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Auditor of State

CANTON  
LOCAL SCHOOL DISTRICT  
PERFORMANCE AUDIT

OCTOBER 13, 2009



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

In accordance with House Bill 119, a performance audit was conducted in the Canton Local School District. The functional areas assessed during the audit were financial systems, human resources, facilities, and transportation. These areas were selected because they are important components of District operations that support its educational mission, and because improvements in these areas can assist the District in improving its financial condition.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements. The audit also provides an independent assessment of the District's financial situation and a framework for improvement. While the recommendations contained in the audit report are resources intended to assist in improving operational efficiency and effectiveness, the District is encouraged to assess overall operations and develop additional alternatives.

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

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

Sincerely,

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

October 13, 2009





# **Executive Summary**

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## **Project History**

In accordance with House Bill 119, the Auditor of State (AOS) conducted a performance audit of the Canton Local School District (CLSD or the District). Based on AOS research and discussions with CLSD officials, the following areas were assessed in the performance audit:

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

## **District Overview**

CLSD operates under a locally elected Board of Education, consisting of five members, and is responsible for providing public education. CLSD covers 36 square miles and is located in Stark County. The District provided education services to 2,291 students<sup>1</sup> in FY 2008-09. Unrestricted grants-in-aid (largest portion of State funding) represents the largest revenue source for the District, comprising approximately 35 percent of General Fund operating revenues in FY 2007-08. Real estate property taxes represent the second largest revenue source, comprising approximately 34 percent of General Fund operating revenues in FY 2007-08.

CLSD provides educational services in four school buildings: two elementary schools (one houses grades K-1 and one houses grades 2-5), one middle school (grades 6-8), and one high school (grades 9-12). The District employs approximately 272 full-time equivalent (FTE) employees<sup>2</sup>, consisting of approximately 16 administrator FTEs, 157 education FTEs, and 99 professional, classified and other support staff FTEs. Additionally, employees are covered under two collective bargaining agreements: one for certificated staff and one for classified staff. Lastly, the District met 25 of 30 academic performance indicators established by the Ohio Department of Education (ODE) in FY 2007-08 and received an academic designation of “effective.”

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<sup>1</sup> This excludes 127 students who attend the Multi-County Juvenile Attention Center.

<sup>2</sup> This excludes approximately 17 FTEs assigned to the Multi-County Juvenile Attention Center.

## **Financial Outlook**

**Table 2-6** in the **financial systems** section presents a financial outlook for CLSD, which demonstrates the impact of the performance audit recommendations on the District's financial condition. When including the financial implications for all the performance audit recommendations and the adjustments to the District's original projections, and assuming the renewal of a property tax levy, **Table 2-6** in the **financial systems** section shows that the District is projected to experience deficit ending fund balances for each year of the forecast period. As a result, it will be necessary for the District to consider other options for addressing the projected deficits and/or enact changes that go beyond the targeted savings identified in the performance audit recommendations [e.g., requiring more than a 15 percent employee contribution for health insurance (**R3.6**), reducing more than 10 regular education teacher FTEs (**R3.1**), etc.]. However, the forecast in **Table 2-6** will depend, in part, on the attainment of the District and AOS revised projections, timing related to implementing the performance audit recommendations, and the actual impact of those recommendations. See **R2.11** in the **financial systems** section for additional discussion.

Prior to adopting final strategies for addressing the financial difficulties, the District is encouraged to discuss all potential options with stakeholders to obtain their input and desires. Furthermore, strengthening the reliability of the five-year forecast (**R2.2**), finalizing the strategic plan (**R2.8**), and developing policies and procedures for gathering and reporting data (**R3.4** and **R5.2**) would help ensure that potential options are based on defined goals and objectives, and accurate information.

## **Subsequent Events**

House Bill 1 was enacted during the latter portion of this performance audit, which alters the funding formula for school districts. The respective sections of the performance audit include a discussion of the key provisions that can impact the related assessments and recommendations (see **R2.2**, **R2.11**, **R3.1**, **R3.3**, **R5.1**, and **R5.2**). Nevertheless, CLSD is encouraged to review the provisions in House Bill 1 to determine the extent to which they impact the assessments and recommendations contained in this performance audit, as well as its funding and operations in general.

## **Objectives**

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

The overall objective of this performance audit is to assist CLSD in indentifying strategies to reduce expenditures and, in turn, help eliminate future deficits. The following presents the major assessments conducted in this performance audit:

- **Financial Systems** includes evaluations of expenditures, forecasting, planning, budgeting, performance measurement, purchasing, food services, oversight, and financial policies and procedures;
- **Human Resources** includes analyses of District-wide staffing and compensation levels, collective bargaining agreements, benefit costs, and the vocational program;
- **Facilities** includes assessments of custodial and maintenance staffing, facility-related expenditures, policies and procedures, preventative maintenance and planning, energy management, and building utilization; and
- **Transportation** includes evaluations of operating efficiency, performance and financial indicators, data reporting, fleet maintenance and planning, and policies and procedures.

A full description of the objectives is listed within each report section. Additionally, the recommendations comprise options that CLSD can consider to improve operations and its financial condition.

## **Scope and Methodology**

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives.

Audit work was conducted between February and May, 2009. To complete this report, the auditors conducted interviews with District personnel, and reviewed and assessed information

from CLSD, other school districts, and relevant external sources. AOS corrected the identified reporting errors in the District's EMIS data when assessing staffing levels, with the exception of food service workers (see **R3.4** for detailed information). Peer school district data and other information used for comparison purposes were not tested for reliability, although the information was reviewed for reasonableness.

AOS developed a composite of ten selected districts,<sup>3</sup> which was used for peer comparisons. ODE classified these ten districts in the same demographical grouping as CLSD (Urban – low median income, high poverty). In addition, these ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Expenditures were also compared to an average of the twenty similar districts as defined by ODE, while teacher salaries were also compared to regional and neighboring districts. Furthermore, external organizations and sources were used to provide comparative information and benchmarks. They include ODE, the Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), the American Schools and Universities (AS&U), and the National Center for Education Statistics (NCES).

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

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

## **Noteworthy Accomplishments**

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes CLSD's noteworthy accomplishments identified throughout the course of the audit. Additional detail is presented in the **human resources** (premium costs and sick leave use) and **facilities** (staffing levels) sections of the report.

- **Medical and Prescription Premium Costs:** CLSD pays lower monthly premiums for both single and family coverage when compared to data reported by SERB, OEA and

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<sup>3</sup> Bath LSD, Boardman LSD, Columbiana EVSD, Dover CSD, Girard CSD, Heath CSD, Lowellville LSD, McDonald LSD, Tiffin CSD, and Wheelersburg LSD.



Kaiser, with the exception of the single monthly premium which is slightly higher than the Kaiser PPO average.

- **Certificated Sick Leave Use:** When compared to the average reported by the Ohio Department of Administrative Services for applicable State employees, CLSD's certificated staff used 34 percent fewer sick leave hours per employee in FY 2007-08.
- **Facility Staffing Levels:** CLSD staff cleans and maintains more square feet and acres per FTE than the respective benchmarks. Additionally, the staffing levels and purchased service expenditures taken collectively show that the District is exceeding the AS&U benchmarks for maintenance resources.

## Conclusions and Key Recommendations

Each section of the audit report contains recommendations that are intended to provide CLSD with options to enhance its operational efficiency and improve its long-term financial stability. In order to obtain a full understanding of the assessed areas, the reader is encouraged to review the recommendations in their entirety. The following summarizes the key recommendations from the performance audit report. In addition to the recommendations, the sections of the report note assessments conducted in the performance audit that did not warrant recommendations.

*In the area of financial systems, CLSD should:*

- Analyze and use **Table 2-6** to evaluate the effect of recommendations presented in this performance audit. The District should consider implementing the recommendations in this performance audit and taking other appropriate actions to avoid projected operating deficits throughout the forecast period. For instance, the District should consider the feasibility of partnering with other districts to share applicable services. Furthermore, the District should update **Table 2-6** on an on-going basis to reflect changes, monitor revenue and expenditure activities, and review performance against projected figures. Lastly, CLSD should regularly discuss options for reducing costs and/or increasing revenues with stakeholders to help determine long-term strategies for addressing the projected deficits.
- Implement formal policies and procedures on financial forecasting, and update employee job descriptions and related Board policies to reflect the forecast roles and responsibilities. In addition, the District should review and consider implementing the recommended strategies to strengthen the reliability of the five-year forecast (see **R2.2**).
- Review its current responsibilities for operating the Multi-County Juvenile Attention Center with its legal counsel, in relation to the requirements in State law. If the District

determines that it is not legally obligated to provide the current services, it should consider ceasing the applicable services. If services are ceased, CLSD should determine whether it can realign administrative staffing levels to be more comparable to the peers. However, if the District determines that State law requires it to provide these services, it should explore strategies to alleviate the resulting cash flow problems.

- Develop a methodology to charge the Food Service Fund (FSF) for the costs related to utility and lunchroom monitoring expenditures. Additionally, in order to ensure that the FSF can sustain the additional costs over the long run, CLSD should review food service operations to identify potential efficiency improvements and cost-saving strategies.
- Consider expanding memberships in purchasing consortia to help ensure cost-effective purchases.

*In the area of human resources, CLSD should:*

- Review its educational support, regular education teacher, and education service personnel (ESP) staffing levels in relation to its financial condition, academic goals, and student needs. For instance, the District could reduce staffing levels by 4.0 educational support FTEs and still maintain more educational support FTEs per 1,000 students than the peer average. Likewise, the District could reduce its ESP staffing levels by 4.0 FTEs and still comply with State law, and reduce regular education teacher staffing levels by 10.0 FTEs and still employ 20 percent more teachers than required by State law. However, CLSD should weigh decisions to reduce these staffing levels against the impact the reductions may have on its academic program and the quality of education. Similarly, the District should consult with ODE to determine whether the provisions in the new funding formula will correspond to new staffing requirements and ensure proposed reductions will permit compliance with the new requirements.
- Examine its career-technical program to identify methods for improving cost-effectiveness, such as eliminating duplicate course offerings, working to ensure that program participation continues to rise, and increasing the participation fee charged to the partner districts to align with the costs of the program. As the District alters its courses, it should ensure compliance with the Ohio Administrative Code. In addition, it should periodically review the participation fee to ensure that each district covers their portion of program costs. If CLSD cannot improve the cost-effectiveness of the current program, it should explore contracting with a JVSD for career-technical programs. However, before implementing this option, CLSD should seek stakeholder input and feedback because this option would result in increased property taxes.

- Develop formal policies and procedures for gathering EMIS information. In addition, EMIS staff should be encouraged to become certified by the Ohio Association of EMIS Professionals (OAEP).
- Eliminate the additional retirement benefit for all employees and consider limiting future increases to base wages, subject to negotiations for certificated and classified staff covered by collective bargaining agreements. In addition, the District should negotiate adjustments to the salary schedules for certificated staff to be more comparable to at least the neighboring districts. While CLSD should seek to lower salary rates throughout the schedules, at a minimum, it should strive to negotiate lower salary rates prior to longevity steps (zero to 12 years of service). Furthermore, the District should consider the feasibility of negotiating one salary schedule for all certificated staff, regardless of hire date. Lastly, CLSD should consider reviewing classified salary schedules, and the number of supplemental contracts and related pay rates in comparison to regional and neighboring districts.
- Negotiate to increase premium contribution rates for all full-time employees receiving health benefits to 15 percent of healthcare insurance premiums, and eliminate caps on employee contributions. In addition, the District should negotiate employee contributions for dental coverage that are at least in line with SERB averages for the Canton/Akron region. Furthermore, the District should modify its dental plan benefits to help lower dental insurance premium rates.
- Consider renegotiating several provisions in its collective bargaining agreements. Specifically, it should consider reducing the number of holiday and vacation days for classified staff, the length of lunch periods for certificated staff, and the number of sick days paid at retirement to certificated and classified staff. In addition, the District should renegotiate to eliminate the overtime pay associated with building checks.

*In the area of facilities, CLSD should:*

- Establish formal energy conservation policies that align with leading practices. In addition, the District should distribute and discuss energy conservation policies with administrators, faculty, and students in an effort to educate them about energy conservation and promote the use of appropriate conservation techniques. As a part of the policy, the District should review its temperature settings for unoccupied areas and for the cooling season, and consider making adjustments that align with industry standards.
- Review the FY 2005-06 facility assessment to identify updates needed to reflect current conditions and appropriate elements. The plan should be linked to the District's strategic plan and updated periodically. Moreover, the District should conduct regular audits of its facilities, which would help develop and maintain the facilities master plan.

*In the area of transportation, CLSD should:*

- Further review methods for improving efficiency and reducing costs, such as the following:
  - Consider reviewing routes prior to the start of the 2009-10 school year and requesting the assistance of its routing software vendor in this effort;
  - Follow through on determining the feasibility of adding more cluster stops;
  - Assess the feasibility of establishing bus stops closer to the maximum walking distance of one-half mile; and
  - Consider reviewing the feasibility of increasing the number of runs per bus by reviewing current routes and the potential of using cluster stops at greater intervals and adjusting bell schedules, and accordingly developing a cost-benefit analysis of this option.
- Review the current level of transportation services in relation to State minimum requirements and House Bill 1, and relevant factors like costs and student safety. If the District maintains the current operation, it should consider clarifying its policy to be more consistent with actual service levels.
- Establish formal policies and procedures to ensure T-reports are accurately prepared, reviewed, and reconciled before submission to ODE. To further strengthen reporting controls, the District should consider having someone review the Treasurer's spreadsheet prior to having the Secretary submit the data online.
- Charge the Career Tech Fund instead of the General Fund for transportation costs related to transporting Career Tech students.
- Develop formal preventive maintenance (PM) and bus replacement plans, which should be linked to the budget and five-year financial forecast. When developing the replacement plan, CLSD should assess the cost-effectiveness of replacing buses with larger ones.

## **Issues for Further Study**

Auditing standards require the disclosure of significant issues identified during the audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues the auditors do not have time or resources to pursue. The audit identified the District's use of Prairie College Elementary School as an issue requiring further study. Specifically, CLSD should identify all operating costs in an effort to negotiate a lease rate that covers the appropriate level of operating costs, but also accounts for the District's use of the building. See the **facilities** section of the report for additional detail.

## Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

### Summary of Financial Implications

Recommendation	Annual Savings	One Time Costs	Annual Costs
<b>R2.9</b> Charge the Food Service Fund for utility and lunchroom monitoring costs.	\$49,500 <sup>1</sup>		
<b>R2.10</b> Expand memberships in purchasing consortia.			\$700
<b>R3.1</b> Reduce staffing by 4.0 Educational Support Staff FTEs.	\$113,000		
<b>R3.2</b> Examine career-technical program for cost-effectiveness.	\$205,000		
<b>R3.3</b> Reduce staffing by 10.0 Regular Education and 4.0 ESP FTEs.	\$695,000		
<b>R3.8</b> Purchase and implement an automated substitute calling system.	\$5,600	\$900	\$480
<b>R4.4</b> Purchase an electronic work order system.		\$800	\$2,500
<b>R5.2</b> Charge related transportation costs to the Career Tech Fund.	\$16,200 <sup>1</sup>		
<b>Total Not Subject to Negotiations</b>	<b>\$1,084,300</b>	<b>\$1,700</b>	<b>\$3,680</b>
<b>R3.5</b> Eliminate the additional retirement benefit for all employees.	\$687,000		
<b>R3.6</b> Increase employee contribution towards health benefits and redesign dental coverage.	\$356,000		
<b>R3.7</b> Renegotiate severance payouts and eliminate building checks.	\$84,950		
<b>Total Subject to Negotiations</b>	<b>\$1,127,950</b>		
<b>Total All Recommendations</b>	<b>\$2,212,250</b>	<b>\$1,700</b>	<b>\$3,680</b>

Source: AOS Recommendations

<sup>1</sup> These amounts are savings for the General Fund, but have no impact on the District's total costs because they increase costs by the respective amounts in the Food Service Fund (**R2.9**) and the Career Tech Fund (**R5.2**).



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# Financial Systems

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## Background

This section of the performance audit focuses on Canton Local School District's (CLSD or the District) financial systems, including an assessment of CLSD's five-year forecast. The District's operations were evaluated against ten selected peer school districts (peer average)<sup>1</sup>, recommended or leading practices, and operational standards from applicable sources, including the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants (AICPA), and the Association of Government Accountants (AGA).

### *Financial Operations*

The Treasurer's Office is responsible for processing payroll, administering accounts payable/receivable, administering employee benefits, and reporting District finances to the Board of Education (the Board) and general public. The Office consists of 3 full-time staff members. The Treasurer reports to the Board, while the Payroll/Benefits Clerk and Accounts Payable Clerk report to the Treasurer. The Treasurer has been with the District for more than 20 years and the Treasurer's employees have been with the District for more than 10 years.

CLSD provides educational services to the Multi-County Juvenile Attention System (MCJAS) for the Stark County Family Court. The system began in 1970 and has two distinct programs: a detention/secure holding facility and a long term treatment facility for youth in need of structured placement out of the home. Because CLSD provides educational services to MCJAS, the Treasurer's Office administers the fiscal responsibilities associated with those services. Also, CLSD sponsors a community conversion school known as the Five R's Academy (the Academy). Operations for this project-based learning program began in FY 2007-08 and are housed in the District's High School. While the Five R's Academy is a separate entity, the Treasurer's Office administers the financial transactions.

### *Financial History and Condition*

CLSD is funded at the local level through a variety of levies, including the following:

- 48.20 operating mills for the General Fund ( 23.7 effective mills); and
- One five-year permanent improvement levy (1.9 mills).

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<sup>1</sup>See the **executive summary** for a list of the peer districts and an explanation of the selection methodology.



In total, CLSD's property tax levies generated approximately \$8,077,000 in local revenues for the General Fund during FY 2007-08.

The District ended FY 2007-08 with a deficit of approximately \$40,000 and projects a deficit of approximately \$43,000 in FY 2008-09. The Treasurer's forecast anticipates that the District's financial condition will continue to decline substantially beginning in FY 2009-10. Specifically, the Treasurer projects that the District's ending fund balances will decline to a deficit of approximately \$577,000 in FY 2009-10 and \$2.3 million in FY 2010-11. The Treasurer further projects that the District will encounter a deficit balance of approximately \$4.5 million in FY 2011-12 and \$8.0 million in FY 2012-13, even when assuming a levy renewal.

**Table 2-1** presents historical and projected revenues and expenditures as of October 2008. This forecast was used as the starting point for assessing the District's financial condition.

**Table 2-1: CLSD Financial History and Forecast (in 000's)**

	Actual FY 2005-06	Actual FY 2006-07	Actual FY 2007-08	Forecast FY 2008-09	Forecast FY 2009-10	Forecast FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13
Real Estate Property Tax	\$6,403	\$6,985	\$7,376	\$7,203	\$7,300	\$7,400	\$6,400	\$5,500
Tangible Personal Property Tax	\$4,503	\$3,441	\$2,799	\$1,492	\$830	\$350	\$30	\$30
Unrestricted Grants-in-Aid	\$7,190	\$7,529	\$7,546	\$8,142	\$8,300	\$8,400	\$8,550	\$8,700
Restricted Grants-in-Aid	\$203	\$345	\$381	\$421	\$440	\$455	\$460	\$465
Property Tax Allocation	\$1,091	\$2,219	\$2,581	\$3,864	\$4,019	\$3,715	\$3,550	\$3,400
Other Revenues	\$900	\$1,207	\$911	\$1,457	\$1,250	\$1,200	\$1,250	\$130
<b>Total Operating Revenues</b>	<b>\$20,290</b>	<b>\$21,725</b>	<b>\$21,595</b>	<b>\$22,579</b>	<b>\$22,139</b>	<b>\$21,520</b>	<b>\$20,240</b>	<b>\$18,225</b>
Total Other Financing Sources	\$644	\$2,600	\$359	\$127	\$110	\$115	\$120	\$125
<b>Total Revenues and Other Financing</b>	<b>\$20,934</b>	<b>\$24,325</b>	<b>\$21,954</b>	<b>\$22,706</b>	<b>\$22,249</b>	<b>\$21,635</b>	<b>\$20,360</b>	<b>\$18,350</b>
Personnel Services	\$12,180	\$13,456	\$13,576	\$13,398	\$13,650	\$13,850	\$14,000	\$14,300
Fringe Benefits	\$4,947	\$5,100	\$4,846	\$5,823	\$5,562	\$5,750	\$5,900	\$6,050
Purchased Services	\$2,303	\$2,738	\$2,750	\$2,498	\$2,550	\$2,650	\$2,750	\$2,850
Supplies, Materials & Textbooks	\$524	\$574	\$597	\$610	\$605	\$620	\$630	\$650
Capital Outlay	\$95	\$91	\$182	\$87	\$80	\$80	\$85	\$90
Debt Service	\$0	\$1,922	\$18	\$85	\$84	\$83	\$82	\$81
Other Expenditures	\$362	\$331	\$349	\$307	\$307	\$305	\$302	\$305
<b>Total Operating Expenditures</b>	<b>\$20,411</b>	<b>\$24,212</b>	<b>\$22,317</b>	<b>\$22,809</b>	<b>\$22,838</b>	<b>\$23,338</b>	<b>\$23,749</b>	<b>\$24,326</b>
Total Other Financing Uses	\$665	\$240	\$20	\$10	\$0	\$0	\$0	\$0
<b>Total Expenditure and Other Financing Uses</b>	<b>\$21,075</b>	<b>\$24,452</b>	<b>\$22,337</b>	<b>\$22,819</b>	<b>\$22,838</b>	<b>\$23,338</b>	<b>\$23,749</b>	<b>\$24,326</b>
<b>Result of Operations (Net)</b>	<b>(\$141)</b>	<b>(\$127)</b>	<b>(\$384)</b>	<b>(\$113)</b>	<b>(\$589)</b>	<b>(\$1,703)</b>	<b>(\$3,389)</b>	<b>(\$5,976)</b>
Beginning Cash Balance	\$777	\$636	\$509	\$125	\$12	(\$577)	(\$2,280)	(\$5,669)
<b>Ending Cash Balance</b>	<b>\$636</b>	<b>\$509</b>	<b>\$125</b>	<b>\$12</b>	<b>(\$577)</b>	<b>(\$2,280)</b>	<b>(\$5,669)</b>	<b>(\$11,645)</b>
Encumbrances	\$310	\$295	\$60	\$45	\$0	\$0	\$0	\$0
Bus Services	\$84	\$92	\$106	\$10	\$0	\$0	\$0	\$0
<b>Ending Fund Balance</b>	<b>\$242</b>	<b>\$122</b>	<b>(\$40)</b>	<b>(\$43)</b>	<b>(\$577)</b>	<b>(\$2,280)</b>	<b>(\$5,669)</b>	<b>(\$11,645)</b>
Property Tax- Renewal (Cumulative Effect)	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200	\$3,600
<b>Ending Fund Balance</b>	<b>\$242</b>	<b>\$122</b>	<b>(\$40)</b>	<b>(\$43)</b>	<b>(\$577)</b>	<b>(\$2,280)</b>	<b>(\$4,469)</b>	<b>(\$8,045)</b>

Source: CLSD

Note: Totals may vary to actual due to rounding.

