Lean Thinking in Education and City Government

Section 1: Contact Information

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Section 2: Collaborative Partner

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Section 3: Project Information

Lean Thinking in Education and City Government

Project Description
The Medina City School District and the City of Medina are proposing a program that would foster the development of lean thinking and shared services within both organizations. The core purpose behind this program is to maximize customer value (taxpayer) while minimizing waste. Essentially, lean is about creating more value for customers with fewer resources. When an organization is lean it better understands customer value and focuses its key processes to continuously increase it. The ultimate goal is to provide as near value to the customer as possible through a near perfect value creation process that has little if any waste. Through shared services development, both organizations hope to identify and expand opportunities to demonstrate good stewardship of taxpayer dollars through the expanded sharing of resources and services.

To accomplish this, the Medina City School District and the City of Medina believes that lean thinking can be the catalyst for change from the traditional approach toward management at the local government level. As a result of lean and shared services development, the focus of management and leadership will move from optimizing separate technologies, assets, and vertical departments to optimizing the flow of products and services through entire value streams. Within the public sector, our goal is to design value streams that flow horizontally across technologies, assets, departments and classrooms to customers and taxpayers.

Eliminating waste along the entire value stream and optimizing the use of resources and services, instead of at isolated points within each organization, creates processes that need less human effort, less space, less capital, are more efficient, and take less time to make products and services. As a result of waste elimination and resource sharing, the products and services happens at far less costs and with far fewer issues, as compared with traditional governmental systems. Because of a change in thinking and how we implement our current processes and practices, we will be better able to respond to changing customer desires with higher variety, higher quality, lower cost, and with faster turnaround times. Lean and shared services development for public entities also has the added benefit of more effective information management that is designed to be much simpler and more accurate.

Lean and the development of a shared services infrastructure is not a political tactic or a cost reduction program, but a way of thinking and acting for all public organizations. Our goal is to change the way our organizations operate and think. This will require a complete transformation on how we do what we do for our community. To do this, it will take a long-term perspective, perseverance and a very focused and specialized approach.

Project Type
Grant Application: This project is a planning, training, implementation and management project. This project is ultimately designed to be a model for other public entities as they look to eliminate waste, reduce costs and collaborate through the sharing of services.

Problem Statement
More than ever public entities need to find ways to reduce waste and cut costs without reducing programs and services to their local communities. No longer can school districts or city government simply look to cutting employees as a primary means of reducing expenditures. A barrier in the way of achieving this goal is the lack of exposure to proven business practices within local governmental entities. The Lean Thinking in Education and City Government program will take one of the most proven business practices, lean, and systematically implement it within the local government setting as a means to reduce waste and cut costs. Over the past two years the Medina City School District has essentially used the approach of reducing personnel as the primary means for cutting costs. This is not to say that the District hasn't found ways to cut costs elsewhere, it is only to say that there has not been a systematic approach to cost reduction and waste elimination other than to reduce staff. This approach has resulted in nearly 100 employees losing their jobs and a reduction of nearly $10 million to the overall operating budget. While the budget has been balanced as a result of this action, many student programs and services have also been reduced or eliminated. The elimination and reduction of student programs and services has had a negative impact on student learning, as well as a negative impact to the overall educational experience. Add to that the negative impact student program elimination has had on the District's relationship with the community.

Identification of one (1) targeted approach
This project will improve efficiencies within both organizations through process improvement and waste elimination, as well as the continued development of a shared services approach toward efficient operations.

Anticipated Return on Investment (ROI)
The Medina City School District and the City of Medina expect to realize tremendous cost savings through the elimination of waste through process and shared services development. By planning, implementing and managing lean and shared services thinking within both organizations, both organizations hope to cut operational costs by nearly $200,000.00. We anticipate that this savings will come directly as a result of shared services planning and the management and implementation of lean thinking.

Probability of proposal's Success (Additional Partners)
Because of the strong relationship both organizations have with one another, we anticipate a 100% probability of the proposal's success. In an attempt to increase the chances for success, the District and City have engaged in a partnership with the A. I. Root Candle Company and WINOC for lean coaching, advising and overall support. This partnership will support our development and implementation of the Lean Thinking in Education and City Government program.

Plans to Replicate
Once the planning, implementation and management of lean and shared services development are underway and projects have been identified and action taken, we expect that any political subdivision will be able to learn from our model and replicate it within their own organization, no matter what the size. We will host visits and share our program (successes and failures) with all who make a request.

Larger Consolidated Effort Identification
This proposal is a part of a larger consolidated effort that is ongoing between the City of Medina and the Medina City School District. The following represents some of the areas we have focused the sharing of services in the past:

- Land swap that resulted in a savings to taxpayers so the District could build a new elementary school
- Rental of Bowman House from the City to the District so that the District could provide a low cost service to students with special needs
- Shared sports fields and maintenance
- City copiers on District main copier contract to save City money
- Medina TV (formerly Medina Cable Access) studio and City employees housed at Medina High School
- Shared employee for Performing Arts Center and Medina TV
- City and District Mechanics share tools and computer diagnostic programs
- City's service department and the District's maintenance departments work closely with each other to reduce costs
- Medina High School/Medina Community Recreation Center Partnership- the District and City split operational costs and share the facility (custodial, maintenance, capital improvement and utilities)
- Share civil service secretary cost and all District employee testing done through the City
- District legal counsel consults with City on their human resources and insurance needs (City has no HR Department)
- Joined forces to support the realization of a Joint Economic Development District between the City and Montville Township
- City and District Cooperate with the costs of Uptown Park permit fees
- Combined Auction (2011) between the District and the City to sell unneeded items/equipment
- City and District collaborate on the purchase of salt from consortium
- District conducts winter maintenance of Greenwood Park so that the City can leave it open for A. I. Root Middle School traffic
- District provides secure location on property for city-impound lots for confiscated vehicles pending forfeiture- saving storage fees.
- Heavy equipment diagnostics shared between District and City for equipment that each has expertise

Past Successes
As is evidenced in the previous section (Larger Consolidated Effort Identification) the City of Medina and the Medina City School District have partnered in many ways in the past. Both organizations have shared equipment and facilities, resource purchases, collaborated on shared facility improvement, shared personnel, traded property for the betterment of the community, shared in the maintenance and upkeep of public properties, and collaborated on funding to support improving the quality of life within the community.

Response to Current Economic Demand
The Medina City School District has been unsuccessful at achieving local support for operating funds. The community has turned down four operating levies over the last four years. As a result, the District has been forced to reduce operating expenses through employee layoffs, which has meant a reduction in programs and services for students. In an attempt to avoid further reduction to student programs, the District seeks to reduce costs through other means, including the elimination of waste and the implementation of lean thinking. The City looks to reduce costs in an attempt to stretch taxpayer dollars. Both entities understand the need to do more with less and both hope to increase service while reducing costs.

Performance Audit Recommendations
The Medina City School District has actively sought the insight of the Auditor of State through performance audit reviews. As a result of multiple voluntary audits, the District has identified cost saving opportunities and implemented nearly 100% of the recommendation. Lean thinking will allow the District to take cost savings to a level that is not always tangible and not always easily identified by a performance audit. Lean will work within the spirit of past performance audits.

Improved Business Environment and/or Community Attraction

The vibrancy of a community is directly related to the quality of life within the community. Quality life is directly related to the quality of services within the community. Typically, quality of life is associated with the quality of schools, local government and healthcare. Medina has all three of those aspects. However, the quality of schools is in jeopardy due to the lack of financial support for operations. By implementing lean thinking we hope to eliminate waste and cut costs so that we can avoid cutting programs and services to students. Doing so will help us to maintain an attractive school system to those who are looking to locate to Medina. In turn, business will benefit, as they have in the past, from growth within the community. More people moving to Medina because of the District and the City will result in more people spending their discretionary and non-discretionary dollars locally.

Section 4: Financial Documentation

Proposal Request

$100,000.00 grant request

$85,000,000.00 grant for the salary of a Director of Lean and Shared Services Development employed by the Medina City School District to facilitate the planning, training, implementation and management of lean thinking and shared services development within both the City of Medina and the Medina City School District.

$15,000.00 WINOC consulting and project management support to both the Medina City Schools and the City of Medina

Documentation of Each In-Kind Match

$16,000.00 facility use (City of Medina and Medina City Schools)

Percentage of Local Matching Funds

Equivalent to 57.75% of the ask ($57,750.00)

$17,850.00 Director of Lean and Shared Services Development fringe benefits (Medina City Schools)

$14,900.00 Director of Lean and Shared Services Development healthcare benefits (Medina City Schools)

$20,000.00 substitute personnel services while employees are in training (City of Medina and Medina City Schools)

$5,000.00 for training materials and supplies (City of Medina and Medina City Schools)

Financial Projections

Expenses	FY2013	FY2014	FY2015
Director salary	$85,000	$87,550	$90,176
Director fringe benefits	$17,850	$18,385	$18,937
Director healthcare benefits	$14,900	$16,390	$18,029
WINOC Consulting	$15,000		
Substitute Personnel Services	$20,000	$10,000	$10,000
Training Materials and Supplies	$5,000	$2,500	$2,500
TOTAL	$157,750	$134,825	$139,642

Expected Savings	FY2013	FY2014	FY2015
Improved Operational Efficiencies	$200,000+/-	$250,000+/-	$250,000+/-
Compounded Savings	$200,000+/-	$450,000+/-	$700,000+/-

Section 5: Supporting Documentation

A-1 City and District Financials

A-2 Resolution of support

A-3 Performance Audit

A-4 Identification of municipality/township served

A-5 Self-score assessment

A-1 City and District Financials

MEDINA CITY SCHOOL DISTRICT - - MEDINA COUNTY

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ACTUAL AND FORECASTED OPERATING FUND

		Actual			Forecasted				
		Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
	Revenue:								
1.010	General Property Tax (Real Estate)	37,691,751	38,577,420	39,434,325	39,326,841	39,416,504	39,533,095	39,649,628	39,742,114
1.020	Tangible Personal Property Tax	3,541,720	1,854,611	1,855,547	1,887,461	1,887,461	1,887,461	1,887,461	1,887,461
1.030	Income Tax	0	0	0	0	0	0	0	0
1.035	Unrestricted Grants-in-Aid	17,261,449	16,308,001	15,455,820	14,831,969	15,265,907	15,265,907	15,265,907	15,265,907
1.040	Restricted Grants-in-Aid	176,911	1,151,461	1,392,961	871,034	31,034	31,034	31,034	31,034
1.050	Property Tax Allocation	9,748,833	10,890,890	11,168,109	9,879,204	8,508,577	7,140,811	5,772,933	4,954,698
1.060	All Other Revenues	1,699,772	1,367,271	1,782,456	1,782,456	1,782,456	1,782,456	1,782,456	1,782,456
1.070	Total Revenues	70,120,436	70,149,654	71,089,218	68,578,965	66,891,939	65,640,764	64,389,419	63,663,670
	Other Financing Sources:								
2.010	Proceeds from Sale of Notes	22,614	0	0	0	0	0	0	0
2.020	State Emergency Loans and Advancements	0	0	0	0	0	0	0	0
2.040	Operating Transfers-In.	0	0	0	0	0	0	0	0
2.050	Advances-In	0	35,000	35,000	35,000	35,000	35,000	35,000	35,000
2.060	All Other Financing Sources	0	799,126	30,032	58,595	58,595	58,595	58,595	58,595
2.070	Total Other Financing Sources	22,614	834,126	65,032	93,595	93,595	93,595	93,595	93,595
2.080	Total Revenues and Other Financing Sources	70,143,050	70,983,780	71,154,250	68,672,560	66,985,534	65,734,359	64,483,014	63,757,265
	Expenditures:								
3.010	Personal Services	44,744,102	45,850,371	42,578,767	42,003,531	43,249,192	44,531,795	45,852,435	47,212,240
3.020	Employees' Retirement/Insurance Benefits	16,666,947	18,657,625	15,263,437	15,946,371	17,072,523	18,310,461	19,672,907	21,174,089
3.030	Purchased Services	7,629,198	6,613,513	7,820,560	7,275,030	7,485,749	7,702,790	7,926,342	8,156,600
3.040	Supplies and Materials	1,969,722	1,830,804	1,509,625	1,348,664	1,182,874	1,218,360	1,254,911	1,292,558
3.050	Capital Outlay	128,687	119,495	450,439	526,147	372,147	372,147	372,147	372,147
3.060	Intergovernmental	0	0	0	0	0	0	0	0
	Debt Service:								
4.010	Principal-All (History Only)	0	0	0					
4.020	Principal-Notes				0	0	0	0	0
4.030	Principal-State Loans				0	0	0	0	0
4.040	Principal-State Advancements				0	0	0	0	0
4.050	Principal-HB 264 Loans				0	0	0	0	0
4.055	Principal-Other				0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0	0	0	0	0
4.300	Other Objects	1,464,656	1,458,247	1,374,559	1,458,247	1,458,247	1,458,247	1,458,247	1,458,247
4.500	Total Expenditures	72,603,312	74,530,055	68,997,387	68,557,989	70,820,732	73,593,799	76,536,989	79,665,882
	Other Financing Uses								
5.010	Operating Transfers-Out	0	371,630	479,910	477,770	484,420	484,420	484,420	484,420
5.020	Advances-Out	480,442	35,000	35,000	35,000	35,000	35,000	35,000	35,000
5.030	All Other Financing Uses	0	0	-76,000	0	0	0	0	0
5.040	Total Other Financing Uses	480,442	406,630	438,910	512,770	519,420	519,420	519,420	519,420
5.050	Total Expenditures and Other Financing Uses	73,083,754	74,936,685	69,436,297	69,070,759	71,340,152	74,113,219	77,056,409	80,185,302
6.010	Excess of Rev & Other Financing Sources over (under) Expenditures and Other Financing Uses	-2,940,704	-3,952,905	1,717,953	-398,199	-4,354,618	-8,378,861	-12,573,395	-16,428,037
7.010	Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies	20,086,855	17,146,151	13,193,246	14,911,199	14,513,000	10,158,383	1,779,522	-10,793,873
7.020	Cash Balance June 30	17,146,151	13,193,246	14,911,199	14,513,000	10,158,383	1,779,522	-10,793,873	-27,221,910
8.010	Estimated Encumbrances June 30	1,848,214	2,335,458	2,941,082	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
	Reservation of Fund Balance								
9.010	Textbooks and Instructional Materials	0	0	0	0	0	0	0	0
9.020	Capital Improvements	0	0	0	0	0	0	0	0
9.030	Budget Reserve	3,592,944	3,835,891	3,424,256	3,406,229	3,518,144	3,654,898	3,800,042	3,954,344
9.040	DPIA	0	0	0	0	0	0	0	0
9.050	Debt Service	0	0	0	0	0	0	0	0
9.060	Property Tax Advances	0	0	0	0	0	0	0	0
9.070	Bus Purchases	0	0	0	0	0	0	0	0
9.080	Subtotal	3,592,944	3,835,891	3,424,256	3,406,229	3,518,144	3,654,898	3,800,042	3,954,344
10.010	Fund Balance June 30 for Certification of Appropriations	11,704,993	7,021,897	8,545,861	9,106,771	4,640,239	-3,875,376	-16,593,915	-33,176,254
	Rev from Replacement/Renewal Levies								
11.010	Income Tax - Renewal				0	0	0	0	0
11.020	Property Tax - Renewal or Replacement				0	0	0	0	0
11.030	Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	0	0	0
12.011	Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations	11,704,993	7,021,897	8,545,861	9,106,771	4,640,239	-3,875,376	-16,593,915	-33,176,254
	Revenue from New Levies								
13.010	Income Tax - New				0	0	0	0	0
13.020	Property Tax - New				0	0	0	0	0
13.030	Cumulative Balance of New Levies	0	0	0	0	0	0	0	0
14.010	Revenue from Future State Advancements								
15.010	**Unreserved Fund Balance June 30**	11,704,993	7,021,897	8,545,861	9,106,771	4,640,239	-3,875,376	-16,593,915	-33,176,254
	ADM Forecasts								
20.010	Kindergarten - October Count				579	579	579	579	579
20.015	Grades 1-12 - October Count				7,335	7,385	7,435	7,485	7,485
20.02	Kindergarten - February Count				579	579	579	579	579
20.025	Grades 1-12 - February Count				7,385	7,435	7,485	7,485	7,485

CITY OF MEDINA
Five Year Plan Expenditure Summary
Actual Expenditures for the Years ended December 31, 2002-2009 and Appropriations for 2010 and Requests for the Years ended December 31, 2011-2014

2007	2008	2009	2010	Line	Classification	2011 Approved	2012 Approved	2012 Request	2013 Approved	2013 Request	2014 Approved	2014 Request	2015 Approved	2015 Request	2016 Request
$ 5,829,042.33	$ 6,270,667.94	$ 11,634,392.61	$ 7,672,948.72	001	General Fund	$ 7,012,534.00	$ 7,378,156.00	$ 7,123,245.00	$ 7,468,263.00	$ 7,328,606.00	$ 7,599,122.00	$ 7,403,462.00	$ 7,846,241.00	$ 7,617,231.00	$ 7,826,293.00
1,101,906.19	1,316,989.93	1,277,973.67	1,369,591.51	102	Street M & R Fund	1,285,290.00	1,339,057.00	1,328,101.00	1,325,424.00	1,358,561.00	1,397,131.00	1,384,842.00	1,428,663.00	1,382,559.00	1,414,165.00
111,967.17	82,487.53	34,715.63	99,509.32	103	State Highway Fund	92,342.00	83,404.00	83,404.00	85,301.00	85,299.00	87,201.00	87,199.00	89,189.00	89,185.00	91,218.00
1,019,187.11	1,004,199.97	1,130,634.45	945,390.85	104	Parks and Recreation	1,042,177.00	1,075,987.00	1,071,779.00	1,095,020.00	1,087,680.00	1,113,286.00	1,107,209.00	1,135,510.00	1,129,748.00	1,152,849.00
292,920.36	47,190.00	13,852.00	23,200.08	105	Local License Fee Fun	223,000.00	225,500.00	226,500.00	228,875.00	229,875.00	232,301.00	233,301.00	235,778.00	236,778.00	240,307.00
4,194,451.57	4,570,793.09	4,769,584.17	4,582,236.29	106	Police Special Fund	4,775,537.00	4,888,477.00	4,861,537.00	4,988,298.00	4,962,892.00	5,169,473.00	5,033,009.00	5,340,756.00	5,159,604.00	5,250,674.00
970,053.79	888,295.86	855,802.32	867,213.44	107	Fire Special Fund	892,806.00	912,773.00	910,703.00	1,017,652.00	976,694.00	1,022,212.00	983,681.00	1,046,739.00	1,006,985.00	1,039,695.00
2,688,680.95	2,017,796.12	1,920,056.27	2,325,717.74	108	Street/Storm Special	2,372,233.00	2,419,233.00	2,378,825.50	2,467,233.00	2,421,365.50	2,515,233.00	2,466,595.50	2,565,232.20	2,515,545.50	2,705,495.50
297,233.53	194,087.06	298,234.05	678,838.17	109	Grants Fund	-	-	-	-	-	-	-	-	-	-
-	-	-	-	111	Income Tax Fund	-	-	-	-	-	-	-	-	-	-
-	-	-	-	112	Community Oriented P	-	-	-	-	-	-	-	-	-	-
-	-	-	-	113	DARE	-	-	-	-	-	-	-	-	-	-
-	-	-	-	114	Community Orientd Po	-	-	-	-	-	-	-	-	-	-
72,311.07	72,588.17	74,898.32	29,556.38	115	County Local License	52,000.00	53,020.00	53,020.00	54,061.00	54,061.00	55,122.00	55,122.00	56,205.00	56,205.00	57,309.00
427.18	-	-	-	116	State DARE Grant	-	-	-	-	-	-	-	-	-	-
-	-	-	-	117	COPS III Cops More	-	-	-	-	-	-	-	-	-	-
-	-	-	-	118	COPS Universal	-	-	-	-	-	-	-	-	-	-
-	-	-	-	119	Multi Diversion Grant	-	-	-	-	-	-	-	-	-	-
-	-	-	-	120	COPS MORE 96 Gran	-	-	-	-	-	-	-	-	-	-
-	-	-	-	121	COPS MORE 98 Gran	-	-	-	-	-	-	-	-	-	-
-	-	-	-	122	State Law Enforcemen	-	-	-	-	-	-	-	-	-	-
-	-	-	-	123	FEMA Fund	-	-	-	-	-	-	-	-	-	-
3,173.70	(2.00)	-	-	124	COPS in Schools	-	-	-	-	-	-	-	-	-	-
251,937.44	114,743.32	169,052.88	344,326.97	125	2003 CDBG	-	-	-	-	-	-	-	-	-	-
495,647.16	492,089.83	474,200.71	494,720.61	126	Police & Fire Disability	532,005.00	520,103.00	567,312.00	531,438.00	564,275.00	548,524.00	561,928.00	568,093.00	581,647.00	599,618.00
618,639.28	878,311.30	574,394.12	673,392.93	127	CHIP Grant	-	-	-	-	-	-	-	-	-	-
3,405.75				128	Court Security Grant	-	-	-	-	-	-	-	-	-	-
-	-	2,864.10	-	130	Open Space #1	-	-	-	-	-	-	-	-	-	-
-	-	3,750.00	-	131	Open Space #2	-	-	-	-	-	-	-	-	-	-
2,572.50	-	3,750.00	-	132	Open Space #3	-	-	-	-	-	-	-	-	-	-
276,594.93	12,286.00	4,200.00	-	133	Open Space #4	-	-	-	-	-	-	-	-	-	-
1,114,380.03	1,229,187.13	860,949.92	1,280,547.84	135	EMS	1,419,567.00	1,469,875.00	1,469,875.00	1,521,700.00	1,521,700.00	1,585,500.00	1,585,500.00	1,585,750.00	1,585,750.00	1,637,050.00
61,330.40	50,693.42	48,023.72	67,306.80	140	Parking Fund	58,716.00	59,483.00	70,008.00	60,258.00	71,185.00	61,452.00	72,395.00	62,676.00	73,974.00	75,578.00
213,369.99	218,672.31	234,104.35	284,394.10	144	Cable TV	317,960.00	314,404.00	315,190.00	311,279.00	325,313.00	315,810.00	334,030.00	325,751.00	343,819.00	353,733.00
284,326.32	192,080.75	35,686.94	46,895.33	145	Railroad Renovation	75,000.00	75,000.00	35,000.00	75,000.00	35,500.00	75,000.00	42,000.00	75,000.00	47,500.00	54,000.00
296,798.40	96,843.90	253,297.27	621,267.34	147	Airport FAA Grant	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00	150,000.00
-	-	-	-	148	Airport Land Release F	-	-	-	-	-	-	-	-	-	-
1,850.00	2,719.00	-	950.00	150	Drug Enforcement Tru:	-	-	-	-	-	-	-	-	-	-
18,000.00	10,099.00	339.00	201.60	155	Law Enforcement Trus	-	-	-	-	-	-	-	-	-	-
67,056.59	63,047.14	69,330.39	48,330.22	160	Computer Legal Rese:	45,000.00	73,000.00	66,477.00	76,500.00	46,364.00	76,500.00	46,828.00	79,000.00	47,296.00	47,769.00
194,767.64	184,360.63	167,465.33	181,521.64	161	Muni Court Probation	255,813.00	279,804.00	296,766.00	297,593.00	290,682.00	313,920.00	315,171.00	331,185.00	315,709.00	320,864.00
9,585.00	-	-	-	163	DUI Enforcement Func	-	-	-	-	-	-	-	-	-	-
122,411.04	94,234.04	74,598.04	112,357.04	165	Indigent Driver Alcohol	150,000.00	150,000.00	150,000.00	150,000.00	49,173.00	150,000.00	50,648.00	150,000.00	52,167.00	57,732.00
			508.00	166	Indigent Driver Alcohol	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
244,728.90	123,713.11	118,775.64	124,472.27	167	Court Clerk Computer	140,511.00	127,068.00	145,465.00	136,618.00	136,188.00	133,568.00	132,923.00	144,356.00	143,633.00	140,486.00
7,855.20	-	-	-	169	Court Special Projects	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00	15,500.00
-	-	-	-	174	Rec Ctr Operation	-	-	-	-	-	-	-	-	-	-
				180	Issue II Project Fund										
-	-	-	-	204	Recreation Center Det	-	-	-	-	-	-	-	-	-	-
22,220.97	22,541.82	22,130.50	747,465.60	207	Fire Bond Retirement	-	-	-	-	-	-	-	-	-	-
-	-	-	-	217	General Bond Retirem	-	-	-	-	-	-	-	-	-	-
27,336.30	91,023.45	5,609,525.36	316,946.45	301	General Purpose Capi	515,000.00	515,000.00	266,596.26	-	270,101.26	-	267,881.26	-	264,761.26	266,161.26
23,509.81	-	-	-	304	Park / Recreation Capi	-	-	-	-	-	-	-	-	-	-
252.41	44,380.00	526,874.00	616,637.15	307	Fire Capital Replacem	275,000.00	96,000.00	96,000.00	98,000.00	98,000.00	100,000.00	100,000.00	102,000.00	102,000.00	104,000.00
-	-	-	-	329	Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
-	-	-	-	346	Water Capital Improve	-	-	-	-	-	-	-	-	-	-
722,338.19	497,782.09	2,087,327.47	1,100,902.93	380	Issue II Projects Fund	8,292.00	-	-	-	-	-	-	-	-	-
60,833.90	-	-	-	381	Street Resurfacing Ca	-	-	-	-	-	-	-	-	-	-
-	-	-	-	382	Storm Sewer Capital	-	-	-	-	-	-	-	-	-	-
-	-	-	-	383	Street Reconstruction	-	-	-	-	-	-	-	-	-	-
-	194,833.45	-	-	384	Black Top Resurfacing	-	-	-	-	-	-	-	-	-	-
-	-	-	-	385	Curbs & Alleys Capital	-	-	-	-	-	-	-	-	-	-
61,854.81	85,217.37	138,031.25	100,444.24	388	Computer Electronic	166,000.00	171,000.00	171,000.00	173,500.00	173,500.00	173,500.00	173,500.00	180,000.00	180,000.00	180,000.00
-	-	-	-	389	Unanticipated Capital	-	-	-	-	-	-	-	-	-	-
328,249.63	305,829.13	299,076.56	297,351.09	418	Spec Asses Bond Ret	290,262.66	243,185.42	243,185.42	176,744.66	175,744.66	162,654.44	160,654.44	69,800.00	66,800.00	-
18,904.80	9,379.73	9,390.50	11,977.25	428	Spec Assess Projects	7,150.00	7,150.00	7,150.00	7,150.00	7,150.00	7,150.00	7,150.00	7,150.00	7,150.00	7,150.00

CITY OF MEDINA
Five Year Plan Expenditure Summary
Actual Expenditures for the Years ended December 31, 2002-2009 and Appropriations for 2010 and Requests for the Years ended December 31, 2011-2014

2007	2008	2009	2010	Line I	Classification	2011 Approved	2012 Approved	2012 Request	2013 Approved	2013 Request	2014 Approved	2014 Request	2015 Approved	2015 Request	2016 Request
3,000,456.48	4,177,501.15	3,883,045.35	3,955,651.45		513 Water Fund	3,562,442.00	3,747,811.00	3,746,226.48	3,759,271.00	3,928,263.94	3,775,402.00	3,877,150.78	3,840,317.28	3,970,295.28	3,908,483.28
2,984,391.52	3,036,715.03	2,783,553.93	2,864,435.79		514 Sanitation Fund	3,190,039.00	3,256,252.00	3,025,365.00	3,261,447.00	3,041,357.00	3,279,168.00	3,054,596.00	3,296,493.00	3,072,384.00	3,138,882.00
1,355,273.80	2,024,658.67	1,002,906.44	5,950,602.38		546 Water Capital Improve	657,983.00	656,018.00	1,146,710.75	1,239,761.25	1,145,625.75	1,239,998.25	567,225.00	656,892.50	565,225.00	565,025.00
12,218.64	9,629.31	18,562.78	98,717.60		547 Municipal Airport	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00
2,572,739.05	2,604,359.28	2,841,598.56	5,558,408.80		574 Rec Ctr Administration	2,663,309.00	2,715,397.00	2,714,256.50	2,713,815.00	2,718,604.50	2,750,659.50	2,760,864.50	2,783,668.00	2,806,949.00	2,861,923.50
-	-	-	-		582 Stormwater Utility	-	-	-	-	-	-	-	-	-	-
29,944.74	30,343.35	20,044.82	20,073.89		618 Section 125 Fund	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
10,816,461.08	11,185,215.71	11,749,542.87	11,581,286.77		625 Payroll	12,537,599.00	12,913,727.00	12,913,727.00	13,301,140.00	13,301,140.00	13,700,174.00	13,700,174.00	14,111,179.00	14,111,179.00	14,111,179.00
9,899.90	12,934.04	16,795.74	14,784.02		637 Agency Revolving	19,600.00	19,600.00	19,600.00	19,600.00	19,600.00	19,600.00	19,600.00	19,600.00	19,600.00	19,600.00
255,565.26	288,831.79	312,892.14	298,046.17		676 Automotive Mechanics	332,425.00	348,165.00	345,083.00	364,571.00	361,243.00	375,836.00	371,078.00	394,642.00	389,502.00	406,153.00
-	-	-	-		722 Water Meter Deposit	-	-	-	-	-	-	-	-	-	-
4,250.00	16,366.00	9,350.00	8,242.00		723 Developer Deposits	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00
-	-	-	-		727 County Sewer Trust	-	-	-	-	-	-	-	-	-	-
462.14	296.33	200.00	109.00		736 Friends of the Cemete	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00
-	-	-	-		739 Tricentennial Savings	-	-	-	-	-	-	-	-	-	-
22,891.22	23,903.72	3,187.15	3,272.65		741 Utility Deposit Fund	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
-	-	-	-		743 Shade Tree Trust Fun	-	-	-	-	-	-	-	-	-	-
969.78	975.40	861.00	1,088.00		819 Cemetery Endowment	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00
500.00	131.25	-	-		820 Cemetery Investment	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
-	-	-	-		821 Cemetery Mausoleum	-	-	-	-	-	-	-	-	-	-
62,408.95	57,277.11	45,984.62	38,615.97		924 Law Library Fund	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00	75,000.00
41,098.50	101,664.65	64,782.00	50,314.00		938 Bid and Performance E	50,000.00	100,000.00	50,000.00	100,000.00	50,000.00	100,000.00	50,000.00	100,000.00	50,000.00	50,000.00
2,932.62	4,453.29	3,053.23	2,933.52		939 Bd or Building Standar	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
13,585.72	-	-	-		975 Planning and Zoning C	-	-	-	-	-	-	-	-	-	-
$ 43,318,361.74	$ 45,054,417.67	$ 56,553,641.97	$ 56,513,701.91		Total	$45,370,592.66	$46,586,649.42	$46,251,107.91	$47,458,512.91	$47,188,743.61	$48,488,497.19	$47,358,697.48	$48,980,865.98	$48,344,181.04	$49,036,392.54

CITY OF MEDINA

Projected Revenues for the Years Ending December 31, 2012-2016

2007	2008	2009	2010	Classification	2011 Update	2012 Est	2013 Est	2014 Est	2015 Est	2016 Est
8,040,187.07	7,710,646.83	7,255,860.08	10,527,915.18	001 General Fund	9,254,998.00	7,429,805.98	6,684,677.96	6,799,820.22	6,869,165.32	7,000,247.13
1,398,827.16	1,451,018.55	1,195,910.79	1,309,003.41	102 Street M & R Fund	1,303,451.00	1,331,478.00	1,360,101.00	1,389,377.00	1,419,322.00	1,449,951.00
83,238.85	76,028.03	88,913.55	86,534.65	103 State Highway Fund	92,340.00	83,402.00	85,298.00	87,198.00	89,184.00	91,217.00
1,275,257.88	1,096,412.00	984,885.41	1,008,250.90	104 Parks and Recreation	1,051,404.00	1,049,078.00	1,068,659.00	1,088,632.00	1,109,005.00	1,129,785.00
236,839.59	226,691.38	227,003.48	271,750.13	105 Local License Fee Fund	224,000.00	226,500.00	229,875.00	233,301.00	236,778.00	240,307.00
4,611,289.78	4,776,354.57	4,688,448.07	4,688,877.31	106 Police Special Fund	4,787,618.00	4,810,149.00	4,909,081.00	4,986,799.00	5,094,951.00	5,200,279.00
845,268.02	853,861.32	817,142.72	707,812.93	107 Fire Special Fund	863,713.00	872,333.00	893,059.00	914,341.00	936,194.00	958,636.00
2,683,726.10	2,712,164.61	2,877,668.83	13,119,282.60	108 Street M & R Special	2,636,178.47	2,657,551.38	2,704,505.38	2,751,807.88	2,798,871.38	2,845,822.38
231,212.20	241,809.84	558,087.88	1,006,655.75	109 Grants Fund	-	-	-	-	-	-
-	-	-	-	111 Income Tax Fund	-	-	-	-	-	-
-	-	-	-	112 Community Oriented Police I	-	-	-	-	-	-
				113 DARE						
-	-	-	-	114 Community Oriented Police II	-	-	-	-	-	-
55,407.27	51,631.37	66,376.88	40,028.34	115 County Local License	52,000.00	53,020.00	54,060.40	55,121.61	56,204.04	57,308.12
5,528.00				116 State DARE Grant	-	-	-	-	-	-
-	-	-	-	117 COPS III Cops More	-	-	-	-	-	-
-	-	-	-	118 COPS Universal	-	-	-	-	-	-
-	-	-	-	119 Multi Diversion Grant	-	-	-	-	-	-
-	-	-	-	120 COPS MORE 96 Grant	-	-	-	-	-	-
-	-	-	-	121 COPS MORE 98 Grant	-	-	-	-	-	-
-	-	-	-	122 State Law Enforcement	-	-	-	-	-	-
-	-	-	-	123 FEMA	-					
-	-	-	-	124 COPS in Schools	-	-	-	-	-	-
239,200.00	200,349.00	91,651.00	452,176.00	125 CDBG Fund	170,000.00	170,000.00	170,000.00	170,000.00	170,000.00	170,000.00
771,474.21	774,875.68	646,516.78	513,767.88	126 Police & Fire Disability	311,908.00	512,231.76	522,476.40	532,925.92	543,584.44	554,456.13
181,202.00	848,712.75	567,493.00	703,704.00	127 CHIP Grant	650,000.00	650,000.00	650,000.00	650,000.00	650,000.00	650,000.00
3,405.75	-	-	-	128 Court Security Grant	-	-	-	-	-	-
-	-	-	-	130 Open Space #1	-	-	-	-	-	-
-	-	-	-	131 Open Space #2	-	-	-	-	-	-
-	-	-	-	132 Open Space #3	-	-	-	-	-	-
-	-	-	-	133 Open Space #4	-	-	-	-	-	-
1,199,153.95	1,223,931.74	1,221,017.29	1,212,088.57	135 EMS	1,138,257.00	1,230,181.72	1,254,534.96	1,279,375.27	1,304,712.37	1,330,556.21
62,691.11	56,018.05	60,000.00	65,000.00	140 Parking Fund	68,260.00	60,000.00	60,000.00	60,000.00	60,000.00	60,000.00
230,909.29	261,654.78	275,460.45	314,460.30	144 Cable TV	271,723.00	277,482.00	283,366.00	289,378.00	295,520.00	301,796.00
272,256.50	212,544.50	97,045.75	231,143.75	145 Railroad Renovation	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
296,797.00	46,226.00	626,719.85	180,326.00	147 Airport Federal Grants	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00
-	-	-	-	148 Airport Land Release	-	-	-	-	-	-
6,424.75	5,232.75	4,352.35	5,109.92	150 Drug Enforcement Trust	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
10,596.52	11,433.68	3,216.13	201.60	155 Law Enforcement Trust	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
53,321.50	48,554.50	41,568.50	39,410.00	160 Computer Legal Research	45,450.00	45,905.00	46,364.00	46,828.00	47,296.00	47,769.00
189,794.47	163,800.53	130,751.50	145,371.00	161 Muni Court Probation	165,000.00	165,000.00	165,000.00	165,000.00	165,000.00	165,000.00
3,128.00	3,829.34	3,759.75	3,563.52	163 DUI Enforcement Fund	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
48,561.35	45,332.88	42,994.91	40,455.90	165 Indigent Driver Alcohol	46,350.00	47,740.50	49,172.72	50,647.90	52,167.34	53,732.36
-	52.50	21,025.78	37,604.75	166 Indigent Driver Interlock Monit	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
177,531.00	161,702.00	153,716.36	131,318.48	167 Court Clerk computer	155,000.00	159,650.00	164,440.00	169,373.00	174,454.00	179,688.00
363,778.84	363,342.52	332,936.09	291,939.52	169 Court Special Projects	335,000.00	340,025.00	345,125.00	350,302.00	355,557.00	360,890.00
-	-	-	-	174 Rec Ctr Operation	-	-	-	-	-	-
				180 Issue II Project Fund						
-	-	-	-	204 Recreation Center Debt Servic	-	-	-	-	-	-
30,940.20	32,518.60	31,732.91	31,454.96	207 Fire Bond Retirement	-	-	-	-	-	-
-	-	-	-	217 General Bond Retirement	-	-	-	-	-	-
659,688.46	1,803,968.59	3,206,347.93	3,995,028.02	301 General Purpose Capital	781,234.90	787,366.68	801,529.44	815,732.44	829,920.44	844,245.44

