



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

BELLEVUE CITY SCHOOL DISTRICT PERFORMANCE AUDIT

AUGUST 6, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

On February 8, 2002, the State Superintendent of Public Instruction placed the Bellevue City School District (BCSD) under fiscal caution. In accordance with the provisions of ORC §3316.041, the Auditor of State initiated a performance audit of BCSD. The four functional areas assessed in the performance audit were financial systems, human resources, facilities, and transportation. These areas were selected because they are important components of District operations which support its mission of educating children, and because improvements in these areas can assist BCSD in eliminating the conditions which brought about the declaration of fiscal caution.

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

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

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

Sincerely,

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

JIM PETRO
Auditor of State

August 6, 2002

Executive Summary

Project History

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

Bellevue City School District (Bellevue CSD) was placed in fiscal caution on February 8, 2002, due to a historical pattern of issuing debt to cover operating expenditures. In addition, Bellevue CSD's fiscal caution status was also a result of the district's inability to maintain an unencumbered General Fund balance of two percent of revenue at year-end.

Pursuant to Ohio Revised Code Section 3316.031, AOS initiated a performance audit on Bellevue CSD. Based upon a review of Bellevue CSD information and discussions with the superintendent and treasurer, the following four functional areas were selected for the performance audit:

- Financial Systems
- Human Resources
- Facilities
- Transportation

District Overview

Bellevue CSD is a rural school district in Huron County and encompasses approximately 154 square miles. In FY 2000-01, Bellevue CSD served about 2,252 students and had a total of 268.1 FTE employees, including 158.9 FTE teachers. Bellevue CSD has a total of seven schools, which includes five elementary schools, one junior high school and one senior high school. In addition, Bellevue CSD met 16 of the Ohio Department of Education's (ODE) 27 performance standards. School districts meeting 14 to 25 standards are rated as continuous improvement. Therefore, Bellevue CSD has met enough standards to be rated slightly above academic watch. Further, Bellevue CSD's total per pupil operating expenditures (governmental funds) of \$7,206 in FY 2000-01 was higher than the peer school districts of Shelby, Van Wert and Willard.

During the course of this performance audit and even prior to being placed in fiscal caution, Bellevue CSD has attempted to address its financial difficulties. Bellevue CSD was able to pass a

0.5 percent income tax levy in February 2001 which will help the District to cease borrowing funds to cover operating expenditures. Since the treasurer began working at Bellevue CSD in FY 2000-01, the District has done a good job in monitoring and controlling discretionary spending. In addition, Bellevue CSD has developed a reasonably accurate and reliable forecast. As of April 2002, Bellevue CSD had received approximately 99 percent of its forecasted revenue for FY 2001-02, and expenditures for all line items were less than forecasted amounts. Based on the treasurer's projections for the remainder of FY 2001-02, Bellevue CSD could potentially end the fiscal year with a \$300,000 ending fund balance, which is significantly higher than the forecasted ending fund balance of \$763. Continuing to be proactive in addressing its financial difficulties by considering the recommendations in this performance audit would allow Bellevue CSD to further stabilize its current and future financial situation.

While Bellevue CSD has been proactive in addressing its financial difficulties, salary increases were granted during the course of this performance audit due to union contract renegotiations. The negotiated increases have a material impact on the five-year forecast in salaries and fringe benefits causing less money to be allocated to capital outlay and purchased services in future years. Therefore, Bellevue CSD should consider implementing the recommendations in this performance audit to avoid delaying any necessary capital projects. See **R2.9** and **Table 2-12** for the proposed financial recovery plan and impact of the performance audit recommendations on the General Fund ending balance.

Objectives & Methodology

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

To complete this report, the auditors gathered and assessed a significant amount of data pertaining to the various areas, conducted interviews with various individuals associated with Bellevue CSD, and assessed available information from selected peer districts. Shelby City School District (Shelby CSD), Van Wert City School District (Van Wert CSD) and Willard City School District (Willard CSD) were identified as peers based upon comparable districts identified by the Ohio Department of Education, review of various demographic information and input from the Bellevue CSD personnel. Furthermore, these peer districts also demonstrated report card standards equal or greater than those of Bellevue CSD. Best practices data was also used from the Ohio Department of Education (ODE), State Employee Relations Board (SERB) and other school districts for additional

comparisons. Numerous interviews and discussions were held at many levels at Bellevue CSD and with groups of individuals involved internally and externally with the District.

Key Recommendations

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

- Bellevue CSD should analyze and use the financial recovery plan outlined in Table 2-12 to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on Bellevue CSD's financial condition. Due to negotiated salary increases in the union contracts that occurred during the course of this performance audit, the District is forecasting less funding to be appropriated for capital outlay and purchased services. Therefore, Bellevue CSD should consider implementing the recommendations in this performance audit to avoid delaying any necessary capital projects. By implementing recommendations to streamline and enhance operations, and using the financial recovery plan outlined in this report and updating it on an ongoing basis, Bellevue CSD would be in a better position to manage its financial condition.
- If Bellevue CSD were to close one of its elementary schools (see **facilities** section), it should also eliminate one of its principal positions (1.0 FTE) within the District, which would result in estimated annual cost savings of \$74,800 in salaries and benefits.
- Bellevue CSD should review its staffing in the educational service personnel (ESP) classification for a potential reduction of 3.0 FTEs. However, before the District makes any reductions, it should determine the potential impact on the attainment of Bellevue CSD's mission and goals. Additional factors which Bellevue CSD should consider are the impact on student contact time as well as the financial situation in the District. Bellevue CSD could generate an estimated annual cost savings of approximately \$158,200 as a result of reducing its educational service personnel by 3.0 FTEs.
- Bellevue CSD should conduct a detailed analysis of the duties and responsibilities of its clerical personnel and determine if resources are being used efficiently and effectively in relation to the needs of the District. Based upon analysis conducted in this performance audit, Bellevue CSD should seek to reduce 2.0 FTE clerical personnel, which would result in annual cost savings of \$59,600 in salaries and benefits.
- During future contract negotiations, Bellevue CSD should seek to either eliminate the sick leave conversion policy from the negotiated agreements or revise the policy to minimize the costs incurred by the District. The peer school districts do not have a sick leave conversion policy. Based upon the costs of the sick leave conversion policy during FY 2000-01 and the

estimated substitute costs for the use of sick leave, Bellevue CSD could realize annual cost savings of about \$53,500 by revising the policy to be more cost-effective for the District.

- During future contract negotiations, Bellevue CSD should seek to eliminate the retirement settlement plan from future negotiated agreements. In addition, Bellevue CSD should seek to either eliminate or revise the retirement incentive policy in order to minimize the costs incurred by the District. There are no retirement settlement plans or retirement incentives included in any of the peer negotiated agreements. Based upon FY 2000-01, Bellevue CSD could realize an estimated annual cost savings of \$28,000 if it were able to eliminate the retirement settlement plan from future negotiated agreements.
- Due to the significant under-utilization of the junior high school, Bellevue CSD should consider moving the sixth grade to the junior high school to create a middle school, grades 6-8. If Bellevue CSD elects to move the sixth grade to the current junior high school building, enough space would be created in the remaining elementary schools that Lyme Elementary could be closed and the use of one modular classroom unit could be reduced. Closing Lyme Elementary and reducing one modular classroom could help Bellevue CSD remove itself from fiscal caution status. Furthermore, Bellevue CSD could use a portion of the cost savings resulting from this recommendation for instructional activities and capital improvements. Closing Lyme Elementary would result on cost savings of \$36,200 in salary and benefit costs for 1.0 FTE custodian and \$21,800 annually in utility costs. Bellevue CSD could also save an additional \$16,000 annually in purchased services by reducing its modular classroom usage by one unit.
- Bellevue CSD should explore the use of routing software to determine if the implementation of this software could consolidate any existing routes and enable the District to eliminate the use of one or more buses. In addition, Bellevue CSD should examine the possibility of adopting a three-tiered bell schedule to allow buses to pick up and drop off students three times in the morning and afternoon. If a three-tiered bell schedule is feasible, Bellevue CSD could decrease the size of the bus fleet and the number of drivers needed. As a result of implementing routing software and/or a three-tiered bell schedule, Bellevue CSD could be able to reduce one or more buses to increase the number of students per bus. For example, Bellevue CSD would increase the number of students per bus to about 105 students by reducing five buses, which is still lower than Shelby and Willard CSDs' ratios of 118 and 127 students per bus, respectively. Every bus that Bellevue CSD could eliminate would result in savings of approximately \$30,000 based on the District's FY 2000-01 cost per bus ratio.

Additional Findings & Recommendations

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

Financial Systems

- Bellevue CSD should avoid issuing debt to cover operating expenses because it is a poor cash management practice. Instead of borrowing against income tax revenue, Bellevue CSD should closely examine the cost savings identified throughout this performance audit to reduce and better control certain expenditures.
- The treasurer should consider including a table in the five-year forecast's notes to explain how the school district income tax is being forecasted. In addition, Bellevue CSD should be held accountable for how the income tax revenue will be allocated and spent. By being accountable through showing how the income tax revenue is calculated and spent to citizens, Bellevue CSD would potentially be more successful in renewing the income tax levy after it expires.
- Bellevue CSD should more adequately disclose the amount and types of debt outstanding in the five-year forecast. By providing more disclosure about the district's current outstanding debt, Bellevue CSD management would have more detailed information in which to base their decisions about the district's current debt obligations and the district's ability to issue additional debt.
- Bellevue CSD should formally outline how capital outlay expenditures in the five-year forecast will be spent. In addition, Bellevue CSD should ensure that all capital outlay expenditures coincide with the district's continuous improvement plan.
- Bellevue CSD should closely examine its spending patterns to determine if monies could be reallocated toward those programs and priorities which have the greatest impact on improving the students' education and proficiency test results. Furthermore, Bellevue CSD should analyze the cost reductions recommended in this report to aid Bellevue CSD's efforts to regain financial stability without issuing more debt or placing a new levy on the ballot.
- The five-year forecast and the accompanying assumptions or notes should be expanded and consistently present more detailed historic and projected information and explanatory comments. By providing more detail in the forecast and its supporting notes, the Board and the public will better understand the financial condition of Bellevue CSD.

Human Resources

- Bellevue CSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to the Ohio Department of Education (ODE) and the Educational Management Information Systems (EMIS).

- Bellevue CSD should consolidate the responsibilities of the buildings and grounds supervisor (1.0 FTE) and transportation supervisor (1.0 FTE) into one position (1.0 FTE). The net estimated financial impact of this recommendation would be an annual cost savings of \$46,300 in salaries and benefits.
- Bellevue CSD should consider eliminating one special education position (1.0 FTE) from the preschool itinerant program. However, before Bellevue CSD makes any reductions in the staffing levels of this program, it should consider the needs of the program, the impact on the students within the program, the missions and goals of the District as well as the financial situation of the District. Bellevue CSD would realize an estimated cost savings of approximately \$48,500 per year as a result of reducing its special education personnel by 1.0 FTE.
- Bellevue CSD should either increase the enrollment in its vocational education programs or stop offering vocational education programs which are requiring significant funding from the General Fund. If Bellevue CSD would have eliminated the vocational education program with the highest deficit, it would have been able to allocate approximately \$47,000 to other operational areas within the District.
- During future contract negotiations, Bellevue CSD should consider renegotiating the severance policy for certificated and classified employees who retire. The severance policy at Bellevue CSD includes payment for sick leave at a higher percentage than the peer districts as well as a higher number of maximum days which can be paid at retirement.

Facilities

- Bellevue CSD should account for all expenditures in accordance with the guidelines set forth in the Uniform School Accounting System (USAS) manual. When expenditures are not coded according to the USAS guidelines, inaccurate functional expenditure data is created. Without accurate information, it is not possible to easily recognize abnormally high expenditures or opportunities for cost savings. In addition, the ability to accurately forecast and budget functional area expenditures is also compromised.
- Bellevue CSD should develop a multi-year capital improvement plan to help make certain the most critical repair work is completed as funds become available, to ensure that all capital outlay expenditures coincide with its continuous improvement plan, and to demonstrate fiscal responsibility to the citizens of the district.
- Bellevue CSD should develop a formal facilities master plan to document Bellevue CSD's long term facilities needs and requirements. The master plan should include a 10-year enrollment history; enrollment projections and the methodology used for their calculation; building capacity and the methodology used; a list of the cost estimates for needed capital

improvements; and a description of the district's educational plan. Developing a formal facilities master plan by using important data such as enrollment history, enrollment projections and building capacity will allow Bellevue CSD to effectively plan for future facility use.

- Bellevue CSD should adopt and implement a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they should be done annually. Bellevue CSD can use the enrollment projections to help project future state funding allocations, to complete financial forecasts, to determine the appropriate number of teachers to hire, and to evaluate building usage and capacity.
- Building capacity and utilization should be reviewed periodically in conjunction with enrollment projections to determine the appropriate number of school buildings and classrooms needed to house the current and projected student populations. A methodology that accounts for Bellevue CSD's needs, educational programs and philosophy should be adopted by the district and used to determine school building utilization at least every two to three years. The building capacity calculations should be reviewed and updated at least once every five years or when a change in building structure or educational philosophy occurs.
- Bellevue CSD should design an electronic work order request form that can be accessed by its employees via Intranet. The electronic format would allow the director of facilities and support services to receive work order requests immediately and could be used to develop comprehensive building repair records that are easily accessible.
- In addition to using the recommended electronic work order request form, Bellevue CSD should develop a work order log form to track maintenance requests and the time and resources used to complete each order. Bellevue CSD should also require the maintenance staff to document what repairs and tasks they have completed each day. The logs should be periodically reviewed by the supervisor of facilities and support services to monitor productivity and maintenance expenditures.
- Bellevue CSD should develop a structured maintenance and repair program for its facilities. The first step in developing a structured maintenance and repair program is the creation of an inventory of building components and their condition. The information gathered can be used by management to better identify maintenance needs, quantify deferred maintenance, determine capital improvement costs, and to set priorities. An inspection form should be developed and used to complete the inventory. The form will allow the inspectors to observe building components logically and record data uniformly. Bellevue CSD will also have to select an objective method for ranking maintenance projects and estimating costs.

Transportation

- Bellevue CSD should revise its fuel purchase process for District vehicles by either establishing an agreement with one or more local vendors to purchase fuel at a discounted rate or explore the option of entering into an agreement with another local government entity, such as the City of Bellevue, Huron County, or an adjacent school district for the procurement of all, or a portion, of the District's fuel. Exploring these options could help reduce fuel expenditures. Bellevue CSD could save approximately \$6,000 per year by contracting with a commercial vendor for fuel purchases.
- Bellevue CSD should explore options to lower special needs transportation costs, such as promoting the formation of parent/guardian contracts with the Transportation Department and maximizing the number of vans used to transport special needs students.

Summary of Financial Implications

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

Ref No.	Recommendations From all Sections	Cost Savings	Implementation Costs
	<i>Human Resources</i>		
R3.2	Reduction in one principal position	\$74,800	
R3.3	Reduction in other administrative personnel	\$46,300	
R3.4	Reduction in special education personnel	\$48,500	
R3.5	Consider eliminating the vocational education program with the highest deficit	\$47,000	
R3.6	Reduction in educational service personnel	\$158,200	
R3.7	Reduction in clerical personnel	\$59,600	
R3.11	Revise the sick leave conversion policy	\$53,500	
R3.12	Eliminate the retirement settlement plan	\$28,000	
	<i>Facilities</i>		
R4.6	Close one elementary school building	\$58,000	
R4.6	Eliminate one modular classroom unit	\$16,000	
	<i>Transportation</i>		
R5.1	Develop a three-tiered bus routing system and consolidate existing routes to reduce buses	\$60,000	
R5.2	Purchase bus routing software (see R5.1 for cost savings)		\$25,000
R5.3	Develop bidding procedures for fuel procurement	\$6,000	
	Total Financial Implications	\$655,900	\$25,000

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

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Financial Systems

Background

This section focuses on the financial systems within the Bellevue City School District (Bellevue CSD). The objective is to analyze the current financial condition of Bellevue CSD and develop recommendations for improvements and efficiencies. Comparisons will be made throughout the report to the following peer school districts: Shelby City School District (Shelby CSD), Van Wert City School District (Van Wert CSD), and Willard City School District (Willard CSD).

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

The Ohio Department of Education (ODE), in consultation with AOS, developed guidelines to identify fiscal practices that could lead to financial crisis if uncorrected. Prior to declaring fiscal caution, ODE consults with the school board. The school board is then required to provide a written proposal to ODE to correct the fiscal deficiencies and ODE may go on-site to provide technical assistance. Further examination by ODE and AOS that identify potential problems can initiate fiscal caution status. On February 8, 2002, Bellevue CSD was placed in fiscal caution due to its dependence on issuing debt to cover operating expenses. As a result, Bellevue CSD is required to provide a written proposal to ODE within 60 days that presents improvements for discontinuing or correcting the practices and conditions that led to fiscal caution status. Bellevue CSD sent a written proposal to ODE on March 28, 2002 that outlined how the District anticipates on removing itself from fiscal caution. However, ODE was not satisfied with Bellevue CSD's fiscal recovery plan because of the District's continued reliance on issuing debt to cover operations and the District's inability to maintain an unencumbered General Fund balance of two percent of revenue at year-end. As a result, Bellevue CSD is required to develop a financial recovery plan that will eliminate these two conditions.

Financial Operations

Bellevue CSD issued \$1.4 million in tax anticipation notes and cash flow borrowing notes in FY 2000-01 to achieve total revenues in excess of total expenditures. In contrast, the peer districts did not issue any debt to cover operations. Although Shelby CSD and Willard CSD's total expenditures

exceeded total revenues, Willard CSD did not place any new levies on the ballot in FY 2000-01 whereas Bellevue CSD placed two levies on the ballot, which both passed. Shelby CSD experienced a loss of local tax revenue in FY 2000-01 due to a large business reducing operations.