By its nature, forecasting requires estimates of future events; therefore, differences between projected and actual results are expected. In total, the revenues in **Table 2-1** appear overstated, while expenditures appear understated (see **R2.2**).

*Expenditures & Revenues*

**Table 2-2** compares CLSD's expenditures on a per pupil basis to the peer average in FY 2007-08, based on the Ohio Department of Education (ODE) Expenditure Flow Model (EFM).<sup>2</sup>

**Table 2-2: FY 2007-08 Peer Comparison of Expenditures per Pupil**

	CLSD	Peer Average	Difference
<b>Administrative</b>	\$1,037	\$953	8.8%
<b>Building Operations</b>	\$2,111	\$1,471	43.5%
<b>Staff Support</b>	\$419	\$74	464.8%
<b>Pupil Support</b>	\$1,103	\$808	36.6%
<b>Instructional</b>	\$5,752	\$4,606	24.9%
<b>Total</b>	<b>\$10,421</b>	<b>\$7,912</b>	<b>31.7%</b>

Source: Ohio Department of Education

As **Table 2-2** shows, CLSD spent 31.7 percent more per pupil than the peer average in FY 2007-08 and more in each category, which is further explained by the following:

- **Administration:** In FY 2007-08, CLSD spent 8.8 percent more per pupil than the peer average. This is due to employing slightly more administrative positions per 1,000 students at higher compensation levels (see **human resources** section).
- **Building Operations:** CLSD's building operations costs per pupil were 43.5 percent higher than the peer average. This can be due, in part, to differences in building size and use because the District's facility-related expenditures per square foot are low when compared to the peer average (see **facilities** section). Nevertheless, higher compensation levels for service, crafts, and trade workers contribute to the higher building operations costs (see **human resources** section). Furthermore, building operations costs include food service expenditures (see **R2.9**).
- **Staff and Pupil Support, and Instruction:** Compared to the peer average, the District spent 464.8 percent more per pupil in staff support, 36.6 percent more per pupil for pupil support, and 24.9 percent more per pupil for instruction. See the **human resources** section for an assessment of staffing levels that could impact expenditures in these categories. Furthermore, eliminating the additional retirement benefit and adjusting salary schedules would reduce staff and pupil support, and instruction expenditures (see **human resources** section). Lastly, CLSD provides comprehensive vocational programming. In contrast, the ten peer districts use a JVSD. This contributes to the higher instructional

<sup>2</sup> The purpose of the EFM, as described by ODE, is to categorize and report expenses related to the education of kindergarten through twelfth grade students and does not include all the funds accounted for by a school district. Furthermore, the funds identified in the EFM do not match funds found within the five-year forecast (**Table 2-1**).

expenditures per pupil. However, when excluding CLSD's vocational education expenditures and keeping the same pupil figure, the District's revised ratio of \$4,929 per pupil for instruction is still higher than the peer average by 7.0 percent. See **R3.2** in the **human resources** section for more information on the District's vocational program.

Lastly, increasing the employee contribution towards health insurance premiums and adjusting dental plan benefits would reduce expenditures in the aforementioned areas.

**Table 2-3** shows an EFM comparison using CLSD's 20 similar districts<sup>3</sup> as defined by ODE.

**Table 2-3: FY 2007-08 Comparison to ODE's 20 Similar Districts**

	Administrative	Building Operations	Staff Support	Pupil Support	Instructional	Totals
<b>CLSD</b>	\$1,037	\$2,111	\$419	\$1,103	\$5,752	\$10,422
<b>20 Similar District Avg.</b>	\$1,056	\$1,617	\$202	\$884	\$5,040	\$8,799
<b>Difference</b>	(\$19)	\$494	\$217	\$219	\$712	\$1,623
<b>% Above (Below) Peers</b>	(1.8%)	30.5%	107.2%	24.8%	14.1%	18.4%

**Source:** ODE FY 2007-08 Expenditures per Pupil Report

Although the variances is not as large as the ten peer average in **Table 2-2**, **Table 2-3** shows that CLSD spent 18.4 percent more pupil than the 20 similar district average. Additionally, CLSD spent more per pupil than the 20 similar district average in each category, with the exception of administrative. However, it should be noted that 18 of the 20 districts belong to a JVSD, which can partially contribute to the higher instructional expenditures per pupil (see above discussion).

<sup>3</sup> Reference the executive summary for a listing of the CLSD 20 similar districts as defined by ODE.

## **Audit Objectives for the Financial Systems Section**

The following is a list of the questions used to evaluate the financial systems functions at CLSD:

- What has been the District's recent financial history?
- How do the District's expenditures per pupil compare with peer districts?
- Does the District have comprehensive financial policies and procedures that meet recommended practices?
- Do the District's forecasting and budgeting processes meet leading practices?
- What is the likely financial position of the District based on the implementation of the performance audit recommendations?
- Does the District have a finance committee and does it use the audits to improve its operations?
- Does the District formally report its performance to citizens?
- Has the District established an effective performance measurement system?
- Are all costs related to food service operations charged to the food service fund?
- How does the District ensure it gets the best value when purchasing items?

Assessments conducted on the District's budgeting process and the method in which Board policies are reviewed did not yield recommendations.

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## Recommendations

### *Five-Year Forecast*

**R2.1 CLSD should implement formal policies and procedures on financial forecasting. The policies and procedures should outline preparation timeframes; the development of forecast assumptions and methodologies, and related disclosure notes accompanying the forecast; and use of multiple participants in the forecasting process including their respective roles and responsibilities. In addition, the District should update employee job descriptions and related Board policies to reflect the forecast roles and responsibilities.**

The Treasurer exclusively prepares the District's five-year forecast and supporting assumptions. The District's forecast includes general assumptions for each line item. The Treasurer uses current and historical information to develop forecast projections. In addition, the Treasurer uses ODE prescribed worksheets for determining tangible personal property tax revenues. Once prepared, the Treasurer presents the preliminary forecast to the Superintendent. Adjustments to the forecast are made based on their discussions. The forecast is then submitted to the Board for approval.

The five-year forecast submitted to ODE in October 2008 contained a data entry error that decreased the District's total revenues by \$1 million in FY 2012-13 (see **R2.2**). In addition, several of CLSD's expenditure assumptions did not clearly explain the reasoning behind projected amounts. For example, the assumption for Employees' Retirement/Insurance Benefits did not address when, or by how much, the insurance rates are expected to increase. Furthermore, while the appropriations and spending plan policy mentions the five-year forecast in general terms, the policy does not discuss forecast preparation responsibility. Likewise, the District lacks formal procedures related to the forecast. In addition, the five-year forecast is not included as part of the Treasurer's job responsibilities, which are detailed in Board policy.

The Government Finance Officers Association (GFOA, 2002) suggests formally documenting accounting policies and procedures as an effective method of internal controls for reporting. Policies and procedures should be formalized, approved, and added to the current operational guidelines/policies. Moreover, *Use of Cash Flow Forecasts in Operations* (GFOA, 2008) notes that a government's forecast preparation process should be organization-wide and as such all operating departments should be involved in developing reasonable expectations of planned expenditures. Collaborative forecasting allows for more accurate measurement and prioritization, relative to governmental goals, of likely resource inflows and outflows. Lastly, *Financial Forecasting in the Budget Preparation Process* (GFOA, 2001) recommends that a

forecast, along with its underlying assumptions and methodology, be clearly stated and made available to participants in the budget process.

By creating policies and procedures that govern the process used to develop forecasts, CLSD will better define the roles of those involved in the forecasting process, increase internal controls, and provide a more consistent framework and methodology for forecasting revenues and expenditures.

**R2.2 The District should review the methodologies and assumptions used in projecting revenue and expenditure line-items within the forecast. Specifically, the District should document the projections to clearly show the methodologies used in determining the forecasted figures. Furthermore, the District should account for existing legislation, related trends, known factors and reliable third-party information. If applicable, the District should add notes to the assumptions in the forecast to fully explain any deviations from these sources and factors (see R2.1). As salaries and benefits comprise the majority of expenditures, the District should consider plotting each employee based on the salary schedule for each year of the forecast, accounting for realistic increases to base wages, and demonstrating that medical insurance is forecasted separately from the other salary-driven benefits.**

As a component of the performance audit, the District's revenue and expenditures projections (see **Table 2-1**), including the underlying assumptions and supporting documentation, were reviewed for overall reasonableness. The forecast review included factors such as historical trends, legislation, and information from outside sources, and focused on real estate taxes, State funding, salaries, and benefits. In FY 2007-08, real estate taxes and State funding represented 70.9 percent of total revenues, and salaries and benefits represented 82.5 percent of total expenditures. A summary of the analysis of the forecast is presented in the following:

- **Real Estate Taxes:** The Treasurer developed the FY 2008-09 projections based on the Stark County Auditor's data and historical information. However, as of April 9, 2009, property tax receipts for FY 2008-09 were slightly higher (\$83,061) than projected. As a result, FY 2008-09 will be revised to reflect the increase. Projections thereafter will increase at the annual rates projected by the Treasurer. Based on a review of historical trends (particularly trends in recent years), the Treasurer's projections after FY 2008-09 appeared reasonable.
- **State Funding (Unrestricted and Restricted Grants-In-Aid):** The Treasurer developed the FY-2008-09 projections by using the ODE SF-3 Simulation and altering some of its line items to reflect current information, such as open enrollment increases. The Treasurer projected unrestricted grants-in-aid to increase 7.9 percent from FY 2007-08 to FY 2008-09, which is much higher than

the average annual increases of 2.1 percent from FY 2003-04 to FY 2007-08 and 0.4 percent from FY 2004-05 to FY 2007-08. Thereafter, the Treasurer projected unrestricted grants-in-aid to increase an average of 1.7 percent annually. The increase in FY 2008-09 was primarily due to a projected increase in the total state foundation aid payments. However, as of the April 3, 2009 SF-3, the number of pupils (Average Daily Membership ADM) decreased by 72 pupils from the projected ADM. Using the Treasurer's methodology for determining unrestricted grants-in-aid and the April 3, 2009 SF-3 ADM, total payments are expected to be \$261,151 less than projected in the forecast. In addition, the line item for other adjustments in the SF-3 was incorrectly included in unrestricted grants-in-aid. According to ODE, this amount should have been reported in other operating revenues. As a result of the above issues, the District's projection for FY 2008-09 will be revised, based on the SF-3 report as of April 3, 2009 and by moving other adjustments to the other operating revenue category. Thereafter, because of the uncertainties in the State budget, AOS will revise projections for unrestricted grants-in-aid to remain flat throughout the forecast period. Similarly, AOS will revise restricted grants-in-aid based on the SF-3 report as of April 3, 2009 for FY 2008-09 and remain flat thereafter.

- **All Other Operating Revenue:** In addition to the reallocation of revenues from unrestricted grants-in-aid to other operating revenue for each forecast year (see above), this category was increased by \$1.0 million in FY 2012-13 to correct a data entry error.
- **Salaries:** According to the Treasurer, FY 2008-09 projections include staff reductions from the previous year and are based on negotiated agreements. The projection for FY 2008-09 appears materially reasonable because it is only 2.2 percent lower than the annualized expenditures through March 2009. The forecast assumes that after FY 2008-09, staffing levels will remain the same. From FY 2009-10 through FY 2012-13, salaries are projected to increase by 1.6 percent per year. This appears low based on current contract provisions. More specifically, the certificated and classified contracts provides a 3 percent negotiated increase to base wages through FY 2009-10 and FY 2010-11, respectively. In addition, over a 30 year career, teachers will receive an annual average step increase of 2.78 percent per year, based on the current salary schedules. As a result, AOS will revise salary projections based on annualized FY 2008-09 salary amounts to be conservative and to reflect current agreements. Total salaries for FY 2009-10 and FY 2010-11 will include a 3.0 percent increase to account for negotiated wage increases. For FY 2011-12 and FY 2012-13, the negotiated wage increase amount will be projected at 1.0 percent to reflect the economic conditions of the District and because both agreements will have expired by FY 2011-12. Moreover, 20 percent of total salaries will be increased by 1.25 percent and 80 percent will be



increased by 2.78 percent per year throughout the forecast period to reflect average step increases for classified and certificated staff, respectively. The 1.25 percent is based on the average annual step increase for bus drivers and teaching aides, which represent the two classified groups with the most employees. Lastly, the 20/80 percent split is based on the composition of the projected and year-to-date salaries through March for FY 2008-09.

- **Employee Retirement/Insurance Benefits (ERIB):** Because AOS revised projections for personnel services, the salary-driven benefits will also be revised accordingly. However, medical insurance premiums have consistently risen at a faster rate than personnel services. Therefore, AOS projected medical insurance separately to increase at the historical (past nine years) annual average of 10 percent per year for premiums. The revised forecast figures assume an annual premium holiday of one month's premium because the District's insurance provider has granted premium holidays each year since 1984. It is important to note that in FY 2008-09, 13 months of medical premiums were projected to account for missed payments in FY 2007-08.
- **Encumbrances:** Beyond FY 2008-09, the Treasurer did not project encumbrances. The District has experienced encumbrances each year since at least FY 2003-04. Therefore, AOS revised the forecast to include encumbrances based on the average amount of encumbrances in FY 2007-08 and the projected encumbrance amount for FY 2008-09.
- **Set-Asides for Textbooks and Capital:** Based on the spending requirements for textbooks and capital outlay, trends since FY 2004-05, the monies generated by the permanent improvement fund, and the District's projections, it appears that CLSD should be able to meet future set-aside requirements in State law for textbooks and capital outlay.

**Table 2-4** shows the impact of the revised projections on the District's forecast.

**Table 2-4: Impact of Forecast Adjustments**

Line	CLSD Forecasted				
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
General Property (Real Estate)	\$7,203,000	\$7,300,000	\$7,400,000	\$6,400,000	\$5,500,000
Unrestricted Grants-in-Aid	\$8,142,000	\$8,300,000	\$8,400,000	\$8,550,000	\$8,700,000
Restricted Grants-in-Aid	\$421,180	\$440,000	\$455,000	\$460,000	\$465,000
All Other Operating Revenue	\$1,457,000	\$1,250,000	\$1,200,000	\$1,250,000	\$130,000
<b>Total</b>	<b>\$17,223,180</b>	<b>\$17,290,000</b>	<b>\$17,455,000</b>	<b>\$16,660,000</b>	<b>\$14,795,000</b>
Personnel Services	\$13,398,284	\$13,650,000	\$13,850,000	\$14,000,000	\$14,300,000
Employee Benefits	\$5,823,183	\$5,562,000	\$5,750,000	\$5,900,000	\$6,050,000
<b>Total</b>	<b>\$19,221,467</b>	<b>\$19,212,000</b>	<b>\$19,600,000</b>	<b>\$19,900,000</b>	<b>\$20,350,000</b>
Outstanding Encumbrances	\$45,000	N/A	N/A	N/A	N/A
Total Expenditures including Encumbrances	\$19,266,467	\$19,212,000	\$19,600,000	\$19,900,000	\$20,350,000
Line	AOS Forecast Revisions				
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
General Property (Real Estate)	\$7,286,061	\$7,384,423	\$7,485,589	\$6,474,286	\$5,561,412
Unrestricted Grants-in-Aid	\$7,005,063	\$7,005,063	\$7,005,063	\$7,005,063	\$7,005,063
Restricted Grants-in-Aid	\$370,794	\$370,794	\$370,794	\$370,794	\$370,794
All Other Operating Revenue	\$1,834,250	\$1,577,088	\$1,514,004	\$1,577,138	\$1,425,733
<b>Total</b>	<b>\$16,496,167</b>	<b>\$16,337,367</b>	<b>\$16,375,450</b>	<b>\$15,427,281</b>	<b>\$14,363,001</b>
Personnel Services	13,699,112	\$14,448,453	\$15,238,784	\$15,767,570	\$16,314,704
Employee Benefits	\$5,965,344	\$5,942,726	\$6,380,736	\$6,783,557	\$7,218,802
<b>Total</b>	<b>\$19,664,456</b>	<b>\$20,391,179</b>	<b>\$21,619,520</b>	<b>\$22,551,126</b>	<b>\$23,533,506</b>
Outstanding Encumbrances	\$45,000	\$52,272	\$52,272	\$52,272	\$52,272
Difference in Revenues	(\$727,013)	(\$952,633)	(\$1,079,550)	(\$1,232,719)	(\$431,999)
Difference in Expenditures	(\$442,989)	(\$1,179,179)	(\$2,019,520)	(\$2,651,126)	(\$3,183,506)
Difference in Encumbrances	\$0	(\$52,272)	(\$52,272)	(\$52,272)	(\$52,272)
<b>Net impact on the Forecast</b>	<b>(\$1,170,002)</b>	<b>(\$2,184,084)</b>	<b>(\$3,151,341)</b>	<b>(\$3,936,117)</b>	<b>(\$3,667,776)</b>

Source: CLSD FY 2008-09 October Forecast, AOS analysis

During the latter portion of the audit, the State passed House Bill 1, which alters the State funding formula for school districts that was in effect for FY 2007-08 and FY 2008-09. ODE developed simulation reports, as of August 18, depicting State funding levels for FYs 2009-10 and FY 2010-11 based on House Bill 1. In addition, the Legislative Service Commission (LSC) reported projected stimulus funding that is not captured in the ODE simulations<sup>4</sup>. Furthermore, the June #2 SF-3 report became available during the latter portion of the audit, which shows more State funding than the revised projections in

<sup>4</sup> LSC notes that some of the projected stimulus funding would be provided to nonpublic schools, but it does not show the portion specifically allocated for CLSD.

**Table 2-4.** While these subsequent events are anticipated to provide more revenue for CLSD, deficit ending balances would still be projected throughout the forecast period. See **R2.11** and **Table 2-6** for more information.

### *Multi-County Juvenile Attention Center*

**R2.3 CLSD should review its current responsibilities for operating the Multi-County Juvenile Attention Center with its legal counsel, in relation to the requirements in State law. If the District determines that it is not legally obligated to provide the current services, it should consider ceasing the applicable services. If services are ceased, CLSD should determine whether it can realign administrative staffing levels to be more comparable to the peers. However, if the District determines that State law requires it to provide these services, it should explore strategies to alleviate the resulting cash flow problems. For example, CLSD could establish a billing method that corresponds to the number of students from the respective school districts and average costs of services, and then bill the respective school districts periodically throughout the year. Subsequently, the District could make adjustments at year-end to ensure that total billings reflect actual services and annual costs for each participating district.**

CLSD has been providing educational services to the Multi-County Juvenile Attention Center (the Center) located in the District since 2003, when Canton City School District decided to no longer provide the services. According to ODE, because the Center is located in CLSD, the District is responsible for providing educational services. ODE indicates that this is based on Ohio Revised Code (ORC) § 3313.64, entitled “Free schooling-tuition for non-residents.” However, ORC § 2152.41 contains specific provisions for detention facilities, including the appointment of a superintendent, either by judge(s) or for a multi-county facility, a Board of Trustees, who directs the operations of a detention facility and the requirement that a comparable education program be provided for school age children in the facility. It also outlines how a county auditor is to be set up as the detention facility district fiscal officer.

The Center is governed by the Joint Board of County Commissioners from Carroll, Columbiana, Holmes, Stark, Tuscarawas and Wayne Counties. The Joint Board, in turn, appoints a Board of Trustees to oversee the Center’s operations. CLSD has an education agreement with the Center that goes from year to year, but can be cancelled with 120 written notice prior to each July 1.

CLSD’s primary responsibilities include providing educational services, hiring staff, and acting as fiscal agent for purposes of accounting for the education services provided at the Center and for billing the school districts responsible for the educational costs at the Center. This puts a cash flow burden on CLSD’s General Fund. More specifically, the

District received 2 citations related to cash flow issues in the FY 2007-08 Financial Audit, including negative fund balances in 6 different funds and expenditures exceeding appropriations. The Center had a deficit ranging from \$97,293 to \$765,327 during FY 2007-08. The cash flow problem is related, in part, to the administration of the Center because the District incurs expenses months before it recoups those costs from participating districts. According to CLSD's Treasurer, there is a big lag between when expenditures are incurred and when services can be billed. CLSD deals with 25 to 30 districts and bills by semester. For example, the billing for the semester ending in mid-January does not go out until the following March. Verification input is needed from participating districts. Thereafter, it may take 30 to 80 days to receive payment. The second semester ends on June 1. In addition, **Table 3-1** in the **human resources** section shows that the District employs 0.71 more administrator FTEs per 1,000 students than the peer average. This is due, in part, to the administrative responsibilities related to the MCJAS. Moreover, the Superintendent and Treasurer serve as the chief administrative office and chief financial officer, respectively, of the Five R's Academy (a conversion school).