CITY OF MEDINA
Projected Revenues for the Years Ending December 31, 2012-2016

2007	2008	2009	2010	Classification	2011 Update	2012 Est	2013 Est	2014 Est	2015 Est	2016 Est
4,000.00	-	-	-	304 Park / Recreation Capital	-	-	-	-	-	-
97,895.42	368,631.94	361,031.75	92,133.17	307 Fire Capital Replacement	97,640.00	97,908.00	99,866.00	101,863.00	103,901.00	105,979.00
-	-	-	-	329 Capital Projects Fund	-	-	-	-	-	-
-	-	-	-	346 Water Capital Improvements	-	-	-	-	-	-
558,338.19	1,432,000.00	1,473,118.91	957,812.81	380 Issue II Capital Projects	-	-	-	-	-	-
-	-	-	-	381 Street Resurfacing Capital	-	-	-	-	-	-
-	-	-	-	382 Storm Sewer Capital	-	-	-	-	-	-
-	-	-	-	383 Street Reconstruction Capital	-	-	-	-	-	-
-	-	-	-	384 Black Top Resurfacing	-	-	-	-	-	-
-	-	-	-	385 Curbs & Alleys Capital	-	-	-	-	-	-
97,895.39	100,566.94	139,007.01	138,199.75	388 Computer Electronic	146,461.00	146,862.00	149,799.00	152,795.00	155,851.00	158,968.00
97,895.39	100,566.94	7,315.18	-	389 Unanticipated Capital	-	-	-	-	-	-
304,276.27	279,685.31	277,787.56	300,740.95	418 Spec Asses Bond Ret Fund	290,000.00	245,000.00	175,000.00	160,000.00	65,000.00	-
15,475.07	9,196.50	12,296.06	10,000.00	428 Spec Assess Projects	17,500.00	17,500.00	17,500.00	17,500.00	17,500.00	17,500.00
3,486,847.66	3,568,428.60	3,500,973.98	3,455,673.14	513 Water Fund	3,385,750.00	3,336,400.00	3,282,790.00	3,234,909.00	3,187,747.00	3,141,292.00
3,209,887.18	3,074,522.39	3,006,852.03	3,011,927.02	514 Sanitation Fund	3,035,000.00	3,048,000.00	3,067,435.00	3,080,430.00	3,093,485.00	3,105,600.00
727,144.58	698,361.10	673,876.34	7,108,832.60	546 Water Capital Improvement	684,525.64	686,922.38	686,717.62	686,426.26	685,971.26	685,446.26
1,402.48	5,823.09	76,139.80	3,431.62	547 Municipal Airport	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
2,682,463.42	2,742,170.03	2,640,042.06	5,751,292.92	574 Rec Ctr Administration	2,724,154.00	2,721,512.00	2,741,427.00	2,757,406.00	2,773,704.00	2,790,328.00
-	-	-	-	582 Stormwater Utility	-	-	-	-	-	-
33,581.30	24,787.56	19,978.13	20,821.75	616 Section 125 Fund	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
10,852,005.02	11,591,575.34	11,370,538.40	11,603,739.20	625 Payroll	12,666,427.00	13,046,420.00	13,437,814.00	13,840,949.00	14,256,178.00	14,683,863.00
17,794.96	17,515.85	14,240.05	25,751.48	637 Agency Revolving	194,850.00	194,850.00	194,850.00	194,850.00	194,850.00	194,850.00
283,965.00	329,697.50	323,922.50	285,257.50	676 Automotive Mechanics	320,000.00	320,000.00	330,000.00	330,000.00	330,000.00	330,000.00
				722 Water Meter Deposit						
9,525.00	5,100.00	15,500.00	20,700.00	723 Developer Deposits	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
				727 County Sewer Trust						
1,271.58	-	-	-	736 Friends of the Cemetery	750.00	750.00	750.00	750.00	750.00	750.00
48.15	2.69	2.94	11.28	739 Tricentennial Savings	200.00	200.00	200.00	200.00	200.00	200.00
31,569.70	28,123.70	6,843.29	6,757.15	741 Utility Deposit Fund	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
-	-	-	200.00	743 Shade Tree Trust Fund	250.00	250.00	250.00	250.00	250.00	250.00
904.81	1,006.46	689.73	4,207.48	819 Cemetery Endowment	325.00	325.00	325.00	325.00	325.00	325.00
35,861.82	37,689.44	29,124.18	46,059.51	820 Cemetery Investment	41,500.00	41,500.00	41,500.00	41,500.00	41,500.00	41,500.00
1,266.79	18.81	3,325.07	80.55	821 Cemetery Mausoleum	4,600.00	4,600.00	4,600.00	4,600.00	4,600.00	4,600.00
67,311.09	57,277.10	42,712.34	38,615.96	924 Law Library Fund	85,000.00	85,000.00	85,000.00	85,000.00	85,000.00	85,000.00
38,765.00	123,008.15	43,325.00	44,914.00	938 Bid and Performance Bond	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
3,049.00	4,358.41	3,842.35	2,247.24	939 Bd or Building Standards	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
-	-	-	-	975 Planning Zoning Depsoit Escr	-	-	-	-	-	-
46,928,077.09	50,060,812.74	50,361,088.68	74,089,642.45	Total	48,683,318.01	47,537,399.40	47,401,648.87	48,160,213.50	48,839,198.59	49,622,637.03

A-2 Resolution of support

RESOLUTION NO. 30-12

A RESOLUTION SUPPORTING THE COLLABORATION BETWEEN THE CITY OF MEDINA AND MEDINA CITY SCHOOLS FOR GRANT STUDIES, AND DECLARING AN EMERGENCY.

WHEREAS: The Mayor and Medina City Schools have proposed a collaboration between the City of Medina and Medina City Schools on grants to study, investigate, and analyze; (1) providing centralized communications dispatch services between Medina City Schools and local law enforcement; and (2) implementing a shared technology support model between the City of Medina and Medina City Schools; and

WHEREAS: These grants would pay for the costs of said studies; and

WHEREAS: The results of these studies may determine and ascertain a fiscal savings for the City of Medina.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MEDINA, OHIO:

SEC. 1: That Medina City Council hereby supports a collaboration between the City of Medina and Medina City Schools on grants to study, investigate and analyze: (1) providing centralized communications dispatch services between Medina City Schools and law enforcement; and (2) implementing a shared technology support model between the City of Medina and Medina City Schools.

SEC. 2: That it is found and determined that all formal actions of this Council concerning and relating to the passage of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with the law.

SEC. 3: That this Ordinance shall be considered an emergency measure necessary for the immediate preservation of the public peace, health and safety, and for the further reason that the deadline for application is March 1, 2012; wherefore, this Ordinance shall be in full force and effect immediately upon its passage and signature by the Mayor.

PASSED: February 27, 2012 **SIGNED:** John M. Coyne, III
President of Council

ATTEST: Kathy Patton
Clerk of Council

APPROVED: February 28, 2012

SIGNED: Dennis Hanwell
Mayor

MEDINA CITY SCHOOL DISTRICT

BOARD OF EDUCATION

MONTHLY MEETING

February 27, 2012

Educate
Challenge
Inspire

Medina High School
Distance Learning Lab

6:00 p.m.

BOARD OF EDUCATION

Mr. William Grenfell
President

Dr. Robert Wilder
Vice President

Mr. Charles Freeman

Dr. Karla Robinson

Mrs. C. Susan Vlcek

Mr. Alex Raz
Student Representative

Mr. Wally Gordon
Treasurer

Dr. Randy Stepp
Superintendent

AGENDA

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. READING OF MISSION STATEMENT

The Medina City School District prepares students for an ever-changing future by:

- Providing a student-centered learning environment to help students reach their maximum potential
- Instilling in them an enthusiasm for lifelong learning
- Engaging in collaborative partnerships with our families, community, and world

IV. ROLL CALL

V. ADOPTION OF AGENDA

VI. APPROVAL OF MINUTES 1-21

VII. INFORMATIONAL ITEMS

A. SUPERINTENDENT'S COMMUNICATIONS
   1. Technology and Its Potential for Impact on Learning – Stacy Hawthorne
   2. Policies First Reading – Kristine Quallich

B. ADMINISTRATIVE REPORTS 22-36

C. BOARD

VIII. DISCUSSION ITEMS

A. SUPERINTENDENT
   1. Introduction of Jim Hudson, Treasurer – Bill Grenfell

B. TREASURER'S COMMUNICATION

C. BOARD

IX. COMMUNITY COMMENT

X. ACTION ITEMS:

1. TREASURER'S REPORT* 37
2. DONATIONS 37-39
3. RESOLUTIONS 39
4. TRANSPORTATION RELEASE 39
5. FIELD TRIPS (2011-12) 39
6. FIELD TRIPS (2012-13) 39
7. SERVICE AGREEMENTS 40
8. BUDGET TRANSFERS* 40
9. PERSONNEL:
   Certificated Resignation 40
   Co-curricular Appointments 40
   Co-curricular Non-renewals for 2012-13 41
   Certificated Substitutes 41
   Support Staff Retirements 41
   Rescission of Support Staff Retirement 41
   New Support Staff Substitute 41
   Attachments 42-68

XI. ADJOURNMENT

ADDENDUM

February 27, 2012

Educate
Challenge
Inspire

RESOLUTION – RETURN OF ADVANCE

It is recommended that the Board of Education approve the following return of general fund advance:

Evolve	014 7420 922 9011 410	$10,000.00

RESOLUTION – RETURN OF ADVANCE

It is recommended that the Board of Education approve the following return of general fund advance:

Root Washington Trip	018 5210 9212 210	$1,500.00

RESOLUTION – LOCAL GOVERNMENT INNOVATION FUND

It is recommended that the Board of Education approve the Resolution to fully participate in any and all Local Government Innovation Fund (LGIF) grant applications pertaining to the sharing of services and/or LEAN initiatives between the City of Medina and/or any or all school districts within Medina County.

FIELD TRIP (2011-12)

It is recommended that the Board of Education approve the following overnight field trip, in compliance with Policy #2340, for the 2011-12 school year:

State Wrestling Tournament	February 29 – March 3, 2012	Columbus, Ohio

PERSONNEL:

Co-Curricular Appointments:
Douglas Baker, Boys' Middle School Head Track Coach (Claggett Middle School)
*Corey Bernard, Junior Varsity Assistant Softball Coach (Medina High School)

*Pending completion of personnel file

MEDINA CITY SCHOOL DISTRICT
PERFORMANCE AUDIT

SEPTEMBER 21, 2010

Mary Taylor, CPA
Auditor of State

Mary Taylor, CPA
Auditor of State

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

In October 2009, the Medina City School District (Medina CSD or the District) engaged the Auditor of State (AOS) to conduct a performance audit of select areas of District operations. The areas selected for inclusion in the audit were financial systems, human resources, facilities, transportation, food service, and technology. These areas were selected because they are important components of Medina CSD operations that support its mission of education children and because improvements in these areas can assist in improving efficiencies and reducing costs. This audit also reports on the implementation status of key recommendations from the 2003 audit.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. While the recommendations contained in the audit report are resources intended to assist Medina CSD, Board members and administrators are also encouraged to assess overall operations and develop alternatives independent of the performance audit.

An executive summary has been prepared which includes a brief project history; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, key recommendations, and the financial implications. This report has been provided to Medina CSD, and its contents discussed with the appropriate elected officials and administrators. Medina CSD has been encouraged to use the results of the performance audit as a resource for further improving its overall operations, service delivery, and efficiency.

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 "Search" option.

Sincerely,

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 21, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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Executive Summary

Project History

In October 2009, the Medina City School District (Medina CSD or the District) engaged the Auditor of State (AOS) to conduct a performance audit of its financial, strategic, and operations management. The Board of Education requested this independent assessment to determine whether operations are efficient and management practices are effective; and to identify areas for improvement. Accordingly, this audit examined the District's financial, human resource, and technology management, along with facility, transportation, and food service operations. Audit work concluded in April 2010.

In 2003, AOS also conducted a performance audit of Medina CSD at the request of the District. Many, but not all, of the 2003 performance audit recommendations have been implemented. This audit also reports on the implementation status of key recommendations from the 2003 audit. Finally, in 2009, AOS completed an analysis of Medina CSD program offerings and costs.

The overall objective of this project was to identify opportunities for savings and process improvements, as well as noteworthy accomplishments, by comparing current processes to leading practices in key operational areas. Where appropriate, recommendations were made that would reduce costs, improve efficiency, or enhance management effectiveness. The resulting recommendations provide options that the District should consider in its continuing efforts to improve and stabilize its long-term financial condition. This information should be helpful to Medina CSD as it makes decisions about programs and operations in order to address potential deficits in future years.

District Overview

Medina CSD is located in Medina County and encompasses 48 square miles. In FY 2008-09, the District reported an enrollment of 7,298 students. For FY 2009-10, the District opened two new elementary schools, giving it a total of ten school buildings in operation. The last time a new operating levy passed was February 2005.

In FY 2009-10, the District employed 821.6 full-time equivalent (FTE) staff, including 391.3 FTE teaching staff, 50.5 FTE office/clerical staff, and 33.0 FTE administrative personnel. Its regular education student-to-teacher ratio was 19.9 to 1.

The Ohio Department of Education (ODE) reported that Medina CSD received 59.5 percent of its revenue from local sources, 37.0 percent from the State, and 3.5 percent from federal and

other sources in FY 2008-09. ODE also reported that the District's expenditures per pupil were $10,428, which was slightly above the State average of $10,254. In FY 2009-10 the District's general operating budget was approximately $79 million.

Medina CSD operates under two collective bargaining agreements. Teachers and other certificated personnel are governed by a negotiated agreement with the Medina City Teachers Association (MCTA), which is affiliated with the Ohio Education Association (OEA) and National Education Association (NEA). This agreement is in effect until December 31, 2010. Classified personnel, such as secretaries, custodians, maintenance workers, bus drivers, and cooks, are governed by a negotiated agreement with the Ohio Association of Public School Employees/AFSCME Local 4, AFL-CIO, and Local #305. This agreement was in effect from July 1, 2006 until June 30, 2009 but was extended for one year with a 3 percent increase in base salaries.

For FY 2008-09, Medina CSD was categorized as *Excellent with Distinction,* having met 29 of 30 academic performance indicators established by ODE and having met its adequate yearly progress goals.

Subsequent Events

During the course of the audit, FY 2008-09 was the most recent year for which staffing and financial data was available. After the completion of field work, FY 2009-10 staffing data became available.

In October 2009, Medina CSD was projecting a $13.3 million deficit beginning in FY 2010-11.The District reduced transportation service levels in January 2010 which allowed the District to eliminate approximately 25 positions for an approximate annual savings of $400,000. In addition during the course of the audit, the District implemented a reduction in force and other cost saving measures designed to eliminate the projected deficit. In May 2010, the District submitted an updated five-year forecast. This updated forecast showed a positive ending fund balance in FY 2010-11 of about $490,000 with deficits beginning in FY 2011-12.

Objectives, Scope and Methodology

Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision

making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability[1].

AOS conducted the performance audit of Medina CSD in accordance with Generally Accepted Government Auditing Standards (GAGAS). These standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives.

To complete this report, auditors gathered and assessed data from Medina CSD; conducted interviews with District personnel; identified applicable benchmarks and leading practices; and developed a composite of ten "peer" districts from area counties. **Table 1-1** shows Medina CSD and the ten peer districts, along with key demographic and academic performance data.

Table 1-1: Selected Peer Districts

District Name	County	Enrollment	Performance Indicators Met	Expenditures Per Pupil	Percent of Students with Disability
Medina CSD	**Medina**	**7,298**	**29**	**$10,428**	**14.8%**
Stow-Munroe Falls CSD	Summit	5,618	29	$9,205	11.7%
North Royalton CSD	Cuyahoga	4,346	29	$9,137	10.2%
Green LSD	Summit	4,097	30	$9,398	12.3%
Olmsted Falls CSD	Cuyahoga	3,491	30	$10,281	12.9%
Brunswick CSD	Medina	7,327	29	$8,944	10.9%
Strongsville CSD	Cuyahoga	6,783	27	$12,350	11.6%
Wadsworth CSD	Medina	4,584	29	$8,742	9.6%
Twinsburg CSD	Summit	4,236	29	$9,703	8.9%
Amherst EVSD	Lorain	4,092	28	$8,436	15.7%
Avon Lake CSD	Lorain	3,616	30	$10,334	11.2%

Source: Ohio Department of Education

In certain assessments in this report, AOS used different peer groups to provide comparisons that are more relevant. In these cases, the different peers are noted.

In addition to peer data, AOS used external organizations to identify leading and recommended practices for comparisons. Key external sources included the Ohio Department of Education, the Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), the National State Auditors Association (NSAA), the United States Government Accountability Office (GAO), and other industry organizations. Data from peer districts and external sources used as criteria were not tested for reliability.

[1] Government Auditing Standards, July 2007 Revision, United States Government Accounting Office

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

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

Noteworthy Accomplishments

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

- **Forecasting and Budgeting Processes:** Medina CSD has implemented leading practices in its forecasting and budgeting processes. The Treasurer puts together forecast scenarios based upon reduction plans, State funding changes, levy attempts, and other information. In Medina CSD forecasting is a year-round process. All administrators at the building and department level are involved in the budgeting process through the creation of their own respective budgets. Those budgets are presented to a central office committee for review. After the central office committee reviews the budgets, the five-year forecast is created and presented to the Board and a citizen finance committee for review, input, and approval. The Treasurer then gives presentations to the Board throughout the year as changes are made to the forecast.

- **Access to Board Meetings:** Medina CSD televises its Board meetings and provides tapes and DVDs of the meetings to the public upon request. The District has its own channel provided by the local cable company. The channel is provided at no cost to the District, but the District provides some equipment and technical support through a joint venture with the City of Medina and the local cable company. By televising its Board meetings, the District is promoting transparency in operations and extending access to stakeholders that might not otherwise be able to attend the Board meetings.

- **Communication:** The District keeps a wide variety of financial information on hand to share with Board members, members of the District's various community committees, and interested residents. This information includes a State of the Schools presentation handout, levy information from the Ohio Department of Taxation and the law firm

Bricker & Eckler, and copies of presentations given to the Board on topics such as forecast assumptions and the District's tax budget. The District also seeks out information and resources in order to better educate its stakeholders about the District's financial condition and levy options.

- **Energy Conservation:** Medina CSD uses leading practice techniques in an effort to control utility costs and reduce usage. The District purchases electricity and gas from the Ohio Schools Council (OSC), a consortium. The District uses technology to control temperatures at all buildings and to monitor the HVAC system district wide. The District also uses Board policy, administrative guidelines, and staff newsletters to communicate energy goals and ways to reduce usage. Energy costs and usage is tracked for each building and compared to previous years. The District undergoes energy audits conducted by an outside contractor in an effort to further identify ways to reduce use and costs. The District also has incorporated energy conservation into its curriculum. Four Medina CSD buildings have achieved Energy Star Ratings.

- **Facilities Planning:** A review of the District's facilities master plan reveals a conscientious effort to include academic standards, financial considerations, community impact, psychological and social effects, student and staff safety, and logistical factors when planning for future facility needs. The capital improvement plan supports the master facility plan by focusing on seven factors:

  - Facility age;
  - Concerns/requests made by parents, students, and staff;
  - Cost prevention;
  - Code/law requirements;
  - Safety/health improvements;
  - Direct benefit for the students; and
  - Efficiency.

  Each building is graded from 1-5 in all 7 areas, then a total score is calculated. Those repairs with the highest scores get first priority for funding. A cost is also affixed to each proposed improvement. The District funds all capital and permanent improvements through its sales tax revenue (approximately $1.2 million annually) and a permanent improvement levy (approximately $572,000 annually). In addition, the District has a capital improvement plan for the Recreation Center that also ranks improvements in three categories. This plan also includes costs for each proposed improvement.

  Finally, Medina CSD has documented planning for accommodating all day kindergarten; complete with staffing costs, space requirements, bus routing, food service considerations, and possible building sites. The plan also discusses the requirement that if parents request half-day kindergarten, the school district must provide that option. As a

result, the District is better able to plan and budget by thinking of all the possible implications caused by all day kindergarten and estimating the costs to adhere to the requirements.

Key Recommendations

The following are key recommendations from the performance audit report. As school district issues are often complex, users of this report are encouraged to examine the full findings and recommendations contained in the detailed report sections.

In the area of financial and strategic management, Medina CSD should:

- Develop a comprehensive purchasing manual, which incorporates all existing purchasing policies, procedures, and internal controls used during the purchasing process.

- Update its textbook adoption policy to reflect current textbook selection processes which would help ensure that all District employees, particularly those participating in the adoption process, are aware of the Board's expectations regarding textbook selection and adoption. *This recommendation was implemented during the course of the audit.*

- Perform an analysis of the routine purchases made by school principals and department managers and develop a preferred product list in order to make better use of bulk purchasing and secure competitive pricing.

- Update its credit card policy to include elements of leading practices recommended by the GFOA and formally document its internal controls over credit card usage.

- Develop a formal payroll processing manual containing district-specific procedures, detailed explanations of staff expectations, and a daily schedule of activities to be performed by each person with payroll responsibilities.

- Approach bargaining unit representatives and request a memorandum of understanding requiring mandatory direct deposit for all employees and long-term substitute teachers, regardless of hire date. Furthermore, the District should explore the possibility of discontinuing the practice of issuing paper pay stubs, and instead issue only electronic pay stubs.

- Review and evaluate its expenditure coding structure to ensure the accounting system is providing the level of detail desired by the Board and administration.

In the area of human resource management, Medina CSD should:

- Develop policies and guidelines to ensure staff data reported through the Education Management Information System (EMIS) is coded consistently and is in compliance with ODE instructions. The District should also establish and document a process for reviewing and correcting staff data.

- Consider eliminating 6.0 FTE Educational Service Personnel (ESP) positions, which would reduce salary and benefit costs and bring its ESP staffing levels more in line with the peer average.

- Consider eliminating 6.0 FTE non-certificated classroom support positions. By eliminating these positions, Medina CSD could reduce its salary and benefit costs and bring staffing levels in this category more in line with the peer average.

- Attempt to negotiate and implement additional cost containment strategies to further reduce its medical and dental insurance costs. Strategies should focus on bringing monthly premiums and employee contribution rates more in line with the SERB averages for the Akron/Canton region.

- Attempt to limit or remove provisions in its bargaining agreements that exceed what similar districts in the area offer or that unnecessarily restrict management's ability to efficiently manage the District. Provisions that require certain staffing levels to be maintained or that entitle employees to pay or benefits above and beyond what is considered typical can be particularly costly to the District.

- Attempt to negotiate a zero percent increase in base salaries for certificated staff until the salary schedule is more in line with similar districts in the area. A higher starting salary, combined with negotiated based wage increases, and the Board's pick up of employee retirement contributions, has resulted in certificated staff compensation that is higher than similar districts in the area.

- Follow the Government Finance Officers Association (GFOA) recommendations for evaluating retirement incentives. Furthermore, the District should attempt to negotiate contract language that allows it to offer retirement incentives only when needed to meet specific staff or financial goals.

- Investigate strategies for reducing special education costs while continuing to provide a high quality education for the District's special needs students. Potential strategies for reducing costs could include routinely assessing staffing needs, evaluating services, and analyzing the potential benefits of partnering with other agencies.

In the area of facilities, Medina CSD should:

- Determine and document the capacity of each of its school buildings then regularly monitor building utilization rates. Further the District should periodically review how buildings are use and adjust room usage in order to optimally utilize each building.

In the area of transportation, Medina CSD should:

- Develop and implement written procedures for gathering, allocating, verifying, and submitting transportation data that are consistent with ODE instructions. The Transportation Supervisor should also ensure that the T-1 and T-2 forms have appropriate documentation that supports the information provided on the forms.

- Work toward improving the efficiency of its transportation routes and reduce the number of buses it uses to transport its regular students to and from school. The District should strive to operate its buses at 80 percent of capacity as suggested by the American Association of School Administrators (AASA). The District should consider leading practices for improving routing efficiency such as increasing route times, adjusting building bell schedules, and having students walk up to one half mile to their bus stops.

In the area of food service, Medina CSD should:

- Develop a strategic plan for its food service operation with specific goals, objectives, and performance measures. Based on the identified strategic goals and objectives, Medina CSD should extend its annual budget process and develop a five-year forecast for the Food Service Fund. During the course of the audit, the Food Service Supervisor developed a five-year forecast in conjunction with the budgeting process for FY 2010-11.

- Take action to generate additional revenues, decrease expenditures, or a combination of the two, in order to eliminate a continued operational deficit in the Food Service Fund. Options to eliminate the operational deficit include increasing meal prices, generating additional revenues through increased participation, and/or reducing labor hours from the daily food service operation.

In the area of technology management, Medina CSD should:

- Implement a technology plan that clearly identifies goals, objectives, and action steps to maintain, replace, and enhance technology at the District. It should be updated annually to reflect the priorities of the District, and to reconcile the goals identified by the District and the reality of available funding needed to implement the plan.

- Work to consolidate and centralize technology expenditures through the development of a more formal and collaborative budgeting process.

- Develop a formal replacement schedule for District hardware. Independent of available resources, it is critical that District administrators have a clear understanding of the fiscal commitments required to ensure technology remains current and useable.

- Work to enhance professional development activities. Following a formal needs assessment of professional development, the District should seek to formalize the process for providing professional development and ensure that staff receive sufficient training on the District's significant hardware and software investments.

Summary of Financial Implications

Table 1-2 summarizes the financial implications of the performance audit recommendations. These recommendations provide a series of ideas or suggestions that Medina CSD should consider. Additional information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Table 1-2: Summary of Financial Implications for the General Fund

Recommendation	Estimated Annual Cost Savings [1]
R2.3 Develop a preferred product list in order to secure lower pricing on commonly purchased items and bring expenditures in line with the peer average.	$82,000
R3.2 Eliminate 6.0 FTE education service personnel (ESP) positions.	$436,000
R3.3 Eliminate 6.0 FTE non-certificated classroom support positions	$140,000
R3.4 Negotiate cost containment strategies to bring medical and dental premiums and employee contributions in line with SERB averages.	$1,700,000
R3.8 Implement leading practice strategies to bring special education direct spending in line with peer district average.	$612,000
R5.2 Improve efficiency of routes and reduce up to 8 regular buses.	$280,000
Total	**$3,250,000**

Source: Auditor of State
Note: Savings are rounded to the nearest thousand.
[1] Savings based on implementation in FY 2010-11.

Financial Systems

Background

This section focuses on the strategic and financial management systems in the Medina City School District (Medina CSD or the District). It analyzes strategic planning, financial policies and procedures, historical revenue and expenditures, and the projected financial condition of the District for the purpose of developing recommendations to improve strategic management and financial decision making. Plans, procedures, and operations were evaluated against leading practices, industry benchmarks, operational standards, and selected peer districts.[1] Leading practices and industry standards were drawn from various sources, including the Ohio Department of Education (ODE), the Government Finance Officers Association (GFOA), the National State Auditors Association (NSAA), and the United States Government Accountability Office (GAO). The audit also examined the implementation status of key recommendations from Medina CSD's 2003 performance audit (see **appendix 2-A**). Of the 11 financial systems recommendations evaluated in this performance audit, seven were fully implemented, one was partially implemented, and three were not implemented. As a result, four similar recommendations were re-issued in this report (see **R2.1, R2.2, R2.3** and **R2.5**).

The following questions were used to evaluate the District's financial management practices:

- What is the implementation status of the 2003 performance audit recommendations?
- Does the District's financial data appear to be valid and reliable?
- What has been the District's recent financial history?
- How do the District's revenue and expenditures per pupil compare with peer districts?
- Does the District have comprehensive financial policies and procedures that meet recommended practices?
- What is the likely financial position of the District based on the implementation of the performance audit recommendations?

[1]The peers include Amherst EVSD (Lorain County), Avon Lake CSD (Lorain County), Brunswick CSD (Medina County), Green LSD (Summit County), North Royalton CSD (Cuyahoga County), Olmsted Falls CSD (Cuyahoga County), Stow-Munroe Falls CSD (Summit County), Strongsville CSD (Cuyahoga County), Twinsburg CSD (Summit County), and Wadsworth CSD (Medina County).

- Does the District report appropriate financial information to management and the community?
- Does the District effectively manage payroll operations?
- Has the District established inventory controls over consumable supplies and materials that meet recommended practices?

Treasurer's Office Operations

The Treasurer's Office is responsible for forecasting, budgeting, payroll, accounts payable, accounts receivable, and accounting for the District's grants. The Treasurer's Office consists of the Treasurer, an assistant treasurer, an accounts receivable clerk, an accounts payable clerk, and two payroll clerks. The Treasurer has been with the District since 1988. The District shares appropriate financial information with management and the community through monthly financial reports, the District's cable channel, and the comprehensive annual financial report (CAFR).

District Revenue

ODE uses school districts' year-end financial data which categorizes revenue into three general sources: local, State, and federal. **Table 2-1** compares Medina CSD's revenue per pupil with the peer average for fiscal year (FY) 2008-09, which was the latest year available at the time of the audit.

Table 2-1: FY 2008-09 Revenue per Pupil Comparison

	Medina CSD		Peer Average		Difference Per Pupil	
	Per Pupil	Percent of Total	Per Pupil	Percent of Total	Amount	Percent
Local Revenue	$5,732	59.5%	$5,508	58.8%	$224	4.1%
State Revenue	$3,564	37.0%	$3,510	37.5%	$54	1.5%
Federal Revenue	$333	3.5%	$346	3.7%	($13)	(3.7%)
Total Revenue	**$9,629**	**100.0%**	**$9,363**	**100.0%**	**$266**	**2.8%**

Source: Ohio Department of Education
Note 1: Numbers may vary due to rounding.
Note 2: Because districts often account for funds that are unrelated to the instruction of school-age students (i.e., special trust funds or adult education), not all money accounted for by a school district is included in the revenue per-pupil calculation.

Overall, Medina CSD revenue in FY 2008-09 was 2.8 percent more per pupil than the peer average. As shown in **Table 2-1**, the percentage of revenue from local, State, and federal sources

is very similar to the peer averages. On a per student basis, Medina CSD received more revenue from local and State sources and less from federal sources than the peers.

Table 2-2 compares Medina CSD's property valuation assessed for tax purposes and local tax collections with the peer averages for FY 2008-09.

Table 2-2: Assessed Property Valuation and Local Tax Collections

	Medina CSD	Peer Average	Difference	Percent Difference
Average Daily Membership (ADM) [1]	7,440	4,879	2,561	52.5%
Assessed Valuation	$1,306,114,237	$900,844,816	$405,269,421	45.0%
Assessed Valuation Per ADM	$175,553	$184,890	($9,337)	(5.0%)
Property / Income Tax Collections	$41,233,471	$26,193,302	$15,040,169	57.4%
Collections Per ADM	$5,542	$5,310	$232	4.4%
Dollars Collected Per ADM as a Percent of Assessed Valuation per ADM	**3.2%**	**2.8%**	**0.3%**	**10.9%**
Effective Millage				
> Residential (Class I)	35.79	31.60	4.19	13.3%
> Business (Class II)	39.49	35.10	4.39	12.5%

Source: Ohio Department of Education
[1] Represents the student count used by ODE Expenditure Flow Model which uses the June 30th year-end average daily membership (ADM).

Table 2-2 shows that although Medina CSD has a lower assessed valuation per average daily membership (ADM) than the peers, its property/income tax collections per ADM are higher than the peer average. This is due, in part, to Medina CSD having higher effective millage rates. For local collections to represent the same percent of assessed valuation as the peers (2.8 percent), the District would need to collect $755 less per student.

In Medina County, there is a 0.5 percent sales tax that is split among Medina County school districts based upon student population. By law, money generated by the sales tax must be used for building construction and permanent improvements. The District receives approximately $2.4 million from the County sales tax each year. Half of this amount goes to paying the debt service for its new elementary school buildings (see **facilities**) and the other half is used for permanent improvements.

