



Dave Yost • Auditor of State



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To the Residents and elected officials of Butler County:

Based on the County Commissioner's request, a performance audit of Butler County was initiated to assess the following functional areas: financial management and strategic planning, human resources, administrative offices and departments, public safety and criminal justice, appointed commissions, authorities, and departments, public works, and human services. These areas were selected because they are important components of the County operations. Improvements in these areas can assist in identifying opportunities for savings and process improvements and reducing projected budgetary shortfalls.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of the operations of Butler County. While the recommendations contained in the audit report are resources intended to assist in alleviating budgetary shortfalls, the County is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

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

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

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

December 15, 2011

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Executive Summary

Project History

In August 2010, the Butler County Commissioners asked the Auditor of State (AOS) to conduct a performance audit of County operations, with an emphasis on operations affecting the County's General Fund. The request included an examination of areas under the control of the Commissioners, as well as those under the control of other County elected officials.

The overall objective of this project was to identify opportunities for savings and process improvements to assist the County in reducing projected budgetary shortfalls. This was accomplished by comparing County operations and processes to leading practices, industry benchmarks, and operations in similar counties. Where appropriate, recommendations were made that could reduce costs, improve efficiency, or enhance management effectiveness. The resulting recommendations provide options that the County and its elected officials should consider in continuing efforts to stabilize its long-term financial condition. This information should be helpful to the County and its elected officials as decisions are made about future programs and operations in the context of limited financial resources.

County Overview

Butler County is located in Southwest Ohio about 20 miles north of the Ohio River and adjacent to Indiana. The County covers 467 square miles and encompasses the cities of Fairfield, Hamilton, Middletown, and Oxford. The population, estimated by the US Census Bureau in 2009, was approximately 363,000. Butler County provides broad ranging programs--from those that are statutorily mandated, to optional programs implemented by the county to improve service levels or enhance residents' quality of life. The County includes elected Commissioners as well as several elected "row offices" which include the Auditor, Treasurer, Recorder, Engineer, Coroner, Sheriff, Prosecutor, and Common Pleas judges representing various divisions within the court system.

The County is a creature of statute and as a result, the duties of the individual officeholders and the basic required services within each office are dictated by Ohio Revised Code. In addition, there are several boards, authorities, and commissions that are components of the County which have specific statutory functions. Some of these are governed by board members who are appointed by the County Commissioners or other elected officials. In addition, some of these boards, authorities, and commissions receive General Fund monies while others are completely supported by special revenue or enterprise funds.

Butler County has been characterized by above-average population growth through the past decade. During that period, County government grew significantly and the County adopted many innovative and leading practices. However, most offices, agencies, boards and other units do not utilize performance management or have long-range plans to guide operations. Few of the

County offices and agencies have contingency plans to manage operations under less-than-ideal conditions.

Going into 2011, Butler County is projecting between \$75 million and \$78 million in revenues and this represents a revenue decline of about \$18.5 million since 2007. As a result, the County is facing a significant revenue shortfall and County elected officials are not in agreement on the best approach for reducing expenditures. Part of Butler County's revenue issues stem from reduced sales tax and property tax as a result of the effects of the economic downturn that occurred in 2007-2008. County offices and agencies are also experiencing reduced revenues from fees and fines, and reductions in State aid. With large shortfalls projected in the State budget in the 2011-13 biennium, the County is likely to receive less local government fund revenue and see a reduction in other special revenue streams that originate from the State.

The County Commissioners have overall responsibility for managing the County's budget and ensuring that it has sufficient revenues to cover its expenditures (i.e., a balanced budget), though they have no decision-making authority over certain offices, boards, etc. This creates an inherent conflict in periods of lean financial resources as the Commissioners may be unable to control expenditures in a sizable portion of the budget. In the case of Butler County, 72 percent of the General Fund in FY 2010 is dedicated to functions outside the control of the Commissioners. The Commissioners have required across-the-board percentage reductions in the departments under their direct control and requested similar reductions in other Offices funded through the General Fund. However, not all office holders have made reductions at the level requested.

Also during the past decade, the County has accumulated significant debt. Debt service payments are approximately \$9 million which, as revenues have dropped, consumes an ever larger portion of the General Fund's resources. Some relief will be forthcoming as two lease payments will terminate, one in 2011 and one in 2012. The debt resulted from several large projects that were funded through borrowing instead of through existing resources. At the same time, the increased revenue that occurred until 2006 was used for the expansion of operations.

The County does not have a consolidated strategic plan nor does it use performance management to guide its allocation of resources. In most instances, the desired outcome of programs is understood but only a fraction of activities are measured. There are no budgetary ties between specific programs and the funds and personnel used to execute these programs. Some centralization and sharing of resources occurs in the County, but this is the exception, not the rule. Political divisions and historical mistrust have caused duplication of functions, duties and use of resources in many County offices. The County has also been the focus of several investigations since 2007 surrounding illegal activities by elected officials.

The County and its office holders have had varying degrees of success in identifying and managing risks to operations. In general, each office does well in managing risks related to its services. However, the individual offices do not contribute to identification of overall risks to the County or management of these risks, like the financial shortfall. Overall, the County's elected officials and managers have a low tolerance for risk in day-to-day operations, though this is isolated in each office or department. Some offices are unwilling to share data with the

Commissioners or other elected officials and therefore limit the risk management process for county-wide operations and issues.

The low levels of communication among certain elected officials and the inability of the Commissioners to attain agreement on cost cutting and consolidation measures has left the County in a precarious financial position. During the next State biennium, Butler County will experience an additional reduction of approximately \$3.5 million under the Governor's final budget. The recommendations contained in this performance audit will assist County offices with some cost reduction and process improvement efforts, but additional creativity and more extensive collaboration will be required among elected officials to ensure that the County is able to provide basic services during this period of fiscal constraint.

Subsequent Events

During the course of the audit, the Governor introduced his 2012-13 budget. This budget includes significant reductions in Local Government, Property Tax Replacement and Tangible Personal Property Tax Replacement funds. The reductions in revenue from the State will have a negative impact on Butler County's General Fund budget and may necessitate additional cost control measures. At the conclusion of fieldwork (April 2011), the County estimated that it would experience the following reductions over the biennium:

- **Local Government Funds:** Butler County receives about \$4.4 million annually through this State fund and will likely experience a 48 percent reduction to \$2.3 million.
- **Property Tax Replacement Funds:** The County receives approximately \$187,000 in Property Tax Replacement. This revenue will be eliminated after 2011.
- **Tangible Personal Property Tax Replacement Funds (TPPT):** The County receives about \$1.2 million in TPPT Replacement funds. This revenue will be eliminated after 2011.

In addition, the Court of Common Pleas will have a unit of 9.0 FTE State employees eliminated from the Adult Probation Department and the services provided by this unit will have to be provided and paid for at the local level. Other departments that will be affected by State budget reductions include Butler County Job and Family Services and Children's Services, and Butler County Child Support Enforcement Agency.

To provide counties with regulatory relief, the State has proposed legislation that would permit county commissioners to centralize services for purchasing, transportation, vehicle maintenance, information technology, revenue collection, and printing and mail operations. This would help counties achieve economies of scale in these areas and result in cost savings.

Audit Methodology and Scope

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations 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 Auditor of State (AOS) conducted the performance audit of Butler County in accordance with Generally Accepted Government Auditing Standards (GAGAS). These standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. AOS believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report based on the audit objectives.

To complete this report, auditors gathered and assessed data from the County; conducted interviews with elected officials and personnel of the County's various offices, boards, and departments; identified applicable benchmarks and leading practices; and developed a composite of peer counties from across the State. The peer counties include: Clermont County, Lake County, Lorain County, Montgomery County, and Stark County. These peers were used for most assessments, although not every peer provided data for all of the assessments contained in this report. A secondary set of peers was identified for the analyses of Sheriff's Office Operations. These included: Lorain County, Lucas County, Mahoning County, Stark County and Summit County. Seneca County was also contacted as it has certain jail contracts similar to Butler. The outgoing Stark County Auditor did not provide information for the audit and, as a result, financial information for Stark County is limited to that provided by each department and office.

In addition to peer data, AOS used external organizations to identify leading and recommended practices for comparisons. Key external sources included the Government Finance Officers Association (GFOA), the National Association of Counties (NACo), the Society for Human Resource Management (SHRM), the County Commissioners Association of Ohio (CCAO), the US General Services Agency, and other industry organizations. Data from peer counties and external sources used as criteria were not tested for reliability though the data was reviewed for reasonableness. Finally, applicable portions of the Ohio Revised Code and Ohio Administrative Code, as well as Ohio Attorney General Opinions were used in conducting the audit.

Auditors encountered some difficulties in obtaining reliable information from the County and/or receiving cooperation from certain Butler County Offices. Both the Butler County Auditor's Office and the Sheriff's Office reported inaccuracies in County payroll reports but the Sheriff declined to provide accurate information to correct the data. Auditors determined that the data was sufficiently reasonable to be used in a limited manner in portions of this audit. Other offices and departments provided corrections to the information as needed. The Butler County Auditor's Office also was unable to provide complete accrued leave data and some elected officials refused to provide this information to AOS auditors or the Butler County Auditor. In general, the Prosecutor's Office, Sheriff's Office, and Court of Common Pleas (and its divisions and departments) declined to participate in the audit process. Publicly reported data from these offices were used for the assessments contained in the respective sections. Finally, the Butler County Auditor and Clerk of Courts (appointed in 2011) identified potentially improper cost

allocations in the Clerk of Courts Office financial records for prior years that may impact the County's General Fund.

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

The Auditor of State and staff express their appreciation to Butler County and its elected officials that openly participated on the performance audit. We greatly appreciate your cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes Butler County noteworthy accomplishments identified during the course of the audit.