According to the Ohio Department of Youth Services (ODYS), there are 5 other multi-county detention centers in Ohio. However, unlike the Center, none of the school districts in the other multi-county facilities is responsible for the operations. Rather, four facilities operate their own educational programs while the other facility contracts with its County Education Service Center. However, this facility is considering not renewing the contract and starting its own education program. Furthermore, while CLSD's Treasurer is responsible for billing services, the county auditor in the other multi-county facilities acts as the fiscal officer and bills the participating school districts. However, the treasurer of the school district in which the facility is located acts as the fiscal agent for distribution of Title I delinquent funds.

### *Financial Policies and Reporting*

**R2.4 CLSD should develop financial policies that address fund stabilization, use of one-time and unpredictable revenues, revenue diversification, contingency planning, debt issuance and management, fees and charges, and balancing the budget. Doing so would ensure the District makes decisions that align with the Board's intent and avoids decisions with negative consequences. Once the financial policies are in place, the District should ensure that its practices are consistent with these policies.**

The Board has developed financial policies to help guide the District's financial decision making. However, the District lacks the following policies recommended in *Best Practices in Public Budgeting* (GFOA, 2001):

- **Stabilization of funds:** A government should maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. The policies should establish how and when a government builds up stabilization funds and the purposes for which they may be used. Once developed, the policies should be identified in other government documents, including planning and management reports.
- **Use of one-time revenues:** A government should adopt policies limiting the use of one-time revenues for ongoing expenditures. One-time revenues and allowable uses for those revenues should be explicitly defined. The policy should be publicly discussed before adoption and should be readily available to stakeholders during the budget process.
- **Revenue diversification:** A government should adopt policies that encourage a diversity of revenue sources. The policy should identify approaches that will be used to improve revenue diversification. An analysis of particular revenue sources is often undertaken in implementing the policy. This assessment should review the sensitivity of revenues to changes in rates, the fairness of the tax or fee, administrative aspects of the revenue source, and other relevant issues.
- **Use of unpredictable revenues:** A government should adopt a policy on the collection and use of major revenue sources it considers unpredictable. A government should identify the expected or normal degree of volatility of the revenue source. For example, revenues from a particular source may fluctuate, but rarely, if ever, fall below some predictable minimum base. A government should decide, in advance, on a set of tentative actions to be taken if one or more of these sources generate revenues substantially higher or lower than projected.
- **Contingency planning:** A government should have policies to guide the financial actions it will take in the event of emergencies, natural disasters, or other unexpected events. This policy should identify types of emergencies or unexpected events and the way in which these situations will be handled from a financial management perspective. It should consider operational and management impacts.
- **Debt issuance and management:** A government should have policies that specify appropriate uses for debt and identifies the maximum amount of debt and debt service that should be outstanding at any time.
- **Fees and charges:** A government should have policies that identify the manner in which fees and charges are set to the extent to which they cover the cost of the

services provided. Policies that require identification of both the cost of the program and the portion of the cost that will be recovered through fees and charges allow governments and stakeholders to develop a better understanding of the cost of services and to consider the appropriateness of established fees and charges.

- **Balancing the operating budget:** A government should develop a policy that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.

In the absence of policies that address these areas, the District increases the risk of making decisions that do not align with the Board's intent and/or that result in adverse consequences.

**R2.5 CLSD should consolidate its current ethics policies into one overarching ethics policy which contains the elements recommended by the Ohio Ethics Commission. Once adopted, the policy should be distributed and discussed with all staff, and included in the District's training program. Additionally, the District should require staff members to sign a form acknowledging their receipt and understanding of the updated ethics policy.**

CLSD's policy and administrative guidelines are available online and include several ethics-related policies which apply to Board members, financial staff, and general personnel. These policies address issues such as conflicts of interest, staff conduct, staff participation in political activities, staff gifts and solicitations, and financial ethics. . However, the District's ethics policies lack some of the elements recommended by the Ohio Ethics Commission (OEC). In addition, the District's policy states that administrators and supervisors are required to sign an ethics law receipt form; however, the personnel files for four of five individuals sampled for this review did not contain a signed form.

According to the OEC sample ethics policy<sup>5</sup> for local governments, officials and employees must, at all times, abide by the protections to the public embodied in Ohio's Ethics Laws. These laws are codified in the Ohio Revised Code (ORC) Chapters 102 and 2921, and have been interpreted by OEC and various Ohio courts. The District's policies lack the following recommended elements from OEC:

- Soliciting or accepting employment from anyone doing business with the District;

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<sup>5</sup> The Ohio Ethics Commission's sample ethics policy for local government officials can be found online at: [http://www.ethics.ohio.gov/ModelEthicsPolicy\\_localagencies.html](http://www.ethics.ohio.gov/ModelEthicsPolicy_localagencies.html)

- Soliciting or accepting honoraria;
- During public service, and for one year after leaving public service, representing any person, in any fashion, before *any* public agency, with respect to a matter in which the official or employee personally participated while serving with the District; and
- Voting, authorizing, recommending, or in any other way using his or her position to secure approval of a District contract (including employment or personal services) in which the official or employee, a family member, or anyone with whom the official or employee has a business or employment relationship, has an interest.

Furthermore, CLSD uses ODE's Licensure Code of Professional Conduct for Ohio Educators as part of its online training process for teaching staff. However, the ODE Licensure Code does not address the abovementioned and other recommended elements from OEC for an ethics policy.

Consolidating the District's ethics-related policies into one policy that includes the elements recommended by OEC would better ensure that all staff members are aware of appropriate and ethical behavior.

**R2.6 CLSD should establish a committee that helps monitor actions taken to comply with the financial audits and advises on pertinent issues. Such issues can include the reasonableness of the five-year forecast, levy and bond issues, costs associated with large district projects, risk management and associated internal controls, and financial policies and procedures.**

CLSD does not have an established process to monitor and ensure audit citations are resolved. Likewise, the District does not have a finance or audit committee to advise on financial matters and monitor action taken by CLSD to resolve audit citations. Over the course of three fiscal year audits, several citations and recommendations to improve internal controls were repeated. For example, in three consecutive audits since FY 2005-06, the District has been cited in management letters for non-compliant athletic receipt deposits. As of April 2009, this issue had not been resolved.

According to *Recommended Practices* (GFOA, 2008), every governing body should establish an audit committee or its equivalent. The American Institute of Public Accountants (AICPA) has developed a toolkit<sup>6</sup> to help audit committees perform their responsibilities as effectively and efficiently as possible. Additionally, Olentangy Local

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<sup>6</sup> The AICPA toolkit is available online at: <http://www.aicpa.org/audcommctr/toolkitsgovt/homepage.htm>

School District (Olentangy LSD) annually organizes and convenes a Finance and Audit Committee to serve as advisors to the board. The intent of the committee is to assist the Board in a financial advisory role, rather than a decision-making committee involved in the day-to day operations of the Olentangy LSD. Some specific tasks of the committee include:

- Annual review the five-year forecast assumptions;
- Share business and financial best practices from the private and public sectors and recommend operational efficiencies;
- Serve as the audit committee and perform the following functions:
  - Review the results of the audit;
  - Assure that the audit recommendations are appropriately addressed;
  - Assure auditors independence from management;
  - Serve as liaison between management and independent auditors.
  - May be given special assignment such as reviewing performance audits and offering advice.
- Review the schedule of levies (timing and estimated millage amounts) based on the most current five-year projections and advise the Board; and
- Prepare and present reports on committee activities to the Board at public meetings.

### *Stakeholder Involvement and Planning*

**R2.7 CLSD should enhance its current stakeholder reporting to include a citizen-centric report or its equivalent. Such a report should include community information, elements of the District’s strategic plan (see R2.8), performance information (see R2.8), cost and revenue data, future challenges, and economic outlook.**

CLSD provides online access to the five-year forecast and assumptions. In addition, five times per year, the District sends 8,500 household and business newsletters which may include general financial information or a description of budgetary strategies. However, the District does not produce a report that would highlight its operational and financial performance. Additionally, the lack of a District-wide performance measurement system (see **R2.8**) can hinder CLSD from producing a report that sufficiently highlights its operational and financial performance.

The Association of Government Accountants (AGA) has developed the Citizen-Centric Government Reporting Initiative in an effort to promote citizen communication and address public opinion about reporting. Specifically, AGA reports that its survey in 2008 revealed a public perception of government failing to meet financial management reporting needs. According to AGA, the 2008 survey also showed that 89 percent of



citizens indicated that they are entitled to transparent financial management information, while 57 percent indicated that governments are obligated to provide such information.

In regards to length and content, AGA's citizen-centric reports should comprise four pages and include the following<sup>7</sup>:

- Information about the community (page 1)<sup>8</sup>, including vision statement, strategic goals, organizational and operating structure, and demographics;
- A performance report on key missions and services (page 2), including comparisons of nonfinancial outcomes to past years' performance, articulated targets, and peers;
- Cost and revenue data for major areas (page 3), which should be aligned with the non-financial outcomes and include trend comparisons whenever possible; and
- Future challenges and economic outlook (page 4), including information on key matters (e.g., tax cuts or increases and business openings/closings) and infrastructure items.

AGA further notes that the U.S. Departments of Interior and Defense; the U.S. Coast Guard; the states of Oregon, Nevada, South Carolina, Tennessee, and Washington; and various localities, such as Saco, ME, Tallahassee, FL, Portland, OR, and Blount County, TN, have produced citizen-centric reports.

By developing the citizen-centric reports or something similar, the District would promote transparency, and help communicate its performance and financial data. As a result, the community would be better informed, which would help it make important decisions (e.g., levy proposals).

**R2.8 As CLSD completes the strategic planning process, it should include timeframes, performance measures, and a link to the five-year forecast in the final strategic plan. Subsequently, the District should regularly review and update the strategic plan. Along with development of performance measures for the strategic plan, CLSD should establish and track performance measures for its various departments and operations.**

CLSD's strategic plan was developed during FY 2006-07. The current plan was developed by a wide range of stakeholders including staff, Board members, community and business leaders, students and parents. It contains mission and vision statements, strategic goals,

<sup>7</sup> See AGA's website at [www.agacgfm.org/citizen](http://www.agacgfm.org/citizen) for more detailed information about the content and design of the citizen-centric based reports.

<sup>8</sup> All data should be presented on a per capita basis.

core values, and strategies. However, CLSD has not updated its strategic plan since inception in 2007, and the District does not formally gather and track data to measure progress towards meeting the stated objectives. Additionally, the District's strategic plan does not tie to the five-year forecast, identify time frames for implementation of the District's objectives, and include performance measures to gauge attainment of the objectives. Moreover, CLSD does not complete performance measurement assessments on a consistent basis or across all departments. For example, the District does not complete expenditure level assessments to determine applicable performance measures to help manage the custodial and maintenance functions. Also, during FY 2007-08, CLSD began sponsoring the Five R's Academy in addition to already sponsoring the Digital Academy and the Aspire Academy. The Digital and Aspire Academy were suspended in FY 2008-09 due to the lack of financial incentive.

According to the District, administrators held a retreat to prioritize implementation of the strategic action plans during FY 2007-08; then, they met with staff during release days to begin the implementation process. The District also noted that during FY 2008-09, the broader community, including all 17 districts in Stark County, spent the year in design teams to develop a more comprehensive, collaborative plan. The design teams included university representatives, the Chamber of Commerce, the foundations, and students. After a year of research and design, the plan was presented to the Stark County community in the spring of 2009. CLSD further noted that it spent the summer of 2009 working to weave the plans together, which will be presented to the community in the fall of 2009. Lastly, the District provided an update about the strategic planning process to the community in its August 2009 newsletter.

According to *Implementing Performance Measurement in Government: Illustrations and Resources* (GFOA, 1999), governmental entities should use some form of strategic planning to provide long-term perspectives for service delivery and budgeting. GFOA also recommends that entities monitor progress towards planned goals at regular intervals. Organizations should develop systematic review processes to evaluate the extent to which strategic goals have been met. In the strategic planning process, GFOA recommends the development of measurable objectives and the inclusion of performance measures. Objectives should be expressed as quantities or at least as verifiable statements, and would ideally include time frames. Performance measures provide information on whether goals and objectives are being met, and provide an important link between the goals in the strategic plan and activities funded in the budget. GFOA divides performance measures into the following four basic types:

- **Input measures:** Input indicators measure the volume of resources, both monetary and non-monetary, that are used in delivering a program or service.

- **Output measures:** Output indicators report the quantity or volume of products and services provided by the program.
- **Effectiveness/Outcome measures:** Effectiveness indicators measure the results, accomplishments, or quality of the item or service provided.
- **Efficiency measures:** Efficiency indicators quantify the relationship between input and output, and can be expressed as productivity ratios or as unit cost ratios.

*Recommended Budget Practices: A framework for Improved State and Local Government Budgeting* (GFOA, 1999) indicates that a government should develop and utilize performance measures to evaluate how efficiently and effectively functions, programs and activities are provided, and for determining whether program goals are being met. This publication goes on to indicate that performance measures should also be reported in periodic reviews of functions and programs, and should be integral in making resource allocation decisions. GFOA encourages all governments to use performance measures as an integral part of the budget process. Over time, performance measures should be used to report on the outputs and outcomes of each program and should be related to the mission, goals, and objectives of each department.

By developing an up-to-date and comprehensive strategic plan, the District would be in a better position to address current and future needs. Moreover, developing a District-wide performance measurement system would assist CLSD and its stakeholders in identifying financial and program results, evaluating and making decisions, and facilitating improvements.

### *Food Service*

**R2.9 CLSD should develop a methodology to charge the Food Service Fund (FSF) for the costs related to utility and lunchroom monitoring expenditures. Doing so would provide a more accurate accounting of the costs to operate the food service program while freeing up resources in the General Fund. Additionally, in order to ensure that the FSF can sustain the additional costs over the long run, CLSD should review food service operations to identify potential efficiency improvements and cost-saving strategies.**

The District's food service operation is organized as an enterprise fund, which is intended to rely on charges for services to support the costs of the operation<sup>9</sup>. **Table 2-5** illustrates financial performance of CLSD's Food Service Fund (FSF) for fiscal year (FY) 2005-06 through FY 2007-08.

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<sup>9</sup> However, ORC 3313.81 stipulates that food service operations may not be used to make a profit.

**Table 2-5: Food Service Fund Three Year History**

Category	FY 2005-06	FY 2006-07	FY 2007-08
Total Revenue	\$942,444	\$962,381	\$1,028,291
Total Expenditures	\$992,955	\$944,844	\$926,758
<b>Revenues Over (Under) Expenses</b>	<b>(\$50,511)</b>	<b>\$17,537</b>	<b>\$101,533</b>
Net Transfers/Advances	\$0	\$0	\$0
Revenues Over (Under) Expenses (Including Transfers)	(\$50,511)	\$17,537	\$101,533
<b>Beginning Fund Balance</b>	<b>\$272,889</b>	<b>\$222,379</b>	<b>\$239,916</b>
<b>Ending Fund Balance</b>	<b>\$222,379</b>	<b>\$239,916</b>	<b>\$341,449</b>

Source: CLSD FY 2005-06 through FY 2007-08 4502 Reports

As shown in **Table 2-5**, the District's Food Service Fund is self sufficient due to a positive ending fund balance in each year and revenues exceeding expenditures in the last two years. However, utilities are not allocated to the FSF. Similarly, the Food Service Director indicated that lunchroom monitor expenses are not allocated to the FSF. Instead, utility and lunchroom monitor expenditures are paid from the General Fund.

Using General Fund monies to support aspects of food service operation diverts funds that could be allocated for other purposes, like instructional programs. Furthermore, based on the ending fund balances and revenues exceeding expenditures the last two fiscal years, it appears that the self sufficiency of the Food Service Fund could be sustained while incurring the added costs of utility and monitoring expenditures. However, by taking measures to improve the efficiency of food service operations, the District would ensure that the FSF would be able to sustain the additional costs over the long run. For example, the District employs 7.37 food service worker FTEs per 1,000 students, which is 22 percent higher than the peer average of 6.05<sup>10</sup>.

*Measuring the Cost of Government Services* (GFOA, 2002) suggests that governments should calculate the full costs of their services, which include direct (e.g., salaries, benefits, and utility costs) and indirect (e.g., shared administrative expenses).

*Financial Implication:* Based on the food service operation comprising approximately 4 percent of the total District square footage and the District's FY 2007-08 total utility expenditures, charging food service utility costs to the FSF would save approximately \$22,700 annually in the General Fund. In addition, charging at least the wage and retirement cost of lunchroom monitors to the FSF would save approximately \$26,800 annually in the General Fund. This is based on the beginning salary rate for lunchroom monitors in FY 2008-09 and the work hours provided by the Food Service Supervisor.

<sup>10</sup> AOS identified reporting errors and another potential error related to food service worker FTEs. However, due to materiality, the potential error was not further investigated and corrections were not made to the identified errors. In addition, the District hired another food service worker after the October reporting period. See R3.4 in human resources for further discussion.

Because of the possibility of staff only receiving prorated or no fringe benefits due to maintaining part time employment status, only the cost of wages and retirement were incorporated into the financial implication.

### *Purchasing*

**R2.10 The District should consider expanding memberships in purchasing consortia. This would provide a greater pool of products to compare and choose from and, in turn, help ensure cost-effective purchases.**

The District maintains formal policies and procedures for purchasing goods and services. These policies and procedures outline requirements for price quotations, bidding, and cooperative and local purchasing. Policy 6320 indicates that at least two price quotations are to be obtained on purchases of more than \$5,000 for a single item. For purchases that exceed \$25,000, competitive bids are to be obtained. CLSD uses software for processing purchase requisitions, purchase orders and invoice payments.

CLSD uses the Stark County Schools Council of Governments (SGSCOG) consortium, which is part of the Ohio Council Educational Purchasing Consortia and affiliated with the Association of Educational Purchasing Agencies. According to the Treasurer, CLSD buys as many items as possible through the SGCSOG consortium. Examples of items include insurance coverage, office supplies, fuel, and furniture. CLSD also buys from Ohio's Department of Administrative Services (DAS) state contracts. However, CLSD does not routinely compare pricing with other consortia. An AOS comparison of CLSD fuel costs to DAS state contract fuel costs for six different months in FY 2007-08 indicates CLSD's cost averaged 4.4 percent lower than the DAS cost. Additionally, according to the DBGT, the District uses a just-in-time inventory system for repair parts due to the close proximity of local suppliers. The DBGT also indicated that tires are not purchased through a consortium and instead, the mechanic calls at least three tire stores to get the best price.

An example of another consortium to consider is the Ohio Schools Council (OSC). OSC is a consortium of 121 school districts, educational service centers, joint vocational schools and mental retardation/developmental disability boards in 21 northern Ohio counties. Goods and services available through the consortium include electricity, natural gas, insurance, commodities and school buses. Membership in OSC is open to all Ohio public school districts, joint vocational schools/career centers, educational service centers and MRDD boards. CLSD is not a member of this consortium.

*Financial Implication:* It would cost CLSD approximately \$700 annually to join OSC.

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*Financial Outlook*

**R2.11 CLSD should analyze and use Table 2-6 to evaluate the effect of recommendations presented in this performance audit. The District should consider implementing the recommendations in this performance audit and taking other appropriate actions to avoid projected operating deficits throughout the forecast period. For instance, the District should consider the feasibility of partnering with other districts to share applicable services. Furthermore, the District should update Table 2-6 on an on-going basis to reflect changes, monitor revenue and expenditure activities, and review performance against projected figures. Lastly, CLSD should regularly discuss options for reducing costs and/or increasing revenues with stakeholders to help determine long-term strategies for addressing the projected deficits.**

**Table 2-6** presents a revised forecast to demonstrate the impact that the performance audit recommendations will have on the District's financial condition. **Table 2-6** also includes the revised projections discussed throughout this section of the audit report (see **R2.2**).

The District will need to make difficult management decisions in order to avoid deficit balances during the forecast period. For example, the forecast shown in **Table 2-6** assumes the District will reduce regular teacher and education service personnel (ESP) positions, which comprise approximately 31 percent of the total savings related to the performance audit recommendations. In addition, even when including the financial implications for all the performance audit recommendations and assuming the renewal of a property tax levy, **Table 2-6** shows that the District is projected to experience deficit ending fund balances for each year of the forecast period. As a result, it will be necessary for the District to consider other options for addressing the projected deficits and/or enact changes that go beyond the targeted savings identified in the performance audit recommendations [e.g., requiring more than a 15 percent employee contribution for health insurance (**R3.6**), reducing more than 10 regular education teacher FTEs (**R3.1**), etc.].

The forecast in **Table 2-6** will depend, in part, on the attainment of the District and AOS revised projections. Therefore, monitoring the attainment of the projections and updating the forecast as necessary will ensure the District bases future decisions on the most current information. For example, if the District was able to achieve its projections for personnel services and employee benefits which appeared very optimistic (**R2.2**), and assuming implementation of all the performance audit recommendations, the deficit in FY 2012-13 would decrease from approximately \$12.5 million to \$3.0 million. However, the District would still maintain deficit ending balances each forecast year. If the District reduced regular teaching staffing levels to State minimum requirements, implemented the other performance audit recommendations, and achieved its original projections for

personnel services and employee benefits, CLSD would maintain positive ending balances in FY 2009-10 and FY 2010-11. However, the District would still maintain deficit ending balances in FY 2011-12 and FY 2012-13 (approximately \$411,000 and \$1.5 million, respectively).

The projections will also depend upon timing related to implementing the performance audit recommendations and the actual impact of those recommendations. **Table 2-6** includes implementation of the performance audit recommendations beginning in FY 2009-10. Lastly, the District may be able to realize greater savings from implementing the recommendations because AOS applies a generally conservative approach in estimating the financial implications.