The District's last successful operating levy attempt was in February 2005, when the District passed a 7.9 mill continuing levy. The District also has a permanent improvement levy that will expire in 2011. The permanent improvement levy produces approximately $572,000 per year. The District agreed to let the permanent improvement levy expire if the County-wide sales tax increase was approved.

District Expenditures

Table 2-3 compares the District's expenditures per pupil over the past three fiscal years. Expenditures per pupil are based on the ODE Expenditure Flow Model (EFM). The purpose of the EFM, as described by ODE, is to categorize and report expenses related to the education of students. Because districts often account for funds unrelated to the education of the students they are required to serve (i.e., adult education and student activities), the EFM does not include all the funds accounted for by a school district. However, the funds identified within the EFM are broader than and do not match the funds included within the five-year forecast.

Table 2-3: Expenditures Per Pupil – Three Year History

	FY 2006-07	FY 2007-08	Percent Change	FY 2008-09	Percent Change	Average Percent Change
Administration	$956	$1,038	8.6%	$1,046	0.8%	4.7%
Building Operations	$1,762	$1,817	3.1%	$1,949	7.3%	5.2%
Staff Support	$136	$181	33.1%	$157	(13.3%)	9.9%
Pupil Support	$987	$1,081	9.5%	$1,137	5.2%	7.4%
Instruction	$5,616	$5,860	4.3%	$6,139	4.8%	4.6%
Total	**$9,457**	**$9,977**	**5.5%**	**$10,428**	**4.5%**	**5.0%**

Source: Ohio Department of Education, Expenditure Flow Model
Note: Numbers may vary due to rounding.

As shown in **Table 2-3**, the District's expenditures per pupil increased around 5 percent in each of the last two years. Staff support spending per pupil jumped 33.1 percent from FY 2006-07 to FY 2007-08 then decreased 13.3 from FY 2007-08 to FY 2008-09. Administration expenditures only increased slightly in FY 2008-09 and a total of 4.7 percent over the two-year period.

The allocation of resources between the various functions of a school district is one of the most important aspects of the budgeting process. Given the limited resources available, operational expenditures by function level must continually be evaluated and prioritized. **Table 2-4** compares Medina CSD's FY 2008-09 expenditures on a per pupil basis to the peer average, which was the most recent financial information available at the time of the audit.

Table 2-4: Expenditure per Pupil Comparison

	Medina CSD		Peer Average		Difference	
	Total	Per Pupil	Total	Per Pupil	Per pupil	Percent
Administration	$7,778,758	$1,046	$5,338,116	$1,085	($40)	(3.7%)
Buildings & Operations	$14,501,569	$1,949	$9,200,365	$1,859	$90	4.9%
Staff Support	$1,170,513	$157	$646,808	$131	$26	20.0%
Pupil Support	$8,458,170	$1,137	$5,011,615	$1,029	$108	10.5%
Instruction	$45,674,467	$6,139	$27,185,736	$5,549	$590	10.6%
Total	**$77,583,477**	**$10,428**	**$47,382,641**	**$9,653**	**$775**	**8.0%**

Source: Ohio Department of Education, Expenditure Flow Model - FY 2008-09
Note 1: Medina CSD FY 2008-09 June 30th Average ADM = 7,440.
Note 2: Numbers may vary due to rounding.

As **Table 2-4** shows, Medina CSD spent 8 percent more per pupil than the peer average in total expenditures. The following is a brief explanation of the District's spending by category:

- **Administration**: In FY 2008-09, Medina CSD spent 3.7 percent less per pupil in the category of administration than the peers. Aside from salary and benefit expenses for administrators, these costs are associated with the board of education, superintendent's office, fiscal services, support services, and building principals. These expenditures do not relate directly to the education of students. Instead, they encompass expenses relating to planning, research, information services, staff services, and data processing.

- **Building and Operations**: In FY 2008-09, Medina CSD's building and operations costs were about 5 percent more per pupil than the peer average. These expenditures are comprised of salaries and benefits, and vendor contracts for the direction of maintenance, transportation, and the food service operations. Building Operations also includes facilities-related operations at the building and central office levels, as well as any purchasing for the enterprise funds, the largest of which is the lunchroom operation. A more detailed analysis of building and operations spending revealed that Medina CSD spent 67.8 percent more per pupil than the peer average on purchased services in FY 2008-09. This was primarily due to the District preparing to open two new buildings in FY 2009-10.

- **Staff Support:** In FY 2008-09, Medina CSD spent $26 more per pupil than the peer average in this category. Expenditures in this category are related to staff needs, such as professional development, training, and tuition reimbursement. The specific areas in which the District's expenditures exceeded the peer average were salaries and wages and employee retirement and benefits. However, a more detailed analysis of EFM spending revealed that several of the peer districts may have understated staff support expenditures on benefits due to coding differences. Therefore, a separate comparison of Medina CSD's staff support expenditures was made with only the peer districts that appeared to have

appropriately coded benefits to staff support functions. When the Medina CSD expenditures were compared to this smaller peer group, the District's total staff support expenditures were 2 percent below the peer average.

- **Pupil Support:** In FY 2008-09, Medina CSD's pupil support expenditures were over 10 percent higher per pupil than the peer average. These expenditures are related to student needs outside of the classroom, such as guidance counseling, help in the media center or library, college advising, field trips, and psychological testing. A more detailed analysis of pupil support spending revealed that Medina CSD spent 74.2 percent more than the peer average on purchased services in FY 2008-09. This could be attributed to the fact that the District contracts out for some services that other districts perform in house, such as nursing, physical therapy, and occupational therapy services.

- **Instruction**: In FY 2008-09, Medina CSD spent over 10 percent more per pupil on instruction than the peer average. This category includes costs for teachers, teacher aides, and paraprofessionals, in addition to costs associated with instructional materials such as computers, books, and other supplies and materials that are used in the classroom setting. These expenditures are directly related to the education of students.

Table 2-5 compares the District's EFM spending by object level to the peer average for FY 2008-09. The object dimension defines the type of goods or services for which the school district pays.

Table 2-5: EFM Spending by Object Comparison

	Medina CSD	Peer Average	Difference	Percent Difference
Personal Services	$6,279	$6,145	$134	2.2%
Employee Retirement and Benefits	$2,353	$2,258	$95	4.2%
Purchased Services	$961	$751	$210	28.0%
Supplies and Materials	$500	$483	$17	3.5%
Capital Outlay	$98	$175	($77)	(43.8%)
Capital Outlay - Replacement	$9	$119	($110)	(92.2%)
Other Objects	$227	$205	$22	10.6%
Total	**$10,428**	**$9,653**	**$775**	**8.0%**

Source: FY 2008-09 ODE Expenditure Flow Model (EFM) Inclusion Reports for Medina CSD and the peer districts
Note: The EFM contains a greater variety of funds than the five-year forecast.

As shown in **Table 2-5**, the District spends more per pupil than the peer average on most objects. Purchased services spending per pupil was 28 percent higher than the peer average in FY 2008-09 partially due to the District preparing to open new buildings in FY 2009-10. This variance may also be attributed to the District contracting with its educational service center and several outside companies for services that other districts may provide in house.

Strategic and Financial Management

The District has developed a comprehensive strategic plan which meets recommended practices and is linked to the District's budget. The District also reports appropriate financial information to management and the community through the issuance of Board financial reports and the publication of a Comprehensive Annual Financial Report (CAFR), which is supplemented with a user-friendly report on the District's ODE Report Card rating.

Ohio Revised Code (ORC) § 5705.391 requires all city, local, exempted village, and joint vocational school districts to submit a five-year forecast of general operating revenues and expenditures to ODE. The forecast format consists of three years of historical data, projections for the current and four ensuing years, and a summary of key assumptions. The financial forecast presented in **Table 2-6** presents Medina CSD's October 2009 five-year forecast as submitted to ODE.

Table 2-6: Medina CSD Five Year Forecast (in thousands)

	Actual			Forecasted				
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
General Property Tax	$36,861	$37,958	$37,692	$38,988	$38,988	$38,988	$38,988	$38,988
Tangible Personal Property Tax	$6,859	$5,371	$3,542	$2,044	$1,854	$1,681	$1,525	$1,383
Unrestricted Grants-in-Aid	$17,118	$17,068	$17,261	$16,146	$17,236	$17,669	$18,185	$18,185
Restricted Grants-in-Aid	$88	$67	$177	$99	$99	$99	$99	$99
Restricted Federal Grants-in-Aid	$0	$0	$0	$1,084	$0	$0	$0	$0
Property Tax Allocation	$6,357	$8,262	$9,749	$9,881	$9,517	$8,688	$9,087	$9,087
All Other Operating Revenue	$2,594	$2,823	$1,691	$1,223	$1,023	$823	$623	$423
Total Revenue	**$69,878**	**$71,549**	**$70,112**	**$69,466**	**$68,716**	**$67,948**	**$68,507**	**$68,165**
Proceeds from Sale of Notes	$0	$0	$23	$0	$0	$0	$0	$0
Advances-In	$108	$35	$0	$35	$35	$35	$35	$35
All Other Financial Sources	$59	$138	$0	$59	$59	$59	$59	$59
Total Other Financing Sources	$167	$174	$23	$94	$94	$94	$94	$94
Total Revenue and Other Financing Sources	**$70,044**	**$71,722**	**$70,134**	**$69,559**	**$68,810**	**$68,041**	**$68,600**	**$68,258**
Personnel Services	$39,477	$42,119	$44,744	$48,178	$50,463	$52,570	$55,068	$57,106
Employees' Retirement/Insurance Benefits	$15,149	$15,753	$16,667	$18,263	$19,729	$20,854	$22,131	$23,196
Purchased Services	$6,599	$7,207	$7,629	$8,881	$9,059	$9,240	$9,725	$9,914
Supplies and Materials	$1,969	$2,024	$1,970	$1,966	$2,015	$2,015	$1,968	$1,968
Capital Outlay	$379	$350	$129	$211	$119	$201	$201	$201
Other Objects	$1,066	$1,468	$1,465	$1,483	$1,497	$1,512	$1,527	$1,543
Total Expenditures	**$64,639**	**$68,921**	**$72,603**	**$78,981**	**$82,883**	**$86,393**	**$90,620**	**$93,928**
Operational Transfers-Out	$33	$187	$0	$383	$386	$384	$390	$390
Advances-Out	$35	$0	$480	$35	$35	$35	$35	$35
Total Other Financing Uses	$68	$187	$480	$418	$421	$419	$425	$425
Total Expenditure and Other Financing Uses	**$64,708**	**$69,108**	**$73,084**	**$79,399**	**$83,304**	**$86,812**	**$91,046**	**$94,353**
Result of Operations (Net)	**$5,337**	**$2,614**	**($2,949)**	**($9,839)**	**($14,494)**	**($18,770)**	**($22,445)**	**($26,095)**
Beginning Cash Balance (7/1)	$12,136	$17,473	$20,087	$17,137	$7,298	($7,196)	($25,966)	($48,412)
Ending Cash Balance (6/30)	$17,473	$20,087	$17,137	$7,298	($7,196)	($25,966)	($48,412)	($74,506)
Outstanding Encumbrances	$2,163	$1,571	$1,848	$2,000	$2,000	$2,000	$2,000	$2,000
Budget Reserve	$3,235	$3,408	$3,593	$3,900	$4,092	$4,215	$4,426	$4,608
Total Reservations	$3,235	$3,408	$3,593	$3,900	$4,092	$4,215	$4,426	$4,608
Fund Balance 6/30 for Certification of Appropriations	$12,074	$15,108	$11,696	$1,398	($13,288)	($32,181)	($54,838)	($81,114)
Fund Balance 6/30 for Certification of Contracts	$12,074	$15,108	$11,696	$1,398	($13,288)	($32,181)	($54,838)	($81,114)
Unreserved Fund Balance 6/30	**$12,074**	**$15,108**	**$11,696**	**$1,398**	**($13,288)**	**($32,181)**	**($54,838)**	**($81,114)**

Source: Ohio Department of Education, October 2009 five-year forecasts
Note: Numbers may vary due to rounding.

As shown in **Table 2-6**, the District is projecting a negative ending fund balance beginning in FY 2010-11 of about $13.3 million. Beginning in FY 2008-09, the District's net result of operations was negative and is projected to remain negative throughout the forecast period. This means that the District is spending more money than it is bringing in. The District reduced transportation service levels in January 2010 and is in the midst of a reduction in force of approximately 145 employees in an effort to address its operating deficit and projected negative ending fund balance. The District expects to save at least $13.3 million through a reduction in force and other cost saving measures.

The District uses leading-practice forecasting and budgeting processes (see noteworthy accomplishments in **executive summary**). The Treasurer produces his own forecasting spreadsheets and reports based upon the Baird - School Business Solutions forecasting software. He develops a five-year forecast each May, October, and January. The May forecast is the initial budget on which the District's annual appropriations are based. The Treasurer puts together different forecast scenarios based upon reduction plans, State funding changes, levy attempts, and other information, and serves as the point person for the forecasting process, which is a year-round process.

The Treasurer gives presentations to the Board throughout the year as changes are made to the forecast. In these presentations, the Treasurer provides detailed information on how legislative changes might impact the forecast assumptions and the District's financial condition during the forecast period. The presentations also include information on enrollment, revenue, and expenditure trends. The District's forecast assumptions appear reasonable and are detailed and sufficiently documented.

Budgeting is an inclusive process in which all administrators at the building and department level take part in processes by creating building or department level budgets. These budgets are supported with appropriate documentation detailing historical costs and proposed expenditures. The building/department budgets are presented to a Central Office committee for review. After reviewing the budgets and tying them together with the overall District budget, the committee passes the District's budget on to the Board and the Citizen Finance Committee for review, input, and approval. The Treasurer takes the departmental budgets into consideration when developing the five-year forecast and puts together monthly financial reports, which allow the Board and the Citizen Finance Committee to monitor the budget throughout the year. In the 2003 performance audit of the District, AOS found that the District was not properly accounting for revenue from the recreation center in its five-year forecast. The District has since corrected that issue.

Recommendations

Procurement

R2.1 Medina CSD should develop a comprehensive purchasing manual, which incorporates all existing purchasing policies, procedures, and internal controls used during the purchasing process. As part of this process, Medina CSD should ensure that its purchasing practices are in line with its Board policies. More specifically, the District should ensure that it is following its policy on timely payments. The District should also consider revising its policy on timely payments to include a specific timeframe for payment of legitimate claims. By making timely payments on legitimate claims, the District can take advantage of vendor discounts and avoid late fees and other charges. Any updates to the District's purchasing policies and practices should be formally documented and communicated to District staff. Furthermore, the purchasing manual should periodically be reviewed to determine if the procedures it contains have changed and whether they are still relevant to the District's operations.

In the 2003 performance audit, auditors recommended the creation of a district-wide purchasing manual. However, the District chose not to implement the recommendation and, instead, follows the USAS purchasing guidelines. It also has several Board policies that address the following purchasing-related topics:

- Cooperative Purchasing;
- Credit Cards;
- Local Purchasing;
- Payment of Claims,
- Competitive Bidding;
- Reverse Auctions; and
- Vendor Relations.

These Board policies do not contain all recommended elements of a purchasing policy/manual and they are not under a single comprehensive Board policy. Furthermore, many of the policies have not been updated recently. In some cases, the policies are insufficiently clear and difficult to interpret. Medina CSD has not developed associated procedures to explain how employees should consistently apply District policies.

For example, the District's Payment of Claims Policy requires prompt payment of legitimate claims (invoices) by suppliers of goods and services to the District. However, "prompt payment" is not defined. A test of 14 randomly selected purchase orders from FY 2008-09 revealed that three (21 percent) of the associated invoices were paid after

their due dates. The average length of time these bills were overdue was 87 days. It does not appear that the District paid late fees for any of these invoices.

While policies should establish what an organization requires or expects, procedures should describe how policies will be carried out or implemented. In addition to sound purchasing policies, districts should have written guidelines or procedures, and a comprehensive purchasing manual to instruct staff on how to carry out the policies and the day-to-day purchasing activities. According to *Introduction to Public Procurement* (The National Institute of Governmental Purchasing (NIGP), 2009), procurement manuals should be written in detail and should set out the forms, process requirements, and steps for each procurement action. A procedures manual is best structured in exactly the same sequence as the procurement cycle, detailing each step in the process and showing the forms to be used, the information required, and the standard length of time necessary to complete any step in the process. This facilitates operational planning and provides benchmarks for monitoring the process. Procedures manuals should be tailored to meet agency requirements and, at a minimum, should include:

- Procurement goals, objectives, and responsibilities;
- Step-by-step outline of the procurement process, including the processing of requisitions, solicitations, bid evaluation and awards, preparation and issuance of purchase orders and contracts, follow-up, and contract administration;
- Guidelines and steps for client departments for preparing procurement requisitions, developing specifications, receiving and inspection, and reporting and documenting supplier performance;
- Step-by-step outline of the property and supply management programs, including inventory control and management and the transfer or disposal of surplus property;
- Other special procedures, such as a description of a cooperative purchasing program, how to process invoices for payment and how to process call-ups against term contracts and blanket purchase orders; and
- Listing of the important forms used in the procurement process, instructions to bidders and general conditions governing contracting, and a glossary of procurement terms used in the manual.

The manual should be written for the guidance of both the procurement staff and those people in other departments who are charged with initiating requisitions. It is good practice to make direct reference to, and in some cases include a copy of, the enabling regulation or policy in a procedures manual. Procedures manuals sometimes include process flow charts to graphically portray the flow of forms and information through the procurement process.

Several Ohio school districts have developed procedures manuals to guide staff through the purchasing process and ensure regulations and district policies are adhered to. For example, Miami East Local School District (Miami County) has a requisition and purchase order handbook that includes references to the statute regarding purchase order authorization; detailed procedures for preparing purchase orders, emergency purchases, and creating and managing online requisitions; USAS coding definitions; and sample forms. Elyria City School District (Lorain County) has a finance and purchasing manual that includes purchasing procedures; detailed instructions for using purchase orders; records retention policies; basic accounting instructions; a listing of funds; instructions for dealing with petty cash; and a listing of staff responsibilities and contact information.

In particular, *Extension of Federal Prompt-Pay Requirements to State and Local Governments* (GFOA, 1989) notes that the timely payment of bills is an important financial management practice that can save governments money. By carefully timing payments so that they are neither late nor too early, the District could take advantage of vendor discounts, avoid penalties, and maximize its return on short-term investments. Furthermore, prompt bill paying reduces vendor costs, which in turn could reduce government procurement costs. Medina CSD is encouraged to include prompt payment, specifically the time frames for invoice payment, in its procedures.

While some of the items recommended by NIGP are present in existing policies, Medina CSD does not have a formal comprehensive procedures manual in place to guide employees through the requisition and purchasing processes. The development, approval, and distribution of a purchasing manual would help clarify the Board's expectations and the District's official position on certain purchasing practices; and would help improve both the consistency and the accountability of those practices.

R2.2 Medina CSD should update its textbook adoption policy to reflect current textbook selection processes. By revising the policy, Medina CSD can ensure that all District employees, particularly those participating in the adoption process, are aware of the Board's expectations regarding textbook selection and adoption.

In the 2003 performance audit, AOS recommended that Medina CSD review its published policy regarding the purchasing of textbooks and revise the policy to reflect the practices determined to be most effective for the District. However, the District chose not to implement the recommendation until recently. During the course of the audit, the Board adopted a new textbook policy to reflect current practices.

While the District has a textbook adoption policy in place, the policy is not in line with the District's actual textbook selection practices. For example, the District's textbook selection practices are very well organized and documented, but many of the attributes of these practices are not addressed by the textbook adoption policy. More specifically, the

policy does not address the District's textbook rotation plan. In addition, the policy lists factors that should be considered when selecting textbooks that are different than the factors listed in other District documents.

According to *Effective Policy Formation: A New Challenge* (Ilg and Tieman, 2006), the general operating procedures of school boards should include annual reviews of District policies to determine whether modifications should be made. In this review process, a committee should evaluate the effectiveness of the policies and determine whether they are in line with current practices. The following questions should be helpful when judging the quality of a policy:

- Does the policy give clear direction to the superintendent and staff?
- Is the policy required by a law, regulation, or judicial mandate?
- Does the policy state clearly to whom it is directed or for whom it was developed?
- Is the policy comprehensive enough to provide flexibility in the rules that will be developed to assist in its implementation?
- Is the policy practical and can it be administered without undue burden on the staff?
- Is there an operational or governance need for the policy?
- Is the issue important enough to warrant a policy?

By revising its textbook adoption policy to reflect current textbook selection practices, Medina CSD can ensure that District employees, parents, and the community have an accurate understanding of the Board's policy and expectations regarding textbook selection and adoption.

R2.3 Medina CSD should perform an analysis of the routine purchases made by school principals and department managers and develop a preferred product list in order to make better use of bulk purchasing and secure competitive pricing. By developing a preferred product list and securing lower pricing on commonly purchased items, the District could bring its supplies and materials expenditures more in line with the peer average.

In the 2003 performance audit, AOS recommended that Medina CSD perform an analysis of the routine purchases made by the school principals and department managers and develop preferred vendor and product lists in order to make use of bulk purchasing and

secure competitive pricing. While the District has developed a preferred vendor list for classroom and office supply purchases, it has not compiled a preferred product list.

As shown in **Table 2-5**, the District spends $17 more per pupil than the peer average on supplies and materials. According to the Business Manager, the District does not use centralized purchasing for office supplies. Therefore, it is possible that each department may be purchasing different types of the same product, such as ballpoint pens or staples. When Marysville EVSD (Union County) realized that its departments were using 20 different types of pens, the district began developing a catalog of commonly used items and was able to select one pen that would be used district-wide (thus obtaining higher volume discounts). The Southwestern Ohio Educational Purchasing Council (EPC), in partnership with the Metropolitan Educational Council (MEC) and the Stark County Purchasing Cooperative, put together supply catalogs for various categories of commodities, such as classroom supplies, food products, and paper. Members of these purchasing cooperatives can use these catalogs to secure lower pricing on commonly used items and take advantage of cooperative purchasing power. Medina CSD could use the supply catalogs as an example when developing their preferred product list.

By performing an analysis of the routine purchases made by school principals and department managers and developing a preferred product list, the District would save its schools and operational departments considerable time by not having to research supply items, locate vendors, and negotiate purchasing terms. A preferred product list would also help Medina CSD to take full advantage of its purchasing power. Furthermore, the District could bring its supplies and materials expenditures more in line with the peer average.

Financial Implication: By developing a preferred product list and securing lower pricing on commonly purchased items, the District could bring its supplies and materials expenditures in line with the peer average. Based upon FY 2008-09 expenditures and enrollment numbers, the District could expect to save approximately $82,000 per year.

R2.4 Medina CSD should update its credit card policy to include elements of leading practices recommended by the GFOA and formally document its internal controls over credit card usage. The updated policy should be included in the District's Board policies and communicated to all employees authorized to make credit card purchases on behalf of the District. By updating its credit card policy and formally documenting its internal controls, the District can promote accountability over credit card usage and reduce the risk of fraud and abuse.

Medina CSD has a credit card policy in place, but it is rather vague and does not contain any of the elements of leading practices recommended by the GFOA. According to the Business Manager, the District has a Visa account with three credit cards linked to it.

Those cards are held by the Superintendent, the Business Manager, and the Treasurer. The cards are used for travel and other purchases where credit cards are needed. Each card has a $5,000 limit. The District also has a single American Express card. The Business Manager stated that credit card use is monitored very closely. Although there is no evidence of fraud or abuse of District credit cards, the District should update its credit card policy to include all elements of GFOA recommended practices and formally document the District's internal controls.

According to *Purchasing Card Programs* (GFOA, 2003),[2] if not properly monitored, the issuance of purchasing cards or credit cards to employees could result in internal control issues or abuse. Best practice guidelines for the use of purchasing/credit cards include the following:

- Written policies and procedures for internal staff;
- Written acknowledgment of employee responsibility;
- Spending and transaction limits;
- Written requests for higher spending levels;
- Recordkeeping requirements;
- Clear guidelines on the appropriate uses of purchasing cards;
- Guidelines for making purchases by telephone, fax, or Internet;
- Periodic audits of card activity;
- Procedures for handling disputes and unauthorized purchases;
- Procedures for card issuances and cancellation, lost or stolen cards, and employee termination; and
- Segregation of duties for payment approvals, accounting, and reconciliation.

According to *Best Practices* (AOS, Winter 2004),[3] appropriate policies and procedures pertaining to credit card use will undoubtedly reduce the risks associated with purchasing programs. By updating its credit card policy and formally documenting its internal controls, the District can promote accountability over credit card usage and reduce the risk of fraud and abuse.

Payroll

R2.5 Medina CSD should develop a formal payroll processing manual containing district-specific procedures, detailed explanations of staff expectations, and a daily schedule of activities to be performed by each person with payroll responsibilities. A formal payroll processing manual would benefit the District in case of employee turnover and could help the District operate more smoothly.

[2] http://www.gfoa.org/
[3] www.auditor.state.oh.us

In the 2003 performance audit, AOS recommended that Medina CSD continue to compile and complete a formal payroll procedure manual containing district-specific procedures, detailed explanations of the expectations of the payroll clerk position, as well as a daily schedule of activities to be performed by each person with payroll responsibilities. However, Medina CSD has not developed a comprehensive payroll manual that is specific to the District's needs. The District has a payroll checklist and uses the Uniform Staff Payroll System (USPS) Manual and the Lake Geauga Computer Association (LGCA) payroll guidelines, but the checklist does not provide instruction on how to process payroll, providing instead mostly troubleshooting tips.

According to *Recommended Practices- Enhancing Management Involvement with Internal Control* (GFOA, 2004),[4] government entities should maintain clearly documented internal control policies over all program areas, which includes the payroll process. *Assessing Internal Controls in Performance Audits* (GAO, 1990)[5] recommends a government entity's system of internal controls be clearly documented and address the following issues:

- Recording of transactions and events;
- Execution of transactions and events;
- Separation of duties;
- Supervision; and
- Access to and accountability for resources.

The District's current payroll employees are very experienced. The payroll clerks have each been with the District for over 11 years. The assistant treasurer has also been trained on processing payroll and has been with the District for over 18 years. While the current payroll employees are able to work efficiently in the absence of a formal payroll manual, the development of a manual would benefit the District in case of employee turnover. Furthermore, up-to-date procedures can help the District operate more smoothly, can be used as a tool for decision making, and can improve the ability of the District to take timely action on payroll issues and changes.

R2.6 Medina CSD should approach bargaining unit representatives and request a memorandum of understanding requiring mandatory direct deposit for all employees and long-term substitute teachers, regardless of hire date. Furthermore, the District should explore the possibility of discontinuing the practice of issuing paper pay stubs, and instead issue only electronic pay stubs. By expanding the use of these practices, the District could further reduce the supplies and materials costs associated with producing paper paychecks and pay stubs while improving the

[4] http://www.gfoa.org/downloads/caafrmanaginternalcontrol.pdf.
[5] http://archive.gao.gov/t2pbat9/142503.pdf.

efficiency of operations in the Treasurer's Office. In addition, the District's employees would benefit from ease of access to and availability of historical pay stub information. The District should also adopt formal written procedures to govern the direct deposit and electronic pay stub programs and their related processes.

The District uses direct deposit and electronic pay stubs. Direct deposit is mandatory for teachers and administrators and for classified staff hired after September 2006. Electronic pay stubs are optional. Approximately 95 percent of District employees use direct deposit and approximately one-third use electronic pay stubs.

According to *Costs and Benefits of Direct Deposit of Salary Checks* (National Federation of Independent Businesses (NFIB), 2004), direct deposit of paychecks provides many benefits to both employers and employees. Benefits to employers include:

- Reduced risk of check fraud and lost or stolen checks;
- Greater control over payroll and payroll expenses;
- Timely payment of salary checks, even when employees are away from the office;
- Reduced time spent on bookkeeping because of immediate payments into employee accounts (no lost checks, delayed check cashing, etc.); and
- Online transaction reports are available immediately.

Benefits to employees include:

- Reduced time required for checks to clear;
- Reduced chance of losing checks or having checks stolen;
- No need to spend time visiting a bank or ATM to deposit paychecks;
- Payments can be divided automatically among designated employee accounts; and
- There is no cost to employees for direct deposit. In fact, many banks offer free checking services to individuals who will be paid via direct deposit.

The Electronic Payment Association states that employers and employees can financially benefit from the use of electronic pay stubs while simultaneously increasing efficiencies within a payroll department. The employer benefits because electronic pay stubs eliminate the need to print, mail, and distribute pay stubs or reproduce lost pay stubs. At the same time, the employee benefits because he or she can easily access pay information from any computer with a browser and internet connection. Also, a more extensive record of the employee's pay history is available, beginning with the first electronic pay stub. Electronic pay stubs also make it easy for employees to provide pay stub information to third parties, such as accountants, mortgage lenders, and other agencies requiring pay verification.

Computer access for bus drivers, cooks, and custodians sometimes creates a logistical problem. However, the District could provide access to a centralized computer for these employees.

Although the savings associated with implementing mandatory direct deposit and electronic pay stubs is difficult to quantify, the District could save money from the cost of paper, envelopes, stamps, and associated time of the payroll department to process paper stubs. Also, the time employees spend printing checks and stuffing envelopes could be allocated to other activities. Although implementing mandatory direct deposit of paychecks can produce significant cost savings, employers must also consider potential costs, such as set-up fees or transaction fees, which are established by the bank.

Expenditure Coding

R2.7 The Treasurer's Office should lead a review and evaluation of the District's expenditure coding structure to ensure the accounting system is providing the level of detail desired by the Board and administration. By selecting the most appropriately detailed codes within each accounting dimension, each financial transaction can be adequately identified. Furthermore, by using the proper level of detail to account for expenses, District administrators will be able to better track program costs and make informed budgetary decisions.

School districts in Ohio use the Uniform School Accounting System (USAS) which identifies a set of codes that supplies different elements of information. Auditors uncovered several instances where enhanced USAS coding would provide more complete and detailed financial information. For example, in the area of Operation and Maintenance (functions[6] 2700-2790 in USAS), the District only uses function codes 2700 and 2720. Conversely, 90 percent of the peers use a greater variety of function codes to account for Operation and Maintenance of Plant Services. According to the USAS Manual (AOS, 2009), the following functions codes related to the operation and maintenance of plant services are available:

- **2700 - Operation and Maintenance of Plant Services:** Those activities concerned with keeping the physical plant open, comfortable and safe for use and keeping the grounds, buildings and equipment in an effective working condition and state of repair. This includes activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools;

[6] According to the USAS Manual (AOS, 2009), a function is a broad area of programs, sub-programs and activities into which expenditures are classified.

- **2710 - Service Area Direction:** The activities of directing and managing the operation and maintenance of the school plant facilities;

- **2720 - Care and Upkeep of Building Services:** Those activities concerned with keeping the physical plant clean and ready for daily use. It includes operating the heating, lighting, and ventilating systems, and repairing and replacing facilities and equipment;

- **2730 - Care and Upkeep of Grounds Services:** The activities of maintaining and improving the land;

- **2740 - Care and Upkeep of Equipment and Furniture Services:** The activities of keeping in good condition equipment owned or used by the school system. It includes such activities as servicing or repairing furniture, machines, movable equipment and playground equipment. Vehicles are excluded from this definition;

- **2750 - Vehicle Servicing and Maintenance Services:** The activities of maintaining general purpose vehicles. It includes such activities as repairing vehicles, performing preventive maintenance, and inspecting vehicles for safety. School buses are excluded from this definition;

- **2760 - Security Services:** Those activities concerned with maintaining order and safety at all times in school buildings, on the grounds and in the vicinity of schools. Included are police activities for school functions and traffic control; and

- **2790 - Other Operation and Maintenance of Plant Services:** Includes operation and maintenance of plant services which cannot be classified under the preceding areas of responsibility.

By using only two functions codes, the District may not be providing the level of detail desired or needed about operation costs to make informed decisions. Furthermore, the District codes all of its technology expenses to Operation and Maintenance regardless of the reason the expenses were incurred. Instead, the District created a job code to track its technology expenses. In contrast, many districts use functions 2960-2969 (Data Processing Services) and 2225 (Computer-Assisted Instruction Services), in addition to the Operation and Maintenance functions, to account for technology-related expenses. Furthermore, Medina CSD does not use objects 516 (Software Material) or 644 (Computer Equipment) to account for technology-related purchases. Instead, the District uses the more general objects 510 (General Supplies) and 640 (Equipment).

In addition, Medina CSD does not use the full level of detail recommended in the USAS Manual to code its special education expenditures. For example, the District codes all of

its psychological services to the general function 2140, rather than using the more detailed functions 2141-2144 and 2149 to break out expenses relating to psychological testing, counseling, psychotherapy, and service area direction. Furthermore, Medina CSD codes all of its speech pathology and audiology services to the general function 2150, rather than using the more detailed functions 2151-2153 and 2159 to break out expenses relating to speech pathology services, audiology services, and service area direction. Finally, the District does not code any expenditures to functions 2180-2189 (support services for students with disabilities), 2215 (special education aides), 2216 (special education attendants), 2416 (special education administrators/supervisors), or 2417 (special education support staff). In contrast, many of the peer districts break out their special education expenditures to a greater level of detail.

Lastly, Medina CSD does not use the job assignment codes in the same manner outlined in the USAS Manual. Instead, the District has created its own job codes as a way to assign budget responsibility to specific managers. According to the USAS Manual (AOS, 2009), job assignment codes are the dimension used to identify staff costs. This dimension has value principally for local officials in personnel administration, staff evaluation, assignments, and recruiting. It may also be used in relating staff cost to the activity to which the staff are assigned

In 2009, Medina CSD asked auditors to examine its costs by building and by program in order to identify areas for potential cost savings. During this program audit, certain expenditures were not able to be captured because of the manner in which Medina CSD coded its expenditures. Auditors recommended that the Treasurer improve the level of detail in expenditure classification so that the Board would have access to the highly detailed financial information it desired.

The USAS Manual outlines a combination of accounting dimensions (different sets of codes, each of which supplies different elements of information) for school districts to use. By selecting the most appropriate code within each required dimension, each financial transaction of the school district can be adequately identified. While a minimum level of detail is required, the actual level of each dimension used to identify financial transactions is the responsibility of District management. For various reasons, certain financial transactions should be coded in more detail than others. When determining which combination of dimensions to use, school officials should consider the informational needs of the district, the Ohio Department of Education, and other regulatory agencies.

By selecting the most appropriately detailed codes within each accounting dimension, the District can ensure that each financial transaction can be adequately identified. Furthermore, by using the proper level of detail to account for expenses, District

administrators will be able to better track program costs and make informed budgetary decisions.

