick-up for administrators ¹	\$168,800	\$173,864	\$179,080	\$184,452
R4.2 Salary allocation	\$31,000	\$31,930	\$32,888	\$33,875
R4.6 Salary reimbursement from CAFS	\$8,500	\$8,755	\$9,018	\$9,288
Total Recommendations Not Subject to Negotiation	\$2,259,700	\$2,614,989	\$2,972,111	\$3,331,020
Recommendations Subject to Negotiation				
R3.10 Increase employee share of monthly health care insurance premium	\$669,800	\$669,800	\$669,800	\$669,800
R3.12 Slow the rate of vacation accrual for classified employees	\$18,100	\$18,100	\$18,100	\$18,100
R3.13 Reduce the maximum unused sick days paid at retirement	\$44,000	\$44,000	\$44,000	\$44,000
R3.14 Limit association business days to six	\$1,400	\$1,400	\$1,400	\$1,400
Total Recommendations Subject to Negotiation	\$733,300	\$733,300	\$733,300	\$733,300
Total Recommendations Included in Forecast	\$2,993,000	\$3,348,289	\$3,705,411	\$4,064,320

Source: AOS Recommendations

Note: Where applicable financial implications have been adjusted for compounding factors over time.

¹ **R3.10** includes only an increase in the employee share of health insurance premiums. If the District also renegotiates key benefits (**R3.11**), total savings for changes in health insurance could increase to about \$1.3 million.

Table 2-16 summarizes the implementation costs associated with various recommendations contained within the performance audit. Each cost is dependent on Zanesville CSD's decision to implement the associated recommendation and the timing of that implementation.

Table 2-16: Implementation Costs

Recommendation and Implementation Cost	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
R4.4 Purchase preventative maintenance software	\$2,890	\$595	\$595	\$595
R4.7 Bus replacement plan	\$25,000	\$25,000	\$25,000	\$25,000
R5.1 Addition of 1.0 FTE technology technician	\$49,400	\$51,400	\$53,400	\$55,600
R5.6 Implement 5 year replacement cycle for technology equipment	\$157,000	\$157,000	\$157,000	\$157,000
R5.13 Staff Certifications	\$14,000			
Total Implementation Cost	\$248,290	\$233,995	\$235,995	\$238,195

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Human Resources

Background

This section of the report focuses on various human resources operations within the Zanesville City School District (Zanesville CSD). Best practice data from the Ohio Department of Education (ODE), the State Employee Relations Board (SERB) and peer school districts is used for additional comparisons throughout this section of the report.

Organizational Structure and Function

Zanesville CSD has a full-time director of human resources dedicated to overseeing human resources (HR) functions. Primary responsibilities of the director include the following:

- Coordinating activities and programs for the recruitment and selection of employees,
- Monitoring compliance with employment standards (criminal background checks and teaching certifications),
- Facilitating employee performance evaluations,
- Administering and monitoring grievance policies and procedures,
- Negotiating and administering collective bargaining agreements,
- Conducting disciplinary hearings,
- Maintaining personnel files,
- Placing selected substitutes, and
- Participating in new employee orientations.

In addition to HR functions, the HR director is responsible for addressing parent and student complaint issues; identifying, recruiting and training individuals and organization members to act as volunteers for the school district; recommending policies and programs to improve inter-group education; and facilitating efforts to increase student and staff integration. Clerical staff reporting to the HR director provide administrative support. In addition, the treasurer's office assists with administration of health insurance plans for all employees within the District.

Staffing

Table 3-1 illustrates the actual FTE staffing levels at Zanesville CSD and the peer districts during FY 2003-04 as reported to ODE in the Educational Management Information System (EMIS). Adjustments were made to the corresponding EMIS reports based upon interviews with the appropriate district personnel to ensure consistent classification of positions among the peers.

Table 3-1: FTE Staffing Levels for FY 2003-04¹

Category	Zanesville CSD	Alliance CSD	Ashtabula Area CSD	Barberton CSD	Peer Average
Administrators: Subtotal	31.5	27.0	29.0	31.0	29.0
Central Based Administrators	15.5	12.0	13.0	12.0	12.3
Site Based Administrators	16.0	15.0	16.0	19.0	16.7
Professional Education Subtotal	335.3	276.7	334.1	338.3	316.4
Curriculum Specialist	0.0	6.0	0.0	0.0	2.0
Counseling	7.7	12.0	6.0	10.0	9.3
Librarian / Media	3.0	2.5	0.0	3.0	1.8
Remedial Specialist	26.0	13.0	29.9	7.0	16.6
Regular Education Teachers	189.2	142.7	212.5	195.9	183.7
Special Education Teachers	61.0	39.0	43.0	36.5	39.5
Vocational Education Teachers	10.0	16.5	3.0	19.0	12.8
Tutor / Small Group Instructor	13.4	9.0	11.5	24.0	14.8
Audio-Visual Staff	0.0	0.0	0.0	6.5	2.2
Educational Service Personnel Teacher	17.0	30.0	14.5	25.5	23.3
Supplemental Service Teacher (Spec. Ed.)	1.0	0.0	11.0	2.0	4.3
Permanent Substitute	3.0	0.0	0.0	0.0	0.0
Other Professional	4.0	6.0	2.8	9.0	5.9
Professional - Other	18.9	9.2	16.3	17.7	14.4
Technical Subtotal	7.2	10.0	0.0	7.0	5.7
Audiometrist	0.6	0.0	0.0	0.0	0.0
Computer Operating	0.0	2.0	0.0	0.0	0.7
Computer Programming	1.0	0.0	0.0	0.0	0.0
Purchasing Agent	0.0	0.0	0.0	1.0	0.3
Library Technician	5.5	0.0	0.0	0.0	0.0
Library Aid	0.0	7.0	0.0	2.0	3.0
Other Technical	0.0	1.0	0.0	4.0	1.7
Office / Clerical Subtotal	100.3	45.4	41.0	75.3	53.9
Bookkeeping	3.0	1.0	0.0	1.0	0.7
Clerical	35.4	26.4	31.0	32.1	29.8
Records Managing	1.0	0.0	0.0	0.0	0.0
Teaching Aide	60.0	18.1	10.0	41.2	23.1
Telephone Operator	1.0	0.0	0.0	1.0	0.3
Crafts / Trades	4.0	5.0	6.0	7.0	6.0
Transportation	16.6	21.0	25.0	13.7	19.9
Service Work / Laborer Subtotal	90.1	73.5	144.0	86.9	101.5
Attendance Officer	1.0	0.0	1.0	0.0	0.3
Custodian	40.5	27.8	34.0	40.0	33.9
Food Service	42.6	27.3	68.0	32.3	42.5
Guard/Watchman	1.0	0.0	0.0	1.0	0.3
Monitoring	0.0	17.5	13.0	5.6	12.0
Stores Handling	0.0	0.0	1.0	0.0	0.3
Groundskeeping	4.0	0.0	0.0	3.0	1.0
Attendant	0.0	1.0	26.0	0.0	9.0
Other Service Worker / Laborer	1.0	0.0	1.0	5.0	2.0
Total FTEs²	603.9	467.7	595.4	577.0	546.7

Source: FY 2003-04 EMIS Staff Summary Report and SF-3 Report from Zanesville CSD and the peer districts

Note: Zanesville CSD increased permanent substitutes to 7.0 FTEs in FY 2004-05.

¹ Totals may vary slightly from actual summation due to rounding.

² Zanesville CSD has reduced 7 positions in FY 2003-04 and an additional 26 positions for FY 2004-05, which are not reflected in this schedule.

The staffing levels within a school district vary depending upon the number of students enrolled. **Table 3-2** illustrates the staffing levels per 1,000 average daily membership (ADM) at Zanesville CSD and the peer districts for FY 2003-04. ADM represents the enrollment count for the first full week of October. Zanesville's ADM for FY 2003-04 was 4,224 students.

Table 3-2: FTE Staffing Levels for FY 2003-04 per 1,000 ADM¹

Category	Zanesville CSD	Alliance CSD	Ashtabula Area CSD	Barberton CSD	Peer Average
ADM	4224.2	3239.4	4615.6	4365.9	4073.6
Administrators: Subtotal	7.5	8.3	6.3	7.1	7.1
Central Based Administrators	3.7	3.7	2.8	2.7	3.0
Site Based Administrators	3.8	4.6	3.5	4.4	4.1
Professional Education: Subtotal	79.4	85.4	72.4	77.5	77.7
Curriculum Specialist	0.0	1.9	0.0	0.0	0.5
Counseling	1.8	3.7	1.3	2.3	2.3
Librarian / Media	0.7	0.8	0.0	0.7	0.5
Remedial Specialist	6.1	4.0	6.5	1.6	4.1
Regular Education Teachers	44.8	44.1	46.0	44.9	45.1
Special Education Teachers	14.4	12.0	9.3	8.4	9.7
Vocational Education Teachers	2.4	5.1	0.6	4.4	3.2
Tutor / Small Group Instructor	3.2	2.8	2.5	5.5	3.6
Audio-Visual Staff	0.0	0.0	0.0	1.5	0.5
Educational Service Personnel Teacher	4.0	9.2	3.1	5.8	5.7
Supplemental Service Teacher (Spec. Ed.)	0.2	0.0	2.4	0.5	1.1
Permanent Substitute	0.7	0.0	0.0	0.0	0.0
Other Professional	0.9	1.9	0.6	2.1	1.5
Professional - Other	4.5	2.8	3.5	4.1	3.5
Technical: Subtotal	1.7	3.1	0.0	1.6	1.4
Audiometrist	0.1	0.6	0.0	0.0	0.2
Computer Operating	0.0	0.0	0.0	0.0	0.0
Computer Programming	0.2	0.0	0.0	0.2	0.1
Purchasing Agent	0.0	0.0	0.0	0.0	0.0
Library Technician	1.3	2.2	0.0	0.5	0.7
Library Aid	0.0	0.0	0.0	0.0	0.0
Other Technical	0.0	2.2	0.0	0.5	0.7
Office / Clerical: Subtotal	23.7	14.0	8.9	17.2	13.2
Bookkeeping	0.7	0.3	0.0	0.2	0.2
Clerical	8.4	8.1	6.7	7.4	7.3
Records Managing	0.2	0.0	0.0	0.0	0.0
Teaching Aide	14.2	5.6	2.2	9.4	5.7
Telephone Operator	0.2	0.0	0.0	0.2	0.1
Crafts / Trades	0.9	1.5	1.3	1.6	1.5
Transportation	3.9	6.5	5.4	3.1	4.9
Service Work / Laborer: Subtotal	21.3	22.7	31.2	19.9	24.9
Attendance Officer	0.2	0.0	0.2	0.0	0.1
Custodian	9.6	8.6	7.4	9.2	8.3
Food Service	10.1	8.4	14.7	7.4	10.4
Guard/Watchman	0.2	0.0	0.0	0.2	0.1
Monitoring	0.0	5.4	2.8	1.3	3.0
Stores Handling	0.0	0.0	0.2	0.0	0.1
Groundskeeping	0.9	0.0	0.0	0.7	0.2
Attendant	0.0	0.3	5.6	0.0	2.2
Other Service Worker / Laborer	0.2	0.0	0.2	1.1	0.5
Total FTEs	143.0	144.4	129.0	132.2	134.2

Source: FY 2003-04 EMIS Staff Summary Report and 1st Full Week of October Enrollment Report from Zanesville CSD and the peer districts

¹ Calculated figures have been rounded to the nearest tenth, therefore may vary slightly from actual summation totals.

² Zanesville CSD has reduced an additional 22 FTEs for FY 2004-05, which are not reflected in this schedule.

As illustrated in **Table 3-2**, Zanesville CSD has 143.0 FTEs per 1,000 ADM, which is above the peer average of 134.2 FTE per 1,000 ADM by 8.8 FTEs or 6.5 percent. Zanesville CSD has higher staffing allocations compared to the peer average within the following classifications:

- **Administrators:** Zanesville CSD had 7.5 FTE administrators compared to the peer average of 7.1 FTEs per 1,000 ADM. Included in this classification at Zanesville CSD are the superintendent, treasurer, and directors of human resources/student services, special education, K-12 curriculum coordinators, principals, and assistant principals. At the end of FY 2003-04, two site-based administrative staff voluntarily resigned and the District does not plan to fill these positions. After factoring in the reductions of two FTEs the District will have 5.5 FTE administrative positions compared to the peer average of 7.1 FTEs per 1,000 ADM for FY 2004-05.
- **Remedial specialists:** Zanesville CSD has 6.1 FTEs per 1,000 ADM compared to the peer average of 4.1 FTEs per 1,000 ADM. Remedial specialist positions are Title I teachers, who are paid with Federal grant funds rather than through the District's General Fund. The variance in staffing levels is primarily a result of the larger at risk student population served by Zanesville CSD.
- **Special Education Teachers:** Zanesville CSD has 14.4 FTEs per 1,000 ADM compared to the peer average of 9.7 FTEs per 1,000 ADM. This variance is due to the larger special education student population. Based on student demographics outlined in the Local Report Card produced by ODE, the special education population at Zanesville CSD is approximately 22.0 percent compared to the peer average of 15.0 percent. See also **R3.4** and **R3.5**.
- **Professional – Other:** Zanesville CSD has higher staffing levels than the peer average by 1.0 FTE per 1,000 ADM. Within this category, Zanesville CSD has 1.1 FTE registered nurses compared to the peer average of 0.6 FTEs. In addition, the educational interpreter position with 0.8 FTE compared to 0.0 FTE for the peer average also inflates the staffing level in this classification. Higher staffing levels within these position classifications is influenced by the high percentage of special needs students.
- **Teaching aide:** Zanesville CSD has 14.2 FTE teaching aide positions compared to the peer average of 5.7 FTEs per 1,000 ADM. In addition, Zanesville CSD has one teacher's aide for every 70 students compared to the State average of one for every 148.5 students. Teaching aide positions provide support in the kindergarten classroom and supplement special education students in various areas such as math, visual motor skills, writing, listening skills, and developmentally appropriate behavior. Also, according to District administrators, teaching aides help facilitate assimilation and learning of special education students. See **R3.7** for further analysis.

- **Bookkeeping/Clerical staff:** Zanesville CSD has 9.1 FTEs per 1,000 students compared to the peer average of 7.5 FTEs per 1,000 students within the office/clerical classification. However, a ratio of clerical staff per building was reviewed and determined to be commensurate with the peers at 1.8 FTE positions per building. Additionally, the administrative bookkeeping/clerical staff was compared to the number of district staffing levels and found to be comparable at 0.02 clerical:1 district staff. Although staffing levels for this classification differ on an ADM level, when compared on a per-building level, the staffing levels are comparable and do not warrant any recommendations.
- **Custodial Staff:** Zanesville CSD custodial staff has 9.6 FTEs per 1,000 students compared to the peer average of 8.3 per 1,000 students. One custodial position has been reduced for FY 2004-05 and will not be replaced. However, Zanesville CSD is currently building new schools and the FTE staffing levels should be reviewed when the new schools are complete.

Enrollments in Ohio's regular school districts declined slightly from FY 1996-97 through FY2002-03, dropping by nearly 46,000 students (2.5 percent) based on a June 2003 report to ODE by *The Ohio Collaborative – Research and Policy for Schools, Children, and Families*. Zanesville CSD has decreased staffing levels even though student enrollment has remained between a low of 4,335 in FY 2001-02 and a projected high of 4,384 for FY 2010-11. During the forecast period, Zanesville is projecting a student enrollment of 4,359 for FY 2004-05; 4,364 for FY 2005-06; 4,378 for FY 2006-07; and 4,374 for FY 2007-08. The District reduced certificated staffing levels for FY 2003-04 by 7 positions through attrition and voluntary resignations, thereby saving approximately \$612,800. In addition, according to the treasurer, Zanesville CSD reduced another 26 positions for FY 2004-05 through retirements for an approximate savings of \$1,4 million.

The following positions were reduced for FY 2004-05:

- One each of the following:
 - Principal,
 - Assistant principal,
 - Psychologist,
 - Psychologist Assistant
 - Maintenance supervisor, and
 - LD elementary teacher.
- Two each of the following:
 - Learning disabled (LD) tutors, and
 - Vocational education teachers.

- Three each of the following:
 - High and middle school teachers,
 - Elementary teaching aides,
 - Bus Drivers, and
- Seven elementary teachers.

Further discussion regarding staffing changes or reclassifications of current staff into new jobs is found in **R3.2** through **R3.7**.

Collective Bargaining Agreements/Policies and Procedures Manuals

Certificated personnel at Zanesville CSD are governed by a negotiated agreement between the Board of Education and the Zanesville City Education Association, OEA/NEA-Local. Classified employees are organized under a separate labor agreement between the Board and the Ohio Association of Public School Employees (OAPSE) Local #003. During the performance audit, certain contractual and employment issues were assessed and compared to the State minimum standards and to peer districts. Because contractual and employment issues directly affect the operating budget, many of the issues have been assessed to show their financial implications to Zanesville CSD. The implementation of some of the associated recommendations would require negotiation.

Table 3-3 identifies statutorily suggested parameters for negotiated agreements with certificated and classified bargaining units. If the District does not negotiate terms for these items, the statutory (ORC recommended) amount is applied.

Table 3-3: Statutory Standards for Employees

Ohio Revised Code Section and Topic	Minimum Statutory Requirement	
	Certificated	Classified
124.38 and 3319.14.1 - Maximum number of sick days accrued annually	1.25 days a month for a total of 15 days	1.25 days a month for a total of 15 days
124.39(B) - Maximum number of sick days paid upon retirement	25% of unused sick leave up to 30 days	25% of unused sick leave up to 30 days
3319.08.4 - Paid vacation accumulation schedule	N/A	1 year: 10 days 10+ years: 15 days 20+ years: 20 days
3319.08.7 - Number of paid holidays	N/A	9-10 month employees: 6 days 11-12 month employees: 7 days
3319.14.2 – Personal days received	N/A	3 days

Source: Ohio Revised Code
N/A: Not assessed in this report.

Ohio Revised Code (ORC) § 4417.10 *Terms of agreement; grievance arbitration, procedure; approval by legislative body; office of collective bargaining* states the following:

(A) An agreement between a public employer and an exclusive representative entered into pursuant to this chapter governs the wages, hours, and terms and conditions of public employment covered by the agreement. Where no agreement exists or where an agreement makes no specifications about the matter, the public employer and public employees are subject to all applicable state and local laws and ordinances pertaining to wages, hours, and terms and conditions of employment for public employees.