Based on ODE simulation reports that show State funding levels resulting from House Bill 1 for FYs 2009-10 and 2010-11, projected stimulus funding reported by the Legislative Services Commission (LSC) and the June #2 SF-3 report for FY 2008-09, the District should realize additional revenues than revised by AOS. This data became available after the completion of the related assessments in the performance audit (see **R2.2** for more information). However, deficit ending balances would still be projected throughout the forecast period, even when assuming the entire stimulus funding for CLSD<sup>11</sup> and implementation of all the recommendations. For instance, the projected deficit ending balance would decline from approximately \$12.4 million to \$10.3 million in FY 2012-13.

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<sup>11</sup> LSC notes that some of the projected stimulus funding would be provided to nonpublic schools, but it does not show the portion specifically allocated for CLSD.

**Table 2-6: CLSD Financial Outlook (in 000's)**

	Actual			Forecasted				
	2006	2007	2008	2009	2010	2011	2012	2013
Real Estate Property Tax	\$6,403	\$6,985	\$7,376	\$7,286	\$7,384	\$7,486	\$6,474	\$5,561
Tangible Personal Property Tax	\$4,503	\$3,441	\$2,799	\$1,492	\$830	\$350	\$30	\$30
Unrestricted Grants-in-Aid	\$7,190	\$7,529	\$7,546	\$7,005	\$7,005	\$7,005	\$7,005	\$7,005
Restricted Grants-in-Aid	\$203	\$345	\$381	\$371	\$371	\$371	\$371	\$371
Property Tax Allocation	\$1,091	\$2,219	\$2,581	\$3,864	\$4,019	\$3,715	\$3,550	\$3,400
All Other Operating Revenue	\$900	\$1,207	\$911	\$1,834	\$1,577	\$1,514	\$1,577	\$1,426
<b>Total Revenue</b>	<b>\$20,290</b>	<b>\$21,725</b>	<b>\$21,595</b>	<b>\$21,852</b>	<b>\$21,186</b>	<b>\$20,440</b>	<b>\$19,007</b>	<b>\$17,793</b>
Total Other Financing Sources	\$644	\$2,600	\$359	\$127	\$110	\$115	\$120	\$125
<b>Total Revenues and Other Financing</b>	<b>\$20,934</b>	<b>\$24,325</b>	<b>\$21,954</b>	<b>\$21,979</b>	<b>\$21,296</b>	<b>\$20,555</b>	<b>\$19,127</b>	<b>\$17,918</b>
Personnel Services	\$12,180	\$13,456	\$13,576	\$13,699	\$14,448	\$15,239	\$15,768	\$16,315
Employee Benefits	\$4,947	\$5,100	\$4,846	\$5,965	\$5,943	\$6,381	\$6,784	\$7,219
Purchased Services	\$2,303	\$2,738	\$2,750	\$2,498	\$2,550	\$2,650	\$2,750	\$2,850
Supplies and Materials	\$524	\$574	\$597	\$610	\$605	\$620	\$630	\$650
Capital Outlay	\$95	\$91	\$182	\$87	\$80	\$80	\$85	\$90
Debt Service: Principal-Notes	\$0	\$1,836	\$0	\$48	\$49	\$51	\$52	\$53
Debt Service: Interest and Fiscal Charges	\$0	\$86	\$18	\$37	\$35	\$32	\$30	\$28
Other Objects	\$362	\$331	\$349	\$307	\$307	\$305	\$302	\$305
<b>Total Expenditures</b>	<b>\$20,411</b>	<b>\$24,212</b>	<b>\$22,317</b>	<b>\$23,252</b>	<b>\$24,017</b>	<b>\$25,358</b>	<b>\$26,400</b>	<b>\$27,509</b>
Total Other Financing Uses	\$665	\$240	\$20	\$10	\$0	\$0	\$0	\$0
<b>Total Expenditure and Other Financing Uses</b>	<b>\$21,075</b>	<b>\$24,452</b>	<b>\$22,337</b>	<b>\$23,262</b>	<b>\$24,017</b>	<b>\$25,358</b>	<b>\$26,400</b>	<b>\$27,509</b>
<b>Net Result</b>	<b>(\$141)</b>	<b>(\$127)</b>	<b>(\$384)</b>	<b>(\$1,283)</b>	<b>(\$2,721)</b>	<b>(\$4,802)</b>	<b>(\$7,273)</b>	<b>(\$9,591)</b>
Beginning Cash Balance	\$777	\$636	\$509	\$125	(\$1,158)	(\$3,879)	(\$8,681)	(\$15,954)
Ending Cash Balance	\$636	\$509	\$125	(\$1,158)	(\$3,879)	(\$8,681)	(\$15,954)	(\$25,545)
Outstanding Encumbrances	\$310	\$295	\$60	\$45	\$52	\$52	\$52	\$52
Total Reservations	\$84	\$92	\$106	\$10	\$0	\$0	\$0	\$0
Fund Balance	\$242	\$122	(\$40)	(\$1,213)	(\$3,931)	(\$8,733)	(\$16,006)	(\$25,597)
Cumulative Balance of Renewal Levies	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200	\$3,600
<b>Fund Balance</b>	<b>\$242</b>	<b>\$122</b>	<b>(\$40)</b>	<b>(\$1,213)</b>	<b>(\$3,931)</b>	<b>(\$8,733)</b>	<b>(\$14,806)</b>	<b>(\$21,997)</b>
Cumulative Effect of Performance Audit	\$0	\$0	\$0	\$0	\$2,207	\$4,545	\$6,989	\$9,543
<b>Revised Ending Fund Balance</b>	<b>\$242</b>	<b>\$122</b>	<b>(\$40)</b>	<b>(\$1,213)</b>	<b>(\$1,724)</b>	<b>(\$4,188)</b>	<b>(\$7,817)</b>	<b>(\$12,454)</b>

Source: AOS and CLSD



## Financial Implications Summary

The following table represents a summary of estimated annual costs and savings identified in this section of the report.

**Table 2-7: Recommendations**

<b>Recommendation</b>	<b>Annual Costs</b>	<b>Annual Cost Savings</b>
<b>R2.9</b> Charge the Food Service Fund for utility and lunchroom monitoring costs.		\$49,500 <sup>1</sup>
<b>R2.10</b> Expand memberships in purchasing consortia	\$700	
<b>Total</b>	<b>\$700</b>	<b>\$49,500</b>

**Source:** AOS Recommendations

<sup>1</sup> This is a savings for the General Fund, but has no impact on the District's total costs because it increases costs in the Food Service Fund



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# Human Resources

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## Background

This section of the performance audit focuses on Canton Local School District's (CLSD or the District) human resource operations. CLSD's human resource operations are evaluated against recommended or leading practices, industry benchmarks, operational standards, and ten selected peer school districts (peer average).<sup>1</sup> Sources of comparative information include the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), the Ohio Department of Education (ODE), the Ohio Education Association (OEA), the State Employment Relations Board (SERB), the Kaiser Family Foundation 2008 National Survey, and the Ohio Association of EMIS Professionals (OAEP).

### *Organizational Structure*

CLSD does not have a separate department dedicated to human resource functions. Instead, the Superintendent and Treasurer complete the major human resource functions, including negotiating collective bargaining agreements; administering the health insurance programs; overseeing the processing of payroll; monitoring compliance with minimum employment standards; and overseeing the process for reporting information through the Education Management Information System (EMIS).

### *Staffing*

**Table 3-1** compares CLSD's full-time equivalent (FTE) employees per 1,000 students for FY 2008-09 to the peer average for FY 2007-08.

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<sup>1</sup> See the **executive summary** for a list of the peer districts and an explanation of the selection methodology.

**Table 3-1: Staffing Comparison: FTEs per 1,000 Students**

	CLSD <sup>2</sup> FY 2008-09	Peer Average FY 2007-08	Difference
Students Educated (FTE) <sup>1</sup>	2,291	1,879	412
Administrators	6.90	6.19	0.71
Educational	68.67	66.12	2.55
Professional	3.28	1.56	1.72
Technical	1.31	2.70	(1.39)
Office / Clerical	14.35	9.04	5.31
Maintenance Workers	1.31	0.96	0.35
Custodians/Grounds	6.33	6.11	0.22
Bus Drivers	8.95	6.05	2.90
Food Service Workers	7.37	6.05	1.32
All Other	0.44	3.19	(2.75)
<b>Total FTEs</b>	<b>118.89</b>	<b>107.97</b>	<b>10.92</b>

Source: FY 2008-09 EMIS data for CLSD and FY 2007-08 EMIS data for peer average, CLSD interviews

<sup>1</sup> Includes students receiving educational services from the district and excludes the percent of time students are receiving educational services outside the district. Also, the students who attend CLSD's multi-county juvenile attention system (MCJAS, 127 students) were excluded from this analysis. The peers do not operate a MCJAS.

<sup>2</sup> Excludes the 17.0 FTEs that work in the District's multi-county juvenile attention center (1.0 administrator FTE, 11.0 educational FTEs, and 5.0 office/clerical FTEs). In addition, reporting errors in the District's EMIS data were corrected in **Table 3-1**, with the exception of food service workers (see **R3.4**).

**Table 3-1** shows that CLSD's staffing levels exceed the peer average by more than 1.0 FTE per 1,000 students in the educational, professional, office/clerical, bus driver, and food service worker classifications. The higher education staffing levels are attributed to the District employing more vocational education teachers and tutor/small group instructor FTEs per 1,000 students (see **R3.1** and **R3.2** for further assessment). The District's higher professional staffing levels are attributed to CLSD employing 2.39 social worker FTEs, while the peer average is only 0.10 social worker FTEs. Based on OAC § 3301-35-05(A)(4), the social worker classification is included in the District's ESP staffing levels (see **R3.3** for further assessment).

The higher staffing levels within the office/clerical classification are due to the District employing more teaching aides per 1,000 students than the peer average (see **R3.1**). Given that the District's food service fund has a positive ending fund balance (see the **financial systems** section), no further analysis will be completed on the District's food service staffing levels. Lastly, see the **transportation** section for assessments of bus driver staffing levels, and the **facilities** section for assessments of the maintenance and custodians/grounds staffing levels.

*Negotiated Agreements*

The District has collective bargaining agreements with the Canton Local Education Association (certificated staff) and the Canton Local Classified Association (classified staff). The agreement with the Canton Local Education Association is effective from July 1, 2007 to June 30, 2010. The agreement with the Canton Local Classified Association is effective from July 1, 2006 through June 30, 2011. Since contractual and employment issues directly impact the operating budget, they have been assessed and compared to Ohio law and industry standards to show financial savings (see **R3.7**).

## **Audit Objectives for the Human Resources Section**

The following is a list of the questions used to evaluate the human resources functions at CLSD:

- Is the District's current allocation of personnel efficient and comparable to the peers?
- Are the District's salaries in line with the peers and regional districts?
- How does the cost of benefits offered by the District compare with industry benchmarks?
- Are the District's negotiated agreements in line with leading or recommended practices?
- How does the District track substitutes?
- Is the District's vocational program cost-effective?

Assessments conducted on administrator staffing levels<sup>2</sup> and classified sick leave use did not yield recommendations.

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<sup>2</sup> Although the District employs 0.71 more administrator FTEs per 1,000 students, it is responsible for administrative aspects of the MCJAS, unlike the peers. In addition, the Superintendent and Treasurer serve as the chief administrative office and chief financial officer, respectively, of the Five R's Academy (a conversion school).

## **Noteworthy Accomplishments**

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The performance audit identified the following as noteworthy accomplishments:

- **Medical and Prescription Premium Costs:** CLSD pays lower monthly premiums for both single and family coverage when compared to data reported by SERB, OEA and Kaiser, with the exception of the single monthly premium which is slightly higher than the Kaiser PPO average. Premium costs reported by SERB, OEA, and the Kaiser Survey were increased by an inflationary factor to allow a reliable comparison to CLSD's premiums in FY 2008-09.
- **Certificated Sick Leave Use:** When compared to the average reported by the Ohio Department of Administrative Services for applicable State employees, CLSD's certificated staff used 34 percent fewer sick leave hours per employee in FY 2007-08.

## Recommendations

### *Staffing and Programs*

**R3.1 CLSD should review its educational support staffing levels in relation to its financial condition, academic goals, and student needs. For instance, the District could reduce staffing levels by 4.0 educational support FTEs and still maintain more educational support FTEs per 1,000 students than the peer average. However, CLSD should weigh decisions to reduce educational support staffing levels against the impact the reductions may have on its academic program. Likewise, the District should consult with ODE to determine whether the provisions in the new funding formula will correspond to new staffing requirements and ensure proposed reductions will permit compliance with the new requirements.**

**Table 3-2** displays staffing levels per 1,000 students for educational support staff at CLSD and the peer average, including remedial specialists, tutor and small group instructors, teaching aides, librarian staff, and other educational support staff.

**Table 3-2: Educational Support Staffing Comparison**

	CLSD	Peer Average	Difference
Remedial Specialists per 1,000 Students	0.7	2.0	(1.3)
Tutor/Small Group Instructors per 1,000 Students	4.1	1.0	3.1
Teaching Aides per 1,000 Students	9.1	3.2	5.9
All Other Educational Support Staff per 1,000 Students <sup>1</sup>	1.3	5.6	(4.3)
<b>Total Educational Support Staff per 1,000 Students</b>	<b>15.2</b>	<b>11.8</b>	<b>3.4</b>

**Source:** FY 2008-09 EMIS data for CLSD and FY 2007-08 EMIS data for peer average

<sup>1</sup> This includes librarians, library technicians and aides, instructional paraprofessionals, monitors, and attendants. These positions were included as educational support staff to account for potential variances in coding and assignment of job functions. For instance, the Superintendent noted that the District's teaching aides are responsible for a variety of activities, including working in the library and computer labs, assisting students with using educational software and activities within the classroom, and monitoring activities.

**Table 3-2** shows that CLSD employs 3.4 more other educational support staff FTEs per 1,000 students when compared to the peer average. The higher staffing levels are due to tutor and small group instructors, and teaching aides. Specifically, the District employs 3.1 and 5.9 more tutor and small group instructor, and teaching aide FTEs per 1,000 students, respectively. The Superintendent noted that the higher staffing levels are due to the District's goal of providing a comprehensive intervention program to all students in need. For instance, one of the District's goals in its strategic plan is to provide tutoring and other focused supplemental support for children most at risk in core subject areas. Additionally, in FY 2005-06, the District restructured its elementary schools grade configurations to consist of kindergarten students being housed at Prairie College Elementary, grades 1-2 being housed at Amos Elementary School, and grades 3-5 at



Walker Elementary School. Prior to FY 2005-06, the District housed grades K-5 at all three elementary schools.

**Table 3-3** shows the District's report card scores, and instructional and support expenditures for FY 2003-04 through FY 2007-08.

**Table 3-3: CLSD Report Card Scores and Expenditures per Student**

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<b>% of Performance Indicators Met</b>	77.8%	73.9%	96.0%	90.0%	83.3%
<b>Performance Index Score (120)</b>	93.9	94.3	99.2	96.1	96.1
<b>Designation</b>	Effective	Effective	Excellent	Effective	Effective
<b>Instructional Expenditures</b>	\$12,587,891	\$12,631,271	\$12,990,829	\$13,717,478	\$13,571,168
<b>• % Change in Expenditures</b>	N/A	0.3%	2.8%	5.6%	(1.1%)
<b>Pupil Support Expenditures</b>	\$2,108,314	\$2,264,763	\$2,114,195	\$2,681,173	\$2,521,242
<b>• % Change in Expenditures</b>	N/A	7.4%	(6.6%)	26.8%	(6.0%)

Source: ODE Local Report Cards and Expenditure Flow Model

**Table 3-3** indicates that the District's percentage of performance indicators met, performance index score, and academic designation all increased in FY 2005-06, which was the first full-year of operating with the new grade configurations. However, despite the highest percentage increases in instructional and pupil support expenditures for FY 2006-07, the District's report card scores and rating decreased in FY 2006-07.

In addition to the District's focus on providing a comprehensive intervention program, certain demographic traits may impact its educational support staffing levels. For instance, ODE reports that 19.2 percent of students attended CLSD for less than a full academic year in FY 2007-08, more than double the peer average of 7.9 percent. Furthermore, CLSD's poverty rate is 35.0 percent, compared to the peer average of 25.7 percent.

CLSD would have to reduce 7.8 educational support staff FTEs in order to maintain a similar ratio of total educational support staff per 1,000 students as the peer average. However, the funding source for some of the District's other certificated support staff (0.5 remedial specialist FTE, 2.3 tutor and small group instructor FTEs, and 0.5 teaching aides) is federal Title 1 or other federal funds, which do not impact the General Fund. Based on excluding these grant funded positions and attempting to account for the demographic traits of CLSD, the District could reduce staffing by approximately 4.0 educational support staff FTEs. This would result in employing 13.4 educational support staff FTEs per 1,000 students, which would be 13.6 percent higher than the peer average.

During the latter portion of the performance audit, the State passed House Bill 1, which provides a new funding formula for school districts in FY 2009-10 and FY 2010-11. In particular, House Bill 1 provides funding for positions that may impact the

aforementioned assessment, such as special education aides, student support staff (family and community liaisons), and summer remediation. It also provides funding for the “licensed librarian and media specialist factor.”

*Financial Implication:* By reducing staffing levels by 4.0 educational support FTEs, the District can save approximately \$113,000 annually in salaries and benefits. This is based on the FY 2008-09 salaries of the four lowest paid teaching aides to be conservative and a benefit percentage of 35.7 percent (FY 2007-08).

**R3.2 CLSD should examine its career-technical program to identify methods for improving cost-effectiveness, such as eliminating duplicate course offerings, working to ensure that program participation continues to rise, and increasing the participation fee charged to the partner districts to align with the costs of the program. As the District alters its courses, it should ensure compliance with the Ohio Administrative Code. In addition, it should periodically review the participation fee to ensure that each district covers their portion of program costs. If CLSD cannot improve the cost-effectiveness of the current program, it should explore contracting with a JVSD for career-technical programs. However, before implementing this option, CLSD should seek stakeholder input and feedback because this option would result in increased property taxes.**

CLSD provides comprehensive career-technical programming and is one of 92 career planning districts in the State of Ohio. While 49 of these planning districts are organized as Joint Vocational School Districts (JVSDs), CLSD is one of 43 school districts in the State also serving as a planning district. In contrast, the ten peer districts use a JVSD. Consequently, CLSD employs significantly more vocational FTEs per 1,000 students (6.91) than the peer average (0.40). In addition, of the 20 districts identified by ODE as being similar to CLSD, all but two of the districts belong to a JVSD.

As a planning district, CLSD provides career-technical programs at its high school to students attending the District and has an agreement with three other Stark County school districts (Osnaburg LSD, Perry LSD, and Sandy Valley LSD) to provide career-technical programs to their students. However, Perry LSD and Sandy Valley LSD also provide students with the opportunity to attend career-technical courses at their respective high schools. While the majority of the career-technical programs are housed at only one of the partner schools (15 programs), there are six programs that are housed at multiple school districts. For instance, CLSD and Perry LSD offer the same courses at their respective high schools for four of the 21 workforce programs. The Superintendent indicated that each partner school has the authority to offer any career-technical programs at their respective high schools. However, the Superintendent noted that the District is in the process of reviewing the current courses to determine if any duplicate courses could be eliminated. According to OAC § 3301-61-03, career-technical planning districts are

required to offer 12 programs that represent at least 8 of the 16 career field options. However, career-technical planning districts with less than 1,500 students enrolled in grades 9 through 12 must provide course offering in 10 programs in at least 8 career fields. CLSD complies with OAC § 3301-61-03 for FY 2007-08 by offering 21 programs, which include 10 career fields.

The Superintendent noted that the core courses offered through the career-technical program are determined by all of the respective participating school districts. The districts base their decisions on a variety of factors including participation rates for each program over the last three years and notable trends throughout the state. Participation in the career-technical program increased over the past three years. More specifically, the District reported 160.8 FTE students enrolled in career-technical programming in FY 2007-08, 142.9 in FY 2006-07, and 128.0 in FY 2005-06. Despite increasing enrollment, the District reduced its career-technical staff by approximately 1.0 FTE since FY 2005-06. In addition, the Superintendent noted that the District will reduce approximately 2.5 career-technical FTEs during FY 2008-09.

The career-technical program has two designated sources of funding: the federal Carl D. Perkins Grant and Ohio Department of Education weighted career-technical funding. These two sources can be applied toward the cost of career-technical education to supplement State formula aid and local revenue sources. In addition, Sandy Valley LSD, Osnaburg LSD, and Perry LSD agreed to pay annually to CLSD a participation fee. The participation fee is based on the number of slots available to each partnering district times the rate of \$9,500 per slot, minus all state funding received for that district. CLSD has not increased the \$9,500 rate since it was first established in FY 2006-07.

The 110 slots are assigned as follows: 50 slots to CLSD, 25 slots to Perry LSD, 25 slots to Sandy Valley LSD, and 10 slots to Osnaburg LSD. Therefore, the minimum fee each district is responsible for is \$474,000 for CLSD, \$237,000 for Perry LSD and Sandy Valley LSD, and \$95,000 for Osnaburg LSD. However, since the funds for the students follow them to the serving district, the minimum fee is reduced according to the amount of state aid that CLSD receives for each district. As a result, Osnaburg LSD was the only school district in FY 2007-08 that had to submit a direct payment to CLSD to cover the minimum participation fee (approximately \$8,200). According to the Superintendent, the slots are typically filled to the assigned levels. For instance, Osnaburg LSD was the only district in FY 2008-09 that did not fill its assigned slots, which resulted in offering additional slots to the other participating districts.