Table 2-1 shows selected discretionary expenditures by account from Bellevue CSD's FY 2000-01 General Fund. The expenditures are then calculated as a percentage of total General Fund expenditures, and compared with similar spending by the peer districts.

Table 2-1: Discretionary Expenditures

	Bellevue	Shelby	Van Wert	Willard	Peer Avg.
Prof. and Technical Services	0.68%	3.29%	0.39%	0.68%	1.45%
Property Services	1.72%	0.56%	1.99%	1.21%	1.25%
Mileage/Meeting Expense	0.25%	0.19%	0.40%	0.15%	0.25%
Communications	0.24%	0.27%	0.30%	0.18%	0.25%
Contract. Craft or Trade Service	0.00%	0.00%	0.01%	0.00%	<0.01%
Pupil Transportation Services	0.02%	0.01%	0.01%	0.69%	0.24%
Other Purchased Services	0.01%	0.00%	0.14%	0.04%	0.06%
General Supplies	1.29%	1.63%	1.71%	1.48%	1.61%
Textbooks/Reference Materials	0.31%	0.48%	0.60%	1.04%	0.70%
Supplies & Materials for Resale	0.35%	0.00%	0.29%	0.00%	0.10%
Food & Related Supplies	0.01%	0.01%	0.02%	0.00%	0.01%
Plant Maintenance and Repair	0.54%	1.04%	0.61%	0.58%	0.75%
Fleet Maintenance and Repair	0.64%	0.58%	0.32%	0.92%	0.61%
Other Supplies & Materials	0.00%	0.00%	0.02%	0.00%	0.01%
Land Improvements	0.00%	0.64%	0.00%	1.57%	0.73%
Equipment	0.38%	1.10%	0.59%	1.13%	0.94%
Buses/Vehicles	0.38%	0.00%	0.44%	0.49%	0.31%
Dues and Fees	1.19%	1.80%	1.57%	1.00%	1.45%
Insurance	0.06%	0.07%	0.05%	0.26%	0.13%
Awards and Prizes	0.00%	0.00%	0.01%	0.00%	<0.01%
Miscellaneous	0.01%	0.05%	0.11%	0.03%	0.06%
TOTAL	8.08%	11.72%	9.58%	11.43%	10.91%

Source: FY 2000-01 4502 Report

As shown in **Table 2-1**, Bellevue CSD's percentage of total discretionary spending (8.1 percent) was below the peer average (10.9 percent) by approximately 26 percent. Since the treasurer began working at Bellevue CSD in FY 2000-01, the District has done a good job in monitoring and controlling discretionary spending.

The financial forecast presented in **Table 2-2** represents the treasurer's projection of Bellevue CSD's present and future financial condition in the absence of significant increases in revenues or reductions in expenditures. The forecast and accompanying assumptions are the representations of Bellevue CSD and are presented without further verification. The projections, which incorporate the combined General and DPIA Funds, and that portion of the Debt Service Fund relating to General Fund obligations, are accompanied by three years of comparative historical results, general assumptions and explanatory comments. Assumptions that have a significant impact on Bellevue CSD's financial recovery, such as tax advances, income tax revenue, and salaries and wages, will be tested for reasonableness (See **R2.1** through **R2.5**).

Table 2-2: Bellevue City School District

	Actual 1999-00	Actual 2000-01	Actual 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07
Real Estate Property Tax	\$4,822,761	\$5,133,674	\$5,220,219	\$5,198,653	\$4,961,799	\$5,791,695	\$5,884,838	\$5,896,222
Tangible Personal Property Tax	1,723,325	1,904,478	1,865,290	1,840,209	1,832,283	1,855,960	1,879,993	1,879,993
Income Tax	0	0	73,914	908,000	1,491,840	1,488,060	1,488,060	1,488,060
Unrestricted Grants-in-Aid	6,033,240	6,273,004	6,757,878	6,612,472	6,678,597	6,745,383	6,812,837	6,880,965
Restricted Grants-in-Aid	35,460	39,139	165,005	288,554	403,757	523,757	643,757	643,757
Property Tax Allocation	580,242	635,506	669,974	670,000	670,000	670,000	670,000	670,000
Other Revenues	409,859	580,649	474,288	430,288	430,000	430,000	430,000	430,000
Total Operating Revenues	13,604,887	14,566,450	15,226,568	15,948,176	16,468,276	17,504,855	17,809,485	17,888,997
Salaries & Wages	9,060,233	9,488,963	9,531,553	10,011,365	10,441,525	11,005,475	11,555,749	12,133,538
Fringe Benefits	2,706,159	2,923,894	2,873,935	3,120,800	3,297,000	3,470,000	3,643,500	3,825,675
Purchased Services	1,153,059	1,295,325	1,472,773	1,512,000	1,562,510	1,609,385	1,657,667	1,707,397
Supplies, Materials & Textbooks	474,165	493,033	408,746	500,000	515,000	530,450	546,364	562,754
Capital Outlay	38,761	118,958	124,907	172,000	115,777	142,111	50,000	50,000
Other Expenditures	192,408	198,020	226,290	233,079	240,071	247,273	254,691	262,332
Interest on Loans	35,438	47,916	108,259	85,347	26,066	15,672	8,929	1,827
Total Operating Expenditures	13,660,223	14,566,109	14,746,463	15,634,591	16,197,949	17,020,366	17,716,900	18,543,523
Proceeds From Tax Anticipation	0	1,400,000	0	0	0	0	0	0
All Other Financing Sources	0	55,032	0	0	0	0	0	0
Other Note Payment	(28,480)	(143,041)	0	(12,000)	0	0	0	0
H.B. 264 Payment	0	0	(39,000)	0	0	0	0	0
Tax Anticipation Note Payments	(175,000)	(975,000)	(175,000)	(324,979)	(295,322)	(126,778)	(133,522)	(69,398)
Net Transfers/ Advances - In/Out	0	(8,430)	(1,182)	19,258	(5,000)	(5,000)	(5,000)	(5,000)
Net Financing	(203,480)	328,561	(215,182)	(317,721)	(300,322)	(131,778)	(138,522)	(74,398)
Results of Operations (Net)	(258,816)	328,902	264,923	(4,136)	(29,995)	352,711	(45,937)	(728,924)
Beginning Cash Balance	262,603	3,787	332,689	597,612	593,476	563,481	916,192	870,255
Ending Cash Balance	3,787	332,689	597,612	593,476	563,481	916,192	870,255	141,331
Outstanding Encumbrances	(54,829)	(217,716)	(96,775)	0 ¹	0 ¹	0 ¹	0 ¹	0 ¹
Ending Fund Balance	(\$51,042)	\$114,973	\$500,837	\$593,476	\$563,481	\$916,192	\$870,255	\$141,331

Source: Treasurer's Office

¹ Encumbrances are included within each expenditure line-item.

The financial projection in **Table 2-2** presents the expected revenues, expenditures and fund balance of the General Fund of Bellevue CSD for each of the fiscal years including June 30, 2003 through June 30, 2007, with historical (unaudited) information presented for the fiscal years ended June 30, 2000, 2001 and 2002. The General Fund financial data also includes those portions of the Debt Service Fund which are considered to be General Fund obligations.

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

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

- Bellevue CSD anticipates renewing its 1998 emergency levy and its 2001 emergency levy in FY 2002-03 and FY 2005-06, respectively. The forecast does not include any new levies.
- Real estate tax revenue is expected to slightly decrease in FY 2002-03 from FY 2001-02 and generate approximately \$5.2 million.
- Bellevue CSD receives property taxes from Huron, Erie, Sandusky and Seneca Counties. Reappraisal for Huron and Erie Counties was performed in 2000 with increases realized in taxes collected in 2001. The triennial update was performed in Sandusky County in 2000 with increases in the 2001 tax collection. The majority of Bellevue CSD's property value is in Sandusky and Huron Counties. Seneca County went through a reappraisal in 1999 with collection realized in 2000.
- Bellevue CSD received approximately \$823,000 in tax advances in FY 2000-01 and \$820,000 in FY 2001-02. Bellevue CSD's forecast includes a \$600,000 tax advance in FY 2002-03 and no further tax advances for the remaining years
- Tangible personal property tax is forecasted to increase by 1.5 percent each year.
- Bellevue CSD passed a 0.5 percent income tax levy in February 2001, which is anticipated to generate approximately \$1.2 million. Per conversations with the Ohio Department of Taxation, the forecast assumes a conservative estimate of five percent increase in the \$1.2 million projection (See **R2.1**).
- Per conversations with ODE, Bellevue CSD is forecasting a one percent increase in State Foundation revenue.
- Other operating revenues includes class fees, interest on investments, donations and tax abatements. FY 2000-01 includes \$116,000 tax abatement money received from the city of Bellevue for calendar year 1999 and 2000. All future years include one calendar year of abatement revenue.
- Reductions in force were made for FY 2001-02. Per negotiated agreements, Bellevue CSD granted 2.0 percent, 3.5 percent, and 4.5 percent salary increases in FY 2002-03, FY 2003-04 and FY 2004-05, respectively. Salaries and wages for FY 2005-06 and FY 2006-07 include a total cost increase of five percent each year. A calculation was made of eligible retirees during the forecasted years. The amount of possible severance payments is included in each year's calculation. No increase in substitution costs were forecasted for any year. The forecast includes a three percent increase in sick leave buyout costs per year.
- Retirement costs are based on negotiated salaries and wages for FY 2002-03 through FY 2004-05. In FY 2005-06 and FY 2006-07, retirement costs include a five percent increase each year. Insurance rate increases for FY 2002-03 are included in the forecast. FY 2003-04 through FY 2006-07 includes a five percent increase in insurance costs. Per Bellevue's

negotiated agreement, insurance increases above the caps are split 50 - 50 with the employee.

- Purchased services include a three percent increase for FY 2002-03 through FY 2006-07.
- Capital Outlay expenditures for FY 2001-02 include one bus and costs associated with setting up the IT and Cisco programs. FY 2002-03 includes a three-year lease of three buses, purchase of a van, continuation of several van leases, purchase of equipment, and a dump truck. FY 2003-04 and FY 2004-05 includes the continuation of these leases. (See **R2.4**).
- FY 2001-02 through FY 2003-04 shows the tax anticipation note payments of \$175,000 for each year. Another tax anticipation note was issued in April 2001. Principal payments for this note vary each year, but are approximately \$120,000 to \$130,000 per year beginning in FY 2001-02 and ending FY 2005-06 (See **R2.2** and **R2.3**).
- Interest and fiscal charges include the interest payments on the tax anticipation notes. The first tax anticipation note will be paid off in FY 2003-04 and the second tax anticipation note will be paid in full in FY 2005-06. This line item also includes the interest paid on both H.B. 264 notes. In FY 2003-04 and future years, the H.B. 264 principal and interest payments are forecasted to come out of the permanent improvement fund. (See **R2.2** and **R2.3**).

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

- All forecast assumption were tested; however, not all analysis on assumptions are included in the report because the assumptions appeared reasonable;
- Property Taxes;
- District purchases; and
- Food Service Operations.

General Recommendations

Financial Forecast

R2.1 Bellevue CSD should ensure the forecast's accompanying notes and assumptions include an adequate description of the District's income tax. The treasurer should consider including a table similar to Table 2-3 to explain how the income tax is being forecasted. In addition, Bellevue CSD should be held accountable for how the income tax revenue will be spent.

Bellevue CSD passed a 0.5 percent school district income tax effective January 1, 2001 that is expected to generate \$1.2 million. According to the treasurer, Bellevue CSD has obtained a time line from the Ohio Department of Taxation indicating average percentages that Bellevue CSD will receive during the 14 quarters the school district's income tax is effective. It will take 1.5 years (six quarters) from January 1, 2001, for Bellevue CSD to receive the full amount of taxes liable from the first year it is levied because of how the tax is collected. Bellevue CSD will receive its first income tax payment in April 2002, which is approximately 6.0 percent of the \$1.2 million income tax base. Bellevue CSD's income tax assumption states that the District is anticipating the income tax to generate an additional five percent of revenue from its original \$1.2 million estimate for FY 2003-04 through FY 2005-06. **Table 2-3** presents Bellevue CSD's forecasted income tax revenue for FY 2001-02 through FY 2005-06 (See **Table 2-2**).

Table 2-3: Forecasted Income Tax Revenue

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Income Tax Base	\$1,200,000	\$1,200,000	\$1,260,000	\$1,260,000	\$1,260,000	\$1,260,000
Average Percentage Received	6.0%	75.5%	118.4% ¹	118.1% ¹	118.1% ¹	118.1% ¹
Amount Reported in Forecast	\$72,000	\$906,000	\$1,491,840	\$1,488,060	\$1,488,060	\$1,488,060

Source: Bellevue Treasurer's Office and Ohio Department of Taxation

¹ Exceeds 100 percent because collections from previous quarters would be realized in this year.

Bellevue CSD did not specifically state to citizens how the revenue generated from the income tax levy would be spent. Instead, the District stated the money would be used to pay general operating expenses. Bellevue CSD is relying on its income tax revenue to help improve the District's financial position. Bellevue CSD has already borrowed \$600,000 against its income tax in FY 2000-01 and must repay the money over the next five years beginning in FY 2001-02. In addition, the income tax levy needs to be renewed in FY 2005-06.

Since the citizens placed confidence in Bellevue CSD by passing a 0.5 percent income tax levy, Bellevue CSD should be held accountable for how the income tax revenue will be allocated and spent. Bellevue CSD should accomplish this by providing a breakdown of how the income tax revenue will be allocated and spent in the budgetary process. Based on the District's forecast presented in **Table 2-2** and the financial recovery plan presented in **Table 2-10**, Bellevue CSD could potentially finish FY 2002-03 through FY 2006-07 with a significantly large ending balance. As a result, Bellevue CSD should consider directing the money generated from the income tax levy to help fund necessary capital improvements and to resources that impact the direct instruction of students. By being accountable through showing how the income tax revenue is spent to citizens, Bellevue CSD would potentially be more successful in renewing the income tax levy after it expires.

R2.2 Bellevue CSD should correct the historical portion of its other financing sources within the five-year forecast to more adequately disclose the amount and types of debt outstanding. In addition, the forecast should show how much principal and interest Bellevue CSD is paying for each type of debt per fiscal year. Furthermore, the notes of the financial forecast should include a more detailed explanation of why and when the District issues debt and which fund or funds will be used to repay the debt.

Based on the assumptions and notes to the forecast, Bellevue CSD currently has two tax anticipation notes outstanding, two H.B.264 notes outstanding, and a technology lease outstanding. However, as shown in **Table 2-2**, it is difficult to determine when each type of debt was issued and how much was issued. Therefore, Bellevue CSD should consider correcting the other financing sources section of the forecast by separating the proceeds received from each type of debt into its own line item (See **Table 2-2**). In addition, Bellevue CSD's forecast should also separate the amount paid for principal and interest for each type of debt paid out of the General Fund as shown in **Table 2-2**. The table shows the annual debt service requirement in each issue for the forecasted period. The forecast assumes Bellevue CSD will pay debt obligations as they come due. Outstanding debt balances are as of April 16, 2002. **Table 2-4** shows the portion of Bellevue CSD's debt paid from the General Fund.

Table 2-4: Debt Service - General Fund

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Tax Anticipation Note 1998	\$175,000	\$175,000	\$175,000	\$0	\$0	\$0
Tax Anticipation Note 2001	\$0	\$149,979	\$120,322	\$126,778	\$133,522	\$69,398
H.B 264 (High School)	\$39,000	\$39,000	\$0	\$0	\$0	\$0
H.B. 264 (Multiple Buildings)	\$0	\$0	\$0	\$0	\$0	\$0
Technology Lease	\$43,132	\$0	\$0	\$0	\$0	\$0
Total Principal	\$257,132	\$363,979	\$295,322	\$126,778	\$133,522	\$69,398
Interest - 1998 Tax Anticipation Note	\$19,688	\$11,813	\$3,938	\$0	\$0	\$0
Interest - 2001 Tax Anticipation Note	\$34,607	\$29,090	\$22,128	\$15,672	\$8,929	\$1,827
H.B. 264 (High School)	\$7,408	\$5,302	\$0	\$0	\$0	\$0
H.B. 264 (Multiple Buildings)	\$46,556	\$39,140	\$0	\$0	\$0	\$0
Total Interest	\$108,259	\$85,345	\$26,066	\$15,672	\$8,929	\$1,827
Total Debt Service - General Fund	\$365,391	\$449,324	\$321,388	\$142,450	\$142,451	\$71,225

Source: Bellevue CSD treasurer's office

School districts can borrow monies in anticipation of taxes that will be generated by the passage of a tax levy. Bellevue CSD issued \$700,000 in tax anticipation notes in October 1999 and is required to repay a portion of that amount each year until FY 2003-04. Bellevue CSD issued an additional \$600,000 in tax anticipation notes against its income tax in April 2001 and is required to repay a portion of that amount each year until FY 2005-06. Bellevue CSD also issued \$800,000 in cash flow borrowing notes in FY 2000-01 to cover operating expenses. The entire amount of the note was repaid on June 28, 2001.

The H.B. 264 energy conservation notes are authorized by legislation to be issued for the sole purpose of making capital improvements which result in energy efficiencies. Under this program, Bellevue CSD borrowed approximately \$1.7 million in February 1997. In FY 2003-04 and future years, the H.B. 264 principal and interest payments are forecasted to come out of the Permanent Improvement Fund instead of the General Fund (See **Table 2-4**). The combined total outstanding balance on the H.B. 264 debt is approximately \$1.1 million.

Table 2-5 presents Bellevue CSD's debt service obligations paid from its permanent improvement levy, which generates approximately \$506,000 annually.