Appendix 2-A: Status of 2003 Performance Audit Recommendations

Table 2-A summarizes the 2003 Performance Audit financial systems recommendations and their implementation status. Each recommendation was categorized as either: implemented, partially implemented, not implemented, or not evaluated.

Table 2-A: 2003 Performance Audit Financial Systems Recommendations

Recommendation	Implementation Status
R2.1 Medina CSD should evaluate the various scenarios to determine which course(s) of action(s) are best for the District. To present a levy to the constituents of the District, Medina CSD should present a program detailing what course of action it is taking to control costs and to maintain a positive ending fund balance throughout the forecast period.	Not evaluated in this audit.
R2.2 The five-year forecast and the current accompanying assumptions or notes should provide more explanatory detail in areas not disclosed in previous forecasts. The forecast should identify the set-asides for capital maintenance, textbooks, and instructional materials and supplies. Medina CSD should quantify the cost of implementing programs needed to meet the educational outcomes and accountability standards established in legislation. These costs should be included as "Additional Educational Enhancements" and described in the accompanying notes. Further, to ensure a more detailed forecast, projected cost of living increases, and step increase amounts should be used to develop additional "what-if" statements for alternative scenarios.	Implemented.
R2.3 Medina CSD should consider capitalizing upon additional resources which are available to enhance the forecasting technique. Medina CSD's Board investment policy should be stated, in summary, for the reader. Details on the investment holdings at the time of the writing and the related earnings should be included in the assumption. The institution(s) where invested, the amount of the investment, the investment period, and the earning rates of the investments should be disclosed in table form. When the investment period expires, re-investment goals or use of the funds should be disclosed.	Not evaluated in this audit.
R2.4 Medina CSD should update its five-year forecast to include the revenue it receives for the City of Medina's portion of the operating costs for the recreation center. Medina CSD should ensure that it is receiving the agreed upon 47 percent of the total operating costs of from the City of Medina.	Implemented.
R2.5 Medina CSD should proceed with the implementation of the new forecasting operating system.	Implemented.
R2.6 Medina CSD should require that more detail be included with the data submitted for annual budget purposes. Medina CSD should also require department managers and school principals to document costs over a certain threshold that are included in the budget.	Implemented.

Recommendation	Implementation Status
R2.7 Medina CSD should closely examine the spending patterns indicated in Table 2-9 and Table 2-10 and consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the students' educational outcomes and maintaining its effective performance rating from ODE.	Implemented (see **Table 2-4**).
R2.8 Medina CSD should prepare a broad, comprehensive strategic plan, re-evaluating and updating the portions of the 1995 plan which were not implemented, and incorporating meaningful new long-range goals and objectives. The strategic plan should include broad goals that provide overall direction for the short and long-range plans, as recommended by GFOA. All long-range factors should be included, such as collective bargaining, facility utilization, community wants and Parent involvement in the budgeting process.	Implemented.
R2.9 Medina CSD should establish a clear, concise long-range capital plan. The plan should outline future population and student growth within Medina CSD, and be detailed for at least five years to coincide with the five-year forecast	Evaluated in **Facilities**.
R2.10 Medina CSD should prepare and issue a CAFR in the format recommended by the GFOA	Implemented.
R2.11 The treasurer's office and department of instruction should coordinate grant seeking efforts to ensure grants are consistent with the educational mission of the District and that pursuit of this additional funding is financially beneficial.	Not evaluated in this audit.
R2.12 Medina CSD should perform an analysis of the routine purchases made by the school principals and department managers. Once a product list is compiled, Medina CSD should consider notifying vendors, as is done for large, bulk items needed throughout the school year, to submit a competitive bid to supply the items to Medina CSD.	Partially Implemented (see **R2.3**.
R2.13 Medina CSD should create a district-wide purchasing manual, outlining and explaining the activities associated with making purchases, that could be referenced by all employees assigned purchasing responsibilities.	Not Implemented (see **R2.1**).
R2.14 Medina CSD should review its published policy regarding the purchasing of textbooks. A revision should be made to reflect the practice determined to be the most effective for the District.	Not Implemented (see **R2.2**).
R2.15 Medina CSD should continue to compile and complete a formal payroll procedure manual containing district-specific procedures, detailed explanations of the expectations of the position, as well as a daily schedule of activities to be performed by person with payroll responsibilities.	Not Implemented (see **R2.5**).

Source: Medina City School District and the Auditor of State

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Human Resources

Background

This section of the performance audit focuses on the Medina City School District (Medina CSD or the District) human resource (HR) functions, including staffing levels, compensation, employee benefits, negotiated agreements, special programs, and early retirement incentives. Where appropriate, recommendations were developed to improve efficiency and business practices. Recommendations also identify potential cost savings to assist the District in its continuing efforts to address projected deficits. The District's HR functions were evaluated against leading practices, industry benchmarks, operational standards, the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), and selected peer districts[1]. Leading practices and industry standards were drawn from the State Employment Relations Board (SERB), the Government Finance Officers Association (GFOA), the Kaiser Family Foundation (Kaiser), the Society for Human Resource Management (SHRM), the Ohio Education Association (OEA), the Ohio Department of Education (ODE), the Ohio Department of Administrative Services (DAS), and the National School Boards Association (NSBA). The audit also examined the implementation status of key recommendations from Medina CSD's 2003 performance audit (see **appendix 3-A**). Of the 13 human resource recommendations evaluated in this performance audit, eight were fully implemented, two were partially implement, and three were not implemented. As a result, four similar recommendations were re-issued in this section of the report (see **R3.4**, **R3.5**, **R3.6**, and **R3.7**).

The following questions were used to evaluate the District's human resource functions:

- How do staffing levels compare with selected peer districts?
- Is employee compensation in line with selected peer districts, similar districts in the area, and industry practices?
- How does the cost of benefits offered by the District compare with State averages and industry benchmarks?
- Are the District's negotiated agreements in line with similar districts in the area, State minimums, and leading practices?

[1] Peer districts include Amherst EVSD (Lorain County), Avon Lake CSD (Lorain County), Brunswick CSD (Medina County), Green LSD (Summit County), North Royalton CSD (Cuyahoga County), Olmsted Falls CSD (Cuyahoga County), Stow-Munroe Falls CSD (Summit County), Strongsville CSD (Cuyahoga County), Twinsburg CSD (Summit County), and Wadsworth CSD (Medina County).

- Does the District provide special education programs in ways that are cost effect and maximize resources?
- Are District retirement incentives analyzed and implemented in accordance with recommended practices?
- What is the implementation status of key HR recommendations from the 2003 performance audit?

Organizational Structure and Function

MCSD's Superintendent reports directly to the Board of Education (the Board) and is responsible for the overall management of the District including program and staff decisions. The District has an Assistant Superintendent whom is responsible for the student services office and the department of instruction. The business office, communications office, technology department, and the human resources department report to the Superintendent. The HR function is completed by the Director and two human resource specialists who report to him. One HR specialist is responsible for insurance, workers compensation, and support staff personnel files, as well as assisting support staff with HR issues. The other HR specialist handles teacher licensure and certification, insurance, maintains certificated staff personnel files, and assists certificated staff with HR issues. The HR Director assists in negotiations, handles grievances, helps with recruiting, and implements the District's staffing decisions.

Staffing

Table 3-1 illustrates the full-time equivalent (FTE) staffing levels per 1,000 students at Medina CSD in comparison with the average of the peer districts. Peer data is from FY 2008-09, the most recent year available, as reported to the ODE through the Education Management Information System (EMIS), while Medina CSD's data is for FY 2009-10. EMIS position codes were grouped into categories that represent broad functional areas.[2] The staff levels shown in **Table 3-1** have been presented on a per 1,000 student basis because staffing levels are partially dependent on the number of students served. In addition, presenting staffing data in this manner decreases variances attributable to the size of the peers.

[2] These categories do not match the sub-totals shown on EMIS reports.

Table 3-1: Staffing Comparison Summary (in FTEs) [1]

	Medina CSD Positions	Medina CSD per 1,000 Students	Peer Avg. per 1,000 Students	Difference per 1,000 Students
Administrative	33.0	4.5	4.8	(0.3)
Office/Clerical	50.5	6.9	7.2	(0.3)
Teaching	391.3	53.4	52.0	**1.4**
Educational Service Personnel (ESP)	60.5	8.3	7.5	**0.8**
Educational Support	34.5	4.7	4.3	**0.4**
Other Certificated	3.2	0.4	1.4	(1.0)
Non-Certificated Classroom Support	76.3	10.4	9.6	**0.8**
Other Technical/ Professional Staff	15.9	2.2	2.4	(0.2)
Other Student Services	17.1	2.3	2.6	(0.3)
Operations	139.3	19.0	26.1	(7.1)
Total Staff	**821.6**	**112.0**	**117.9**	**(5.9)**

Source: Medina City School District and the Ohio Department of Education
Note: Totals may vary due to rounding.
[1] According to the *FY 2010 EMIS Reporting Manual* (ODE, 2010) instructions for reporting staff data, full-time equivalency (FTE) is the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time.

As illustrated in **Table 3-1**, Medina CSD total staff per 1,000 students is lower than the peer average. Administrative staff, office/clerical staff, other certificated staff, other technical/professional staff, and staff providing other student services were all below the peer district average on a per 1,000 student basis. Operations staff per 1,000 students was also below the peer average however, industry standards which are considered better benchmarks, were used to assess operations staff levels (see **food service**, **transportation**, and **facilities**). The following provides a more detailed explanation of the staffing categories and variances shown in **Table 3-1**.

- **Administrative**: Medina CSD employs 4.5 administrative staff per 1,000 students which is about 0.3 FTE per 1,000 less than the peer average. This category includes central office and building level administrators, directors and coordinators, and other personnel responsible for the planning, management, evaluation, and operation of the District. A more in depth evaluation of this staffing area showed Medina employs about the same number of central office administrative staff per 1,000 students and a little less building administrators when compared with the average of the peer districts.

- **Office/Clerical:** Medina CSD employs 6.9 office/clerical staff per 1,000 students which is about 0.3 FTE per 1,000 students less than the peer average. This category includes administrative assistants, secretaries, clerks, bookkeepers, and other personnel responsible for clerical duties.

- **Teaching:** This category includes regular, special, gifted, pre-school, and career technical teachers. Medina CSD employs 53.4 teachers per 1,000 students which is about 1.4 more FTEs per 1,000 students than the peer average, or about 10 FTE teachers. **Table 3-2** shows a more detailed comparison of teaching positions and shows that the number of general education and career-technical teachers is generally in line with the peer averages but the number of special educations teachers per 1,000 students is higher than the peer average. Because special education services are primarily driven by students with IEPs it is more meaningful to compare special education ratios based on the number of students identified with special needs (see **R3.8**).

Table 3-2: Teaching Staff Comparison

Full-time Equivalent (FTE) Positions	Medina CSD Positions	Medina CSD per 1,000 Students	Peer Avg. per 1,000 Students	Difference per 1,000 Students
General Education Teachers	320.1	43.7	43.5	0.1
Career-Technical Teachers	5.0	0.7	1.1	(0.4)
All Special Education Teachers	66.2	9.0	7.3	1.7
Total Teacher	**392.9**	**53.4**	**52.0**	**1.4**
Students Educated				7,330.6
FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students				***(10.2)***

Source: Medina City School District and the Ohio Department of Education
Note: Totals may vary due to rounding.

- **Educational Service Personnel (ESP):** Medina CSD employs 8.3 FTE staff per 1,000 students in this category which is about 0.8 more FTEs per 1,000 students than the peer average, or about 6 FTE positions. This category includes kindergarten through grade eight art, music, and physical education teachers, as well as counselors, librarians/media specialists, school nurses, visiting teachers, and social workers (see **R3.2**).

- **Educational Support:** Personnel in this category are certificated or licensed employees who work directly with students but are not the classroom teacher. Specifically, educational support staff includes the positions of remedial specialists and tutors/small group instructors who serve the regular student population. The category also includes supplemental service teachers who work with students with specialized needs. Medina CSD has about 4.7 FTE staff per 1,000 students which is about 0.4 more FTEs per 1,000 students than the peer average, or about 3 FTE positions. **Table 3-3** provides a more detailed analysis of educational support staff and shows that while the number of remedial specialist/tutors positions is in line with the peer average, the District has more supplemental service teachers than the peers (see **R3.8**).

Table 3-3: Educational Support Staff Comparison

Full-time Equivalent (FTE) Positions	Medina CSD Positions	Medina CSD per 1,000 Students	Peer Avg. per 1,000 Students	Difference per 1,000 Students
Remedial Specialists / Tutors	16.2	2.2	2.2	0.0
Supplemental Service Teachers	18.3	2.5	2.1	0.4
Total Educational Support Staff	**33.5**	**4.7**	**4.3**	**0.4**
Students Educated				7,330.6
FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students				***(3.2)***

Source: Medina City School District and the Ohio Department of Education
Note: Totals may vary due to rounding.

- **Other Certificated:** This category represents the remaining certificated positions at the District and includes curriculum specialists and other education specialists. Median CSD has 0.4 FTEs per 1,000 students in this category which is lower than the peer district average.

- **Non-Certificated Classroom Support:** This category represents classified employees who assist in the classroom setting and include teaching aides, instructional paraprofessionals, and attendants. Median CSD employs 10.4 FTEs per 1,000 students which is about 0.8 FTEs per 1,000 students more than the peer average, or about 6 FTE positions (see **R3.3**).

- **Other Technical/Professional Staff:** This category represents other technical and professional staff including library aides and computer support staff. Medina CSD employs fewer FTEs per 1,000 students than the peer average.

- **Other Student Services:** Medina CSD employs 0.3 fewer FTEs per 1,000 students in this category than the peers. This category includes healthcare professionals such as psychologists, physical therapists, and speech and language therapists. Many of these positions serve students with disabilities.

Compensation

Table 3-4 shows the District's average salary and salary cost per student in comparison to the peer average for FY 2008-09. Average salaries are impacted by beginning wage rates, years of service, negotiated salary schedules, education or skill level attained, and is some cases other personnel benefits. The salary cost per student is impacted by both average salaries and the number of staff employed, therefore a district can have higher average salaries but fewer people employed, and thus a lower salary cost per student. Conversely, a district could have low average salaries but more staff than the peers, causing its salary cost per student to be higher than the peers.

Table 3-4: Salary Cost Comparison

	Average Salaries			Salaries Per Student Educated [1]		
	Medina CSD	Peer District Average	Percent Difference	Medina CSD	Peer District Salaries	Percent Difference
Administrative	$88,924	$82,745	7.5%	$400	$397	0.8%
Office/Clerical	$34,320	$36,761	(6.6%)	$237	$261	(9.2%)
Teachers	$63,921	$59,872	6.8%	$3,412	$3,111	9.7%
Educational Service Personnel (ESP)	$65,216	$64,749	0.7%	$538	$484	11.2%
Educational Support	$67,889	$47,005	44.4%	$319	$202	57.9%
Other Certificated	$65,957	$53,298	23.8%	$28	$84	(66.7%)
Non-Certificated Classroom Support	$25,266	$20,473	23.4%	$263	$193	36.3%
Other Technical/Professional Staff	$33,755	$30,051	12.3%	$73	$76	(3.9%)
Other Student Services	$59,045	$56,598	4.3%	$138	$147	(6.1%)
Operations	$28,519	$26,078	9.4%	$542	$651	(16.7%)
Total Staff	**$53,097**	**$47,569**	**11.6%**	**$5,950**	**$5,606**	**6.1%**

Source: Ohio Department of Education, Education Management Information System
Note: Totals may vary due to rounding.
[1] Students Educated reflects the number of FTE students receiving educational services from district and excludes the percent of time students are receiving educational services outside of the district.

While District-wide average salaries were 11.6 percent higher than the peer average, the salary cost per student educated was only 6.1 percent higher, which means overall Medina CSD has fewer employees per student than the peers (see **Table 3-1**). Medina's salary cost per student was notably higher than the peer average for teachers, ESP, educational support, and non-certificated classroom support staff. Implementing the recommended staffing reductions in the ESP (see **R3.2**) and non-certificated support staff (see **R3.3**) categories would bring the District's salary cost per student more in line with the peer averages. Implementing recommended strategies to reduce special education costs (see **R3.8**) could lead to fewer staff positions which would help bring teacher and educational support staff salary costs more in line with the peers.

Because nearly 60 percent of Medina CSD staff are licensed/certificated personnel that are paid according to the negotiated teacher salary schedule, a separate analysis was completed that compared the certificated staff salary schedule to regional peers districts (see **R3.6**).

Benefits

In 2006, Medina CSD began self-funding its health insurance programs; medical, dental, and prescription drug. The District does not offer vision insurance to its employees. The Board and its employees (through employee contributions) pay into a special "self-insurance" fund that is

used to pay healthcare claims when they occur, as well as the costs to administer the fund. Unlike fully insured plans purchased from insurance carriers, a self-insured fund does not make a profit and does not incur advertising or overhead costs. The District has an insurance committee that is comprised of the Superintendent, the Director of Human Resources, two Board members, and eight representatives from the District's two collective bargaining units.

The District has a consultant that negotiates the District's health insurance contract with its 3rd party administrator, handles proposals from other insurance companies, reviews plan design, and helps the District's insurance committee educate employees and Board members on insurance trends and expenses. The consultant also establishes the premium amounts that are paid into the Self Insurance Fund which are designed to cover all claims and administrative costs, and meet the self-insurance reserve requirement. The minimum reserve requirement is dictated by ORC § 9.833 (C)(1), which states that "the self-insurance funds shall be reserved as are necessary, in the exercise of sound and prudent actuarial judgment, to cover potential cost of health care benefits for the officers and employees of the political subdivision".

Table 3-5 compares the District's monthly medical premiums and employee contribution rates for FY 2009-10 to the SERB averages for the Akron/Canton Region and the State.

Table 3-5: Medical Premium and Employee Contribution Comparison

	Premiums		Employee Contributions	
	Single	Family	Single	Family
Medina CSD	$520.73	$1,301.84	7.7%[1]	6.1%[1]
SERB Akron/Canton Region Average	$436.50	$1,105.41	8.7%	8.9%
State Average	$459.88	$1,206.32	10.9%	11.9%

Source: Medina City School District and the *17th Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2009)

[1] According to their respective collective bargaining agreements, certificated and classified employees pay $40 per month for single health insurance coverage and $80 for family health insurance. For analytical and illustrative purposes, AOS applied the entire employee contribution amount to medical insurance. All other employees pay 15 percent of the premium cost to participate in the medical insurance plan.

As shown in **Table 3-5**, Medina CSD's premiums for single and family coverage are above the SERB averages for the Akron/Canton Region and the State. In addition, the District's employee contribution rates are below the Akron/Canton Region and State averages (see **R3.4**).

Medina CSD provides dental insurance for staff members that elect to receive the insurance with the entire cost paid by the Board. However, administrators who choose to participate in the dental plan must contribute 15 percent of the premium. **Table 3-6** compares the District's monthly dental premiums and employee contribution rates to the SERB averages for the Akron/Canton Region and the State.

Table 3-6: Dental Premium and Employee Contribution Comparison

	Premiums		Employee Contributions	
	Single	Family	Single	Family
Medina CSD	$52.12	$114.02	0.0% [1]	0.0% [1]
SERB Akron/Canton Region Average	$41.44	$98.19	10.6%	11.4%
State Average	$47.54	$81.81	7.6%	9.9%

Source: Medina City School District and the *17th Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2009)

[1] According to their respective collective bargaining agreements, certificated and classified employees pay $40 per month for single health insurance coverage and $80 for family health insurance. For analytical and illustrative purposes, AOS applied the entire employee contribution amount to medical insurance. All other employees pay 15 percent of the premium cost to participate in the dental insurance plan.

As shown in **Table 3-6**, Medina CSD's premiums for single and family dental coverage are above the SERB averages for the Akron/Canton Region and the State, while its employee contribution rates are below these benchmarks (see **R3.4**).

Negotiated Agreements

Medina CSD has two separate collective bargaining agreements with its employees. Certificated personnel are governed by the Medina City Teachers Association (MCTA), which is affiliated with the Ohio Education Association (OEA) and the National Education Association (NEA). This negotiated agreement is in effect between January 1, 2008 and December 31, 2010. MCTA represents all regularly employed certificated teachers, guidance counselors, media specialists, in-school learning disability tutors, and teachers and coordinators for the District's talented and gifted students program. The District's classified personnel are governed by a negotiated agreement between the Board and the Ohio Association of Public School Employees/AFSCME Local 4, AFL-CIO and Local #305. This agreement was in effect from July 1, 2006 through June 30, 2009 however it was extended for one year with a 3 percent increase in base salaries.

Medina CSD's negotiating team for the certificated contract has varied from year to year but most recently consisted of the Superintendent, the HR Director, the Special Education Director, the Instructional Director, and one principal each from the high school, a middle school, and an elementary school. According to the HR Director, the principals attend because they have a good understanding of day to day operations and can provide insight as new ideas are considered. The District has negotiated its certificated agreement primarily through interest-based bargaining (IBB) for over 25 years. Unlike traditional bargaining where the parties begin with predetermined positions on issues, IBB focuses on sharing relevant information, mutual interests, and underlying issues. Often parties discover that their interests are mutual and that both sides are trying to achieve the same goal but just taking different approaches. According to the HR Director, when it comes to negotiating salary and benefits, the discussion tends to revert back to traditional bargaining.

The Superintendent and the Directors are experienced in negotiation through their past involvement in District negotiations; the HR Director also has a law degree. Before each contract negotiation, a federal mediator, at no cost to the District, provides background and instructions on IBB to both parties.

The classified employee contract is negotiated more traditionally with the assistance of outside legal counsel. Most recently the classified negotiating team consisted of the Superintendent, the Maintenance Director, the Director of Business Affairs, the Transportation Supervisor, one principal, and the HR Director.

During the performance audit, certain contractual and employment issues such as length of the school year; in-service, professional, and parent-teacher conference days; length of work day; teaching time, reduction in force; sabbatical leave, minimum call-in hours; the number of vacation, holiday, and personal days were found to be generally in line with provisions of the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), standard practices, or the negotiated agreements of similar districts in the area. Contract provisions that are costly or restrict management's ability to efficiently operate the District are presented in **R3.5**.

Recommendations

R3.1 Medina CSD should develop policies and guidelines to ensure staff data reported through the Education Management Information System (EMIS) is coded consistently and is in compliance with ODE instructions. The District should also establish and document a process for reviewing and correcting staff data. Persons responsible for collecting and reporting EMIS staff data should work closely throughout the year with the HR Department and building administrators to ensure staff data is accurate and consistent with District policies and guidelines.

EMIS is the State-wide data collection system for primary and secondary education. ORC § 3301.0714 contains guidelines for EMIS and includes requirements to report staff, student, district, building, and financial data through this system. Accordingly, ODE has created and maintains a manual which outlines specific requirements for EMIS data submissions. The data collected through EMIS is used for State and federal reporting, funding and distribution of payments, the State's academic accountability system, and the generation of State-wide and district reports.

Chapter 3 of the EMIS Manual provides detailed instructions and guidelines for reporting staff data to ODE. During a review of Medina CSD's EMIS staff data, several inaccuracies were discovered by auditors and subsequently corrected by the District. For example, supplemental positions held by counselors were incorrectly coded as regular job positions which led to the District overstating the number of FTE counselors it employed. Also, contract positions were coded as District positions in some cases. In addition, sometimes employees were given a position code based on their title instead of their function. For example, employees with the title of Curriculum Coordinator were coded as coordinators in EMIS even though they hold teaching certificates and function as educational specialists.

In 2006, the Ohio Association of EMIS Professionals (OAEP) presented *EMIS in Perspective – Pertinent Issues for New EMIS Coordinators*. This presentation emphasized why accurate EMIS reporting is vital for every school district and provided recommendations to help ensure accurate EMIS data submissions. It recommended EMIS staff periodically check the ODE/EMIS web site to see if the reporting guidelines (in the EMIS manual) have been updated or changed.[3] OAEP also recommends data reports be shared with district administrators before the close of the reporting period so that they can assist in identifying incorrect or missing data.

Using the tools and techniques recommended by OAEP will help Medina CSD improve its controls over EMIS data submission and ensure a greater degree of accuracy in its

[3] The EMIS manual is released annually, with periodic updates.

reports. This, in turn, will help ensure that its data correctly depicts conditions at the District and provide for more accurate comparisons of staffing and salaries data with peer districts.

R3.2 Medina CSD should consider eliminating 6.0 FTE Educational Service Personnel (ESP) positions, which would reduce salary and benefit costs and bring its ESP staffing levels more in line with the peer average.

According to OAC 3301-35-05 (A), educational service personnel consist of elementary school art, music, and physical education teachers (ESP teachers), plus counselors, librarian/media specialists, school nurses, social workers, and visiting teachers. **Table 3-7** compares the District's ESP positions on a per 1,000 student basis with the peer district averages for FY 2008-09.

Table 3-7: Educational Service Personnel Comparison

Full-time Equivalent (FTE) Positions	Medina CSD Positions	Medina CSD per 1,000 Students	Peer Avg. per 1,000 Students	Difference per 1,000 Students
ESP Teachers	39.0	5.32	4.62	0.70
Counselors	13.5	1.84	2.04	(0.20)
Librarians / Media Specialists	4.0	0.55	0.69	(0.14)
School Nurses	2.0	0.27	0.12	0.15
Social Workers	2.0	0.27	0.00	0.27
Visiting Teachers	0.0	0.00	0.00	0.00
Total Educational Service Personnel	**60.5**	**8.25**	**7.47**	**0.78**
Students Educated				7,330.57
FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students				*(5.7)*

Source: Medina City School District and the Ohio Department of Education
Note: Totals may vary due to rounding.

As **Table 3-7** shows, Medina CSD has more ESP teachers, school nurses, and social workers than the peer average. School nurses must be licensed by the State which requires the person to be a registered nurse. Some districts employ practical nurses which are not considered ESP positions.

Table 3-8 compares total nursing staff at Medina CSD with the peer district averages.

Table 3-8: Nursing Staff Comparison

Full-time Equivalent (FTE) Positions	Medina CSD Positions	Medina CSD per 1,000 Students	Peer Avg. per 1,000 Students	Difference per 1,000 Students
Registered Nurse	2.0	0.27	0.12	0.15
Practical Nurse	0.0	0.09	0.09	(0.09)
Total Nursing Staff	**2.0**	**0.27**	**0.21**	**0.06**
Students Educated				7,330.6
FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students				***(0.4)***

Source: Medina City School District and the Ohio Department of Education
Note: Totals may vary due to rounding.

As shown in **Table 3-8**, when the practical nurses employed at the peer districts are considered, Median CSD's total nursing staff is only 0.06 per 1,000 student above the peer average, or 0.4 FTE positions. Therefore, the 2.0 FTE school nurses employed by the District is generally in line with the peer districts.

When bringing ESP staffing levels in line with the peer averages, Medina CSD should consider reducing social worker and ESP teacher positions. By eliminating 6.0 FTE ESP positions, the District would bring its overall ESP staffing levels in line with the peer average and reduce its salary and benefit costs.

Financial Implication: Eliminating 2.0 social worker positions and 4.0 ESP teaching positions could save the District approximately $435,800 annually in salary and benefit costs starting in FY 2010-11.

R3.3 Medina CSD should consider eliminating 6.0 FTE non-certificated classroom support positions. By eliminating these positions, Medina could reduce its salary and benefit costs and bring staffing levels in this category more in line with the peer average.

Table 3-9 compares Medina CSD non-certificated classroom support positions on a per 1,000 student basis with the peer averages for FY 2008-09. Non-certificated classroom support personnel do not hold teaching certificates but are employed to assist teachers in the classroom. Classroom assistance can be instructional (i.e., tutoring) or non-instructional (i.e., monitoring). As **Table 3-9** shows, Medina CSD has more instructional paraprofessionals but fewer teaching aides and attendants than the peer average.

Table 3-9: Non-Certificated Classroom Support Comparison

Full-time Equivalent (FTE) Positions	Medina CSD Positions	Medina CSD per 1,000 Students	Peer Avg. per 1,000 Students	Difference per 1,000 Students
Teaching Aides	8.3	1.1	7.0	(5.9)
Instructional Paraprofessionals	68.0	9.3	1.4	7.9
Attendants	0.0	0.0	1.2	(1.2)
Total Non-certificated Classroom Support	**76.3**	**10.4**	**9.6**	**0.8**
Students Educated				7,330.6
FTE Adjustment Needed to Equal Peer Average Staff per 1,000 Students				***(6.1)***

Source: Medina City School District and the Ohio Department of Education
Note: Totals may vary due to rounding.

The elimination of 6.0 FTE positions would bring the District's non-certificated classroom support staffing levels in line with the peer average and help reduce salary and benefit cost.

Financial Implication: Eliminating 6.0 FTE paraprofessional positions could save the District approximately $140,000 annually in salary and benefit costs starting in FY 2010-11.

R3.4 Medina CSD should attempt to negotiate and implement additional cost containment strategies to further reduce its medical and dental insurance costs. Strategies should focus on bringing monthly premiums and employee contribution rates more in line with the SERB averages for the Akron/Canton region.

Table 3-10 illustrates Medina CSD's medical insurance costs based on FY 2009-10 plan enrollment, insurance premiums, and employee contributions.

Table 3-10: Medina CSD Medical Insurance Costs

	Single	Family	Total
Monthly Premiums	$521	$1,302	$1,823
Employees Enrolled	177	534	711
Monthly Medical Insurance Cost	$92,169	$695,183	$787,352
Employee Contributions (Monthly)	$7,499	$46,294	$53,793
District Share (Monthly)	$84,670	$648,889	$733,559
Annual Cost to Board			**$8,802,708**
Percent of Medical Costs Paid by Board			**93.2%**

Source: Medina City School District

As shown in **Table 3-10**, medical insurance is expected to cost the District $8.8 million in FY 2009-10 which is 93.2 percent of the total cost for employee medical and prescription drug insurance. Based on the number of employees enrolled in single and

family medical coverage shown in **Table 3-10**, Medina CSD's costs would be about $1.5 million less if premiums and employee contribution rates were equal to the SERB averages for the Akron/Canton region shown in **Table 3-5**.

Table 3-11 shows dental insurance costs to the District based on FY 2009-10 plan enrollment, premiums, and employee contributions.

Table 3-11: Medina CSD Dental Insurance Costs

	Single	Family	Total
Monthly Premiums	$52	$114	$166
Employees Enrolled	174	539	713
Monthly Dental Insurance Cost	$9,069	$61,457	$70,526
Employee Contributions (Monthly)	$86	$530	$616
District Share (Monthly)	$8,983	$60,927	$69,909
Annual Cost to Board			**$838,914**
Percent of Dental Costs Paid by Board			**99.1%**

Source: Medina City School District

As shown in **Table 3-11**, dental insurance is expected to cost the District about $840,000 in FY 2009-10 which is 99.1 percent of the total cost for dental insurance.[4] Based on the number of employees enrolled in single and family dental insurance coverage in **Table 3-11**, Medina CSD's costs would be about $200,000 less if its premiums and employee contribution rates were equal to the SERB averages for the Akron/Canton region shown in **Table 3-6**.

Strategic Health-Care Plan Design (GFOA, 2009) recommends that plan sponsors consider the following actions to contain costs:

- **Eligibility Management** strategies that include auditing dependents, Medicare eligibility, and retirees;

- **Vendor Management** strategies that include auditing claims to ensure that carriers or third-party administrators pay benefits according to plan rules, coordinating benefits, adopting procedures for addressing complaints about vendor activity, periodically reviewing contracts, and implementing achievable performance goals;

[4] According to their respective collective bargaining agreements, certificated and classified employees pay $40 per month for single health insurance coverage and $80 for family health insurance. For analytical and illustrative purposes, AOS applied the entire employee contribution amount to medical insurance. All administrators and other employees pay 15 percent of the premium cost to participate in the dental insurance plan

- **Health-care Management** programs such as wellness, disease management, large-case management, utilization review, and pharmacy benefit management programs;

- **Participant Behavior Management** programs that can improve participant health and drive down costs. This might include educational programs about improving health habits and behaviors, individual health risk appraisals, and online information about certain illnesses, as well as financial incentives for modifying behaviors;

- **Cost Sharing Measures** such as high deductibles, co-payments, co-insurance provisions, and employee contributions;

- **Aggregating Resources** to get better pricing through health-care insurance pools, intergovernmental agreements for procurement of prescription drugs, or partnerships with private-sector organizations; and

- **Self-Funding** or at least evaluate the viability of self-funding.

As illustrated in **Table 3-12**, the District's medical insurance plan features low or no deductibles, low out-of-pocket maximums, and low co-payments. In addition, the District's plan covers a wide variety of in network services at 100 percent.

Table 3-12: Medina CSD Medical Plan Features

	In Network	Out of Network
Deductible (individual/family)	None/None	$100/$200
Out-of-Pocket Maximum[1] (individual/family)	NA	$200/$400
Co-payment	$10	Deductible and 85%/15% of R&C[2] Charges
Maximum Lifetime Benefit Per Person	$2,500,000	$2,500,000
Co-Insurance	100%	Deductible and 85%/15% of R&C[2] Charges

Source: Medina City School District
[1] The Out-of-Pocket Maximum excludes the deductible.
[2] Reasonable and Customary (R&C).

According to the *17th Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2009), only 26.8 percent of school districts and ESCs cover 100 percent of the costs for routine in network services. In addition, SERB found that only 20.4 percent of school districts and ESCs do not have a deductible for in network services. SERB also found that, for school districts and ESCs, the median out-of-pocket maximums for in network services averaged about $650 for single plans and $1,300 for family plans. Medina CSD employees have no out-of-pocket expenses for in network services except the $10 co-payment for visits. The same report shows that for out of network services,

out-of-pocket maximums averaged about $1,500 for single plans and $3,000 for family plans. Medina CSD's out-of-pocket maximums for no network services are only $200 for single plans and $400 for family plans. Finally, according to the *Annual Survey of Employer Health Benefits* (Kaiser Family Foundation, 2009), the average copayment for in network physician visits under a PPO plan was $21, compared with Medina CSD employees who pay $10 per visit.

Table 3-13 compares Medina CSD's prescription copayments to the SERB State-wide median.

Table 3-13: Prescription Copayment Comparison

	Medina CSD	SERB Statewide Median	Percent Difference
Tier I (Generic Prescription)	$8	$10	(20.0%)
Tier II (Formulary Brand Name Prescription)	$12	$20	(40.0%)
Tier III (Non-Formulary Brand Name Prescription)	$25	$35	(28.6%)

Source: Medina City School District and the *17th Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2009).

As shown in **Table 3-13**, the District's prescription copayments are significantly lower than the SERB State-wide median.