**Table 3-4** displays the operational history of the career-technical program at the District.

**Table 3-4: CLSD Career Technical Program Operational History**

	CLSD FY 2005-06	CLSD FY 2006-07	CLSD FY 2007-08
Carl Perkins Federal Grant	\$96,838	\$163,226	\$144,635
Career-Tech/Adult Ed. Weighted Revenue	\$161,478	\$176,417	\$210,751
State Formula Aid	\$687,935	\$778,815	\$894,796
Revenue from Partner Districts <sup>1</sup>	n/a	\$115,454	\$8,178
<b>Total Revenue</b>	<b>\$946,251</b>	<b>\$1,233,912</b>	<b>\$1,258,360</b>
<b>General Fund Expenditures</b>	<b>\$1,450,489</b>	<b>\$1,621,459</b>	<b>\$1,669,050</b>
<b>Governmental Fund Expenditures</b>	<b>\$1,533,498</b>	<b>\$1,816,559</b>	<b>\$1,804,077</b>
<b>General Fund as a % of Governmental Funds</b>	<b>94.6%</b>	<b>89.3%</b>	<b>92.5%</b>
<b>Net Loss General Fund</b>	<b>(\$504,238)</b>	<b>(\$387,547)</b>	<b>(\$410,690)</b>
<b>Net Loss Governmental Funds</b>	<b>(\$587,247)</b>	<b>(\$582,648)</b>	<b>(\$545,718)</b>

Source: CLSD SF-3 and 4502 for FY 2005-06 through FY 2007-08

<sup>1</sup>The partnership districts were not required to pay a participation fee to CLSD until FY 2006-07.

**Table 3-4** indicates that CLSD's expenditures exceed revenues for the career-technical program by over \$500,000 each year, which primarily impacts the General Fund as it comprises 89 to 95 percent of the total expenditures. For example, in FY 2007-08, the expenditures in the General Fund exceeded total revenues by \$410,690. This can be attributed, in part, to the fee of \$9,500 per slot. Specifically, this fee and the total available slots of 110 equate to \$1,045,000. As shown in **Table 3-4**, this falls well below the total General Fund and governmental fund expenditures. However, the planned elimination of 2.5 FTEs will help reduce the District's vocational education expenditures. Other strategies that would further help reduce costs include the following:

- Stop offering duplicate courses that are already offered at Perry LSD and Sandy Valley LSD; and
- Increase the participation fee for the partnering districts to align with the program costs.

Alternatively, the District could contract with a surrounding JVSD to provide certain courses or programs to students. However, this would result in local taxpayers being charged an additional two mills in unvoted property taxes based on requirements of Ohio law.

*Financial Implication:* CLSD could ideally save approximately \$411,000 by eliminating the net General Fund loss associated with operating the career-technical program. However, in an effort to be conservative, it is estimated that the District could save approximately \$205,000. Assuming the District eliminates 2.5 FTEs, it would be working to achieve these estimated savings.

**R3.3** If the District does not implement the performance audit recommendations and other strategies to reduce costs, it should consider reducing regular education and education service personnel (ESP) staffing levels. For instance, the District could reduce its ESP staffing levels by 4.0 FTEs and still comply with State law, and reduce regular education teacher staffing levels by 10.0 FTEs and still employ 20 percent more teachers than required by State law. However, CLSD should weigh decisions to reduce regular education teacher and ESP staffing levels against the impact these reductions may have on the quality of education. Likewise, the District should consult with ODE to determine whether the provisions in the new funding formula will correspond to new staffing requirements and ensure proposed reductions will permit compliance with the new requirements.

Table 3-5 compares CLSD's teacher staffing ratios to the peer average.

**Table 3-5: Peer Comparison of Regular Classroom Teacher Staffing**

	CLSD	Peer Average	Difference
Regular Student per Regular Teacher	18.1 <sup>1,2</sup>	18.7	(3.2%)
Total Students per Regular Teacher	23.1 <sup>3</sup>	21.4	7.9%

Source: FY 2008-09 EMIS data for CLSD and FY 2007-08 EMIS data for peer average as reported to ODE, and ODE Local District Report Cards

<sup>1</sup> The ten regular classroom teachers at MCJAS were excluded since none of the peer districts operate a multi-county attention center.

<sup>2</sup> The Treasurer noted that the regular student population figure includes the MCJAS students. However, AOS was unable to confirm this.

<sup>3</sup> Excludes the 127 MCJAS students.

Table 3-5 shows that CLSD maintains slightly fewer regular students per regular teacher, but more total students per regular teacher. Pursuant to OAC § 3301-35-05, for every 25 regular education students, CLSD is required to maintain at least one FTE classroom teacher. Based on the FY 2008-09 staffing levels, the District could reduce approximately 27 FTE regular education teachers and still comply with State minimum requirements. However, according to ORC § 3317.023, teachers funded by federal sources should not be included in the ratio of 25:1. The District has 2.9 regular education teacher FTEs who are funded through various grants rather than from the General Fund. When excluding all of the grant funded FTEs to be conservative, the District could potentially reduce approximately 24 FTEs. In addition, the overall average of 25:1 may be difficult to achieve, based on factors like specific grade and class sizes. If CLSD maintained regular teacher staffing levels 20 percent above the State minimum requirements and after excluding the grant funded positions, the District would need to eliminate approximately 10 FTEs.

**Table 3-6** compares CLSD’s ESP staffing ratios to the peer average for FY 2008-09.

**Table 3-6: Peer Comparison of ESP Staffing**

	CLSD		Peer Average	
	FTEs	Per 1,000 Regular Students	FTEs	Per 1,000 Regular Students
ESP Teachers <sup>1</sup>	6.2	3.5	8.6	5.3
Counselors	4.0	2.2	4.1	2.5
Librarian/Media Specialist	1.0	0.6	1.3	0.8
School Nurses (Registered Nurses)	1.7	0.9	1.0	0.6
Social Workers	2.4	1.3	0.1	0.1
Visiting Teachers	0.0	0.0	0.0	0.0
<b>Total Education Service Personnel (FTE)</b>	<b>15.3</b>	<b>8.5</b>	<b>15.1</b>	<b>9.2</b>
<b>Total ESP FTEs per 1,000 Total Students</b>	<b>6.7</b>		<b>8.0</b>	

**Source:** FY 2008-09 EMIS data for CLSD and FY 2007-08 EMIS data for peer average

**Note:** Totals may vary from actual due to rounding

<sup>1</sup> ESP teachers include K-8 art, music, and physical education teachers.

**Table 3-6** shows that the District employs fewer total ESP FTEs on a per 1,000 regular student and per 1,000 total student basis, when compared to the peer average. However, OAC § 3301-35-05(A)(4) requires that school districts employ a minimum of five education service personnel for every 1,000 regular education students. ESP positions need to be assigned to at least five of the eight following areas: art, music, and physical education teachers; counselors; registered nurses; social workers; visiting teachers; and library/media specialists. Based on OAC requirements, the District is required to employ a minimum of 9.0 ESP FTEs. **Table 3-6** shows that the District employed 15.3 ESP FTEs in FY 2008-09, or 6.3 more than required by the OAC. According to ORC § 3317.023, ESP staff funded by federal sources should not be included in the ratio of five per 1,000 regular students. The District has 0.3 physical education teachers FTEs, 0.6 counselor FTEs, and 1.3 social worker FTEs that are funded through various grants, for a total of 2.2 ESP FTEs. When excluding all of the grant funded FTEs to be conservative, the District could potentially reduce approximately 4.0 FTEs.

During the latter portion of the performance audit, the State passed House Bill 1, which provides a new funding formula for school districts in FY 2009-10 and FY 2010-11 that accounts for teacher positions. For instance, to determine funding levels for “core” teacher positions, the legislation uses a ratio of 25 students per teacher in 4<sup>th</sup> through 12<sup>th</sup> grades, and 19 students per teacher in kindergarten through 3<sup>rd</sup> grades for FYs 2009-10 and 2010-11. The student-to-teacher ratio for kindergarten to 3<sup>rd</sup> grades declines to 1:17 for FYs 2011-12 and 2012-13, and further declines to 1:15 thereafter. The aforementioned student ratios are based on formula ADM. The legislation also indicates that funding levels for “specialist” teacher positions are based specialist teachers comprising 20 percent of core teachers in kindergarten through 8<sup>th</sup> grade, and 25 percent of core teachers for 9<sup>th</sup> grade through 12<sup>th</sup> grade. In addition, the legislation provides

funding for the “licensed librarian and media specialist factor.” While the legislation addresses funding levels for counselor and nurse positions, it indicates that counselor and nurse positions will not be funded in FY 2009-10 and FY 2010-11.

*Financial Implication:* By reducing 10.0 regular education teachers and 4.0 educational service personnel FTEs, the District can save approximately \$695,000 annually in salaries and benefits. This is based on the FY 2008-09 salaries of the lowest paid employees on the certificated salary schedule and a benefit percentage of 35.7 percent (FY 2007-08).

### *Data Reporting*

**R3.4 CLSD should develop formal policies and procedures for gathering EMIS information. For instance, the policies and procedures could require staff not involved in the particular data entering process to crosscheck information against a sample of payroll records, student counts and demographic information, and prior year EMIS reports. Variances should be investigated and resolved before the information is submitted to the Superintendent and Treasurer. Subsequently, the Superintendent and the Treasurer should ensure the policies and procedures are being followed and the information has been properly reviewed for accuracy before authorizing the submission to ODE. In addition, EMIS staff should be encouraged to become certified by the Ohio Association of EMIS Professionals (OAEP). Collectively, these measures would better ensure the accuracy of the EMIS data, which subsequently will help ensure the District receives appropriate funding and makes reliable decisions.**

CLSD has a total of 18 employees who are involved in the EMIS reporting process. However, CLSD does not have formal policies and procedures for preparing, reviewing, and reconciling the EMIS information prior to submission to ODE. The District’s building secretaries are responsible for entering regular student data into the EMIS system, while the special education secretary handles the special education student data and the EMIS Coordinator handles the community school and attention center student data. The payroll clerk and the Superintendent’s secretary are responsible for entering staff data. The EMIS Coordinator is responsible for reviewing all reports for errors and indicated that the reports are sent to administrators, the Treasurer, and Special Education Director to ensure that the information reported appears accurate. However, the EMIS Coordinator only reviews the errors that are generated through the EMIS system. Once those errors are addressed, EMIS is considered to be accurate. The EMIS Coordinator receives regular EMIS training from the District’s Information Technology Center, but has not achieved Certified EMIS Professional status through the OAEP.

Despite these efforts, AOS identified errors in the District's EMIS information that overstated number of FTEs. Specifically, due to reporting some employees twice, the District reported 300.54 FTEs. When accounting for the duplicate entries, the District actually employs 289.44 FTEs<sup>3</sup>. This discrepancy is mainly due to over-reporting the number of general education staff by nine FTEs. The EMIS Coordinator indicated that these employees were erroneously reported and that the District is in the process of correcting this problem. These errors were corrected in **Table 3-1** and the related staffing analyses.

ORC § 3301.0714 outlines the guidelines for the EMIS system and includes a requirement to report personnel and classroom enrollment data. According to ORC § 3301.0714, the total number of licensed and non-licensed employees and the full-time equivalent serving, by category, are required to be reported and maintained for each school district. Furthermore, the legislation indicated that data collected through the EMIS system is used for State and Federal reporting, funding and distribution of payments, an academic accountability system, and the generation of Statewide and district reports. The process for EMIS data submission requires data to be submitted in accordance with the process and requirements of the EMIS manual, which includes processes for ensuring the accuracy and completeness of the data before submission and through a data verification process. While districts are not required to use the State provided software, they are required to submit accurate data.

To help districts submit accurate EMIS data, ODE, OAEP, and the Ohio Education Data Systems Association provide various training opportunities and conferences each year. Further, OAEP offers Certified EMIS Professional and Master Certified EMIS Professional designations, which area earned after completing a regimented program of professional development and work experience. According to ODE, Certificated EMIS Professionals and Master Certified EMIS Professionals are committed to maintaining the highest standards possible regarding the maintenance and reporting of student, staff, and district data.

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<sup>3</sup> AOS also identified reporting errors and a potential error related to food service worker FTEs. However, due to materiality, the potential error was not further investigated and corrections were not made to the identified errors. In addition, the District hired another food service worker after the October reporting period.



*Compensation and Benefits*

**R3.5 CLSD should eliminate the additional retirement benefit for all employees and consider limiting future increases to base wages, subject to negotiations for certificated and classified staff covered by the collective bargaining agreements. In addition, the District should negotiate adjustments to the salary schedules for certificated staff to be more comparable to at least the neighboring districts. While CLSD should seek to lower salary rates throughout the schedules, it should strive to at least negotiate lower salary rates prior to longevity steps (zero to 12 years of service). Furthermore, the District should consider the feasibility of negotiating one salary schedule for all certificated staff, regardless of hire date. Lastly, CLSD should consider reviewing classified salary schedules, and the number of supplemental contracts and related pay rates in comparison to regional and neighboring districts.**

Table 3-7 compares the District's average salary by employee group to the peer average.

**Table 3-7: Average Salary Comparison for FY 2007-08**

	CLSD	Peer Average	% Difference
Administrators	\$80,100	\$68,196	17.5%
Educational Staff	\$49,332	\$50,075	(1.5%)
Professional Staff <sup>1</sup>	\$55,097	\$43,836	25.7%
Technical Staff <sup>1</sup>	\$31,605	\$14,148	123.4%
Office / Clerical Staff	\$24,080	\$23,460	2.6%
Crafts & Trades Workers <sup>1</sup>	\$49,166	\$25,696	91.3%
Operative	\$11,664	\$17,067	(31.7%)
Service Worker	\$28,537	\$19,723	44.7%
<b>Total Average Reported Salary</b>	<b>\$43,177</b>	<b>\$41,676</b>	<b>3.6%</b>

Source: EMIS data

<sup>1</sup> Professional, technical and crafts/trades staff, when combined, comprise less than six percent of total staffing levels for CLSD and the peer average.

Table 3-7 shows that CLSD's overall average salary in FY 2007-08 is higher than the peer average by 3.6 percent. In addition, the District's average salaries are higher than the peer average in six of the eight classifications. Along with the higher average salaries, CLSD pays varying percentages of the employee's share of the retirement contributions (additional retirement benefit) for all staff. When including this additional benefit, the District's overall average salary is 9.2 percent higher than the peer average.

While Table 3-7 shows that the average educational staff salary is 1.5 percent lower than the peer average, certificated staff salaries were further reviewed because variances in years of service and location can affect the comparison of actual average salaries. Moreover, certificated staff salaries comprise the majority of the District's salary costs, at

approximately 79 percent in FY 2007-08 for the General Fund. Therefore, **Table 3-8** compares CLSD's salary schedule for certificated staff hired after July 1, 1997 to the average of other districts in its geographical region and to the average of eight school districts<sup>4</sup> located in close proximity to CLSD.

**Table 3-8: Salary Schedule Comparison for FY 2007-08**

	CLSD	Southeast and East Region Average <sup>1</sup>	Neighboring District Average	% Difference: Neighboring District Average
<b>BA Minimum</b>	\$32,235	\$28,830	\$30,971	4.1%
<b>BA Maximum Before Longevity<sup>2</sup></b>	\$53,510	\$45,223	\$50,410	6.1%
<b>MA Minimum</b>	\$35,459	\$31,927	\$33,475	5.9%
<b>MA Maximum Before Longevity<sup>2</sup></b>	\$60,602	\$52,514	\$57,598	5.2%
<b>Years to Obtain MA Maximum<sup>2</sup></b>	12.0	13.5	12.9	(6.8%)
<b>Average Annual Increase:</b>				
<b>MA Minimum to MA Maximum</b>	5.9%	4.8%	5.6%	N/A
<b>MA With 11 Years of Experience</b>	\$57,701	\$48,837	\$53,848	7.2%
<b>MA With 25 Years of Experience</b>	\$63,181	\$55,280	\$61,484	2.8%
<b>MA With 30 Years of Experience</b>	\$64,148	\$55,970	\$63,008	1.8%
<b>Average Annual Increase:</b>				
<b>MA Minimum to MA With 30 Years</b>	2.7%	2.5%	2.9%	N/A
<b>% Increase on Base: Change in BA Minimum from 2006-07 to 2007-08</b>	3.0%	2.5%	2.0%	N/A

**Source:** CLSD and Ohio Education Association (OEA) for other districts' data

<sup>1</sup> The data presented for the southeast and east region includes 131 districts, including CLSD.

<sup>2</sup> This represents the last step of consecutive annual increases.

**Table 3-8** shows that the District provides higher starting and ending salaries for its teachers<sup>5</sup>, despite requiring fewer years of experience to achieve the MA maximum salary. CLSD also provides a higher average annual increase within the MA schedule prior to longevity steps. Taken collectively, these factors result in the District providing higher salaries for teachers with zero to 12 years of experience. For instance, the District's MA salary at 11 years of experience is 7.2 percent higher than the neighboring district average. In addition, CLSD's salaries for teachers with a MA and 25 or 30 years of experience are higher than the respective region and neighboring district averages. In contrast to the higher average annual increase within the MA schedule prior to longevity, **Table 3-8** shows that the District provides a lower increase per year from MA minimum to MA with 30 years than the neighboring district average. However, this is due, in part,

<sup>4</sup> These districts include Canton CSD, Perry LSD, Osnaburg LSD, Plain LSD, Green LSD, Sandy Valley LSD, Massillon CSD, and Louisville CSD.

<sup>5</sup> Two of the eight districts provide noticeably lower salaries for BA and MA minimums, BA and MA maximums, and MA with 11 years of experience. However, even when excluding these two districts, Canton LSD's salaries are still higher than the adjusted averages of \$31,815, \$34,262, \$52,500, \$59,832 and \$55,678, respectively.

to CLSD's higher beginning salary, which is linked to negotiated increases to base wages. More specifically, **Table 3-8** indicates that the District provided a 3.0 percent increase on base wages in FY 2007-08, which is higher than the region and neighboring district averages. While CLSD's employees have agreed to give back the 3.0 percent increase for FY 2008-09 through several methods, their base wages will remain unaffected. Based on the current collective bargaining agreement, staff will receive another 3.0 percent increase in FY 2009-10 on top of their base wage for FY 2008-09.

The District has a separate salary schedule for employees hired before July 1, 1997, which provides the same starting salaries for BA and MA. However, with one exception, the older salary schedule provides higher salaries at the other corresponding years of service when compared to the newer schedule. Consequently, the salaries for these teachers would be even higher than the district averages in **Table 3-8**. Approximately 32 percent of the District's teachers fall within the older salary schedule.

By paying varying portions of the retirement contribution for all employees, the District provides an additional benefit that increases its overall compensation levels and, in turn, negatively impacts its financial condition. This is further exacerbated by providing higher salaries for teaching staff, particularly in the older salary schedule. Additionally, the higher teacher salaries contribute to the District's higher extracurricular costs because supplemental contracts are based on a percentage of the beginning BA salary. Specifically, CLSD spent an average of \$243 per student on extracurricular costs in FY 2007-08, which is 36 percent higher than the peer average of \$179.

*Financial Implication:* By eliminating the additional retirement benefit for all employees, the District would save approximately \$741,000 annually. Assuming the District implements the staffing reductions identified in this performance audit, this would reduce the potential savings to approximately \$687,000 per year. This is based on the staffing reductions in the performance audit comprising 7.3 percent of the District's corrected (see **R3.4**) FTEs in EMIS, which also includes the District's planned reductions in **R3.2**. However, actual savings will depend upon the specific positions eliminated by the District. Additionally, the level of future negotiated increases to base wages was considered when reviewing CLSD's five-year forecast and in light of the District's financial condition. See the **financial systems** section for more information on the CLSD five-year forecast.

- R3.6 CLSD should negotiate to increase premium contribution rates for all full-time employees receiving health benefits to 15 percent of healthcare insurance premiums, and eliminate caps on employee contributions. This would make the District's contribution levels comparable to the SERB averages, but still lower than the Kaiser Survey averages. In addition, the District should negotiate employee contributions for dental coverage that are at least in line with SERB averages for Canton/Akron**

**region (6.1 percent for single and 8.6 percent for family). Furthermore, the District should modify its dental plan benefits to help lower dental insurance premium rates. Lastly, if the District is unable to close the gap in its General Fund deficit, it could pursue higher premium contributions from its employees.**

The District offers medical, prescription, and dental insurance to all employees through its membership in the Stark County Schools Council of Government (COG). The District requires administrators to contribute 10 percent towards the premium costs for single and family coverage. Full-time certificated and classified employees (30 or more hours) contribute \$20 and \$50 towards their premium costs for single and family coverage, respectively. However, beginning in FY 2009-10, full-time employees will start contributing 10 percent towards the premium costs, not to exceed \$30 a year for single coverage and \$74 a year for family coverage. Additionally, classified employees working 25-29 hours per week will contribute 45 percent towards premium costs for single and family coverage, while those working 20-25 hours will contribute 55 percent towards the premium costs. Classified employees hired on or after June 30, 1995 must work at least 25 hours per week to participate in the health plan. According to the certificated collective bargaining agreement, “the employee shall pay the amount of premium listed below associated with medical and surgical insurance for those employed a minimum of 30 hours per week.”

**Table 3-9** compares CLSD’s employee contributions to data reported by the Ohio Education Association’s 2008 Survey (OEA), the Kaiser Family Foundation’s 2008 National Survey (Kaiser Survey) and the State Employment Relations Board 2007 State Survey (SERB).

**Table 3-9: Monthly Employee Contributions**

CLSD	OEA	Kaiser	SERB
Administrators: 10%	Medians:	Average:	School District Average:
<b>Certificated and Classified (Full-time):</b> Single: 4.6% Family: 4.8%	Single: 9% Family: 10%	Single: 16% Family: 27%	Single: 12.5% Family: 14.2%
<b>Classified (25-29 hours):</b> Single and Family: 45%			
<b>Classified (less than 25 hours):</b> Single and Family: 55%			

Source: CLSD, OEA, Kaiser, SERB

**Table 3-9** shows that employee contributions at CLSD are lower than the OEA, Kaiser Survey, and SERB benchmarks for full-time staff, with the exception of administrators being similar to the OEA median.