Table 2-5: Debt Service - Permanent Improvement Fund

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
H.B 264 (High School)	\$0	\$0	\$39,000	\$39,695	\$0	\$0
H.B 264 (Multiple Buildings)	\$140,000	\$148,000	\$157,000	\$166,000	\$176,000	\$187,000
Technology Lease	\$309,810	\$369,350	\$288,238	\$0	\$0	\$0
Total Principal	\$449,810	\$517,350	\$484,238	\$205,695	\$176,000	\$187,000
H.B. 264 (High School)	\$0	\$0	\$3,196	\$1,071	\$0	\$0
H.B. 264 (Multiple Buildings)	\$0	\$0	\$31,286	\$22,969	\$14,162	\$4,815
Technology Lease	\$40,190	\$23,782	\$6,611	\$0	\$0	\$0
Total Interest	\$40,190	\$23,782	\$41,093	\$24,040	\$14,162	\$4,815
Total Debt Service	\$490,000	\$541,132	\$525,331	\$229,735	\$190,162	\$191,815

Source: Treasurer's Office

As shown in **Table 2-5**, Bellevue CSD entered into a technology lease in December 1998 and pays the associated principal and interest from its Permanent Improvement Fund. The technology lease will mature in FY 2003-04. In addition, beginning in FY 2003-04, Bellevue CSD will pay all of its H.B.264 debt from the Permanent Improvement Fund.

Table 2-6 shows Bellevue CSD's total debt service obligations from its General Fund and Permanent Improvement Fund.

**Table 2-6: Total Debt Service
General Fund & Permanent Improvement Fund**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Tax Anticipation Note 1998	\$175,000	\$175,000	\$175,000	\$0	\$0	\$0
Tax Anticipation Note 2001	\$0	\$149,979	\$120,322	\$126,778	\$133,522	\$69,398
H.B 264 (High School)	\$39,000	\$39,000	\$39,000	\$39,695	\$0	\$0
H.B 264 (Multiple Buildings)	\$140,000	\$148,000	\$157,000	\$166,000	\$176,000	\$187,000
Technology Lease	\$352,942	\$369,350	\$288,238	\$0	\$0	\$0
Total Principal	\$706,942	\$881,329	\$779,560	\$332,473	\$309,522	\$256,398
Interest - 1998 Tax Anticipation Note	\$19,688	\$11,813	\$3,938	\$0	\$0	\$0
Interest - 2001 Tax Anticipation Note	\$34,607	\$29,090	\$22,128	\$15,672	\$8,929	\$1,827
H.B. 264 (High School)	\$7,408	\$5,302	\$3,196	\$1,071	\$0	\$0
H.B. 264 (Multiple Buildings)	\$46,556	\$39,140	\$31,286	\$22,969	\$14,162	\$4,815
Technology Lease	\$40,190	\$23,782	\$6,611	\$0	\$0	\$0
Total Interest	\$148,449	\$109,127	\$67,159	\$39,712	\$23,091	\$6,642
Total Debt Service	\$855,391	\$990,456	\$846,719	\$372,185	\$332,613	\$263,040

Source: Treasurer's Office

As shown in **Table 2-6**, Bellevue CSD's total debt service obligations for the General Fund and the Permanent Improvement Fund vary from year to year, with future years' debt service obligations decreasing. However, since Bellevue CSD has various types of debt outstanding, the treasurer should consider preparing a supporting debt service table as shown in **Table 2-4** through **Table 2-6** to better inform the users of the financial forecast of the District's debt service requirements. These tables should accompany the five-year forecast to provide Bellevue CSD's management with sound and detailed information on which to base their decisions about the District's current debt outstanding. Furthermore, the notes of the financial forecast should include a more detailed explanation of why and when the District issues debt and which fund or funds will be used to repay the debt.

R2.3 Bellevue CSD should avoid issuing debt to cover operating expenses. Instead, Bellevue CSD should closely examine the cost savings identified throughout this performance audit to reduce and better control certain expenditures. In addition, Bellevue CSD should avoid borrowing against its future income tax revenue to cover current operating expenditures.

The practice of issuing debt to cover operating expenditures is a poor cash management practice because Bellevue CSD is borrowing against future revenue to pay current operating expenditures. As a result, Bellevue CSD is not effectively managing current revenues to meet current operating expenditures and is incurring interest costs that could otherwise be spent on instructional activities and capital projects. Historically, Bellevue CSD has relied on issuing debt to help the District cover its operating expenditures. Recently, in FY 2000-01, Bellevue CSD issued \$800,000 in cash flow borrowing notes and \$600,000 in tax anticipation notes against its income tax. Bellevue CSD repaid the cash flow borrowing notes by the end of FY 2000-01. In addition, the District is required to repay a portion of the tax anticipation notes each year until FY 2005-06. By the time Bellevue CSD repays the 2001 tax anticipation notes, the District will have paid approximately \$112,000 in interest costs.

R2.4 Bellevue CSD should formally outline how the capital outlay expenditures funded from the General Fund and permanent improvement levy will be spent. In addition, Bellevue CSD should ensure that all capital outlay expenditures coincide with the District's continuous improvement plan.

According to the five-year forecast, Bellevue CSD has projected \$142,000, \$50,000 and \$50,000 for capital outlay expenditures in FY 2004-05, FY 2005-06 and FY 2006-07, respectively to be paid from the General Fund. These projections are significantly less than the District's original forecast, which projected \$600,000 and \$500,000 for capital outlay expenditures in FY 2004-05 and FY 2005-05, respectively. Bellevue CSD had to revise its five-year forecast for capital outlay when the District granted salary increases of two percent, 3.5 percent, and 4.5 percent for FY 2002-03, FY 2003-04, and FY 2004-05, respectively, to all District employees. However, as shown in Bellevue CSD's forecast (**Table 2-2**) and the financial recovery plan (**Table 2-10**), the District could potentially end each forecasted year with significantly large positive fund balances. If Bellevue CSD achieves these positive ending fund balances, the District should ensure sufficient funds are allocated for capital outlay expenditures.

Bellevue CSD is anticipating funding additional capital outlay expenditures from its permanent improvement levy, which generates approximately \$506,000 annually. However, the entire \$506,000 will not be available solely for capital expenditures. Bellevue CSD has already designated approximately \$230,000, \$190,000 and \$192,000 of its permanent improvement levy revenue in FY 2004-05, FY 2005-06 and FY 2006-07, respectively, to pay its H.B. 264 debt and technology lease obligations. In addition, Bellevue CSD will have to be successful in renewing the levy in 2005 to be able to make any capital improvements in future years. Although Bellevue CSD has a basic idea of how the monies will be spent, the District has not specifically outlined how the money will be spent. Therefore, Bellevue CSD should ensure that all capital outlay expenditures are made in accordance with the District's continuous improvement plan. (See **R4.2**)

R2.5 The five-year forecast and the accompanying assumptions or notes should be expanded and consistently present more detailed historic and projected information and explanatory comments. By providing more detail in the forecast and its supporting notes, the Board and the public will better understand the financial condition of Bellevue CSD.

A forecast is a management tool developed by the treasurer with the assistance of other management within the school district. Assumptions are informed estimates developed by the appropriate management within each district and communicated to the Board. Since assumptions can change based upon economic conditions, the forecast should be considered a working document that can be altered if the ending result is considered significantly different as time progresses throughout the fiscal year. Although Bellevue CSD includes assumptions and notes to its five-year financial forecast, the assumptions and notes do not provide adequate disclosure regarding the following factors that have an impact on the forecast:

- Historic and projected inflation rates;
- Actual results of the three most recent fiscal years, for comparison, with explanation of significant variances between forecasted and actual amounts;
- Comparable external averages and benchmarks and internal financial objectives;
- Historic and projected enrollment and Average Daily Membership;
- Information about facility utilization (anticipated building closures or need for additional lease space or purchase of portable classroom units);
- Detailed description of the components of state foundation revenues;
- Historic and projected staffing by position;
- Historic and projected expenditures for main components of purchased services, materials and supplies, and other expenditures, specifically amounts fulfilling minimum state requirements;
- Description of projected capital outlay expenditures, identifying amounts related to routine maintenance, specific projects and fulfilling minimum state requirements (See **R2.5**);
- More detailed description of debt service obligation (See **R2.2** and **R2.3**); and
- Impact of outstanding encumbrances at year-end.

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

The treasurer shares the financial forecast with the District's finance committee monthly. However, the treasurer does not formally update the forecast each month unless a material change occurred. Instead, the treasurer shares any changes that have occurred with the finance committee and reports revenue and expenditure year-to-date information, along with revenue and expenditure estimates of how the District will end the year.

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

Revenue & Expenditure Analysis

R2.6 Bellevue CSD should closely examine the spending patterns indicated in Table 2-8 and Table 2-9 and consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the student's education and proficiency test results. Furthermore, Bellevue CSD should analyze the cost reductions recommended in the human resource, facilities and transportation sections of this report to aid Bellevue CSD's efforts to regain financial stability without issuing more debt or placing a new levy on the ballot.

The allocation of resources between the various functions of a school district is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be evaluated and prioritized. Analyzing the spending patterns between the various functions should indicate where the priorities of the school board and management are placed. In addition, analyzing the number of ODE's 27 performance standards a school district meets should also correlate to the school district's spending patterns. Ohio law calls for each school district to receive a performance accountability rating based on 27 performance standards. These 27 standards are minimum performance goals for public education in Ohio. **Table 2-7** presents the number of performance standards Bellevue CSD and the peers met in FY 1998-99, FY 1999-00 and FY 2000-01.

Table 2-7: ODE Performance Standards Comparison

# of 27 Performance Standards Met	Bellevue	Shelby	Van Wert	Willard	Peer Average
FY 1998-99	15	16	15	14	15.0
FY 1999-00	14	17	18	17	17.3
FY 2000-01	16	19	19	17	18.3

Source: ODE report cards

As shown in **Table 2-7**, Bellevue CSD was the only district that met fewer performance standards in FY 1999-00 than in FY 1998-99. In addition, for FY 1999-00 and FY 2000-01, Bellevue met fewer performance measures than the peers. Although school districts meeting 14 to 25 standards are rated as continuous improvement, Bellevue CSD is close to being rated as a school district in academic watch.

Table 2-8 and **Table 2-9** show the amount of expenditures posted to the various USAS function codes for Bellevue CSD and the peer districts. Function codes are designed to report expenditures by their nature or purpose. **Table 2-8** shows the operational expenditures per pupil and percentage of operational expenditures by function for all funds which are classified as governmental fund types. Governmental funds are used to account for a district's governmental-type activities.

Table 2-8: Governmental Funds Operational Expenditures by Function

USAS Function Classification	Bellevue		Shelby		Van Wert		Willard		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instruction Expenditures	\$4,232	58.7%	\$3,956	57.4%	\$3,860	62.9%	\$3,256	55.5%	\$3,690	58.6%
Regular Instruction	\$3,130	43.4%	\$3,113	45.2%	\$3,163	51.5%	\$2,658	45.3%	\$2,978	47.3%
Special Instruction	\$867	12.0%	\$636	9.2%	\$544	8.9%	\$440	7.5%	\$539	8.6%
Vocational Instruction	\$208	2.9%	\$183	2.7%	\$49	0.8%	\$99	1.7%	\$110	1.7%
Adult/Continuing Inst.	\$3	<0.1%	\$0	0%	\$0	0%	\$2	<0.1%	\$1	<0.1%
Other Instruction	\$24	0.3%	\$24	0.3%	\$104	1.7%	\$57	1.0%	\$62	1.0%
Support Services Exp.	\$2,647	36.7%	\$2,636	38.2%	\$2,054	33.5%	\$2,339	39.8%	\$2,338	37.2%
Pupil Support	\$337	4.6%	\$415	6.0%	\$218	3.6%	\$289	4.9%	\$306	4.9%
Instructional Support	\$469	6.5%	\$554	8.0%	\$397	6.5%	\$546	9.3%	\$498	7.9%
Board of Education	\$7	0.1%	\$11	0.1%	\$9	0.1%	\$62	1.1%	\$27	0.4%
Administration	\$573	8.0%	\$537	7.8%	\$534	8.7%	\$567	9.7%	\$546	8.7%
Fiscal Services	\$201	2.8%	\$204	3.0%	\$166	2.7%	\$136	2.3%	\$168	2.7%
Business Services	\$5	0.1%	\$0	0%	\$0	0%	\$25	0.4%	\$8	0.1%
Plant Operation/Maint.	\$685	9.5%	\$593	8.6%	\$537	8.8%	\$449	7.6%	\$526	8.4%
Pupil Transportation	\$369	5.1%	\$318	4.6%	\$137	2.2%	\$263	4.5%	\$238	3.8%
Central Support Services	<\$1	<0.1%	\$4	0.1%	\$56	0.9%	\$2	<0.1%	\$21	0.3%
Non-Instructional Services Expenditures	\$65	0.9%	\$62	0.9%	\$20	0.3%	\$39	0.7%	\$40	0.6%
Extracurricular Activities Expenditures	\$262	3.7%	\$241	3.5%	\$199	3.3%	\$239	4.0%	\$226	3.6%
Total Operating Expenditures	\$7,206	100%	\$6,895	100%	\$6,133	100%	\$5,872	92.9%	\$6,294	100%

Source: Bellevue CSD, Shelby, Van Wert, and Willard 4502s

According to **Table 2-8**, Bellevue CSD total per pupil operating expenditures (\$7,206) were the highest among the peer districts and approximately 14.5 percent higher than the peer average. However, most of these expenditures are attributed to high instructional costs in the areas of special instruction and vocational education. In addition, as shown in **Table 2-8**, Bellevue CSD is meeting fewer performance standards and is spending more per pupil than the peer districts.

As discussed in the **human resources, facilities, and transportation** sections of this report, recommendations were made to reduce staffing, close one elementary building, and reduce buses by developing a three-tiered bus routing system and consolidating existing routes. These recommendations, if implemented, could potentially reduce expenditures and are further supported by the analysis in **Table 2-8** which shows the following:

- Bellevue spent \$867 per student on special instruction, which is approximately 61.0 percent higher than the peer average (\$539); (See **R3.4**)
- Bellevue spent \$208 per student on vocational education, which is approximately 89 percent higher than the peer average (\$110). (See **R3.5**)

- Bellevue spent \$685 per student on plant operation and maintenance costs, which is approximately 30.2 percent higher than the peer average (\$526). (See **R4.1** and **R4.6**)
- Bellevue spent \$369 per student on pupil transportation costs, which is approximately 55.0 percent higher than the peer average (\$238). (See **R5.1** and **R5.2**)

Table 2-9 shows the total expenditures of the governmental funds, including facilities acquisition and construction expenditures, and debt services expenditures.

Table 2-9: Total Governmental Fund Expenditures by Function

USAS Function Classification	Bellevue		Shelby		Van Wert		Willard		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Total Governmental Funds Operational Expenditures	\$7,206	91.9%	\$6,896	97.3%	\$6,133	98.7%	\$5,872	92.9%	\$6,294	96.4%
Facilities Acquisition & Construction Expenditures	\$0	0%	\$112	1.6%	\$82	1.3%	\$167	2.7%	\$120	1.8%
Debt Service Expenditures	\$634	8.1%	\$79	1.1%	\$0	0%	\$281	4.4%	\$119	1.8%
Total Governmental Funds Operational Expenditures	\$7,840	100%	\$7,087	100%	\$6,215	100%	\$6,320	100%	\$6,533	100%

Source: FY 2000-01 4502

Table 2-9 shows the peer pupil operational expenditures, facilities acquisition and construction, and debt service for all governmental funds, as well as the percentage of these categories to total governmental fund expenditures. Bellevue CSD’s operational expenditure percentage of 91.9 percent is approximately 4.6 percent lower than the peer average of 96.4 percent. Bellevue CSD did not have any capital outlay expenditures for FY 2000-01. However, Bellevue CSD’s debt service expenditure per pupil (\$634) is significantly higher than the peer average (\$119). Bellevue CSD’s high debt service expenditures are directly related to Bellevue CSD’s reliance on issuing debt to cover the costs of operations (See **R2.2** and **R2.3**).

Financial Recovery Plan

R2.7 Bellevue CSD should analyze and use the financial recovery plan outlined in Table 2-10 to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on Bellevue CSD's financial condition. Due to negotiated salary increases in the union contracts that occurred during the course of this performance audit, the forecast prepared by Bellevue CSD (see Table 2-2) would result in less money being allocated to capital outlay. Therefore, Bellevue CSD should consider implementing the recommendations in this performance audit to avoid delaying any necessary capital improvements. In addition, Bellevue CSD should update the financial recovery plan on an ongoing basis as critical financial issues are addressed.

Table 2-10 is being presented as a potential financial forecast for Bellevue CSD management to use to assess the financial condition of the district. It is a management tool to be utilized to assess the impact that implementation of the various performance audit recommendations will have on Bellevue CSD's financial condition. The forecast presented contains the same financial projections as presented in Table 2-2 with additional lines including the financial implications and implementation costs associated with the performance audit recommendations. In addition, Table 2-10 shows a better presentation of Bellevue CSD's historical and future debt obligations (see R2.2).

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

The performance audit recommendations presented in Table 2-10A are broken down into two categories; those recommendations subject to negotiation and those recommendations not subject to negotiation. Table 2-10B presents the implementation costs associated with various recommendations contained within the performance audit.

For Bellevue CSD to achieve and maintain financial stability, it will be necessary to make difficult management decisions. This performance audit provides a series of ideas and recommendations which Bellevue CSD should consider. However, this audit is not all inclusive, and other cost savings and revenue enhancements should be explored and incorporated into the financial recovery plan of Bellevue CSD. In addition, Bellevue CSD should closely monitor the effect of the recent salary increases granted to District employees by updating the forecast on a frequent basis. Management should ensure the District is allocating sufficient funds for capital outlay and purchased services throughout the forecast

and that when additional funds become available, these funds are allocated to resources and programs that are related to the direct instruction of students.