According to *Strategic Health-Care Plan Design* (GFOA, 2009), sponsors of public sector health plans face challenges in providing stable, sustainable health-care benefits. Health care cost inflation has put plan sponsors in the position of continually reacting to increased costs, rather than following a long-term plan. Plan sponsors need to find ways to manage the costs of their health care plans within the organization's financial framework and structure in order to be more efficient while continuing to offer a competitive benefit package. GFOA recommends that employers implement cost-sharing measures, such as higher deductibles, co-payments, co-insurance provisions, and employee contributions in order to control costs.

Medina CSD has already implemented some cost containment strategies, such as increasing employee contributions, educating employees, and self-funding its insurance plans. However, both medical and dental plan designs are specified in the District's collective bargaining agreements and therefore can only be changed when a new contract is negotiated (see **R3.5**). By continuing to negotiate and implement more aggressive cost containment strategies, Medina CSD could achieve additional savings. To achieve the potential savings in medical and dental insurance costs through increased employee contributions alone, employees would have to pay about 23 percent of medical and dental premiums. Implementing the GFOA recommended cost containment strategies will also

ensure that the District's health insurance administrative practices and processes are effective and do not result in unnecessary time and costs.

Financial Implication: If medical and dental insurance premiums and employee contribution rates were in line with SERB averages for the region, Medina could save an estimated $1.7 million annually based on FY 2009-10 data.

R3.5 Medina CSD should attempt to limit or remove provisions in its bargaining agreements that exceed what similar districts in the area offer or that unnecessarily restrict management's ability to efficiently manage the District. Provisions that require certain staffing levels to be maintained or that entitle employees to pay or benefits above and beyond what is considered typical can be particularly costly to the District.

Management decisions regarding staffing levels are restricted by provisions in the District's certificated agreement. The agreement sets maximum class size at the following:

- Grade Pre-K: Per state requirement
- Grades K-2: 23
- Grades 3-5: 25
- Grade 6: 26
- Grades 7-8: 27
- Grades 9-12: 28.

If these class sizes are exceeded, the District must compensate the teacher. Specifically, Medina CSD grade K-6 teachers can receive, for each student assigned full time to the classroom over the specified class limit, additional compensation equal to 4 percent of the base pay. For each student over the specified class load limit, teachers in grades 7-12 can receive additional compensation equal to 4 percent of their base pay pro-rated by day. In 2006-07, this provision cost the District $85,000; in FY 2007-08 $98,000, and in FY 2008-09 $149,000. These contract provisions do not appear to be in conflict with OAC § 3301-35-05, which states the ratio of teachers to students district-wide shall be at least one full-time equivalent classroom teacher for each twenty-five students in the regular student population. However, collective bargaining agreements that require certain class sizes or work hours, or that staff be assigned in specific ways, limits the Board's ability to adjust staff levels based on student populations and increase staffing costs.

The medical, prescription drug, and dental insurance plan designs are specified in the District's collective bargaining agreement with certificated staff. The agreement with classified staff requires the same insurance plans be offered that are offered to certificated staff. Having insurance plan details specified in bargaining agreements severely limits the

District's ability to control health insurance costs (see **R3.4**). Many school districts have insurance committees with representation from bargaining units that propose changes to plan design, insurance carriers or networks, and plan administration. While Medina CSD has an insurance committee, its role is limited to educating employees and Board members about health insurance issues.

Medina CSD teachers are on a 184 day contract which includes 180 instructional days plus two days before school starts (one teacher driven day and one District driven day); two-half days for grading at the end of each semester; and one teacher in service day directed by the District. The agreement also specifies that there will be two early dismissal days; one to hold individualized parent conferences and one district-driven professional development day. In addition, teachers are entitled to five additional early dismissal (or late start) days for no specific purpose that the teachers control. The Regional peer districts do not have contract provisions that allow so many discretionary early dismal days in their negotiated agreements.

Medina CSD's maximum accumulated sick leave paid out amounts upon retirement in the certificated agreement (80 days) and the classified agreement (85 days) are within the range of payout amounts of the regional peer districts. However, the certificated and classified contracts have provisions that give employees additional severance pay if the total number of accumulated sick days reach certain levels. For example, certificate employees can receive an additional $1,000 if accumulated sick are 250 and as much as $3,000 if accumulated sick days are 295 days or more. The classified employee contract has a similar provision, except with small dollar amounts. None of the regional peer districts in the area have such a provision.

Previous to the FY 2009-10, the District provided a uniform allowance to its secretaries, transportation, custodial, maintenance, food service, and paraprofessional personnel. However, beginning with the current contract, this allowance is no longer extended to the secretaries and instead of paying $110 per year per paraprofessional, a sufficient number of smocks are provided. A uniform service remains in effect for the transportation, maintenance, printers, food service, and custodial employees. This additional benefit cost the District $36,316 in 2008-09.

The State Teachers' Retirement System requires both employers and employees to contribute specified amounts to the retirement system. Employees are required to contribute 10 percent of their salaries. However, the negotiated agreement with certificated staff requires the Board to pay 4 percent of salaries to the retirement fund on behalf of the employees, leaving the employees to only have to contribute 6 percent. In addition, the agreement requires the Board's retirement contribution to be treated as income for retirement purposes so the Board pays an additional 4 percent on retirement pick up amount for a total of 4.4 percent. While it is legal for employers to pay some or

all of the employees' required retirement contribution, this practice does not promote full disclosure of public employees' total compensation. In addition, as certificated employee salaries increase, the amount the Board pays on behalf of the employee automatically increases.

Negotiating collective bargaining agreements typically requires trade-offs and compromises. Negotiated agreements can also be considered living documents and, as such, may include several different variations of ideas belonging to previous school boards and negotiators. As a result, the agreements may contain provisions that affect the District in a variety of ways, both positively and negatively. Negotiated agreements that provide benefits to employees beyond what is required or typically offered in other school districts, creates an additional and unnecessary financial burden to the District. In addition, provisions that are overly restrictive or complicated make it more difficult for school boards and administrators to efficiently manage district personnel and functions. Any progress made through negotiations that would make contract provisions more cost effective or restore management rights, would be beneficial to the Board and its constituents.

R3.6 Medina CSD should attempt to negotiate no increase in base salaries for certificated staff until the salary schedule is more in line with similar districts in the area. A higher starting salary, combined with negotiated based wage increases, and the Board's pick up of employee retirement contributions, has resulted in certificated staff compensation that is higher than the average of the regional peer districts[5].

Table 3-14 compares Medina CSD certificated salary schedule for teachers with Master's degrees to the average of the regional peer districts. Salary schedules for Medina CSD and the regional peer districts were adjusted to included negotiated board pick up of employee retirement contributions. Strongsville CSD was the only regional peer that paid a portion of the employee retirement contribution.

Table 3-14: Key Statistics from Master's Degree Salary Schedule

	Medina CSD	Regional Peer Average
Beginning Salary (Step 0)	$45,325	$40,840
Number of Steps	20	18.2
Average $ Step Incr.	$1,960	$2,016
Average % Step Incr.	3.2%	3.7%
Total % Salary Increase	86.5%	87.4%
Total Salary Schedule Cost	$2,206,436	$2,026,762

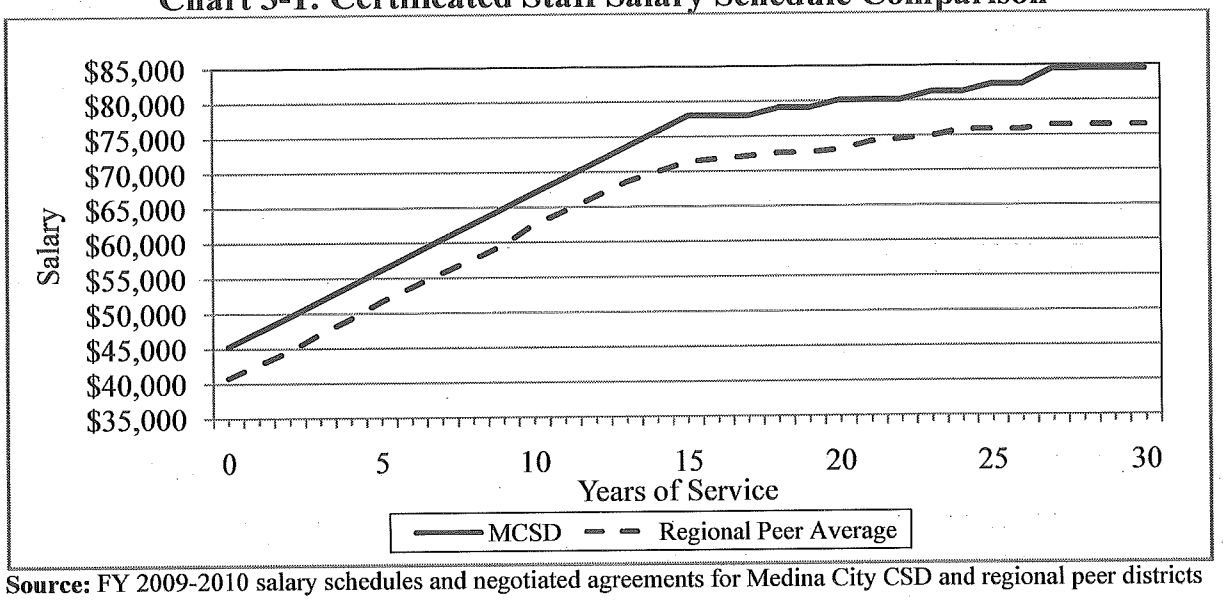
Source: FY 2009-10 salary schedules for Medina City School District and regional peer districts.

[5] Regional peer districts include Brunswick CSD (Medina County), North Royalton CSD (Cuyahoga County), Stow-Munroe Falls CSD (Summit County), Strongsville CSD (Cuyahoga County), and Wadsworth CSD (Medina County).

Medina CSD's beginning salary for teachers with a Master's degree is 11.0 percent higher than the regional peer district average. As shown in **Table 3-14**, while Medina CSD has more steps increases than regional peer districts (20 vs. 18.2), its smaller average step increases (3.2% vs. 3.7%) results in total compensation increasing only 86.5 percent over a 30-year period compared to 87.4%for the regional peer districts. However, because the District's beginning salary is so much higher than regional peer districts, Medina CSD would end up paying out about $180,000 more in salaries over a teacher's 30-year career.

Chart 3-1 provides a visual illustration of how Medina CSD's salary schedule for teachers with a master's degree compares to the regional peer district average.

Chart 3-1: Certificated Staff Salary Schedule Comparison



Source: FY 2009-2010 salary schedules and negotiated agreements for Medina City CSD and regional peer districts

As **Chart 3-1** illustrates, Medina CSD's salary schedule for teachers with a master's degree is significantly higher than the regional peer district average throughout the 30-year period.

Higher compensation levels for certificated staff at Median CSD are the result of the higher beginning salary when compared to the regional peer districts and the additional 4.4 percent pickup on the pickup negotiated between the Board and the Medina City Teachers Association. Excluding the 4.4 pickup on the pickup from Medina CSD's beginning salary; the District is still 6 percent above the average regional peer districts' beginning salary.

R3.7 Medina CSD should follow the Government Finance Officers Association (GFOA) recommendations for evaluating retirement incentives. Specifically, Medina CSD should establish goals for the incentive, perform a thorough cost analysis, estimate the budget impact, and develop an implementation plan before offering a retirement incentive. Furthermore, the District should attempt to negotiate contract language that allows it to offer retirement incentives only when needed to meet specific staff or financial goals.

The District's certificated collective bargaining agreement has a retirement incentive provision that allows employees who retire when first eligible to receive a one-time lump sum payment equal to 45 percent of their base pay. The retirement incentives provision has been in the collective bargaining agreements for many years. However, because of the way the incentive is structured, there is no way to know if employees would have retired when first eligible without the incentive. The District also has no specific staffing or financial goals it is trying to attain through the incentive. By providing a financial incentive to any employee when first eligible, the District may not necessarily be swaying employees to retire but rather providing employees who plan to retirement when first eligible with a bonus.

GFOA's *Evaluating the Use of Early Retirement Incentives* (October 2004), recommends that governments exercise extreme caution if considering ERIs. Governments should take several actions prior to the decision to offer an ERI in terms of goal-setting, cost/benefit analysis, and budgetary analysis. Governments should also develop an implementation plan. The following is a brief description of what each of these actions should include:

- **Goal-Setting:** Governments should be explicit in setting documented goals for the ERI. Goals can be financial in nature, such as realizing permanent efficiencies in staffing or achieving budgetary objectives. ERIs can also be designed to achieve human resource goals, such as creating vacancies that allow for additional promotion opportunities and allowing management to bring in new staff. Any ERI goals should not conflict with other retirement plan goals (e.g., features increasing retention).

- **Cost/benefit analysis:** In judging whether an ERI should be offered, governments should assess the potential costs and benefits of the proposals, and the cost/benefit analysis should be linked to the goals of the ERI. For example, if a government sets a financial goal of obtaining long-term staffing efficiencies, then an independent cost/benefit analysis should determine whether the ERI will actually bring about such staffing efficiencies.

- **Budgetary considerations:** In order to develop accurate budgetary estimates for the ERI, it is necessary to estimate the incremental cost of the ERI, which will

vary according to the level of employee participation. Any budgetary analysis should project multiple scenarios for employee participation levels.

- **Implementation Plan:** Governments should consider a communication plan to help employees understand the ERI in the context of overall retirement planning. It may be necessary to gain input from collective bargaining units. Governments should consider the impact upon service delivery after employees retire, with identification of critical personnel whose services must be maintained. The duration of the window should take into account the ability of retirement staff to manage retirement application workloads, among other factors. Lastly, performance measures should be used to ensure ERI goals are met.

An example of a properly structured early retirement incentive is illustrated in the Worthington CSD (Franklin County) certificated agreement. To ensure adequate savings, Worthington CSD has determined the required number of staff and levels of experience that would need to be achieved in order for the incentive to be beneficial to the District. This ensures that the District will achieve a specific amount of savings. The agreement also reserves the right to provide the incentive only if enough employees apply for the incentive.

The retirement incentive provision in Medina CSD's certificated agreement commits it to a buyout of eligible employees without any planning and regardless of the financial impact. Therefore, the District should follow the GFOA recommendations for evaluating retirement incentives before deciding to offer one. Specifically, Medina CSD should establish goals for the incentive, perform a thorough cost analysis, estimate the budget impact, and develop an implementation plan. If the District finds a retirement incentive will help it achieve certain specified goals, it should attempt to revise the retirement incentive language in its collective bargaining agreements to include stipulations similar to those found in the agreement with Worthington CSD certificated employees.

R3.8 Medina CSD should investigate strategies for reducing special education costs while continuing to provide a high quality education for the District's special needs students. Potential strategies for reducing costs could include routinely assessing staffing needs, evaluating services, and analyzing the potential benefits of partnering with other agencies.

Medina CSD's special education students made up 12.2 percent of the District's total student population which was 2.6 percent higher than the peer average (see **Table 3-15**). The majority of the District's special education students have specific learning disabilities. Medina CSD has seen increases in its autistic and emotionally disturbed populations in recent years. The District contracts out for occupational therapy, physical therapy, and services for visually impaired students. In addition, the District contracts

with the ESC for an autism consultant, nursing services, an English as a Second Language (ESL) teacher, a sign language interpreter, and a deaf education teacher. The District shares costs with Medina County for the deaf education and ESL teacher.

According to the Director of Student Services, Medina CSD carefully examines overall costs for special education services and holds regular meetings about the special education budget. In addition, the District conducts an annual review of outside placements (in an effort to reduce the number of outside placements) and has been able to reduce its outside placements over the past few years. Furthermore, the District is looking at increasing employee caseloads to the maximum level allowed by law in order to reduce the number of special education teachers needed to serve its student population. In addition, the District contracts with a private company instead of the ESC for occupational and physical therapy services and services for visually impaired students because the private company has lower rates.

The District's use of special education aides is very minimal. The mentally handicapped and emotionally disturbed classrooms have aides as required by law. A handful of students have one-on-one aides as required by their individualized educational program (IEP). Otherwise, no aides are provided. In addition, the District is working to achieve cost savings on occupational therapy and physical therapy services by working with other area districts.

Table 3-15 illustrates Medina CSD's FY 2007-08 special education expenditures compared with the peers. This was the most recent data available at the time of the audit.

Table 3-15: Special Education Expenditure Comparison

	Medina CSD	Peer Average	Variance
SPECIAL EDUCATION POPULATION			
Special Education Students	890	459	431
Special Education Students as % of Total Students	12.2%	9.6%	2.6%
Percentage of Special Education Students Mainstreamed into Regular Classrooms	79.7%	74.2%	5.5%
SPECIAL EDUCATION EXPENDITURES PER SPECIAL EDUCATION STUDENT			
Direct Special Education Costs Per Special Education Student	$8,847	$8,159	$688
Other Support Service Costs Per Special Education Student	$3,184	$3,126	$58
Regular Instruction Portion Per Special Education Student	$3,896	$3,442	$454
TOTAL EXPENDITURES			
Special Education Costs (Minus Transportation) Per Special Education Student	$15,927	$14,727	$1,200

Source: Ohio Department of Education, 2009 Special Education Accountability Report

Table 3-15 shows that Medina CSD spent $688 more per student on direct special education costs and $58 more per student on other support service costs than the peer average. The District's higher costs can be attributed to the special programs it offers,

higher teacher salary and benefits (see **R3.6** and **R3.4** respectively), and higher instructional staff costs (see **Table 3-16**).

Table 3-15 also shows the District reported mainstreaming 79.7 percent of its special education students into regular classrooms, which is above the peer average of 74.2 percent. The Director of Student Services stated that the District seeks to provide an inclusive setting as often as possible because it is a better learning environment. In addition, mainstreaming students with special needs generally reduces the service costs for these students. This is primarily due to the District's ability to reduce the number of full-time support staff that is, in some cases, providing costly one-on-one services.

Table 3-16 compares Medina CSD's direct special education costs per special education student with the peer average.

Table 3-16: Direct Special Education Cost Per Pupil Comparison

	Medina CSD	Peer Average	Difference	Percent Difference
Special Education Instruction Services	$7,664	$6,283	$1,382	22.0%
Psychological Services	$546	$636	($90)	-14.2%
Speech and Audiology	$674	$719	($45)	-6.2%
Support Services for Students with Disability	$0	$374	($374)	-100.0%
Special Education Aides	$0	$104	($104)	-100.0%
Special Education Attendant Services	$0	$149	($149)	-100.0%
Special Education Services-Administrative/Supervisors	$0	$7	($7)	-100.0%
Special Education Services - Support Staff	$0	$20	($20)	-100.0%
Total Direct Special Education Costs	$8,885	$8,293	$592	7.1%
Catastrophic Aid Payments	$0	$91	($91)	-100.0%
Speech Only Unit Allowances	$38	$43	($5)	-11.5%
Adjusted Direct Special Education Costs	**$8,847**	**$8,159**	**$688**	**8.4%**

Source: Ohio Department of Education, 2009 Special Education Fiscal Accountability Report

As shown in **Table 3-16**, Medina CSD spent 22 percent more per special education student than the peer average in the area of Special Education Instruction Services, revealing this as the driver behind the District's higher costs. The District's high costs in the area of Special Education Instruction Services can be partially attributed to its low student to teacher ratio and higher teacher salary costs. **Table 3-17** compares the ratio of special education students to teachers at Medina CSD with the peer average.

Table 3-17: Special Education Teacher to Student Ratio Comparison

	Medina CSD	Peer Average
Special Education Students	957	501
Special Education Teachers	62.38	32.07
Student to Teacher Ratio	**15.3**	**17.1**
Number of Teachers Needed to Equal Peer Student to Teacher Ratio		**56.13**
FTEs Above/(Below) Number of Teachers Needed		**(6.25)**

Source: Ohio Department of Education

As shown in **Table 3-17**, the District has 6.25 more special education teachers than the peer average when compared on a student to teacher ratio.

Comparing school districts in the area of special education is difficult, because the services required often vary among districts based on the types and severity of the students' disabilities. The level of service may be dictated under an IEP. However, given the deficits projected in the District's five-year forecast, if the District fails to identify new operating revenue or make reductions in other areas, special education represents an area for potential savings given that the level of expenditures were above the peers.

According to *Practical Ideas for Cutting Costs and Ways to Generate Alternative Revenue Sources* (Adsit & Murdock 2005), districts can use the following strategies to limit special education costs:

- Limit the services provided by using a stricter interpretation of eligibility criteria;
- Reduce the frequency of diagnostic testing to the state minimums;
- Standardize the tests used throughout the district, so that fewer tests are done;
- Hire special education teachers who are also certified to teach regular education classes;
- Expand the use of paraprofessionals (instead of employing 2 teachers consider employing one teacher and two aides); and
- Schedule special education teachers to handle more than one assignment.

By implementing some of the recommended strategies for controlling special education costs, the District could further contain its costs while continuing to provide effective education to its students.

Financial Implication: If the District could reduce its direct special education spending to the level of the peers, it could save approximately $612,000 per year.

Appendix 3-A: Status of 2003 Performance Audit Recommendations

Table 3-A summarizes the 2003 Performance Audit human resources recommendations and their implementation status. Each recommendation was categorized as either: implemented, partially implemented, or not implemented.

Table: 3-A: 2003 Performance Audit Human Resources Recommendations

Recommendation	Implementation Status
R3.1 Medina CSD should consider centralizing its human resource functions.	Implemented.
R3.2 Medina CSD should seek to allocate a greater percentage of its resources to direct instruction. To do so, Medina CSD should conduct a detailed analysis of the duties and responsibilities of the administrative staff to determine if resources are being used efficiently and effectively in relation to District needs.	Implemented.
R3.3 District should try to achieve more flexibility in teacher scheduling to increase the amount of direct instructional time while meeting the scheduling needs of students. Given the current 9 period schedule, teachers could be required to teach an additional period in lieu of the team planning period. This would increase average instructional minutes to 252 at the high school level, and bring Medina CSD in line with the peer districts.	Implemented.
R3.4 Medina CSD should consider options that increase the amount of time teachers spend in direct instruction. One option the District is currently considering is lengthening the class period and reducing the number of periods in a day. Lengthening the class period time to 50 minutes would allow for elimination of the study halls related to science lab scheduling. Reducing the number of periods would also decrease the number of students enrolled in study hall, and reduce the need for teacher aides that assist in the supervision of study halls.	Implemented.
R3.5 Medina CSD should consider reducing 17 regular education teachers to increase its current student to teacher ratio. By reducing 17 regular education teachers, the District will have a student to teacher ratio of 18.8 to 1, which is still lower than two of the three peers.	Implemented.
R3.6 Medina CSD should continue to assess the salary levels of teachers in the District relevant to the experience level of staff. Medina CSD should also continue to assess the impact of the pick-up on the pick-up as it tends to make salaries appear lower than they actually are. In future contract negotiations, Medina CSD should consider the full impact of paying a portion of the employee's STRS contribution in addition to agreeing to salary increases. In addition, the District should review the effect of contract terms on District salaries compared to similar and surrounding districts.	Not implemented (see **R3.6**).
R3.7 Due to its relatively high number of supplemental positions, Median CSD should review the total positions eligible for supplemental contracts to determine if any supplemental contract positions could potentially be eliminated.	Implemented.

Recommendation	Implementation Status
R3.8 Medina CSD should seek to limit the number of sick and personal leave days used by classified staff, particularly in the maintenance, clerical, and transportation classifications. Supervisors should use the current attendance incentive to encourage employees to reduce the number of sick and personal leave days used and should try to avoid using substitutes whenever possible. The District may be able to avoid using substitutes by implementing cross-training programs for classified personnel.	Implemented.
R3.9 Medina CSD should require all of its employees to contribute towards the monthly premium costs for health insurance. Medina CSD should seek a 6 percent employee contribution toward monthly health care premiums during the next contract negotiation period to bring them in line with the SERB reported average for similar size districts. This would amount to $17 per month for employees covered under the single employee coverage and $43 per month for employees covered under family coverage. If Medina CSD does not want to seek an employee contribution for monthly health care premiums, changing the variables within the plan would also lead to cost savings. Increasing co-pays, out-of -pocket maximums, and deductibles would result in lower monthly health care premiums.	Implemented.
R3.10 Medina CSD should consider reducing the level of benefits for Class 3 coverage to 60 percent during the next contract negotiation period. Reducing the level of coverage to 60 percent should lead to lower monthly premiums, while continuing to offer benefits at a level comparable to other school districts. If Medina CSD is unable to reduce dental benefits to a level comparable to the peer school districts, it should consider requiring a 6 percent contribution to the dental premium, keeping in line with the SERB average for contributions.	Partially Implemented (see **R3.4**).
R3.11 Medina should seek to reduce severance payout to be more in line with the peer school districts. Specifically, the District should seek elimination of the bonus payouts for accumulation of sick days over 250 days and reduce the total possible payout to 60 days.	Not implemented (see **R3.5**).
R3.12 Medina CSD should seek to eliminate the retirement incentive from future contract negotiations.	Not implemented (see **R3.7**).
R3.13 Medina CSD should seek to exclude additional compensation and teaching aides for exceeding class size limits from future contract negotiations, or raise the class size limits at which additional compensation is earned.	Partially implemented (see **R3.5**).

Source: Medina City School District and the Auditor of State

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Facilities

Background

This section focuses on the maintenance and operations (M&O) of facilities in the Medina City School District (Medina CSD or the District), including assessments of staffing levels, planning efforts, expenditures, policies, and operating procedures. The District's operations were evaluated against leading practices, operational standards, and selected peer districts.[1] Leading practices and operational standards were derived from the American School and University Magazine (AS&U), the National Center for Education Statistics (NCES), the International Sanitary Supply Association (ISSA), the Minnesota Office of the Legislative Auditor, and DeJong and Associates, Inc. The audit also examined the implementation status of key recommendations from Medina CSD's 2003 performance audit (see **appendix 4-A**). Of the nine facilities recommendations evaluated in this performance audit, seven were fully implemented and two were not implemented. As a result, two similar recommendations were re-issued in this report (see **R4.1**, and **R2.7** in **financial systems**).

The following questions were used to evaluate the M&O functions:

- How has spending on facilities changed recently and how does it compare with benchmarks?
- How do M&O Department staff allocations and workloads compare with industry benchmarks?
- Does the M&O Department have the operational procedures, employee training, and performance standards recommended for maintaining an effective workforce?
- Does the District have a formal energy conservation program that is comparable to leading practices?
- Should the District change how it plans to use its facilities in order to improve efficiency and/or reduce costs?
- Does the District meet leading practices for planning and maintaining its facilities?

[1] Peer districts include Amherst EVSD (Lorain County), Avon Lake CSD (Lorain County), Brunswick CSD (Medina County), Green LSD (Summit County), North Royalton CSD (Cuyahoga County), Olmsted Falls CSD (Cuyahoga County), Stow-Munroe Falls CSD (Summit County), Strongsville CSD (Cuyahoga County), Twinsburg CSD (Summit County), and Wadsworth CSD (Medina County).

- How do the District's maintenance and operations wages and step increases compare with selected peer districts?

- What is the implementation status of the key performance audit recommendations from 2003?

Buildings

In FY 2009-10, Medina CSD operated seven elementary school buildings (grades pre-K to 5), two middle school buildings (grades 6 to 8), and one high school building (grades 9 to 12). In addition, the District owns or leases several other facilities:

- It leases space for its administrative offices, technology/print shop, and maintenance shop.

- It recently acquired a building called the Drake Center as part of its plans to address future facility needs. Local businesses currently lease space in the Drake Center from the District.

- The Performing Arts Center (PAC), which is located in the high school, is used for community and school music and theater productions.

- The old Kindergarten Center building is being renovated for future use as the administrative offices and a weight room.

- The Bowman House, which was donated to the District, houses the M&O offices.

- The Recreation Center (Rec Center), located in the high school, is a joint partnership between the City of Medina and the District. The District operates and maintains the Rec Center and charges the City for 47.5 percent of its operating costs.

The District opened two new elementary buildings (Northrop and Waite) for FY 2009-10. These buildings were funded through certificates of participation (COPS), a lease-purchase agreement in which the District sells bonds in order to pay for the debt. The Medina CSD Foundation holds the lease on the two new buildings; the District sells bonds to purchase the buildings from the Foundation. The Foundation does not charge the District any fees for the arrangement.

Medina CSD has a permanent improvement (PI) levy that expires in 2011. In May 2007, residents passed County-wide sales tax levy that generates revenue for permanent improvements in the District. As part of the sales tax levy campaign, the District promised to let the PI levy

lapse and not seek renewal. Once the PI levy expires, the sales tax levy will be the main source of funding for all permanent capital improvements in the District.

Staffing

The Grounds and Maintenance Supervisor reports directly to the Director of Business Affairs and is responsible for the management and oversight of the M&O Department. The Maintenance Coordinator, HVAC Coordinator, and Custodial Coordinator report to the Grounds and Maintenance Supervisor and are responsible for the day-to-day management of their operational areas. In FY 2009-10, Medina CSD employed 13 FTE maintenance workers and 45.5 FTE custodians, including five new custodians to clean the new elementary schools. Custodians work in three shifts and are assigned to specific areas for cleaning. Head custodians are responsible for grounds care and light maintenance in their assigned buildings. Building principals primarily oversee custodial staff during the school year, but get input and oversight from the Custodial Coordinator.

Maintenance staff are responsible for a variety of tasks including:

- Moderate to complex maintenance repairs in all buildings;
- Electrical wiring including fiber optic cables for the technology department;
- Plumbing;
- Equipment maintenance and repair;
- Building data wiring, repairs, and installation;
- Roofing repair;
- Flooring installation and repair;
- Mowing of all fields; and
- HVAC preventive maintenance and repair.

The District does not have any staff devoted to grounds maintenance. These duties are shared between custodians and maintenance workers.[2]

[2] Because of the shared duties, it was not feasible to benchmark grounds keeper workloads based on the number of acres that need maintained.

Table 4-1 shows Medina CSD M&O Department staffing and workload comparisons.

Table 4-1: FY 2009-10 M&O Department Staffing Assessment

District Staffing	
Total FTE Maintenance Staffing	13.0
Total FTE Custodian Staffing	45.5
Total FY 2009-10 Maintenance & Custodial FTE Staffing	**58.5**
District Statistics	
Square Footage Maintained	1,297,352
Acreage Maintained	230.3
Square Footage Cleaned	1,294,352
Maintenance Staffing Benchmark	
AS&U Five Year Avg. Square Feet per FTE Maintenance Worker	95,000
Calculated FTE Staff Need for Maintenance	**13.7**
Grounds Keeping Staffing Benchmark	
AS&U Five Year Avg. Acres per FTE Grounds Keeping Staff	40.0
Calculated FTE Staff Need for Grounds Keeping	**5.8**
Custodian Staffing Benchmark	
NCES Median Square Feet per FTE Custodian for Level 3 Cleaning	29,500
Calculated FTE Staff Need for Custodians	**43.9**
Overall	
Total FY 2009-10 Maintenance & Custodial FTE Staffing [1]	**58.5**
Total Calculated M&O Benchmark Staffing Need	**63.3**
FTE Staff Over / (Under) Benchmark	**(4.8)**

Source: Medina CSD, NCES Planning Guide for Maintaining School Facilities, and AS&U Maintenance and Operations Cost Studies for FY 2004-05 through FY 2008-09
Note: Numbers may vary due to rounding.
[1] Median CSD maintenance and custodial staff are also responsible for grounds keeping.

As shown in **Table 4-1**, Medina CSD's M&O staffing is in line with national standards based on workload levels. At the time of the audit, the District was planning staff reductions for FY 2010-11 to help address projected deficits, which included three custodians and one maintenance worker.

Table 4-2 shows Medina CSD's FY 2008-09 M&O Department expenditures compared to the AS&U national median and the peer average on a per square foot basis.

Table 4-2: FY 2008-09 Expenditures per Square Foot Comparison [1]

Expense Category	MCSD	Peer Avg.	Difference	Percent Difference	AS&U National Median FY 2008-09	Difference	% Difference
Personal Services	$2.27	$2.63	($0.36)	(13.7%)	$2.07[2]	$1.13	54.5%
Employee Benefits and Insurance Benefits	$0.92	$1.14	($0.22)	(19.3%)	n/a	n/a	n/a
Purchased Services (Excl. Utilities)	$1.78	$0.75	$1.03	137.3%	$0.59	$1.19	201.7%
Utilities	$1.88	$1.77	$0.11	6.2%	$1.43	$0.45	31.5%
Supplies & Materials	$0.67	$0.50	$0.17	34.0%	$0.33[3]	$0.34	104.1%
Capital & Other	$0.24	$0.79	($0.55)	(69.6%)	n/a	n/a	n/a
M&O Total Expenditures per Sq. Ft.	**$7.76**	**$7.58**	**$0.18**	**2.4%**	**$4.42**	**$3.34**	**75.7%**
Square Footage	1,170,623	665,680	504,943	75.9%	n/a	n/a	n/a

Source: Medina CSD and peer district year-end financial records as reported through the ODE Expenditure Flow Model, and AS&U Maintenance and Operational Cost Study (April, 2009)
Note: Numbers may vary due to rounding.
[1] Includes the expenditures and square footage associated with the Recreation Center located in the high school. The City of Medina reimburses Medina CSD for a portion of these costs. The amount reimbursed is not included in the table.
[2] AS&U combines Personal Services and Employee Benefits together for comparison.
[3] AS&U combines Supplies, Materials, and Capital Outlay together for comparison.

As presented in **Table 4-2**, Medina CSD's overall costs in FY 2008-09 were $0.18 per square foot (or 2.4 percent) higher than the peer average. The AS&U Maintenance and Operational Cost Study (April, 2009) reported the national median facility expenditures per square foot to be $4.42, a level that Medina CSD can use as a reference point in the future. Purchased Services is one area where Medina CSD's costs are significantly higher than the peer average. Some of the higher purchased services are due to the costs of the Recreation Center. In addition, the District attributes its higher purchased services to one-time purchases related to opening the two new elementary buildings as well as using the sales tax revenue to make needed repairs and replacements to the existing buildings. Additionally, the District codes approximately $225,000 of technology-related expenses to the facilities (see **R2.7** in **financial systems** for discussion on

coding). As shown in **Table 4-2**, some of Medina CSD's expenses for purchased services are offset by lower capital outlays. When compared to the peer average expenditures, Medina CSD spent approximately $.55 per square foot less on capital than the peer average, which suggests that the peers have been deferring building maintenance and are now spending more on capital repairs and replacements. The District is spending more per square foot on purchased services because it has capital improvement and preventive maintenance plans.