- **Health Insurance Benefits:** In 2010, Butler County employees were provided the choice of three health insurance plans, each with different premiums and coverage levels. When compared to the SERB averages for Ohio counties with a population greater than 150,000 residents, all three plans offered by Butler County had lower than average premiums. Using recommended practices to control health insurance costs helps the County obtain favorable rates for coverage. For example, Butler County is a member of the County Employee Benefits Consortium of Ohio (CEBCO), a self funded health insurance consortium created by the County Commissioners Association of Ohio (CCAO). The County also contracted with a third party to conduct a dependent eligibility audit in an effort to identify individuals who do not qualify to be on the employer's medical plan. In 2011, the County re-structured its plan by eliminating one plan offering because of low participation (Plan 2). It also increased employee shares of the premiums in both of the plans offered (see **R2.3** for an additional assessment). The County's newly approved 2011 premiums continue to be below the SERB averages.
- **Butler County Engineer's Office- Planning Processes:** BCEO uses various methods to plan its projects. Its project planning methods have resulted in high levels of road maintenance and good road conditions without necessitating General Fund expenditures. Planning includes strategic planning and the development of regular five-year plans; and capital planning in the form of operations fleet plans. The BCEO maintains Force Account Schedules that assist in scheduling equipment and personnel. Departments develop project driven budgets that trace funding paths. Detailed infrastructure conditions are prepared through databases. Furthermore, PubWorks software helps BCEO track

performance measures and converts these into meaningful statistics that can be shared with the public on its website. These planning processes provide management with extensive information that is used in decision-making, and contributes to efficiency and effectiveness.

- **Butler County Engineer's Office-Sharing Equipment:** The BCEO and Butler County Water and Sewer Department (BCWSD) have an informal agreement for mutual aid in order to borrow equipment from one another. In addition, the Recycling Program partnered with BCEO to provide a drop-off location for a computer and television recycling event. Sharing services or equipment, especially when the equipment is costly and rarely used, is an efficient practice and should be encouraged across the County. Maintaining adequate inventory records (see **R1.7** for Fixed Asset Management) would help County departments to review County-owned equipment before purchases are made, facilitating the County's ability to reduce unnecessary and duplicative purchases of equipment.
- **Butler County Water and Sewer Department (BCWSD)-Planning Processes:** BCWSD prepares detailed five-year budget analyses and forecasts for both water and sewer operations. The Department manages capital equipment, has an emergency response plan, and sets a minimum funds balance policy to ensure adequate funding for projects. While a work order system is in place to guide daily operations, it also assists the Department in collecting performance measures. Metrics are tracked and reviewed in each section (water maintenance, customer care, plant operations, meter reading, etc.). These metrics are reviewed and compared to prior periods and industry benchmarks. The software in the work order system is also used for routinely scheduling preventative maintenance activities and for charging back maintenance activities into the billing system. Utility billing is conducted in-house based on past reviews of the cost-effectiveness of charges for contracted billing services. These processes provide management with extensive information that is used in decision-making, and contributes to the Department's efficiency.
- **Butler County Solid Waste District—Solid Waste Reduction Initiatives:** Butler County's Solid Waste District uses tipping fees generated from landfill use to effectively promote recycling within Butler County. Tipping fee revenues are used to incentivize local governments and businesses to participate in recycling and internship programs. The Solid Waste District has also searched for grant opportunities, earning an Ohio Department of Natural Resources award of \$113,800 that it will use for direct community programming.

The Solid Waste District uses planning and budgeting as recommended for local governments by charting progress using a "scoreboard" for community diversion rates, developing internal targets and planning strategies to accomplish those goals, and reviewing performance statistics as a guide for decision-making. To date, the Department has exceeded EPA diversion rates for recycling while maintaining a fund reserve. Additionally, the District actively engages in forming regional partnerships.

These planning processes and community activities provide management with extensive information that is used in decision-making, and contributes to the efficiency and effectiveness of the County's Solid Waste District.

- **Board of Developmental Disabilities:** The Government Finance Officers Association (GFOA) recommends multiple best practices in order to improve the efficiency and effectiveness of an organization. The Butler County Board of Developmental Disabilities utilizes a number of these recommended best practices, including the preparation of ten-year annual budget projections, preemptive personnel and service adjustments based on need and projected resources, performance based annual increases, strategic planning, and comparative peer salary analysis. The preceding planning practices position the BCDD to effectively manage upcoming changes in funding and community needs.
- **Alcohol and Drug Addiction Services (ADAS) Board Replacement Plan:** GFOA recommends that governments establish a system for assessing their assets and then appropriately plan and budget for any capital maintenance and replacement needs. This helps ensure the performance and continued use of these capital assets and is essential to the health, safety, economic development, and quality of life of those receiving services. The Butler County Alcohol and Drug Addiction Services Board (ADAS) worked with facility architects to develop an 8-12 year projection of estimated facility expenditures based on useful life and replacement cost for expenditures such as roof replacements, HVAC systems, and parking lot repaving. According to the Executive Director, facility replacement costs are factored into the maintenance agreements ADAS charges the service provider operating the facilities. Additionally, the Executive Director noted the long-term replacement plan has enabled ADAS to develop a reserve fund to help pay for replacement needs as they occur.

Conclusions and Key Recommendations

Each section of the audit report contains recommendations that are intended to provide the County 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.

Financial Management and Strategic Planning

- Implement a performance measurement system.
- Implement a performance-based budgeting system to better guide appropriations and expenditures.
- Include detailed projections for all major revenue sources and expenditure line items.
- Create a formal County-wide capital asset plan that includes an inventory of all capital assets, life cycle, and funding sources for replacement. By integrating County-wide

capital needs, elected officials will have a greater understanding of the required future capital investments and will be able to identify opportunities to share resources.

- Include provisions in its debt management policy concerning debt limits, public policy limits, structuring and derivative use.
- Establish a formal capital asset management system or purchase a software package that enables it to track its inventory throughout its useful life.

Human Resources

- Reduce health insurance costs to the County through increased employee contributions.
- Renegotiate certain provisions in collective bargaining agreements to promote consistency and efficiency, and reduce costs to the County.
- Complete a comprehensive analysis of the County's salary structure and the system used to guide decision making regarding employee compensation.
- Measure the cost of sick leave and work to reduce the amount used by County personnel.

Administrative Offices and Departments

- Increase communication of basic operational data and reduce siloing and resource competition among offices.
- Implement a policy and procedures for expending DTAC funds.
- Develop a policy and procedures to budget expenditures between the general and special revenue fund.
- Disband the Records Center and contract with a private third party.
- Reinstitute the Automatic Data Processing Board to ensure coordination of IT hardware and software, as well as network management; improve the safeguarding of County data; and reduce IT costs to the County.
- Implement a county-wide IT disaster recovery and business continuity plan and make appropriate investments in redundant systems to ensure the security of its data.
- Implement recommended practices for software management on a County-wide basis to ensure optimal pricing and utilization of its existing software, as well as license compliance and eliminating the installation of software that may be a security risk or unlicensed.

Public Safety and Criminal Justice

- Ensure that critical staffing and workload information is transparent and accessible to Sheriff's Office stakeholders, Commissioners, and other elected officials.
- Ensure that the provision of contract services is transparent and cost effective.

Appointed Commissions, Authorities, and Departments

- Consider replacing direct recording electronic voting machines with optical scan machines.
- Reduce the costs for poll worker training by using alternative training methods.

Public Works

- Identify County facilities, track office space utilization, and calculate square footage costs to better manage vacant and underused space.
- Implement building audits and incorporate information from its audits into a comprehensive capital planning process.
- Develop a computerized maintenance management system to document and track activities.
- Implement a County-wide energy conservation program specifically targeted at County facilities and workspace.
- Centralize vehicle maintenance across the County.
- Centralize fuel management, oversight, and procurement.
- Implement fuel conservation incentive programs.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. The following presents issues requiring further study:

- **Coroner's Office Activities:** The Coroner's Office should review its approach to performing autopsies and investigations in regards to compliance with regulations and services performed. According to the Coroner's Office, autopsies are performed on all drug related and/or overdose cases. Although the Coroner has the power to perform an

autopsy on all cases, ORC Chapter 313 requires autopsies to be performed under suspicion of deaths. Stark County, for example, follows the ORC guidelines and performs autopsies on drug related deaths if there is suspicion of another cause of death. In 2009, Stark County had a total of 95 autopsies and 453 investigations. Additionally, the Stark County Coroner's total expenditures for FY 2009 were approximately \$767,000, or approximately \$229,000 less than Butler County. As noted in the Coroner's Office background, Butler County completed a total of 230 autopsies and 628 investigations which exceeds Stark County by 142.0 percent and 38.6 percent, respectively.

- **MetroParks, OSU Extension, Solid Waste, and Soil and Water- Educational Programs:** The Soil and Water Conservation District, OSU Extension, Recycling and Solid Waste District, and the MetroParks all provide educational programs geared towards conservation of natural resources, some of these which provide overlapping curricula. For example, Butler County's Recycling and Solid Waste District promotes EcoPrograms about water resources while Butler County's Soil and Water Conservation District promotes programs on water quality and natural resources. Additionally, both Districts have programs geared toward educating the public on enhancing and protecting natural resources. Furthermore, the MetroParks has a program called Health Nuts for health awareness and the OSU Extension has an Expanded Food and Nutrition Education Program.

However, the funding that each entity receives for their respective educational programs generally originates with varying parent or pass-through agencies. In other words, most of the entities receive their funding from different sources and this could be a barrier to the entities pooling their resources to fulfill similar missions. For example, the Recycling and Solid Waste District receives revenue from a tonnage assessment, the Soil and Water Conservation District receives funding from the County's General Fund with a State match, the OSU Extension receives funding from the Ohio State University and County, and the MetroParks is levy-funded.

Several other counties have consolidated education programs. The Adams-Clermont County Solid Waste District partners with the Clermont County Soil & Water Conservation District to provide educational and community involvement programs to promote recycling and litter prevention. Additionally, the Solid Waste Authority of Central Ohio and the Columbus Zoo and Aquarium entered into a partnership in the Spring of 2000 to sponsor an education center at the Columbus Zoo that illustrates human influence and its impact on habitats and the environment.