Table 2-10: Proposed Financial Recovery Plan (Amounts in 000's)

	Actual 1999-00	Actual 2000-01	Actual 2001-02	Forecast 2002-03	Forecast 2003-04	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07
Real Estate Property Tax	\$4,822,761	\$5,133,674	\$5,220,219	\$5,198,653	\$4,961,799	\$5,791,695	\$5,884,838	\$5,896,222
Tangible Personal Property Tax	1,723,325	1,904,478	1,865,290	1,840,209	1,832,283	1,855,960	1,879,993	1,879,993
Income Tax	0	0	73,914	908,000	1,491,840	1,488,060	1,488,060	1,488,060
Unrestricted Grants-in-Aid	6,033,240	6,273,004	6,757,878	6,612,472	6,678,597	6,745,383	6,812,837	6,880,965
Restricted Grants-in-Aid	35,460	39,139	165,005	288,554	403,757	523,757	643,757	643,757
Property Tax Allocation	580,242	635,506	669,974	670,000	670,000	670,000	670,000	670,000
Other Revenues	409,859	580,649	474,288	430,288	430,000	430,000	430,000	430,000
Total Operating Revenues	13,604,887	14,566,450	15,226,568	15,948,176	16,468,276	17,504,855	17,809,485	17,888,997
Salaries & Wages	9,060,233	9,488,963	9,531,553	10,011,365	10,441,525	11,005,475	11,555,749	12,133,538
Fringe Benefits	2,706,159	2,923,894	2,873,935	3,120,800	3,297,000	3,470,000	3,643,500	3,825,675
Purchased Services	1,153,059	1,295,325	1,472,773	1,512,000	1,562,510	1,609,385	1,657,667	1,707,397
Supplies, Materials & Textbooks	474,165	493,033	408,746	500,000	515,000	530,450	546,364	562,754
Capital Outlay	38,761	118,958	124,907	172,000	115,777	142,111	50,000	50,000
Other Expenditures	192,408	198,020	226,290	233,079	240,071	247,273	254,691	262,332
Interest on Loans	35,438	47,916	108,259	85,347	26,066	15,672	8,929	1,827
Performance Recommendations	0	0	0	(655,900)	(669,460)	(687,502)	(700,072)	(717,220)
Implementation Costs	0	0	0	25,000	0	0	0	0
Total Operating Expenditures	13,660,223	14,566,109	14,746,463	15,003,691	15,528,489	16,332,864	17,016,828	17,826,303
Proceeds From Tax Anticipation	0	1,400,000	0	0	0	0	0	0
All Other Financing Sources	0	55,032	0	0	0	0	0	0
Other Note Payment	(28,480)	(143,041)	0	(12,000)	0	0	0	0
H.B. 264 Payment	0	0	(39,000)	0	0	0	0	0
Tax Anticipation Note Payments	(175,000)	(975,000)	(175,000)	(324,979)	(295,322)	(126,778)	(133,522)	(69,398)
Net Transfers/ Advances - In/Out	0	(8,430)	(1,182)	19,258	(5,000)	(5,000)	(5,000)	(5,000)
Net Financing	(203,480)	328,561	(215,182)	(317,721)	(300,322)	(131,778)	(138,522)	(74,398)
Results of Operations (Net)	(258,816)	328,902	264,923	626,764	639,465	1,040,213	654,135	(11,704)
Beginning Cash Balance	262,603	3,787	332,689	597,612	1,224,376	1,863,841	2,904,054	3,558,189
Ending Cash Balance	3,787	332,689	597,612	1,224,376	1,863,841	2,904,054	3,558,189	3,546,485
Outstanding Encumbrances	(54,829)	(217,716)	(96,775)	0 ¹	0 ¹	0 ¹	0 ¹	0 ¹
Ending Fund Balance	(\$51,042)	\$114,973	\$500,837	\$1,224,376	\$1,863,841	\$2,904,054	\$3,558,189	\$3,546,485

Source: Treasurer's Office and recommendations from entire performance audit

¹ Encumbrances are included within each expenditure line-item.

Table 2-10A details those performance audit recommendations reflected in the forecast in Table 2-12 and are further divided into categories requiring negotiation and those not requiring negotiation.

Table 2-10A: Summary of Performance Audit Recommendations

Recommendations	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
RECOMMENDATIONS INCLUDED IN FORECAST (Table 2-10):					
Recommendations Not Subject to Negotiation:					
R3.2 Reduction of one principal position	\$74,800	\$77,418	\$80,902	\$83,329	\$85,829
R3.3 Reduction in other administrative personnel	\$46,300	\$47,921	\$50,077	\$51,579	\$53,127
R3.4 Reduction in special education personnel	\$48,500	\$50,198	\$52,456	\$54,030	\$55,651
R3.5 Eliminate the vocational education program with the highest deficit	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000
R3.6 Reduction in educational service personnel	\$158,200	\$163,737	\$171,105	\$176,238	\$181,525
R3.7 Reduction in clerical personnel	\$59,600	\$61,686	\$64,462	\$66,396	\$68,388
R4.6 Close one elementary building	\$58,000	\$58,000	\$58,000	\$58,000	\$59,740
R4.6 Eliminate one modular classroom unit	\$16,000	\$16,000	\$16,000	\$16,000	\$16,480
R5.1 Develop three-tiered bus routing system and consolidate existing routes to reduce buses (R5.2)	\$60,000	\$60,000	\$60,000	\$60,000	\$61,800
F5.3 Develop bidding procedures for fuel procurement	\$6,000	\$6,000	\$6,000	\$6,000	\$6,180
Total Recommendations Not Subject to Negotiation:	\$574,400	\$587,960	\$606,002	\$618,572	\$635,720
Recommendations Subject to Negotiation					
R3.10 Revise the sick leave conversion policy	\$53,500	\$53,500	\$53,500	\$53,500	\$53,500
B3.11 Eliminate the retirement settlement plan	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000
Total Recommendations Subject to Negotiation	\$81,500	\$81,500	\$81,500	\$81,500	\$81,500
Total Recommendations Included in Forecast	\$655,900	\$669,460	\$687,502	\$700,072	\$717,220

Source: Financial Implications Summaries for all sections of this performance audit report

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

Table 2-10B: Implementation Costs

Recommendation Implementation Costs	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
R5.2 Purchase bus routing software	\$25,000	\$0	\$0	\$0	\$0
Total Recommendation Implementation Costs	\$25,000	\$0	\$0	\$0	\$0

Source: Financial Implications Summaries for all sections of this performance audit report

Conclusion Statement

Although the current management of the Bellevue CSD has been very proactive in managing the District's fiscal caution status by monitoring and controlling expenditure levels and obtaining a better understanding of the District's financial situation, salary increases were granted during the course of this performance audit due to union contract renegotiations. The negotiated increases have a material impact on the five-year forecast in salaries and fringe benefits causing less money to be allocated to capital outlay and purchased services in future years. Therefore, Bellevue CSD should consider implementing the recommendations in this performance audit to avoid delaying any necessary capital projects. In general, Bellevue CSD's financial difficulties can be directly attributed to a historical pattern of expenditures exceeding revenues, which has caused the District to issue debt to cover operating expenditures. As a result, Bellevue CSD has encountered cash flow problems related to its high debt-related expenditures.

In comparison to the peer districts, Bellevue CSD has the highest instruction expenditures, which is attributed to high costs for special education and vocational education. In addition to high costs for instruction expenditures, Bellevue CSD's support service expenditures are the highest among the peer school districts and are the result of the high costs for plant operation and maintenance, and transportation. Therefore, Bellevue CSD should analyze the recommendations proposed throughout this performance audit to assist in reducing these expenditures.

Bellevue CSD is anticipating using its income tax revenue to help improve the District's financial position. The income tax became effective January 1, 2001 with the first collection realized in April 2002. Bellevue CSD is also anticipating renewing or replacing the income tax levy when it expires in FY 2005-06. Although Bellevue CSD did not specifically state to citizens how the income tax revenue would be spent, Bellevue CSD management should show citizens specifically how the District is spending its income tax revenue. By being accountable to citizens through showing how the income tax revenue is spent, Bellevue CSD would potentially be more successful in renewing or replacing this funding source.

The current treasurer has done a good job in obtaining the most recent information from ODE, the Department of Taxation and the county auditors to include in the five-year forecast. However, the current five-year forecast's format, as well as its accompanying notes and assumptions, does not present a clear picture of Bellevue CSD's financial situation. For example, Bellevue CSD's assumptions and notes for its income tax revenue and its debt obligations should be expanded to present a more clear understanding of how the income tax and debt obligations affect the five-year forecast.

Bellevue CSD needs to continue taking action to control and where possible, reduce operating expenditures. In addition, Bellevue CSD should discontinue its practice of issuing debt to cover operating expenditures. Developing and maintaining a balanced budget will require important management decisions be made to ensure available resources are allocated and accounted for in a

manner which supports educational goals and established objectives. Bellevue CSD management is encouraged to evaluate the recommendations contained within this performance audit, as well as other cost saving possibilities, as they formulate a financial recovery plan for Bellevue CSD.

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Human Resources

This section of the report focuses on various human resources operations within Bellevue City School District (Bellevue CSD). Comparisons will be made throughout this section of the report to the following peer school districts: Shelby City School District (Shelby CSD), Van Wert City School District (Van Wert CSD) and Willard City School District (Willard CSD). Bellevue CSD's peers were identified based upon comparable districts identified by the Ohio Department of Education, review of various demographic information and input from the Bellevue CSD personnel. Furthermore, these peer districts also demonstrated report card standards equal to or greater than those of Bellevue CSD. Best practices data will also be used from the Ohio Department of Education (ODE), the State Employee Relations Board (SERB) and other school districts for additional comparisons throughout the human resources section of the report.

Organizational Function

Bellevue CSD does not have a separate department dedicated to performing human resources functions. The primary human resources responsibilities are completed by the superintendent and the assistant superintendent. The primary human resources responsibilities include the following: coordinating the activities and programs for the recruitment and selection of employees; monitoring compliance with employment standards (criminal background checks and teaching certifications); facilitating employee performance evaluations; administering and monitoring grievance policies and procedures; negotiating and administering union contracts; conducting disciplinary hearings; maintaining personnel files; placing selected substitutes; and participating in new employee orientations. Assistance is also obtained from the treasurer's office which administers the health insurance plans for all employees within Bellevue CSD.

Staffing

Table 3-1 illustrates the actual staffing levels at Bellevue CSD and the peer districts during FY 2000-01 as reported in the Educational Management Information System (EMIS). Adjustments were made to the corresponding EMIS reports based upon interviews with the appropriate district personnel.

Table 3-1: FTE Staffing Levels for FY 2000-01

Category	Bellevue	Shelby	Van Wert	Willard	Peer Average
Administrators: Subtotal	16.5	12.7	12.9	11.0	12.3
Central Based Administrators	3.0	3.0	2.0	3.0	2.7
Site Based Administrators	10.5	8.0	10.9	8.0	9.0
Other Administrators	3.0	1.7	0.0	0.0	0.6
Professional Education: Subtotal	158.9	157.2	158.1	145.7	153.8
Curriculum Specialists	0.0	0.0	0.0	2.0	0.7
Counseling	4.0	5.0	4.0	5.0	4.7
Librarian / Media	2.0	3.0	2.0	2.0	2.3
Remedial Specialists	1.0	5.2	4.3	4.5	4.7
Regular Education Teachers	107.7	110.8	105.5	99.5	105.3
Special Education Teachers	27.0	17.2	18.3	14.0	16.5
Vocational Education Teachers	7.0	6.0	3.0	4.0	4.3
Tutor / Small Group Instructor	0.0	0.0	5.0	0.0	1.7
Educational Service Personnel ¹	10.2	10.0	13.0	14.7	12.6
Other Professional	0.0	0.0	3.0	0.0	1.0
Professional - Other	6.6 ²	3.4	2.3	5.0	3.6
Technical: Subtotal	4.7	5.0	1.0	3.0	3.0
Computer Operator	1.0	0.0	0.0	1.0	0.3
Library Technician	0.0	0.0	0.0	1.0	0.3
Library Aide	3.7 ³	5.0	0.0	0.0	1.7
Other Technical	0.0	0.0	1.0	1.0	0.7
Office / Clerical: Subtotal	32.2	32.3	39.5	41.8	37.9
Bookkeeping	2.0	3.0	2.0	0.0	1.7
Clerical	16.2	12.5	11.5	15.0	13.0
Messenger	1.0	0.0	0.0	0.0	0.0
Teaching Aide	12.1	16.8	26.0	26.8	23.2
Other Office / Clerical	0.9	0.0	0.0	0.0	0.0
Crafts / Trades	6.0	3.3	0.0	5.0	2.8
Transportation	11.3	8.8	5.0	9.8	7.9
Custodial	14.9	13.9	14.3	12.0	13.4
Food Service	15.6	20.7	15.0	16.4	17.4
Monitoring	1.4	0.4	1.0	1.0	0.8
Groundskeeping	0.0	2.0	0.0	0.0	0.7
Other Service Worker / Laborer	0.0	3.9	0.0	1.0	1.6
Total FTEs	268.1	263.6	249.1	251.7	255.2

Source: FY 2000-01 EMIS Staff Summary Report and School Enrollment Report from Bellevue CSD and the peer districts

¹ The Educational Service Personnel classification only includes art, music and physical education teachers. All other positions classified as educational service personnel according to the Ohio Administrative Code are coded separately in EMIS. See **R3.6** for further analysis on all educational service personnel.

² The Professional - Other classification includes a 0.6 FTE registered nurse who provides services to a private school in Bellevue, Ohio. The private school reimburses Bellevue CSD for the costs incurred for employing this individual.

³ The Library Aide classification includes a 0.8 library aide who provides services to a private school in Bellevue, Ohio. The private school reimburses Bellevue CSD for the costs incurred for employing this individual.

It is recognized that the staffing levels within a school district vary depending upon the number of students enrolled. **Table 3-2** illustrates the staffing levels per 1,000 ADM at Bellevue CSD and the peer districts for FY 2000-01.

Table 3-2: FTE Staffing Levels for FY 2000-01 per 1,000 ADM

Category	Bellevue	Shelby	Van Wert	Willard	Peer Average
Average Daily Membership (ADM)	2,252	2,252	2,405	2,272	2,310
Administrators: Subtotal	7.3	5.7	5.4	4.8	5.4
Central Based Administrators	1.3	1.3	0.9	1.3	1.2
Site Based Administrators	4.7	3.6	4.5	3.5	3.9
Other Administrators	1.3	0.8	0.0	0.0	0.3
Professional Education: Subtotal	70.5	69.7	65.9	64.3	66.4
Curriculum Specialists	0.0	0.0	0.0	0.9	0.3
Counseling	1.8	2.2	1.7	2.2	2.0
Librarian / Media	0.9	1.3	0.8	0.9	1.0
Remedial Specialists	0.4	2.3	1.8	2.0	2.0
Regular Education Teachers	47.8	49.2	43.9	43.8	45.6
Special Education Teachers	12.0	7.6	7.6	6.2	7.1
Vocational Education Teachers	3.1	2.7	1.3	1.8	1.9
Tutor / Small Group Instructor	0.0	0.0	2.1	0.0	0.7
Educational Service Personnel ¹	4.5	4.4	5.4	6.5	5.4
Other Professional	0.0	0.0	1.3	0.0	0.4
Professional - Other	2.9	1.5	1.0	2.2	1.6
Technical: Subtotal	2.0	2.2	0.4	1.2	1.2
Computer Operator	0.4	0.0	0.0	0.4	0.1
Library Technician	0.0	0.0	0.0	0.4	0.1
Library Aide	1.6	2.2	0.0	0.0	0.7
Other Technical	0.0	0.0	0.4	0.4	0.3
Office / Clerical: Subtotal	14.3	14.4	16.4	18.4	16.4
Bookkeeping	0.9	1.3	0.8	0.0	0.7
Clerical	7.2	5.6	4.8	6.6	5.7
Messenger	0.4	0.0	0.0	0.0	0.0
Teaching Aide	5.4	7.5	10.8	11.8	10.0
Other Office / Clerical	0.4	0.0	0.0	0.0	0.0
Crafts / Trades	2.7	1.5	0.0	2.2	1.2
Transportation	5.0	3.9	2.1	4.3	3.4
Custodial	6.6	6.2	6.0	5.3	5.8
Food Service	6.9	9.2	6.2	7.2	7.5
Monitoring	0.6	0.2	0.4	0.4	0.3
Groundskeeping	0.0	0.9	0.0	0.0	0.3
Other Service Worker / Laborer	0.0	1.7	0.0	0.4	0.7
Total FTEs per 1,000 ADM	118.8	117.1	103.8	110.7	110.2

Source: FY 2000-01 EMIS Staff Summary Report and School Enrollment Report from Bellevue CSD and the peer districts

¹ The Educational Service Personnel classification only includes art, music and physical education teachers. All other positions classified as educational service personnel according to the Ohio Administrative Code are coded separately in EMIS. See **R3.6** for further analysis on all educational service personnel.

As illustrated in **Table 3-2**, Bellevue CSD has a higher FTE per 1,000 ADM staffing allocation as compared to the peers in the following classifications:

- Site-based administrators (**R3.2**);
- Other administrators (**R3.3**);
- Regular education teachers;
- Special education teachers (**R3.4**);

- Vocational education teachers (**R3.5**);
- Educational service personnel (**R3.6**);
- Professional - other (**R3.6**);
- Clerical personnel (**R3.7**);
- Crafts / trades personnel (see the **facilities** section);
- Transportation personnel (see the **transportation** section); and
- Custodial personnel (see the **facilities** section).