In addition to medical and prescription drug insurance, the District provides dental insurance at no cost to employees. CLSD's premium costs for both single and family coverage are significantly higher than industry averages. The District's monthly dental premiums are \$54.10 for single coverage and \$133.47 for family coverage, while the SERB averages for the Canton/Akron region are \$37.81 and \$80.65, respectively; and the OEA medians are \$41 and \$77, respectively<sup>6</sup>. In addition, the District's dental benefit plan provisions appear generous when compared to OEA. Specifically, the District's dental plan has an annual maximum benefit of \$2,500 and includes a lifetime maximum benefit for orthodontic services of \$1,200. The OEA annual survey reports that the median maximum dental benefit was \$1,500 per person, with a lifetime maximum orthodontic benefit of \$1,000. Moreover, while the SERB Canton/Akron average employee contribution is 6.1 percent for single coverage and 8.6 percent for family coverage and school district average is 8.7 percent for single coverage and 20.3 percent for family coverage, CLSD does not require a contribution.

*Financial Implication:* Negotiating to restructure benefit levels to achieve dental premiums in line with the SERB Canton/Akron Region average along with negotiating employee contributions in line with SERB Canton/Akron average employee contributions for dental coverage would save approximately \$132,800 in General Fund expenditures annually. In addition, by requiring all employees to contribute 15 percent towards their health insurance premiums, the District would experience an annual cost savings of approximately \$251,000. Assuming the District implements the staffing reductions identified in this performance audit, this would reduce the potential insurance savings to approximately \$123,000 per year for dental and \$233,000 per year for employee contributions. This is based on the staffing reductions in the performance audit comprising 7.3 percent of the District's corrected (see **R3.4**) FTEs in EMIS, which also includes the District's planned reductions in **R3.2**. However, actual savings will depend upon the specific positions eliminated by the District and their respective insurance status.

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<sup>6</sup> Premium costs reported by SERB and OEA have been increased for inflation, to allow for a reliable comparison to CLSD's premiums in FY 2008-09.

*Negotiated Agreements*

**R3.7 The District should consider renegotiating several provisions in its collective bargaining agreements. Specifically, it should consider reducing the number of holiday and vacation days for classified staff, the length of lunch periods for certificated staff, and the number of sick days paid at retirement to certificated and classified staff. In addition, the District should renegotiate to eliminate the overtime pay associated with building checks.**

The assessment of the District's collective bargaining agreements identified the following provisions as comparable to Ohio law and/or industry benchmarks: length of workday, employee evaluations, minimum call in hours, number of sick days accrued, number of personal days, and retirement incentives. However, the following areas in CLSD's collective bargaining agreements appeared more generous than these standards:

- **Holidays:** According to ORC § 3319.087, 11 and 12 month classified employees are entitled to a minimum of 7 holidays, and 9 and 10 month employees are entitled to 6 holidays. CLSD's 11 and 12 month employees receive 11 holidays, while 9 and 10 month employees receive 10 holidays. Providing full-time employees with more holidays can reduce productivity since there are fewer workdays devoted to District operations.
- **Vacation Accrual:** The District's classified collective bargaining agreement allows for vacation accrual rates that are higher than the minimum requirements stipulated in ORC § 3319.084. For example, an employee with five years of service receives 15 days of vacation per year at CLSD. In contrast, ORC § 3319.084 does not require the District to grant 15 vacation days per year until employees have reached 10 years of service. Additionally, the District provides its employees with 20 days of vacation after 10 years of service while the ORC does not require 20 days of vacation until an employee has 20 years of service. Providing employees with more vacation time can potentially increase the District's operating costs if substitutes and/or overtime are needed to cover the absence.
- **Lunch Period:** The District's certificated collective bargaining agreement allows for a lunch period that is longer than the minimum requirements stipulated in ORC § 3319.072. Specifically, it stipulates that CLSD's certificated staff receives at least 40 minutes for lunch per day. In contrast, ORC § 3319.072 stipulates that each teacher shall be granted at least 30 minutes for lunch each school day. By reducing the lunch period, the District could increase the amount of instructional time and/or help allow for teacher reductions (see **R3.3**). For instance, the lunch periods for students at the high school are only 24 minutes. As a result, a

minimum of a 40 minute lunch period for teachers equates to almost two lunch periods for students.

- **Building Checks:** The District's classified collective bargaining agreement allows for employees required to perform building security checks to receive one hour of pay for each day and one hour of pay for each holiday at time and a half. However, for head custodians employed on or after July 1, 2006, employee building checks shall be considered part of the 40 hour work week. The Director of Transportation and Building and Grounds indicated that all of the head custodians were hired prior to July 1, 2006 and therefore are eligible for overtime pay. In FY 2007-08, the District spent approximately \$22,300 in overtime costs for building checks.
- **Severance Payouts:** Assuming an employee meets a variety of requirements, the District allows for maximum severance payouts of 76 and 73 unused sick leave days for certificated and classified personnel, respectively. Payouts are based on 25 percent of unused sick leave. In addition, the maximum severance payout for certificated staff increases in FY 2009-10 to 79 unused sick leave days paid at retirement. By comparison, ORC § 124.39 stipulates that if individuals retire with 10 or more years of service with the State, they are entitled to be paid 25 percent of the value of their accrued but unused sick leave, up to 30 days.

*Financial Implication:* The savings associated with a reduction in severance payouts will vary depending on the number and rate of pay for retirees in a given year. However, if the District had reduced the maximum severance payout to ORC minimum requirements in FY 2007-08, the savings would have been approximately \$125,300. Assuming half of this amount if the District had provided a severance payout that was still above ORC minimum requirements, the savings would have been approximately \$62,650. In addition, if the District had eliminated overtime pay for building checks, the savings would have been approximately \$22,300 in FY 2007-08.

### *Technology*

**R3.8 CLSD should consider purchasing and implementing an automated substitute calling system. This would provide an efficient method for contacting substitute employees as well as a convenient reporting system. It would also result in a net financial benefit by eliminating pay provided to staff for locating substitutes.**

CLSD does not have an automated system to handle substitute placement. Rather, a paraprofessional and a substitute employee receive approximately \$3,000 and \$2,600 per year to locate substitutes, respectively. According to the article *Education World, Sub-Searching Made Easier* (Educationworld.com, 2006), school districts across the nation

have begun to use automated substitute calling systems that are either web or phone-based. These systems automatically contact substitute(s) from a pre-established list of available certificated substitutes. Some systems allow district staff to record their own call-offs or report their own leave requests. Additionally, supervisors are able to print reports on employee leave use as needed.

Based on information from the aforementioned article and certain vendors, the following are benefits of an automated phone-based substitute calling system:

- Eliminates the labor-intensive task of calling substitutes manually;
- Provides greater control over employee absences and substitute placement;
- Links teachers to preferred substitutes or substitute groups;
- Allows teachers to call in at any time the system is activated;
- Allows privatization of each school's substitute lists;
- Tracks employee absenteeism and leave usage; and
- Processes leave requests in a more efficient and cost effective manner by eliminating paperwork, reducing data entry, and allowing for better record keeping of employee time for payroll purposes.

*Financial Implication:* Based on a particular system, the initial costs of an automated substitute calling system would be approximately \$900 for software, training, and installation fees, along with an annual maintenance and support fee of \$480. However, the savings associated with eliminating the additional pay for the paraprofessional and substitute is \$5,600 annually, for a net savings of approximately \$4,200 the first year and \$5,100 each year thereafter.



## Financial Implications Summary

The following table presents a summary of annual cost savings and implementation costs identified in this section of the report. The financial implications are divided into two groups: those that are, and those that are not subject to negotiation.

**Table 3-10: Recommendations Not Subject to Negotiation**

Recommendation	Annual Cost Savings	One Time Implementation Cost	Annual Cost
<b>R3.1</b> Reduce staffing by 4.0 Educational Support Staff FTEs	\$113,000		
<b>R3.2</b> Examine career-technical program for cost-effectiveness	\$205,000		
<b>R3.3</b> Reduce staffing by 10.0 Regular Education and 4.0 ESP FTEs	\$695,000		
<b>R3.8</b> Purchase and implement an automated substitute calling system	\$5,600	\$900	\$480
<b>Total</b>	<b>\$1,018,600</b>	<b>\$900</b>	<b>\$480</b>

Source: AOS Recommendations

**Table 3-11: Recommendations Subject to Negotiation**

Recommendation	Annual Cost Savings
<b>R3.5</b> Eliminate the additional retirement benefit for all employees	\$687,000
<b>R3.6</b> Increase employee contribution towards health benefits and redesign the District's current dental coverage	\$356,000
<b>R3.7</b> Renegotiate severance payouts and eliminate building checks	\$84,950
<b>Total</b>	<b>\$1,127,950</b>

Source: AOS Recommendations

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# Facilities

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## Background

This section of the performance audit focuses on Canton Local School District's (CLSD or the District) facility operations. Its operations were evaluated against leading or recommended practices, operational standards, and ten selected peer school districts (peer average).<sup>1</sup> Leading or recommended practices and operational standards were drawn from various sources, including the American Schools and University Magazine (AS&U), the National Center for Education Statistics (NCES), and the Association of School Board Officials (ASBO).

### *Organizational Structure and Staffing*

CLSD operates an administrative building and bus garage, two elementary schools [Amos McDannel Elementary (Kindergarten through 1<sup>st</sup> grade) and Harold R. Walker Elementary (2<sup>nd</sup> through 5<sup>th</sup> grades)], Faircrest Memorial Middle School (6<sup>th</sup> through 8<sup>th</sup> grades), and Canton South High School (9<sup>th</sup> through 12<sup>th</sup> grades). The District rents another school building to the Stark County Education Service Center (ESC) for pre-kindergarten programs. The District uses funds from a permanent improvement levy to support building maintenance and operations.<sup>2</sup> FY 2008-09 student enrollment increased 2.5 percent from FY 2007-08 after declining 1.5 percent from FY 2006-07.

CLSD has 16 employees that are responsible for completing the maintenance and operations (M&O) functions for the District's buildings and grounds. These functions include cleaning each school building, completing a variety of building maintenance tasks, and maintaining the exterior environment around the buildings and grounds (i.e. mowing grass, controlling weeds, and removing snow and ice in the winter). The Director of Buildings, Grounds and Transportation (DBGT) is in charge of M&O activities. **Table 4-1** shows CSLD's full-time equivalent (FTE) staffing levels by position.

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<sup>1</sup> See the **executive summary** for a list of the peer districts and an explanation of the selection methodology.

<sup>2</sup> District voters approved a 1.9 mill permanent improvement levy in May 2006 which generates approximately \$479,000 annually.

**Table 4-1: CLSD M&O FY 2008-09 Position Summary**

Position	FTEs as Assigned
Director	0.75
Custodians	13.68
Maintenance	2.10
Grounds <sup>1</sup>	1.04
<b>Total</b>	<b>17.57</b>

Source: CLSD staffing

<sup>1</sup>The grounds-keeping duties are performed by the custodians. Seasonal help is used during the summer to assist the custodians.

**Table 4-1** indicates that M&O activities are comprised of 0.75 administrative FTEs, 13.68 custodial FTEs, 2.10 maintenance FTEs and 1.04 groundskeeper FTEs.

### Financial Data

**Table 4-2** compares CLSD's M&O expenditures per square foot to the peer average and AS&U's 37<sup>th</sup> Annual Maintenance Operations Cost Study.

**Table 4-2: M&O Expenditure Comparison**

	CLSD FY 2006-07	CLSD FY 2007-08	Peer Average FY 2007-08	AS&U Median FY2007-08
Personal Services	\$2.31	\$2.28	\$2.45	\$2.05
Purchased Services	\$0.40	\$0.43	\$0.63	\$0.21
Utilities	\$1.09	\$1.01	\$1.24	\$1.52
Supplies & Materials	\$0.17	\$0.17	\$0.32	\$0.38
Capital Outlay	\$0.00	\$0.00	\$0.10	N/A
Miscellaneous / Other	\$0.02	\$0.01	\$0.03	\$0.40
<b>General Fund Total</b>	<b>\$3.99</b>	<b>\$3.89</b>	<b>\$4.76</b>	<b>\$4.56</b>
All Funds Utilities	\$1.09	\$1.01	\$1.44	\$1.52
<b>All Funds Total</b>	<b>\$4.11</b>	<b>\$4.13</b>	<b>\$5.28</b>	<b>\$4.56</b>

Source: CLSD, OSFC, peer districts, ODE, and the AS&U 37<sup>th</sup> Annual Cost Study (2008)

Note: Totals may vary due to rounding

**Table 4-2** shows that CLSD's General Fund M & O expenditures are approximately 7 percent lower than the peer average and 22 percent lower than the AS&U national median for FY 2007-08. **Table 4-2** indicates that CLSD's expenditures per square foot are lower than for the AS&U national median and the peer average in all categories except personal services and purchased services. While CLSD's personal services and purchased services expenditures per square foot are higher than AS&U, they are lower than the peer average. However, paying a portion of the employee's retirement contribution and requiring low employee contributions towards the health insurance premiums contribute to the higher personal services expenditures per square foot (see **human resources** for more information).

## **Audit Objectives for the Facilities Section**

The following is a list of the questions used to evaluate the facility functions at CLSD:

- How does the District make decisions regarding overall facilities management, maintenance prioritization, and capital improvement planning?
- Has the District established formal policies and procedures regarding staff performance standards, employee training and development, and energy management to ensure efficient operations?
- How do the District staffing levels and overtime compare to industry standards and leading practices?
- Are building utilization rates in line with industry standards?

Assessments conducted on the District's overtime costs and building utilization rates did not yield recommendations.

## Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The District's facility-related staffing levels qualify as a noteworthy accomplishment. **Table 4-3** compares staffing ratios for CLSD to averages from the *Maintenance and Operations Cost Study* (American Schools and University Magazine (AS&U, 2004-2008) and benchmarks from the *Planning Guide for Maintaining School Facilities* (National Center for Education Statistics (NCES), 2003).

**Table 4-3: CLSD Key Statistics and Indicators, FY 2008-09**

Custodial Operations	
CLSD Square Feet per Custodial FTE	35,835
NCES Square Feet per Custodial FTE <sup>1</sup>	29,500
Maintenance Operations	
CLSD Square Feet per Maintenance FTE	263,686
AS&U 5-Year Average Median Square Feet per Maintenance FTE <sup>2</sup>	95,000
Groundskeeping Operations	
CLSD Acres per Groundskeeping FTE	54
AS&U 5-Year Average Median Acres per Grounds FTE	43

Source: CLSD 4502 Reports (Statements P and Q), ODE, Peer Districts, AS&U Annual Cost Studies, and NCES.

<sup>1</sup>The *Planning Guide for Maintaining School Facilities* (NCES, 2003) normal standard for most school facilities is 28,000 to 31,000 square feet per FTE custodian, which results in a midpoint of 29,500.

<sup>2</sup>Five-Year Average is from the annual reports published by AS&U from school year 2003-04 to 2007-08.

As shown in **Table 4-3**, CLSD staff cleans and maintains more square feet and acres per FTE than the respective benchmarks. Most notably, **Table 4-3** shows that the District is responsible for 2.8 times more square feet per maintenance FTE than the AS&U five-year average median. This is due, in part, to the District spending two times more in purchased services expenditures per square foot (see **Table 4-2**). However, a portion of the District's purchased services expenditures are not directly related to facility work (e.g., insurance and leases). When only including contracted costs for facility-related maintenance and repair work in all funds, the District's expenditures per foot equate to \$0.27. While this is still above the AS&U national median of \$0.21, the staffing levels and purchased service expenditures taken collectively show that the District is exceeding the AS&U benchmarks for maintenance resources. Nevertheless, establishing staff performance standards (see **R4.1**) and performance measures for facility operations (see **financial systems** section) would help ensure the District maintains the appropriate staffing and contracted service levels. This effort can be further aided by suggestions in **R4.1**, **R4.3** and **R4.4**.

## **Issues for Further Study**

Auditing standards require the disclosure of significant issues identified during the audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues the auditors do not have time or resources to pursue. The District's use of Prairie College Elementary School qualifies as an issue requiring further study. Specifically, the District stopped using Prairie College Elementary School as a regular elementary school at the end of FY 2007-08. Instead, the District leased the building to the Stark County Education Service Center (ESC) in FY 2008-09 for \$55,000. Pursuant to the agreement, CLSD maintains the building; provides custodial, food and utility services; and maintains the building's technology infrastructure. District students only occupy 16 percent of the building. In addition, the cost of \$55,000 does not appear sufficient to recoup the District's operating costs. For instance, the District assigns a custodian and food service worker to Prairie College at a total salary cost of approximately \$82,000, not including benefits. Considering that the total salaries for these two positions exceed the annual lease revenue by 49 percent, CLSD should identify all operating costs in an effort to negotiate a lease rate that covers the appropriate level of operating costs, but also accounts for the District's use of the building. More specifically, the District may not be able to recoup 100 percent of the operating costs in leased revenues since the building houses some of its students.



## Recommendations

**R4.1 CLSD should develop a handbook that contains formal policies and procedures for facility staff. This will help ensure the use of efficient and effective work practices. In addition, the District should develop a formal staff training program that is based on relevant industry sources and designed to cover critical aspects of employee responsibilities. This would help ensure the staff is apprised of effective work methods, and the most up-to-date health and safety issues. Furthermore, CLSD should include performance standards in the staff evaluation form to help objectively evaluate performance, and periodically survey customers to gauge satisfaction levels and identify improvement strategies.**

The District has job descriptions for its classified staff. The custodian job descriptions are supported by a list of work responsibilities that are currently being updated. In addition, custodians receive in service-training and on-the-job training. They also can complete annually required training online. The online training software tracks courses taken by employee and date completed. The District also has a significant list of available training courses, such as asbestos awareness, ergonomics, chemical safety, and hazard communication. However, staff does not complete these courses. In addition, the District does not maintain a formal staff training program, and lacks formal policies and procedures to guide the completion of facility-related tasks. Furthermore, the staff evaluation form lacks specific performance standards and the District does not use surveys to obtain customer feedback.

*The Planning Guide for Maintaining School Facilities* (NCES, 2003) states that every maintenance and operations department should have a policies and procedures manual that governs day-to-day operations. Furthermore, the *Custodial Methods and Procedures Manual* (ASBO, 2000) recommends establishing a manual that encompasses current cleaning processes utilized by the district's custodial operations, and incorporates staffing standards to ensure staffing levels are aligned with acceptable standards and are updated to reflect the district's current environment. *The Science of Cleaning* (Trombetta, issa.com, 2004.) recommends cleaning professionals consider their occupation a science, and evaluate how they perform each cleaning process and the tools they use.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), people who are new to an organization have special training needs. Newly hired personnel should receive the following types of training as soon as possible after joining the organization:

- Orientation of the organization's facilities;
- Orientation of the person's work area;

- Equipment instructions;
- Task-oriented lessons;
- Expectations; and
- Evaluation information.

*The ESProfessionals: An Action Guide to Help in Your Professional Development* (National Education Association, 2006) indicates that custodians and maintenance employees are “guardians of the school environment” for students, staff and the community, and their workloads continue to grow as new technology and equipment requires new skills, increased duties and responsibilities. One of the most important responsibilities is to ensure the proper indoor air quality, uniform temperatures, and healthful ventilation. Often with little, if any, specific or meaningful training, the custodian must also deal with dangerous materials such as laboratory spills, toxic materials, and asbestos. That is why a lack of meaningful, multi-tiered professional development programs is a real health and safety issue for the public school custodian and the entire school community. This publication goes on to indicate that ongoing professional development for custodians and maintenance employees should include the following elements:

- Building security, including neighborhood watch programs;
- Asbestos training, including information about State and Federal regulations pertaining to the handling and removal of such material;
- Bloodborne pathogen training, including the potential risks of blood and human waste cleanups, and the Bloodborne Pathogen Standard drafted by the U.S. Occupational Safety and Health Administration;
- Hazardous equipment, including how to operate all machinery;
- Hazardous chemicals, including extensive training in the use of cleaning chemicals to reduce injuries to students and staff;
- Ergonomics, including how to properly lift to avoid back injury and information about new cleaning tools and products that can minimize back strain; and
- Time management, including how workers can prioritize their tasks so they can accomplish them efficiently and effectively.

*Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (GFOA, 1999) indicates that a government should develop mechanisms to identify stakeholder concerns, priorities, and needs. It also indicates that surveys are one mechanism that should be considered in promoting stakeholder participation. Likewise, *Conducting a Customer Satisfaction Survey* (University of Florida, 2000) notes that the Florida Innovation Group, a non-profit organization that assists county and city governments, recommends using customer satisfaction surveys to assess the performance of departments within a government agency. A customer

satisfaction survey can help find ways to improve program quality, information delivery, and overall accountability.

Finally, *Best Practices in Public Budgeting* (Government Finance Officers Association, 2000) recommends that organizations develop and use performance measures for functions, programs, and/or activities. Performance measures should be linked to specific program goals and objectives, and should be valid, reliable, verifiable, and whenever feasible, expressed in quantifiable terms. Measures should be reported in periodic reviews of functions and programs and should be integral to resource allocation decisions.

Without formal policies, procedures, and training and performance standards, the District increases the risk of ineffectively and inefficiently completing tasks. Additionally, without well-defined performance standards, CLSD limits its ability to objectively evaluate staff and organizational performance, and increases the risk of making uninformed decisions. Moreover, the absence of user surveys can prevent the District from effectively addressing all facility weaknesses.