Butler County should convene a study group composed of representatives from the Soil and Water Conservation District, OSU Extension, Recycling and Solid Waste District, and the MetroParks to identify opportunities to consolidate similar educational programs. Through sharing resources, the educational programs offered by each entity could be perpetuated at a reduced cost by cutting administrative overhead and limiting duplication and overlap.

- **Veterans Service Commission - Transportation Services:** According to ORC 5901.03(H), the VSC should establish regularly scheduled transportation for veterans to and from veterans administration medical centers whose districts the county is within, through contractual agreements or through other arrangements determined by the commission to be the most cost-effective. According to the Executive Director, Butler County Veterans Services Commission (VSC) has a very generous transportation program which costs more than what other counties spend for these services. VSC transports to both Dayton and Cincinnati Veterans Administration facilities with veterans in the northern half of the county usually going to Dayton and those residing the southern half usually going to Cincinnati. The County also transports to the VA clinics in Hamilton and Middletown that are associated with the Cincinnati and Dayton VA hospitals, respectively.

The volume of trips has risen from 7,874 in 2007 to 12,569 in 2009. According to the County's 2009 financial records, the total cost of transportation for the VSC was approximately \$511,000. Due to rising costs and greater demand, VSC has considered alternative transportation models, such as having a central pick-up point at the City of Hamilton parking garage to reduce the number of door-to-door trips. It also considered partnering with the Butler County Department of Job and Family Services in a contract but this move was not approved by the County Prosecutor. VSC should continue to consider alternative methods of medical transports for veterans and investigate how counties with consolidated transportation, such as Henry County, are able to make such arrangements.¹

- **Sheriff's Office Discretionary Services:** Like most counties, the Sheriff's Office performs functions that are above and beyond the basic Office functions embodied in State law. However, the Sheriff's Office did not provide staffing or financial information that would have allowed auditors to determine if special or contract revenues offset the additional costs for these functions. The Sheriff's Office and County Administration should evaluate all discretionary programs to determine the level of cost recovery, the desired level of cost recovery, the uniqueness of the service, and whether the service is desired/supported by the taxpayers. The following units within specific divisions were identified as those that are potentially discretionary or duplicative:
 - **Communications Division:** The Computer Services Unit and TRIAD Unit appear to be providing services that are either partially or completely discretionary. Although computer support is integral to the efficient and effective functioning of the Sheriff's Office, the Sheriff's Office information technology (i.e., computer services) function is potentially duplicative of services that are provided by the County-wide information technology function (see **R3.5** in the **administrative offices and departments section**). In addition, the TRIAD Unit appears to be purely a discretionary function, although the services it provides are likely very valuable to the community and to those residents that it serves.

¹ During the review phase of the audit the VSC noted it continues to review aggressive pursuits to alternative methods of medical transports for veterans and ways to consolidate transportation.

- **Finance Division:** Although ORC 311.11 requires that "there shall be kept in the Office of the Sheriff a cashbook," the Sheriff's Office appears to have its own fully staffed records, human resources, and financial management functions. Although it is not unreasonable that the Sheriff's Office performs these functions, there is a potential for duplication of services that are available from County-wide offices or functions (see **human resource** and **financial management**).
- **Investigations Division:** Although ORC 109.42(A)(15) establishes the right for a victim of domestic violence to "be accompanied by a victim advocate during court proceedings," there does not appear to be any explicit requirement that this victim advocate be provided by the Sheriff's Office. Victim Advocates appears to be a purely discretionary function of the Sheriff's Office, although the services it provides are likely very valuable to the community and to those residents that it directly serves.
- **Peace Officer Division:** Although the Sheriff specifically contacted auditors to communicate that the Animal Control Unit function is not duplicative of services provided by the Butler County Dog Warden, the function itself does appear potentially duplicative and could be more cost effective if provided only by one entity. According to the County Commissioner's Association, the general law enforcement duties of the Sheriff are proscribed by ORC 311.07. Broadly, "the Sheriff is the chief law enforcement officer of the county charged with the responsibility of preserving the public peace within the county." However, the use of the Aviation Unit, Bike Patrol, Canine Unit, Dive Team, and Marine Patrol are potentially above and beyond what is required by statute; in addition, these services are potentially duplicative to services provided by other jurisdictions within the area.
- **Support Services Division:** The Caisson Unit, Explorers, Honor Guard, Pipe and Drum Unit, and Project Lifesaver all appear to be strictly discretionary functions of the Sheriff's Office. However, the extent to which these are volunteer functions supported through private donations or if the Sheriff's Office incurs any specific cost for these function is not clear. In addition, these services are likely all highly regarded and valuable to the community and to those residents that they serve. Nevertheless, these are discretionary functions and could potentially have a tangible cost associated with them.
- **BCEO - Bare Pavement Policy:** Although BCEO is able to support its projects and its snow plowing standards, its bare pavement policy is an area that could be examined for cost savings. BCEO considers bare pavement during a snow and ice event a necessary service level. It noted that responses from residents have identified that bare pavement is a community priority and an expected minimum service level. However, the cost of providing this level of snow and ice removal on all County-maintained streets is not a mandatory standard and is therefore a potential area for cost savings. While streets should be made safe and passable as soon as possible for residents, a bare pavement policy exceeds this standard. Other state and local governments have selected more flexible policies. For example, Crow Wing County in Minnesota explicitly states that it does not use a bare pavement minimum for snow clearing. Additionally, Michigan (City of

Northville) and New Hampshire (Department of Transportation) set examples of using prioritization of roads as a means of fairly addressing the policy for clearing. New Hampshire also details the use of alternative pavement standards, such as bare tire ruts, for secondary roads. Reducing this provided service level is a potential opportunity for savings in salaries and materials for snow and ice removal operations for Butler County. Many communities have instituted a 2 inch snowfall depth as the point at which snow removal begins.

- Combining Job and Family Services, Children Services, and Child Support Enforcement Agencies:** According to Ohio Revised Code (ORC) 329.05, the county department of jobs and family services may administer or assist in administering a child support enforcement agency and a public children services agency. Butler County human services agencies (e.g. Jobs and Family Services (JFS), Children Services (CS), and the Child Support Enforcement Agency (CSEA)) independently report to the County Commissioners and have not integrated various aspects of operations. In contrast, peers (Clermont and Montgomery counties) and metropolitan family services agencies (Hamilton and Cuyahoga counties) provide similar services through a “triple” combined agency that is lead by a single executive director who reports directly to the Commissioners.

Although each county has individual characteristics and needs and a one size fits all approach does not work for all agencies, the following advantages and disadvantages of triple combined agencies were noted by the peers:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Funding flexibility and access, especially TANF funding; • Reduced turf issues over funds and resources; • Improved comprehensive decision making perspective for needed services and prioritization; • Potential cost savings resulting from reduction in personnel; • Multi-discipline approach to serving consumers as one agency; • Reduced client overlap; • Reduced duplicative cost in addressing family needs; • Enhanced productivity through shared data and information systems; • Shared best practices • Potential cost savings resulting from co-locating or combining facilities; • Greater consistency; and • Increased transparency. 	<ul style="list-style-type: none"> • Potential personnel issues because of resistance to change; • Politically sensitive; • Differing pay scales and classification issues; • Difficulty changing processes from how they had been done; • Difficulty merging cultures; • Potentially large, up-front cash payout for unused vacation, compensatory and accumulated sick leave time; • Collective bargaining unit(s) issues; • Potential increase in administrative costs due to shared cost allocations; and • Diminished administrative efficiencies if not located in one place.

Source: Peer counties.

The County Commissioners should evaluate the advantages and disadvantages for consolidating JFS, CS, and CSEA. Specific risks to consider include the effect of the

collective bargaining agreements in place for JFS and CS, as well as consolidation of personnel policies. In evaluating the feasibility and benefits of combining agencies, the Commissioners should obtain feedback from the recently combined Cuyahoga and Montgomery JFSs and should review the *Lucas County Feasibility Study to Merge Jobs and Family Services, Children Services, and Child Support Enforcement*.

- **Consolidating Mental Health and Alcohol and Drug Addiction Services Boards:** In 1989, a change in State law required the 10 largest counties to establish an alcohol and drug addiction services board (ADAS Board) or, adopt a resolution to form a board of alcohol, drug addiction and combine it with the mental health services board (ADAMH Board). All other counties were required to provide these services through an ADAMH Board. Today, some counties have pooled their board resources and formed multi-county agencies, resulting in 53 county behavioral health agencies in Ohio.

The Butler County ADAS and Mental Health Boards are separate entities governed by two separate 18-member boards. In comparison, the peer counties of Clermont, Cuyahoga, Hamilton, and Montgomery have combined boards. Clermont and Montgomery counties combined in 1989 but Hamilton and Cuyahoga maintained separate boards until 2006 and 2009, respectively. Both Hamilton and Cuyahoga combined for financial reasons.

Originally, 7 of the 10 largest counties chose separate boards; however, only Butler County and two others still maintain separate boards. From June 2008 through January 2010, the Butler County Alcohol and Drug Addiction Services (ADAS) Board and Mental Health (MH) Board studied and had ongoing discussions concerning consolidation. While the ADAS Board did not see a compelling reason to combine and did not completely agree with the Mental Health Board; the Mental Health Board believed it could achieve annual savings of about \$338,000 (a cost savings the ADAS Board questioned) and that there were advantages to consolidating. However, each board had entered into the study with an upfront agreement that if a consensus among the boards to consolidate was not reached, the issue would be abandoned.

Nonetheless, both boards agreed with the study findings in some areas and, because counties that have recently combined revealed that board consolidation realized more advantages than disadvantages, and could lead to significant savings, auditors believe the County should re-examine board consolidation. However, the study conducted by the MH and ADAS boards was not comprehensive and did not examine other alternatives.

In his response to the draft audit report, the ADAS Board Director noted that there were numerous other options for consolidating administrative services and cost sharing with organizations—options which might achieve similar cost savings while preserving the prevention-oriented focus of the ADAS Board. He noted that the ADAS Board shares space with, and provides fiscal and administrative services for, the Safe and Drug-Free Community program to avoid duplication of fiscal and administrative personnel and services and the need for the Coalition to rent other office space. He also indicated that the ADAS Board intends to explore opportunities for back office consolidation with other

governmental entities. Auditors would encourage continued exploration and application of shared services and consolidated operations between both like and dissimilar governmental entities.