The staffing levels of the regular education teachers were analyzed during this performance audit. As a result of the analysis, regular education teachers' staffing levels are adequate as compared to the peers and State benchmarks, and do not warrant any staffing changes.

Collective Bargaining Agreements

Certificated and classified personnel within Bellevue CSD are governed by negotiated agreements. During this performance audit, certain contractual and employment issues were assessed and compared to the peer districts. Because contractual and employment issues directly affect the operating budget, many of the issues have been assessed to show the financial implication on Bellevue CSD. The implementation of any recommendations would require union negotiations. **Table 3-3** and **Table 3-4** illustrate key contractual issues in the certificated and classified negotiated agreements.

Table 3-3: Certificated Contractual Agreement Comparisons

	Bellevue	Shelby	Van Wert	Willard
Length of work day	7 hours, 30 minutes	7 hours, 30 minutes	7 hours, 15 minutes	7 hours, 30 minutes
Maximum class size	K to 2: 27 students 3 to 6: 30 students 7 to 12: 30 students	K: 21 students 1 to 3: 25 students 4 to 6: 27 students 7 to 12: 30 students	K to 2: 25 students	K to 2: 23 students 3 to 4: 25 students 5 to 6: 27 students 7 to 12: 30 students
Number of contract days	<u>184 days</u>	<u>184 days</u>	<u>182 days</u>	<u>184 days</u>
Instructional Days	178 days	178 days	178 days	178 days
In-Service Days	2 days	4 days	1 day	3 days
Parent/Teacher Conferences	2 days	2 days	2 days	2 days
Professional Development	2 days	0 days	1 day	1 day
Maximum number of sick days accrued	235 days	280 days	195 days ¹	260 days
Maximum number of sick days paid out at retirement	0.333 of accumulated sick leave (total possible maximum payout of 78 days)	0.25 of accumulated sick leave (total possible maximum payout of 65 days)	0.257 of accumulated sick leave (total possible maximum payout 50.12 days)	0.25 of accumulated sick leave (total possible maximum payout of 65 days)
Number of personal days	3 days ²	3 days	3 days	2 days
Notice required	5 days notice	5 days notice	5 days notice	5 days notice
Number of leave days for association business	15 days per year with the association paying substitute costs for 7 of the days	2 days per year with the school district paying the substitute costs	2 days per year with the school district paying the substitute costs	8 days per year and an additional 4 days if the association pays the substitute salaries and associated retirement
Sabbatical leave	May receive up to one year after five years of service with employee receiving partial pay.	May receive up to one year after five years of service with employee receiving partial pay. Employee may be required to return to district for one year.	No sabbatical leave policy stated in the contract	No sabbatical leave policy stated in the contract
Pick-up of employee's STRS contribution by district	No	Yes - 4% in FY 2001 and 5% in FY 2002	No	No
Cost of living increases each year of the contract	FY 2001: 3.00% FY 2002: 3.00% ³	FY 2001: 4.00% FY 2002: 3.00% FY 2003: 3.00%	FY 2001: 3.25% FY 2002: 3.00%	FY 2002: 2.50% FY 2003: 3.00%

Source: Certificated negotiated agreements from Bellevue CSD and the peer districts

¹ Van Wert CSD employees can receive a higher payout if the employee has accumulated sick leave days above the 195 day maximum.

² Bellevue CSD certificated employees with 20 or more years of experience receive four personal days per year.

³ During the course of this performance audit, salary increases were renegotiated at two percent, 3.5 percent, and 4.5 percent in FY 2002-03, FY 2003-04, and FY 2004-05, respectively. See the **financial systems** section of this performance audit for additional information.

Table 3-4: Classified Contractual Agreement Comparisons

	Bellevue	Shelby	Van Wert	Willard
Minimum call-in hours paid to employees for emergencies	2 hours at overtime rate for emergencies	None	None	None
Vacation time to accumulate	1 to 5 years: 10 days 6 years: 11 days 7 years: 12 days 8 years: 13 days 9 years: 14 days 10 to 11 years: 15 days 12 to 13 years: 16 days 14 to 15 years: 17 days 16 to 17 years: 18 days 18 to 19 years: 19 days 20 + years: 20 days	1 to 6 years: 10 days 7 to 12 years: 15 days 13 + years: 20 days	1 to 7 years: 10 days 8 to 15 years: 15 days 16 to 24 years: 20 days 25 + years: 25 days	1 to 9 years: 10 days 10 to 14 years: 15 days 15 to 19 years: 17 days 20 + years: 20 days
Sick / Personal leave incentive	None	None	None	An employee will receive one day's pay if the employee uses one day or less of sick leave.
Maximum number of sick days accrued	220 days	280 days	195 days	260 days
Maximum number of sick days paid out at retirement	.25 of first 120 days, .33 for next 60 days and .50 for next 40 days (total maximum payout of 70 days)	.25 of first 120 days and .33 for next 83 days (total maximum payout of 58 days)	0.257 of accumulated sick leave (total possible maximum payout 50.12 days) ¹	.25 of accumulated sick leave (total maximum payout of 65 days)
Number of personal days	3 days ²	3 days	3 days	3 days
Notice required	5 days notice	5 days notice	5 days notice	5 days notice
Number of holidays for 12-month employees	10 holidays	10 holidays	12 holidays	8 holidays
Number of holidays for less than 12-month employees	9 holidays	6 holidays	6 holidays	6 holidays
Number of leave days for association business	6 days per year with the association paying substitute costs for 3 of the days	2 days per year with the school district paying the substitute costs	2 days per year with the school district paying the substitute costs	3 days per year with the school district paying the substitute costs
Pick-up of employee's SERS contribution by district	No	Yes - 4% in FY 2001 and 5% in FY 2002	No	No
Cost of living increases each year of the contract	FY 2001: 4.00% FY 2002: 2.00%	FY 2001: 4.00% FY 2002: 3.00% FY 2003: 3.00%	Increases vary between positions among classified personnel	FY 2001: 2.50% FY 2002: 2.50% FY 2003: 2.00%

Source: Classified negotiated agreements from Bellevue CSD and the peer districts

¹ Van Wert CSD employees can receive a higher payout if the employee has accumulated sick leave days above the 195 day maximum.

² Bellevue CSD certificated employees with 20 or more years of experience receive four personal days per year.

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

- Regular education staffing levels,
- Salaries,
- Leave usage,
- Medical insurance monthly premiums, and
- Dental insurance monthly premiums.

General Recommendations

Staffing

R3.1 Bellevue CSD should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to the Ohio Department of Education (ODE) and the Educational Management Information Systems (EMIS).

The Ohio Department of Education developed and implemented EMIS to assist school districts in effectively and efficiently managing student and personal demographics. All schools are required to provide specific student, staff and financial data to ODE for processing. During a review of various EMIS reports during this performance audit, it was discovered that Bellevue CSD had classified some employees incorrectly when entering information into EMIS.

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

R3.2 As indicated in R4.6, Bellevue CSD should consider closing one of its elementary schools and sending the students to another elementary school within the District. If Bellevue CSD were to close one of its elementary schools, it should also eliminate one of its principal positions (1.0 FTE) within the District.

According to analysis conducted in the facilities section of this performance audit, Bellevue CSD could close one of its elementary schools, based upon the space utilization within the District. If Bellevue CSD were to follow the recommendation of closing one of its buildings, it could also eliminate the principal position assigned to that school.

Financial Implication: Assuming an estimated annual salary of \$57,100 for principals and benefits equal to 31 percent of annual salaries, Bellevue CSD could realize estimated annual cost savings of \$74,800. As a result, these savings could be reallocated to other operational areas within Bellevue CSD.

R3.3 Bellevue CSD should consolidate the responsibilities of the buildings and grounds supervisor (1.0 FTE) and transportation supervisor (1.0 FTE) into one position (1.0 FTE).

Bellevue CSD employs one individual (1.0 FTE) responsible for the supervision of buildings and grounds and one individual (1.0 FTE) responsible for the supervision of transportation employees. In addition to supervising transportation employees, the transportation supervisor is the director of security for Bellevue CSD. In contrast, the Willard CSD assistant superintendent is responsible for the supervision of all transportation employees, buildings and ground employees, all other classified employees and the various title programs. Bellevue CSD should consider the following options:

- One option is to have the Bellevue CSD assistant superintendent assume the responsibilities of the transportation supervisor and the buildings and grounds supervisor. This would result in a reduction of 2.0 FTE supervisors.
- A second option is to consolidate the job functions of the building and grounds, and transportation supervisor positions into one position, which would result in a reduction of 1.0 FTE supervisors.

Financial Implication: By consolidating the job functions of the building and grounds, and transportation supervisor positions into 1.0 FTE position, Bellevue CSD could save approximately \$46,300 in annual salary and benefits costs.

R3.4 Bellevue CSD should consider eliminating one special education position (1.0 FTE) from the preschool itinerant program. However, before Bellevue CSD makes any reductions in the staffing levels of this program, it should consider the needs of the program, the impact on the students within the program, the missions and goals of the District as well as the financial situation of the District.

Bellevue CSD operates a preschool itinerant program for pre-school aged special education students. During FY 2000-01, Bellevue CSD received \$265,817 from ODE to operate this program. However, according to the Bellevue CSD treasurer, the funding received from ODE did not cover the costs for this program. As a result, Bellevue CSD had to use General Fund resources to subsidize this program.

During FY 2001-02 there are 52 students enrolled in the preschool itinerant program and 6.0 FTE teachers dedicated to this program. This equates to a student to teacher ratio of 8.7 students per 1.0 FTE teacher. Ohio Administrative Code (OAC) 3301-31-03(G) stipulates that the student-to-teacher ratio for a preschool itinerant program may be 10 to 20 preschool students per teacher. If Bellevue CSD were to eliminate 1.0 FTE teacher from the Bellevue

CSD preschool itinerant program, its revised student-to-teacher ratio would be 10.4 students per 1.0 FTE teacher.

Financial Implication: Assuming an estimated annual salary of \$37,024 for special education teachers and benefits equal to 31 percent of annual salaries, Bellevue CSD would realize an estimated cost savings of approximately \$48,500 per year as a result of reducing its special education personnel by 1.0 FTE. As a result, these cost savings could be reallocated to other operational areas within Bellevue CSD.

R3.5 Bellevue CSD should either increase the enrollment in its vocational education programs or stop offering vocational education programs which are requiring significant funding from the General Fund.

During FY 2001-02, Bellevue CSD offered six vocational education programs. There are six teachers (6.0 FTEs) responsible for educating the students enrolled in these programs and a total of 675 students enrolled in the various vocational education classes. A student enrolled in a vocational education class does not take the place of regular education classes which the student is required to be enrolled in. During FY 2001-02, Bellevue CSD's total revenue for the vocational education programs was approximately \$248,800. However, the total expenditures for these programs is approximately \$398,600. As a result, the District was required to subsidize approximately \$149,800 in costs from its General Fund.

Bellevue CSD should consider increasing enrollment in the various vocational education programs. Increased enrollment will generate additional revenues from the Ohio Department of Education (ODE), which would, in turn, minimize the costs incurred by the General Fund. Based upon projections calculated by Bellevue CSD, if enrollment increased in the OWE / OWA programs by three students, the District would receive approximately \$9,900 in additional funding from ODE.

If Bellevue CSD is not able to increase enrollment levels in the vocational education programs in order to minimize the costs incurred by the General Fund, Bellevue CSD should consider eliminating programs which are not self-sustaining. Incurring vocational education program expenditures in the General Fund decreases revenues available for the regular and special education of students.

Financial Implication: If Bellevue CSD would have eliminated the vocational education program with the highest deficit, it would have been able to allocate approximately \$47,000 to other operational areas within the District.

R3.6 Bellevue CSD should review its staffing in the educational service personnel (ESP) classification for a potential reduction of 3.0 FTEs. Classifications which should be reviewed for possible reductions would include art teachers, music teachers, physical

education teachers and counselors. However, before the District makes any reductions, it should determine the potential impact on the attainment of the Bellevue CSD’s mission and goals. Additional factors which Bellevue CSD should consider are the impact on student contact time as well as the financial situation in the District.

Table 3-5 compares the staffing levels of all ESP personnel at Bellevue CSD for FY 2000-01 with the peer districts staffing levels for FY 2000-01. The staffing levels are illustrated in actual FTEs.

Table 3-5: Comparison of ESP Staffing Levels

Classification	Bellevue	Shelby	Van Wert	Willard	Peer Average
ESP Teachers ¹	10.2	10.0	13.0	14.7	12.6
Counselors	4.0	5.0	4.0	5.0	4.7
Librarian Media Specialists	2.0	3.0	2.0	2.0	2.3
Registered Nurse	1.0 ²	1.0	0.0	1.0	0.7
Totals	17.2	19.0	19.0	22.7	20.3
ESP FTE per 1,000 ADM	7.6	8.4	7.9	10.0	8.8

Source: Interviews; EMIS reports from Bellevue CSD and the peer districts

¹ This classification includes those individuals which teach art, music or physical education classes.

² Bellevue CSD employs an additional 0.6 FTE; however, this is a position which is contracted out to a private school in Bellevue. The private school reimburses Bellevue CSD the salary and benefit costs for this position.

As illustrated in **Table 3-5**, Bellevue CSD has 7.6 FTEs per 1,000 students as ESP personnel which is the lowest of its peers; however, it is greater than the minimum standards identified in OAC 3301-35-05(A)(4). Approximately 59.3 percent of Bellevue CSD’s ESP staff are art, music or physical education teachers which have direct instructional contact with students throughout the day. While the staffing levels are less than the peer averages, Bellevue CSD is higher than the minimum standards of 5.0 FTEs per 1,000 students. If Bellevue CSD was to adjust its ESP staffing ratio to the minimum standards identified in OAC 3301-35-05(A)(4), it could reduce current staffing levels by approximately 6.0 FTEs. However, a reduction of fewer than 6.0 FTEs would allow Bellevue CSD to remain above the minimum standards.

Financial Implication: Assuming an estimated annual salary of \$40,252 per educational service personnel and benefits equal to 31 percent of annual salaries, Bellevue CSD could generate an estimated annual cost savings of approximately \$158,200 as a result of reducing its educational service personnel by 3.0 FTEs, and still remain above the minimum standards identified in OAC 3301-35-05(A)(4). As a result, these cost savings could be reallocated to other operational areas within Bellevue CSD.

R3.7 Bellevue CSD should conduct a detailed analysis of the duties and responsibilities of its clerical personnel and determine if resources are being used efficiently and effectively in relation to the needs of the District. Based upon analysis conducted in this performance audit, Bellevue CSD should seek to reduce 2.0 FTE clerical personnel. Considering Bellevue CSD’s current and future financial situation, Bellevue CSD may need to seek savings in certain areas in order to have additional resources which can be allocated to the direct instruction of students.

During FY 2001-02, Bellevue reduced its allocation of personnel in the clerical classification by 1.0 FTE. However, when compared to the peers (see **Table 3-1**), Bellevue CSD’s FY 2001-02 15.2 FTEs in the clerical classification is still greater than the FY 2000-01 peer average (13.0 FTEs). **Table 3-6** compares the building-level clerical personnel per 1,000 ADM at Bellevue CSD and the peer districts. **Table 3-6** includes only those clerical personnel who work in either an elementary school, middle school or high school.

Table 3-6: Comparison of School Building Specific Clerical Personnel

	Bellevue	Shelby	Van Wert	Willard	Peer Average
Clerical Personnel ¹	10.0	7.0	8.0	10.0	8.3
FY 2000-01 ADM	2,252	2,252	2,405	2,272	2,310
Clerical Personnel per 1,000 ADM	4.4	3.1	3.3	4.4	3.6
Number of school buildings	7	6	7	6	6
Clerical personnel per school building	1.4	1.2	1.1	1.7	1.4

Source: Interviews; FY 2000-01 EMIS Staff Summary Report and Enrollment Report

¹This is the clerical personnel which are dedicated to working in buildings where students are educated (i.e. elementary school, middle schools and high schools). The number of clerical personnel in **Table 3-6** does not account for all of the clerical personnel included in **Table 3-1**.

Table 3-6 indicates that Bellevue CSD has more building-level clerical personnel per 1,000 ADM than the peer average. If Bellevue CSD could achieve a staffing level comparable to the peer average in **Table 3-2**, it could reduce 2.0 FTEs within its building-level clerical personnel. The **facilities** section of this performance audit recommends that one building be closed within the District. This would account for one of the two building-level clerical personnel reductions. A detailed analysis of duties and responsibilities should indicate that Bellevue CSD could combine the job functions within its clerical personnel.

Financial Implication: Assuming an estimated annual salary of \$22,740 for clerical personnel and benefits equal to 31 percent of annual salaries, Bellevue CSD could generate an estimated annual cost savings of \$59,600 as a result of reducing its clerical personnel by 2.0 FTEs.

Collective Bargaining Agreements

R3.8 During future contract negotiations, Bellevue CSD should consider renegotiating the severance policy for certificated employees who retire.

Certificated employees who retire from Bellevue CSD receive 33.3 percent of accumulated, unused sick leave days, up to a maximum payout of 78 days. The severance policy at Bellevue CSD includes payment for sick leave at a higher percentage than the peer districts as well as a higher number of maximum days which can be paid at retirement. The highest percentage paid by the peer districts is 25.7 percent at Van Wert CSD while the highest maximum payout is 65 days (Shelby CSD and Willard CSD). A severance policy which includes payment for a higher number of days minimizes resources which could be allocated to areas responsible for the direct instruction of Bellevue CSD students.

In addition, Bellevue CSD has a sick leave conversion policy within the negotiated agreements while the peers do not have such a policy (**R3.10**). When the severance policy is coupled with the sick leave conversion policy, Bellevue CSD could be incurring higher sick leave benefit costs as compared to the peers.