Therefore, contractual agreements take precedent over the statutorily suggested parameters for wages, hours, and terms and conditions of employment for public employees.

Table 3-4 and **Table 3-5** illustrate key contractual issues in the certificated and classified employee negotiated agreements for Zanesville CSD and the peer school districts.

Table 3-4: Zanesville CSD & Peer Certificated Contractual Comparison

	Zanesville	Alliance	Ashtabula	Barberton
Length of work day	7 hours 30 minutes	7 hours 30 minutes	Not specified	7 hours 15 minutes
Maximum class size	K: 28 1-3: 25 4-6: 27 7-12: 35	K-6: 28 If > 28, teacher receives \$150 stipend at end of the quarter	K-4: 23 5-8: 26 9-12: 29	K: 30 1-6: 30 7-12: 30
Number of contract days	182 days	185 days	185 days	187 days
Instructional	180 days	Not specified	179 days	179 days
In-Service	at least 1	Not specified	4 days	4 days
Parent/Teacher Conferences	up to 4 half days	Not specified	2 days	2 half days
Maximum # of sick days accrued annually	15 days	In compliance with ORC § 3319.141	15 days	15 days
Maximum # of sick days paid upon retirement	25% of accumulated but unused sick leave up to 266 days or 66.5 days	120 days	25% of accrued but unused sick leave with no limit to the amount that can be accrued	25% of accumulated but unused sick leave up to a maximum of 52 days
Personal days received	3 days	3 days	3 days	2 days
Required notice	48 hours	5 days	Yes, but not specified how long in advance.	1 day
Sick Leave Use Incentive	Premium payment for full-time employees with at least 90 days of service for non-use of sick or personal leave:	None	Stipend paid in the amount equal to one- half day of pay at the close of each semester if no sick leave used.	\$200 annual bonus if no sick leave used during that school year
Personal Leave Use Incentive	0 days used: \$200.00 1 day used: \$150.00 2 days used: \$75.00	Employee shall have the opportunity to utilize two personal business days the following year	None	Teachers will be reimbursed for any unused personal leave at a stipend of \$80 or the substitute rate (whichever is greater) for each unused day
Maximum annual stipend paid to local professional development committee members	\$1,000 for the first 50 hours; thereafter, \$20 per hour plus benefits	Not stated	Stipend of .001 of BA base per hour for meetings scheduled after the school day or after the regular school year.	Not stated
Number of leave days for association business	26	6	3 days	Not stated
Sabbatical leave	Not stated	Eligible after 5 years in the system; maximum of 2 teachers per year; requires approval from Superintendent and Board	Eligible after 5 years in the system; leave shall not be longer than two semesters. If the member has <25 years experience, the Board required the employee to return to the district for one year.	Member shall receive partial payment defined as the difference between expected salary and substitute rate. If member has <25 years experience, the Board may require the employee to return to the district for one year
District pick-up of employee's STRS contribution	10% for Administrators	3.7%	None	None
Cost of living increases per year	2001-02: 4.0% 2002-03: 4.0% 2003-04: 4.0%	2003-04: 0.0% FY 2004-05: 1.0% Final percentage increases are	Effective August 1, 2003 the BA COLA schedule shall increase by 2%	2003-04 :3.0% 2004-05: 3.0% 2005-06: To be Negotiated

		determined annually by Superintendent and Association President		
Step increases per year	1.17% - 3.25% depends on BA, MA+15,MA+30,MA+45	2.13% - 3.15% depends on BA, MA+15,MA+30	2.62% -3% depends on BA,MA,MA+10,MA+20,MA+30	2.7% - 3% depends on BA,MA MA+15,MA+30

Source: Zanesville CSD and peer school districts

Table 3-5: Zanesville CSD & Peer Classified Contractual Comparison

	Zanesville	Alliance	Ashtabula	Barberton
Minimum call-in hours paid to employees for emergencies	Paid for the number of hours worked at a rate of one and one-half the regular rate of pay; work required on Sunday is paid at double the regular rate	One hour at the regular pay rate	Two hours at one and one-half times the regular rate of pay	Paid for the number of hours worked at a rate of two and one-half times the regular rate of pay
Paid vacation accumulation schedule	<u>6 months:</u> 1 week <u>1 year:</u> 2 weeks <u>5 years:</u> 3 weeks <u>10 years:</u> 4 weeks	1 year: 2 weeks 7 years: 3 weeks 15 years: 4 weeks	<u>1 year:</u> 2 weeks <u>7 years:</u> 3 weeks <u>17 years:</u> 4 weeks	1 year: 2 weeks 6 years: 3 weeks 10 years: 4 weeks 16 years: 5 weeks 22 years: 6 weeks
Number of holidays for 12-month employees	12 ¹	12	11	14
Number of holidays for less than 12-month employees	Per ORC § 3319.08.7 during employees months of work.	9	8	12
Maximum # annual sick days accrued	15	15	15	15
Maximum # of sick days paid upon retirement	25% of accumulated but unused sick leave up to a maximum of 60 days in 2003, 62 days in 2004, and 64 days in 2005	Not stated	25% of accumulated but unused sick leave with no limit to the number of days an employee may accrue	Not stated
Sick Leave Non-Use Incentive	<u>For 9-, 10-, and 11-month employees:</u> 0 days used: \$250 1 day used: \$200 2 days used: \$150 <u>For 12-m. employees:</u> 0 days used: \$300 1 day used: \$200 2 days used: \$150	None stated	Employees who do not use sick leave during the 6-month period between January 1 and June 30 or between July 1 and December 31 shall be compensated as follows: A stipend of ½ day pay at the end of each semester.	An employee not using any sick leave in a school year shall receive additional compensation equal to 15 hours of work at their regular rate of pay
Personal Leave Non-Use Incentive	Unused personal leave shall be credited to a bargaining member's sick day accumulation	If no personal leave is used during the year, the employee may utilize two personal business days the following year until any personal leave is used	Unused personal leave shall be credited to a bargaining member's sick day accumulation	An employee not using any personal leave in a school year shall receive additional compensation equal to 15 hours of work at their regular rate of pay
Personal days received	3 days 48 hours	3 days 5 days	3 days 1 week	3 days 1 day
Required notice				
Number of leave days for association business	Member who is an official of the Association gets a maximum of 32 hours per year per person Plus 3 employees and 1 engineer for conference	Elected Association representative, 6 days per year per person	3 days per year for up to 4 association delegates; 1 day for all member employees who attend the NEOEA Day workshop	3 days per year for not more than 2 members to attend the annual convention
Cost of living increases per year	2002-03: 4.0% 2003-04: 4.0% 2004-05: 4.0%	2002-03: 3% 2003-04: 3% 2004-05: 3%	Contract is silent	2002: 3% 2003: 3% 2004: 3%
Step increase per year	½ % - 1%	1.6% - 4.5%	2.8% - 5.6%	2.5% - 3.5%

Source: Zanesville CSD and peer school districts ¹Includes 1 paid day off for OAPSE Day; Article XXIII (pg. 27) of the bargaining unit agreement lists 11 paid holidays. ²Includes bargaining unit agreement for clerical, aide, custodial, and food service employees only; AFSCME Local #265 only. (C17.2d)

Assessments Not Yielding Recommendations

In addition to the analyses presented in this report, assessments 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:

- **EMIS data:** Zanesville CSD has a dedicated EMIS coordinator. EMIS information was largely accurate and followed State guidelines for coding. No recommendations are made in this area.
- **Administrative staffing levels:** Zanesville CSD has 7.5 FTEs per 1,000 ADM compared to a peer average of 7.1 FTEs per 1,000ADM. Zanesville CSD will be reducing 2.0 FTEs for FY 2004-05 through voluntary resignations. These positions will not be filled. With the reductions in administrative staff, Zanesville will have 5.5 administrator FTEs per 1,000 ADM compared to a peer average of 7.1 administrator FTEs per 1,000 ADM.
- **Tutor/Small Group Instructor staffing levels:** Zanesville CSD has a total of 13.4 FTE compared to a peer average of 14.8 FTE. When compared per 1,000 ADM, Zanesville CSD has 3.2 FTE compared to the peer average of 3.6 FTE.
- **Bookkeeping/Clerical levels:** Although, Zanesville CSD has 9.1 FTEs compared to the peer average of 7.5 FTEs, the ratio of clerical staff per building was determined to be commensurate with the peer districts. Additionally, the administrative bookkeeping/clerical staff was compared to the number of district staffing levels and found to be comparable with the peers. Therefore, no recommendation was made in this area.
- **Supplemental salaries:** Zanesville CSD supplemental salary schedules were reviewed and appear to be in line with the peer districts. In general, supplemental contract salaries are paid within a percentage range of the base step salary depending on years of experience. The payment percentage ranges for key supplemental positions were analyzed in comparison to the peers. The sample results indicate that supplemental contracts at Zanesville CSD were at similar or lower rates than the peer districts, thus no recommendations are warranted.
- **Leave usage:** Sick leave usage data was reviewed and determined to be appropriate as compared to the peers and State averages. Based on ODE's 2003 District Report Cards, teacher attendance rates were 96.4 percent at Zanesville CSD compared to the peer average of 95.8 percent and the State average of 95.5 percent.

- **Pick-up on the pick-up:** An assessment of payments by the Board for the employees' share of contributions to STRS or SERS was conducted for certificated and classified bargaining unit employees. No recommendations are warranted with regard to these employee groups. However, the Board pick-up 100 percent of the employee's share for administrative staff and includes a 1 percent pick-up on the pick-up. (See **R3.9**)
- **Human Resources technology:** The District is not large enough to warrant the purchase of HR computer software. HR operations requiring the use of software are completed using Microsoft office suite. The District has converted everyone to using the same software on a central computer.

Matters for Further Study:

Special Education Program Distribution: Zanesville CSD should continue to make every attempt to provide services in a student's resident building. The District should continue its current efforts to realign services with its student program locations, reduce transportation for special needs students during the school day, and maximize interaction with regular education teachers and students when appropriate. Zanesville CSD should plan placement of special education units in its new facilities to reduce the need for cross-district transportation. This should decrease transportation time and costs and increase classroom time. In addition, it would allow more opportunities for the integration of special education students into the general student population and further the goals of *No Child Left Behind*. Previous State goals for special education were to focus on making the student employable through a functional curriculum. With *No Child Left Behind* the focus is to assist all students in becoming functional in an academic setting.

Recommendations

Policies and Procedures

R3.1 Zanesville CSD should complete updating its job descriptions. Many of the job descriptions have not been updated in several years and may not appropriately reflect the duties currently performed by District staff. The job descriptions should include a revision date. In addition, the Board should formally approve all job description revisions.

Zanesville CSD authorized an *Administrative and Supervisory Classification and Compensation Study* by the Ohio School Boards Association for FY 2001-02 to update administrators and supervisory personnel job descriptions. Job descriptions for administrative positions were updated and approved by the Board of Education in the fall of 2002. However, other positions have not been updated and do not record the last revision date.

Zanesville CSD should continue to review current job descriptions and make appropriate revisions that describe duties, skills, efforts, responsibilities, environmental and working conditions specific to the job as well as the educational experience required to perform the job. The updated position descriptions should include the date of revision, date approved by the Board, and be maintained within the District personnel office.

Business and Legal Reports, Inc., in its publication *How to Write Job Descriptions: The Easy Way*, states that job descriptions should be reviewed and updated on a regular basis to ensure an accurate reflection of duties and to ensure that performance evaluations and reward systems are appropriately linked to duties of the position. Accurate job descriptions are helpful at every stage of the employment relationship by providing a basis for recruitment efforts and performance evaluations, and provide framework for wage and salary structures.

According to Business and Legal Reports, Inc., organizations should have a formal schedule for reviewing all job descriptions, preferably at least once a year. Maintaining up-to-date job descriptions facilitates effective human resources management in the following ways:

- Clarify duties and defines relationships between individuals and departments;
- Help the jobholder understand the relative importance of tasks and level of accountability;
- Provide information about the knowledge, training, education, and skills needed for a job.

- Help minimize conflicts and improve communications by telling employees what they need to know about the job;
- Help management analyze and improve the organizational structure and resource allocation; and
- Provide all this information in a completely objective and impersonal way.

Accurate job descriptions also provide a basis for job evaluation, wage and salary surveys, and an equitable wage and salary structure. The content of the written job descriptions should include the following:

- List of tasks;
- List of decisions made;
- Amount of supervision received;
- Supervision exercised;
- Interactions with other staff;
- Physical conditions;
- Physical requirements; and
- Software or other equipment used.

Zanesville CSD should use these criteria to review all District job descriptions annually and update the descriptions as needed. All revised job descriptions should be maintained in an electronic format so that they can be updated easily. This recommendation can be implemented at no additional cost to the District.

Staffing

R 3.2 Zanesville CSD should consider reducing its regular education teaching staff within the middle and high schools by 9 FTE positions. Some of Zanesville CSD's regular teaching staff do not teach seven periods each day as stated in the collective bargaining agreement. Therefore, after the reductions, teachers can be reassigned to seven periods per day of student contact time. After completion of the new building program and establishment of new elementary schools boundaries, the District should evaluate elementary teaching positions for possible reductions.

Additionally, Zanesville CSD should consider reducing an additional 6.0 FTE regular teacher positions throughout the District, thereby increasing the overall student-to-teacher ratio. Zanesville CSD currently has an average student teacher ratio of 17.6 elementary, 16.0 middle, and 20.5 high school for an overall 17.9 students per teacher as compared to the State maximum of 25:1.

Table 3-6 shows the non-teaching minutes for Zanesville High School, Grover Cleveland Middle School, and Roosevelt Middle School in FY 2003-04.

Table 3-6: Summary of Non-Teaching Time for Selected Buildings

	Non-Teaching Minutes	Minutes /Period	Non-Teaching Periods
Zanesville High School	1,440	40	36
Grover Cleveland Middle School	640	40	16
Roosevelt Middle School	420	40	10.5
Total	2500		62.5

Source: Zanesville CSD building schedules.

Middle and high school teachers are at the schools for nine periods per day. According to the collective bargaining agreement, regular education teachers in these schools teach for seven periods per day, have one period for lunch, and one period for planning. **Table 3-6** shows the number of minutes and periods teachers spend in non-teaching functions such as study hall, in-school suspension, office duty, lobby duty, and lunch duty. These are necessary school functions, but do not require a certificated teacher. Therefore, a reduction of teacher staffing could be achieved by assigning non-teaching periods to lower paid classified positions.

Table 3-7 shows regular student to regular teacher ratios in FY 2003-04 and after reductions in FY 2004-05. FY 2004-05 class size per teacher ranges from a high of 25.4 students at Pleasant Grove Elementary to a low of 13.1 at Munson Elementary School for an average 19.2:1 student teacher ratio, after the client teacher reductions.

Table 3-7: Comparison of Regular Students to Regular Teacher Staff Ratios

Building	Regular Students	Regular Teachers	FY 2003-04 Regular S/T Ratio	FY 2004-05 Client Reduced Teacher Levels	FY 2004-05 Regular S/T Ratio After Reductions
Elementary:					
General Rufus Putnam	223	14	15.9	(2.0)	18.6
McIntire	219	9	24.3		24.3
McKinley	116	8	14.5		14.5
Munson	210	16	13.1		13.1
Pioneer	166	10	16.6	(1.0)	18.4
Pleasant Grove	127	5	25.4		25.4
Westview	420	21	20.0		20.0
Wilson	386	23	16.8	(4.0)	20.3
Subtotal	1,867	106	17.6	(7.0)	18.9
Middle Schools:					
Cleveland	244	17	14.4	(4.0)	18.8
Roosevelt	253	14	18.1	0.0	18.1
Subtotal	497	31	16.0	(4.0)	18.4
High School:					
Zanesville	901	45	20.0	(1.0)	20.5
Subtotal High and Middle	1,398	76	18.4	(5.0)	19.7
Total	3,265	182	17.9	(12.0)	19.2

Source: EMIS Certified Staff Demographics and Enrollment Reports for FY 2003-04

Note: Special Needs students and teachers were eliminated from this analysis.

Based upon the 2003-04 SF-3 reports, Zanesville CSD has an average daily membership of 3,265 regular education students. Zanesville CSD reduced 12 teaching positions for FY 2004-05 increasing the ratio to 19.2:1. Further reduction of 9.0 FTE positions for teachers spending less than 7 periods of student contact time and 6.0 additional FTEs to adjust for class size (a total of 15 FTE reductions), would allow the District to increase the student to teacher ratio from 19.2 to 21:1, and remain below the ORC recommended standard of 25:1. In addition to the regular teachers, Zanesville CSD has 3.0 FTE permanent substitutes that are on site every day. Permanent substitutes report to the same building each day, but, as determined by need, may travel to another building in the District as necessary. Permanent substitutes are not eligible to receive insurance benefits.

Table 3-8 shows the average statewide ratios which were at 20.8:1 in FY 1995-96 but dropped to 16.5:1 in FY 2002-03. However, in FY 2003-04 the student teacher ratios increased from 16.5 to 18.5. Zanesville CSD was below the statewide average in FY 2003-04.

Table 3-8: State Student Teacher Ratio from FY 1995-06 through FY 2003-04

Year	FY 2003-04	FY 2002-03	FY 2001-02	FY 2000-01	FY 1999-00	FY 1998-99	FY 1997-98	FY 1996-97	FY 1995-96
Student Teacher Ratio	18.5	16.5	16.9	18.0	18.1	18.6	20.4	20.7	20.8

Source: ODE Student per Teacher report.

Staffing levels for teachers should remain a function of District goals, enrollment, and financial condition, as well as the State’s policies for class sizes. Therefore, Zanesville CSD should continually monitor student/teacher ratios as well as student/staffing ratios in other classifications and regularly evaluate the impact of planned reductions, both financially and educationally, on the achievement of State academic indicators reported on District Report Cards.

Financial Implication: A reduction of 9.0 FTE teaching positions would save the District \$565,500³⁻¹. Replacing the 9.0 positions with non-certificated positions would result in a net savings of about \$371,100 annually³⁻². The reduction of an additional 6.0 FTE teaching positions would save the Zanesville CSD \$377,000 annually³⁻³.

R3.3 Zanesville CSD should consider phasing out its vocational and business education programs. Instead, students could take advantage of an identical curriculum offered at the Mid-East Career and Technology Centers (MECTC), serving Guernsey, Noble, Muskingum, and Perry counties. Additionally, Zanesville CSD has contracts for vocational education enforcement which could then be eliminated.