Peer counties identified the following advantages and disadvantages of combined boards:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Reduced administrative costs resulting from a reduction of staffing levels; • Realized levy passage; • Reduced contract administrative time realized because many providers provide drug and alcohol addiction and mental health services; • Reduced facility costs; • Realized more influence as a behavioral health organization; • Realized efficiencies in logistics due to one Board; • Increased effectiveness; • Increased control over providers’ administrative costs; and • Reduced assessment duplication of patients’ conditions. 	<ul style="list-style-type: none"> • Less community presence due to fewer Board members; • Resistance to change; • Internal staff issues requiring strong leadership; and • Potentially large, up-front cash payout for unused vacation, compensatory and accumulated sick leave time.

Source: Peer counties.

Additional frequently mentioned considerations included:

- Obtaining agreement from the county Commissioners that all savings will be used to augment services;
- Involving the County Prosecutor for legal advice from the beginning of the process; and
- Ensuring equity among members of each former board.

The County should study the advantages and disadvantages of consolidating the ADAS and MH boards. In evaluating the feasibility of consolidating the boards, the Commissioners should obtain feedback from the recently combined Cuyahoga and Stark ADAMH boards. Also, it was noted during the audit that contacting remaining ADAS Boards and former ADAS Board directors would be beneficial to obtain a holistic perspective.

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 Performance Audit Recommendations

Recommendation	Impact
R2.4 Reduce County health insurance costs through increased employee contributions.	\$694,000
R3.4 Consider disbanding the Records Center and outsource document management functions.	\$275,000
R5.1 Consider replacing direct recording electronic voting machines with optical scan machines.	\$905,000
R5.2 Reduce poll worker training costs.	\$45,000
R6.3 Implement a County-wide energy conservation program specifically targeted at County facilities and workspace.	\$61,000
R6.5 Implement fuel conservation incentive programs.	\$34,400
Total Cost Savings from Performance Audit Recommendations:	\$2,014,400

Audit Objectives

The following detailed audit objectives were used to conduct the performance audit of the Butler County. The objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria. In some instances, objectives were modified based on actions taken by the County to address its deficit or high risk environments identified by the auditors during the course of their work.

Financial Management and Strategic Planning

- How do Butler County General and All funds expenditures, as well as discretionary expenditures, compare to the peers? Do trends in expenditures reflect efforts to reduce service costs?
- Does Butler County use leading practices in strategic and capital planning, and fixed asset management?
- How does the County use performance measurement and management to improve its levels of service delivery and reduce its costs?
- Does Butler County use leading forecasting processes and who, within the County, is responsible for projecting revenues and expenditures?
- Does the County use leading practices in public budgeting? How does the County use the budgeting process to control expenditures?
- What is the County's debt management policy and does it meet recommended practices?
- How does the County use indirect costs and charge-backs (for rent, utilities, etc.) to capture revenue from General Fund and non-General Fund departments and offices?
- Are payment processing and other financial transaction functions (e.g. payroll) timely and efficient?
- Would an early retirement incentive benefit Butler County in its efforts to reduce personnel costs?
- Does the County use centralized risk management and pooled insurance?

Human Resources Management

- What is the County's organizational structure and how does its size, statute, politics, new leadership and high leadership turnover affect performance?
- How does the County engage in workforce planning and what is its staffing history, patterns of raises, average salaries by classification, use of HR liaisons, and the role of the HR Department?
- Do collective bargaining provisions and civil service requirements, including compensation, job audits, me-too clauses, and fair share exemption exemptions, have an impact on the County's ability to manage its workforce and costs?
- Do policies reflect formalization and consistency?
- Are benefits costs and management practices in line with recommended practices?

- Is leave utilization and overtime in line with industry averages?

Administrative Offices and Departments: (Commissioners, Auditor, Treasurer, Coroner, Recorder, Records Center, and Information Systems)

- How do these functions compare to peers based on benchmarks and performance measures?
- Within each function/office, what are the statutory requirements of the office and additional (elective) programs?
- In the Commissioners' Office, how are budgeting and the legal level of control managed? How are leases and purchasing managed?
- In the Auditor's Office, what options are available for publicizing delinquent taxes? What is the Auditor's financial liability relative to the information he receives?
- In the Treasurer's Office, how do other Treasurers use DTAC funds and are there cost saving ideas she can implement? Also, what is the impact of the new merchant services contract?
- Can the Records Center use surplus County Space? Are there less expensive alternatives to the Records Center that would provide a comparable level of service?
- In Information Systems, are there alternatives for improved consolidation and streamlining to reduce costs? Could hardware and software, as well as network security be better managed? Finally, does the County have a comprehensive disaster recovery plan?
- In Planning and Development, how has workload changed from 2005-2006 to present and has the Department adapted to the change in workload?

Human Services (JFS, CSB, CSEA, DD, MH ADAS, Health)

- How do these functions compare to peers based on benchmarks and performance measures?
- Within each function/office, what are the statutory requirements of the office and additional (elective) programs?
- Are there advantages to combining JFS and CSEA?
- Are there opportunities to pool transportation and reduce costs?
- Are there advantages to consolidating MH and ADAS?

Public Works (Engineer, Environmental Services, and Solid Waste Management)

- How do these functions compare to peers based on benchmarks and performance measures?
- Within each function/office, what are the statutory requirements of the office and additional (elective) programs?
- Are the Engineer's policies and practices for snow and ice control in line with leading practices?
- Are the Water Distribution and Sanitary Sewer functions appropriately managed?
- Has the County managed its facilities and space utilization?

- How does the county reduce its utility costs?
- Are there opportunities to reduce the costs of vehicle maintenance by combining functions and reducing outsourcing?
- Are there opportunities to improve fuel purchasing practices?

Public Safety and Courts (Sheriff, Court of Common Pleas, Juvenile Court, Domestic Relations Court, Probate Court, Area Courts, Adult Probation, and Clerk of Courts)

- How do these functions compare to peers based on benchmarks and performance measures?
- Within each function/office, what are the statutory requirements of the office and additional (elective) programs?
- How does the Sheriff manage external contracts and the jail? How does he coordinate with other County functions?
- How does Adult Probation manage its case load and how can it reduce its costs per case?
- How has the Clerk of Courts managed staffing and satellite offices? Are there lower cost options for records disposal?
- Is the structure of the Area Courts sufficient for the workload?
- How will the new Public Defender function impact costs and efficiency?

Other Boards and Commissions (Board of Elections, Soil and Water Conservation, Metroparks, OSU Extension, Emergency Management, Veterans Services, and Airport Authority)

- How do these functions compare to peers based on benchmarks and performance measures?
- Within each function/office, what are the statutory requirements of the office and additional (elective) programs?
- Are there opportunities to combine educational programs among the Metroparks, Soil and Water Conservation and Solid Waste Management?
- What are the funding requirements for certain other boards, commissions, and functions?
- How have costs changed at the Board of Elections and what options are available to better control costs?

Financial Management and Strategic Planning

Background

This section of the performance audit analyzes Butler County's (the County) historical and current financial condition and its financial management practices. Recommendations were developed to help improve the financial condition and the fiscal management of the County's resources. Sources such as the Government Finance Officers Association (GFOA), the Ohio Revised Code (ORC), and Standard & Poor's were used to compare County operations. In some cases, analyses were completed using peer counties for comparison purposes. Also, other governments, such as Franklin and Crawford Counties in Ohio and Maricopa County, Arizona are included to illustrate the use of leading practices.

Revenues

Butler County's General Fund revenue is received from a variety of sources in order to pay for the services that are provided to the citizens and includes the following:

- **Property Taxes** include real estate, personal property and a variety of other smaller taxes;
- **Sales Tax** is received from the state for vendor collections of the tax paid²;
- **Licenses and Permits** is comprised primarily of vendors license fees;
- **Fines and Forfeitures** is comprised of collections from Clerk of Courts, Domestic Relations, Common Pleas, Juvenile and the County court;
- **Intergovernmental** is comprised of grants and reimbursements to the County from other governmental agencies.
- **Interest/Investment Income** is interest earned, realized gains and unrealized gains on County investment;
- **Other** is miscellaneous receipts that cannot be classified in any other category along with prior year refunds and reimbursements;
- **Charges for Services** is comprised of services such as boarding of prisoners, election expense reimbursements and fees for recording deeds and transferring property; and
- **Other Financing Sources** is current year refunds and reimbursements for postage, indirect cost, phone service and maintenance for the 800 MHZ communications system.

² Butler County is one of four Ohio counties to have a combined county and State sales tax rate of 6.25 percent.

Table 1-1 displays the historical revenues for the County.

Table 1-1: Historical General Fund Revenues

	2007	2008	Percentage Change	2009	Percentage Change	3 Year Change
Property Taxes	\$14,084,819	\$14,152,353	0.5%	\$15,064,346	6.4%	7.0%
Sales Taxes	\$41,151,766	\$35,045,034	(14.8%)	\$29,671,938	(15.3%)	(27.9%)
Licenses and Permits	\$16,790	\$14,774	(12.0%)	\$15,370	4.0%	(8.5%)
Fines and Forfeitures	\$1,691,024	\$1,927,312	14.0%	\$1,677,136	(13.0%)	(0.8%)
Intergovernmental	\$7,970,235	\$8,156,487	2.3%	\$7,467,768	(8.4%)	(6.3%)
Interest/Investment Income	\$11,829,667	\$9,286,691	(21.5%)	\$4,710,510	(49.3%)	(60.2%)
Other Revenue ¹	\$1,378,168	\$1,976,759	43.4%	\$2,011,654	1.8%	46.0%
Charges for Services	\$27,710,145	\$22,531,027	(18.7%)	\$22,067,862	(2.1%)	(20.4%)
Total Revenues	\$105,832,614	\$93,090,437	(12.0%)	\$82,686,584	(11.2%)	(21.9%)
Other Financing Sources	\$14,491,159	\$2,920,825	(79.8%)	\$3,066,659	5.0%	(78.8%)

Source: CAFRs

Note: The County refinanced approximately \$12 million in outstanding debt in 2007 which is included in Other Financing Sources.