R3.9 During future contract negotiations, Bellevue CSD should consider renegotiating the severance policy for classified employees who retire.

Classified employees who retire from Bellevue CSD receive a tier-scaled percentage of accumulated, unused sick leave days, up to a maximum payout of 70 days. The severance policy at Bellevue CSD includes payment for sick leave at a higher percentage than the peer districts as well as a higher number of maximum days which can be paid at retirement. The highest percentage paid by the peer districts is 25.7 percent at Van Wert CSD while the highest maximum payout is 65 days (Willard CSD). A severance policy which includes payment for a higher number of days minimizes resources which could be allocated to areas responsible for the direct instruction of Bellevue CSD students.

In addition, Bellevue CSD has a sick leave conversion policy within the negotiated agreements while the peers do not have such a policy (**R3.10**). When the severance policy is coupled with the sick leave conversion policy, Bellevue CSD could be incurring higher sick leave benefit costs as compared to the peers.

R3.10 During future contract negotiations, Bellevue CSD should seek to either eliminate the sick leave conversion policy from the negotiated agreements or revise the policy to minimize the costs incurred by the District. If Bellevue CSD can either eliminate the provisions of the sick leave conversion policy from future negotiated agreements or minimize the costs incurred by the District, it could allocate more resources to the direct instruction of students.

The current sick leave conversion policy permits employees to convert unused sick leave into cash in the year which it was accumulated. The amount of payment the employee receives is based upon the total number of days which an employee has accumulated as well as the length of service the employee has with Bellevue CSD.

The peer school districts do not have a sick leave conversion policy. It was determined based upon various analyses, that the use of sick leave is not excessive within Bellevue CSD. This could be due, in part, to the sick leave conversion policy which may be functioning as a sick leave incentive for employees. Furthermore, Bellevue CSD has a severance policy which entitles employees to payment for a higher number of sick leave days upon retirement (**R3.8** and **R3.9**).

During FY 2000-01, Bellevue CSD paid approximately \$125,800 to its certificated employees for 964 days of accumulated, unused sick leave. Based upon the daily rate earned by a substitute teacher, Bellevue CSD would have paid approximately \$72,300 in substitute salaries if all of these 964 sick leave days would have been used by its certificated employees. If Bellevue CSD either lowered the percentage of sick leave converted to payment or reduced the number of sick leave days paid out to coincide with the compensation rate for substitute teachers, Bellevue could have saved approximately \$53,500 in FY 2000-01.

Financial Implication: Based upon the costs of the sick leave conversion policy during FY 2000-01 and the estimated substitute costs for the use of sick leave, Bellevue CSD could realized annual cost savings of about \$53,500.

R3.11 During future contract negotiations, Bellevue CSD should seek to eliminate the retirement settlement plan from future negotiated agreements. In addition, Bellevue CSD should seek to either eliminate or revise the retirement incentive policy in order to minimize the costs incurred by the District.

Within the certificated and classified negotiated agreements is a provision which gives employees a one-time cash payment upon retirement. The certificated employee's payment is a percentage of the employee's annual salary based upon the total years of service which the employee has attained. The employee's annual salary determines the percentage which the employee will receive. The classified employee's payment is a percentage of the employee's annual salary with the percentage being determined based upon the employee's years of service. The retirement settlement plans cost Bellevue CSD approximately \$28,000 during FY 2000-01. There are no retirement settlement plans included in any of the peer negotiated agreements.

In addition to the retirement settlement plan, the certificated negotiated agreement contains a retirement incentive provision. The retirement incentive provision calls for a one-time

cash payment of \$6,000 to certificated employees who retire “immediately following their first year of eligibility.” During FY 2000-01, the certificated retirement incentive cost Bellevue CSD \$18,000. There are no retirement incentives included in any of the peer negotiated agreements.

During future contract negotiations, Bellevue CSD should seek to eliminate the retirement settlement plan from future negotiated agreements as this policy does not appear to provide Bellevue CSD with any benefits. Furthermore, Bellevue CSD should seek to either eliminate or revise the retirement incentive policy during future negotiated agreements in order to minimize the costs incurred by the District. Should Bellevue CSD decided to keep the retirement incentive policy, it should replace the retired teachers with lower-salaried teachers in order to realize a financial benefit. If Bellevue CSD can either eliminate these provisions from future negotiated agreements or revise the policies to minimize the costs incurred by the District, it could allocate more resources to the direct instruction of students.

Financial Implication: Based upon FY 2000-01, Bellevue CSD could realize an estimated annual cost savings of \$28,000 if it were able to eliminate retirement settlement plan from future negotiated agreements.

Financial Implications Summary

The following table is a summary of estimated annual cost savings and implementation costs from the above recommendations. Bellevue CSD should consider reallocating a portion of the **Estimated Annual Cost Savings** to cover the **Estimated Annual Implementation Costs**. The financial implications are divided into two groups: those that are not subject to negotiations and those that are subject to negotiations. Implementation of those recommendations subject to negotiations would require an agreement of the affected bargaining units.

Summary of Financial Implications Not Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.2 Reduction of one principal position resulting from closing one elementary school building	\$74,800
R3.3 Consolidate the job functions of the building and grounds, and transportation supervisor positions into 1.0 FTE position.	\$46,300
R3.4 Reduction in special education personnel	\$48,500
R3.5 Consider eliminating the vocational education program with the highest deficit.	\$47,000
R3.6 Reduction in educational service personnel	\$158,200
R3.7 Reduction in clerical personnel	\$59,600
Totals	\$434,400

Summary of Financial Implications Subject to Negotiations

Recommendations	Estimated Annual Cost Savings
R3.10 Revising the sick leave conversion policy	\$53,500
R3.11 Eliminating the retirement settlement plan	\$28,000
Total	\$81,500

Conclusion Statement

While Bellevue CSD appears to have adequate staffing levels within its largest personnel classification (regular education teachers), other classification areas appear to have excess personnel based upon peer comparisons and other available benchmarks. Since Bellevue CSD is not maximizing building capacity and use (see the **facilities** section), clerical and administrative staffing levels are higher than the peers. In addition, the higher ratio of building-level clerical personnel per 1,000 ADM indicated excess clerical staffing levels at Bellevue CSD. Although ESP staffing levels are less than the peer average, Bellevue CSD is higher than the minimum standards of 5.0 FTEs per 1,000 students. Bellevue CSD should address staffing levels in these areas to save costs, reallocate resources and help remove itself from fiscal caution status.

Some of the employee benefits outlined in the collective bargaining agreements could be very costly to Bellevue CSD. The severance policy at Bellevue CSD includes payment for sick leave at a higher percentage than the peer districts as well as a higher number of maximum days which can be paid at retirement. In addition, Bellevue CSD has a sick leave conversion policy within the negotiated agreements while the peers do not have such a policy. When the severance policy is coupled with the sick leave conversion policy, Bellevue CSD could be incurring higher sick leave benefit costs as compared to the peers. Furthermore, Bellevue CSD provides a retirement settlement plan and a retirement incentive to employees. However, the peer negotiated agreements do not contain either retirement settlement plans or retirement incentives. Addressing these contractual provisions will assist Bellevue CSD in either reducing current operating costs or minimizing future financial obligations.

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Facilities

Background

The facilities section focuses on custodial and maintenance operations within the Bellevue City School District (Bellevue CSD). The objective is to analyze the building operations of Bellevue CSD and develop recommendations for improvements and reductions in expenditures. Comparisons will be made throughout the report to the following peer school districts: Shelby City School District (Shelby CSD), Van Wert City School District (Van Wert CSD), and Willard City School District (Willard CSD).

Organizational Structure and Function

The Director of Facilities and Support Services is responsible for overseeing the custodial and maintenance operations, assisting in the management of transportation and food service, and functioning as Bellevue CSD's purchasing agent. The goal of the custodial staff is to provide the students with a safe, attractive and clean place in which to learn, play, and develop. In FY 2001-02, the Bellevue CSD school building custodial staff consisted of 13.05 full-time equivalent (FTEs). The number of custodial staff members assigned to a building ranges from 1.00 to 3.85 FTEs. Four of the five elementary schools are staffed with one full-time equivalent. Bellevue CSD's largest elementary school, York, employs 2.53 FTEs: 1.0 FTE head custodian, 1.0 FTE custodian, and a 0.53 FTE custodial aide. The junior high custodial staff consists of 2.67 FTEs: 1.0 FTE head custodian, 1.0 FTE custodian, and a 0.67 FTE custodial aide. The high school custodial staff consists of 3.85 FTEs: 1.0 FTE head custodian, 1.0 FTE custodian, 1.85 FTE custodial aides. The size and building population are taken into consideration when allocating custodial staff members, and there have been no major custodial staffing changes in the last five years.

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

Bellevue CSD's maintenance staff consists of three full-time employees who report directly to the Director of Facilities and Support Services. The maintenance staff is responsible for completing work orders, responding to emergency repair needs, delivering equipment and supplies to the buildings, and completing grounds work.

The administrative staff consists of three full-time employees. Both the director of facilities and support services, and the secretary to the director of facilities and support services dedicate all of their time to facilities-related operations. The superintendent spends approximately 20 percent of his time handling building operational issues. **Table 4-1** contains the staffing and number of full-time equivalent employees responsible for Bellevue CSD's facilities.

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

Classification	Total Number of Positions	Number of Full-Time Equivalents
Superintendent	1	.20
Director of Facilities and Support Services	1	1.00
Secretary to the Director of Facilities and Support Services	1	1.00
Total Administration	3	2.20
Maintenance	3	3.00
Total Maintenance	3	3.00
Head Custodian	5	5.00
Custodian	5	5.00
Custodial Aide	5	3.05
Total Custodial	15	13.05
Total	21	18.25

Source: Bellevue CSD's Superintendent's Office

Key Statistics

Key statistics related to the maintenance and operation of Bellevue CSD are presented in **Table 4-2**. In addition, results from the 30th annual American Schools & University Maintenance & Operations Cost Study (AS&U), which was released in April 2001, are included in the table and throughout the facilities section of the report. A detailed survey was mailed out to chief business officials at public school districts across the nation to gather information regarding staffing levels, expenditures and salaries for maintenance and custodial workers. The results were divided into 10 regions. In the study, Region 5 includes the states of Ohio, Indiana, Illinois, Michigan, Minnesota, and Wisconsin.

According to the 30th Annual AS&U study, "as the nation's school buildings grow older and physical conditions continue to deteriorate, the logical solution would be for school districts to concentrate more resources to improve the situation. However, this is not the case for most elementary and secondary institutions. School districts across the nation are dedicating a smaller percentage of available funds to maintaining and operating the facilities that house America's youth. The study found that for four consecutive years districts have allocated a smaller percentage of their expenditures to the maintenance and operations of their facilities. Although the nation's school

buildings continue to grow older and the physical conditions keep deteriorating, school districts continue to allocate a smaller percentage of expenditures to maintenance and operations of their facilities.”

Unless otherwise noted, peer district averages do not include statistics for Bellevue CSD.

Table 4-2: Key Statistics and Indicators

Number of School Buildings	7
- Elementary Schools	5
- Junior High School	1
- High School	1
Total Square Feet Maintained	307,273
- Elementary School	116,391
- Junior High School	81,000
- High School	109,882
Square Feet Per FTE Custodial Staff Member (13.05)	23,546
- Elementary School (6.53)	17,824
- Junior High School (2.67)	30,337
- High School (3.85)	28,541
AS&U 30th Annual Cost Survey Region 5 Average	20,724
AS&U 30th Annual Cost Survey National Average	22,222
Peer District Average	23,862
Square Feet Per FTE Maintenance Employee (3.00)	102,424
AS&U 30th Annual Cost Survey Region 5 Average	119,163
AS&U 30th Annual Cost Survey National Average	82,349
Peer District Average	110,535
FY2000-01 Maintenance and Operations Expenditures Per Square Foot	\$4.77
- Custodial and Maintenance	\$3.74
- Utilities	\$1.03
Peer District Average	\$4.04

Source: Bellevue CSD and peer districts; AS&U 30th Annual Maintenance & Operations Cost Survey

Financial Data

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

Table 4-3: Maintenance and Operations Expenditures

Accounts	FY 1999-2000 Total	FY 2000-01 Total	FY 2001-02 Budget	FY 2000 to FY 2001 Percentage Change	FY 2001 to FY 2002 Percentage Change
Salaries	\$568,958	\$566,109	\$568,158	(0.5)%	0.4%
Benefits	\$222,680	\$244,489	\$228,790	9.8%	(6.4)%
Purchased Services	\$222,242	\$280,749	\$329,900	26.3%	17.5%
Utilities	\$240,242	\$329,282	\$440,864	37.1%	33.9%
Supplies/ Materials	\$68,369	\$85,605	\$92,219	25.2%	7.7%
Capital Outlay	\$480	\$14,105	\$6,800	2838.5%	(51.8)%
Other	\$1,988	\$976	\$2,759	(50.9)%	182.7%
Total	\$1,324,959	\$1,521,315	\$1,669,490	14.8%	9.7%

Source: Bellevue CSD Treasurer's Office

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

- *A 9.8 percent increase in benefit costs from FY 1999-00 to FY 2000-01 and a 6.4 percent decrease for the FY 2001-02 budget:* In FY 2000-01, the cost of medical insurance increased by approximately \$12,000 and SERS contributions increased by \$10,000. The FY 2001-02 budget contains a \$7,000 increase in medical benefit costs and a reduction of \$23,000 for SERS contributions. According to Bellevue CSD, some expenditures were not coded to the appropriate function in the accounting system. However, the coding errors have been corrected which also explains some of the year-to-year variances.
- *A 26.3 percent increase in purchased services from FY 1999-00 to FY 2000-01 and a 17.5 percent increase from FY 2000-01 to the budget FY 2001-02:* In FY 2000-01, Bellevue CSD leased additional modular classrooms costing approximately \$34,000 and educational equipment repairs increased by \$22,000. Bellevue CSD increased its FY 2001-02 budget for copy costs and maintenance agreements.
- *A 37.1 percent increase in utility costs from FY 1999-00 to FY 2000-01 and an additional 33.9 percent increase from FY 2000-01 to the budget for FY 2001-02:* During the winter of FY 2000-01, natural gas prices increased significantly across the state, causing Bellevue CSD's natural gas cost to increase by \$81,000. Bellevue CSD's electricity expenditure also

increased in FY 2000-01 by approximately \$10,000. At the time the FY 2001-02 budget was developed, it was unclear whether the utility costs would continue to increase or whether they would decrease, so Bellevue CSD opted to increase its utility budget.

- *A 25.2 percent increase in supplies and materials from FY 1999-00 to FY 2000-01 and an additional 7.7 percent increase in the FY 2001-02 budget:* Custodial and maintenance supply expenditures increased by approximately \$20,000, and vehicle fuel costs decreased by \$3,000. According to Bellevue CSD, some of these expenditures were not coded accurately in the system, which could also explain some of the variances from year-to-year. The FY 2001-02 budget reflects a \$6,000 increase in its maintenance supply budget.
- *A \$13,625, or 2,838.5 percent, increase in capital outlay expenditures from FY 1999-00 to FY 2000-01 and a 51.8 percent decrease in the FY 2001-02 budget:* In FY 2000-01, funds were available to purchase custodial and maintenance equipment. Bellevue CSD spent approximately \$5,800 on new equipment and \$8,000 on replacement equipment.
- *A 50.9 percent, or \$1,012, decrease in other expenditures from FY 1999-00 to FY 2000-01 and a 182.7 percent, or \$1,783, increase from FY 2000-01 to the FY 2001-02 budget:* In FY 2000-01 taxes and assessment expenditures decreased by \$1,000. For the FY 2001-02 budget, Bellevue CSD increased the shipping/freight charges budget by \$1,500 and increased the taxes and assessments budget by \$250.

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

- Energy conservation measures;
- Building use policy and fee schedule;
- Custodial and maintenance staffing levels;
- Custodial and maintenance salaries; and
- Custodial and maintenance overtime usage.

General Recommendations

Facilities-Related Expenditures

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

Revenue from the General Fund is used to support the maintenance and operation of Bellevue CSD's facilities. As shown in **Table 4-3**, in FY 2000-01, the General Fund provided \$1,521,315 for building operation expenses including custodial and maintenance employees' salaries and benefits, supplies and materials, purchased services, and capital outlay. **Table 4-4** illustrates Bellevue CSD's and the peer districts' FY 2000-01 General Fund custodial and maintenance-related expenditures in terms of cost per square foot.

Table 4-4: FY 2000-01 General Fund Expenditures per Square Foot

Expenditure	Bellevue	Shelby	Van Wert	Willard	Peer Average	AS&U Region 5 Average
Custodial and Maintenance Salaries and Benefits	\$2.55	\$2.61	\$2.37	\$2.04	\$2.34	\$2.15
Purchased Services	\$0.88	\$0.29	\$0.55	\$0.23	\$0.36	\$0.31
Utilities	\$1.03	\$0.72	\$0.95	\$1.09	\$0.92	\$1.16
Supplies/ Materials	\$0.27	\$0.52	\$0.30	\$0.25	\$0.36	\$0.37
Capital Outlay	\$0.04	\$0.11	\$0.02	\$0.06	\$0.06	N/A
Other	\$0.00	\$0.00	\$0.01	\$0.00	\$0.00	N/A
Total General Fund Expenditures	\$4.77	\$4.25	\$4.20	\$3.67	\$4.04	\$3.99

Source: Bellevue CSD and peer district treasurers' offices, FY 2000-01 expense budget worksheets for the General Fund, 2700 Function

Based upon the information in the table, Bellevue CSD's total custodial and maintenance expenditures are higher than the peer and AS&U Region 5 averages. High expenditures are often an indication of operational inefficiency. However, some expenditures have been improperly coded and charged to the 2700 function. As a result, some facilities-related maintenance and operation expenditures have been overstated. Bellevue CSD's supplies and materials, and capital outlay expenditures are lower than the peer district average; and

Bellevue CSD's utility expenditures (\$1.03) are lower than the AS&U Region 5 average. The District receives a discount on its gas and electricity purchases and has taken advantage of H.B. 264 to complete capital improvement projects resulting in reduced energy usage and lower costs

Bellevue CSD's custodial and maintenance salaries and benefits, and purchased services expenditures are higher than the peer district and AS&U Region 5 averages. Unlike Bellevue CSD, none of the peers include the facilities management and administrative salary and benefit costs in the 2700 function nor did the peer districts incur any calamity days in FY 2001. When the facilities management and administrative salary and benefits, and the calamity day costs are omitted from Bellevue CSD's salaries and benefits expenditures, the cost per square foot decreases by \$0.32 to \$2.23, which is lower than the peer district average and is approximately 4.0 percent higher than the AS&U Region 5 average.