There are 14 FTEs assigned to the vocational and business education programs at Zanesville CSD. Zanesville CSD offers educational services, which are also offered at the career and technology school. By transitioning the program to MECTC, Zanesville CSD can reduce General Fund expenditures for vocational and business activities (in excess of the State allocation) and continue to offer its students the same programs through the Career and Technology Center. The vocational and business education programs (including high school in-suspension, business, home economics, OWA, wood shop, and industrial tech.) could be phased out as retirements and voluntary resignations reduce staff, and remaining students in the program graduate.

Over the five-year forecast period, Zanesville CSD should seek to reduce the remaining fourteen positions. During the same period, Zanesville should increase its use of programs at the Mid-East Ohio Career and Technology Center.

³⁻¹ Based on an average salary of \$62,830 for each position at a salary of \$46,540 with 35 percent benefits.

³⁻² Based on a cost of \$21,600 at a salary of \$16,000 with 35 percent benefits.

³⁻³ Based on a salary of \$46,540 with 35 percent benefits.

A reduction of 14 teacher positions and the transitioning of 92 vocational and business education students to the Mid-East Ohio Career and Technical Center would result in a class size of 21:1, the same class size as before the reduction of vocational and business education programs. Currently, Zanesville CSD receives approximately \$81,000 in revenue for vocational education and foundation monies of \$94,250 from ODE for a total of \$175,250. These funds would be redirected to the Career and Technical Center.

Financial Implication: Reductions over the forecast period and the associated financial savings are shown below:

- FY 2005-06 reductions of: 2 FTEs would result in a savings of about \$147,100 (\$2,100 net)
- FY 2006-07 reductions of 4 FTEs would result in a savings of about \$441,300 (\$703,700 net).
- FY 2007-08 reductions of 4 FTEs would result in a savings of \$735,500 (\$590,500 net); and
- FY 2008-09 reductions of 4 FTEs would result in a savings of \$1,029,600 (\$884,600 net).
- Average yearly savings of \$588,500 or a cumulative savings: \$2,353,500 during the forecast period (\$2,181,000 net)³⁻⁴

The District's savings may be partially offset if vocational and business educational students opt to move to the Career and Technical Center.

The reduction in vocational education enforcement contracts would result in an additional savings of \$30,300 annually.

R3.4 Zanesville CSD should focus on student population and class size when considering special education open enrollment. The District should not expand services provided to non-open enrollment, out-of-district students. Zanesville CSD should continue to charge home districts for the out-of-district students currently served and should not support additional costs for out-of-district students.

Zanesville CSD has open enrollment for school districts in contiguous counties, but also accepts out-of-district students from non-contiguous counties in Southeastern Ohio. Zanesville CSD has a system for billing shared costs incurred for out-of-district students on a per capita basis. Resource costs for individual students are then added to the base costs to reach a final individual total. The excess costs billing procedure is structured and monitored by the ODE. ODE has a designated calculation process that governs the amount that may be billed back to the student's resident district. Zanesville CSD makes

³⁻⁴ Based on an average salary of \$73,548 (\$54,480 and 35 percent benefits).

strenuous efforts to include all expenses associated with providing special education services to out-of-district students; however, the ODE processing model often reduces the charge back amount to a figure less than actual expenses. ODE's funding is based on a special needs classification weighted amount, which, in a small measure, incorporates the cost of services for specific classes of disability.

The Muskingum Valley Educational Service Center (MVESC) bills special education students' home districts for the cost of operating cooperative programs divided by the number of students in each program. Zanesville CSD provides space and staff for MVESC and bills MVESC for staff, rent, utilities, and other related expenses. These expenses are reflected as reductions in the Zanesville CSD portion of the shared costs for cooperative programs. Zanesville CSD has indicated that participation in MVESC cooperative units will be greatly reduced in FY 2005-06, as the District will begin serving resident multi-handicapped students within the District system. Programs will be provided with the existing staff and no additional costs are anticipated.

R3.5 Zanesville CSD should continue to monitor student qualification criteria for special education placement required by the Ohio Administrative Code (OAC) § 3301-51-09, multi-factored evaluation (MFE). Zanesville CSD should focus on placing override students into at-risk programs.

Zanesville CSD serves 60 percent of its learning-disabled category of 389 students as overrides³⁻⁵, which means those students did not meet strict placement criteria for special education and were placed by individual educational plan (IEP) committee decision. During the three-year cycle of evaluations or reevaluations, overrides should be limited. The District has multiple federal grants and entitlements to assist at risk students. This funding helps support costs but is not sufficient to fund all aspects of special education.

OAC § 3301-51-06, requires each school district to adopt and implement written procedures, approved by ODE's Office of Exceptional Children, to ensure that a referral process is employed to identify children with disabilities, conduct appropriate initial multi-factored evaluations (MFE), and complete reevaluations as necessary. Each school district is instructed to use the data to determine eligibility for special education services, appropriate instructional practices, and access to the general curriculum. Re-evaluations are required at least once every three years, or in a timely manner when conditions warrant.

Likewise OAC § 3301-51-09 requires special education students to be placed in the least restrictive environment. The regulations require districts, to the maximum extent possible, to ensure children with disabilities are educated with children who are not

³⁻⁵ Within this category, 278 students did not initially meet learning-disabled criteria.

disabled. As part of each school district's strategic planning and continuous improvement process, it is required to review and update, as appropriate, planning regarding delivery of services to children with disabilities. The district should assist in organizing and facilitating supplemental supports provided within the regular classroom.

Zanesville CSD should use the three-year cycle re-evaluation process to identify children who may have been classified as special education through overrides but who could be more appropriately served in a regular classroom environment. As re-evaluations are completed, there should be a decline in the number of special education students and an increase in the regular (at-risk) student population. Zanesville CSD should be able to reduce special education teaching FTEs over the five-year forecast period through natural attrition, thus eliminating some specialized teaching positions.

Financial Implication: If Zanesville CSD was able to transition a portion of its over-ride learning disabled population into regular education programs, a reduction in special education teaching personnel would be possible. Assuming that 75 percent of over-ride cases are reclassified as regular education students (208 students), Zanesville CSD may be able to reduce up to 10 FTEs over the forecast and re-evaluation period. If the District opted to reduce FTEs over the forecast period, it could anticipate cost savings of approximately \$134,900 in FY 2005-06, \$269,900 in FY 2006-07, \$404,800 in FY2007-08, \$539,700 in FY 2008-09, and \$674,700 in FY 2009-10.

R3.6 Zanesville CSD should consider reducing staffing levels within the education service personnel (ESP) classifications by 10 FTEs. The District could reduce positions within the ESP staffing classifications and remain above State minimum requirements.

Expenditures for pupil support are significantly higher for Zanesville CSD than two of the three peers (see the **financial systems** section). Staffing positions that provide pupil support include the ESP positions as outlined in OAC §3301-35-05(A)(4) including ESP teachers, counselors and psychologists, registered nurses, social workers, and library/media specialists.

Table 3-9 compares the staffing levels for all ESP at Zanesville CSD for FY 2003-04 with the peer districts' staffing levels. The staffing levels are illustrated in terms of FTEs.

Table 3-9: FY 2003-04 Comparison of ESP Staffing Levels Per 1,000 ADM

Classification	Zanesville CSD	Alliance CSD	Ashtabula Area CSD	Barberton CSD	Peer Average
Counselors	7.7	12.0	6.0	10.0	9.3
Librarian/Media Specialists	3.0	2.5	0.0	3.0	1.8
Educational Service Personnel Teachers (ESP) ¹	17.0	30.0	14.5	25.5	23.3
Registered Nurses	4.5	2.0	3.0	2.4	2.5
Social Work	1.0	0.0	0.0	3.0	1.0
Totals	33.2	46.5	23.5	43.9	38.0
ESP FTE per 1,000 ADM²	10.2	14.8	5.9	11.7	10.8

Source: Interviews, EMIS reports from Zanesville and peers.

1. ESP classification includes K-8 art, music, and physical education.

2. ADM: ZCSD 3,273.11, ACSD 3,144.50, AACSD 3,962.84, and BCSD 3,758.49. (regular students only)

As illustrated in **Table 3-9**, Zanesville CSD has 10.2 FTE ESP staff per 1,000 students compared to the peer average of approximately 10.8 FTEs per 1,000 students. However, while student to staff ratios are lower than two of the three peers, they exceed the minimum standard identified in (OAC §3301-35-05(A) (4)) of 5.0 FTEs per 1,000 ADM, by 5.2 FTEs per 1,000 students. If the District were to adjust the ESP staffing ratio to the minimum standard, it could reduce staffing levels by up to 16.9 FTEs. By reducing 10 FTE positions, special education students that require 1:1 can be accommodated.

Financial Implication: If Zanesville CSD reduced 10.0 ESP FTE positions, it could generate a cost savings of approximately \$2,700,000 over the five-year forecast period³⁻⁶.

R3.7 Zanesville CSD should consider reducing staffing levels within the teaching aide classifications by 20 FTEs. The District could reduce positions within the teaching aide staffing classifications and remain above the peer district staffing levels.

At Zanesville CSD, teaching aides supplement regular teachers in the kindergarten and special education classrooms. Seventeen teaching aides provide assistance in the kindergarten classrooms, regardless of the number of students in the classroom. According to District officials, Zanesville CSD has a significant special education student population, and therefore, a higher need for special education teaching aides. The District has already reduced three teaching aide positions by attrition, increasing the student/aide ratio to 74.1 students to one aide for FY 2004-05.

³⁻⁶ Assuming an estimated annual salary of \$40,000 per FTE and benefits equal to 35 percent of annual salaries for a total of \$54,000 for each position eliminated or an annual savings of \$540,000.

Table 3-2 shows Zanesville CSD has 14.2 FTE teaching aides positions per 1,000 ADM compared to the peer average of 5.7 FTE teaching aide positions per 1,000 ADM.

A reduction of 20 additional FTE teaching aide positions, beyond the 3 already reduced would give Zanesville CSD a total of 37 FTE teaching aide positions or 8.8 FTE teaching aide position per 1,000 ADM. This is still above the peer average of 5.7 FTE positions per 1,000 ADM and provides for the District's higher special education needs.

Financial Implication: If Zanesville CSD reduced its teaching aide staff by 20.0 FTEs (from 60 to 40 FTEs), it could save approximately \$405,000 annually³⁻⁷.

Salaries

R3.8 Zanesville CSD should consider negotiating a cost-of-living adjustment (COLA) of not more than 2 percent annually for the next contract period. Limiting cost of living increases for the next contract period to no more than 2 percent would temper the rate of compensation increases, generate cost avoidance, and improve the future financial condition of the District. A lower cost of living increase would gradually bring salaries more in line with peer district and state averages.

Zanesville CSD has negotiated a 4 percent COLA for certificated employees for FY 2003-04 and a 4 percent COLA for classified employees for FY 2004-05. According to EMIS reports, current compensation to Zanesville CSD employees' salary is higher than the peers in administration, professional education, transportation, custodial, food service, and several other classifications. In light of recent fiscal difficulties, Zanesville CSD should conduct a periodic review of salaries to determine the appropriateness of current salary schedules compared to surrounding school districts and state averages. Zanesville CSD should provide a comprehensive understanding of the financial impact of future COLA increases to its bargaining units as well as the Board of Education, administration, and community when considering these increases.

Table 3-10 compares the average salaries within each classification at Zanesville CSD to the peer districts.

³⁻⁷ Based on the average teacher aide salary of \$15,000 and fringe benefits equal to 35 percent of salaries.

Table 3-10: FY 2003-04 Average Salary Comparison by Classification

Classification	Zanesville CSD	Alliance CSD	Ashtabula Area CSD	Barberton CSD	Peer Average
Administration	\$68,701	\$57,986	\$62,296	\$67,357	\$62,762
Professional Education	\$46,791	\$40,933	\$43,903	\$44,296	\$43,178
Professional Other	\$40,702	\$40,172	\$53,879	\$36,676	\$43,906
Technical	\$21,540	\$21,144	\$0	\$31,822	\$25,541
Office/Clerical	\$17,908	\$19,671	\$23,983	\$19,558	\$20,711
Crafts/Trades	\$32,401	\$33,507	\$28,048	\$36,232	\$32,747
Transportation	\$19,966	\$13,771	\$14,804	\$12,227	\$13,849
Custodians	\$27,651	\$29,707	\$27,505	\$22,314	\$26,064
Food Service	\$15,930	\$11,423	\$6,122	\$16,927	\$9,989
Service/Other	\$32,586	\$3,457	\$13,804	\$22,408	\$12,932
All Classifications	\$38,188	\$34,249	\$34,943	\$37,451	\$35,628

Source: ODE EMIS FY 2003-04 Staff Summary Reports

Note: Table does not include the employee's share and pick up on the pick up (11 percent) offered to administrators at Zanesville CSD and some of the peer districts. The effect of the pick up on the pick up is discussed in **R3.9**.

As illustrated in **Table 3-10**, Zanesville CSD's average salary for most classifications is higher than the peer average. According to the EMIS Staff Summary Reports, Zanesville CSD has higher salaries than the peers in the following classifications:

- Administration,
- Professional Education,
- Transportation,
- Custodians,
- Food Service, and
- Service/Other.

Although Zanesville CSD's administration average salary is higher than the peer average, it is comparable to Barberton CSD with 31.5 and 31.0 FTEs and average salaries of \$68,701 and \$67,357 respectively. Longevity of the staff at Zanesville CSD and peer districts was not assessed in the analysis.

In the professional education classification, the average salary at Zanesville CSD is 8.4 percent above the peer average. Higher salaries in this category contribute to the District's higher expenditures for pupil support (see the **financial systems** section). Wage rates in special education, coupled with the number of staff within this category, could also be contributing to the District's overall higher expenditures for pupil education compared to the peers. Salaries for transportation are approximately 44 percent higher at Zanesville CSD than the peer average. See the **transportation** section. Custodial classifications are minimally higher than the peer average. Food service staff, is approximately 60 percent higher than the peer average, but is not charged to the general fund (see the **financial systems** section).

Based on the analysis, the service/other category showed the greatest variance from the peers. Zanesville CSD positions in this classification, at an average of \$19,654 is 150 percent above the peers, but is inflated by the inclusions of an attendance officer (\$54,440) not found in the peer districts. When the attendance officer is excluded from calculations, Zanesville CSD's salaries in this category are equal to or lower than the peers.

Salary and wage expenditures at the end of FY 2002-03 were approximately \$20.6 million for General Fund and DPIA. Each 1 percent increase in salaries costs the District approximately \$206,200, not including fringe benefits. See the **financial systems** section of the report for further discussion regarding salary and wage expenditures.

R3.9 If financial stability concerns necessitate cost reductions, Zanesville CSD should consider limiting increases administrative salaries or reducing the pick-up of the employee's share (10 percent) and pick up on the pick up (1 percent) of retirement contributions (a total of 11 percent). Zanesville CSD should conduct an area wide comparison of salaries to determine if such measures are appropriate. The total contract salary for administrators and supervisory personnel must take into account the base salary and the district-paid employee's share of STRS/SERS contributions, as well as the pick-up on the pick-up, for a total compensation plan.

A retirement pick-up plan allows the employee contribution to be pre-tax. This reduces the employee's taxable income and their tax liability; however, the money still comes out of the employee's pay. With a pick-up on the pick-up, the employer picks up some or all of the employee's share of the retirement contribution.

Current contribution rates into the School Teachers Retirement System (STRS) and School Employees Retirement System (SERS) are 14 percent by the employer and 10 percent by the employee. Under current IRS Rulings, employee contributions to STRS/SERS may be picked up by the employer and thus excluded from the employee's gross income for federal income tax purposes. It is Zanesville CSD's policy to pay the full employee contribution into STRS/SERS for administrative employees at the assistant principal level and above (10 percent), plus another 1 percent pick-up on the pick-up. (a total of 11 percent). The Board of Education started paying the employee's share and the pick-up on the pick-up in 1993 because of low administrative pay. Zanesville CSD pays the 11 percent for 21 employees. However, current salaries are more in line with peers and counterparts without taking into account the pick-up on the pick-up.

According to STRS, it is common for superintendents and senior administrative employees in Ohio to receive a employee share pick-up on the pick-up. Zanesville CSD did not indicate that the payment of the employee's share was given in lieu of a salary increase; therefore, salaries were not adjusted in this report to reflect this benefit received

by administrators. Alliance CSD pays employee share at a rate of 3.7 percent for all STRS employees (administrators and teachers). The benefit is not included in the salary comparison in **Table 3-10**. Ashtabula CSD has no employee share pick-up. In addition, Barberton CSD has an employee share pick-up for the superintendent only at 9.3 percent. **Table 3-10** shows the Zanesville CSD average salary for administrators and professional educators is 8.4 percent greater than the peer average, and when the peer information on the employee share pick-up is factored in, the variance is increased significantly.

During future salary negotiations, Zanesville CSD should consider the financial impact of being responsible for the entire retirement contributions for senior administrative positions. Since total salaries for senior administrative and supervisory staff are higher than the peer average, a limitation on salary increases should be considered until the base salary compensation package is similar to the total compensation plan for peers and the surrounding school districts. In addition, the Zanesville CSD Board of Education should use its discretion to equalize salaries with peer school districts and others in the region to ensure a competitive but reasonable salary plan for District administrators.

Financial Implication: Zanesville CSD should consider the reduction or elimination of the pick-up of the employee share and pick-up on the pick-up of STRS/SERS contributions unless expressly determined to be given in lieu of future salary increases. Based on the annual salary of the 21 Zanesville CSD employees who receive the 11 percent employee share and pick-up on the pick-up (\$1,119,000) for administrative positions, a reduction of the current 11 percent benefit represents potential annual cost savings of \$168,800.

Benefits Administration

R3.10 During future contract negotiations, Zanesville CSD should seek to negotiate changes in the employee's share of health care premium payments. The District should require all employees to pay a percentage of the monthly premium costs to bring the District's practices in line with the average employee contributions compiled by the State Employee Relations Board (SERB). Furthermore, Zanesville CSD should pro-rate the percentage paid based on the hours worked. Establishing employee contributions with percentages based on the hours worked and SERB standards will help the District offset annual increases in health care.