Compensation

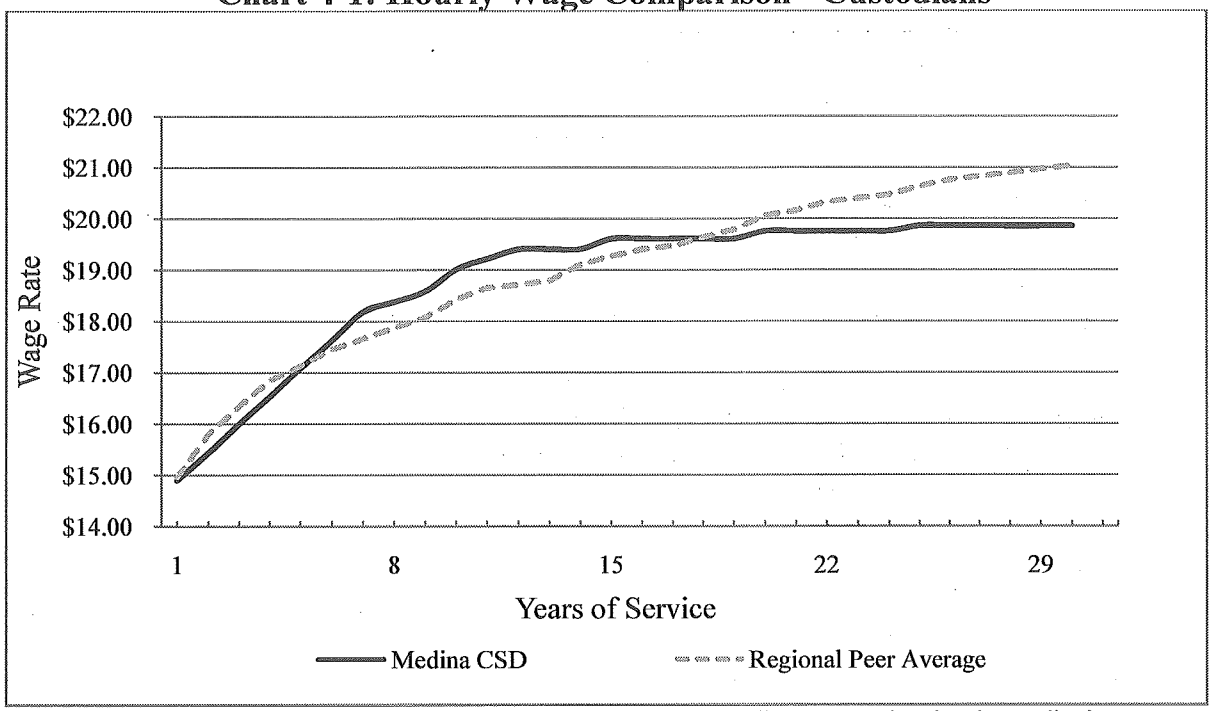
The M&O staff are part of the classified employee collective bargaining unit. The custodial pay schedule was analyzed to see how it compared to regional peer districts.[3] The maintenance pay schedules were not compared due to the complexity of the various salary schedules and differences in how the Medina CSD and peers categorize maintenance workers.

As shown in **Chart 4-1**, for the first 15 years, Medina CSD's pay schedule for the custodians is higher than the similar district average. However, because there are no more step increases after 15 years, the District's pay rate falls below similar districts for the remainder of the salary schedule even after including longevity increases.

[3] Regional peer districts include Brunswick CSD (Medina County), North Royalton CSD (Cuyahoga County), Stow-Monroe Falls CSD (Summit County), Strongsville CSD (Cuyahoga County), and Wadsworth CSD (Medina County).

Chart 4-1 is a graphic illustration of the pay schedule by years of experience in comparison to the regional peer average[4].

Chart 4-1: Hourly Wage Comparison - Custodians



Source: FY 2009-10 salary schedules and negotiated agreements for Medina CSD and regional peer districts

Chart 4-1 shows that Medina CSD's schedule levels off after 16 years where the regional peer average continues to climb. In this illustration, over 30 years, Medina CSD's salary costs for custodians would be lower than the regional peer average.

Energy Management and Conservation

The District's utilities costs have increased over the last three years by 8.1percent; specifically gas and electric costs have contributed to this increase while water and sewage decreased. When questioned, District officials attributed these increases to an increase in prices available from the Ohio Schools Council, the District's consortium for utilities. When compared to the AS&U, the District exceeds the national median utilities costs per square foot ($1.43) by $0.45. Additionally, when compared to the peer average, the District's costs are higher by $0.11 per square foot. However, the District's utility costs include the Recreation Center. When utilities costs that are attributable to the Recreation Center are excluded, the District's utilities costs per

[4] Regional peer districts include Brunswick CSD (Medina County), North Royalton CSD (Cuyahoga County), Stow-Munroe Falls CSD (Summit County), Strongsville CSD (Cuyahoga County), and Wadsworth CSD (Medina County).

square foot decrease to $1.72, which is 3 percent below the peer average but still 20 percent over the AS&U average.

Medina CSD has an energy conservation policy which states in part that energy conservation is important for reducing costs. Additionally, the administrative guidelines explain how this policy will be enacted. Medina CSD's Administrative guideline 7460 states that the goals for the District include:

- Conserve energy so that the instructional program and support services can be effectively delivered while conserving energy dollars.
- Eliminate amounts of energy waste in our buildings while ensuring a comfortable and safe learning environment for all students and staff.
- Educate every student and employee to contribute to energy efficiency in the District.
- Every person will be expected to be an "energy saver" as well as an "energy consumer."

The guidelines also contain detailed procedures addressing general energy usage, heating and air condition equipment, and water conservation. This policy and procedure was communicated to employees through the November 2009 staff newsletter along with some steps to save energy.

According to the Building and Grounds Supervisor, the District has conducted regular energy audits and is about to undergo another to see what other areas can be made more energy efficient. The District worked with the Brewer-Garrett Company in 2007 to conduct the audits and perform some of the work identified. The District also uses technology extensively to monitor and control energy usage through its NOVAR Building Automation System.

Medina CSD purchases gas and electric from the Ohio Schools Council (OSC) consortium. The District actively searches for the best-priced options with regard to its utility purchasing. As an example, the District conducted a cost study showing the gas prices available from OSC versus Metropolitan Education Council (MEC). The District also maintains spreadsheets to track gas and electric usage and costs by building.

Finally, the District has used educational plans to engage students in the effort to decrease energy usage in science and technology classes in particular. In FY 2009-10, the District plans to form energy teams comprised of faculty at each building. The teams will compete to see which building is most successful at reducing energy costs. According to the Building and Grounds Supervisor and HVAC Coordinator, the District has four buildings that have achieved Energy Star ratings. See noteworthy accomplishments in the **executive summary**.

Enrollment

Medina CSD contracts with a private citizen to complete enrollment projections annually. The projections consider a variety of variables including housing trends, building permits, birth data, and other leading practice factors. According to the District, the projections have been very accurate and useful for planning purposes. When FY 20010-11 projections were compared, the differences between the District's projection and the Auditor of State (AOS) created projection represented less than 2 percent of the student population.

All Day Kindergarten Planning

ORC § 3321.05(B) states that "Any school district may operate all-day kindergarten or extended kindergarten, but beginning in fiscal year 2011, each city, local, and exempted village school district shall provide all-day kindergarten to each student enrolled in kindergarten, except as specified in divisions (C) and (D) of this section". In order to address the issues created by requiring all day kindergarten, the District established preliminary plans and cost estimates. The plan estimates that the District would need to add 12 teachers at a cost of $1.2 million but could use existing space at the elementary schools and other District buildings to house an estimated 600 kindergarten students. The plan also discusses the costs of educational materials and busing, and notes that the existing lunch periods could accommodate the additional students.

Planning and Maintaining District Facilities

Medina CSD uses annual building inspections to gather data for use in facility and capital improvement planning. A review of the District's facilities master plan shows a conscientious effort to include academic standards, financial considerations, community impact, psychological and social effects, student and staff safety issues, and logistical factors when planning future facility needs. The capital improvement plan supports the master facility plan by focusing on seven factors:

- Facility age;
- Concerns/requests made by parents, students, and staff;
- Cost prevention;
- Code/law requirements;
- Safety/health improvements;
- Direct benefit for the students; and
- Efficiency.

Each building is graded from 1-5 in each of these areas, then a total score is calculated. Those repairs with the highest scores receive first priority for funding. A cost is also affixed to each proposed improvement. The District funds all capital and permanent improvements with a

portion of its sales tax revenue. In addition, the District has a capital improvement plan for the Recreation Center that ranks improvements into three categories. This plan also includes cost estimates for each proposed improvement. All M&O vehicles and large equipment replacements are included in the Transportation Department's vehicle replacement plan. See noteworthy accomplishments in the **executive summary**.

An automated work order system creates work orders to ensure that all preventive maintenance activities are completed in a timely manner. According to the Maintenance and HVAC coordinators, the focus is on preventive maintenance tasks and completing work orders. A review of the work orders and a detailed list of HVAC activities completed at each facility also showed an emphasis on preventive maintenance activities. In addition, for each work order, the District tracks the cost by building, the action taken, the hours needed to complete, and the date completed.

Operational Procedures and Standards

The District has a policy and a detailed manual that specifies how all areas are to be cleaned and the frequency in which tasks must be performed. The District also has detailed cleaning procedures for the Recreation Center and for summer cleaning crews. According to the Association of School Business Officials (ASBO), a key piece of resource management is to have detailed procedures for cleaning all areas of the school buildings. Staff receive regular trainings during all "in service" days in addition to mini seminars held periodically throughout the year. The mini seminars include speakers from chemical and equipment companies on how to use products, and facilities staff from other school districts to discuss cleaning techniques. NCES states that preparing staff to get their work done properly, efficiently, and safely is cost-effective in the long run.

The District uses two forms for evaluating M&O staff; one that is general work habits (i.e., attendance) that is used for all support staff, and one that is tailored to maintenance and custodial positions (work quality). In addition, the Director of Business Affairs stated he looks at square footage per custodial FTE regularly. NCES recommends that district management develop performance standards based on established goals, while using a specific evaluation instrument with a defined performance scale. Finally, the District has hired a third party to administer an annual phone survey of the citizens concerning a variety of subjects including perceptions about the facilities. NCES recommends using customer surveys to gauge satisfaction with the District's facilities.

Recommendations

Capacity Methodology

R4.1 Medina CSD should determine and document the capacity of each of its school buildings then regularly monitor building utilization rates. When determining building capacity, the District should take into consideration its educational philosophy and each building's program needs. Further the District should periodically review how buildings are use and adjust room usage in order to optimally utilize each building. The District should also consider how the new class size requirements in House Bill 1 (HB1) will impact building capacity and classroom utilization rates.

The District does not have a methodology for determining each building's capacity and does not calculate and monitor building utilization rates. Instead, it relies on the building architect's capacity calculation, which does not take into account how capacity is impacted by the educational programs provided in the building. For FY 2009-10, the District closed its kindergarten center and opened two new elementary buildings (Northrop and Waite). This change in building configuration helped alleviate overcrowding at the elementary schools. However, District officials stated that space is an issue at the middle school buildings, which is evidenced through the use of 16 modular classrooms.

According to *Defining Capacity* (DeJong, 1999), it is not uncommon to find that the capacity assigned to a building is much higher than what the building can reasonably be expected to accommodate. Often building capacity is determined by simply multiplying the total number of classrooms in a building by an average class size. This is called design capacity. However, this method does not take into consideration how education programs impact available classroom space. For example, in elementary schools there is a need for music, art, and special education classes. Providing space for these programs impacts the building's capacity. When building capacity takes into consideration the effect of programs, it is called functional capacity. Two buildings can have the same number of classroom and therefore the same design capacity, but can be used differently and thus have different functional capacities.

AOS toured the District's buildings and calculated the functional capacity of each based on how the District reported the rooms were being used. In the elementary buildings, each regular classroom was assigned a capacity of 25 and half day kindergarten rooms were given a capacity of 50 students. As recommended by DeJong, rooms used for preschool, special education, art, and music were excluded from the functional capacity calculation. For the high school and middle schools, DeJong's methodology was followed by taking

the number of teaching stations and multiplying by 25 students then multiplying the result by 85 percent. The methodology takes into account that while students move to different classrooms each period, it is not practical for every classroom to be in use during every period because one period is typically used for teacher planning purposes.

Building utilization rates were determined based on AOS calculated functional capacities and the District's current and projected enrollment. **Table 4-3** shows the building utilization rates for FY 2009-10 and FY 2012-13.

Table 4-3: Utilization Rates from FY 2009-10 to FY 2012-13

Building	Functional Capacity	FY 2009-10 Enrollment[1]	FY 2009-10 Capacity Utilized	FY 2012-13 Projected Enrollment	FY 2012-13 Capacity Utilized
Elementary Schools (K-5)	4,375	3,676	84.0%	3,647	83.4%
Middle Schools (6-8)[2]	2,150	1,750	81.4%	1,968	91.5%
High School (9-12)	2,650	2,398	90.5%	2,469	93.2%
District Wide	9,175	7,824	85.3%	8,084	88.1%

Source: Medina CSD classroom counts, room usage, and enrollment projections
Note: Numbers may vary due to rounding.
[1] Does not include preschool students.
[2] At the middle schools, there are a total of 15 regular classrooms and one special needs classroom located in modular units.

DeJong recommends school districts strive for 85 percent utilization of available building capacity. If utilization is substantially below 85 percent, then there may be opportunities to better utilize existing buildings. If the result is significantly over 85 percent, then overcrowding may become an issue. While Medina CSD's district-wide utilization in FY 2009-10 is considered efficient at 85.3 percent, it is expected to rise to 88.1 percent by FY 2012-13 based on District enrollment projections and current room usage. More importantly, the utilization rate at the middle school and high school levels is expected to be well over 90 percent by FY 2012-13. Without the modular units, the middle school utilization rates would be at 98.6 percent in FY 2009-10 and could be as high as 110.9 percent in FY 2012-13.

In addition, Medina CSD is planning to adjust classroom usage to accommodate all day kindergarten in existing buildings, though it may request a waiver due to its financial condition. In addition, the new Evidenced Based Model used for funding schools is based on smaller class sizes in kindergarten through grade 3. Funding will be based on 19 students per classroom in FY 2010-11 and will be further reduced to 15 students per classroom by FY 2013-14. The District has expressed concerns over its facility capacity for several years. It convened a Facilities Committee to examine its facilities master plan. The Facilities Committee reviewed the plan and several options for addressing the space constraints based on the impact various decisions would have on academic standards,

financial considerations, community impact, psychological and social effects, student and staff safety, and logistics (see noteworthy accomplishments in the **executive summary**). The Facilities Committee evaluated several different proposed options including using the following:

- Intermediate building for grades 5-6;
- Graded buildings (kindergarten, grades1-2, grades 3-4, etc.);
- Middle schools for grades 6-8 or grades 7-8; and
- Freshmen academy for grade 9 only.

Based on the Committee's analysis and the benefits and barriers of each option, it determined that, none of these options would adequately address District needs and concerns. Instead, it recommended the addition of several buildings at specific future points in time, determined by projected rates of growth. Although the District has looked into various options, it has not taken any definitive steps to resolving the space issues.

Appendix 4-A: Status of 2003 Performance Audit Recommendations

Table 4-A summarizes the 2003 Performance Audit facilities recommendations and their implementation status. Each recommendation was categorized as either: implemented; partially implemented; or not implemented.

Table 4-A: 2003 Performance Audit Facilities Recommendations

Recommendation	Implementation Status
R4.1 Medina CSD should develop a comprehensive FMP which focuses on short-term and long-term building capital improvement and maintenance needs. Due to the District's rapid growth, it is not necessary to address school closings and consolidation as they relate to under-utilized space.	Implemented.
R4.2 Building capacity and utilization should be reviewed annually in conjunction with enrollment projections (F4.1) to determine the appropriate amount of space needed to house Medina CSD's current and projected student populations. Medina CSD should formally adopt a building capacity calculation methodology which takes into consideration the District's needs and educational philosophy.	Not implemented (see **R4.1**).
R4.3 Medina CSD's superintendent and business manager should closely monitor and evaluate the resources the District allocates, above and beyond those expressly stipulated in the contract, to operate the recreation center.	Implemented.
R4.4 Medina CSD should continue to update its permanent improvement plan and incorporate it into the multi-year capital improvement plan and FMP to help ensure the most critical facilities needs are completed as funds become available. This would also help ensure that all capital outlay expenditures coincide with the District's continuous improvement plan and would demonstrate fiscal responsibility to the citizens of the District.	Implemented.
R4.5 Medina CSD should account for all expenditures in accordance with the guidelines established in the USAS manual.	Not implemented (see **R2.7** in **financial systems** section).
R4.6 Medina CSD should immediately begin implementing an energy management and conservation program. Furthermore, maintenance staff should monitor manual changes to ensure they are not excessive and do not hinder the energy management and conservation program.	Implemented.
R4.7 The assistant business manager and the building and grounds supervisor should complete revisions to the custodial handbook and work for its district-wide implementation.	Implemented.
R4.8 Medina CSD should evaluate the volume of work and the type of work performed by its maintenance staff. Based upon comparisons to the peer districts, Medina CSD could reduce its maintenance staff, and its plans to hire additional staff, by 6.0 FTEs to a total of 9.5 maintenance FTEs. This will increase the District's square footage per maintenance FTE to 118,460 square feet	Not implemented. Area was reassessed (see **Table 4-1**).
R4.9 Medina CSD should develop a formal replacement plan for operations department equipment and vehicles to help ensure equipment and vehicles are replaced before their useful lives expire.	Implemented.

Source: Medina City School District and the Auditor of State.

Transportation

Background

This section of the performance audit focuses on the Medina City School District (Medina CSD or the District) transportation operations. Transportation operations were compared to best practices, operational standards, and selected peer school districts from across the State.[1] Comparisons were made for the purpose of developing recommendations to improve the efficiency and effectiveness of business practices and, where appropriate, to reduce expenditures. The peers were selected from districts whose transportation environment is most similar to Medina CSD's in terms of district size, population density, and other demographic factors. Throughout this section, leading practices and operational standards were drawn from various sources, including the Ohio Department of Education (ODE), the Government Finance Officers Association (GFOA), the National Association of State Directors of Pupil Transportation Services (NASDPTS), the American Association of School Administrators (AASA) and other school transportation departments. The audit also examined the implementation status of key recommendations from Medina CSD's 2003 performance audit (see **appendix 5-A**). Of the eight transportation recommendations which were evaluated in this performance audit, seven were fully implemented and one was partially implemented.

The following questions were used to evaluate the District's transportation function:

- How does the District's transportation policy and procedures compare with leading practices and impact operations?
- How can the District improve the accuracy and reliability of its transportation data?
- How does the District's "yellow bus" (Type I & II) transportation service compare with peer districts and/or industry standards?
- How can the District improve its operating efficiency?
- How can the District improve the cost effectiveness of transportation operations through improved human resource management?
- Is the District effectively managing its fuel costs?

[1] Transportation peers include Aurora CSD (Portage County), Delaware CSD (Delaware County), Green LSD (Summit County), Perrysburg EVSD (Wood County), Twinsburg CSD (Summit County), and Wadsworth CSD (Medina County).

- Is the District effectively maintaining and managing its fleet?
- Is the District providing specialized transportation service in an effective and efficient manner?
- What is the implementation status of key transportation recommendations from the 2003 performance audit?

Transportation Policy

Ohio Revised Code (ORC) § 3327.01 requires that, at a minimum, school districts provide transportation to and from school to all students in grades kindergarten through eight (K-8) who live more than two miles from their assigned schools. Districts are also required to provide transportation to community school and non-public school students on the same basis as provided to their own students. In addition, districts must provide transportation to disabled students who are unable to walk to school, regardless of distance. Finally, when required by an individualized education program (IEP), districts must provide specialized, door-to-door transportation to special needs students based on the unique needs of the student. The Transportation Supervisor is involved in the development of the IEP when specialized transportation is required. This helps ensure that appropriate and cost effective transportation is provided that meets the needs of the students.

The Board's policies outline the transportation service levels provided by the District. According to Board policy, eligible riders include elementary, middle school, and high school students who reside more than 1 mile from school. Medina CSD modifies eligibility requirements when safety concerns and the feasibility of walking outweigh arbitrary boundaries. However, in response to projected deficits and failed levy attempts, Medina CSD reduced service to minimum State standards in January 2010 by eliminating busing to high school students and increasing the 1 mile limit to 2 miles for elementary and middle school students. In doing so, the District laid-off 27 bus drivers and one part-time dispatcher. In total, 24 buses have been placed in inactive status. During the course of the audit, Medina CSD revised its transportation policy clarifying that it will provide at least the minimum services as required by law but may through administrative guidelines, make exceptions and provide additional services.

Operating Environment

Medina CSD provides transportation using Board-owned and operated buses (or yellow buses) to eligible regular and special needs riders. The bus garage, fuel tanks, and buses are located within a fenced-in compound and the District has sufficient controls to ensure the security of its transportation fleet, equipment, and supplies.

The Transportation Department is managed by a Transportation Supervisor, who reports to the Director of Business Affairs. In FY 2008-09, the transportation operation included 75 employees, including the Transportation Supervisor and 3 secretaries. The Supervisor and administrative secretaries share responsibilities of coordinating bus services, which includes dispatching, routing, clerical support, and reporting. The Department employed 55 bus drivers and 13 substitute drivers to transport regular and special needs students. As of January 4, 2010, the District reduced transportation services and laid off 27 bus drivers. Lastly, the transportation operation employed 3 mechanics to provide maintenance services to the District's fleet.

Operating Statistics

Each school district in Ohio is required to report detailed information about its transportation operations to ODE on an annual basis. The T-1 form is used to report information on students, buses, and miles. The T-2 form is used to report the expenses incurred in the transportation of students to and from school. ODE provides T form instructions on how to complete the forms as well as online video modules to help train management on how to review the reports for accuracy before submitting the information. Medina CSD submits the required reports in a timely manner. However, the District does not have a formal documented procedure in place to ensure that the transportation information submitted is accurate and in compliance with ODE instructions (see **R5.1**).

In October 2009, before implementing the service reductions, Medina CSD reported providing transportation to 3,969 students on District owned yellow buses which was a decrease of 3.8 percent from the prior year, however the District used one more bus in FY 2009-10 then it did in FY 2008-09. **Table 5-1** compares the District's transportation statistics with the peer averages for FY 2008-09.

Table 5-1: Key Transportation Operating Ratios

	Medina CSD FY 2009-10	Medina CSD FY 2008-09	Peer Average FY 2008-09	Difference vs. Peers	% Difference vs. Peers
Operating Ratios					
Daily Miles per Rider	0.91	0.86	0.85	0.01	1.6%
Riders per Square Mile	81.0	84.2	90.4	(6.2)	(6.9%)
Enrollment per Square Mile	154.3	157.4	150.1	7.4	4.9%
Public Riders as % of Enrollment	N/A	0.5	0.6	(0.1)	(11.9%)
Regular Riders per Regular Bus	**84.4**	**89.6**	**85.6**	**4.1**	**4.8%**
Yellow Bus Riders per Active Bus	79.4	84.2	79.2	4.9	6.2%
Routine Miles per Active Bus	13,003.2	13,081.2	12,031.2	1,050.1	8.7%
Non-routine to Routine Ratio	**11.2%**	**11.3%**	**9.5%**	**1.8%**	**18.9%**
Non-routine Miles per Enrollment	9.7	9.4	8.9	0.6	6.3%
Spare Bus Ratio	20.6%	21.0%	20.3%	0.6%	3.1%
Percent Regular Public Riders	90.0%	91.0%	91.9%	(0.9%)	(1.0%)
Percent Special Need Riders	2.2%	2.2%	1.6%	0.6%	37.4%
Percent Non-public & Community School Riders	7.7%	6.8%	6.5%	0.3%	5.0%

Source: Ohio Department of Education, FY 2008-09 transportation reports

As shown in **Table 5-1**, the District transported 89.6 riders per regular bus in FY 2008-09 which was 4.8 percent more than the peer average. In FY 2009-10, the number of riders per regular bus dropped to 84.4, which was slightly below the peer average riders per regular bus for FY 2008-09. Most Medina CSD buses operate on a two-tiered system however, some buses run three tiers. Although Medina CSD transports a similar number of students per bus compared to the peer average, based on the number of tiers its buses run, the District has an opportunity to use more of its bus capacity and increase its transportation efficiency (see **R5.2**). **Table 5-1** also shows that Median CSD buses drive more non-routine miles than the peers. The ratio of non-routine to routine miles for Median CSD was 18.9 percent higher than the peer average.

Operating Expenditures

Table 5-2, compares the District's FY 2008-09 transportation expenditures with the peer averages on a per rider, per bus, and per routine mile basis.

Table 5-2: FY 2008-09 Transportation Cost Ratios

	Medina CSD	Peer Average	Difference vs. Peers
Salaries			
Per Yellow Bus Rider	$344.94	$349.86	(1.4%)
Per Active Bus	$29,030.94	$27,884.54	4.1%
Per Routine Mile	$2.22	$2.31	(3.8%)
Benefits			
Per Yellow Bus Rider	$129.67	$153.24	(15.4%)
Per Active Bus	$10,913.51	$12,217.66	(10.7%)
Per Routine Mile	$0.83	$1.01	(17.0%)
Maintenance & Repairs			
Per Yellow Bus Rider	$94.63	$98.03	(3.5%)
Per Active Bus	$7,964.69	$7,821.59	1.8%
Per Routine Mile	$0.61	$0.65	(6.6%)
Fuel			
Per Yellow Bus Rider	$55.75	$65.81	(15.3%)
Per Active Bus	$4,692.06	$5,224.99	(10.2%)
Per Routine Mile	$0.36	$0.44	(17.7%)
Bus Insurance			
Per Yellow Bus Rider	$7.23	$9.51	(24.0%)
Per Active Bus	$608.22	$747.87	(18.7%)
Per Routine Mile	$0.05	$0.06	(24.8%)
All Other Costs			
Per Yellow Bus Rider	$17.46	$15.05	16.0%
Per Active Bus	$1,469.71	$1,188.13	23.7%
Per Routine Mile	$0.11	$0.10	12.5%
Total Expenditures			
Per Yellow Bus Rider	$649.68	$691.51	(6.0%)
Per Active Bus	$54,679.14	$55,084.78	(0.7%)
Per Routine Mile	$4.18	$4.56	(8.4%)

Source: Ohio Department of Education, FY 2008-09 transportation reports

As shown in **Table 5-2**, the overall operational costs of transportation for Medina CSD were lower than the peer average on a per bus rider, active bus, and routine mile during FY 2008-09. The District purchases materials and supplies through State purchasing programs which enables it to secure the most competitive prices available. While salaries expenses were 4.1 percent higher on a per bus basis than the peers, the District's salary schedules were found to be in line with surrounding districts. The District's maintenance and repair costs per bus were also slightly higher than the peer average (1.8 percent). Although the difference is not significant, the District has made changes in the maintenance and repairs category in order to lower expenditures. Since FY 2008-09, overtime has been reduced by modifying the mechanics' schedules. In addition, a

mechanic retired and was replaced with an employee at a much lower pay rate. Fuel on a per mile basis is 17.7 percent less than the peers. This is attributed to the District's contractual agreement with its fuel provider.

Recommendations

R5.1 Medina CSD should develop and implement written procedures for gathering, allocating, verifying, and submitting transportation data that are consistent with ODE instructions. If followed, written procedures should ensure that ridership data is collected in a manner which meets ODE requirements and reported expenditures represent only costs associated with the routine use of buses. The Transportation Supervisor should ensure that the transportation data submitted to ODE (T-1 and T-2 forms) have appropriate documentation which supports the information provided. Last, the Treasurer and Superintendent should view the ODE online training modules then follow the recommended review process and maintain appropriate documentation of their review.

ODE requires school districts to collect and submit detailed transportation ridership and cost data. The Transportation Supervisor explained that the transportation reports are compiled using the instructions located on the ODE website, but he was not able to provide documentation of the process. *Form T-1 Instructions* (ODE, 2007) states that the data for the T-1 report shall be the average number of pupils regularly transported to school during the first full week in October that school is in session. In Medina CSD the T-1 report is completed using bus information maintained on a spreadsheet which is compiled from student ridership counts on the October daily count sheets. Based on a sample of the count sheets, several ridership averages did not match the data submitted on the T-1 form. For instance, the ridership data was taken from morning or afternoon counts depending on which count was higher. As a result, the Auditor of State (AOS) reviewed all count sheets from the October 2009 and found the District reported 264 more riders than substantiated by the count sheets.

The District tracks transportation cost data in a spreadsheet on a per bus basis then enters it into the T-2 report by the different types of transportation used. The Treasurer's Office provides a financial report that is uses for reporting salaries and benefits. According to *Form T-2 Instructions* (ODE, 2007), the T-2 should reflect expenses and cost of services for the transportation of pupils as identified on the T-1 form. Auditors found that the supporting documentation provided for the T-2 report did not fully support the salaries reported. For example, salaries from payroll were $20,997 lower than the salaries on the T-2 report.

Additionally, according to the ODE training module on the review of T-1 and T-2 reports, the Treasurer and Superintendent are required to review and document their review of the T-1 and T-2 report before approving and submitting the reports to ODE. The supporting documentation is required to be maintained for five years. However, according to the Treasurer, no reviews and reconciliations for T-2 report data are performed in the Treasurer's Office except comparisons of the salaries and benefits.

Accuracy problems for transportation related data are not unique to Medina CSD. *Student Transportation in Ohio* (LOEO, 2003), found that Ohio's school district transportation data had accuracy issues and suggested the first step in ensuring accurate data is for a district to create and adhere to formal policies and procedures that govern the submission of district transportation forms. Moreover, AOS suggests that a well-designed internal control structure, framed through clear policies and procedures, helps to reduce improper activities and errors (*Best Practices*, 2006). Carefully designed internal controls can also help management provide a reasonable level of assurance that proper reporting is occurring.

Well-documented procedures enhance the accountability and consistency among staff and management. Without written procedures that identify the process and methodology for completing the transportation forms and their review, Medina CSD will continue to be at risk of submitting erroneous or improperly derived information to ODE. A formal procedure to use in preparing transportation reports will help ensure that the District is reporting accurate information.

R5.2 Medina CSD should work toward improving the efficiency of its transportation routes and reduce the number of buses it uses to transport its regular students to and from school. The District should strive to operate its buses at 80 percent of capacity as suggested by the American Association of School Administrators (AASA). To achieve this efficiency level, the Transportation Supervisor should conduct frequent ridership counts and recalibrate routes to achieve maximum ridership levels. The District could also increase efficiency by employing leading practices such as increasing route times, adjusting building bell schedules, and having students walk up to one half mile to their bus stops. If Medina CSD reinstates its transportation service to previous levels, the District could potentially eliminate up to 8 regular needs buses based on its October 2009 ridership which would bring its bus utilization closer to optimal efficiency.

A utilization analysis of Medina CSD's October 2009 regular public student bus routes was performed to determine routing efficiency based on the AOS adjusted number of riders (see **R5.1**). Using only regular public school riders prevents the inherently less efficient non-public and special needs routes from skewing the overall routing efficiency. While the District reduced transportation service to minimum standards in January 2010, October 2009 routes and riders were used because the actual number of riders at the reduced service levels was not known at the time of the audit. Furthermore, the District may elect to restore service levels once its financial situation improves.

The American Association of School Administrators (AASA) suggests that highly efficient school transportation departments should operate at 80 percent of capacity. Given safety standards, the National Association of State Directors of Pupil

Transportation Services (NASDPTS) suggests bus capacity be based on how buses are used and the size of passengers. Auditors calculated the capacity of elementary school routes based on three students per seat and middle and high school routes based on two students per seat.

Table 5-3 compares the District's ridership to the calculated benchmark based on running regular public bus routes at 80 percent of their capacity. Because of the challenges surrounding the transportation of special needs, non-public, and community school students, auditors excluded these bus route and riders in the comparison.

Table 5-3: Regular Public Student Ridership Comparison

Number of Buses Used	45
Target Ridership at 80% of Capacity	4,253.9
Efficiency Benchmark Riders per Bus	**94.5**
AOS Adjusted October 2009 Regular Type 1 Riders [1]	3,489.8
Actual Riders per Bus	77.6
Buses Need to Achieve Efficiency Benchmark	37
Potential Reduction in Buses	**8**

Source: Medina CSD, the Ohio Department of Education, and the American Association of School Administrators
[1] AOS adjusted the October ridership based on District provided count sheets and ODE reporting instructions.

According to the AASA, operating buses more efficiently is one of the most effective ways to achieve savings in a school district's transportation operation. By transporting more students per bus, a district can reduce the number of buses it uses and the costs associated with operating those buses. As shown in **Table 5-3**, to be considered highly efficient, Medina CSD's regular public student buses should transport on average about 94.5 students per bus based on its October 2009 service levels and routes. In comparison, the District's regular public buses averaged 77.6 students per bus. The analysis suggests that if regular public bus routes operated at 80 percent of capacity, the District could potentially use 8 fewer buses. To achieve this level of efficiency, the District will need to adjust some or all of the following: bus routes, route times, building bell schedules, and bus stops. Furthermore, if the number of students riding buses changes significantly, due to changes in transportation service levels, building assignments, or enrollment, then the number of buses and routes would also be expected to change which would in turn cause the efficiency benchmark to change.

According to OAC § 3301-83-13 (A) (B), it shall be the responsibility of the superintendent or designee to determine the location of all school bus stops which shall be approved annually by the district's board of education as an integral part of the school bus routing plan within ten days following the opening of school. Authority to designate or relocate subsequent school bus stops may be delegated by the board of education to the

superintendent or designee. In addition, the law allows pupils in grades kindergarten through eight to walk up to one-half mile to a designated bus stop.

The District should continually recalibrate its routes to increase efficiency. It should work with parents and follow Ohio bus safety rules when designing its routes to create efficient, safe, and less time consuming routes. The ODE Pupil Transportation Office advises districts to review and revise bus routes on a regular basis in order to provide a more accurate depiction of ridership and to control costs. Because there is no obligation in law to provide a seat to children who do not ride the bus, district's can work to align routes for the actual riders within a district, rather than eligible riders. To meet this end, ODE suggests that districts create a policy where students are suspended from routes when they do not ride the bus for a certain period.[2] Additionally, some districts send out postcards to all of the previous year's riders, prior to the new school year, requesting they confirm whether they still want transportation services before developing initial routes.

Medina CSD has an opportunity to improve the efficiency of its transportation operation and reduce its costs. The District could increase efficiency by employing leading practices such as increasing route times, adjusting building bell schedules, and having students walk up to one half mile to their bus stops. If Medina CSD decides to maintain service levels at minimum State standards, it should still consider implementing leading practices to improve routing efficiency.