According to the table, Bellevue CSD's purchased services expenditures (\$0.88) are significantly higher than the peer district (\$0.36) and Region 5 (\$0.31) averages. Bellevue CSD's purchased services expenditures include copier/lease agreement fees and educational equipment repairs. When these costs are excluded from the purchased services total, the purchased services cost per square foot decreases by \$0.20 to \$0.68, which is still higher than the peer districts' expenditures. Bellevue CSD's purchased services cost per square foot is significantly impacted by the lease of three modular units (\$0.16) and a service agreement with Honeywell (\$0.15), which explains why Bellevue CSD's purchased services are higher than the peers (see **R4.6** for discussion on modular units). **Table 4-5** presents the adjusted custodial and maintenance expenditures per square foot.

Table 4-5: Adjusted General Fund M&O Expenditures per Square Foot

Expenditure	Reported Cost Per Square Foot	Adjusted Cost per Square Foot	Peer Average	AS&U Region 5 Average
Custodial and Maintenance Salaries and Benefits	\$2.55	\$2.23	\$2.34	\$2.15
Purchased Services	\$0.88	\$0.68	\$0.36	\$0.31
Utilities	\$1.03	\$1.03	\$0.92	\$1.16
Supplies/ Materials	\$0.27	\$0.27	\$0.36	\$0.37
Capital Outlay	\$0.04	\$0.04	\$0.06	N/A
Total M&O General Fund Expenditures	\$4.77	\$4.25	\$4.04	\$3.99

Source: Bellevue CSD FY 2000-01 expense budget worksheets and ledger reports for the General Fund, 2700 Function

- R4.2 Bellevue CSD should develop a multi-year capital improvement plan to help make certain the most critical repair work is completed as funds become available, to ensure that all capital outlay expenditures coincide with its continuous improvement plan, and to demonstrate fiscal responsibility to the citizens of the district.**

In November 2000, Bellevue CSD passed a 2.0 mill permanent improvement replacement levy which generates approximately \$500,000 annually. However, Bellevue CSD has not developed a formal multi-year capital improvement plan to detail how those funds will be spent. In FY 2001, approximately \$12,000 of the permanent improvement levy revenue was spent on custodial and maintenance operations. The majority of the funds were used for debt service. For more details regarding permanent improvement levy expenditures, see the **financial systems** section of the report.

Long Range Planning and Facilities Use

- R4.3 Bellevue CSD should develop a formal facilities master plan to document Bellevue CSD’s long term facilities needs and requirements. The master plan should include a 10-year enrollment history; enrollment projections and the methodology used for their calculation; building capacity and the methodology used; a list of the cost estimates for needed capital improvements; and a description of the district’s educational plan.**

Bellevue CSD lacks a formal facilities master plan. Prior to developing a plan for future facility use, basic information such as enrollment history, enrollment projections, and building capacity data need to be compiled. **Table 4-6** provides a 10-year enrollment history for Bellevue CSD.

Table 4-6: Bellevue CSD Historical Enrollment

School Year	Head Count	% Change From Previous Year
2001-2002	2,366	0.08%
2000-2001	2,364	(1.29)%
1999-2000	2,395	(1.32)%
1998-1999	2,427	(2.84)%
1997-1998	2,498	2.93%
1996-1997	2,427	(1.10)%
1995-1996	2,454	3.24%
1994-1995	2,377	(1.25)%
1993-1994	2,407	(0.33)%
1992-1993	2,415	N/A

Source: EMIS School Enrollment-First Full Week of October Reports (1993-2002)

Since 1993, the student head count has decreased by 49 students to 2,366 in 2002. Based on the enrollment history presented, there have not been any significant changes in the size of the student population over the last 10 years, and there is no apparent trend indicating whether the number of students in Bellevue CSD will increase or decrease. Developing a formal facilities master plan by using important data such as enrollment history, enrollment projections (see **R4.4**) and building capacity (see **R4.5** and **R4.6**), will allow Bellevue CSD to effectively plan for future facility use.

R4.4 Bellevue CSD should adopt and implement the use of a methodology for completing enrollment projections. Because enrollment projections are a valuable planning tool, they should be done annually. Bellevue CSD can use the enrollment projections to help project future state funding allocations, to complete financial forecasts, to determine the appropriate number of teachers to hire, and to evaluate building usage and capacity.

In 1999, Bellevue CSD's most recent enrollment projection was developed by Conrath and Trout Associates as part of the firm's Comprehensive Educational Facilities Plan for Bellevue CSD. The projection was completed using the cohort survival method and to account for the possibility of error, the projection was calculated based on trend analysis. Conrath and Trout Associates then modified the trend analysis using forecasting methods based on utilities infrastructure, housing starts, and commercial/industrial development. The projection is based upon continued expansion of the economy due to expected industrial,

commercial and residential growth. **Table 4-7** contains Conrath and Trout Associates’ 10-year enrollment projection.

Table 4-7: Bellevue CSD Enrollment Projection

School Year	Projected Enrollment	% Change From Previous Year
1999-2000	2,543	N/A
2000-2001	2,559	0.63%
2001-2002	2,574	0.59%
2002-2003	2,563	(0.43)%
2003-2004	2,483	(3.12)%
2004-2005	2,622	5.60%
2005-2006	2,628	0.23%
2006-2007	2,658	1.14%
2007-2008	2,640	(0.68)%
2008-2009	2,623	(0.64)%

Source: Conrath and Trout Associates’ Comprehensive Educational Facilities Plan for Bellevue CSD

According to Conrath and Trout Associates’ projection, the student enrollment is expected to increase by 80 students to 2,623 in 2009, and the enrollment is expected to reach its peak in 2007 at 2,658 students.

Table 4-8 compares Bellevue CSD’s actual head count for the last three years to the enrollment projection developed by Conrath and Trout Associates.

Table 4-8: Actual Student Head Count vs. Projected Enrollment

School Year	Actual Student Headcount	Number of Projected Students	Difference Between Actual and Projected Figures
1999-2000	2,395	2,543	(148)
2000-2001	2,364	2,559	(195)
2001-2002	2,366	2,574	(208)

Source: EMIS School Enrollment-First Full Week of October Reports (2000-2002); Conrath and Associates’ Comprehensive Educational Facilities Plan for Bellevue CSD, April 1999

When the actual student headcount figures are compared to the projected figures, the enrollment projection is higher and the anticipated student growth is overstated. For example, the difference between the 2002 actual student head count and the projected enrollment for 2002 is 208 students. Conducting enrollment projections on a more frequent basis, such as annually, will allow Bellevue CSD to make appropriate adjustments to prior projections. In addition, conducting enrollment projections on a periodic basis will provide important planning and management information for Bellevue CSD.

R4.5 Building capacity and utilization should be reviewed periodically in conjunction with enrollment projections to determine the appropriate number of school buildings and classrooms needed to house the current and projected student populations. A methodology that accounts for Bellevue CSD’s needs, educational programs and philosophy should be adopted by the district and used to determine school building utilization at least every two to three years. The building capacity calculations should be reviewed and updated at least once every five years or when a change in building structure or educational philosophy occurs.

While building capacity is a key component when planning for future facility needs, Bellevue CSD has not established student capacity for any of its school buildings. The Auditor of State (AOS) calculated the buildings’ capacities using a standard methodology often employed by educational planners. The capacity for the elementary school buildings is calculated by multiplying the number of regular classrooms by 25 students, the number of kindergarten and preschool rooms by 50 students, and the number of special education classrooms by 10 students. The three products are then added together to arrive at the total capacity for the building. Classrooms used for gym, music, art, library and computer labs are set-aside and excluded from the number of rooms used in the calculation. The capacity in the junior and senior high schools is calculated by multiplying the total number of teaching stations by 25 students and then multiplying the product by an 85 percent utilization factor. **Table 4-9** compares each school building’s student capacity to the 2002 student head count to determine the building utilization rate.

Table 4-9: FY 2002 Building Capacity and Utilization Rates

Building	Building Capacity	2002 Head Count	Over/(Under) Capacity	Building Utilization Rate
Ellis Elementary	220	181	(39)	82.3%
Lyme Elementary	170	131	(39)	77.1%
Ridge Elementary	245	175	(70)	71.4%
Shumaker Elementary	260 ¹	249	(11)	95.8%
York Elementary	535 ¹	490	(45)	91.6%
Elementary School Total	1,430	1,226	(204)	85.7%
Junior High School Total	659	371	(288)	56.3%
High School Total	871	768	(103)	88.2%
Total For All Buildings	2,960	2,365	(595)	79.9%

Source: Bellevue CSD building floor plans; 2002 EMIS School Enrollment Report- First Full Week in October

¹ The modular classroom units are excluded from the building capacity figure.

According to **Table 4-9**, Bellevue CSD’s overall building utilization rate is currently at 79.9 percent. The elementary schools are currently under capacity by 204 students and are operating at 85.7 percent, and the junior and senior high schools are operating under capacity as well. The senior high school is under capacity by 103 students, and the overall building utilization rate is 88.2 percent. The junior high school is operating significantly under capacity by 288 students, and the overall building utilization rate is 56.3 percent (see **R4.6**).

Bellevue CSD currently leases three modular classroom units to alleviate current facility overcrowding at Shumaker and York elementary schools. Each modular classroom unit contains two classrooms and provides enough space to increase student capacity by 50 students. **Table 4-10** illustrates how the use of the modular classrooms effects building capacity at the two elementary schools

Table 4-10: School Capacity and Building Use Including Modular Units

Building	Adjusted Capacity	2002 Head Count	Over/(Under) Capacity	Adjusted Building Utilization Rate
Shumaker Elementary	360	249	(111)	69.2%
York Elementary	585	490	(95)	83.8%
Total	945	739	(206)	78.2%

Source: Bellevue CSD building floor plans; 2002 EMIS School Enrollment Report- First Full Week in October

When the three modular classroom units are included in the capacity analyses, the utilization rates for Shumaker and York decrease to 69.2 percent and 83.8 percent, respectively.

Based upon the analysis conducted in **Tables 4-9** and **4-10**, the junior high school building is operating significantly under capacity (see **R4.6**). If Bellevue CSD reviewed building capacity and utilization on a consistent basis, strategies could be developed to ensure the optimal use of building space and reduce costs associated with under-utilization (see **R4.6**).

R4.6 Bellevue CSD should consider moving the sixth grade to the junior high school to create a middle school, grades 6-8. If Bellevue CSD elects to move the sixth grade to the current junior high school building, enough space would be created in the remaining elementary schools that Lyme Elementary could be closed and the use of one modular classroom unit could be reduced.

Based upon the junior high school's utilization rate of 56.3 percent, which is significantly less than the other school buildings (see **Table 4-9**), the junior high school has enough space to accommodate additional students. Currently, BCSD is not using all of its available teaching stations as classrooms for the middle school population. One classroom houses the early childhood education office. Another classroom is used for the elementary school gifted program. These two programs could be relocated to another building in the District to provide the space necessary to move the sixth grade students into the junior high school building. A third classroom has been converted to a teachers' lounge/work room, increasing the number of teachers' lounges to two. If Bellevue CSD moved the 200 sixth grade students from the elementary schools to the junior high school building, the junior high school's overall building utilization rate would increase to 86.6 percent. Enough room could be created in the other schools to absorb the remaining 106 students at Lyme Elementary, which has the smallest number of students and the lowest building capacity, that the building could be closed. The redistribution would open up 28 spaces in Shumaker and 89 spaces in York. The opening up of space at Shumaker and York could alleviate the need for one modular classroom unit. **Table 4-11** illustrates how redistributing the sixth grade students to the junior high school and the 106 students at Lyme Elementary to the remaining elementary schools would impact the elementary and junior high school building capacity and utilization rates.

Table 4-11: Adjusted Elementary and Junior High Building Capacity and Utilization

	Ellis El	Ridge El	Shumaker El	York El	Junior High	Total
Preschool	2	3	45	4	-	54
Kindergarten	18	35	35	48	-	136
First	19	21	32	48	-	120
Second	24	24	35	75	-	158
Third	20	19	21	74	-	134
Fourth	25	23	26	77	-	151
Fifth	40	25	27	75	-	167
Sixth	-	-	-	-	200	200
Seventh	-	-	-	-	179	179
Eighth	-	-	-	-	192	192
Redistribution of Students from Lyme	26	26	27	27	0	106
Total Head Count	174	176	248	428	571	1,597
Building Capacity	220	245	260	535	659	2,089
Over/(Under) Capacity	(46)	(69)	(12)	(107)	(88)	(492)
Adjusted Building Utilization Rate	79.1%	71.8%	95.4%	80.0%	86.6%	76.4%
Current Building Utilization Rate	82.3%	71.4%	95.8%	91.6%	56.3%	76.4%

Source: Bellevue CSD building floor plans; 2002 EMIS School Enrollment Report- First Full Week in October

Note: The building capacity figures do not include modular classroom units or the high school.

As indicated by **Table 4-11**, the building utilization rate for the junior high school increases to a level comparable to the other school buildings. In addition, the building utilization rates for the elementary schools remain close to the current utilization rates, except for York Elementary. The building utilization rate for York Elementary decreases by 11.6 percent. As discussed previously, York Elementary also has an additional modular unit. However, based upon this analysis, it appears that the modular unit at York Elementary is not necessary with this redistribution of students. As a result, Bellevue CSD should also consider reducing one modular classroom unit.

Closing Lyme Elementary and reducing one modular classroom could help Bellevue CSD remove itself from fiscal caution status. Furthermore, Bellevue CSD could use a portion of the cost savings resulting from this recommendation for instructional activities and capital improvements.

Financial Implication: Based on Lyme Elementary's FY 2000-01 facilities-related operational expenditures, Bellevue CSD could save approximately \$36,200 in salary and benefit costs for 1.0 FTE custodian and \$21,800 annually in utility costs if Lyme Elementary is closed. Bellevue CSD could also save an additional \$16,000 annually in purchased services by reducing its modular classroom usage by one unit. For cost savings associated with other staffing reductions related to this recommendation, see **R3.2** of the **human resources** section. In addition, Bellevue CSD could experience increases in transportation costs due to closing the Lyme building. However, these costs could not be quantified.

Maintenance Operations

R4.7 Bellevue CSD should design an electronic work order request form that can be accessed by its employees via Intranet. On the form, space should be provided for the assigned tradesmen to record the amount of time used to complete the request and the parts and supplies used. The electronic format would allow the director of facilities and support services to receive work order requests immediately and could be used to develop comprehensive building repair records that are easily accessible.

When there is a need for a repair, a work order request is not always completed. Instead the supervisor of facilities and support services is verbally informed about the repair need and the request is completed. No written record of the work done is created. When a written request for a building repair is made, it is sent through the interoffice mail to the supervisor of facilities and support services. The supervisor of facilities and support services prioritizes the request and then assigns it to the appropriate tradesman. After the repair is completed, the tradesmen are not required to record the amount of time used to complete the request nor do they record the parts and supplies used. The form is returned to the supervisor of facilities and support services who then files it. As a result of this process, there are no comprehensive building repair records that are easily accessible, and Bellevue CSD is unable to use work order processing as a measure for staff productivity. Incomplete repair histories can hinder the identification of the cause of system breakdowns and can impede troubleshooting efforts.

R4.8 In addition to using the recommended electronic work order request form, Bellevue CSD should develop a work order log form to track maintenance requests and the time and resources used to complete each order. Bellevue CSD should also require the maintenance staff to document what repairs and tasks they have completed each day. The logs should be periodically reviewed by the supervisor of facilities and support services to monitor productivity and maintenance expenditures.

Currently, the tradesmen are not held accountable for how they spend their time. In addition, there is no way to gauge worker productivity or to assess the staff's workload without a structured work order system or the completion of daily logs documenting how the day was

spent. Completing daily logs would increase accountability and potentially increase productivity. In addition, instituting the use of a formal work order form and daily work order logs are significant steps toward implementing a structured maintenance program.

R4.9 Bellevue CSD should develop a structured maintenance and repair program for its facilities. The first step in developing a structured maintenance and repair program is the creation of an inventory of building components and their condition. The information gathered can be used by management to better identify maintenance needs, quantify deferred maintenance, determine capital improvement costs, and to set priorities. An inspection form should be developed and used to complete the inventory. The form will allow the inspectors to observe building components logically and record data uniformly. Bellevue CSD will also have to select an objective method for ranking maintenance projects and estimating costs. To help decide priorities, the supervisor of facilities and support services should also consult with the school principals to hear what maintenance projects could further their educational objectives. After the projects and maintenance needs have been identified and prioritized, the district should develop a time line and budget for their completion. Projects that cannot be completed immediately, due to resource limitations, should be included in the recommended capital improvement plan (R4.2).