Employees do not share in the cost of health insurance for single coverage and currently only contribute 4.8 percent of the premium cost for family coverage. Full-time certificated and classified employees currently contribute zero percent for single coverage and 5 percent family coverage of the monthly premiums for medical, dental, and vision insurance. The bargaining unit agreements define full-time employees as those working more than five and one-half hours per day and stipulate that employees who work fewer

hours per day must pay a prorated share of the monthly premium. Insurance premium contributions are made through employee payroll deductions.

Table 3-11 reflects the increased cost of health, dental, and vision insurance benefits and compares the Zanesville CSD benefit plan to the peer districts and the State Employment Relations Board (SERB) averages.

Table 3-11: Health Insurance Premium Comparisons

School	Provider(s)	Monthly Premium for Single Plan	Full-time Employee Share	Monthly Premium for Family Plan	Full-time Employee Share
Zanesville CSD ¹	Medical Mutual PPO	\$450.15	\$0.00	\$970.49	\$46.27 (4.8%)
Alliance CSD ²	Stark County Schools Council of Governments Medical Mutual Traditional Aultcare PPO SuperMed Plus PPO	\$275.62	\$10.00	\$669.56	\$66.96 (10%)
Ashtabula Area CSD ³	Medical Mutual (PPO)	\$386.82	\$0.00	\$973.01	\$0.00
Barberton CSD ⁴	Self-insured ¹ Medical Mutual (PPO)	\$322.94	\$0.00	\$807.37	\$0.00
SERB Statewide Average ⁵					
Medical Coverage ⁶	N/A	\$325.08	\$22.06	\$811.04	\$71.84
All Health Care ⁷	N/A	\$373.54	N/A	\$903.64	N/A
SERB School District Avg ⁵					
Medical Coverage ⁶	N/A	\$327.93	\$22.77	\$806.70	\$76.07
All Health Care ⁷	N/A	\$391.59	N/A	\$921.76	N/A

Source: School districts and negotiated agreements, 2003 SERB report on the Cost of Health Insurance in Ohio’s Public Sector
¹ Single plan costs include: health \$385.16; dental \$51.55; and vision \$13.44. Family plan costs include: health \$905.50; dental \$51.55; and vision \$13.44.

² Plan administrator is Klais & Company.

³ Plan costs Single Health \$263.86; Dental \$26.11; Vision \$8.70; Drug \$88.15. Family health \$659.65; Dental \$78.35; Vision \$21.74; Drug \$213.27.

⁴ Plan costs Single Medical \$226.62; Dental \$27.47; Drugs \$68.85. Family Medical \$566.54; Dental \$68.69; Drugs \$172.14.

⁵ The SERB average was obtained from the 2003 Report on the Cost of Health Insurance in Ohio’s Public Sector. The 2003 average for single and family monthly premiums reflects an assumed increase of 15 percent for 2004. Employee shares have not been increased from the 2001 survey report although employee contributions have likely increased as of 2003.

⁶ Although this is based on the rates for medical coverage only, it may include costs associated with other benefits, such as prescription, dental, optical, and life, which are included as part of the medical plan.

⁷ This includes medical and other benefits, such as prescription, dental, optical, and life, which may be provided separately from the medical plan.

According to SERB, the average school district employee's share for single coverage is equal to 6.9 percent. The average employee share for family coverage is 9.4 percent. Equitable sharing in monthly health care premium costs at a higher percentage rate for all employees will enable the District to better manage annual increases in benefits expenses due to the continual rise in health care costs. The shared sacrifice of all employees will allow everyone to help bear the responsibility of managing health care premiums and reduce annual costs to the District.

In FY 2004-05, Zanesville CSD expects a 10.0 percent increase in health care insurance costs. However, according to the 2003 SERB survey results, medical premiums increased weighted average of 12.8 percent between 2002 and 2003. Therefore, the District should use appropriate planning and design strategies including increased employee contributions to contain these costs. Based on the anticipated 10.0 percent increase the new health care premium rates for FY 2004-05 will be \$423.93 for single coverage and \$1,001.33 for family coverage, a monthly decrease in single coverage of \$26.22 and an increase in family coverage of \$30.84. Exercising cost containment practices, including increased employee contributions and adjustments to key medical benefit plan designs, helps improve the District's financial condition and brings benefit levels in line with peer and market standards..

Financial Implication: By increasing the employee share for single (180 participants) and family (388 participants) coverage to 12 percent for all participating employees, Zanesville CSD could reduce District costs approximately \$669,800 per year (includes the 10 percent increase in premiums.) This increase in employee premium sharing would help offset the 10.0 percent increase for providing health insurance in FY 2004-05.

R3.11 During the next contract negotiations, Zanesville CSD should seek to include contractual language allowing the District to alter or reduce key medical benefits in an attempt to help contain health care costs to the District. In light of the expected 20.0 percent increase in health care costs for FY 2004-05, Zanesville CSD should work with its third-party administrator and the insurance committee to identify the key benefit adjustments that would maximize health care cost savings efforts.

Table 3-12 compares health care benefit provisions at Zanesville CSD and the peer districts.

Table 3-12: Comparison of Key Medical Plan Benefits ¹

	Zanesville CSD SuperMed Plus PPO	Alliance CSD Health Benefits Program of Stark County Council of Governments PPO	Ashtabula Area CSD SuperMed Classic PPO	Barberton CSD Self-insured Medical Mutual PPO
Office Visits	\$5 copay	not noted	\$10 copay per visit	not noted
Prescription Plan Included	Retail (30 day supply): \$5 generic; \$10 brand name Mail Order (90 day supply): \$5 generic; \$10 brand name	20% co-payment by employee, 80% by insurance,	Classified Retail: (30 day supply) \$7 generic , \$12 brand Mail Order (90 day supply): \$10 generic or \$15 brand name Certified Retail: (30 day supply) \$7 generic , \$12 brand Mail Order (90 day supply): \$10 generic or \$20 brand	Retail: \$2 co-pay Mail Order : no co-pay
Employee Annual Deductible	None in network	\$100 S / \$200 F	\$150 S / \$300 F	\$150 S / \$450 F
Employee Out of Pocket Maximum	\$400 per individual, \$550 per family	\$500 per individual, \$1,000 per family	Classified \$400 S, \$800 F Certified \$550 S, \$1,100 F	\$750 per individual
Need to Choose Primary Physician	No	not noted	No	No
Maternity	100%	not noted	90% after deductible	note noted
Well Baby Care / Child Care	\$5 copay unlimited coverage	not noted	\$10 copay per visit then 100% \$500 maximum (to age 9 yrs)	Birth to age 1: \$500 Age 1-9: \$150
Inpatient Hospital Care	100%	80% after deductible, co-insurance and yearly maximum	90% after deductible	80%
Percentage of Care & Treatment	100%	80% after deductible, co-insurance and yearly maximum	90% after deductible	80%
Maximum Lifetime Benefit Amount per Individual	\$1 million	unlimited	\$2.5 million	\$2 million

Source: Zanesville CSD and peer school district health care insurance benefit books

¹ For all health care plans, information presented assumes the employee chooses an authorized provider within the network, if applicable.

Based on key medical benefits information in **Table 3-12**, Zanesville CSD has a more generous benefit coverage compared to the peers. An increase in the employee share of monthly premium payments to at least 12 percent for all employees may be appropriate to maintain benefit levels that are commensurate with the peers and offset the rising cost of providing health care benefits to employees who elect coverage.

General provisions outlined in Article 9 of the certificated employee labor agreement stipulate that major medical insurance coverage will be 80 percent carrier paid, and 20 percent employee paid, up to \$2,500; thereafter, 100 percent is carrier paid. In addition, although the District may request bids from other insurance carriers to reduce costs, contractual limitations currently prevent any change in key benefits coverage that is not equal to or greater than that which is currently in effect.

In the future, Zanesville CSD administration and labor representatives should look for ways to improve operations. Employee health-care benefits and the significant cost of these benefits to employers is a particular challenge. Contract language should be included to allow a reduction of unusual or extraordinary benefits if required in order to maintain the District's financial stability. The District should consider the following points for negotiation:

- Increase office visit co-payments to \$10;
- Increase the annual network deductible for single (\$100) and family (\$200) coverage;
- Increase of the out-of-pocket maximum for single (\$500) and family (\$1,000) coverage; and
- Increase well-child care co-payment to \$10 per visit.

Within the scope of the performance audit, it is difficult to quantify the financial implication to the District, since data is not available regarding past use of the benefits. However, by working with benefits administrators and the Zanesville CSD Insurance Committee (The committee is made up of three representatives from each union and three representatives from administration.) to develop a plan design that is economical yet provides benefit levels that meet market standards, Zanesville CSD may be able to reduce overall annual premium costs.

Table 3-12a shows projected cost savings developed by Zanesville CSD based on a comparison of medical plan benefit options used by other districts in Muskingum County.

Table 3-12a: Zanesville CSD Medical Plan Options

Plan Design	Zanesville CSD Current Benefits	Option 1	Option 2	Option 3
Network Deductible	\$0/\$0	\$100/\$200	\$150/\$300	\$200/\$400
Non-Network Deductible	\$100/\$200	\$200/\$400	\$300/\$600	\$300/\$600
Coinsurance Percentage – Employer/Employee	100/80	90/70	90/70	90/70
Network Out-of-Pocket Maximum	\$0/\$0	\$600/\$1,200	\$650/\$1,300	\$950/\$1,900
Non-Network Out-of-Pocket Maximum	\$500/\$1,000	\$1,200/\$1,900	\$1,300/\$2,600	\$1,500/\$2,600
Copay	\$5	\$10	\$10	\$10
Pharmacy Benefit	\$5/\$10	\$5/\$10/\$20	\$5/\$10/\$20	\$5/\$10/\$20
Emergency Copay	\$0/\$0	\$50	\$50	\$50
Current Premium	\$5,224,234	\$5,224,234	\$5,224,234	\$5,224,234
Projected Renewal of Current Plan	\$6,269,081	\$6,269,081	\$6,269,081	\$6,269,081
Premium for all Employees	N/A	\$5,583,477	\$5,453,886	\$5,324,380
Projected Savings	N/A	\$685,634	\$815,195	\$944,701
Premium for ZEA/Administrative Employees	N/A	\$5,728,197	\$5,625,988	\$5,523,823
Projected Savings	N/A	\$540,884	\$643,093	\$745,258

Source: Superintendent, Zanesville CSD

Option 1 is used by Mid-East Career and Technical Center and West Muskingum Local; Option 2 is used by East Muskingum Local and Maysville Local; and Option 3 is used by Franklin Local. The cost savings appear to be reasonable when including deductibles paid by the employee for health care as well as out-of-pocket maximums.

Collective Bargaining Agreements

R3.12 Zanesville CSD should seek to negotiate a slower vacation accrual rate for 12-month classified employees. ZCSD offers three weeks of vacation after only 5 years of service, whereas the peers require an average of 7 years of service prior to earning the same amount of paid vacation leave. By negotiating a slower rate at which vacation time may accrue for new employees entering the District, Zanesville CSD could realize future cost savings.

Under the classified bargaining agreement, Zanesville CSD provides employees with five to ten years of employment 15 days of vacation, while the peer districts provide 15 days of vacation to employees on an average after 7 years (see **Table 3-5**). Zanesville CSD’s vacation accumulation is higher than the minimums set under ORC § 3319.084, which states that employees are entitled to the following number of days based on the established years of service:

- 1 – 10 years: 2 weeks,
- 10 – 20 years: 3 weeks, and
- 20 or more years: 4 weeks

By adjusting vacation accumulation rates so that employees who have attained 5-7 years of continuing service receive 10 days vacation, the District could potentially reduce vacation days paid out at retirement as well as substitute employee costs. If the District reduced the number of vacation days provided between five and seven years to 10 days, it would save 5 days per employee over a two-year forecast period. Zanesville CSD has approximately 47 employees with less than 3 years of employment. At an average salary of \$20,000 per year, the district could realize a potential cost savings of \$385 per employee per year. However, this assumes full use of all vacation days accrued.

Financial Implication: Based on average salaries for classified employees and the reduced vacation accrual rate, Zanesville CSD could generate a cost avoidance of approximately \$18,100 per year by reducing the rate of vacation leave accrual.

R3.13 During the next round of negotiations, Zanesville CSD should seek to negotiate a reduction in the maximum number of accrued but unused sick days paid out at retirement for both certificated and classified employees. Zanesville CSD offers a more costly sick leave payout benefit to certificated and classified employees than the peers, which could potentially increase the overall long-term financial risk to the District.

Under the collective bargaining unit agreements, certificated employees with at least five years of service are paid 25 percent of the value of accrued but unused sick leave up to a maximum of 266 days or a total of 66 days paid (see **Table 3-4**). In addition, certificated employees with a perfect attendance certificate will have one day of credit added to the total accumulated sick leave severance pay. In comparison, peer certificated staff collective bargaining agreements allow for payout at retirement of a maximum of 52 sick days. The District's collective bargaining agreement for classified employees also contains a generous sick leave payout upon retirement. Zanesville CSD classified employees with a minimum of 5 years of service upon retirement are paid 25 percent of the value of accrued but unused sick leave up to a maximum of 260 days or a total of 65 days paid. See **Table 3-5**.

According to the HR director, Zanesville CSD estimates 60 employees have from 30 to 35 years of service and are eligible to retire in the next five-year period. In addition, the number of sick days paid out at the time of retirement by the District is greater than the number paid by the peer school districts and the minimum stated in Ohio Revised Code (ORC) §124.39(B) 25 percent the value of the employee's accrued but unused sick leave not to exceed 30 days. ORC §124.39(C) does allow a public entity to pay severance at

percentages greater than 25 percent, for more than 30 days and for less than 10 years of service at the time of retirement. However, Zanesville CSD's practice could potentially be very costly to the District and could lead to a destabilization of the District's financial condition. According to the HR director, the District tracks employee tenure and anticipated retirement plans. Zanesville CSD may be able to avoid costly sick leave payouts that could help minimize future financial difficulties by renegotiating terms of the sick leave payout to a level commensurate with that of peer districts and State standards.

Financial Implication: Reducing the maximum number of accrued but unused sick leave days paid out at retirement by 15 days would save the District approximately \$44,000 for FY 2005-06, \$88,000 for FY 2006-07, and \$132,000 for FY 2007-08³⁻⁷.

R3.14 During the next contract negotiations, Zanesville CSD should seek to add specific language in the certificated employee bargaining unit agreement that allows the District to restrict the number of leave days for association business. The District should seek to reduce the number of days to peer levels of about 6 days.

Zanesville CSD allows up to 26 days of paid leave per year for association business. Two of the peer districts allow 6 and 3 days for association committee members, and one peer does not address the issue. According to the treasurer, OAPSE reimburses the District for the employee's salary, Medicaid, and retirement. The OEA/NEA does not reimburse the District for employee use of association business leave. In addition, there is a disruption to the building administrators who must find substitutes for teachers on association business.

While local association time is important to teachers, the District should take steps to ensure that it is not obliged to spend limited District funds on association business at levels well above those provided by similar-sized school districts. Based on a substitute cost of \$70 per day, the District may pay out up to \$1,400 for each certificated bargaining unit representative who uses all association business days permitted under the bargaining agreement. At a minimum, members of the certificated bargaining unit should reimburse the District for any days over the 6 days commonly provided by peer districts.

Financial Implication: By limiting association business days to six and requiring reimbursement for any days used over the stated amount, the District could avoid substitute costs of \$1,400 annually.

³⁻⁷ Based on an average wage of \$38,188 per year and estimating that 20 employees, will retire per year from FY 2005-06 through FY 2007-08.

Financial Implications Summary

The following tables are summaries of estimated average and annual cost savings. The financial implications are divided into three groups: those that are, and those that are not subject to negotiations, as well as those initiated by the District. Implementation of those recommendations subject to negotiations would require agreement from the affected bargaining units.

Table 3-13: Summary of Financial Implications for Human Resources

Recommendations	Average Cost Savings	Annual Cost Savings
R3.2 Replace 9.0 FTE regular education teaching staff with non-certificated positions. Increase student-to-staff ratios by reducing 6.0 regular education FTEs.		\$371,100 \$377,000
R3.3 Reduce 14.0 FTE teaching positions in vocational and business education [programs, and reduce vocational enforcement contract (net cumulative savings) ¹	\$588,500 ¹	\$30,300
R3.5 Reduce 10.0 FTE Special Education teaching positions		\$134,900
R3.6 Reduce 10.0 ESP		\$540,000
R3.7 Reduce 20 FTE teaching aide positions		\$405,000
R3.9 Discontinue pick up of employee share and the pick-up on the pick up STRS contribution for administrators (11 percent)		\$168,800
Total Recommendations not Subject to Negotiations	\$588,500	\$2,027,100
R3.10 Increase employee share of monthly health insurance premiums.		\$669,800
R3.12 Slow the rate of vacation accrual for classified employees		\$18,100
R3.13 Reduce maximum unused sick days paid at retirement		\$44,000
R3.14 Limit association business days to six.		\$1,400.
Total Recommendations Subject to Negotiations	\$0	\$733,300
Total Recommendations	\$588,500	\$2,760,400

¹ Cumulative net savings and reduction in vocational education ,enforcement contracts is \$2,353,500.

Table 3-14: Summary of District Initiated Reductions and Proposed Cost Savings

District Initiated Reductions	
Reduce staff by 26 positions by not replacing retirements and voluntary resignations	\$1,400,000
District Proposed Cost Savings	
Proposed medical plan options (range \$540,884 - \$745,248) average	\$643,000

Transportation

Background

Zanesville City School District (Zanesville CSD) provided transportation to 3,494 public and non-public students in FY 2002-03 using District-owned yellow buses and one District-owned van. The District provides transportation to any student (grade K-12) who resides one mile or more from their assigned school. For FY 2002-03, the District's reported public ridership of 2,995 or 74 percent of the total student population of 4,022 students.

Table 4-1 compares Zanesville CSD's total riders in FY 2002-03 with those of the peers: Alliance City School District (Alliance CSD), Ashtabula Area City School District (Ashtabula Area CSD), and Barberton City School District (Barberton CSD). Overall, Zanesville CSD transports about 57 percent more students than the peer average.