¹The other category includes: other revenue and payments in lieu of taxes.

As shown in **Table 1-1**, the County has not been immune to the economic downturn that began in the second half of 2007. In 2008 and 2009, the County experienced double digit decreases in total General Fund revenues resulting in a 22 percent overall decrease during the three year period shown. Among the specific revenue categories, the largest impact to the County was the severe downturn in sales tax revenues. This revenue stream, which represents the largest funding source for the County, declined approximately 15 percent in 2008 and again in 2009. In total, sales tax declined 27.9 percent, representing a decrease of over \$11 million to the General Fund. Along with sales tax revenue, interest/investment income is another revenue source that is directly tied to the condition of the overall economy. As a result, the County saw a significant decrease in this classification as well. In 2007, the County received almost \$12 million in interest/investment income. As the economy deteriorated throughout 2008 and into 2009, interest rates declined significantly. This decline resulted in a 60.2 percent (over \$7 million) reduction in interest/investment income to the County.

Overall, the County experienced a significant decline in every revenue classification from 2007 through 2009 with the exception of property taxes and other revenues. Property taxes experienced an approximate increase of \$1 million in 2009 due to an increase in assessed property values county-wide.³ In the time period shown however, total revenues decreased approximately \$23 million as a result of the overall deterioration of the economy. Because some revenue streams are more directly tied to the health of the overall economy than others, the County experienced a shift in the structure of its revenue base in the three year period. This shift can be seen in **Table 1-2** which shows the composition of the County's revenues.

³ During the course of the audit, the OMB Director noted that property taxes declined by over \$1.2 million in 2010 as the County Auditor completed an off cycle appraisal and reduced total fair market value of the real property in Butler County. Additionally, overall revenues from 2009 to 2010 declined by 6.4 percent.

Table 1-2: Historical General Fund Revenue Composition

	2007	2008	Percentage Change	2009	Percentage Change	3 Year Change
Property Taxes	13.3%	15.2%	1.9%	18.2%	3.0%	4.9%
Sales Taxes	38.9%	37.6%	(1.2%)	35.9%	(1.8%)	(3.0%)
Fines and Forfeitures	1.6%	2.1%	0.5%	2.0%	0.0%	0.4%
Intergovernmental	7.5%	8.8%	1.2%	9.0%	0.3%	1.5%
Interest/Investment Income	11.2%	10.0%	(1.2%)	5.7%	(4.3%)	(5.5%)
Other Revenue	1.3%	2.1%	0.8%	2.5%	0.4%	1.2%
Charges for Services	26.2%	24.2%	(2.0%)	26.7%	2.5%	0.5%
Total Revenues	100.0%	100.0%	N/A	100.0%	N/A	0.0%
Other Financing Sources	13.7%	3.1%	(10.6%)	3.7%	0.6%	(10.0%)

Source: CAFRs

As shown in **Table 1-2**, the County's reliance on its three major revenue sources (sales tax, charges for services and interest) decreased significantly in the three year period shown. In 2007, sales tax revenue represented approximately 39 percent of the County's revenue base. From 2007 through 2009, the steep decrease in sales tax collections resulted in this revenue category dropping to 35.9 percent of the County's revenue base. The shift was even more profound for interest revenue. In 2007, this category represented over 11 percent of the revenue base. As interest rates decreased, the ability of local governments to generate investment income declined substantially as well. In 2009, interest revenue represented only 5.7 percent of the total revenue base, approximately half of the 2007 level.

Expenditures

The County's General Fund expenditures include the following:

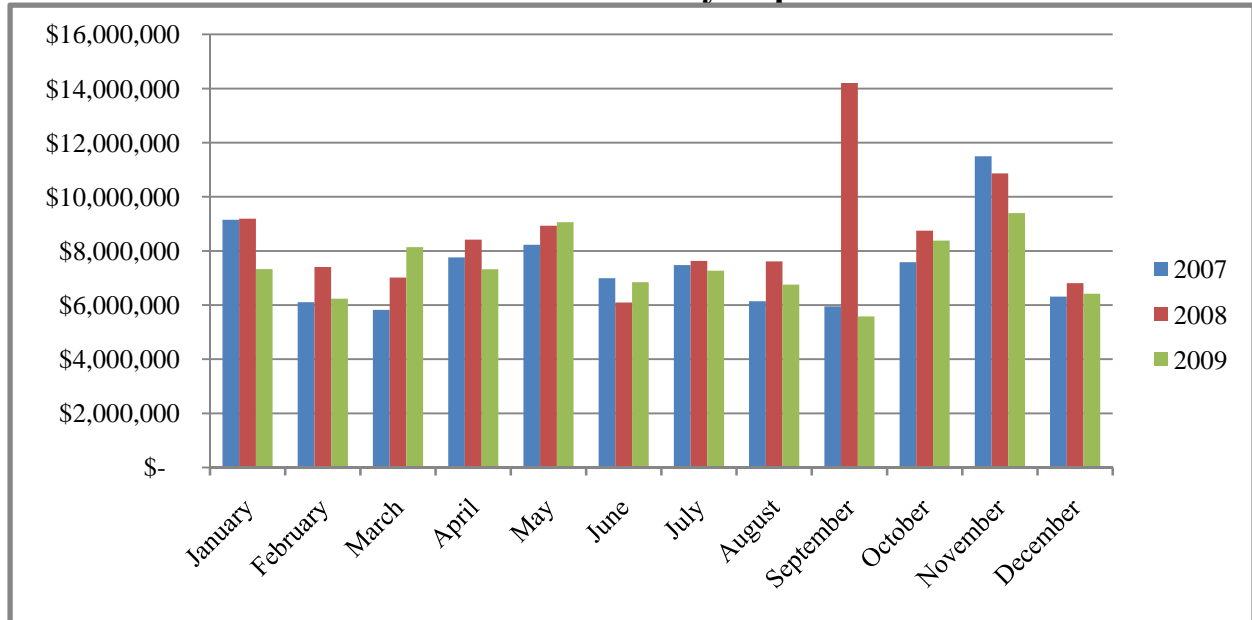
- **Personal Services** consist of salaries for employees and elected officials along with employer costs such as workers compensation, health insurance, Medicare, OPERS retirement, and unemployment;
- **Materials and Supplies** include postage, fuel, medical and office supplies;
- **Contractual Services** consist of boarding of prisoners, attorney fees, travel and training, vehicle and equipment maintenance and repairs and other miscellaneous services;
- **Other** contains return of grants funds, prior year corrections along with other miscellaneous expenses;
- **Capital Outlay** represents expenditures for equipment and vehicles as well as property costs; and
- **Debt Service** is payments for bonds, capital leases and loans.

From 2000 through 2006, the County's rate of growth in revenues matched the growth in expenditures. During this healthy economic period, revenues increased steadily, rising an average of 4.8 percent per year while expenditures increased an average of 4.7 percent per year. As economic conditions began to deteriorate midway through 2008, the County was slow to respond by reducing expenditures. As shown in **Table 1-1**, a significant decline in revenues

occurred in **Table 1-1**; however, expenditure reductions were not instituted until mid-2009.

Chart 1-1 displays expenditures per month for 2007 through 2009.

Chart 1-1: Butler County Expenditures



Source: Butler County expenditure ledgers

Though the County's revenues decreased by approximately \$13 million in 2008 and an additional \$10 million in 2009, **Chart 1-1** shows that the County did not take measures to address the deteriorating financial picture until 2009. In this year, the County reduced year-over-year expenditures in nine of the twelve months. In contrast, in 2008, the County outspent the same month of the prior year in ten of the twelve months despite knowledge of a significant reduction in revenues. Specifically in February, March, August, September and October 2008, expenditures compared to the same month of the prior year were significantly higher. **Table 1-3**, displays the County's historical General Fund expenditures, showing that spending was reduced approximately \$5.4 million from 2007 to 2009. In this same time period, however, revenues fell by approximately \$23 million.

Table 1-3: Historical General Fund Expenditures

	2007	2008	Percentage Change	2009	Percentage Change	Three Year Change
Personal Services	\$49,790,282	\$54,009,475	8.5%	\$51,680,010	(4.3%)	3.8%
Materials and Supplies	\$3,885,564	\$3,809,309	(2.0%)	\$3,054,138	(19.8%)	-21.4%
Contracted Services	\$35,289,655	\$35,513,586	0.6%	\$30,555,971	(14.0%)	-13.4%
Other	\$2,408,184	\$4,936,604	105.0%	\$3,048,634	(38.2%)	26.6%
Capital Outlay	\$3,473,718	\$0	(100.0%)	\$0	N/A	-100.0%
Debt Service	\$8,469,014	\$9,440,652	11.5%	\$9,532,820	1.0%	12.6%
Total	\$103,316,417	\$107,709,626	4.3%	\$97,871,573	(9.1%)	-5.3%

Source: CAFRs

As shown in **Table 1-3**, the County was able to reduce expenditures over 9 percent in 2009. This was primarily accomplished by reducing contracted services by approximately \$5 million (14 percent reduction) and personal services by approximately \$2.5 million (4.3 percent decrease). Personal and contracted services comprise the largest portion of total expenditures. While salaries and benefits comprise the majority of personal services, expenditures for the operation of the County's general communication system comprises a large portion of the contracted services line-item. In 2009, the County made a concerted effort to decrease spending in discretionary areas such materials and supplies and other expenditures. In addition, capital expenditures were eliminated in 2008 and 2009. As the financial condition of the County deteriorated further in 2010 and into the 2011 budget creation period, identifying areas of discretionary spending became increasingly difficult. In addition, the fixed nature of debt service payments resulted in debt obligations consuming a larger portion of revenues in a recessionary economic period like that which occurred from 2008 through 2010. As a result, the County is now faced with difficult decisions regarding its finances in order to maintain the General Fund balance levels outlined in the Office of Management and Budget (OMB's) July 2010 resolution.