Financial Implication: In the event Medina CSD reinstates its bus services prior to the adoption of State minimum transportation requirements, the District could potentially reduce up to eight buses in order to meet the efficiency standards of the transportation operation. Medina CSD could save approximately $35,000 per year for each bus based variable costs for salaries, benefits, maintenance, and insurance. By reducing a total of 8 buses the District could reduce transportation costs by more than $280,000.

[2] Cincinnati CSD (Hamilton County) has a similar policy in place.

Appendix 5-A: Status of 2003 Performance Audit Recommendations

Table 5-A summarizes the 2003 Performance Audit transportation recommendations and their implementation status. Each recommendation was categorized as either: fully implemented; partially implemented; not implemented; or outside the scope of this audit.

Table 5-A: 2003 Performance Audit Transportation Recommendations

Recommendation	Implementation Status
R5.1 The District should review its transportation policy to determine if reductions in service are appropriate.	Implemented.
R5.2 The transportation handbook should be revised to require the signatures of the student and parents/guardians to indicate their understanding and acceptance of the policies and procedures regarding student transportation.	Not implemented.
R5.3 Other District representatives involved in IEP conferences should be aware of the costs and constraints associated with providing transportation to students with special needs. The transportation manager and the director of student services should continue to work together to develop practical policies and procedures for special needs transportation.	Implemented.
R5.4 Medina CSD should consider reducing the percentage of spare buses it maintains by reducing future bus purchases. Medina CSD could continue to add two buses per year to accommodate student population growth, but could extend the life of active buses and suspend the purchase of replacement buses for eight years or until FY 2010-11.	Implemented.
R5.5 Medina CSD's transportation department, should develop a formal bus replacement plan that outlines when each bus will be replaced and the funding source for the replacements.	Implemented.
R5.6 The District should develop an RFP process for standard services and inventory or negotiate term agreements with selected vendors.	Implemented.
R5.7 The relocation of the transportation department and its increasing needs should be incorporated into the development of Medina CSD's facilities plans.	Implemented.
R5.8 Medina CSD should reduce its clerical staffing in the transportation department to 2.0 FTEs.	Implemented.
R5.9 The District should develop the recruiting efforts for bus drivers beyond its web site.	Not evaluated in this audit.
R5.10 The transportation department should continue to provide training on *Edulog* to the position responsible for the data base management as well as the transportation manager to ensure routing effectiveness and efficiency is optimized. In the event that Medina CSD acquires the facilities necessary to provide large repairs in-house, the transportation manager should obtain *FleetPro*.	Partially implemented. The Edulog portion is implemented but the District opted to continue tracking its fleet maintenance and repairs in a spreadsheet format.

Source: Medina City School District and the Auditor of State

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Food Service

Background

This section focuses on the operational efficiency of the Medina City School District's (Medina CSD or the District) food service operations. Management and operational practices of the District's food service program were analyzed for the purpose of developing recommendations to improve its efficiency and financial condition. The program's results and operations were compared to leading practices, operational standards, and other Ohio school districts. Recommended practices and standards were drawn from the National Food Service Management Institute (NFSMI), *School Foodservice Management for the 21st Century* (Pannel-Martin, 1999), and the Government Finance Officers Association (GFOA). Throughout this section, comparisons were also made with selected peer districts[1] as well as sub-set of regional peers.[2]

The following questions identify the audit objectives used to evaluate the District's food service operations:

- What is the financial status of the District's Food Service Fund?
- How can the District improve the efficiency of its food service staff?
- What steps can the District take to minimize the cost of food service items?
- Are the District's meal prices in line with regional peer districts?
- What can the District do to maximize program participation?
- Does the food service management effectively use data to make strategic plans and operational decisions?
- Are there costly or inefficient items in the classified employee negotiated agreement that limits or hinders the food service program's ability to remain self-sufficient?

[1] Selected peer districts include Amherst EVSD (Lorain County), Avon Lake CSD (Lorain County), Brunswick CSD (Medina County), Green LSD (Summit County), North Royalton CSD (Cuyahoga County), Olmsted Falls CSD (Cuyahoga County), Stow-Munroe Falls CSD (Summit County), Strongsville CSD (Cuyahoga County), Twinsburg CSD (Summit County), and Wadsworth CSD (Medina County).

[2] Regional peer districts include Brunswick CSD (Medina County), North Royalton CSD (Cuyahoga County), Stow-Munroe Falls CSD (Summit County), Strongsville CSD (Cuyahoga County), and Wadsworth CSD (Medina County).

Organizational Structure and Function

The Food Service Department at Medina CSD consisted of 53 employees in FY 2009-10, including the Food Service Supervisor, a clerical employee, 10 cafeteria managers, and 41 food service positions (e.g., cooks, cashiers, and servers). Most food service employees work less than 30 hours per week, and as a result, are not eligible for health insurance benefits.

The Food Service Supervisor is responsible for day-to-day food service operations, which includes overseeing purchasing and budgeting, managing food service personnel, and ensuring that federal regulations are met. The Food Service Supervisor reports to the Director of Business Affairs. The food service operation prepares and serves lunch in each of the District's 10 educational facilities. Breakfast is only served at the high school and Garfield Elementary School.

The purchasing process for the food service operation is partially decentralized. Cafeteria managers at each of the District's 10 schools prepare orders, which are then combined by the Food Service Supervisor and ordered centrally. The District participates in consortium purchasing and also takes advantage of government commodities. Central ordering and the use of consortium purchasing help lower the costs for supplies and materials used in the food service operations. Additionally, the Food Service Supervisor is in the process of implementing an internal ordering guide to ensure that the least expensive product is purchased. This will accompany a standardized menu, which will ensure better control of supply and materials expenditures. Finally, in an effort to reduce waste, *offer versus serve* has been implemented at each building and counts are taken at the elementary school in the morning to determine how much food to prepare each day.[3]

Financial Condition

The Food Service Department is organized as an enterprise operation which means it is intended to be self-funded, relying on charges for services to support the costs of the operation.[4] **Table 6-1** presents the food service operation's financial performance for FY 2006-07 through FY 2008-09.

[3] Offer versus serve is the regulation that allows food service operations to offer a complete meal and the students the option of taking less. Carrying out "offer versus serve" at all school levels can reduce waste by 10 to 20 percent and reduce food costs by 10 to 12 cents.

[4] However, ORC §3313.81 stipulates that foods service operations may not be used to make a profit.

Table 6-1: Medina CSD Food Service Fund

	FY 2006-07	FY 2007-08	Variance	FY 2008-09	Variance
Beginning Fund Balance	**$1,042,549**	**$1,116,903**	**7.1%**	**$1,054,110**	**(5.6%)**
Revenue:					
Student Charges	$1,396,564	$1,401,030	0.3%	$1,478,800	5.6%
Interest	$47,950	$34,687	(27.7%)	$10,758	(69.0%)
Miscellaneous	$0	$5	0.0%	$0	(100.0%)
Grants-In-Aid[1]	$318,996	$346,936	8.8%	$430,728	24.2%
Total Revenue	**$1,763,510**	**$1,782,658**	**1.1%**	**$1,920,286**	**7.7%**
Expenditures:					
Personal Services - Salaries	$642,078	$682,435	6.3%	$709,655	4.0%
Employees Retirement and Insurance	$285,403	$334,619	17.2%	$333,776	(0.3%)
Purchased Services	$94,421	$99,595	5.5%	$144,004	44.6%
Supplies and Materials	$631,245	$678,807	7.5%	$717,174	5.7%
Capital Outlay	$36,008	$49,994	38.8%	$76,478	53.0%
Other Objects	$0	$0	0.0%	$0	0.0%
Total Expenditures	**$1,689,155**	**$1,845,450**	**9.3%**	**$1,981,087**	**7.3%**
Revenues Over (Under) Expenses	**$74,354**	**($62,792)**	**(184.5%)**	**($60,801)**	**(3.2%)**
Ending Fund Balance	**$1,116,903**	**$1,054,110**	**(5.6%)**	**$993,310**	**(5.8%)**

Source: Medina CSD year-end financial data and federal claim reimbursement reports

[1] The Grants-In-Aid line item was adjusted to reflect the amount Medina CSD claimed each fiscal year, rather than the amount received, due to routine delays in receiving federal reimbursements.

As **Table 6-1** illustrates, the District posted an operating deficit the last two fiscal years, each representing less than 4 percent of the food service operation's expenditures for the year (see **R6.2**). Because the Food Service Fund has a healthy fund balance, which amounts to more than 50 percent of expenditures, the General Fund has not had to support the food service fund the past two fiscal years.

The food service operation's largest source of income comes in the form of student charges from breakfasts, lunches, and a la carte items which represented 77 percent of total income in FY 2008-09. The other significant source of income comes in the form of state and federal reimbursements for meals served under the National School Lunch Program and School Breakfast Program. The Food Service Supervisor indicated the District works to submit claim reimbursement data within one week of the close of the month, using the data maintained in the operation's point of sale system. A review of the food service operation's claims submissions for the past three years indicates the District submits data within the Ohio Department of Education's (ODE) 45 day timeframe.

While income has increased over the past three years, expenditures have increased at a rate that exceeds the growth in income. The significant increase in purchased services and capital outlay for FY 2008-09 was due to a fire at Claggett Middle School, which resulted in unplanned expenditures in these areas for equipment replacement and repair.

Table 6-2 displays Medina CSD's Food Service Fund expenditures for FY 2008-09 compared to the peer districts on a per meal equivalent basis.[5]

Table 6-2: FY 2008-09 Expenditure per Meal Equivalent Comparison

	Medina CSD	Modified Peer Average[1]	% Difference
Meal Equivalents Served	689,944	465,277	48.3%
Expenditures per Meal Equivalent			
Salaries	$1.03	$1.10	(6.4%)
Fringe Benefits	$0.48	$0.44	10.4%
Purchased Services	$0.21	$0.03	565.4%
Supplies and Materials	$1.04	$1.26	(17.4%)
Capital Outlay	$0.11	$0.02	446.4%
Other	$0.00	$0.01	(100.0%)
Total Expenditure	**$2.87**	**$2.85**	**0.6%**

Source: Medina CSD, peer districts, and the Ohio Department of Education
[1] Modified Peer District Average excludes Stow-Monroe CSD and Strongsville CSD, which did not report a la carte sales.

As shown in **Table 6-2**, on a per meal equivalent basis, the District is spending a comparable amount to the modified peer district average. While the allocation of expenditures is not the same, the District is within 1 percent of the average cost per meal equivalent of the modified peer group.

While expenditures for purchased services have increased over the past two fiscal years (see **Table 6-1**), a review of the District's Food Service Fund shows that the District has not charged a portion of utility or refuse expenditures to the Food Service Fund. Medina CSD is in the process of determining an appropriate amount to charge to the Food Service Fund to account for the cost of utilities and refuse collection generated by food service operation. This analysis, according to the Director of Business Affairs, captures the utilities used by the food service operation on a cost per square foot basis, but also examines the efficiency and energy consumption of equipment to estimate utility consumption. A portion of utility and refuse expenditures will be charged back to the Food Service Fund beginning in FY 2009-10.

[5] Per meal equivalents were based on definitions from the National Food Service Management Institute. The conversion for meal equivalents used is as follows:

- 1 lunch = 1 meal equivalent;
- 3 breakfasts = 2 meal equivalents; and
- A la carte meal equivalents = a la carte sales divided by free lunch reimbursements plus commodity value per meal.

Key Statistics

Table 6-3 compares Medina CSD lunch program participation rates to the peer average for FY 2008-09. These measurements, as calculated by ODE's online reporting system, can be used to evaluate the performance of the food service operation.

Table 6-3: FY 2008-09 Lunch Participation Comparison

	Total Meals Served	Average Daily Participation	% Free Meal Served	% Reduced Price Meals Served	Average Daily Participation[1]	% Total Participation
Medina CSD	501,338	2,865	19.6%	5.7%	46.0%	57.8%
Peer Average[2]	305,775	1,747	22.6%	7.5%	45.8%	60.5%
Difference in Lunch Participation	**184,761**	**1,057**	**(3.00%)**	**(1.8%)**	**0.2%**	**(2.7%)**

Source: Medina CSD and peer district site applications for federal reimbursement
[1] As a percentage of average daily attendance.
[2] % Total Participation excludes Strongsville CSD, which did not report a la carte sales.

Table 6-3 compares the percentage of participants who are enrolled in the free and reduced meal programs and participation rates with peer district average. Average daily participation provides an indicator of the percent of students who are purchasing reimbursable meals. Total participation is calculated when non-reimbursable meals, including a la carte items, are included. As indicated above, the District is in line with the average daily participation at the peer districts and is slightly below the total participation reported by the peer districts.

One method the food service operation has available to help generate revenue for the operation is the establishment of meal prices for breakfast, lunch, and a la carte items. In FY 2008-09, student charges for meals and a la carte items accounted for 77 percent of total revenues. **Table 6-4** displays Medina CSD's meal prices for breakfast and lunch for FY 2009-10 compared to the regional peer average.

Table 6-4: FY 2009-10 Meal Price Comparison

	Medina CSD	Regional Peer Average	Amount Above/(Below) Peer Average
Breakfast			
Elementary School[1]	$1.25	$1.47	($0.22)
Intermediate/Middle School	N/A	$1.48	N/A
High School	$1.25	$1.67	($0.42)
Lunch			
Elementary School	$2.00	$2.52	($0.52)
Intermediate/Middle School	$2.25	$2.70	($0.45)
High School	$2.25	$2.80	($0.55)

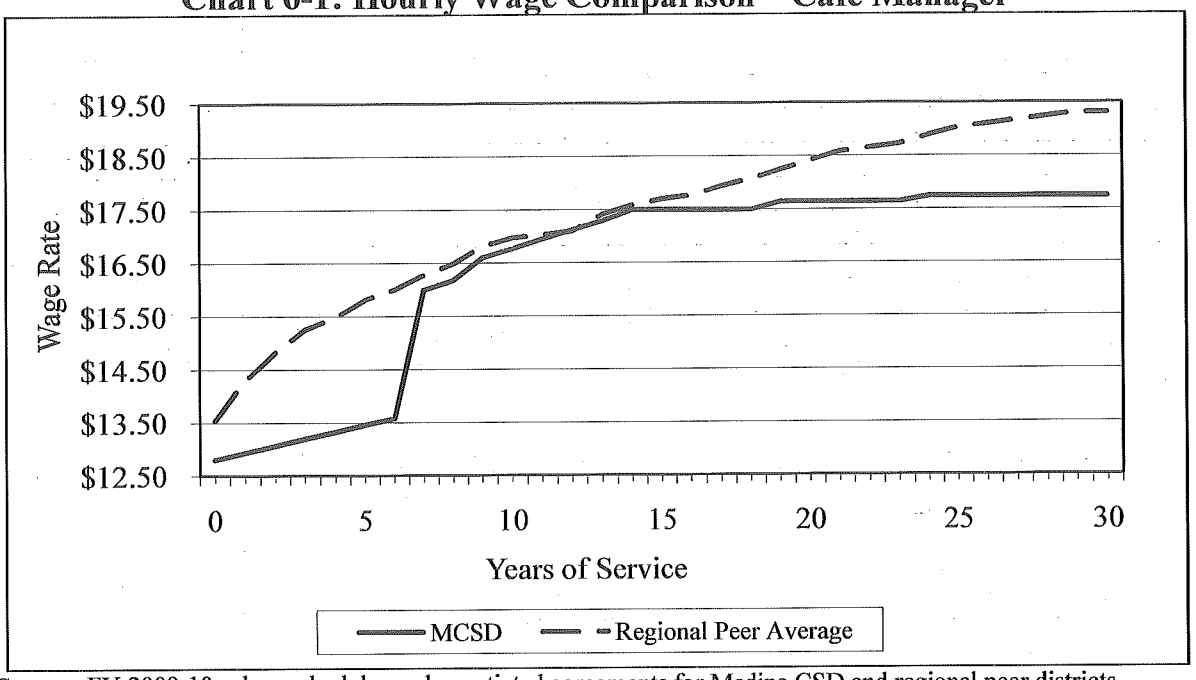
Source: Medina CSD and peer site applications for federal reimbursement
[1]The only elementary school at Medina CSD that serves breakfast is Garfield Elementary.

As **Table 6-4** displays, meal prices as Medina CSD are, on average, less than the meal prices charged by the regional peer districts (see **R6.2**).

The food service managers, cooks, and servers are employed under the negotiated agreement for classified employees. A review of the agreement did not yield any provisions that pertain exclusively to food service employees (see **human resources** for further analysis of the negotiated agreements). The negotiated agreement also contains the salary schedules for food service employees. Salary schedules at Medina CSD were compared to the regional peer average for three of the four food service employee classifications at the District.[6] **Charts 6-1, 6-2** and **6-3** illustrate these comparisons.

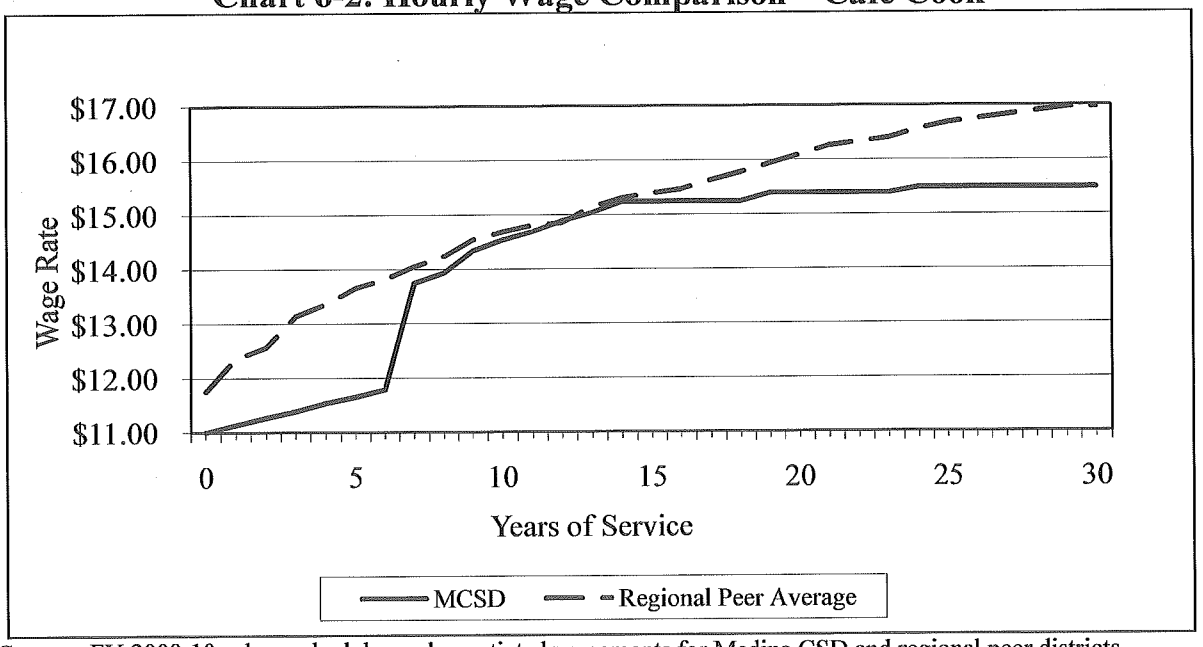
[6] Medina CSD also has a cashier position however, the five regional peers that were used for the analysis did not have a similar position.

Chart 6-1: Hourly Wage Comparison – Café Manager



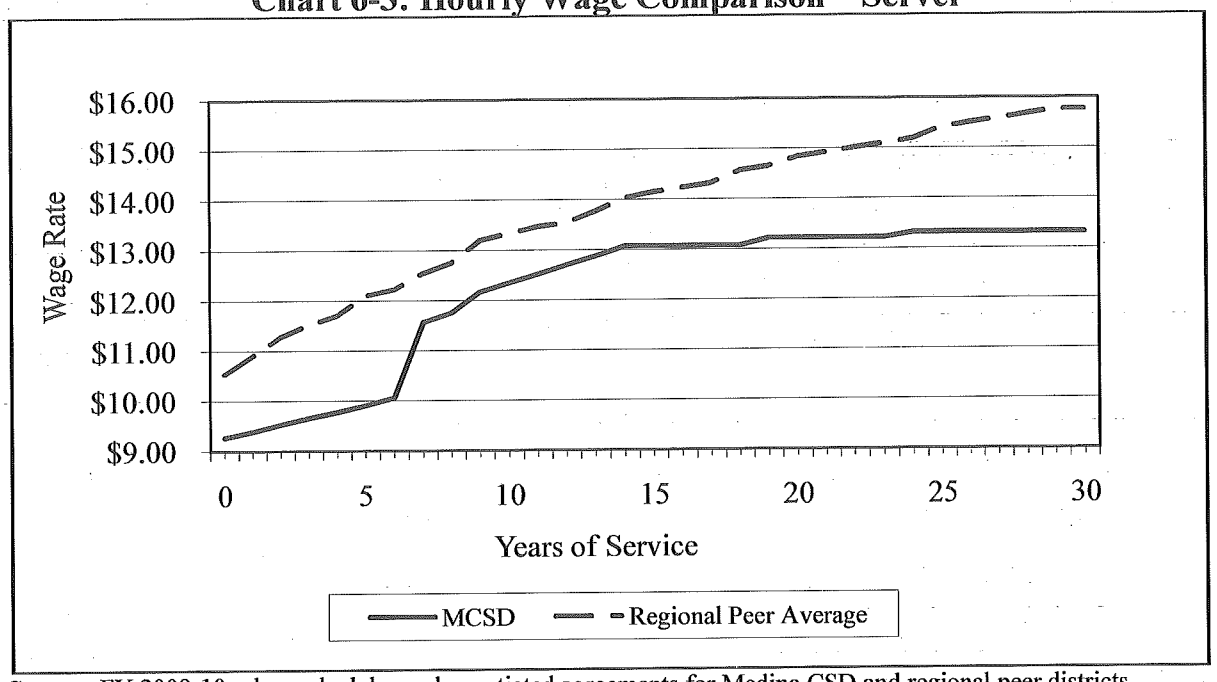
Source: FY 2009-10 salary schedules and negotiated agreements for Medina CSD and regional peer districts.

Chart 6-2: Hourly Wage Comparison – Café Cook



Source: FY 2009-10 salary schedules and negotiated agreements for Medina CSD and regional peer districts.

Chart 6-3: Hourly Wage Comparison – Server



Source: FY 2009-10 salary schedules and negotiated agreements for Medina CSD and regional peer districts.
Note: This does not include Stowe-Munroe CSD, as such a classification does not exist in this district.

As the three charts above illustrate, compensation for the three Medina CSD classifications compared are all below the regional peer average. It is difficult to determine the actual cost to the District, due to the various hours, classification, and experience of each employee. However, the total compensation at Medina CSD over 30 years would be less than a similar position at a regional peer district.

Recommendations

R6.1 Medina CSD should develop a strategic plan for its food service operation with specific goals, objectives, and performance measures. Based on the identified strategic goals and objectives, Medina CSD should extend its annual budget process and develop a five-year forecast for the Food Service Fund. A strategic plan that builds on the operation's existing budget process and established performance will assist management in ensuring the continued financial viability of the food service operation.

During the course of the audit, the Food Service Supervisor developed a five-year forecast in conjunction with the budgeting process for FY 2010-11.

Medina CSD does not have a formal food service strategic plan to guide the operation in setting and achieving operational goals and measuring progress toward those goals. The Food Service Supervisor, who has served in her position for less than a year, has set informal goals for the year, such as standardizing menus, establishing an order guide to control the cost of food and supply purchases, increasing participation, and publishing nutritional information. However, these goals have not been formalized.

Although a strategic planning process is not in place for the foods service operation, the Food Service Supervisor prepares an annual budget that projects anticipated revenues and expenditures, as part of the District-wide budget process. The process is largely based on historical increases and is developed based on historical revenues and expenditures and available information, such as salary and benefit costs. The operation, however, does not have a five-year forecast that supplements that annual budget.

According to *Best Practices in Public Budgeting* (GFOA, 2000), a government should prepare policies and plans to guide the design of programs and services. These policies and plans may address items such as: groups or populations to be served, service delivery issues, examples of possible programs, standards of performance, expected costs, time frames for achievement of goals, issues pertaining to organizational structure, and priorities for service provision. While these broad long-range plans guide operations, they must be supplemented and integrated with short-term operations planning to achieve these broader purposes.

Two important components of a strategic plan for the food service operation are a current-year budget and a long-range forecast. According to *School Foodservice Management for the 21st Century* (Pannell-Martin, 1999), a budget, when used as a plan for financial management, can help managers forecast revenue and expenses based on prior years' data, estimates, and planned changes; identify potential problems by contrasting actual financial activity and providing a basis for comparison; set

performance standards; control erratic expenditures; and assess the affordability of planned purchases. It is also recommended to forecast revenue and expenditures over a five-year period for long-range planning. Forecasting can provide sufficient notice of emerging issues so that action can be taken to address them. With increases in labor costs and the rising costs of fringe benefits, lunch prices increases and costs savings measures need to be evaluated annually.

Another tool that assists in determining specific goals and objectives, and measures the progress toward achieving those goals is the establishment of performance measures. The Food Service Supervisor is actively engaged in analyzing performance measures, and prepares a report showing expenditures and revenues for the operation and by building on a monthly basis. Other reports include a cash balance statement and a measure of productivity through a meals per labor hour analysis.

Short-term goals, annual budgets, and the use of performance measures are valuable components that assist in planning. In fact, the use of these tools will aid the food service operation in preparing a strategic plan and forecast. However, the absence of long-term planning tools hampers the food service operation's ability to identify potential problems, such as the need to generate additional revenue or reduce expenditures. Long-term planning will help Medina CSD evaluate the effectiveness of operational decisions and make decision makers aware of potential issues (see **R6.2**). The food service operation already has many of the tools in place to aid in the development of long-range plans, including operational goals, annual budgets, and limited performance measures. The expansion and enhancement of these tools will engender a more effective management of the food service operation, and ensure continued solvency of the Food Service Fund.

R6.2 In conjunction with R6.1, the food service operation should take action to generate additional revenues, decrease expenditures, or a combination of the two, in order to eliminate a continued operational deficit in the Food Service Fund. While the operation maintains a healthy fund balance, the inclusion of food service related utilities presents an additional expense. Options to eliminate the operational deficit include increasing meal prices, generating additional revenues through increased participation, and/or reducing labor hours from the daily food service operation. Making such adjustments to the food service operation will reduce operational expenses, increase the efficiency of the operation, and bring the District in line with industry standards for kitchen efficiency.

As indicated in **Table 6-1**, the District has operated with a slight operational deficit for the past two fiscal years. While the operational deficit in FY 2008-09 represents less than 4 percent of operating expenditures for the year, a continued trend of deficits will deplete the fund balance the operation presently enjoys. Moreover, beginning in FY 2009-10, the

District began charging a portion of utility costs back to the Food Service Fund, in order to fully measure the cost of the operation.

As an enterprise operation, the District has two options to close the operational deficit in the Food Service Fund; increase revenues, or decrease expenditures. **Table 6-3** indicates that Medina CSD is in line with the peer average for average daily participation for reimbursable lunches and slightly below the peer average when a la carte items are included. Working to increase participation can assist the food service operation in increasing revenues through student charges and reimbursements through the National School Lunch program. Moreover, the Food Service Supervisor indicated that one of her goals for the year is to increase participation and explore the possibility of serving breakfast at more school buildings.

Another way to generate additional revenues is through an increase in prices. As **Table 6-4** indicates, meal prices for both breakfast and lunch are below the regional peer average at every grade level. While increasing meal prices to the level of the peers may have an adverse effect on participation, the difference in prices suggests that a small increase would allow the food service operation to generate additional revenues.

Finally, the District could control expenditures by reducing labor hours. Meals per Labor Hour (MPLH) is an industry standard used to measure a food service operation's productivity and efficiency. The measurement is calculated by dividing the total labor hours worked by the total average meal equivalents (breakfast, lunch, and a la carte meals) served per day at each building.[7] The industry standard for MPLH employed by auditors assumes the more meal equivalents served per day, the greater the efficiency. **Table 6-5** compares Medina CSDs actual food service labor hours to the industry standard[8] for efficient operations.

[7] Conversion method adopted from the National Food Service Management Institute and described in background above (see **Table 6-2**).
[8] Industry standard is based on convenience system with high productivity.

Table 6-5: FY 2008-09 Meals per Labor Hour

Building	Meal Equivalents Served per Day	Daily Labor Hours	MPLH	Industry Benchmark	Total Labor Hours Required	Equivalent Labor Hours Over/(Under) Industry Standard
Eliza Northrop Elementary	208	16.0	13.0	15.0	13.9	2.1
Ella Canavan Elementary	268	17.0	15.7	16.0	16.7	0.3
HG Blake Elementary	280	16.5	17.0	16.0	17.5	(1.0)
Heritage Elementary	201	15.0	13.4	14.0	14.3	0.7
Ralph Waite	216	16.0	13.5	15.0	14.4	1.6
Sidney Fenn Elementary	225	15.5	14.5	15.0	15.0	0.5
Garfield Elementary	293	16.5	17.7	16.0	18.3	(1.8)
Claggett Middle School	569	33.5	17.0	19.0	29.9	3.6
Root Middle	546	33.0	16.5	19.0	28.7	4.3
Medina High	1296	92.0	14.1	23.0	56.4	35.6
Total	**4101**	**271.0**			**225.2**	**45.8**

Source: Medina CSD, Ohio Department of Education, National Food Service Management Institute, and *School Foodservice Management for the 21st Century*
Note: MPLH calculated by reported breakfast, lunch, and a la carte sales for September-December, 2010.

Table 6-5 indicates that nearly all of the District's schools operate at a level less efficient then the industry standard. Excluding schools using fewer hours as deemed necessary by the standard, the District could eliminate up to 48.5 labor hours each day.

School Foodservice Management for the 21st Century notes several factors which affect MPLH and the number of hours required to staff the operation. These factors include the type and size of the food service operation; menu design and type of food used; number of lunch periods and serving lines; equipment and kitchen design; and the experience and training of staff. The Food Service Supervisor noted the operation at the high school offers more meal choices than the elementary schools, in an effort to bolster participation in the high school lunch program.

Operating at a level which is less efficient than established industry standards is costly to the food service operation. Reducing staff levels at inefficient buildings will help lower salary and benefit expenditures and promote the long-term sustainability of the food service operation. The District should work to reduce labor hours with the goal that every building will operate according to MPLH efficiency standards. Doing so would reduce salary and benefit expenditures by an estimated $119,000.[9] Moreover, identifying additional revenue opportunities through increased participation and/or meal prices will help avoid a continued operational deficit.

[9] Savings calculated assuming reduction of 48.5 hours, for 180 days, at base salary of $9.27, and a benefit to salary cost ratio of 47 percent.

Technology

Background

This section of the performance audit focuses on technology functions within the Medina City School District (Medina CSD or the District). The objective of this section is to assess the efficiency and effectiveness of the Technology Department. Technology utilization practices and leading practice information from relevant sources are used for comparisons throughout this section of the report. These sources include the Government Finance Officers Association (GFOA), the Consortium for School Networking (CoSN), the Society for Human Resource Management (SHRM), the International Society for Technology in Education (ISTE), and the Texas School Performance Review (TSPR). The audit also examined the implementation status of key recommendations from Medina CSD's 2003 performance audit (see **appendix 7-A**). Of the 21 technology recommendations evaluated in this performance audit, seven were fully implemented, six were partially implemented, and eight were not implemented. As a result, similar recommendations were re-issued in this report (see **R7.1**, **R7.2**, **R7.3**, and **R7.4**).

Prior to this performance audit, the District retained the services of a private technology-consulting firm to complete a technology assessment for the District. The firm was contracted to perform a review of the technology infrastructure and support staff, as well as an examination of the administration of the technology function. Because of this separate study occurring in close proximity to the audit, the Auditor of State (AOS) limited the scope of the technology assessments. The following questions were used to evaluate the District's technology function:

- Is the District effectively planning and budgeting for its technology implementation?
- Is the District effectively and efficiently deploying software?
- Does the District use technology to improve communication?
- What is the status of the key technology recommendations from the 2003 performance audit?

Organizational Function

The Technology Director, who reports directly to the Superintendent and is a member of the Central Office Administrative Team, leads the Technology Department. In addition to the Technology Director, a Senior Network Engineer, three technicians, and a part-time clerical employee support the District's technology functions. While the Senior Network Engineer and

technicians work exclusively at the District, Medina CSD retains the service of these positions through a service agreement with the Medina County Education Service Center (ESC).

The Technology Director is responsible for the management and implementation of technology at Median CSD, including preparing the triennial technology plan required by eTech Ohio, developing the annual technology budget, overseeing procurement of software and hardware, and directing technology staff. The District previously employed integration specialists to assist teachers in the integration of technology in curriculum and provide professional development; however, such positions were eliminated through prior budget reductions. As a result, the task of curriculum integration and professional development is now largely the responsibility of the Technology Director (see **R7.4**).

Planning and Budgeting

Technology planning and budgeting is the responsibility of the Technology Director. The District develops a technology plan for submission to eTech Ohio every three years. However, the submission of this planning document is completed, in large part, to satisfy eligibility requirements for funding opportunities and is not used as a planning tool to guide the technology function. Moreover, the District's Technology Committee, the group eTech Ohio charges with developing and overseeing implementation of the District's technology plan has been allowed to lapse in recent years and, although it was recently reconstituted, it is still not active in overseeing the District's technology plan (see **R7.1**).

Additionally, the Technology Committee is not involved with the development of the Technology Department's budget. Rather, the Technology Director and Senior Network Engineer develop the budget. The Technology Director provided documentation of the approved FY 2009-10 budget and proposed FY 2010-11 budget, but he noted much of the District's spending for technology does not fall under the prevue of the Technology Department. In fact, the budget prepared by the Technology Director does not include personnel expenses. Outside of the Technology Department's budget, technology-related expenditures are contained within the Departments for Instruction and Student Services, as well as individual building budgets. The fragmentation of technology spending does not allow the District to easily determine the District's annual commitment to technology and ensure the most efficient use of limited resources for the enhancement, replacement, and support of technology (see **R7.2**). Because the Technology Department's budget does not include all technology spending at Medina CSD, it is not presented in this report (see **R2.7**).

Network Support

The District's network is comprised of approximately 2,500 devices, including desktop computers, laptops, printers, projectors, and other peripherals. The Technology Director is responsible for ensuring the maintenance and functionality of technology assets which includes

procuring new technology and replacing technology that has exceeded its useful-life-cycle. Moreover, as a school district that has experienced growth, the Technology Director has to balance the need to replace the existing technology infrastructure and the need to ensure appropriate technology in new facilities. However, due to the uncertain and limited resources allocated to the Technology Department, the Technology Director does not use a replacement schedule to determine technology needs. The District also does not have a formal resources allocation plan, which would aid the District in determining future technology requirements. The Technology Department has developed a model of what a technology enhanced classroom would include and the District has invested in these classrooms, however, there is no way to ensure these classrooms are sustainable or that funding for equipment replacement will be available (see **R7.3**).