**R4.2 CLSD should establish formal energy conservation policies that align with leading practices. In addition, the District should distribute and discuss energy conservation policies with administrators, faculty, and students in an effort to educate them about energy conservation and promote the use of appropriate conservation techniques. As a part of the policy, the District should review its temperature settings for unoccupied areas and for the cooling season, and consider making adjustments that align with industry standards.**

**Table 4-2** indicates CLSD's utility's costs are lower than the peer and AS&U averages. In addition, the District purchases natural gas through a consortium and electricity is purchased directly from a major electrical supplier. During the heating season, the occupied building temperatures are programmed at 68 degrees Fahrenheit and approximately 64 degrees Fahrenheit in unoccupied areas. During the cooling season, the administration building, Faircrest Middle School and part of the High School are air conditioned. Temperature for these buildings is set at 72 degrees. There is no temperature setting for unoccupied areas during the cooling season. The bus garage has a new heating system with individual zone controls and uses lighting motion sensor controls. Computer lab energy is controlled using a timing application on the main server to turn the computers on before and after school. However, while the DBGT indicates that some energy management issues such as turning lights and space heaters off are discussed at the monthly staff meetings, the District does not have a specific energy management policy.

The *Planning Guide for Maintaining School Facilities* (NCES, February 2003) states that the cost of energy is a major item in any school budget. Thus, school planners should

embrace ideas that can lead to reduced energy costs. Furthermore, developing staff expertise and new management tools takes time as does changing habitual practices of building maintenance and operation. However, some degree of energy awareness typically generates an immediate 1 to 3 percent operational savings.

*Top Ten No-Cost Ways to Lower Your School's Utility Bills* (U.S. Green Building Council, 2008) includes the following ideas:

- Establish and communicate a policy<sup>3</sup>;
- Benchmark your school;
- Assign responsibilities for common areas;
- Establish a recognition program;
- Control classroom thermostats;
- Use building automation systems (BAS);
- Turn off outside lightning;
- Establish a plug load policy;
- Keep doors and window closed; and
- Control exhaust fans.

An example of a topic to include in an energy policy is noted *The School District Energy Manual* (ASBO International, 1998) where it states that many school districts use 68 degrees for heating and 78 for cooling in occupied spaces and 55 degrees for heating and cooling of unoccupied spaces.

Developing formal energy management policies would allow CLSD to further improve energy management.

**R4.3 CLSD should review its FY 2005-06 facility assessment to identify updates needed to reflect current conditions and appropriate elements (e.g., planned capital projects and related cost estimates, capacity analyses, and enrollment projections). Doing so would help the District develop a current and long-range facilities master plan. The plan should be linked to the District's strategic plan (see financial systems) and updated periodically. Moreover, the District should conduct regular audits of its facilities, which would help develop and maintain the facilities master plan. By implementing these measures, CLSD will be better able to make well informed decisions about its facilities.**

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<sup>3</sup> A policy would include a link to a business plan, roles and responsibilities, temperature set points, use of computers and equipment (school and personal), vacation shutdown guidance, benchmarking, awareness and training, and a sustainable energy efficiency committee.

CLSD's policies state that the Board should prepare a capital construction plan and will revise the plan periodically thereafter. CLSD has recently completed a capital improvement projects list outlining its capital improvement needs and the completed House Bill 264 projects. However, the list lacks cost estimates for many of the projects. Additionally, in FY 2005-06, a consultant prepared a formal assessment for the District regarding the construction of new schools. According to the Superintendent, this serves as the District's capital construction/facility plan. It documents the condition of facilities, capacity and enrollment per building, and enrollment projections. This assessment was done in conjunction with the community strategic planning committee. However, the District has not updated the formal assessment from FY 2005-06 and does not conduct formal building evaluations.

According to *Creating a Successful Facility Master Plan* (DeJong & Staskiewicz, July 2001), school districts should develop a long-term facilities master plan. The plan should contain information on capital improvements and financing, enrollment projections, and capacity analyses. The plan should be developed on a foundation of sound data and community input. A facilities master plan, if developed appropriately, has the potential to have a significant impact on the quality of education in a school district. As a roadmap, the facilities master plan should specify the projects that have been identified, the timing and sequence of the projects, and their estimated costs. A district-wide facilities master plan is typically developed for a ten-year period and should be updated periodically to incorporate improvements that have been made, changes in demographics, or other educational directions.

*The Planning Guide for School Maintaining School Facilities* (NCES, 2003) indicates that facility audits should be a routine part of the facilities maintenance program. A facility audit is a comprehensive review of a district's assets, and is a standard method for establishing a baseline of information about the components, policies, and procedures of existing facilities. Facility audits are important because they help planners, managers, and staff understand the condition of facilities, service history, maintenance needs, and location. The audits rely on facts, rather than guesswork, to establish plans for maintaining and improving school facilities, and allow in depth analyses of product life cycles to occur on a routine basis, measuring actual life versus expected life. Once initiated, audits must be performed on a regular basis (e.g. annually) because conditions change constantly. If facility audit reviews are an ongoing feature of maintenance management, compiling and maintaining each year's data can make the next year's audit task easier.

The absence of an up-to-date and comprehensive facilities master plan hinders CLSD from effectively planning for its long term facilities needs.

**R4.4 The District should implement a computerized maintenance management system (CMMS) that is part of an overall preventive maintenance program (PM). This would help the District document work order requests, assign tasks to staff, confirm work order completion, and track the costs of parts and labor. In addition, this system will provide management with information necessary to plan upcoming projects.**

During the school year, the maintenance employees are responsible for prioritizing their work daily in consultation with the DBGT. If anything needs to be repaired, the teachers and/or custodians tell the building principal who informs the DBGT. A work order is manually prepared and given to a maintenance employee. After completion, the work orders are stored in the DBGT's office. However, the Districts does not track data from the work orders and has not developed a formal preventative maintenance program.

According to the *Planning Guide for Maintaining School Facilities* (NCES, February 2003), work order systems help school districts register and acknowledge work requests, assign tasks to staff, confirm that a work order has been addressed, and track the cost of parts and labor. At a minimum, the work order process should account for the following:

- The date the request was received;
- The date the request was approved;
- A job tracking number;
- Job status (received, assigned, ongoing, or completed);
- Job priority (emergency, routine, or preventive);
- Job location (where, specifically, is the work to be performed);
- Entry user (the person requesting the work);
- Supervisor and craftsperson assigned to the job;
- Supply and labor costs for the job; and
- Job completion date and time.

However, the *Planning Guide for Maintaining School Facilities* also indicates that a CMMS may be a more efficient approach to managing the work order process. Such systems have become increasingly affordable and easy to use. The *Planning Guide* goes on to indicate that in terms of utility, a good CMMS program will:

- Acknowledge the receipt of a work order;
- Allow the maintenance department to establish work priorities;
- Allow the requesting party to track work order progress through completion;
- Allow the requesting party to provide feedback on the quality and timeliness of the work;
- Allow preventive maintenance work orders to be included; and

- Allow labor and parts costs to be captured on a per-building basis (or, even better, on a per-task basis).

The *Planning Guide for Maintaining School Facilities* further indicates that a good maintenance program is built on a foundation of PM. Once the items that should receive PM are identified, entities should determine the frequency and type of inspections. When developing a PM schedule, manufacturers' manuals are a good place to start. Ideally, the scheduling of PM tasks should be computerized. NCES also indicates that regularly scheduled maintenance prevents sudden and unexpected equipment failure, and reduces the overall building life-cycle cost. Similarly, *Preventive Maintenance for Local Government Buildings* (Minnesota Office of the Legislative Auditor, April 2000) states that effective preventative maintenance is a planned approach, designed to keep building components operating efficiently and to extend their useful lives. It is designed to avoid equipment breakdown and prevent minor problems for escalating into major ones. To this end, an entity should follow the following leading practices:

- Inventory building components and assess their conditions;
- Build the capacity for ranking maintenance projects and evaluating their costs (repair or replace decisions should be based on evaluation of costs using life cycle costing);
- Strategically plan preventive maintenance in the long and short term (three year facility plans, along with capital plans, guide the development of the annual maintenance work plan that lists expected projects and analyzes personnel needs);
- Structure a framework for operating a preventive maintenance program (coordinate PM with other maintenance projects, and use checklists);
- Use tools to optimize preventive maintenance program (incorporate the PM into the work order system);
- Enhance the competence of maintenance workers and managers; and
- Involve appropriate maintenance personnel in decision making and in communicating building needs.

*Financial Implication:* A CMMS from one supplier would cost CLSD approximately \$1,500 annually. Exact pricing will depend on the features desired by CLSD and the length of any agreement. An online work order system available from another supplier would cost \$2,500 per year, based on the District's current enrollment, with a one-time training fee of approximately \$800. Another alternative is to evaluate the applications available from the supplier currently providing the District's online training program.



## Financial Implications Summary

The following table represents a summary of estimated one-time and annual implementation costs identified in this section of the report.

**Table 4-4: Summary of Financial Implications for Facilities**

<b>Recommendations</b>	<b>One-Time Implementation Costs</b>	<b>Annual Costs</b>
<b>R4.4</b> Purchase an electronic work order system.	\$800	\$2,500
<b>Total</b>	<b>\$800</b>	<b>\$2,500</b>

Source: AOS Recommendations



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# Transportation

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## Background

This section of the performance audit focuses on Canton Local School District's (CLSD or the District) transportation operations. The District's transportation operations were evaluated against ten selected peer school districts (peer average)<sup>1</sup>, leading or recommended practices, and industry standards. Sources of comparative information include the American Association of School Administrators (AASA), Legislative Office of Education Oversight (LOEO), the Government Finance Officers Association (GFOA), and the National Association of State Directors of Pupil Transportation Services (NASDPTS).

Ohio Revised Code (ORC) § 3327.01 requires that, at a minimum, school districts provide transportation to and from school to all students in grades kindergarten through eight who live more than two miles from their assigned school buildings. Districts are also required to provide transportation to community and non-public school students on the same basis as is provided to their own students. In addition, school districts must provide transportation to disabled students who are unable to walk to school, regardless of the distance. Ohio Administrative Code (OAC) § 3301-83-13 states that students may walk up to one-half mile to a bus stop. The District's actual transportation practices exceed state minimum requirements (see **R5.1** for more information).

### *Summary of Operations*

CLSD used 23 active buses and 6 spare buses to provide services for 1,596 riders in FY 2008-09. The District uses a two-tiered routing system based on a staggered bell schedule. The first tier covers Canton South High School and Faircrest Middle School, while the second tier covers Amos McDannel Elementary School and H. R. Walker Elementary School. In addition, the District provides regular rider service to six non-public schools. The District uses routing software to help develop routes.

Under the direction of the Superintendent, the Director of Buildings, Grounds and Transportation (DBGT) manages the District's Transportation Department and is responsible for the planning and delivery of transportation services. The Department consists of 22 bus drivers with assigned routes, one mechanic, one transportation dispatcher, and one secretary. The mechanic uses a software package to maintain bus repair records and parts inventory.

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<sup>1</sup> See the **executive summary** for a list of the peer districts and an explanation of the selection methodology.

### Operational and Cost Comparisons

**Table 5-1** compares CLSD's FY 2007-08 and FY 2008-09 operational data to the peer average for FY 2007-08.

**Table 5-1: Key Operating Statistics**

	CLSD FY 2007-08	CLSD FY 2008-09	Peer Average FY 2007-08	Percent Above/Below FY 2007-08
<b>Total Students (Headcount)</b>	2,481	2,543	1,983	25.1%
<b>Total Yellow Bus Riders</b>	1,563	1,596	1,056	48.1%
<b>Square Miles</b>	36.0	36.0	20.5	75.6%
<b>Students per Square Mile</b>	68.9	70.6	153.1	(55.0%)
<b>Riders per Square Mile</b>	43.4	44.3	69.8	(37.8%)
<b>Active Buses</b>	24.0	23.0	14.9	61.1%
<b>Spare Buses</b>	6.0	6.0	6.0	0%
<b>Spare Bus Percent of Total Fleet</b>	20.0%	20.7%	30.1%	(10.1%)
<b>Annual Routine Miles</b>	266,760	248,400	150,228	77.6%
<b>Routine Miles per Active Bus</b>	11,115	10,800	10,200	9.0%
<b>Yellow Bus Riders per Active Bus</b>	65.1	69.4	83.0	(21.6%)

**Source:** CLSD and peer districts FY2007-08 T-1 and T-2 data as reported to ODE.

**Note:** Numbers may vary due to rounding

As shown in **Table 5-1**, CLSD is geographically larger and more sparsely populated than the peer average, as measured by the lower numbers of students per square mile and riders per square mile. This contributes to the higher number of miles driven per bus and the lower number of riders per active bus. However, **Table 5-1** shows that the disparities in students per square mile and riders per square mile (55.0 and 37.8 percent) are much greater than the disparity in riders per active bus (21.6 percent), when compared to the respective peer averages. Additionally, CLSD increased the number of riders per active bus, which was primarily due to eliminating one active bus, and reduced the number of routine miles per active bus in FY 2008-09. These changes can be attributed to improvements enacted by the District. Specifically, prior to the start of the 2008-09 school year, CLSD eliminated two bus routes and a representative from the routing software company assisted the District in recreating all of its routes. This assistance resulted in the elimination of an additional route. Moreover, the District implemented cluster stops at the beginning of the 2008-09 school year.

In order to further assess bus utilization, AOS created a target efficiency calculation that assumes three students per seat for regular elementary transportation, and two students per seat for regular middle and high school transportation. This is based on bus manufacturer's rated capacity and other industry sources. Subsequently, an 80 percent utilization factor is applied to the bus capacity calculations, based on information from the American Association of School

Administrators (AASA) and Management Partnership Services (MPS)<sup>2</sup>. The target efficiency calculations show that CLSD should transport an average of 82.6 riders per bus for regular needs transportation. By comparison, the District transported an average of 77.6 riders per regular needs bus. This analysis indicates that CLSD could eliminate one active regular needs bus. However, this can be hindered by the District's low population density (see **R5.1**). Lastly, **Table 5-1** shows that CLSD's spare buses comprise a lower percentage of the total fleet in both years, when compared to the peer average.

**Table 5-2** compares CLSD's total transportation costs by type and per rider, per bus and per routine mile, to the peer average for FY 2007-08.

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<sup>2</sup> According to *Hidden Savings in Your Bus Budget* (2005, AASA), authored by a private school transportation firm that conducts audits for more than 30 school districts, "actual capacity use must be measured with 80 percent of rated capacity as a goal." In addition, MPS recommends that districts maintain a minimum of 15 percent of available capacity per bus to create flexibility and reduce potential disruptions in operations. MPS provides professional management services to student transportation and government fleet management organizations.

**Table 5-2: FY 2007-08 Transportation Cost Comparison**

	CLSD	Peer Average	Percent Difference
<b>Salaries</b>			
· Per Yellow Bus Rider	\$305.91	\$246.44	24.1%
· Per Active Bus	\$9,922.42	\$17,940.34	(11.0%)
· Per Routine Mile	\$1.79	\$1.79	0.0%
<b>Benefits</b>			
· Per Yellow Bus Rider	\$60.54	\$111.78	(45.8%)
· Per Active Bus	\$3,942.38	\$8,519.92	(53.7%)
· Per Routine Mile	\$0.35	\$0.87	(59.4%)
<b>Maintenance &amp; Repairs<sup>1</sup></b>			
· Per Yellow Bus Rider	\$105.42	\$79.32	32.9%
· Per Active Bus	\$6,865.29	\$6,039.97	13.7%
· Per Routine Mile	\$0.62	\$0.61	1.0%
<b>Fuel</b>			
· Per Yellow Bus Rider	\$100.85	\$81.77	23.3%
· Per Active Bus	\$6,568.04	\$6,273.74	4.7%
· Per Routine Mile	\$0.59	\$0.62	(5.4%)
<b>Bus Insurance</b>			
· Per Yellow Bus Rider	\$11.72	\$18.07	(35.2%)
· Per Active Bus	\$763.25	\$1,265.68	(39.7%)
· Per Routine Mile	\$0.07	\$0.12	(44.5%)
<b>All Other Costs</b>			
· Per Yellow Bus Rider	\$14.72	\$20.20	(27.1%)
· Per Active Bus	\$958.42	\$1,376.93	(30.4%)
· Per Routine Mile	\$0.09	\$0.14	(36.2%)
<b>Total Expenditures</b>			
· Per Yellow Bus Rider	\$599.15	\$557.58	7.5%
· Per Active Bus	\$39,019.79	\$41,416.59	(5.8%)
· Per Routine Mile	\$3.51	\$4.16	(15.6%)

**Source:** CLSD and peer district T-1 and T-2 reports

<sup>1</sup>Includes mechanic salaries

**Table 5-2** shows the District's FY 2007-08 total expenditure per yellow bus rider exceeded the peer average by 7.5 percent. Conversely, the District's total expenditures per active bus and per routine mile are lower than the peer average by 5.8 and 15.6 percent, respectively. The higher expenditures per rider are primarily due to the District accumulating 9.0 percent more miles per active bus and transporting 21.6 percent fewer riders per active bus than the respective peer averages in FY 2007-08, which are driven by CLSD's less dense population (see **Table 5-1**). In addition, the higher salary expenditures per rider are potentially inflated by not excluding the time spent by the DBGT in overseeing buildings and grounds (see **R5.2**).

**Table 5-2** also shows that while the maintenance and repair expenditures per active bus are 13.7 percent higher than the peer average, expenditures per routine mile are only 1.0 percent higher. The higher number of routine miles per active bus in FY 2007-08 contributes to the higher expenditures per active bus. In addition, **Table 5-1** shows that the District traveled fewer miles per active bus in FY 2008-09, which may help to lower the maintenance and repair expenditures per active bus in FY 2008-09. Furthermore, the District purchased five new buses during FY 2007-08 (April 2008), which were in operation for only the latter portion of FY 2007-08. Using the new buses for a full year, beginning in FY 2008-09, should help lower maintenance and repair costs. Nevertheless, developing formal preventive maintenance and bus replacement plans can help ensure the District maintains the fleet in a cost-effective manner (see **R5.3**). Lastly, although the District's fuel costs per active bus are 4.7 percent higher than the peer average, the fuel costs per routine mile are lower by 5.4 percent. The number of driven miles correlates more directly to fuel costs, when compared to the number of active buses.

## **Audit Objectives for the Transportation Section**

The following is a list of the questions used to evaluate the transportation functions at CLSD:

- How does the District's transportation policies and procedures compare with leading practices?
- How can the District improve the accuracy and reliability of its transportation data?
- How does the District's yellow bus transportation service compare with peer districts and industry standards?
- How can the District improve its operating efficiency?
- Does the collective bargaining agreement contain provisions that negatively impact transportation operations?
- Does the District have formal preventative maintenance and bus replacement plans?
- Is transportation staff involved with decisions regarding special needs transportation services?

Assessments conducted on fuel purchasing, non-routine billing policy, collective bargaining provisions for transportation, and input of DBGT for special needs transportation services did not yield recommendations.



## Recommendations

### *Efficiency and Service Levels*

**R5.1** Although CLSD operates efficiently based on peer comparisons and industry standards that account for its low population density, it should further review methods for improving efficiency and reducing costs. This is particularly important based on its financial condition (see financial systems). For instance, CLSD should consider reviewing its routes prior to the start of the 2009-10 school year and consider requesting the assistance of its routing software vendor in this effort, similar to its practice prior to the start of the 2008-09 school year. The District should also follow through on its intent to determine the feasibility of adding more cluster stops. When doing so, the District should assess the feasibility of establishing bus stops closer to the maximum walking distance of one-half mile. Likewise, CLSD should consider reviewing the feasibility of increasing the number of runs per bus by reviewing current routes and the potential of using cluster stops at greater intervals and adjusting bell schedules. Accordingly, the District should develop a cost-benefit analysis of this option which accounts for several factors, including the impact on student ride times, and pick-up and drop-off times, as well as financial costs and operating efficiency. Replacing its fleet with larger buses may also allow the District to improve efficiency (see R5.3).

Based on its financial condition (see financial systems) and if sufficient savings cannot be achieved via improved efficiency (see above), the District should review the current level of transportation services in relation to State minimum requirements and House Bill 1, and relevant factors like costs and student safety. If the District maintains the current operation, it should consider clarifying its policy to be more consistent with actual service levels.

The District has written policies and procedures, available on the website, which include general transportation, student safety and welfare, district sponsored trips, van use, route planning criteria, bus driver guidelines, and bus inspections. Policy 8600 indicates the Board will provide transportation for those students whose distance from their school makes the service necessary within the limitations established by state law and the regulations of the State Superintendent of Instruction. However, according to the DBGT, the District current practice is to basically transport every student who wants to use a school bus. The DBGT also indicated that the District has previously discussed reducing transportation to State minimum requirements, but noted that there is only one street in the District with sidewalks. As a result, operating at State minimum requirements may be problematic. Nevertheless, because the District provides transportation services to high school students and students in grades K-8 that reside less than two miles from their

assigned school, the District's transportation practices exceed the minimum requirements of ORC § 3327.01.

According to *Key Legal Issues for Schools* (Association of School Business Officials International, 2006), school board policies provide visible statements about the board's beliefs and actions regarding educational and managerial practices, and are the means through which boards plan their strategic directions. Policies should be adopted with a clear vision and strategies for achieving that vision. As a result, they should be the basis for the actual practices and resource decisions of a district.

As shown in **Table 5-1** and the related discussion, CLSD transportation operations are overall efficient. In general, CLSD complete two runs per bus. However, having buses complete more runs may allow the District to operate with fewer total buses and, in turn, enable it to reduce its bus driver staffing levels. According to DBGT, the District has not considered operating under a three-tier system, whereby each bus would complete three runs. Analyzing related factors, such as the impact on student ride times, and pick-up and drop-off times, as well as financial costs and operating efficiency, would enable the District to make an objective decision about switching to a three-tier system. For example, only 3 of the 22 regular bus drivers participate in the District's medical plan. These three employees perform other non-driver functions that enable them to qualify as full-time employees for insurance purposes. While increasing the number of runs per bus could allow the District to realize savings by eliminating buses and related driver positions, it could also increase hours worked by the remaining drivers as a result of completing an additional run. This, in turn, would increase salary and related benefit costs for these drivers, and could allow them to participate in the CLSD's health plan, thereby increasing the District's health insurance costs. See the **human resources** section for more information on cost of health insurance.