Discretionary Expenditures

Table 1-4 shows the identifiable General Fund discretionary expenditures for 2007 through 2009.

Table 1-4: Identified Discretionary Expenditures

	2007	2008	Percent Change	2009	Percent Change	Three Year Change
Professional Development	\$42,280	\$29,308	(30.7%)	\$24,946	(14.9%)	(41.0%)
Travel and Training	\$353,057	\$404,761	14.6%	\$261,529	(35.4%)	(25.9%)
Calendars	\$116	\$1,424	1123.0%	\$0	(100.0%)	(100.0%)
Flags	\$1,503	\$1,597	6.2%	\$5,654	254.0%	276.1%
Food and Meals	\$1,853	\$1,684	(9.1%)	\$194	(88.5%)	(89.5%)
Furniture	\$16,120	\$1,415	(91.2%)	\$8,861	526.2%	(45.0%)
Kitchen	\$622	\$762	22.5%	\$1,005	31.9%	61.6%
Miscellaneous	\$4,241	\$6,948	63.8%	\$50	(99.3%)	(98.8%)
Plants and Flowers	\$308	\$100	(67.6%)	\$167	67.6%	(45.7%)
Software	\$6,447	\$532	(91.7%)	\$2,399	350.9%	(62.8%)
Water	\$4,035	\$5,450	35.1%	\$803	(85.3%)	(80.1%)
Total	\$430,582	\$453,981	5.4%	\$305,608	(32.7%)	(29.0%)

Source: Butler County expenditure reports

As shown in **Table 1-4**, the County reduced its discretionary expenditures by approximately 29.0 percent from 2007 through 2009. Items that experienced the greatest cut in spending were professional development, travel and training, calendars, food and meals, furniture, miscellaneous, and water. However, in 2009, the County did still incur expenditures for items such as flags, plants, fair passes, and bottled water for offices. In addition, \$8,861 was expended on office furniture in a period when the county was unsure of the level of surplus furniture that was available for use (see **R1.7**). It should be noted that expenditures listed in **Table 1-4** represent only those expenditures that were identifiable. A majority of items were purchased through blanket purchase orders or recorded as general cost categories. It is reasonable to assume that there was a significant level of discretionary expenditures that were incurred by the County that could not be identified and included in this analysis.

Peer Comparisons

Revenues

Table 1-5 displays the County's revenue generation per capita compared to the peers. To mitigate difference in the size of population and to ensure a reliable comparison, revenue per 1,000 residents is used in this analysis.

Table 1-5: 2009 Revenue per 1,000 County Residents

	Butler County	Peer Average	Percent Variance
Property Taxes	\$41,479	\$39,605	4.7%
Sales Taxes	\$81,699	\$43,440	88.1%
Other Taxes	\$0	\$2,544	(100.0%)
Total Taxes	\$123,178	\$113,584	8.4%
Charges for Services	\$60,762	\$30,378	100.0%
Licenses and Permits	\$42	\$6,428	(99.3%)
Fines and Forfeitures	\$4,618	\$3,087	49.6%
Intergovernmental	\$20,562	\$28,833	(28.7%)
Investment Earnings	\$12,970	\$15,765	(17.7%)
Miscellaneous	\$5,539	\$7,117	(22.2%)
Total	\$227,671	\$205,191	11.0%

Source: Butler County and peer county 2009 CAFRs

As shown in **Table 1-5**, the County generated approximately \$22,000 more per 1,000 residents than the peer average. This significant difference is the result of two factors: tax generation and charges for services. In 2009, Butler County's tax revenue was 8.4 percent higher than the peers with both property and sales tax revenues exceeding the peers on a per 1,000 resident basis. In addition, the County was able to generate more than double the peer average revenue for charges for services. **Table 1-6** displays the revenue structure of Butler County and the peer average.

Table 1-6: 2009 Revenue Structure (Revenue Type as a % of Total)

	Butler County	Peer Average	Percent Variance
Property Taxes	18.2%	22.4%	(4.2%)
Sales Taxes	35.9%	20.2%	15.7%
Other Taxes	0.0%	1.1%	(1.1%)
Total Taxes Subtotal	54.1%	55.1%	(1.0%)
Charges for Services	26.7%	14.3%	12.4%
Licenses and Permits	0.0%	3.9%	(3.9%)
Fines and Forfeitures	2.0%	1.5%	0.5%
Fees Subtotal	28.7%	19.7%	9.0%
Intergovernmental	9.0%	14.5%	(5.5%)
Investment Earnings	5.7%	7.3%	(1.6%)
Miscellaneous	2.4%	3.4%	(1.0%)
Total	100.0%	100.0%	0.0%

Source: Butler County and peer county 2009 CAFRs

As shown in **Table 1-6**, the County has a revenue structure similar to its peers. Although the percentage of revenues generated by taxes was similar, the level of taxes generated from each source varied inversely to the peers. Specifically, Butler County generated 36 percent of its revenues from sales taxes compared to approximately 20 percent for the peers. Conversely, the County generated 18 percent of total revenues from property taxes compared to 22 percent for the peers. In total, both Butler County and the peers generated a similar percentage of revenues through taxes (54.1 percent for Butler County versus 55.1 percent for the peer average). In

examining revenues not generated from taxes, it can be seen that the major difference occurs in the charges for services and intergovernmental line-items. As seen in **Table 1-6**, Butler County was deficient in receiving intergovernmental revenues in comparison to the peers. In 2009, the County received almost 9 percent of its total revenues from this source compared to 14.5 percent for the peers. However, the County generated a significantly higher level of charges for services revenues than the peer average.

Expenditures

Table 1-7 compares expenditures per 1,000 county residents between Butler County and the peer average.

Table 1-7: 2009 Expenditures per 1,000 Residents

	Butler County	Peer Average	Percent Variance
Personal Services	\$142,297	\$157,435	(9.6%)
Materials and Supplies	\$8,409	\$9,174	(8.3%)
Contracted Services	\$84,134	\$33,125	154.0%
Other Expenditures	\$8,394	\$8,174	2.7%
Capital Outlay	\$0	\$1,299	(100.0%)
Leases/Debt Service	\$26,248	\$86	30,492.5%
Total	\$269,482	\$207,590	29.8%

Source: Butler County and peer county 2009 CAFRs

As shown in **Table 1-7**, the County spends significantly more on debt service than the peers. In 2009, Butler County spent \$26,248 per 1,000 residents compared to just \$86 for the peers, illustrating that the County is highly burdened with General Fund debt. Overall, it spent approximately 30 percent more per 1,000 residents than the peer average, an amount that can be primarily attributed to the debt service payments and contracted services. Aside from debt service and other expenditures, the County spent less per 1,000 residents in every remaining category. In personal services, the largest expenditure classification, the County spent 9.6 percent less per 1,000 residents than the peer average. **Table 1-8** further analyzes the County's expenditures by comparing the expenditure structure to the peers.

Table 1-8: 2009 Expenditure Structure

	Butler County	Peer Average	Percent Variance
Personal Services	52.8%	74.8%	(22.0%)
Materials and Supplies	3.1%	4.2%	(1.1%)
Contracted Services	31.2%	16.6%	14.6%
Other Expenditures	3.1%	4.6%	(1.5%)
Capital Outlay	0.0%	0.7%	(0.7%)
Leases/Debt Service	9.8%	0.0%	9.8%
Total	100.0%	100.0%	0.0%

Source: 2009 CAFRs and county financial reports

Table 1-8 shows the burden that the significant debt incurred by the County has placed on the General Fund. In 2009, the County had to allocate 9.7 percent of its General Fund expenditures towards debt service, compared to less than 0.1 percent for the peers. In addition, Butler County allocated over 31 percent of total expenditures towards contracted services, primarily due to payments for the general communication system. This high level of debt service and contracted services skews the other percentages shown, resulting in the County having a significantly lower percentage of expenditures in every other expenditure category. Ultimately, the County has a lower percentage of expenditures that it can reduce when implementing fiscal austerity measures.

Debt

ORC 133.07 sets limits on the level of debt that a county can incur. Limits set on debt are contingent on the ability of the county to service its debt—based on the tax valuation of the county. For debt incurred for all purposes, net indebtedness cannot exceed an amount equal to 1 percent of the county's tax valuation. For debt incurred for the purpose of paying a county's share of the cost of the construction, improvement, maintenance, or repair of state highways, the limit cannot exceed an amount equal to 0.5 percent of tax valuation. In addition, for counties such as Butler County that have tax valuations exceeding \$300 million, net indebtedness shall not exceed \$6 million plus 2.5 percent of the tax valuation in excess of \$300 million (this provision primarily governs voted general obligation debt).

Table 1-9 displays debt ratios of Butler County in comparison to the peer average.

Table 1-9: Debt Ratios

	Butler County	Peer Average	Percent Variance
Legal Debt Margin/Debt Limit	78.5%	90.6%	(12.1%)
Unvoted Debt Margin/Unvoted Debt Limit	46.8%	77.0%	(30.2%)
Debt per Capita	\$677.00	\$316.99	\$360.01

Source: County 2009 CAFRs and 2009 U.S. Census Data

As shown in **Table 1-9**, Butler County has more than double the peer average level of debt per capita, signifying that the County is heavily leveraged.⁴ This is further evidenced by the legal debt margin ratios. Based on 2009 debt levels, Butler County accessed 21.5 percent of its legal debt margin leaving 78.5 percent remaining (general obligation bonds), significantly below the peer average of almost 91 percent. Due to the significant level of General Fund revenue bonds issued, the County reached approximately 47 percent of its unvoted debt limit in 2009. In comparison to the peer average, Butler County used a far greater portion of its unvoted debt limit (53.2 percent compared to 13.0 percent).