Table 4-1 FY 2002-03 Total Regular and Special Needs Riders

	Zanesville CSD	Alliance CSD	Ashtabula Area CSD	Barberton CSD	Peer Average
Public	2,995	2,022	2,531	1,008	1,854
Non-Public	342	105	388	174	222
Community School	0	0	0	0	0
Total Regular Needs Riders	3,337	2,127	2,919	1,182	2,076
Total Special Needs Riders	157	96	157	129	127
Total Riders	3,494	2,223	3,076	1,311	2,203

Sources: Zanesville and peer T-forms FY 2002-03

Organizational Structure and Function

Zanesville CSD employs 28 personnel, or 17.9 full-time equivalent (FTE) employees, who perform transportation-related duties. The District's maintenance and transportation supervisor oversees the transportation department (i.e., bus garage) and has supervisory duties over regular and substitute bus drivers, a mechanic assistant, bus aides, and transportation administrative staff. Zanesville does not have a job description for bus aides. According to the director of human resources, the District uses the classroom aide job description. Zanesville CSD does not have a separate maintenance department; however the maintenance and transportation supervisor allocates approximately 50 percent of his time to building maintenance and supervising those employees who perform those tasks.

Table 4-2 compares Zanesville CSD's transportation staffing levels to the peers for FY 2002-03. The table also shows current District staffing for FY 2003-04.

Table 4-2: District Staffing Levels

Staffing	Zanesville CSD FY 2002-03		Zanesville CSD FY 2003-04		Alliance CSD		Ashtabula Area CSD		Barberton CSD		Peer Average	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Supervisor/Assistant	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Bus Driver	23.0	14.4	23.0	14.4	20.0	11.2	25.0	17.2	16.0	9.5	20.3	12.6
Mechanic/Assistant	1.0	0.5	1.0	0.5	1.0	1.0	2.0	2.0	1.0	1.0	1.3	1.3
Administrative Asst	1.0	1.0	1.0	0.5	1.0	1.0	0.0	0.0	1.0	1.0	0.7	0.7
Aides	2.0	1.0	1.0	1.0	4.0	1.7	4.0	2.0	7.0	4.4	5.0	2.7
Total	28.0	17.9	27.0	17.4	27.0	15.9	32.0	22.2	26.0	16.9	28.3	18.3
Total Number of Students Transported	3,494		2,250		2,223		3,076		1,311		2,203	
Students Transported per Bus Driver FTE	243		156		199		179		138		175	
Students Transported per Total FTE	195		129		140		139		78		120	
Square Miles in District	42		42		10		55		26		30	
Square Miles per Total FTE	2.3		2.3		0.6		2.5		1.5		1.6	

Source: Zanesville's and peers T-1, T-2 and T-11 reports

Note: Due to differences in reporting, FTE figures may not mirror EMIS reports and totals in **Table 4-1** have been rounded.

Table 4-2 indicates that Zanesville CSD maintains fewer FTE staff for transportation than the peer average, but slightly more than Alliance CSD and Barberton CSD. In FY 2003-04, the District reduced its overall transportation FTEs by approximately 3 percent. The ratios in the table indicate that Zanesville CSD transports more students per bus driver FTE and per total FTE than the peers. These ratios exceed the peer average by approximately 39 and 62 percent, respectively.

Operating Statistics

Zanesville CSD maintains a fleet of 24 active and 6 spare buses to provide transportation to its regular and special needs students, both public and non-public. Specifically, 19 active buses are used to transport regular needs students and the remaining 5 are used to transport special needs students. **Table 4-3** summarizes FY 2002-03 basic operating statistics and ratios for Zanesville CSD and the peers.

Table 4-3: FY 2002-03 Basic Operating Statistics

	Zanesville CSD	Alliance CSD	Ashtabula Area CSD	Barberton CSD	Peer Average
Students Transported					
Regular Needs, Yellow Bus	3,337	2,127	2,919	1,182	2,076
Special Needs	157	96	157	129	127
Total Students Transported	3,494	2,223	3,076	1,311	2,203
Expenditures					
Regular Needs, Yellow Bus	\$817,893	\$523,062	\$1,120,523	\$415,313	\$686,299
Total Special Needs	213,119	123,872	175,685	181,840	160,466
Total Expenditures	\$1,031,012	\$646,934	\$1,296,208	\$597,153	\$846,765
State Reimbursements					
Regular Needs	\$608,162	\$284,873	\$728,815	\$402,216	\$471,968
Special Needs	\$61,334	\$65,688	\$130,341	\$80,420	\$92,150
Total State Reimbursements	\$669,496	\$350,561	\$859,156	\$482,636	\$564,118
Percentage of Reimbursement	65%	54%	66%	81%	67%
Miles Traveled					
Regular Needs, Yellow Bus	274,860	144,180	330,650	180,000	218,277
Buses					
Active, Regular Needs	19	15	25	12	17
Active, Special Needs	5	4	5	4	4
Spare	6	6	8	6	7
Total Buses	30	25	38	22	28
Square Miles in District	42	10	55	26	30
School Sites					
Public	12	6	14	11	10
Non-public	4	3	4	2	3
Total School Sites	16	9	18	13	13
Regular Needs Ratios					
Cost per Mile, Yellow Bus	\$2.98	\$3.63	\$3.39	\$2.31	\$3.14
Cost per Active Bus	\$43,047	\$34,871	\$44,821	\$34,609	\$40,370
Cost per Student, Yellow Bus	\$245	\$246	\$384	\$351	\$331
Students per Active Bus	176	142	117	99	122
Special Needs Ratios					
Cost per Student	\$1,357	\$1,290	\$1,119	\$1,410	\$1,263

Source: Zanesville and Peer T-forms for FY 2002-03

¹ Calculate by multiplying total daily miles by 180 student days

Based on **Table 4-3** regular needs ratios, Zanesville CSD appears to be operating its transportation function in an efficient manner. While the District spent approximately 22 percent more than the peer average, it transported almost 59 percent more students over 40 percent more area than the peer average. In addition, regular needs mileage for FY 2002-03 was approximately 26 percent greater, due in part to the greater number of school site stops for Zanesville CSD's yellow school buses.

Regular needs ratios were generally favorable when compared to the peers and the peer average. The District's cost per mile, cost per student, and students per active bus were all more favorable than the peer average. However, Zanesville CSD's cost per bus is 7 percent greater than the peer average. Driver salaries and high benefit costs contribute to this unfavorable ratio. See the **human resources** section for salary and benefit discussions. Also, the transportation department has incurred maintenance and facility costs (see **R4.2**).

Assessments Not Yielding Recommendations

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

- *Staffing:* Zanesville CSD's transportation department seems to be appropriately staffed (see **Table 4-2**).
- *Fuel Procurement:* Zanesville CSD purchases fuel under the State Bid program through a three-year contract and price guarantee with Englefield Oil. Overall fuel costs for Zanesville CSD were 28 percent less than the peer average.
- *Competitive bidding for bus purchases:* Zanesville CSD has implemented a formal competitive bidding process for the purchase of school buses, pursuant to ORC § 3313.46.
- *Maintenance Costs:* Routine and minor bus repairs are performed by the District's mechanic. All major repairs are sent to several different vendors depending on the nature of the problem. Zanesville CSD's overall maintenance costs are 28 percent below the peer average.
- *Tiered bell system and routing:* Zanesville CSD operates a three-tiered system for transporting students. The District's cost per mile and cost per student are below the peer average and it achieves a student per bus ratio of 176 compared to the peer average of 120. VersaTrans routing software is used for developing bus routes.

Recommendations

R4.1 Zanesville CSD should consider revising its transportation policy and guideline manuals to exclude busing students who live within one mile of their assigned elementary or middle school building and all high school students.

Ohio Revised Code Section 3327.01 requires school districts to provide transportation to resident pupils in grades K-8 who live more than two miles from the school. Zanesville CSD transports all children who live one mile or more from their assigned building. According to the transportation supervisor, there are some children who are transported who live less than one mile from the District. Generally, these students are elementary age, live more than ½ mile from the school and are directly on the bus route.

Zanesville CSD current transportation policy reads as follows:

“It is the policy of the Board of Education to provide transportation for those students whose distance from their school makes this service necessary within the limitations established by State law. Such laws and rules shall govern any question not covered by this policy”.

Transportation of eligible vocational, special education, nonpublic, and community school children between their home areas and schools outside or inside the District is arranged with the use of Board-owned vehicles, cooperation with other districts, commercial carriers, and/or by other means in the most efficient and economical manner.

By increasing the transportation walking limits from one to two miles and eliminating the transportation of high school students, the district could reduce its transportation cost. It is also important that the district adhere to these policy limits, except in the cases where it would be hazardous for the child and/or children to walk. Although the District will experience a cost savings, this amount could not be quantified as road hazards and other special circumstances will affect the overall savings.

R4.2 Zanesville CSD should allocate staff costs to appropriate departments or programs based on hours worked in the District’s transportation operation. The District should ensure appropriate accounting of labor costs in order to reflect the true cost of transportation operations.

Zanesville’s transportation supervisor is also the grounds and maintenance supervisor and allocates 50 percent of his time to grounds and maintenance; however, his full salary is charged to the transportation department. In addition, the department secretary works for food service about 20 percent of the time, yet the full salary is charged to the transportation department.

As noted by the Government Finance Officer's Association, financial reporting provides information to assist management in assessing the service efforts, costs, and accomplishments of the department. This information, when combined with information from other sources, helps management assess the efficiency and effectiveness of the department. Efficiency measures compare costs (i.e. efforts) to results (i.e. effectiveness). The information used should be complete and accurate as it relates to the department. To the extent that desired levels of effectiveness have been predetermined, efficiency can only be improved by reducing costs without sacrificing value⁴⁻¹. By attributing costs to Zanesville CSD's transportation function that should be allocated to other operations, the apparent costs of transportation services are inflated along with the benchmarks of cost effectiveness that could be used by management to gauge performance.

Proper allocation of salaries for these individuals would not only reduce transportation costs, but would also provide a truer picture of the department's operating costs, efficiency, and effectiveness. If Zanesville CSD reallocates costs to their appropriate categories, its ability to measure the cost effectiveness of its transportation operations will be improved.

Financial Implications: Proper allocation of the transportation supervisor and secretary salaries would result in a reduction of transportation operating costs by \$31,023.

R4.3 Zanesville CSD should review and update employee job descriptions. In addition, the District should create job descriptions for each type of position in the transportation department.

Five job descriptions from the transportation department were reviewed. Of the five reviewed, three did not have a date of last revision, one was adopted in 2002, and one had a final revision date of 1985. Also, Zanesville does not have a job description for bus aides. According to the director of human resources, the district uses the job description for classroom aides. The District is currently updating all job descriptions for the district. See the job description discussion in **R3.1** of the **human resources** section of this report.

Accurate job descriptions are helpful at every stage of the employment relationship by providing a basis for recruitment efforts as well as job evaluation, and establishing a basis for wage and salary structures.

The District should revise and update transportation job descriptions. The job descriptions should be reviewed annually and maintained electronically so that they can be updated in the future. Likewise, the District should review all positions and ensure that there is a job description for each position. Board policy number *1400 Job Descriptions*

⁴⁻¹ *Evaluating Internal Controls – A Local Government Manager's Guide.* (Gauthier, 1996).

in the Administration section requires a comprehensive and coordinated set of job descriptions to be maintained continuously by the Superintendent.

R4.4 Zanesville CSD should develop a formal preventative maintenance (PM) program for its bus fleet. A documented PM program will provide the transportation department and its administrators a management tool for monitoring and scheduling bus maintenance.

Currently, Zanesville CSD does not have a preventive maintenance policy for its transportation fleet. The District maintains all maintenance records manually for each separate bus. According to District staff, this process is very time consuming. As an additional means of tracking mileage and to ensure that maintenance is completed in a timely manner, the District uses its monthly invoices from Englefield (fuel supplier) to show mileage and gas usage separately for each bus.

While a manual preventive maintenance program could be developed, it would be time consuming and somewhat inflexible. A computerized preventive maintenance system should be used to help the District develop a preventive maintenance program for its fleet and ensure that scheduled repairs and maintenance are performed in a timely manner. At a minimum, fleet management systems should provide the following operational functions:

- Scheduling of preventive maintenance;
- Tracking of component warranties;
- Tracking of fuel and part inventories;
- Monitoring of fuel consumption;
- Provision of a work order process; and
- Producing timely and factual reports based on live data.

Fleet management software is available through several software vendors. VersaTrans Solutions, Inc. has developed the FleetVision, which complements the District's VersaTrans routing and planning software. The benefits of such a system would be seen in greater staff productivity, more accurate and timely information for decision-making about fleet maintenance and replacement, and an extension of the useful life of the fleet.

Financial Implications: If the District elected to implement the VersaTrans Solutions, Inc. FleetVision Single User preventative maintenance software (compatible with their current program), it would incur a one-time cost of approximately \$2,295 and an annual fee of \$595.

R4.5 Zanesville CSD should require fuel purchase logs for each vehicle that show the vehicle mileage, gallons purchased, price and date.

Zanesville CSD purchases fuel under the State Bid program through a three-year contract and price guarantee with Englefield Oil. It does not competitively bid or send out RFPs for this purpose. The District does not have a centralized tank, but fills up at the contractor's sites. Each bus is issued a credit card. Drivers input a security code specific to each bus. Englefield then sends a monthly statement detailing all purchases by bus. The District uses an access card and a gas card per bus, but written driver logs are not used and receipts are not issued. The District does restrict the number of gallons of fuel allowed within a 24 hour period.

According to the Government Accountability Office (GAO) publication, *Standards for Internal Control in the Federal Government*, internal control is an integral component of an organization's management. Further, the document states that internal control should be designed to provide reasonable assurance regarding prevention of or prompt detection of unauthorized acquisition, use, or disposition of an agency's assets. The current system, without logs of mileage or gallons purchased, makes the District more susceptible to undetected misuse of fuel resources.

Fuel purchase logs and signed receipts would enhance the internal control efforts of the District by providing a reconciliation process to ensure the appropriate use of the fuel procurement process by the employees and to provide a reconciling process for the fuel vendor invoices. This recommendation could be implemented at no additional cost to the District. However, the transportation secretary or supervisor would need to dedicate a small amount of time to reconciling logs and invoices to ensure the District is only paying for properly authorized fuel usage.

R4.6 Zanesville CSD should establish policies and procedures to ensure special education transportation costs are reported accurately to ODE, and reflect all applicable costs including bus maintenance, employee benefits, fuel, tires, and insurance. Accurate reporting of special education transportation expenses should increase Zanesville's special needs transportation reimbursement from ODE.

In FY 2002-03, Zanesville CSD did not report all of its costs for transportation, particularly those attributed to special needs transportation. The transportation forms (T forms) submitted to ODE totaled \$1,031,012, but Statement Q in the District's annual financial report (4502) noted total pupil transportation costs of \$1,056,160. In addition, the District reported approximately \$214,000 for special education transportation costs. After discussion with the treasurer and the transportation supervisor, it was determined that the District has not reported all costs associated with special education transportation; however, they were not able to determine where the error occurred.

Zanesville CSD's T-forms did not include the number of children transported who live less than one mile from the school. Also absent was information on payments in lieu of

transportation. In addition, the ridership reported in FY 2002-03 was lower than that reported in FY 2001-02 because the District reported actual riders, not eligible riders as it did in the prior year.

The ODE transportation reimbursement is equal to the actual cost of special education transportation up to six dollars per day per student, and 50 percent of its actual cost in excess of six dollars. This amount is then multiplied by the legislatively defined reimbursement percentage to arrive at actual district funding. The reimbursement rate was 55 percent in FY 2002-03.

Table 4-4 shows a comparison of the special needs reimbursement amount received by the District and the peers.

Table 4-4: FY 2003 Special Needs Transportation Costs and Reimbursement

	Zanesville CSD	Alliance CSD	Ashtabula Area CSD	Barberton CSD	Peer Average
Special Need Students	157	96	157	129	127
Special Needs Costs	\$ 213,119	\$ 123,872	\$ 175,685	\$ 181,840	\$ 160,466
State Reimbursement	\$ 61,334	\$ 65,688	\$ 130,341	\$ 80,420	\$ 92,150
Reimbursement Percentage	29%	53%	74%	44%	57%
Cost per Student	\$ 1,357	\$ 1,290	\$1,119	\$ 1,410	\$1,273

Source: Zanesville CSD and the peer district's T-11 forms and ODE settlement sheets for FY 2002-03.

Table 4-4 shows that Zanesville CSD transported approximately 24 percent more special needs students than the peer average. The District was reimbursed 29 percent of its total cost for special education students, which is 49 percent less than the peer average. Furthermore, its cost per student was 6.6 percent higher than the peer average. Zanesville CSD's lower reimbursement may be the result of not capturing all special needs transportation costs.

According to a recent report issued by the Legislative Office of Education Oversight (LOEO), accuracy problems for transportation-related data exist in a number of school districts, especially in terms of the number of students transported, daily bus miles traveled per student, and district transportation costs. These inaccuracies impact the districts experiencing financial hardships. LOEO determined that ensuring accurate reporting and confirming the receipt of full reimbursements is essential to supporting the transportation function. Without policies and procedures that identify the process for completing and meeting to review the T-forms for accuracy and completeness, Zanesville CSD risks submitting incorrect information, which can adversely affect its reimbursement from ODE.

Zanesville CSD's treasurer and transportation supervisor should work together to ensure that the full cost of pupil transportation, including special education transportation is

reported accurately to ODE. Full accounting of special education transportation costs will improve the District's reimbursement rate and reduce overall transportation costs to the General Fund.

If a district uses a bus for special education and regular needs routes, the district should pro-rate those costs. By implementing a cost tracking process Zanesville CSD can capture a greater percentage of special education transportation costs and will likely increase its reimbursement amounts.

Financial Implication: Zanesville CSD could have obtained approximately \$8,498⁴⁻² more in reimbursement for special education in FY 2002-03 if it had included pro-rated operational costs and additional personnel costs on the T-forms submitted to ODE.

R4.7 Zanesville CSD should develop a formal bus replacement plan and include it in its five year forecast. This plan should include the number of buses to be replaced each year, along with the age, mileage, and estimated replacement cost at the time of replacement. Further, the District should investigate and analyze alternative funding methods for bus purchases.

Zanesville CSD does not have a formal replacement plan. The transportation supervisor stated that the District replaces buses when they cannot pass State Patrol inspections. He also stated that the District replaces one bus per year using State allocated bus monies and funds provided by the General Fund.

In the Auditor of State report, *School District Performance Audits Legislative Update*, released in October 1999, AOS suggests that districts should prepare formal bus replacement plans to maintain an efficient bus fleet while keeping operating costs low. The plan should include the number of buses to be replaced each fiscal year, the average age of the buses at the time of replacement, the estimated cost of replacement and a financial plan on how the buses will be purchased, including an estimate for State Bus reimbursements.