Once hardware is installed in building classrooms, the Technology Department is responsible for ensuring the functionally of technology through software programs to aid in the integration of technology into curriculum. Limitations of the District's operating system and network infrastructure, requires technology staff to load and manage software locally, rather than imaging computers from a central location. Computer software selection is conducted in a manner similar to textbook selection (see **financial systems**).The Department of Instruction works to analyze and select the most appropriate software to support the District curriculum. Moreover, the Department of Instruction evaluates how software programs are used and if they are having an impact on student achievement, as well as ensures software licenses are renewed as required.

The District is hampered in its ability to implement software, due to limitations of network hardware or infrastructure. For example, the District's software program to measure student achievement allows students to complete online assessments to provide timely evaluation of District curriculum and students performance. However, because the District does not have sufficient computer terminals, students complete the assessments through a paper process, and then the Technology Department's clerical staff manually enters the information into the software program. While the District has a need for additional computers, the absence of a comprehensive and collaborative planning and budgeting process does not allow for the strategic prioritization of how limited technology resources will be allocated.

Communication

Redeveloped in FY 2009-10, the District's web site serves as the primary electronic tool for communicating with stakeholders. The site contains pages tailored to parents, students, staff, and the community, and includes policies, forms, and general information for interested parties. Visitors to the website can sign up for the District's e-newsletter, or provide feedback to the District through periodic online surveys. Recently, the communications coordinator has pursued a District presence within social media outlets, creating a Facebook account to communicate with stakeholders.

The web site platform also allows teachers in the District to develop their own website in order to communicate with students and parents. The District's communication coordinator partnered with the Technology Director to ensure that teachers received instruction in the development of these web sites. Another area where the District has sought to reach out to students and parents via electronic communication is through the Parent Assist Module. The program, which is a component of the Teacher Assist Module software, allows teachers to post grades and provide more timely communication to parents regarding student progress. In conjunction with this initiative, the District has reformed the style and content of student report cards to increase communication with parents.

Recommendations

R7.1 Medina CSD should implement a technology plan that clearly identifies goals, objectives, and action steps intended to maintain, replace, and enhance technology at the District. The technology plan should be developed through the District Technology Committee as directed by eTech Ohio. It should also be updated annually to reflect any changes in District priorities, and to reconcile the needs identified by the District and the reality of available funding to implement the plan. As programs needs typically outpace available resources, it is critical that District leaders have a process to prioritize technology goals and ensure maximum efficiency and effectiveness of limited technology resources.

The District's technology plan was prepared for eTech Ohio and has not been used by Medina CSD as a guide or action plan to maintain, enhance, and replace technology and has not been examined annually, relegating it to a historical document following the initial year of submission. The plan is highly structured based on the requirements set forth by eTech Ohio. As a result, while Medina CSD is exhaustive in its discussion of how the District should align technology with curriculum and instruction, as well as the current portfolio of the network infrastructure, hardware, software, security; the plan does not allow for a focused assessment of the needs and priorities of the technology function. The technology plan is largely absent of goals, objectives, measureable work steps, and performance measures to gauge implementation of the plan.

Instead, the District's technology function has operated in a reactionary mode. The Technology Director asserts that with limited staff and resources, as well as uncertain funding, it is difficult to plan for the maintenance of existing software, much less the implementation of new technology. As a result, the Technology Department does not invest significant time in planning activities until resources have been allocated for procurement. While some informal consultation exists with buildings and the District Technology Committee, decisions regarding specific technology procurements are generally made internally within the Technology Department.

The Government Finance Officers Association (GFOA), in *Recommended Practice on the Establishment of Strategic Plans* (2005), suggests that all governments develop a strategic plan in order to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between spending and goals. The focus of the strategic plan should be on aligning organizational resources to bridge the gap between present conditions and the envisioned future. The organization's objectives for a strategic plan will help determine how the resources available can be tied to the future goals. An important complement to the strategic planning process is the preparation of a financial plan (see R7.2). Each of these plans should address the Technology Department's proposed direction for the provision of technology.

Further, the Texas School Performance Review (TSPR), *Innovative Solutions to Help Address the Issues and Challenges Facing Most Public School Districts* (2003), recommends that district's develop long and short-range plans to avoid "flying blind." Accordingly, the most effective technology plans contain clear goals, objectives, and action plans for technology projects. They assign individual responsibility for implementation steps and set deadlines. Moreover, a technology plan should be a joint effort with input from the board, administration, teachers, and community and business leaders with expertise in the field. While a district's technical personnel can develop the vision for a technology plan, that vision must be shared and understood by the board, or it will remain unfunded.

Without a comprehensive technology plan to tie all program needs together, including budgetary constraints, the Technology Department is not able to identify and understand the relationship between its spending decisions and program outcomes. Therefore, Medina CSD is at risk of under- or over-funding particular technology enhancements relative to other technology needs. A single planning document could also have the effect of increasing the efficiency of expenditures through tighter budgetary controls.

During the course of the audit, the District provided several pieces of documentation, which illustrate where and how technology enhancements have been made across the District. Such technology includes, network expansion and computer replacement, and the purchase of wireless tablets (mimio pads), smart boards, promethean boards, tablet and laptop computers, and LCD projectors. While the District has significantly invested in these technologies, there is concern, mutually expressed by auditors and District administrators that not all of these purchases were made based on a comprehensive technology plan. Further, there does not appear to be a clear method in which the purchase was identified as a necessity and then selected for classroom installation. The ability to focus limited resources using a technology plan will allow for a more efficient and effective use of revenues.

R7.2 **Medina CSD should work to consolidate and centralize technology expenditures through the development of a more formal and collaborative budgeting process. A more formal budgeting process for the Technology Department would allow District stakeholders to provide input on the priorities for the limited funding that is available, and allow Technology Department to better serve the instructional needs of staff and students by coordinating technology purchases. Centralizing purchasing would allow the District to ensure equipment and software purchases are consistent with technology plans and goals. Moreover, a single technology budget would provide greater oversight and control, ensuring maximum effectiveness of limited resources, and also provide appropriate management of the equipment replacement schedules, the resource allocation plans, the standardization of hardware, and the**

provision of curriculum integration and professional development (see R7.3 and R7.4).

The Technology Committee is not a part of the budgeting process. Moreover, expenditures for technology are not centralized within the Technology Department's budget. The District's decentralized approach allows various departments and individual buildings to appropriate and direct resources toward technology. This approach does not ensure that expenditures are linked to specific goals and objectives or that the technology is needed. In addition, the budget that is developed by the Technology Department does not have specific or detailed connections illustrating how District-wide expenditures work to implement the District's technology plan. District administrators described the informal process in place as lacking focus and reactionary in nature. The absence of a more formal budgeting process challenges the Technology Department's ability to maximize scarce resources to ensure that budgeted funds are directed to the most desirable and/or effective programs.

According to the GFOA (*A Framework for Improve State and Local Government Budgeting*, 1999), a good budget process works to incorporate long-term perspectives, establish links to broad organizational goals, focus budget decisions on results and outcomes, and involve and promote effective communication with stakeholders. Further, budgets should serve as a financial plan that assists in the achievement of goals, within the constraints of available resources. Additionally, school districts are generally moving to more centralized budgeting and procurement. The national educational consulting firm, Quality Education Data (QED), notes in the "Annual Technology Purchasing Forecast for 2004-05" that less than 20 percent of nationally surveyed school districts reported allowing buildings to purchase autonomously and 98.1 percent of technology expenditures were contained within the district budget.

It is difficult to identify the true amount Medina CSD is dedicating toward the technology function with the District's fragmented approach to funding and tracking technology expenditures. District administrators questioned the process used for planning and budgeting that is in place for the Technology Department, and indicated that stakeholders are not sufficiently consulted in how limited resources can be more efficiently allocated. With limited resources and requests for funding that cannot be met, the use of a consolidated budget process would allow administrators to work in a collaborative manner to prioritize projects and ensure funding for the most pressing issues based on technology goals.

R7.3 **As a companion to the District's technology plan and annual budget (see R7.1, and R7.2), Medina CSD should develop a formal replacement schedule for its hardware. Independent of available resources, it is critical that District administrators have a clear understanding of the fiscal commitments required to ensure technology**

remains current and useable. Clearly identifying the cost to maintain the existing infrastructure would help the Technology Committee in determining the goals and objectives of the technology plan and the priorities for the allocation of resources within the technology budget. Additionally, the District should fully implement a classroom resource allocation plan that works in conjunction with the replacement plan. This would allow the District to link maintenance of existing infrastructures with the identification of desired technology enhancements and the equitable distribution of technology.

According to the Technology Director, the District does not have a formal replacement schedule that documents the necessary resources required to replace existing hardware on a set schedule. Upon further investigation, the Technology Director provided documentation of a replacement schedule that was prepared during the District's 2006 campaign for a permanent improvement levy. While such a document was prepared, is has not been updated, and does not fully reflect recent equipment purchases.

Also, the District has not developed formal classroom resource allocation plans. The extent of the Districts process for resource allocation is the development of what technology a model classroom would contain. Such technology-enhanced classrooms serve as a testing environment for new and emerging equipment. However, there is not a plan that details how these model classrooms are to be implemented, what outcome is desired, or the cost associated with them.

The Technology Director attributed the lack of funding as the reason why these documents do not exist. However, the usefulness for such documents is evident, as the District, with expanding enrollment, must balance the need to replace equipment against the need to expand the technology infrastructure for new students. Moreover, as technology has evolved, the District has invested in new types of technology. For example, the District has invested in LCD projectors and allowed parent teacher organizations to purchase audio enhancement software or other emerging technology. Yet the Technology Director acknowledged there is nothing to ensure equipment can be replaced at the end of its useful life. Additionally, there is not a process to determine if such purchases were appropriate, how the purchase of new equipment impacts the replacement schedule for existing hardware, or the most desirable hardware configuration the District can support within existing resources.

The *Technology Support Index* (International Society for Technology in Education, 2002) recommends that school districts replace equipment according to a three to five-year cycle, either by leasing or purchasing equipment. Further supporting this, *Taking TCO to the Classroom: A School Administrator's Guide to Planning for the Total Cost of New Technology* (Consortium for School Networking, 2001) recommends a five-year replacement cycle for school districts. The lack of a formal replacement cycle and the use

of older machines may result in equipment becoming obsolete, which can ultimately lead to increased staff time and costs for troubleshooting and support.

While understanding the cost of replacement, Texas School Performance Review (TSPR) also recommends districts know what they need before they buy it (*Innovative Solutions to Help Address the Issues and Challenges Facing Most Public School Districts*, 2003). According to TSPR, it is important to assess programs and systems, and develop a plan for future improvements. This ensures districts quantify the benefits of future improvements. As such, TSPR cautions school districts not to simply replace existing applications, but to consider the advantages offered by newer software and hardware. In doing so, the district must ensure any new software or hardware meets the district's needs and goals.

The inability to fund a replacement schedule does not preclude a District from developing one. In fact, it is critical that administrators are continually reminded of the costs and future commitments required to maintain, much less enhance, existing technology. In response to limited resources and difficulty in fully funding its technology replacement schedule, South Western CSD in Franklin County developed technology replacement parameters to prioritize equipment replacement. The tool assesses technology after five years to determine if it has reached the end of useful-life-cycle, based on ten different factors, including the failure rate, functionality, and age of the technology.

Replacing technology on an appropriate schedule will improve the operational performance of computers, ensure students and staff have up-to-date hardware, and that older, higher-maintenance machines are replaced in a timely manner. Furthermore, the development of a resource allocation plan will help identify how the need for newer technologies join with replacing existing resources, all while ensuring that technology is allocated equitably and that technology purchases can be linked to quantifiable benefits.

R7.4 Medina CSD should work to enhance professional development activities by ensuring that they are supportive of the technology plan (see R7.1) and included in the technology budget (see R7.2). Following a formal needs assessment of professional development, the District should seek to formalize the process for providing professional development and ensure that staff receive sufficient training on the District's significant hardware and software investments. This will help ensure that technology does not go unused or underused.

Technology-related professional development at the District is provided informally through the following means: self-paced tutorials, individual meetings with teachers during planning periods, group training during professional development days, and building-wide training at staff meetings and delayed start days. The Technology Department had not developed formal records as to how much and what type of training

is provided to employees, nor has it developed a training plan. Moreover, there is not a formal feedback mechanism to determine training needs or effectiveness of training provided.

The Technology Director is responsible for ensuring staff receive professional development, a task that was previously shared with two teachers who served in a part-time integration specialist function. When building-wide training is offered, the Technology Director seeks assistance from other District personnel to assist with the facilitation of training. Also, the Technology Director responds to requests from building principals, the curriculum department, and individual teachers regarding training on a particular technology/software program. Software and hardware vendors are used, when appropriate, to provide training to employees.

While the District offers professional development to staff, the Superintendent expressed a need for more professional development through an integration specialist or staff member to assist teachers in fully incorporating technology into their curriculum. However, the District has not formally identified the type of training teachers need to integrate technology into curriculum or what teachers have identified as areas where they would like to receive training. In the absence of a technology plan and collaborative budgeting process, it is difficult to determine if resources are being appropriately allocated. Through this process, the District may find that resources can be allocated for technology related professional development, based on the technology infrastructure the District finds appropriate to support.

The Society for Human Resource Management's (SHRM, *Training Needs Assessment* 1996) suggests that a formal training needs assessment is the first step in establishing a professional development program. It is the foundation for determining training objectives, selecting a training program, and evaluating results. A training needs assessment helps to prioritize resources to those areas that best fulfill organizational goals and objectives and improve productivity. SHRM further suggests that a formal needs assessment better prepares management to build consensus as to who needs training and what kind. A formal needs assessment can also reveal that training is not always required and that some performance gaps can be mitigated through improved communication of expectations.

The Texas School Performance Review (TSPR) notes the importance of professional development as a component of a district's technology budget. According to many national authorities including computer companies like Microsoft, 30 percent of any school district's educational technology budget should be dedicated to training. Without adequate training, teachers and administrators will let expensive hardware and software go unused or underused. TSPR points to the use of full-time staff to assist in technology training. In Ohio, the South-Western CSD (Franklin County) employs two educational

technology teachers who provide building level technology support and training to promote integration of technology into the curriculum.

While resources are limited, it is important that the Technology Department ensure instruction staff and administrators are fully trained on software and hardware. Without training, the usefulness of the District's investments is compromised. If training cannot be sufficiently provided, the District should reevaluate the decisions regarding software and hardware purchases. These factors should also become an integral part of annual technology planning and assessments surrounding the purchase and implementation of new software and hardware.

Appendix 7-A: Status of 2003 Performance Audit Recommendations

Table 7-A summarizes the 2003 Performance Audit technology recommendations and their implementation status. Each recommendation was categorized as either: implemented; partially implemented; not implemented; or not evaluated in this audit.

Table 7-A: 2003 Performance Audit Technology Recommendations

Recommendation	Implementation Status
R6.1 One alternative to addressing staffing needs is using the $25,000 allocated to part-time employees in the Technology Department. When determining the number of hours and days worked, the department should consider when the workload necessitates additional employees.	Not evaluated in this audit. (within consultant's scope)
R6.2 Another alternative to R6.1, is investigating alternative funding sources for additional staff to achieve one technician for every 50 classrooms goal. Furthermore, Medina CSD should continually evaluate current staffing levels and set a goal for computers per technician.	Partially Implemented.
R6.3 Medina CSD should consider reorganizing and placing the integration specialist positions under the control of the Technology Department. The Technology Department should work closely with building principals and the director of instruction to ensure that the position meets the needs of the building and the District. To further formalize the integration specialist position, a job description should be created detailing specific job duties and clarifying to whom employees are supposed to report.	Not evaluated in this audit. (within consultant's scope)
R6.4 Medina CSD should expand its current Technology Plan to include a framework for administrative decisions, goals, and plans for future district wide and building level technology acquisitions; a plan for allocation of current and new resources; and an assessment of the district and individual buildings to identify technology needs.	Not Implemented (see **R7.1**).
R6.5 The goals and objectives set forth in the technology plan should be broken down into measurable tasks with timelines and approximate costs associated with each. In addition, the District should develop performance indicators for each objective to measure the degree of success in achieving the goals and to identify when the District has fully met the goals. The technology plan should be a working document that serves as a guide to the District's planning of technology acquisition, structures, and procedures to aid the department in achieving district goals for technology integration.	Not Implemented (see **R7.1**).
R6.6 The technology plan should be revisited and updated annually by the technology committee and cover a three-year timeline, and be completely redone every three years to ensure alignment with District goals and objectives.	Not Implemented (see **R7.1**).

Recommendation	Implementation Status
R6.7 Medina CSD's Technology Department and technology committee should consider developing a method to obtain and analyze performance results. It is important that the measures be aligned with the District Technology Plan. Initially, technology staff should focus on common indicators.	Partially Implemented (see **R7.1**).
R6.8 The Technology Department should use all elements of the Track-It software, especially the report modules. These reports should be used for analysis and be tied to the District Technology Plan. The results from the analysis should be used in the future to support additional staffing and equipment. The Technology Department should pursue any training on the system that is needed in order to use it to the greatest potential.	Not evaluated in this audit. (within consultant's scope)
R6.9 Medina CSD should integrate formal hardware standards into the Technology Plan.	Partially Implemented (see **R7.1**).
R6.10 Medina CSD should develop and implement a formal policy for accepting donated technology equipment.	Not Implemented. (Recommendation was implemented during the course of this audit.)
R6.11 Medina CSD should develop and implement a formal replacement schedule for District hardware. District management should support the plan with adequate funding whenever possible. In addition, Medina CSD should investigate alternative funding sources such as grants for a replacement initiative. Medina CSD should consider the investment in technology a primary concern given the focus placed on it from both the administrative and instructional perspectives. In addition, it should consider the cost of keeping old equipment running.	Not Implemented (see **R7.3**).
R6.12 A formal policy should be developed and implemented that outlines the procedures for reporting the relocation of technology equipment within a building or between buildings and staff members.	Partially Implemented.
R6.13 Medina CSD's Technology Department should implement a formal resource allocation plan. This plan should outline for the next three to five years, particular needs in the District, the age of current resources (inventory database) and present a plan for allocation based on projected resources that will be required in that time period.	Partially Implemented (see **R7.3**).
R6.14 Medina CSD should continue to use state software as long as it meets District needs.	Implemented.
R6.15 Sharing common data among administrative databases should be encouraged. The lines of communication should be opened to ensure that various departments within Medina CSD have access to the information they need without additional work. The Technology Department or another District designee should facilitate this communication and sharing of data.	Partially Implemented (see **R7.1**).
R6.16 Using the elements identified in Table 6-11, along with other resources, the Technology Department should develop and implement a detailed disaster recovery plan specific to technology functions in the District. This plan should include provisions for major district and building systems.	Implemented.
R6.17 Medina CSD should integrate the student AUP into the student handbook. Staff AUPs should have a sign-off sheet that acknowledges their acceptance of the policy	Implemented.

Recommendation	Implementation Status
R6.18 Medina CSD should include the technology committee in the budgetary process for the Technology Department and ensure that monetary requests are linked to the goals and objectives outlined in the District's Technology Plan	Not Implemented (see **R7.2**).
R6.19 Medina CSD Technology Department should implement detailed budget requests. These budget requests should integrate specific goals and objectives from the District's Technology Plan.	Not Implemented (see **R7.2**).
R6.20 Medina CSD should continue to research, apply for, and secure grant funding from additional resources, particularly the Federal government and private sources. Any additional funding and attempts to secure such should be accounted for in the District Technology Plan. Use of any funds acquired through grants should also align with goals and objectives as established in the Technology Plan.	Implemented.
R6.21 Medina CSD's Technology Department should develop and implement an annual training calendar to address the technology training needs of the instructional and administrative staff.	Not Implemented (see **R7.4**).
R6.22 Medina CSD's Technology Department should continue to investigate additional funding sources for technology professional development.	Implemented.
R6.23 In conjunction with R6.11, the District should continue to use technology to meet overall District goals. In doing so, the allocation of resources should be equitable among all students. The District as a whole has met the standards set forth by Ohio SchoolNet, and the next step is to ensure that all students have equal access to technology.	Implemented.
R6.24 Medina CSD should expand the Technology Plan to include an assessment of the impact that technology is having on student achievement. The District should include specific performance measures that correlate student achievement and technology in its planning.	Implemented.

Source: Medina City School District and the Auditor of State
Note: In the prior audit, the technology recommendations start with the number six because it was the sixth section of the report.

District Response

The letter that follows is the Medina City School District's (Medina CSD) official response to the performance audit. Throughout the audit process, staff met with Medina CSD officials to ensure substantial agreement on the factual information presented in the report. When Medina CSD disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.

Medina City Schools

Recognizing Potential--Maximizing Achievement

Superintendent
Randy S. Stepp

Treasurer
Wallace M. Gordon

Board Of Education

Mark L. Dolan

Charles W. Freeman

William P. Grenfell

C. Susan Vlcek

Robert B. Wilder, M.D.

August 27, 2010

Auditor of State
Mary Taylor, CPA
88 East Broad Street, 5th Floor
Columbus, Ohio 43215

Dear Auditor Taylor:

In response to the Performance Audit conducted on the Medina City School District we would like to thank the Auditor's Office for the high level of professionalism they exhibited during this audit. As evidenced in the report, your team worked very closely with us to secure accurate and complete information.

The Medina City School District has always welcomed the opportunity to review operational procedures. In fact, this is the third voluntary audit we have completed with your office's assistance. The primary goal of this audit was to identify areas that we can gain efficiency and/or cost containment. Given our eagerness to reduce costs, many of the recommendations that appear in this report have been implemented concurrent to the audit. In February 2010 the Board of Education took formal action to eliminate over $9,000,000 in operating costs.

In addition to the recommendations we appreciate the noteworthy accomplishments included in the audit. It is our intent to embrace the recommendations as best we can, if in the end we determine that there would be no negative effect on the quality of our operations. Consequently, we would like to offer the following comments on the audit:

Financial and Strategic Management

The Medina City School District will pursue improvements in processes by implementing administrative guidelines, policies and procedural manuals as identified. The Treasurer's Office will lead a review and evaluation of our expenditure coding structure.

As union contracts come to term we shall use your findings and recommendations as a basis for initial proposals based on your recommendations. Staff reduction recommendations have been implemented in excess of the recommendations held within the performance audit. In fact, partially due to our funding crisis and partially due to our quest to operate more efficiently, the district has recently made major staff reductions. We will be starting the 2010/11 school year with 61 fewer certified staff and 53 fewer support and administrative staff, this represents over 13% of our total workforce.

140 W. Washington Street P.O. Box 408 Medina, Ohio 44258 P 330-725-8831 F 330-764-3501

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Facilities

We shall continue monitoring building utilization and adjust capacity levels as use changes. This will become increasingly important as all day Kindergarten is being considered.

Transportation

Policies and procedures will be reviewed with the guidance of our Area Coordinator from the Ohio Department of Education. As the level of service is adjusted in transporting students, we will closely examine our operations and strive for the 80% capacity goal referenced in this report.

Food Service

Our Food Service Department completed a five-year forecast during the 2010 budget process that takes place annually and, coincidentally, took place during the time of this audit. The department will continue to evaluate lunch prices and operating costs with the goal of keeping cost to our students and families at a minimum while operating in the black. As we have in the past, we will also work to conduct regular peer-to-peer comparisons of neighboring school districts. It should also be noted that in fiscal year 2010 the department assumed its share of utility cost, totaling $201,420.00.

Technology Management

Many changes have occurred and continue to occur within the Technology Department. A number of committees have been formed to examine and implement many new initiatives in this area of our operations. We have a draft Technology Plan, a formal approval process for purchasing technology related items and a committee made up of staff and community pursuing a blended model of electronic and traditional education. The blended model will be comprised of the best classroom instruction practices and top rated online learning systems. We have begun the process of providing professional development and funding of new technology as our current funding allows.

Once again, thank you for providing this valuable service. Medina City Schools will continue to offer excellent services to our students and residents, in an efficient manner.

Sincerely,

Randy Stepp
Superintendent

140 W. Washington Street P.O. Box 408 Medina, Ohio 44258 P 330-725-8831 F 330-764-3501

A-4 Identification of municipality/township served

State & County QuickFacts

Medina (city), Ohio

People QuickFacts	Medina	Ohio
Population, 2011 estimate	NA	11,544,951
Population, 2010	26,678	11,536,504
Population, percent change, 2000 to 2010	6.1%	1.6%
Population, 2000	25,139	11,353,140
Persons under 5 years, percent, 2010	7.3%	6.2%
Persons under 18 years, percent, 2010	28.3%	23.7%
Persons 65 years and over, percent, 2010	11.6%	14.1%
Female persons, percent, 2010	51.9%	51.2%
White persons, percent, 2010 (a)	93.3%	82.7%
Black persons, percent, 2010 (a)	3.1%	12.2%
American Indian and Alaska Native persons, percent, 2010 (a)	0.1%	0.2%
Asian persons, percent, 2010 (a)	0.9%	1.7%
Native Hawaiian and Other Pacific Islander, percent, 2010 (a)	Z	0.0%
Persons reporting two or more races, percent, 2010	2.1%	2.1%
Persons of Hispanic or Latino origin, percent, 2010 (b)	1.8%	3.1%
White persons not Hispanic, percent, 2010	92.2%	81.1%
Living in same house 1 year & over, 2006-2010	85.2%	85.0%
Foreign born persons, percent, 2006-2010	3.3%	3.8%
Language other than English spoken at home, pct age 5+, 2006-2010	5.0%	6.3%
High school graduates, percent of persons age 25+, 2006-2010	94.1%	87.4%
Bachelor's degree or higher, pct of persons age 25+, 2006-2010	33.5%	24.1%
Mean travel time to work (minutes), workers age 16+, 2006 -2010	25.8	22.7
Housing units, 2010	11,152	5,127,508
Homeownership rate, 2006-2010	68.1%	69.2%
Housing units in multi-unit structures, percent, 2006-2010	28.6%	23.0%
Median value of owner-occupied housing units, 2006-2010	$170,200	$136,400
Households, 2006-2010	10,084	4,552,270
Persons per household, 2006-2010	2.59	2.46
Per capita money income in past 12 months (2010 dollars) 2006-2010	$27,079	$25,113
Median household income 2006-2010	$60,650	$47,358
Persons below poverty level, percent, 2006-2010	11.1%	14.2%

Business QuickFacts	Medina	Ohio
Total number of firms, 2007	2,738	897,939
Black-owned firms, percent, 2007	S	5.8%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.3%

Asian-owned firms, percent, 2007	S	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	S
Hispanic-owned firms, percent, 2007	F	1.1%
Women-owned firms, percent, 2007	27.9%	27.7%
Manufacturers shipments, 2007 ($1000)	1,031,335	295,890,890
Merchant wholesaler sales, 2007 ($1000)	349,800	135,575,279
Retail sales, 2007 ($1000)	334,758	138,816,008
Retail sales per capita, 2007	$12,797	$12,049
Accommodation and food services sales, 2007 ($1000)	43,812	17,779,905

Geography QuickFacts	**Medina**	**Ohio**
Land area in square miles, 2010	11.57	40,860.69
Persons per square mile, 2010	2,305.4	282.3
FIPS Code	48790	39
Counties		

Population estimates for counties will be available in April, 2012 and for cities in June, 2012.

(a) Includes persons reporting only one race.
(b) Hispanics may be of any race, so also are included in applicable race categories.

D: Suppressed to avoid disclosure of confidential information
F: Fewer than 100 firms
FN: Footnote on this item for this area in place of data
NA: Not available
S: Suppressed; does not meet publication standards
X: Not applicable
Z: Value greater than zero but less than half unit of measure shown

Source U.S. Census Bureau: State and County QuickFacts. Data derived from Population Estimates, American Community Survey, Census of Population and Housing, County Business Patterns, Economic Census, Survey of Business Owners, Building Permits, Consolidated Federal Funds Report, Census of Governments
Last Revised: Tuesday, 31-Jan-2012 17:23:07 EST

A-5 Self-score assessment

LGIF Project Selection Methodology (DRAFT)

Section 1: Financing Measures

Financing Measures	Description	Criteria	Max Points
Project Budget	*Most recent financial history. Must include budgets / financial information for the past three years and three year projections.*	Project Budget Included	5
		Project Budget Not Included	0
		Total Possible Points	5
Repayment Structure (Loan Only)	*Demonstration of viable repayment source to support loan award. Secondary source can be in the form of a debt reserve, bank participation, a guarantee from a local entity, or other collateral.*	Applicant clearly demonstrates a secondary repayment source.	5
		Applicant does not have a secondary repayment source.	0
		Total Possible Points	5
Local Match	*Percentage of local matching funds being contributed to the project. This may include in-kind contributions.*	50% or greater	5
		40-49.99%	4
		30-39.99%	3
		20-29.99%	2
		10-19.99%	1
		Less than 10%	0
		Total Possible Points	5

Section 2: Collaboration Measures

Collaborative Measures	Description	Criteria	Points
Population	*Applicant's population falls within one of the listed categories as determined by the US Census Bureau.*	Applicant is not a county and has a population of less than 20,000 residents	5
		Applicant is a county but has less than 235,000	5
		Applicant is not a county but has a population 20,001 or greater	3
		Applicant is a county with a population of 235,001 residents or more	3
		Total Possible Points	5
Participating Entities	*Applicant has executed partnership agreements outlining all collaborative partners and participation agreements. Sole applicants must provide a resolution of support from governing entity.*	More than one applicant	5
		Single applicant	1
		Total Possible Points	5
Partnership Agreement(s) and Resolution of Support	*Applicant identifies and partners with other entities.*	Executed Agreement(s) / Resolution	5
		No Executed Agreement(s) / Resolution	0
		Total Possible Points	5

Section 3: Innovation Measures

Innovation Measures	Description	Criteria	Points
Expected Return	*Applicant demonstrated an expected return in the project budget ranking in one of the following percentage categories.*	75% or greater	25
		60 to 74.99%	20
		50 to 60.99%	15
		30 to 50.99	10
		Less than 30%	5
		Total Possible Points	25
Past Success	*Applicant has successfully implemented an efficiency, shared service, coproduction or merger project in the past.*	Yes	5
		No	0
		Total Possible Points	5
Scalable / Replicable Proposal	*Applicant's proposal can be replicated by other local governments or scaled for the inclusion of other local governments.*	Can be replicated	10
		Cannot be replicated	0
		Total Possible Points	10

Section 4: Supplementary Scoring

Supplementary Scoring	Description	Criteria	Points Assigned
Performance Audit Implementation / Cost Benchmarking	*The project implements a single recommendation from a performance audit or is informed by cost benchmarking.*	Yes	5
		No	0
		Total Possible Points	5
Probability of Success	*Applicant provides a documented need for the project and clearly outlines how the need will be fulfilled.*	Provided	5
		Not Provided	0
		Total Possible Points	5
Economic Impact	*Applicant demonstrates the project will a promote a business environment and will provide for community attraction.*	Demonstrated	5
		Not Demonstrated	0
		Total Possible Points	5
Response to Economic Demand	*The project responds to current substantial changes in economic demand for local or regional government services.*	Yes	5
		No	0
		Total Possible Points	5

Section 5: Council Measures

Council Measures	Description	Criteria	Points Assigned
Council Preference	Council Ranking for Competitive Rounds	**Total Possible Points Per Project**	10
		Total Points	80
		Supplementary Scoring Criteria	20
			100

As of 11/23/11

Ohio | Department of Development

John R. Kasich, Governor Christiane Schmenk, Director

April 2, 2012

Randy Stepp
Medina City School District
140 West Washington St
Medina, Ohio 44256

RE: Application Cure Letter

Dear Randy Stepp:

The Ohio Department of Development (Development) has received and is currently reviewing your application for Round 1 of Local Government Innovation Fund program. During this review Development has determined that additional information is needed for your application. The identified item(s) requiring your attention are listed on the attached page(s). Please respond only to the issues raised. Failure to fully address all the identified items could lead to a competitive score reduction or ineligibility for Round 1 of the Local Government Innovation Fund program. **A written response from the applicant to this completeness review is due to Development no later than 5:00 p.m. on *April 30, 2012*.** Please send the response in a single email to lgif@development.ohio.gov and include "Cure—Project Name" in the subject line.

While this cure letter represents the additional information needed for Development review, the Local Government Innovation Council continues to reserve the right to request additional information about your application.

Thank you once again for your participation in Local Government Innovation program. Please contact the Office of Redevelopment at lgif@development.ohio.gov or 614-995-2292 if you have further questions regarding your application or the information requested in this letter.

Sincerely,

Thea J. Walsh, AICP
Deputy Chief, Office of Redevelopment
Ohio Department of Development

Local Government Innovation Fund Completeness Review

Applicant: Medina City School District

Project Name: Lean Thinking in Education and City Government

Request Type: Grant

Issues for Response

1. **Budget**

   Please provide a line item budget that includes at minimum: 1) the sources of all funds being contributed to the project include **all** sources—cash, in-kind, etc.; 2) the uses of all funds (provide a line item for each use); 3) the total project costs (including the funding request **and** the local match. **Please be sure that all uses of funds are eligible expenses as set forth in the program guidelines.**

   Example:
   Collaboration Village's Project Budget

   Sources of Funds

LGIF Request	$100,000
Match Contribution (10%)	$ 11,111
Total	$111,111

   Uses of Funds

Consultant Fees for Study	$111,111
Total	$111,111

   Total Project Cost: $111,111

2. **Match**
   For in-kind contributions, please provide documentation as outlined in section 2.06 of the Local Government Innovation Fund program policies. Certification of in-kind contributions may only be made for past investments. Anticipated in-kind contributions must be certified after the contribution is made.

3. **Self-Score Assessment**
   Please complete the interactive selection methodology available on the LGIF program website http://www.development.ohio.gov/Urban/LGIF.htm (select selection methodology) to score your project. Applicants do not need to complete the Council Preference or score validation sections when scoring their projects.

4. **Resolutions of Support**
   Resolutions of support must be provided by the governing body of the main applicant and each collaborative partner. If the collaborative partner is a private entity with no governing body, a letter of support **for the project** is required.

5. **Partnership Agreements**
   Partnership agreements must be signed by all parties listed as collaborative partners. Please provide a partnership agreement that at minimum: 1) lists all collaborative partners; 2) lists the nature of the partnership; and 3) is signed by all parties. Please note, partnership agreements must be specific to the project for which funding is requested.