In the previous decade, Butler County's population grew by approximately 9 percent, making it

⁴ According to the County, the level of debt incurred has provided numerous assets to the County. For example, by borrowing money to build a new government services center, the County reduced rental expense and was able to accommodate the growth of its common pleas court system. It also enabled facilities for a new domestic relations judgeship to be created to handle an exploding domestic relations backlog. Furthermore, it also enabled the County to lease surplus jail space to the federal government and to other Ohio counties, like Hamilton and Warren that were confronted with inadequate numbers of jail beds to house their own offenders while creating a new and unexpected revenue source for the county to stave off declining tax revenues.

one of the fastest growing counties in the State. According to Moody's Investors Services, debt service to operating expenditures typically ranges from 5 to 15 percent. However, entities that have experienced rapid growth may have a significantly higher ratio. In 2009, the County's debt service as a percentage of operating expenditures was 9.7 percent, putting Butler County in the middle of the Moody's range despite the rapid growth and significant level of capital expenditures that were completed to accommodate this growth.

In July 2010, the Commissioners and the OMB created a debt management policy that included debt stipulations based on the ratio of General Fund debt service payments to General Fund revenues. At the time of the creation of the policy, the County set this ratio at 11.4 percent and noted this amount was not to be exceeded (see **R1.6** for additional information on the County's debt management policy). **Table 1-10** displays the ratio of debt service to revenues for the General Fund. Projected amounts are based on the County's assumptions that revenues will drop 2.5 percent in 2011, increase 0.4 percent in 2012, and increase 0.8 percent in years 2013, 2014 and 2015.

Table 1-10: Debt Service to General Fund Revenues

	Actual 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015
Total GF Revenues	\$85,895,000	\$80,200,000	\$78,200,000	\$78,500,000	\$79,106,000	\$79,724,120	\$80,354,602
GF Debt less Revenue Bonds	\$8,964,599	\$9,027,376	\$9,140,085	\$8,411,912	\$7,892,528	\$7,797,565	\$7,643,059
Debt Service to GF Revenues (less Revenue Bonds)	10.4%	11.3%	11.7%	10.7%	10.0%	9.8%	9.5%
Total GF Debt Service	\$11,928,799	\$19,751,338	\$11,969,447	\$11,267,675	\$10,725,665	\$10,634,452	\$10,478,196
Debt Service to GF Revenue (total)	13.9%	24.6%	15.3%	14.4%	13.6%	13.3%	13.0%

Source: Butler County Debt Schedule and CAFR

Note: Revenue debt service or sales tax specific debt service is not included as outlined in the County's Debt Management Policy.

As shown in **Table 1-10**, with the exception of 2011, the County should be able to maintain its policy of limiting general obligation debt to 11.4 percent of General Fund revenues. Data in the table assumes a slight increase in revenues each year. For the County to fall within its identified debt limit in 2011, revenues would have to increase to a level over \$80 million.

Recommendations

R1.1 Create a County-wide strategic plan.

Butler County should create and adopt a County-wide strategic plan. In creating the plan, each County Office, Department, and Board should participate in formulating goals and performance measures and should publicly report this information, including annual status updates. To be most effective, the plan should, at a minimum, include the input and operations of the Commission, all row offices, and the judicial functions of the County.

Butler County has not created a County-wide strategic plan that outlines its mission and goals and defines how they will be measured and achieved. Though some offices, departments and boards have strategic plans, these are not integrated into a County-wide strategic plan or County-wide goals. In other cases, County offices do not publicly report long-range planning or goal setting and do not publicize performance measures or data upon which such measures could be based.

Numerous human service agencies within the County have long-term plans. For example, the Butler County Board of Developmental Disabilities has developed a model strategic plan, which has helped the Board tailor its services to meet resource constraints. The Board's plan includes not only strategies based on optimal conditions, but also contingency plans for catastrophic occurrences. These scenarios help ensure it is prepared to continue its services in the event of severe funding constraints or other external events. Other human services agencies also have department or board-level strategic plans, including the Butler County Mental Health Board, which has a four-year plan, and the Butler County Alcohol and Drug Addiction Services Board and the Butler County Child Support Enforcement Agency, each of which has a two-year plan.

According to the GFOA, all governmental entities should use some form of strategic planning to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between authorized spending and broad organizational goals. While there is not a single best approach to strategic planning, a sound strategic planning process will include the following key steps: initiate the strategic planning process under the authorization of the organization's chief executive, prepare a mission statement, and assess environmental factors.

Several counties have created model strategic plans that have helped guide county operations and management decision-making. Maricopa County, Arizona, has operated on the forefront for strategic planning and performance measurement and was awarded a GFOA Award of Excellence in 2002 for accounting, auditing, and financial reporting. In creating its strategic plan, Maricopa County required goals and performance measurement tools from each county department. This information was then used to create a county-wide strategic plan that includes identified goals and performance measurements used to determine the success of the goals. Other counties using similar plans include Mesa County, Colorado and Polk County, Florida. These plans help elected officials identify programs that are effective in achieving county goals and direct resources to programs most likely to achieve the outcomes desired by the counties.

The County has historically not perceived the need for a formal, County-wide strategic plan.⁵ As a result, only select departments or Boards have created and maintained strategic plans. In addition, Ohio law does not encourage or require separately elected officials to work together in framing the future direction of the County. Though the Commission is responsible for the County's budget, strategic direction and allocation of resources is determined by each separately-elected official. Finally, the scarcity of financial resources in recent budgeting periods has created an environment of competition, rather than collaboration, which diminishes the likelihood of elected officials coordinating services through strategic planning.

The lack of an effective strategic plan tailored to the County's operations leaves administrators and leaders without coordination in pursuing goals or missions governing their operations. As a result, particularly in times of budgetary constraints, the offices and departments compete for scarce resources, rather than working together to achieve common goals for the residents of Butler County. This competition can lead to less effective operations, reduced service capacity, and the potential to provide programs and services that are not needed or used by the public.

R1.2 Implement a County-wide performance measurement system.

Butler County, including each County Office, Department, and Board should implement a performance measurement system. In implementing this system, elected officials should establish a mission statement and goals that reflect the needs of the citizens of the County related to each of their offices and departments, as well as the County as a whole. After determining its mission and goals, performance measures should be established that enable the County and its residents to assess the extent to which goals are being attained. The mission, goals and performance measurements should be linked to the budget and strategic plan.

By developing performance measures in conjunction with recommended strategic planning and budgeting, the County can more effectively monitor goal achievement, better allocate scarce resources, and provide regular progress reports to residents. To implement a performance measurement system, the Commissioners could require performance management data as part of the annual budget submission process (see R1.3 on performance based budgeting). Successful implementation of this recommendation will require the participation and cooperation of all elected County officials and appointed boards.

The County does not have a County-wide performance measurement system. Historically, some offices and departments included measures in their annual budgets to illustrate the effectiveness of certain programs and functions. Likewise, those offices and departments use the measures internally to gauge their efficiency and effectiveness and make department-level management decisions. Though several offices and departments have varying degrees of performance measurement information, this information has not been used for management-decision making at the highest levels within the County. Overall, the County does not have a system that would aid it in determining which programs, services, or departments are achieving the County's goals

⁵ During the planning phase of the audit it was noted that as part of the last budget cycle, the County requested that each elected office prepare and submit a listing of statutory program/service requirements.

and contributing to its overall mission. Furthermore, the County, many elected officials, and county residents do not have a means to determine if individual offices and departments are meeting goals and operating in an efficient and effective manner.

According to the GFOA, meaningful performance measures can assist government officials and citizens in identifying financial and program results when used in the long-term planning and goal setting process and linked to the entity's mission, goals, and objectives. Therefore, the GFOA encourages all governments to utilize 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. Governments in the early stages of incorporating performance measures into their budget process should strive to develop a mission statement for government and its service delivery units in terms of programs by evaluating the needs of the community. In further implementing a performance measurement process, governments should identify:

- **Goals**, short- and long-term, that contribute to the attainment of the mission;
- **Program goals and objectives** that are specific in timeframe and measurable to accomplish goals;
- **Performance measures** for a manageable number of services within programs;
- **Program inputs** that address the amount of resources allocated to each program;
- **Program outputs** that address the amount of service units produced;
- **Program efficiencies** that address the cost of providing a unit of service; and
- **Program outcomes** that address the extent to which the goals of the program have been accomplished.

Organizations should also take steps to ensure the entire organization is receptive to evaluation of performance and integrate performance measurements into the budget that at a minimum contain program goals as well as input, output, efficiency and outcome measures. Finally, program changes and costs should be documented and calculated in order to review their effectiveness.

In 2006, a study by GFOA found that 86 percent of governmental jurisdictions with populations exceeding 250,000 used some variation of a performance management system. Within Ohio, Franklin County has been one of the leaders in developing an effective performance management system for county government. Citing the need to make financial and operational decisions based on performance information and to give elected officials the ability to inform citizen owners about return on investment, Franklin County began the implementation of its performance measurement system in 2001. When completed, the county had identified 218 separate programs and developed performance measures for each. Franklin County then required departments and agencies to collect and report performance measurement data on a monthly basis. These results were then used to determine program performance and were the first step completed in the county's move to a performance based budgeting system. Additional examples of performance measures can be found in leading practice counties that use effective strategic planning and performance-based budgeting.

Because there is no County-wide long-range planning (see **R1.1**), the need for performance

measures has not been recognized. In addition, there has been no incentive for those offices and departments that maintain measures to publicize them or to incorporate them into budget submissions (see **R1.3**).

Without a performance measurement system, the County is not able to evaluate the efficiency or effectiveness of the programs and services it offers. This may lead to the allocation of funds for inefficient practices or ineffective programs or those programs not needed or wanted by the community. Particularly in periods of financial constraint, having a set of measures that are applicable to offices and departments County-wide, can help elected officials make better, more informed decisions about the allocation of resources.

R1.3 Implement a performance based budgeting system.

Butler County, including each County Office, Department, and Board should implement a performance based budgeting system that would allow administrators to more effectively measure the efficiency and effectiveness of departments and programs and make informed resource decisions. In order to create this system, the County must identify the services it provides and performance measures that will help it to assess each department or service. The County should require each Office or Department to collect performance measures to be included in its data submission to the Commissioners' Office during the budget hearing process (see R1.2).