There are no state guidelines for bus replacement beyond the requirement that the bus must be able to pass inspection. So long as a bus can pass inspection, a district may continue to use the bus for transportation regardless of age or mileage. Currently, there are no minimum State standards for the replacement of school buses, a general consensus among Ohio Department of Education (ODE) officials, private bus contractors, and

⁴⁻² Special needs students comprise 4.7 percent of Zanesville CSD's students transported in FY 2002-03. This percentage was applied to operational costs and additional personnel costs, including fuel, repairs and maintenance, and insurance. Additional personnel costs included the salaries of the mechanic, secretary, and transportation director.

transportation departments is that buses should be replaced at 12 years of age or 250,000-300,000 miles for diesel buses (200,000 miles for gasoline buses).

Zanesville CSD has 24 active buses used for pupil transportation. **Table 4-5** depicts those buses that are, or will be, 12 years old within the forecast period. The mileage estimates are based on the average miles per bus per year calculated by dividing the regular needs mileage by 25 buses (regular needs active and spare buses).

Table 4-5: Age and Estimated Bus Mileage

Bus	Engine Type	End of FY 2002-03	End of FY 2003-04	End of FY 2004-05	End of FY 2005-06	End of FY 2006-07	End of FY 2007-08	End of FY 2008-09	Year of Purchase	12 Yr. Date
37	Diesel	38,953	49,947	60,941	71,935	82,929	93,923	104,917	1991	2003
34	Diesel	208,769	219,763	230,757	241,751	252,745	263,739	274,733	1988	2000
2	Diesel	209,203	220,197	231,191	242,185	253,179	264,173	275,167	1986	1998
3	Diesel	273,017	284,011	295,005	305,999	316,993	327,987	338,981	1986	1998
38	Diesel	52,900	63,894	74,888	85,882	96,876	107,870	118,864	1991	2003
39	Diesel	41,432	52,426	63,420	74,414	85,408	96,402	107,396	1991	2003
40	Diesel	148,085	159,079	170,073	181,067	192,061	203,055	214,049	1992	2004
41	Diesel	144,801	155,795	166,789	177,783	188,777	199,771	210,765	1991	2003
42	Diesel	172,128	183,122	194,116	205,110	216,104	227,098	238,092	1991	2003
43	Diesel	169,042	180,036	191,030	202,024	213,018	224,012	235,006	1992	2004
44	Diesel	114,574	125,568	136,562	147,556	158,550	169,544	180,538	1994	2006
47	Diesel	123,488	134,482	145,476	156,470	167,464	178,458	189,452	1995	2007
48	Diesel	124,221	135,215	146,209	157,203	168,197	179,191	190,185	1997	2009
49	Diesel	120,570	131,564	142,558	153,552	164,546	175,540	186,534	1997	2009

Source: Transportation supervisor

Zanesville has three buses (in bold) that exceed both the expected life of a bus (12 years) and the total estimated mileage limit (250,000 miles on a diesel engine) during the forecast period.

Based on the mileage forecast, Zanesville CSD should continue to purchase one new bus each year of the forecast. The average cost per bus is expected to be \$60,000. ODE's *FY 2004 Bus Purchase Report* shows a payment of \$35,018 was made to the District for bus purchases. Therefore, Zanesville CSD's General Fund support would be approximately \$25,000 or 41.7 percent of the cost of a yellow bus.

Financial Implication: The annual cost to the District's General fund would be approximately \$25,000 assuming a consistent level of state funding for bus replacement.

Financial Implications Summary

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

Summary of Financial Implications for Transportation

Recommendation	Annual Cost Savings	Estimated Annual Costs	Estimated One-time Implementation Costs
R4.2 Salary Allocations	\$31,023		
R4.4 Preventive Maintenance Software		\$595	\$2,295
R4.6 State Reimbursement	\$8,498		
R4.7 Bus replacement		\$25,000	
Total	\$39,521	\$25,595	\$2,295

Technology Utilization

Background

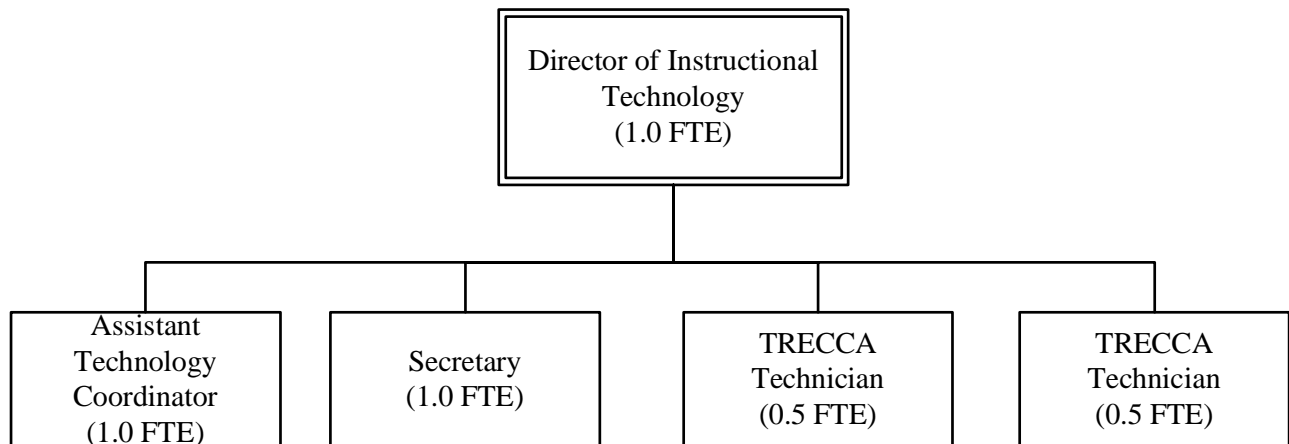
Organizational Function

The technology utilization section focuses on technology functions within the Zanesville City School District (Zanesville CSD). The objectives of this section are to assess staffing and processes, planning, computer hardware and software, and other components of instructional and management information systems to development recommendations to increase effectiveness and efficiency for technology operations.

Organizational Chart and Staffing

Technology implementation and management at Zanesville CSD are performed by District technology staff. The organization and staffing in full-time equivalents (FTE) is shown in **Chart 5-1**.

Chart 5-1: Zanesville CSD Technology Organizational Chart



Source: Director of Instructional Technology and Information – Zanesville CSD

The director of instructional technology and information management (DIT) reports to the superintendent. The DIT supervises four employees, including an assistant technology coordinator, secretary, and two technicians. The District contracts with Tri-Rivers Educational Computer Association (TRECA) for the two technicians who work a combined total of 40 hours a week (1.0 FTE).

Organizational Function

Zanesville CSD's technology department supports the District's instructional and administrative technology. The DIT implements technology plans, develops a technology budget, and collaborates with curriculum committees to procure equipment and software. The DIT, assistant technology coordinator, and TRECA technicians provide maintenance and support for hardware, software and network technology. Zanesville CSD's technology department also assists with collecting and submitting EMIS data, conducting technology training and coordinating proficiency testing.

Zanesville CSD developed a 3-year technology plan for FY 2003-06. The plan contains district educational and operational goals and strategies, and addresses areas such as software, professional development, staffing, network infrastructure, and curriculum standards for technology. A technology committee comprised of the DIT, administrators and teachers developed the plan. The District monitors the technology plan annually through the Continuous Improvement Plan (CIP).

The District has established various policies to ensure privacy and appropriate use of technology. Zanesville CSD permits students and staff to use District technology for District business purposes only and policies state that personnel are not allowed to copy software or bring software from outside sources. All Internet users (and their parents if they are minors) are required to sign a written agreement to abide by Internet policies.

Summary of Operations

Key components of District technology operations include technical support, planning, technology policies, professional development, network architecture and communications, and budgeting for hardware/software equipment and maintenance.

The District maintains servers which perform different technology functions such as running student software, performing printing operations, backing up data, storing student data, and operating the phone system. The District has a firewall, internet and e-mail filtering software, and virus software installed. The District uses TRECA (Data Acquisition Site) as its Internet Service Provider (ISP). Zanesville CSD has a web-site which contains information such as current events and press releases, a school calendar, directory list of phone numbers and

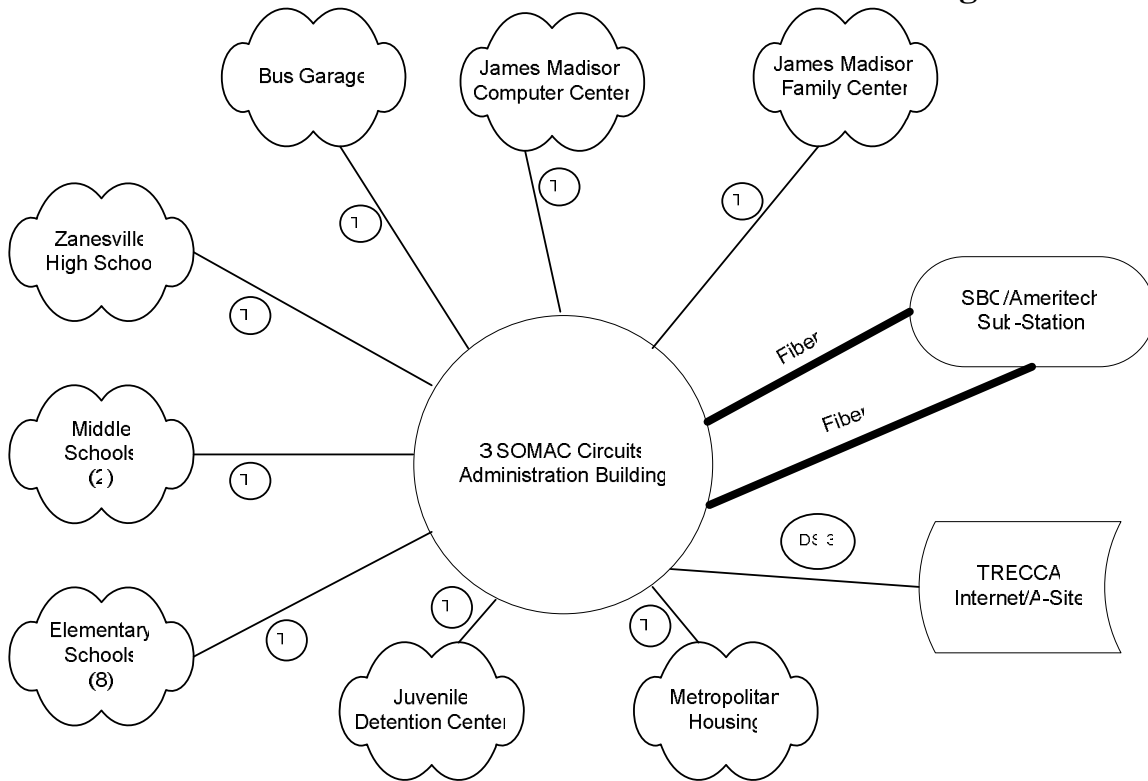
information on board members and administrators. Teachers and staff are all provided e-mail accounts.

Technical support duties, carried out by TRECA contracted staff and the assistant technology coordinator, involve repairing and installing hardware, and installation and configuration of the District's voice and data networks. Additional maintenance contracts for support include phone systems, the network and Internet filtering. The DIT has funds set-aside in the budget for the professional development of technical support staff.

The DIT works with the director of instruction to develop technology professional development programs for teachers. The District uses a train-the-trainer model to train teachers on new software. A software company representative trains key teachers for each building, who then train the rest of the staff. External technology training options are available through universities, the District's Educational Service Center (ESC), TRECA, Ohio Department of Education (ODE) and other sources. Funding for technology professional development for teachers comes from State and Federal grants.

Zanesville CSD currently connects 11 school buildings, James Madison Computer Center, James Madison Family Center, Muskingum County Juvenile Detention Center, Coopermill Manor Metropolitan Housing, TRECA, Construction Trailer, and the Bus Garage via T-1 lines. All T-1 connections are channeled through an OC-3 SONET Ring, network configuration, located at the administrative building, and then from the administration building to the TRECA (Data Acquisition Site) Internet Service Provider. The circuits to TRECCA are three individual SOMAC DS-1 circuits. In addition, fiber cables connect the District to the SBC/Ameritech sub-station. Fiber cables are capable of carrying voice and data for network communications. The bandwidth for fiber cables varies with frequency and distance. **Chart 5-2** depicts Zanesville CSD's Wide Area Network (WAN) diagram.

Chart 5-2: Zanesville CSD Wide Area Network Diagram



Source: Coordinator of instructional technology – Zanesville CSD

Note: SOMAC Circuits are State of Ohio Multi Agency Circuits.

Zanesville CSD has over 4,600 users accessing the network, including all students as well as instructional, administrative and support staff. Access to the network is controlled using identification and passwords for all system users. **Table 5-1** outlines the number of buildings connected to the District’s network as well as the total number of users at each of those buildings.

Table 5-1: Network Users

Building/Grade Level	Number of Buildings	Number of Users		
		Students	Staff/Teachers ¹	Total
Elementary Schools	8	2,435	175	2,610
Middle Schools	2	676	60	736
High Schools	1	1,121	70	1,191
Administration	1	N/A	74	74
Other ²	2	19	0	19
Total	14	4,251	379	4,630

Source: Zanesville CSD Coordinator of Instructional Technology; EMIS; and BETA Survey

¹ Elementary schools, middle schools and high schools include teachers in the school buildings; administration includes administrators in the school buildings and Board Office.

² Other category includes James Madison Family Center and Muskingum County Juvenile Detention Center.

Financial Data

Zanesville CSD receives most technology funding from local sources (General Fund) and State grant funds. The District also receives E-Rate discounts on utility costs related to telecommunications services, Internet access and internal connections. In FY 2003-04, the discount was \$118,353. E-Rate is funded through a Universal Service fee charged to companies that provide interstate and/or international telecommunications services and is managed by the Universal Service Administrative Company at the direction of the Federal Communications Commission. **Table 5-2** is a matrix that shows the technology General Fund budget appropriation and State grant appropriation funding components.

Table 5-2: Technology Appropriations FY 2003-04

Appropriations/ Fund	Salaries/Benefits	Purchased Services	Supplies and Materials	Capital Outlay	Other	Total
Local Funds						
General Fund	\$179,725	\$251,982	\$52,746	\$89,772	\$0	\$574,225
Local Total	\$179,725	\$251,982	\$52,746	\$89,772	\$0	\$574,225
State Funds						
SchoolNet ¹		\$100,650				
One-Net ²		\$42,472				
State Total		\$143,122				
Total All Funds	\$179,725	\$395,104	\$52,746	\$89,772	\$0	\$717,347

Source: Zanesville CSD Treasurer

¹ SchoolNet administers Ohio's educational technology programs to meet district-needs with services that focus on technical training, teacher professional development, procurement, product evaluation, servicing, maintenance, repair, and disposal.

² ONE-Net is a State technology program designed to expand and improve the existing data network by providing a minimum network capacity in all schools, while expanding the ability of the network to support advanced voice, video, and data applications.

Table 5-2 shows that purchased services appropriations comprise 55 percent of total technology appropriations. Significant purchased services appropriations include maintenance contracts, approximately \$96,000, repairs (\$36,000), circuits (\$113,000), and equipment purchased through SchoolNet programs (\$143,000). The maintenance contracts include phone service, TRECA professional development, server maintenance, and Internet filtering. State grants include SchoolNet and One-Net, and are budgeted to purchase equipment and pay TRECA fees. Capital outlay appropriations fund new network and computer hardware, network leases and equipment replacement. District technology costs are offset by E-rate funds (discounts) which are applied to telecommunication expenses. Zanesville CSD estimates that E-rate discounts are about \$118,000 annually.

Noteworthy Accomplishments

- Zanesville CSD receives about 39 percent of its technology funding from grants. This exceeds the peer average by 15 percent. The District received grant funds from Schoolnet, OneNet, Title II-D, Assistant Tech Infusion, and Tech. The District also received E-rate discounts in FY 2001-02, FY 2002-03, and FY 2003-04 of \$70,800, \$165,300, and \$118,400, respectively. To ensure a continuation of high levels of grant funding, Zanesville should consider creative alternatives, including partnerships with business and higher education, as well as private and federal funds like Raising the Bar grants and grants from the Martha Holden Jennings Foundation. Many teaching resource Web sites like E-School News (www.eschoolnews.com) and the United States Department of Education (www.ed.gov/fund) provide lists of grant resources

Assessments Not Yielding Recommendations

In addition to the analyses presented in this section, assessments were conducted on other areas within the technology section that did not warrant changes and did not yield any recommendations.

- **Turnover:** The District has not experienced issues with turnover in the technology staff.
- **Network Sniffing Tools:** The District has purchased network sniffing software for network monitoring.
- **Security:** The District has developed computer and Internet usage policies to guide staff and student use of computers. The District also has virus protection software and Internet filtering software to ensure security and appropriate use of computers.

- **System Integration:** Payroll, fiscal, and human resources data is integrated using TRECA (A-Site) software. The District is implementing a project for new student information system software (SASI), which will allow teachers to access student data from their computers.
- **Applications:** The District has invested in Citrix, SASI, and NovaNet to help better manage its applications and student information, and expand secondary-student learning opportunities. Citrix is an application that allows the use of licensed software on a network instead of individual desktop computers. SASI is a comprehensive student information database that has improved the consistency of student information within Zanesville CSD. Lastly, NovaNet is an on-line learning tool designed for secondary school students. These applications are discussed in **Table 5-4**.

Recommendations

Staffing and Organization

- R5.1** The District should consider hiring a full-time technician to provide technical support for the District’s computer and network systems. Zanesville CSD’s technology staffing levels should be based on a formula-driven methodology which creates a basis and rationale for technology staffing. Considerations for the staffing formula include the number of computers and peripherals supported, number of buildings, number of network connections, number of applications supported, and number of operating systems. Technology staffing should be prioritized so that technology downtime is minimized and staff and students readily can depend on the District’s technology. Technical support duties would include repairing and troubleshooting equipment, and maintaining software and hardware.