Bellevue CSD currently lacks a structured maintenance and repair program for its facilities. As a result, the likelihood of addressing critical maintenance needs is reduced, and the possibility of allocating funds to lower priority improvements increases. In addition, when information concerning building component repair needs is not readily available, the district is placed at a disadvantage when trying to demonstrate the need for capital improvement funds that are occasionally made available from the federal government through the Ohio School Facilities Commission.

Financial Implications Summary

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

Facilities Financial Implications Summary

Recommendation	Annual Cost Savings
R4.6 Close Lyme Elementary and reduce modular classroom unit usage.	\$74,000
Total	\$74,000

Conclusion Statement

Based on Bellevue CSD's current enrollment and building utilization, the district could close Lyme Elementary and discontinue the use of one modular classroom unit if the sixth grade is moved from the elementary schools to the junior high school. This redistribution of students could save Bellevue CSD approximately \$74,000 annually in facilities-related operational costs. Bellevue CSD could better plan for long-term facility use and capital expenditures. The district currently lacks a facilities master plan and a formal multi-year capital improvement levy. Without a formal capital improvement plan, the likelihood of making inappropriate capital expenditures increases, and the possibility of addressing critical repair needs is reduced.

Bellevue CSD appears to have staffed each of its buildings with the appropriate number of custodians, and the maintenance staffing levels appear to be adequate as well. Bellevue CSD's current employment practices are favorable and do not result in additional costs to the district. Steps have been taken to minimize overtime usage, and a building usage policy and fee schedule have been established to recoup the costs associated with outside groups using the facilities when school is not in session.

Bellevue CSD does not have a structured maintenance and repair program, and the tradesmen are not held accountable for how they spend their time. In addition, there is no way to gauge worker productivity or to assess the staff's workload without a structured work order system or some measure of productivity. An electronic work order request form should be designed that can be accessed by Bellevue CSD employees via Intranet. The electronic format would allow the buildings and grounds supervisor to receive work order requests immediately and could be used to develop comprehensive building repair records that are easily accessible. In addition, the maintenance staff should also be required to document what repairs and tasks have been completed on a daily work log. The logs should be submitted at the end of each week to the supervisor of buildings and grounds for review. Completing the daily logs will increase accountability and potentially increase productivity. Instituting the use of a formal work order form and daily work logs are significant steps toward implementing a structured maintenance program.

Transportation

Background

Bellevue City School District (Bellevue CSD) provided transportation to 1,580 regular needs students in FY 2000-01 using District-owned yellow buses. Bellevue CSD provided transportation to public school students attending school in the District, as well as parochial and community school students. Bellevue CSD has adopted a formal transportation policy that states that the District will provide transportation to any student, grades K-6, that lives more than one mile from school and any student grades 7-12, that lives more than two miles from school. **Table 5-1** identifies the total riders of Bellevue CSD and the peer districts, and a breakdown of where the students attend school.

Table 5-1: Total Regular & Special Needs Riders

	Bellevue	Shelby	Van Wert	Willard
Public ¹	1,419 ²	1,257	669	1,586
Non-Public ¹	161	160	49	70
Community School ¹	0 ²	0	0	0
Total Regular Needs Riders	1,580	1,417	718	1,656
Total Special Needs Riders	26	34	54	9
Total Riders	1,606	1,451	772	1,665

Source: District T-1 Forms

¹ These students are all regular needs riders.

² According to the assistant superintendent, the 62 students identified on the T-1 form as community school were coded incorrectly and are actually public students. Therefore, these students are included with public students.

Organizational Structure and Function

The transportation supervisor at Bellevue CSD oversees the transportation department and has supervisory responsibilities over the assistant supervisor, drivers, monitors and mechanics. Bellevue CSD currently employs two part-time certified aides to ride on the special education vehicles (1.1 FTE). In addition, Bellevue CSD keeps one aide and two monitors on call. Bellevue CSD also employs a mechanic and a mechanic’s assistant who are responsible for the on-sight maintenance and repairs of the bus fleet and all other District-owned vehicles. **Table 5-2** displays Bellevue CSD’s staffing levels in comparison to the peer districts.

Table 5-2: District Staffing Levels

Staffing	Bellevue		Shelby		Van Wert		Willard		Peer Avg	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Supervisor/Assistant	2.0	1.8	2.0	2.0	2.0	1.0	2.0	1.0	2.0	1.3
Bus Driver	20.0	11.3	14.0	8.8	10.0	5.0	13.0	9.8	12.3	7.9
Mechanic/Assistant	2.0	2.0	1.0	1.0	0.0	0.0	2.0	1.8	1.0	0.9
Administrative	0.0	0.0	1.0	1.0	1.0	0.3	0.0	0.0	0.7	0.4
Assistant	2.0	1.1 ¹	2.0	1.1	2.0	1.0	0.0	0.0	1.3	0.7
Aides										
Total	26.0	16.2	20.0	13.9	15.0	7.3	17.0	12.6	17.3	11.2
Total Number of Students Transported	1,606		1,451		772		1,665		1,296	
Students Transported per Bus Driver FTE	142.1		164.9		154.4		169.9		164.1	
Students Transported per Total FTE	99.1		104.4		105.8		132.1		115.7	
Square Miles in District	137		72		70		90		77.3	
Square Miles per Total FTE	8.5		5.2		9.6		7.1		6.8	

Source: District Transportation Departments

¹ Does not include the one aid and two monitors on call.

Table 5-2 indicates that Bellevue CSD has the lowest number of students per bus driver FTE and total FTE. Due to the large square milage of Bellevue CSD, the district runs and maintains a large fleet of buses, which explains the larger number of square miles per FTE at Bellevue CSD as compared to Shelby and Willard CSDs. In addition, this is reflected by Bellevue CSD employing a bus driver staff that is significantly larger than the peer average. Further, Bellevue CSD employs an additional full time mechanic to assist in the maintenance and repair of the bus fleet. Bellevue CSD cannot reduce a bus driver unless the drivers corresponding routes are consolidated (see **R5.1** and **R5.2**).

Operational Statistics

Bellevue CSD uses a fleet of 20 active and 7 spare buses to provide transportation to its regular and special needs students, both public and non-public. Nineteen buses are used to transport regular needs students while the remaining bus is used to transport special needs students. In addition, Bellevue CSD operates three vans to transport special needs and alternative school students. In FY

2000-01, Bellevue CSD served 1,580 students through the regular needs program, traveling approximately 279,000 miles. The total cost of the regular needs transportation program was \$612,318, of which \$344,948 (56.3 percent) was reimbursed by the State.

The special needs transportation program at Bellevue CSD transported 26 students in FY 2000-01 at a cost of \$121,263. Sixteen students were transported by District-owned yellow buses that traveled approximately 63,000 miles for the year. The remaining 10 students were transported in District-owned vans which traveled over 34,000 miles for the year. Bellevue CSD received \$36,729 (30.3 percent) as reimbursement from the State for special needs transportation.

Overall, Bellevue CSD transported 1,606 students on 20 active buses and nine vans traveling approximately 376,000 miles for the year. The total cost of the transportation program at Bellevue CSD was \$733,581, of which 51.8 percent was reimbursed by the State. **Table 5-3** provides basic operating statistics and ratios for Bellevue CSD and the peer districts.

Table 5-3: Basic Operating Statistics

	Bellevue	Shelby	Van Wert	Willard
Operational Statistics:				
Students Transported				
- Regular students	1,580	1,417	718	1,656
- Special needs	26	34	54	9
- Total	1,606	1,451	772	1,665
Miles Traveled				
- Regular students	278,640	179,640	106,560	208,080
Square Miles in district	137 ¹	72	70	90
Expenditures				
- Regular students	\$612,318	\$547,101	\$278,829	\$507,535
- Special needs	\$121,263	\$102,490	\$46,937	\$36,912
- Total	\$733,581	\$649,591	\$325,766	\$544,447
State Reimbursements				
- Regular students	\$344,948	\$281,547	\$205,832	\$312,385
- Special needs	\$36,729	\$51,304	\$24,942	\$11,319
- Total	\$381,677	\$322,851	\$230,774	\$323,704
Operational ratios:				
Regular students: Yellow Bus				
- Cost per mile	\$2.20	\$3.05	\$2.62	\$2.44
- Cost per bus	\$30,616	\$45,592	\$27,883	\$39,041
- Cost per student	\$388	\$386	\$388	\$306
- Students per bus	79	118	72	127
Special Needs Students:				
- Cost per student all methods	\$4,664	\$3,014	\$869	\$4,101
School Sites:				
- Public	9	11	7	6
- Non-public	2	3	1	2
Active buses	20	12	10	13
Spare buses	7	4	7	3

Source: District T-1, T-2 and T-11 Forms

¹ Represents Bellevue CSD square mileage for FY 2000-01; square mileage increased to 154 miles for FY 2001-02.

As displayed in the table, Bellevue CSD’s cost per mile and cost per bus ratios compare favorably to the peer districts. The favorable cost ratios are due in part to the size of Bellevue CSD. Bellevue CSD has more square mileage than any other peer district and is 52.0 percent larger than the next closest district. Due to the large size of Bellevue CSD, the District’s buses ran approximately 279,000 miles, significantly higher than the next closest peer district. Running a large number of miles enabled Bellevue CSD’s cost per mile ratio to be significantly lower than the peer districts. However, the large size of Bellevue CSD creates the need for the District to run longer, linear routes. The effect of running long, linear routes is evident with Bellevue CSD’s students per bus ratio being the lowest among the peer districts (see **R5.1** and **R5.2**). In addition, the large square mileage of Bellevue CSD prevents the District from buying and maintaining a central fuel tank which increases

fuel expenditures (see **R5.3**). Furthermore, Bellevue CSD had the highest cost per special needs student as compared to the peers (see **R5.4**).

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

- Transportation policy,
- Transportation for students enrolled in private schools (State law requires Bellevue CSD to transport students to these schools and provides State funding to the District for a portion of the transportation expenditures.), and
- Guaranteed hours of pay per day for bus drivers.

Furthermore, Bellevue CSD has developed a necessary bus replacement plan. While there are currently no State minimum standards for the replacement of school buses, a general consensus among ODE, private bus contractors and transportation departments, is that buses should be replaced at 12 years of age or 200,000 miles for diesel buses (150,000 miles for gasoline buses). Bellevue CSD currently has 14 buses that exceed the 12-year guideline and/or the mileage benchmark. Bellevue CSD's has developed a bus replacement plan which will allow the District to absorb the cost of purchasing new buses over a three year time span, as opposed to a one year lump sum payment.

General Recommendations

R5.1 Bellevue CSD should examine the possibility of adopting a three-tiered bell schedule to allow buses to pick up and drop off students three times in the morning and afternoon. If a three-tiered bell schedule is feasible, Bellevue CSD could decrease the size of the bus fleet and the number of drivers needed.

Bellevue CSD currently runs a two-tiered routing system. The junior high and high school students are transported to school no later than 7:30AM. After completing these routes, each bus runs an additional route for the elementary school students. Elementary school students must be transported to school no later than 8:10AM. Schools using a one-tiered bell schedule limit the number of runs that a single bus can make in the morning and evening to one run per bus. Bellevue CSD’s two-tiered bell schedule allows each bus to have two runs per day. Running multiple routes per day decreases the size of the bus fleet needed at Bellevue CSD and lowers maintenance expenditures and bus purchase costs. Although two-tiered bell schedules usually result in a higher number of students per bus, the large total area of Bellevue CSD (137 square miles) increases route length and hampers the Districts ability to increase students per bus. However, examining the possibility of adopting a three-tier bell schedule could result in decreasing the bus fleet and the number of drivers, which would increase the number of students per bus to a level more comparable with Shelby and Willard CSDs (see **Table 5-3**), as well as reduce transportation costs to help Bellevue CSD’s remove itself from fiscal caution status.

Financial Implication: Every bus that Bellevue CSD could eliminate through the development of a three-tiered routing system would result in savings of approximately \$30,000 based on the Districts FY 2000-01 cost per bus ratio. **Table 5-4** provides Bellevue CSD’s potential savings based on the number of buses eliminated. Included in the total savings are Transportation Department salary expenditures.

Table 5-4: Cost Savings from Implementing Three-Tiered Bell Schedule

Buses Eliminated	Savings per Year	Students per Bus ¹
1	\$30,000	83.2
2	\$60,000	87.8
3	\$90,000	92.9
4	\$120,000	98.8
5	\$150,000	105.3

¹ Based on FY 2000-01 regular education students transported.

As indicated in **Table 5-4**, Bellevue CSD would increase the number of students per bus to about 105 students by reducing five buses, which is still lower than Shelby and Willard CSDs' ratios of 118 and 127 students per bus, respectively. Although the data presented in **Table 5-4** indicate that Bellevue CSD could reduce five buses, the size of the District could make it difficult to operate by reducing five buses. Assuming that Bellevue CSD eliminates two buses by implementing a three-tiered bell schedule and/or consolidating routes by implementing routing software (see **R5.2**), Bellevue CSD can experience costs savings of approximately \$60,000 annually. Bellevue CSD can realize additional cost savings if it is able to reduce additional buses in the future.

R5.2 Bellevue CSD should explore the use of routing software to determine if the implementation of this software could consolidate any existing routes and enable the District to eliminate the use of one or more buses.

Bellevue CSD currently transports pupils from four surrounding counties, a total area of 137 square miles. Traditional routes are used on a yearly basis. However, the transportation supervisor does implement minor changes at the beginning of the year. While routing software may be able to increase Bellevue CSD's students per bus, the District should set parameters that limit route times to ensure that student commutes are not excessively long. In addition, when exploring the possible implementation of routing software, Bellevue CSD should work closely with the company to determine if routing software will economically benefit the District. Previous AOS Performance Audits have found that routing software has usually been beneficial to districts with more than 10 buses. Every route that Bellevue CSD could eliminate through the purchase and installation of routing software could result in the reduction of one bus.

Financial Implication: Routing software can cost up to \$20,000 with up to an additional \$5,000 for installation. Based on Bellevue CSD's cost of \$30,616 per bus, it would only take the reduction of one bus for the installation of routing software to be cost effective. See **R5.1** for information on potential cost savings associated with eliminating buses.

R5.3 Bellevue CSD should revise its fuel purchase process for District vehicles. The following revisions should be explored which could reduce Bellevue CSD's fuel purchase costs.

- **Bellevue CSD could establish an agreement with one or more local vendors to purchase fuel at a discounted rate. Due to higher rates, purchasing fuel from a commercial vendor is not the most cost-effective method of fuel procurement.**
- **Bellevue CSD could explore the option of entering into an agreement with another local government entity, such as the City of Bellevue, Huron County, or an adjacent school district for the procurement of all, or a portion, of the**

District's fuel. Such an agreement would allow Bellevue CSD to take advantage of an existing fuel tank and negotiated rates.

Bellevue CSD currently purchases fuel from four different gas stations located throughout the District. Due to the large size of Bellevue CSD, it is not feasible for the District to purchase fuel for all vehicles at one central location. Bellevue CSD currently pays retail price for all fuel purchased; however, the District does not pay taxes. Fuel is purchased by the bus driver, with the station attendant recording the bus number on the invoice which is sent to the District. According to the transportation supervisor, the gas stations that Bellevue CSD purchases fuel from are monitored every one to two weeks to ensure the District is not paying excessive rates for fuel.

Financial Implication: If Bellevue CSD were to contract with a commercial vendor for reduced fuel prices, the District could possibly save 10 percent on fuel purchase costs, based on information obtained from previous AOS school district audits. Applying this to Bellevue CSD's FY 2000-01 fuel expenditures of \$59,935, the District could save approximately \$6,000 per year by contracting with a commercial vendor for fuel purchases.

R5.4 Bellevue CSD should explore the following options to lower special needs transportation costs:

- **Promoting the formation of parent/guardian contracts with the Transportation Department. Bellevue CSD did not form parent/guardian contracts with any students in FY 2000-01. While parents cannot be forced to provide transportation, Bellevue CSD can promote the use of these contracts with the goal of decreasing the total number of special needs students that receive transportation provided by the District.**
- **Bellevue CSD should maximize the number of vans used to transport special needs students. Vans are less costly to operate and should be used whenever possible.**

Bellevue CSD transported 26 special education students in FY 2000-01 using two buses and one van. Despite transporting the second lowest number of special education students among the peer districts, Bellevue CSD's average cost per student of \$4,664 was the highest among the peer districts (see **Table 5-3**). Therefore, Bellevue CSD should consider implementing one of the above options to reduce transportation costs for special needs students.

Financial Implications Summary

The following table represents a summary of implementation costs and annual cost savings. For the purposes of this table, only recommendations with quantifiable impacts are listed.

Summary of Financial Implications for Transportation

Recommendation	Implementation Costs (One-Time)	Annual Cost Savings
R5.1 Develop three-tiered bus routing system	\$0	\$60,000
R5.2 Purchase routing software ¹	\$25,000	N/A
R5.3 Develop bidding procedures for fuel procurement	\$0	\$6,000
Total	\$25,000	\$66,000

¹ Developing a three-tiered bus routing system and purchasing routing software to consolidate existing routes could both result in reducing buses. Therefore, the cost savings for this recommendation are included with the cost savings in **R5.1**.

Conclusion Statement

The Bellevue City School District Transportation Department could improve its operating efficiency for the transportation of regular and special needs students. The large area of Bellevue CSD and lack of technology has created the need for the District to operate with a large bus fleet, decreasing the District's operating efficiency. This has caused Bellevue CSD's to have a low students per bus ratio and a high cost per student ratio when compared to the peer districts.

Bellevue CSD could lower transportation costs through the implementation of a three-tiered bell system and/or the purchase and installation of routing software. Further savings could be achieved by bidding out Bellevue CSD fuel purchases. In addition, Bellevue CSD could possibly lower special education costs through the promotion of parent/guardian contracts and/or maximizing the number of vans used to transport special needs students.