Furthermore, the District believes that none of the students walk up to a half-mile to the bus stops. According to Ohio Administrative Code 3301-83-13, "pupils in grades kindergarten through eight may be required to walk up to one-half mile to a designated bus stop." CLSD indicated that it will reassess its use of cluster stops at the end of FY 2008-09 to determine whether more can be established.

During the latter portion of this audit, the State of Ohio passed House Bill 1, which included revisions to the State funding formula for transportation. Most notably, the new funding formula provides increased funding for achieving or exceeding efficiency targets (measured by ridership per bus), and for providing transportation services to high school students who live more than one mile from school, students in kindergarten through eighth grade who live more than one mile but less than two miles from school, and nonpublic and community school students. However, the legislation also indicates that

the final funding amount in FYs 2009-10 and 2010-11 will be prorated as necessary to remain within the State's budgeted amount for transportation.

### *Data Reporting*

**R5.2 Canton LSD should establish formal policies and procedures to ensure T-reports are accurately prepared, reviewed, and reconciled before submission to ODE. To further strengthen reporting controls, the District should consider having someone review the Treasurer's spreadsheet prior to having the Secretary submit the data online. The District should also communicate the applicable policies and procedures through the bus driver handbook. Furthermore, the District should contact ODE to determine the appropriate method of reporting the DBGT's labor costs related to transportation. Taking these measures would better ensure the accuracy of the District's transportation data and funding levels for transportation based on provisions in House Bill 1 (see R5.1). Finally, CLSD should charge the Career Tech Fund instead of the General Fund for transportation costs related to transporting Career Tech students.**

The District does not have formal policies and procedures to ensure T-forms are accurately prepared, reviewed, and reconciled prior to submission to ODE. Each October, bus drivers complete a student count form by recording the number of students transported and miles driven. The forms are given to the Transportation Secretary for data entry. Once the data is entered, the DBGT reviews it. The Treasurer prepares a spreadsheet that contains the T-2 data based on other financial reports and then provides it to the Transportation secretary who enters the data online. The Treasurer then reviews the report for accuracy and approves the report online. The Treasurer and Superintendent are responsible for the final sign-off on the completed forms to verify their accuracy before submission to ODE.

In FY 2005-06, the District materially over-reported riders transported within one mile. The error was found through an ODE T-form worksheet audit function. As a result, the District was required to repay the State approximately \$50,000. However, AOS confirmed the reliability of the FY 2007-08 T-1, FY 2008-09 T-1, and the FY 2007-08 T-2 reports. Only immaterial discrepancies were noted on the FY 2008 T-1 report, which were explained by the Transportation Secretary. Additionally, based on the DBGT's estimates of time devoted to specific functions, CLSD did not account for the time spent by the DBGT on buildings and grounds in the T-2 for FY 2007-08. Furthermore, the DBGT indicated CLSD makes 2 round trips per day to Perry High School to transport Career Tech students. However, the cost of these trips is not being charged to the Career Tech Fund.

Although the recent T-form data is materially reliable and the District has controls guiding the reporting process, the lack of formal policies and procedures increases the risk of submitting inaccurate data in the future. This risk would be elevated by potential staff turnover. According to *Student Transportation in Ohio* (LOEO, 2003), the first step in ensuring accurate data is for a district to create and adhere to formal policies and procedures that govern the submission of T-forms. Additionally, not charging the Career Tech Fund for related transportation costs means less General Fund money is available for other purposes.

*Financial Implication:* If CLSD charged the Career Tech Fund for the cost to transport related students, it could save \$16,200 annually in the General Fund.

### *Fleet Management*

**R5.3 CLSD should develop formal preventive maintenance (PM) and bus replacement plans, which should be linked to the budget and five-year financial forecast. Furthermore, replacement decisions should be based upon economic modeling that allows for replacement at the most advantageous point in the bus's life cycle. The plan should include the number of buses to be replaced each fiscal year and criteria for their replacement, such as age, mileage, safety inspection results, maintenance costs, and estimated cost at the time of replacement. When developing the replacement plan, CLSD should assess the cost-effectiveness of replacing buses with larger ones.**

CLSD does not have a formal PM plan. However, the DBGT states buses and equipment are maintained on a regular basis, and PM is an “unwritten law”. Furthermore, the District is working to develop a vehicle maintenance plan. The DGBT indicates PM is an “unwritten law” and all vehicles are maintained on a regular basis.

The *North Carolina School Transportation Fleet Manual* (NCSBOE, 2006) provides detailed documentation and forms to complete preventative maintenance and explains their manual represents the minimum maintenance requirements for all school buses and service vehicles to receive; more frequent service may be warranted at times. The stated purpose of their maintenance program is to promote repair consistency and cost efficiency, and to assure that school buses and service vehicles are maintained in safe operating condition. The manual provides a task list, including maintenance required at various mileage intervals on the bus.

Moreover, CLSD has not created a bus replacement plan. According to DBGT, the District takes the overall state of the buses in the fleet into account when determining when and which bus to replace. Mileage, bus age, bus condition, and ability to pass an annual inspection maintenance costs were all cited as factors that are used in replacement

determinations. Buses are usually repaired, moved to spare status and eventually replaced. The DBGT also noted that the District's goal is to replace one bus every two years, but buses will only be purchased when money is available. However, the District purchased five new buses during FY 2007-08 (four with permanent improvement funds and one with an EPA grant). A district may continue to use a bus for transportation, regardless of age or mileage, as long it can pass the annual Ohio State Highway Patrol (OSHP) inspection. In July 2008, six buses did not pass the initial OSHP inspection. The five active buses passed the re-inspection. However, the OSHP report did not indicate whether the spare bus passed the re-inspection.

The National Association of State Directors of Pupil Transportation Services (NASDPTS) suggests that Type C and D buses (conventional buses) should be replaced after 12-15 years, and Type A and B buses (lighter duty buses) after 8-12 years. The NASDPTS also notes that South Carolina replaces buses after 250,000 miles and/or 15 years of service. At the end of FY 2007-08, the average age of CLSD's active and spare buses is 9.0 years and 17.8 years, respectively; while the average mileage of the active and spare buses is 96,005 and 164,742 miles, respectively<sup>3</sup>. The average age and mileage of the active fleet are well under the abovementioned industry guidelines for replacement. While the average age of the active fleet will fall within the NASDPTS range for replacement in five years, the average mileage is projected to fall well under the 250,000 mile threshold from South Carolina. More specifically, based on the active fleet in FY 2008-09 and the mileage reported in the T-1 report, the active fleet is projected to average approximately 154,000 miles by FY 2012-13 while the overall fleet would average approximately 166,000 miles. Lastly, the largest capacity of the District's buses is 66 students, with all but 3 buses having a capacity of 65 or 66 students. Based on the District's low population density (see **Table 5-1**), replacing its fleet with larger buses may allow for improved efficiency.

*Recommended Practice: Multiyear Capital Planning* (GFOA, 2006) notes that a multi-year capital plan identifies and prioritizes expected needs based on an organization's strategic plan, establishes purchase projections and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. According to the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), a replacement policy should include criteria such as the age of the vehicle, vehicle mileage, and maintenance costs vs. vehicle value. According to *School Bus Replacement Considerations* (NADPTS, 2002), establishing school bus replacement policies is important since it directly impacts the timeliness of introducing the latest safety, efficiency, and emissions improvements into the fleet. The elimination of school buses that do not meet the latest standards or requirements must be planned for

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<sup>3</sup> Years is based on a report provided by the District while mileage is taken from the Ohio Department of Public Safety inspection reports. Data was not corroborated with other sources. Additionally, the mileage for one spare was excluded from the average because it did not appear correct.

within a realistic number of years. Improvements in school bus specifications must be developed with the objective of improving safety and efficiency, reducing emissions, and reducing the operating cost of the bus over the anticipated lifetime.

By developing and implementing PM and bus replacement plans, the District would better ensure the performance of PM activities at appropriate intervals, passage of OSHP inspections, and cost-effective decisions about bus replacements.

## Financial Implications Summary

The following table represents a summary of estimated annual cost savings identified in this section of the report for the General Fund.

**Table 5-3: Summary of Financial Implications for Transportation**

<b>Recommendations</b>	<b>Annual Savings</b>
<b>R5.2</b> Charge related transportation costs to the Career Tech Fund <sup>1</sup>	\$16,200
<b>Total</b>	<b>\$16,200</b>

**Source:** AOS Recommendations

<sup>1</sup>Reallocating related expenditures would increase expenditures in the Career Tech Fund and decrease expenditures in the General Fund.

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## District Response

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The letter that follows is Canton Local School District's official response to the performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When District officials disagreed with information contained in the report and provided supporting documentation, the audit report was revised.

Regarding the District's comments about the peer districts used for comparison purposes, the Ohio Department of Education (ODE) classifies the ten districts used for peer comparisons (peer average) in the same demographical grouping as Canton Local School District (Urban – low median income, high poverty). In addition, these ten school districts met a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Nevertheless, the performance audit notes the key demographic differences when compared to the peer average, where applicable (see **R3.1**). Likewise, the performance audit notes the differences in vocational programming and discloses the impact of excluding the District's vocational program on the expenditure comparisons (see **pages 2-4 to 2-5**). Expenditures were also compared to an average of the twenty similar districts as defined by ODE, while teacher salaries were also compared to regional and neighboring districts. Furthermore, external organizations and sources were used to provide comparative information and benchmarks.

It should also be noted that the performance audit did not identify administrative staffing reductions, due in part to District responsibilities pertaining to the Multi-County Juvenile Attention Center (see **page 3-4**). Lastly, the potential staffing reductions in regular teacher positions (**R3.3**) would result in District staffing levels that are 20 percent above the current State minimum requirements.<sup>1</sup>

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<sup>1</sup> During the latter portion of the performance audit, the State passed House Bill 1, which provides a new funding formula for school districts in FY 2009-10 and FY 2010-11 that accounts for teacher positions. Therefore, the District should consult with ODE to determine whether the provisions in the new funding formula will correspond to new staffing requirements and ensure proposed reductions will permit compliance with the new requirements.

# Canton Local School District

"Your Potential . . . Our Mission"

September 14, 2009

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The Honorable Mary Taylor, CPA  
Auditor of State  
Lausche Building, 12<sup>th</sup> Floor  
615 Superior Avenue, NW  
Cleveland, Ohio 44113-1801

Dear Auditor Taylor,

This communication is in response to the Canton Local School District performance audit completed by the State Audit Team. On behalf of the Canton Local Board of Education and the administrative team, I would like to express our appreciation for the time, effort, and energy spent by the team in gathering, analyzing and writing this thorough report. The audit team has provided us with very valuable insights, which will help us be more efficient in our operations. While many of the recommendations will be easy to implement, some will take extensive review and negotiating to make the changes. Additionally, we truly appreciate the audit team's willingness to make changes in their draft in response to our input. We appreciate their professional approach and commitment to finding solutions while understanding the uniqueness of every district.

We have enclosed our responses to each recommendation with this cover letter.

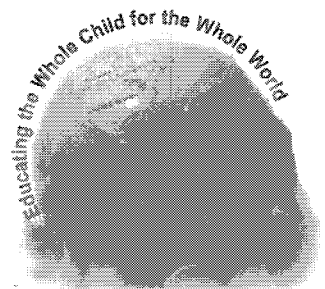
Respectfully submitted,



Teresa J. Purses  
Superintendent



A. Michael Bichsel  
Treasurer



RESPONSE TO SPECIFIC AUDIT RECOMMENDATIONS:  
FINANCIAL

KEY: BLACK- future PINK- in progress GREEN- already implemented
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R2.1 The district will review current policies and procedures on financial forecasting. While informal in practice, the roles of staff in the preparation of the forecast are clearly understood. Our administrative team makes the staffing recommendations based on student numbers, special learning needs for the current year and the projected numbers and need for the future. We then look at expectations of the state and federal government in concert with the district expectations as determined by our community/staff driven strategic plan to design learning experiences to support those expectations. We use that cost-benefit analysis to determine our budget needs. Additionally, department supervisors, head custodians, individual staff members have the option to give input about the needs in their area of responsibility. (books, technology, maintenance needs, etc) All of that goes into our planning and budgeting process. The Treasurer uses that input in creating the 5-year forecast.

R2.2 The district will review the methodologies and assumptions used in projecting revenue and expenditure line items within the forecast. Current practices do account for existing legislation, related trends, known factors and reliable third-party information. Considerable time is spent in accurately projecting salary and benefits for the most immediate projected years of the forecast

R2.3 The district has requested the assistance of legal counsel for help in determining what the district's responsibilities are under Ohio law. The Superintendent is sending a letter to the State Superintendent requesting a meeting to discuss this issue.

R2.4 The district will review its current policies and practices regarding these issues.

R2.5 The district will review its current ethics policies with consideration of consolidating them. Since the district is moving away from paper copies, the documentation of staff review of ethics policies is in the Public School Works database. Our policies are written by the legal counsel of NEOLA to ensure that we follow Ohio Ethics Law. We will submit this recommendation to NEOLA for a review of our current policy.

R2.6 The district will consider implementing this recommendation.

R2.7 The district will broaden our communication to include more details about operational and financial performance.

R2.8 The district is committed to the successful implementation of its stakeholder-driven strategic plan. We will work to more clearly define inputs/outputs as well as effectiveness and efficiency measures.

R2.9 Implemented 2008-09 school year. The district will continue to monitor the food service program for additional cost-savings.

R2.10 As noted in the recommendation, the district participates quite significantly in the Stark County Schools Council of Governments consortium. Also noted is the greater savings the district realized in fuel purchases over the state fuel contract. Given the limited staff resources available to evaluate alternatives, the district will continue to use the Stark County Schools Council of Governments consortium for its purchasing needs.

R2.11 The district will review and analyze carefully these recommendations. The district is acutely aware of the difficulty it faces in avoiding future deficits. Implementation of some of these recommendations would prevent **all students** and **the district** from reaching mandated achievement targets.

**HUMAN RESOURCES:**

We previously expressed our concerns about the audit of Canton Local vis-à-vis districts that are truly not comparable in significant categories and appreciate the acknowledgement of our concerns during the post audit review with the Canton Local Board of Education. **We believe that comparing Canton Local to the determined ‘peer districts’ yields inequitable comparisons for the following reasons:**

1. **Canton Local is a Career Tech Planning District (CTPD) serving three (3) other Stark County school districts, while the nine (9) peer districts are members of JVSDs.** The taxpayers of the peer districts pay an additional 2 mills and the per pupil costs to their JVSD for vocational/career technical training. These expenses are not included in their districts’ internal costs for career technical services in the same way the expenditures are included for Canton Local. Because Canton Local’s vocational costs are aggregated in this manner, the per pupil expenditures are not comparable to the nine (9) peer districts. By sending 2 mills directly to the JVSDs, the peer districts’ costs are not truly reflected by any per pupil calculation and thus not a fair or useful comparison of fiscal efficiency. In fact, Perry Local Schools opted out of their membership in the R. G. Drage JVSD precisely because their students receive a quality technical education at a lesser cost. This partnership with the Canton Local CTPD actually saves the Perry Local and Canton Local taxpayer’s money and provides a more efficient use of funds for all districts involved.
2. **Canton Local has been required to provide educational services and serve as the fiscal agent for a Multi-County Juvenile Attention Center located in our district.** This includes but is not limited to hiring, training, and evaluating the education staff; providing technology training and support; designing, implementing and monitoring the strategic planning process; and ensuring that the students are prepared to return to their home districts with as many credits earned as possible. We appreciate that the audit team agreed to remove the Multi-County staff from our staff list to ensure that FTE analysis between Canton Local and the peer districts was a more accurate comparison. However, there are many responsibilities that our administrative staff must assume in regards to Multi-County including: curriculum, Title I support, professional development, technology support, fiscal support, licensure support, etc. Thus, even with the FTE adjustment, Multi-County’s impact on Canton Local’s administrative staff invalidates the comparison to the peer districts.
3. **Canton Local’s demographics do not match the peer districts’ demographics.** Statistically, Canton Local is more comparable to the ODE similar districts than the peer group. Our median family income is below \$30,000, mobility rate is 19.2%, and our special education population is 16.6%. We serve a high number of foster placed students who come with many ‘risk factors,’ and typically need “intensive care” when they arrive. These factors directly impact the staffing levels that are required to meet federal, state and local expectations.
4. **If the purpose of school is to Leave No Child Behind, then the design must reflect that mission.** The audit compares the staffing ratio of our staff to many districts that serve students in far more stable environments with fewer risk factors. Dr. Douglas Reeves, in his book *Accountability in Action* (2004) states that demographics and achievement are “inextricably linked.” Poverty, mobility, ethnicity, and location- are ‘immutable factors, baggage” with which a student comes to school on the first day. While these risk factors are considerable, Reeves, Darling Hammond (1997, 1998) and Ferguson (1991) have assembled some of the most impressive evidence showing there are ‘treatments’ that can be used to significantly impact student achievement. In fact Reeves’ 90/90/90 study model was used in our district redesign in 1998 to move from Academic Watch to Excellent and Effective status. Some of those changes included creating a system that responded to the immediate needs of each student: a personalized approach similar to a hospital. Like an emergency room, academic triage is performed for each student. As soon as a student arrives in the district, an assessment must be performed and a plan put in place to ensure that he/she will be prepared to reach the expected targets. If we were to reduce our staff as recommended by the audit, it would put students at risk of getting the support they need to succeed, much like reducing the staffing of an emergency room would put patients at risk of receiving the care they need to survive.

Table of Comparison Districts

District	Mobility	Minority	CTPD	AYP	Indicators	PI	Spec. Ed.	Enrollment	Econ
Bath Local	8.9	7	no	met	27	96.8	10.2	1909	26.9
Boardman	7.3	16.2	no	met	27	100.1	11.4	4732	27.8
Columbiana	9.6	3.7	no	met	29	100.3	15.5	1021	33.5
Dover City	6.3	4.3	no	met	28	100.1	14.2	2481	29.4
Girard	9.3	8.2	no	met	27	100.6	13.4	1699	45.4
Lowellville	4.1	2.4	no	met	27	101.4	12.5	629	26.2
McDonald	3.9	4.5	no	met	26	100.1	8.5	926	12.9
Tiffin	9.3	5.8	no	met	27	98.1	16.5	2781	31.4
Heath	11.9	11.7	no	at risk	26	97.4	11.4	1670	26.5
Canton Local	<b>19.2</b>	<b>11.9</b>	<b>YES</b>	<b>met</b>	<b>25</b>	<b>96.1</b>	<b>16.6</b>	<b>2366</b>	<b>33.7</b>
Wheelersburg	8	1.9	no	met	28	100	11.1	1480	35.2

**R3.1** CLSD will continue to review staffing levels each year and continue to reduce staff to live within the fiscal constraints.

NOTE:, the indicators met on the state report cards in 06, 07, 08 were all higher than 04 and 05 by at least 18.2%, 12.2%, and 5.5% respectively. Also, if the state report card targets had stayed the same from 05-06 to 06-07, Canton Local would have been designated an EXCELLENT district. The state changed the targets!

**R3.2** The district has taken a number of actions over the past 3 years to change the original contract with its partners in career-tech education. First, the district renegotiated a contract with East Canton and Sandy Valley that had been in place for 30+ years and substantially changed the way that we share the costs of the program. Next, we expanded our partnership to include Perry Local School District. This added a significant boost in the income and students in the partnership. The district plans to reduce one additional program for next school year and continue reducing duplicated and low attended courses. We believe that we need to continue to evolve the program to provide 21<sup>st</sup> century options for students at an efficient cost to our taxpayers.

Moreover, we have done a cost comparison between our costs and those of the local JVSD, and our costs are several thousand dollars per student less than the costs of the local JVSD. This is a great savings to our taxpayers.

**R3.3** Our goals and objectives are not minimum standards. Our staffing decisions are based on what we expect students to know and be able to do which includes: the state standards, state testing requirements and our board adopted strategic goals and objectives. We design our staffing based on the number and needs of the students and our expectations. If we lower our expectations to minimum standards, we would not meet our goals of:

100% graduation, 100% pass rate on the state achievement tests, 100% of our students gaining a minimum of one year of academic growth each year; 100% of our students career and college-ready.

The district will reduce staff as the student numbers and student needs decrease.

**R3.4** The district will review its current policies and practices regarding these issues and make changes to improve our processes and procedures.

**R3.5 , 3.6, 3.7** The district will work with the bargaining units to make some of the recommended changes.

**R3.8** The district has already purchased and implemented an automated substitute calling system for this school year.

## **FACILITIES**

Regarding Prairie College- We have reduced the cafeteria staff from 1.0 to .5. We have reduced the custodial hours from 12 to 8 per day.

**R4.1** A handbook of policies and procedures for the facility staff is being developed collaboratively with the Stark County Educational Service Center. Once that is developed, the district plans to customize it for our purposes.

**R4.2** The district will implement the concepts of this recommendation.

**R4.3** The Canton Local Board of Education passed a resolution at their July 10, 2009 meeting to request a new needs assessment by the O.S.F.C. The assessment is underway as of 9/10/09. The district acknowledges a need to have our plan updated.

**R4.4** The district plans to investigate the options to implement this recommendation.

## **TRANSPORTATION**

**R5.1** The district reviews the routes each year to improve efficiency. Adjustments were made this year and we were able to reduce the numbers of drivers. Since safety is our number one priority, it drives every decision. The district does not have sidewalks for our students to walk safely to school. Three of our buildings are located on or near a state highway. Two of our buildings are in rural environments where there are no sidewalks. Reducing transportation to minimum standards in our district would potentially be a safety risk for our students.

**R5.2** In 08-09 Canton Local began charging CTE for transportation. The district will continue to review and make adjustments to our current practices per this recommendation.

**R5.3** The district plans to make adjustments to our current practices per this recommendation.