Zanesville CSD’s technology staffing levels are not based on a formula-driven methodology. Limited funding for hiring additional staff has also constrained the District’s ability to hire additional technology staff. According to the director of instructional technology, formula driven assumptions are difficult to apply to Zanesville CSD’s situation because its infrastructure is always changing, and technicians are required to have knowledge of a wide variety of equipment, including thin clients, software applications deployed via Citrix farm, computers, peripherals, and voice, and video services. The International Society for Technology in Education (ISTE) recommends using a formula based system to determine staffing, even if the formula does not place the organizational at an optimal staffing level. The Consortium for School Networking (CSN) recommends a computer to technician ratio of 500 to 1 in a closely networked environment. Without using a formula-driven system to base technology staffing levels, Zanesville CSD does not have a rationale on which to base staffing levels. If new buildings are constructed and new computer equipment purchased, a formula-based system provides a rationale for adjusting staffing levels to support new equipment and users.

Table 5-3 presents technology staffing levels for Zanesville CSD’s technology department and the peers.

Table 5-3: Technology Staffing

Position	Zanesville CSD ¹		Alliance CSD ²		Ashtabula Area CSD ³		Barberton CSD ⁴		Peer Average	
	Staff	FTE	Staff	FTE	Staff	FTE	Staff	FTE	Staff	FTE
Director	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Technician/Help Desk	2.0	2.0	1.5	1.5	3.0	3.0	4.0	2.8	3.0	2.4
Database/Computer Operator	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Office Assistant	1.0	1.0	0.0	0.0	0.0	0.0	1.0	1.0	N/A	N/A
Total	4.0	4.0	2.5	2.5	4.0	4.0	6.0	4.8	4.0	3.76
Students per Technician FTE (ADM) ²	2,112		2,159		2,539		1,471		1,641	
Computers per Technician FTE ³	692		693		500		689		612	

Source: Zanesville CSD and peers

¹ Zanesville CSD’s assistant technology coordinator (1.0 FTE) provides technical support, along with 2 TRECA employees (1.0 FTE).

² Alliance CSD’s support staff includes a network technician (1.0 FTE) and a part-time network intern (0.5 FTE).

³ Ashtabula CSD’s support staff includes a network administrator (1.0 FTE), network specialist (1.0 FTE) and workstation specialist (1.0 FTE).

⁴ Barberton CSD’s support staff includes a technical system specialist (1.0 FTE), maintenance specialist (1.0 FTE), technical specialist (.42 FTE) and part-time support contract employee with Northeast Ohio Network for Educational Technology (NEOnet) (.35 FTE).

⁵ Students per technician FTE were calculated using Average Daily Membership (ADM) for FY 2003-04 divided by Technician/Help Desk FTE for Zanesville CSD and peers.

⁶ Computers per technician FTE were calculated using number of total workstations divided by Technician/Help Desk FTE for Zanesville CSD and peers.

Zanesville CSD’s number of computers per technician is close to Barberton CSD and Alliance CSD. Ashtabula CSD has a lower number of computers per technician because the district employs a network administrator counted in the technician/help desk category. Although Zanesville CSD is comparable to the peers for computers per technician FTE, the District does not meet the Consortium for School Networking (CSN) ratio of 500 to 1. Hiring 1 FTE for technical support would change Zanesville CSD’s computer to technician ratio to 461 to 1, which is closer to the CSN standard. Increasing staffing levels should reduce the time it takes for support requests to be closed, facilitate the repair of equipment, and improve customer satisfaction.

Financial Implication: Hiring 1.0 FTE technician would cost the District approximately \$47,500 annually, which includes salary and benefits.

R5.2 Zanesville CSD should establish a help desk to centralize the intellectual capital of the department and allow for efficient deployment of technical resources. At minimum, the District should ensure its technical support procedures and database can effectively identify critical support needs and clarify expectations for users. The

District should re-evaluate its on-line help desk software to determine the benefit of processing support requests on-line and whether additional personnel are needed to monitor and manage the system.

Zanesville CSD does not have a help desk due to limited funding. Furthermore, the DIT indicated that the technology department has developed a database that tracks requests for support. Requests for support come in the form of e-mails or phone calls. The technology department then prioritizes each request, with the first priority given to technical problems that affect instruction. The District tried on-line help desk software, but the DIT indicated that the software took too much time to manage. Without a help desk, technical support resources may be inefficiently deployed and increased time may be required to complete repairs and troubleshoot equipment.

ISTE states the most efficient and effective support practice in the industry is a help desk for the first line of defense. ISTE indicates that even in small school districts, the help desk is an essential component of an effective support system. Help desk practices include establishing an escalation process or method of prioritizing requests, and an electronic trouble-ticketing system. An escalation process should include three or more steps of escalation, and a clear path for resolution. An electronic trouble-ticketing system ensures all technical issues are resolved and can assist a technology department in identifying strengths and weaknesses. Response time and consistently used solutions can be evaluated.

Peers also do not have staff to manage a help desk, but two of the peers have plans to use on-line help desk software. Ashtabula CSD has purchased an on-line help-desk solution. Barberton CSD's technology plan indicates the District wants to acquire a web-based database where building technology coordinators in the school buildings enter repair requests and can view their order in the queue.

Establishing a help desk improves customer service to teachers and staff because a designated individual is available to answer user technology questions. Help desk personnel enter call information into a trouble-ticketing system, which tracks response time and service information. Zanesville CSD's technology department would be able to use this information to identify strengths and weaknesses of its operations. Help desk personnel would also be able to determine the priority of the call quickly, resolving less-complex questions over the phone, while assigning more complicated problems to the DIT or technicians.

Since the number of technicians/helpdesk personnel for the District is slightly greater than the peer average (see **Table 5-3**), a recommendation for additional staff in the technology department should be closely considered before implementation in light of Zanesville's current financial condition. Hiring an additional technician would cost the

District approximately \$47,500 annually, which includes salary and benefits. However, the District should first review current clerical and academic responsibilities and seek to assign helpdesk duties to other staff. This option would not increase salary and benefit costs, but may add to training expenditures, as each person assigned would need additional training.

R5.3 The District should develop an on-line knowledgebase to help resolve technical issues. An on-line knowledgebase assists users in resolving simple technical problems. An on-line knowledgebase would allow users to access a history of solutions to common technical problems. Users would learn and apply solutions themselves by becoming less reliant on technology staff to solve technical problems. The technology department could then focus on more complex network and hardware problems.

Zanesville CSD does not have an on-line knowledgebase to help resolve technical issues. The DIT indicated that developing an on-line knowledgebase is not currently a priority because their focus is on other priority projects, such as implementing and testing SASI software.

ISTE indicates that an easy to use and searchable knowledgebase is critical to empower users to solve simple problems themselves. An on-line knowledgebase grows with the organization, and can develop based on trend data in the database or electronic trouble-ticketing system used to track technical issues. Without an on-line knowledgebase, technology support staff may spend extra time troubleshooting problems that are simple in nature, when they should be focusing on technical issues that are more complex.

Zanesville CSD can begin to implement an on-line knowledgebase by first tracking and cataloguing technical issues and related solutions. The District would then place these compiled solutions to common technical problems on its Website so users could access them. Additionally, computer manufacturers such as Apple provide on-line guidelines for troubleshooting that could be made available to all users.

Planning and Management

R5.4 Zanesville CSD should link funding for technology projects to the District technology plan. Linking funding to the District technology plan provides a method for the District to better identify and monitor costs. Recommendations are more likely to be implemented if specific costs are identified.

The District has a Board-adopted technology plan that contains educational and operational goals and strategies, but the plan is not linked to funding or budget requests. **Table 5-4** lists Zanesville CSD technology initiatives contained in the technology plan.

Table 5-4: Zanesville CSD Technology Initiatives

Initiative	Description
Successmaker	Students in grades K-8 use Successmaker for supplemental practice in mathematics. Successmaker is also used in reading instruction in grades K-6 to improve comprehension and vocabulary.
Electronic Resources	Electronic resources are available at all grade levels for supplemental instruction and resources. This includes subscriptions to INFOhio, a state-funded resource providing educational materials to teachers and students.
Community Technology Centers	Community Technology Centers provide community access to technology in the evenings. The centers are located at the high school, James Madison Family Center, and Coopermill Manor Housing Development.
Citrix	Citrix will allow the District to employ desktop applications for all employees and students via the Internet. Some examples are Microsoft Office and Filemaker. Faculty, administrators, and students will have access to their documents both at school and home.
SASI	SASI is a student information system that will allow teachers to access student information through their computers. Administrators will also have access to the records, as well as scheduling, attendance and enrollment data.
NovaNet	The NovaNET system delivers interactive online curriculum, testing, assessment, student management, and record-keeping, designed specifically for middle and high school learners. It includes thousands of hours of basic skills, middle and high school English, mathematics, science, social studies, electives, ESL, GED preparation, SAT/ACT preparation, life skills, school-to-work, and post-secondary curriculum and assessment programs are aligned to national and state standards.

Source: Zanesville CSD technology plan

The Florida Office of Program and Policy Analysis and Government Accountability (OPPAGA) states that a district’s annual budget should provide funds for major technology initiatives reflected in the plan. If budgeting is not linked to the technology plan, there is no assurance that recommendations in the plan can be implemented.

The technology initiatives listed in **Table 5-4**, as well as future technology initiatives, should be tied to funding sources to ensure implementation and continued support. Setting aside funds for instructional and administrative support, on-going infrastructure improvements and other technology resources help ensure adequate funding of technology support and equipment upgrades. This recommendation could be accomplished within the District’s current staffing and funding levels.

R5.5 Zanesville CSD should formally document evaluation and cost/benefit analyses for technology projects. Performing evaluation and cost/benefit analyses for technology projects ensures that equipment purchased is appropriate, low cost, and meets the needs of the District. One method of cost analysis is to incorporate the concepts of total cost of ownership (TCO) into budgeting for technology purchases.

The District has limited formal information on technology purchases showing that evaluation and cost analyses were performed. The DIT provided cost evaluation information on the thin-client project. Because the Citrix and SASI technology projects did not generate quantifiable cost savings, though, formal analyses were not included for these projects.

According to the DIT, the District purchases computers directly from Apple Computer, Inc. and Dell Computer, Inc., both of which market directly to public school districts. All computer prices are predetermined by Apple Computer Inc. and Dell Computer Inc. through negotiated agreements with Ohio SchoolNet and the Department of Administrative Services (DAS).

OPPAGA best practices recommend districts use the results of research and evaluations of previous decisions to identify technology that will best meet instructional and administrative needs. According to OPPAGA, school districts should consider future support, operating, maintenance, and disposal costs when it acquires technology. Without documented information on the evaluation and cost analysis for technology purchases, there is a risk the District will purchase equipment that is more costly and does not meet District needs.

One method of conducting evaluation and cost analysis for technology purchasing is through the use of TCO concepts. The underlying idea behind TCO is that budgeting for technology purchases should include not only the up-front cost to purchase the hardware and software, but also the long-term costs for operating and maintaining the equipment such as professional development, support and replacement costs. In the Consortium for School Networking (CSN) report, “A School Administrators Guide to Planning for the Total Cost of New Technology”, an example of a checklist for technology budgeting is provided, along with TCO practices. **Table 5-5** shows the categories contained in the technology budgeting checklist used by Zanesville CSD compared to TCO practices. A “TCO Savvy” district refers to the best practice, while “Doing the Best We Can” would refer to a district needing improvement in that area.

Table 5-5: Zanesville CSD Compared to TCO Practices

	Zanesville CSD	“TCO Savvy” District	“Doing the Best We Can”
Professional Development	8.4% of its budget to staff development (see R5.11).	15 to 30% of its budget to staff development.	Provides some staff training, but not at times that are convenient or when staff is ready to put the lessons to work.
Support	One support person per 692 computers (see R5.1).	One support person per 500 computers in a closely networked environment.	Relies on a patchwork of teachers, students and overworked district staff to maintain network and fix problems. Does not track the amount of time the network is down or computers are not in use.
Software	Standardizing distribution of software via the upgraded servers and Citrix application. However, a standard software inventory has not been developed (see R5.8)	Recognizes the greater diversity of software packages, the more support will be required. Provisions are made for regular upgrading of software packages	Utilizes centralized software purchasing, but choice of application and respective support left to individual schools and staff members.
Replacement Costs	Has not adopted a regular equipment replacement schedule (see R5.6).	Budgets to replace computers on a regular schedule, usually every 5 years, whether leased or purchased	Plans to replace computers when they no longer can be repaired
Retrofitting	The District is constructing new school buildings. Phase I, involving the construction of two middle schools and one elementary schools, is scheduled for completion in 2005. Phase 2, involving the construction of a new high school and four elementary schools, is scheduled for completion in 2008.	Considers technology improvements needed when schools are built or renovated.	Understands minimum and recommended requirements for electrical and other infrastructure improvements and incorporates them when finding is available.
Connectivity and Integration of Equipment	Has upgraded its servers with Citrix, which will allow the District to employ desktop applications via the Internet. However, the lack of a regular equipment replacement schedule would affect future plans to upgrade the network.	Plans its network to provide connections that provide enough bandwidth to manage current and future needs, especially multi-media applications.	Has the bandwidth it needs today, but has no plan for scaling it upward as demand grows.

Source: Consortium for School Networking (CSN)

In **Table 5-4**, Zanesville CSD is not a “TCO Savvy” district in the areas of professional development, support, software and replacement costs. Zanesville CSD spent approximately 8.4 percent of its budget on professional development, which does not meet the CSN standard of at least 15 percent. The District has not implemented on-line technology professional development for teachers and staff (see **R5.12**). Also, the District employs only one support person per 692 computers, which does not meet the CSN standard of one support person per 500 computers.(see **R5.1**). District technology staff will also be required to support additional equipment, including the IP-based voice, data, and communications system, when the new middle schools and elementary schools are completed. The District is standardizing the distribution of software, but has not developed a software list (see **R5.8**). Further, Zanesville CSD has not adopted a regular equipment replacement schedule (see **R5.6**). The CSN standard is to replace computers on a regular schedule, usually every 5 years. ISTE recommends school districts replace equipment according to a 3-5 year cycle, either by leasing or purchasing equipment. According to the DIT, for categories such as support and replacement costs, limited funding is the reason the District does not meet best practices.

If Zanesville CSD is able to bring its performance in the above areas to best practice standards, it can decrease its total cost of ownership. This can be achieved by investing in training for personnel to increase their ability to better use the technology provided to them, and to heighten the technology department’s ability to respond to support requests. Also, standardization of software can reduce costs (see **R5.8**) by reducing redundant or incompatible purchases. Finally, identifying and formally documenting the non-financial benefits of technology enhancements could help the District better communicate financial decision-making to its stakeholders.

R5.6 Zanesville CSD should adopt a systematic 5-year replacement cycle to upgrade its equipment. Adopting a 5-year replacement cycle to upgrade equipment should reduce support costs and ensure students have the most current technology available. In many cases, service agreements are for a three-year period and planning for technology replacements within this time frame can result in reduced repair costs for hardware. Finally, although Zanesville CSD uses SchoolNet and purchases its computers through the State contract, it should consider seeking independent bids to ensure it is receiving the best price for technology equipment.

Zanesville CSD has not adopted a systematic replacement cycle to upgrade equipment, which includes approximately 1,384 computers. It replaces equipment sporadically, based on available funding. According to the DIT, older computers are moved to classrooms where they can best be utilized. For example, older system requirements may be sufficient to operate an application in one classroom, but will not have the capacity to run a program in its current location. Currently, the average age of computers within the District is 6.28 years. The District purchases its computers through SchoolNet which

negotiates a price for all participating districts with select vendors. The District does not collect independent bids for technology purchases.

ISTE recommends school districts replace equipment according to a 3-5 year cycle, either by leasing or purchasing equipment. The CSN standard is to replace computers on a regular schedule, usually every five years. The coordinator for instructional technology indicated the District ideally would like to adopt a three-year replacement cycle for equipment, but there is limited funding for technology replacement. In the District technology plan, staff expressed concern over the age of computers, especially at the elementary school. If a replacement cycle is not adopted, equipment becomes obsolete, and staff time and costs for troubleshooting and support increase.

Table 5-6 shows a scenario for a 5-year computer replacement plan, assuming the District replaces approximately 200 computers per year, starting with the oldest computers first. Costs for the replacement cycles shown in the table, as well as other options, are highlighted in the bulleted list below.

Table 5-6: 5-Year Computer Replacement Plan

Year Purchased ¹	2004-05 ²	2005-06	2006-07	2007-08	2008-09	2009-10
1996	177					
1997	23	200				
1998			136			
1999						
2000			54	49		
2001				109		
2002				64		
2003						
2004						
2005						
2006						200

Source: DIT – Zanesville CSD

¹ This column shows the year computers were purchased. For example, in 1996, the District purchased 177 computers.

² The columns 2004-05 through 2009-10 represent the replacement schedule by fiscal year. For example, in 2005-06, 200 computers purchased in 1997 would be replaced. In FY 2009-10, the 200 computers replaced are the computers purchased in FY 2004-05 that are now 5 years old.

A second scenario could be considered if the District moves to a thin-client technology structure. According to the DIT, thin-client technology will not work to replace all systems, because, in many cases, the students need the capabilities that are offered by a fully configured workstation. Thin-clients would be installed based on the teacher and student technology requirements. The idea behind thin-client computers is to centralize computing power, storage, applications and data on servers and provide users with a simple “client” device that is easy to install and requires no hands on maintenance. The

client connects to the server through the network to run applications, access files, print, and perform services available to ordinary computers. The Zanesville CSD DIT also provided cost information for thin-client computers.

Based on the scenarios presented, the District should consider one of the following four options.

- *Option 1:* Adopt a five-year cycle and replace 200 computers each year (**Table 5-6**). The annual replacement cost for this option would be approximately \$240,000, based on an average cost of \$1,200 per workstation paid in the District's latest computer purchase.
- *Option 2:* Adopt a ten-year cycle, but only replace 100 computers a year. This option would push the replacement of a portion of the older computers beyond the recommended life cycle. Option 2 would have an annual replacement cost of \$120,000.
- *Option 3:* Replace computers, as shown in **Table 5-6** with thin-client workstations. According to the DIT, the Windows XP thin-client workstations would cost approximately \$785. Therefore, Option 3 would have an annual replacement cost of approximately \$157,000, excluding the cost of any required server upgrades. Support requirements may also be diminished as thin-clients do not require the same level of support as desk-top computers.
- *Option 4:* Replace older computers with thin-client workstations, but at the slower pace of 100 computers per year. The cost for Option 4 would be about \$78,500, excluding the cost of any required server upgrades.

Financial Implication: The District should consider implementing option three; installing thin-client workstations. The annual cost to implement this recommendation is approximately \$157,000.

R5.7 Zanesville CSD should develop a quality assurance system that tracks downtime, quality service, and response to customer feedback. A quality assurance system provides a method to measure customer satisfaction of end-users with technical support services. District technology staff should track user concerns using a database or other software. The District also should incorporate information from the SchoolNet Biennial Education Technology Assessment (BETA) survey and the technology committee to perform quality assurance, and should document issues with service quality to identify areas for improvement.

Zanesville CSD has not implemented a quality assurance system. Components of a quality assurance system may include customer surveys, a help desk, software to track customer issues, and reports that monitor network/system performance. The District has not fully implemented or used customer surveys or a help desk and software to track customer issues. The District has used a network sniffer program to gather baseline data to gauge the health of the District's Wide Area Network (WAN) and Local Area Network (LAN). Without a quality assurance system, technology staff does not have a method to measure customer satisfaction of end-users with technical support services. To implement a quality assurance system, the District should use tools that include customer surveys, software to track customer issues, and network/system performance reports to track and compile performance information over time.

Also, Zanesville CSD reports information about technology to SchoolNet as part of the BETA Teacher, Building and District Surveys but does not use this information to actively evaluate the technology services within the District. The teacher component of the survey explores teacher and student use of technology that could be used for quality assurance. Topics covered in this section include professional development, leadership contributions to technology, technology use in instruction, technology to manage classes and technology support. Furthermore, if the BETA survey was used by Zanesville CSD to monitor user satisfaction with technology and support services, the technology department could glean valuable information from the survey results without incurring additional costs. Without a quality assurance system that monitors problems and resolutions, the same problems reoccur. A quality assurance program should provide a systematic way for the District to gauge user opinion and improve technology department operations.

Software and Hardware

R5.8 The District should formally adopt the Citrix software list as a software inventory list with guidelines to help direct technical support. A software list with guidelines for support should be clearly communicated to District staff so that support activity matches user expectations.

The District does not have a formal software inventory list with guidelines for technical support. Citrix acts as its inventory because, as the DIT explained, District staff understands that the software listed through Citrix is the only software the District will support. The informal nature of the Citrix list may lead to a diminished user understanding of the types of support provided for current software.

A software inventory list shows software by category, such as productivity, graphics, or academic, and includes information on the vendor/developer, system requirements, and version. A software inventory list also provides administrators and technology staff a tool

to review the purchasing of software applications to ensure software meets current student needs and whether software is available and supported by the District's technology staff. The department of instructional technology only maintains an inventory of the licensed software purchased by the administrative center, and licenses for all Microsoft applications. This does not include instructional software.

A software inventory list provides information for users on the types of programs that are supported and which is not supported or is prohibited. A complete software inventory list also helps track inventory, warranties, support information and upgrades. ISTE states that it is important to establish guidelines for support that help direct the purchase of software, and establish reasonable expectations for staff. Guidelines are developed along with a list of software with different categories and expected action.

Developing a software list involves compiling a list of supported administrative and instructional software applications. To inventory instructional software, building principals may have to be contacted to learn what types of instructional software is available at each building. However, these tasks could be completed within existing resources. The department of instructional technology can use the Citrix list as a base for the inventory and add instructional technology it plans to support to the list.

R5.9 Zanesville CSD should place technology information on its website so that users have access to technology support information. Web site information could include technical support procedures, hardware and software standards, computer usage and donation policies, technology plans, and training information. Placing technology information on its website would improve communication between the technology department and administrators, teachers, students and the community.

Zanesville CSD's Website does not contain technology information such as computer usage and donation policies, its technology plans, hardware and software standards, technical support procedures, or training information. The coordinator of instructional technology indicated that placing technology information on the District's Website is not a priority at this time because of other projects, such as implementing and testing SASI software.

OPPAGA recommends the use of use web technologies, such as Internet and intranet sites, and e-mail to improve and enhance communication between stakeholder groups such as schools, districts, the State, parents and the community. Alliance CSD provides different technology resources on its website, including Board policies, technology department services, and an on-line knowledgebase. Without access to technology information on its website, users may not be adequately informed on District technology standards and policies.

Placing technology information on-line involves scanning or downloading technology information onto its Web-site. Most technology information, such as technology plans and policies, should be readily available and may already be in electronic format. Placing technology information on-line allows users to access technology information on the District's Website, and understand the technology services provided, learn policies governing Internet usage, and view technology software and hardware standards. Lastly, it will better communicate the District's emphasis on technology to its stakeholders.

R5.10 Zanesville CSD should develop and implement a formal policy for donated technology equipment. The policy should include clear descriptions of basic standards and should be tied to overall District hardware standards defined by technology staff. The policy should be placed on the District's website (see R5.9), and communicated to all involved staff and potential donors to ensure consistent implementation.

Currently, Zanesville CSD has a donation policy for equipment donated from outside parties, but it is not specific to technology. The DIT indicated that the District generally tries to avoid accepting donations because the equipment may be old and may not meet District standards. However, equipment donations are one alternative for acquiring needed equipment in school districts that have limited funding. ISTE recommends guidelines should be established requiring that all donations meet District brand, model, and specification guidelines, and be less than two years old. Without formal donation policies specific to technology, Zanesville CSD may receive outdated equipment of little direct benefit. Therefore, it is important to ensure that such equipment meets that needs of students and teachers and does not result in any additional costs to Zanesville CSD in areas such as software and maintenance.

A clear donation policy outlines technology equipment standards that donated equipment should meet in order to be accepted by the District. Equipment standards may include speed, operating system, supported software, memory, connectivity, and brand names accepted. The policy should note that if equipment is not in good working order, it will not be accepted. A clear donation policy ensures the District does not accept obsolete equipment that does not meet District standards.

Security

R5.11 Zanesville CSD should develop a disaster recovery plan. Developing a disaster recovery plan prepares an organization for recovery from a breach in security, a natural disaster (fire, flood, etc.), or other catastrophic event as quickly and efficiently as possible.

Zanesville CSD does not have a written disaster recovery plan. The DIT indicated that the District is currently working on developing a plan. He also indicated that the District has a tape-magazine system that backs up all District data each day. The data back-up includes servers, network servers, curriculum servers, e-mail, and other databases such as transportation. TRECA also has procedures to back up administrative, fiscal, and payroll data. Without a disaster recovery plan, the District does not have clear steps to follow in the event of a disaster, resulting in additional time and resources spent on recovering data and repairing systems.

According to the National Center for Educational Statistics, school districts should establish disaster recovery plans to safeguard data. A district should have a team established to develop the plan and procedures to test the plan on an on-going basis. The National Center for Educational Statistics developed disaster recovery elements found in **Table 5-8**. These outline the provisions that should be included in a disaster recovery plan.

Table 5-8: Key Elements of a Disaster Recovery Plan

Build Disaster Recovery Team	Identify a disaster recovery team that includes key policy makers, building management, end-users, key outside contractors and technical staff.
Obtain and or approximate key information	Develop an exhaustive list of critical activities performed within the district. Develop an estimate of the minimum space and equipment necessary for restoring essential operations. Develop a time frame for starting initial operations after a security incident. Develop a key list of personnel and their responsibilities.
Perform and/or delegate duties	Create an inventory of all assets, including data, software, hardware, documentation and supplies. Set up reciprocal agreements with comparable organizations to share each other’s equipment in an event of an emergency at one site. Make plans to procure hardware, software, and other equipment to ensure mission-critical activities are resumed with minimal delay. Establish contractual agreements with backup sites. Identify alternative meeting and start-up locations to be in used in case regular facilities are damaged or destroyed. Prepare directions to all off-site locations. Establish procedures for obtaining off-site backup records. Gather and safeguard contact information and procedures. Arrange with manufacturers to provide priority delivery of emergency orders. Locate support resources that might be needed (i.e. trucking and cleaning companies). Establish emergency agreements with data recovery specialists.
Specify details within the plan	Identify the roles and responsibilities by name and job title so everyone knows exactly what needs to be done. Define actions in advance of an disaster. Define actions to be taken at the onset of a disaster to limit damage, loss and compromised integrity. Identify actions to be taken to restore critical functions. Define actions to be taken to re-establish normal operations.
Test the plan	Test the plan frequently and completely. Analyze test results to determine further needs.
Deal with the damage appropriately.	If a disaster occurs, document all costs and videotape the damage. Be prepared to overcome downtime, insurance settlements can take time to resolve.
Give consideration to other significant issues.	Don’t make the plan unnecessarily complicated. Make one individual responsible for maintaining the plan, but have it structured so that others are authorized and prepared to implement if it is necessary. Update the plan regularly and whenever changes are made to the system.

Source: National Center for Education Statistics

Zanesville CSD should use elements in **Table 5-8** to guide the development of a disaster recovery plan. The first step in creating a disaster recovery plan is putting together a team of key personnel and stakeholders who are given specific roles and responsibilities. The District should develop a written plan that is then tested on a regular basis. A disaster recovery plan will help the District retain critical data in the event of a disaster. The district should be able to develop a formal disaster recovery plan, distribute the information and train for its use within existing resources.

Professional Development

R5.12 The District should develop on-line or e-learning training options for teachers. Developing on-line training options will expand training opportunities for technology training, increase staff capacity and reduce the number of low-level support issues. Basic trouble-shooting skills should also be incorporated into on-line training, which would decrease some support calls.

The District has not implemented on-line technology professional development for teachers and staff. An on-line technology professional development program may consist of on-line technology classes and links to technology training resources and materials. Zanesville CSD currently allocated only 8.4 percent of its technology budget to professional development, which is not adequate to support the development of on-line training.

The District's DIT works with the director of curriculum to develop technology training for teachers on technology issues. The District uses a train-the-trainer model for training, where a core number of teachers are trained first. The core members then train the rest of the staff who need training in a workshop format. This model has been used for SASI student information system software, Successmaker, Fast Forward, and WiggleWorks software.

The technology plan notes many external training options available, including classes through Ohio University, Muskingum Valley Educational Service Center (ESC), Educational Technology Services of Southeast Ohio, TRECA, Salt Fork Regional Professional Development Center and InfoOhio. Technology topics covered by these organizations may include data management, software programs, integration of technology in the classrooms, multi-media and the Internet. The District's technology plan discusses the professional development strategy to list professional development opportunities on-line.

ISTE recommends on-line training as an option to expand training opportunities, increase staff capacity and reduce low-level support issues. ISTE also recommends very basic troubleshooting skills be built into the professional development program, which would decrease the number of low-level technical support calls. Ashtabula Area CSD's technology plan recommends that on-line classes that serve a variety of technology skill levels be developed. E-School News provides a list of on-line professional development courses on its website (www.eschoolnews.com/erc/professionaldevelopment/).

Without on-line training options available, staff may be unaware of where to find training resources, which increases the time spent searching for the materials and may result in missed training opportunities. On-line training options could allow staff to complete

training tests and modules according to individual schedules, therefore limiting scheduling conflicts. Setting up on-line training would involve creating links to other training resources, compiling standard training materials, developing training modules, and placing training information on the District website.

R5.13 The District should encourage professional certification of technology staff. Professional certification provides increased expertise, access to highly technical resources, and creates a culture of professionalism that encourages employees to excel. The District also could avoid contracting out for major technical tasks if the technology staff has in-house expertise.

The DIT indicated that obtaining professional certifications is not a priority for technology staff, and it is more important for his staff to be trusted in a classroom setting. The District receives approximately \$7,000 a year for training technology staff. The coordinator for instructional technology indicated that those funds have not been used for FY 2003-04. Staff without proper certifications may limit the technology department's collective skill set and capability to support current technology. The District may have to contract out for repairs and support for some jobs that uncertified employees would not be able to complete.

ISTE recommends that certification should be an integral component of hiring and professional development for technical staff. Technical staff should receive training as part of their work schedule, and this training should lead toward certification. If professional certifications are not encouraged, technical staff may not continue to gain expertise that allows them to improve technical services provided for the District.

Encouraging certifications creates a learning environment and professional workforce with knowledge of industry standards. Implementing a certification program would involve allocating training funds to pay for the certifications, identifying and assigning appropriate certification coursework, and providing staff the time to complete the certification requirements. The District would have to determine which certification programs would be most beneficial when weighed with the costs. Examples of common certification programs include Microsoft Certified Systems Engineer (MCSE), Microsoft Certified Systems Administrator (MCSA), and Microsoft Certified Database Administrator (MCDBA). One company that trains students to become Microsoft certified offers a Triple-Certification program for Microsoft Certified Systems Engineer (MCSE), Microsoft Certified Systems Administrator, and Microsoft Certified Database Administrator (MCDBA) at a cost of \$5,800.

Financial Implication: The average cost for a certification program is approximately \$3,500 per person. The costs for different certifications will vary depending on the type of class and the needs for the school district. Training to certify the director of

instructional technology, the assistant technology coordinator, and two technicians would cost the District approximately \$14,000.

Instructional Technology

R5.14 Zanesville CSD should continue to work toward aligning its instructional technology program with Ohio Department of Education’s (ODE) Academic Content Standards for Technology. Adopting content standards for technology should help students, teachers, and administrators develop the knowledge and technology skills to improve teaching and learning. The standards provide a set of clear, rigorous expectations for all students as they progress through school, and provide clarity to teachers concerning what content and skills should be taught at each grade-level.

Zanesville CSD’s instructional technology program is not aligned with ODE’s Academic Content Standards for Technology. The curriculum director indicated that the technology standards have not been fully adopted by the District because the standards were just put in place by ODE in FY 2003-04. The Academic Content Standards for Technology were formally adopted by ODE in December, 2003. Zanesville CSD’s technology plan states that the District’s technology instruction should be aligned with the new Ohio Department of Education’s Technology Academic Content.

ODE’s technology standards provide guidelines for teachers and students to follow to measure and improve technology knowledge and skills. Ohio’s Academic Content Standards for Technology include the following seven standards. The list below includes only an overview of the standards, but there are also benchmarks for each standard, organized by grade level, on ODE’s website.

- **Nature of Technology** – Students develop an understanding of technology, its characteristics, scope, core concepts and relationships between technologies and other fields.
- **Technology and Society Interaction** – Students recognize interactions among society, the environment and technology, and understand technology’s relationship with history. Consideration of these concepts forms a foundation for engaging in responsible and ethical use of technology.
- **Technology for Productivity Applications** – Students learn the operations of technology through the use of technology and productivity tools.
- **Technology and Communication Applications** – Students use an array of technologies and apply design concepts to communicate with multiple audiences, acquire and disseminate information and enhance learning.

- **Technology and Information Literacy** – Students engage in information literacy strategies, use the Internet, technology tools and resources, and apply information-management skills to answer questions and expand knowledge.
- **Design** – Students apply a number of problem-solving strategies demonstrating the nature of design, the role of engineering, and the role of assessment.
- **Designed World** – Students understand how the physical, informational and bio-related technological systems of the designed world are brought about by the design process. Critical to this will be students’ understanding of their role in the designed world: its processes, products, standards, services, history, future, impact, issues and career connections. The designed world consists of technological systems reflecting the modifications that humans have made to the natural world to satisfy their own needs and wants.

According to the Academic Content Standards for Technology, clear standards delineate what students should know and be able to do in technology. Additionally, meeting technology standards assists the District in meeting the requirement of the No Child Left Behind (NCLB) Act that all students become technology literate by the eighth grade.

If technology standards are not used, there is no assurance that students are acquiring technology and information literacy skills to improve academic achievement and prepare them for the 21st century. When implementing the ODE standards, one consideration is that the degree to which the standards are met and the time it takes to reach them will vary from student to student. Specific supports may be needed for students with disabilities, students with limited English proficiency, and students that exceed grade level indicators to ensure they reach their maximum potential to learn.

Financial Implications Summary

The following table summarizes the estimated annual and one-time implementation costs identified in recommendations presented in this section of the report.

Summary of Financial Implications for Technology

Recommendation	Annual Implementation Costs	One-Time Implementation Costs
R5.1 Addition of 1.0 FTE technician	\$47,500	
R5.6 Zanesville CSD should adopt a systematic 5 year replacement cycle to upgrade equipment.	\$157,000	
R5.13 The District should encourage professional certification of technology staff.		\$14,000
Total	\$204,500	\$14,000

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Administrative Center

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Michael J. Poehl
SUPERINTENDENT OF SCHOOLS

January 10, 2005

Auditor of State
Betty D. Montgomery
88 E. Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Dear Auditor Montgomery:

The June 2003 passage of House Bill 95 decreased the projected revenue for the Zanesville City School District by approximately \$2,278,000 and prompted my recommendation that the Zanesville City Board of Education request a performance audit be conducted by the Auditor of State's Office.

Prior to the passage of House Bill 95 (June 2003) a positive fund balance of \$1,070,024 was projected for Zanesville City Schools for fiscal year 2007. The impact of the revised funding foundation formula changes contained in House Bill 95 was catastrophic to our district. As a result of these changes, the district's five-year forecast completed in October 2003 showed a deficit of \$3,482,110 in funding year 2006.

The Zanesville City Board of Education at its March 17, 2004, Board meeting authorized that an independent assessment of district operations be conducted by the Auditor of State's Office in four areas. The four areas identified were financial systems, human resources, transportation, and technology.


As Superintendent of Zanesville City Schools, I commend the members of the audit team for their cooperation, levels of collaboration, and professionalism displayed throughout the entire audit process. In addition to the gathering of data, remarkable efforts were made to understand the practices and procedures utilized by the school district and to identify noteworthy accomplishments of the school district.

The Zanesville City Board of Education met with representatives from the Auditor of State's Office during an informational meeting held on January 4, 2005, to discuss the final draft of the performance audit. An important observation of the audit team was the fact that the Zanesville City School District has a long range plan and utilizes this plan on a continual basis for operational and curricular decisions. Additionally, actions that the district has already taken in response to fiscal constraints caused by the changes in the funding formula were noted.

The findings and recommendations provided in the final report represent an objective independent analysis of the effectiveness and efficiency of the operations of the Zanesville City School District. The recommendations and observations contained in this document will be carefully reviewed and utilized to improve the financial condition of the school district.

I would like to thank everyone involved in this audit for the diligence and cooperation displayed in developing an independent report that will help shape the future financial direction of the Zanesville City School District.

Sincerely,


Michael F. Pockl
Superintendent of Schools