Although the County has a budget submission process and budget instructions for the budget system, not all County office holders use the County's formalized approach. Under the County's budget process, there are no standards to govern budget data submitted to the Commissioners by those offices, departments, and boards that are not under the control of the Commissioner's Office. As a result, the Commissioners are not in a position to make the most informed decisions on budgeted amounts for these units. The resulting budget is based on office or department/program size and its relation to total General Fund expenditures as opposed to office or department/program success or efficiency as would be the case with a performance based system.

According to GFOA, a government should prepare general policy guidelines and budget preparation instructions for each budget cycle. Budget guidelines and instructions help ensure that the budget is prepared in a manner consistent with government policies and the desires of management and the legislative body. Instructions are necessary so that all participants know what is expected, thereby minimizing misunderstanding and extra work. Budget guidelines are specific to the particular budget under development and should incorporate relevant aspects of the government's financial policies. They may set forth financial constraints and key assumptions that will be used to guide development of the budget, as well as policy direction. Instructions often include sample forms to be completed by operating departments or program heads.

GFOA recommends that program and service performance measures be developed and used as an important component of long-term strategic planning and decision making which should be linked to governmental budgeting. According to GFOA, performance measures should be based

on program goals and objectives that tie to a statement of program mission or purpose; measure program outcomes; provide for resource allocation comparisons over time; and measure efficiency and effectiveness for continuous improvement.

Beginning in 2001, Franklin County, Ohio implemented a performance management process that included performance based budgeting. Under this budget system, administrators inventoried the County's services and created a performance measurement suite for each program. After creating measurement tools, the County required each department to collect performance measures on a monthly basis. Row offices, the judiciary, and other boards and commissions were integrated into the process over a three year period. As a result of this system, Franklin County leaders were better positioned to make financial decisions. In addition, the County was able to increase efficiency as the system created a clear measurement of the success of programs and services.

Prior to the creation of the OMB, Butler County did not have a formal budget process. Although the creation of OMB has resulted in a process and a budget document that meets many best practice characteristics, the level of information provided to the Commissioners continues to vary by Office and Department.

By not having formal requirements for information to be submitted at the annual budget hearings, the Commissioners may not be in an optimal position to make informed decisions. As a result, budget decisions have been made by requiring standard cuts across offices departments and agencies as opposed to identifying areas that could result in the greatest efficiencies for the County.

R1.4 Improve the presentation of the five-year forecast by including detail and assumptions to meet recommended practices.

Butler County, including each County Office, Department, and Board should improve the quality of its financial forecast by including detailed projections for all major revenue sources and expenditure line items. The County should also create detailed assumptions that outline the methodology used to create the projections included in the forecast. Expanding the forecast to include best and worst case scenarios would also improve the usefulness of the forecast as a planning document. County administrators and elected officials should periodically compare forecasted to actual revenues and expenditures to determine why major variances occurred and to assess the methodology used in the forecasting. The forecast should be made available to the public and used as a communication tool that conveys the view of the County's future operations.

The Butler County OMB recently created its first five-year financial forecast that covers 2011-2015. This forecast projects revenues and expenditures in whole and the projected ending fund balance. The forecast does not break out and project major funding sources and expenditures by line-item and does not include any detailed assumptions. The OMB Director stated that his intention with the initial forecast was to provide the Commissioners with a projection on ending fund balances with total revenue increases of 1-2 percent and total expenditure increases of 2 percent. The OMB Director plans to expand on the forecast in the future and include more

detailed projections and assumptions.⁶

GFOA recommends that financial forecasts include underlying assumptions and methodology and be clearly stated and made available to participants in the budget process. Forecasts should also be referenced in the final budget document. To improve future forecasting, the variances between previous forecast and actual amounts should be analyzed. The variance analysis should identify the factors that influence revenue collections, expenditure levels, and forecast assumptions.

One municipality, the City of Sunnyvale, California was singled out by GFOA as a governmental entity that has implemented a model financial forecasting policy. According to GFOA, the city's charter study committee (made up of citizens) recommended amending the city charter to require 10-year financial plans. This recommendation was accepted by city leaders and is now required in the Sunnyvale City Council Policy Manual. As a result of this policy adoption:

- City council must maintain a long term fiscal perspective by annually preparing a twenty-year long term financial plan for each fund. Those funds which account for intergovernmental grants will only include known entitlements
- Major financial decisions should be made in the context of this plan;
- Long term financial planning should enable the current service level provided to be sustained over time through the strategic use of reserves; and
- Long term financial plans should be used to communicate the fiscal impact of city decisions to all stakeholders whenever possible.

In 2009, Crawford County Ohio became one of the first counties in the State of Ohio to build a financial forecasting model. Crawford County developed a three-year forecast that its Board of County Commissioners uses each year in conjunction with the budgetary process. The forecast provides a three-year historical perspective of actual revenues and expenditures along with three years of projected revenues and expenditures which are compiled using significant financial assumptions provided by the Commissioners, individual office holders, the Crawford County Budget Commission and the Auditor of State. Beginning in 2010, the newly created financial forecast was used by the Commissioners to set spending levels for all departments and agencies within the General Fund of the county. The Crawford County Board of Commissioners pointed to their concern over the state of the economy and its effect on the County's ability to continue to provide services as reasoning for the forecast creation. However, Crawford County also cited the forecast's potential use as a communication tool between the County and its citizens.

Prior to the development of the OMB, Butler County officials did not feel that there was a need for a detailed five-year forecast. Planning was based on yearly budgeting.

By not creating and updating a detailed five-year forecast, County officials have not been in an optimal position to plan beyond the ensuing fiscal year. Early indicators that can alert officials to significant swings in revenues and expenditures may not be recognized without a detailed planning document and may force the County to take reactionary measures as opposed to taking

⁶ During the course of the audit, the OMB Director noted that since most revenues have leveled off, and the state reductions are known, a five year forecast will be completed in detail during 2011.

proactive steps years in advance.

R1.5 Create a County-wide capital plan to better manage capital asset investments.

The County should create a formal County-wide capital plan that includes an inventory of all capital assets, the life cycle of assets, and funding sources for replacement. In creating the capital plan, the Commissioners and elected officials should develop function and/or conditional performance standards that establish the threshold for replacement for each type of capital asset. As its financial condition improves, the County should ensure that sufficient funds are allocated for preventive maintenance, repair, and replacement of assets.

However, during this period of financial constraint, elected officials should annually consider the implications of deferred maintenance and replacement and selectively address problem areas within the boundaries of available funding. The capital plan should be updated every one to three years and made available to the public.

Butler County has not created a formal County-wide capital asset plan that includes an inventory, projected useful life, or replacement funding sources for capital assets, such as buildings, vehicles, and equipment.⁷ Funding constraints in the General Fund have caused the County to abandon plans for the maintenance of its courthouse and, as a result, the building is falling into disrepair. Other buildings have been closed but not sold and offices have been moved out to other locations. As a result, the County now manages significant empty space (or offices have expanded to fill the empty space). Some General Fund offices have future plans for certain buildings, but these are not integrated into a County-wide plan for facilities and funding has not been allocated for converting these facilities to their future use (see *public works*). Vehicle and equipment maintenance and purchases are also not coordinated on a County-wide basis, although the Commissioners exercise control over functions directly related to their scope of responsibility, such as information technology and telecommunications. While the Information Services Department has a capital plan, it has not been funded in recent years (see *information technology in Administrative Offices and Departments*).

Several of the County's offices, departments and boards have capital plans but there is not an integrated depiction of the capital needs of the County as a whole. In many cases, these components of County government have dedicated funding streams, as in the case of the Butler County Engineer and Environmental Services (Water & Sewer), or have plans for specific buildings, as in the case of the Butler County Alcohol and Drug Addiction Services Board. On an informal basis, some departments and offices compare asset holdings and make decisions about capital assets based on sharing arrangements. While effective on a small scale, these practices would have greater value if extended County-wide and formalized.

⁷ During the course of the audit it was noted that the creation of a County-wide capital plan will be a priority of the new Facility Manager.

GFOA recommends that local governments establish a system for assessing their assets and then appropriately plan and budget for any capital maintenance and replacement needs. This includes:

- **Developing a policy** to require a complete inventory and periodic measurement of the physical condition of all existing capital assets.
- **Establishing condition/functional performance standards** to be maintained for each type of capital assets.
- **Evaluating existing assets** to determine if they still provide the most appropriate method to deliver.
- **Allocating sufficient funds** in the multi-year capital plan and annual operations budget for condition assessment, preventative maintenance, repair and replacement of capital assets in order to continue the provision of services that contribute to public health, safety, and quality of life of the public.
- **Monitoring and communicating progress** toward stated goals and the overall condition of its capital assets with appropriate controls to ensure the validity and accuracy of the information.
- **Providing a “plain language” report** on capital facilities to elected officials and made available to the general public that describe the condition ratings, replacement life cycle(s) by infrastructure type, funding sources for assets, and other capital asset information at least every one to three years.

The State of Minnesota, Office of the Legislative Auditor has created a document that details Preventive Maintenance for Local Government Buildings. This document details best practices for buildings such as inventorying buildings and detailing their condition, prioritizing maintenance projects, and budgeting strategically. Franklin County, Ohio is one entity in Ohio that has created a formal capital plan containing essential information for effectively and efficiently maintaining its fixed assets. This five-year capital plan shows each capital project expense needed for the five year period. Projects are presented by year and show the office, agency or department requesting the capital assets funds as well as the reason the allocation is needed. Other information such as the location and brief description of the project are included.

The OMB Director stated that he plans to create a formal capital maintenance plan. He noted that due to the County's financial condition, the Commissioners feel that capital planning is not a priority as there is no available funding for capital asset purchase and only limited funding for preventative maintenance and repair. In addition, County offices do not routinely consolidate planning information and, as a result, no County-wide depiction of capital needs exists.

The lack of formal County-wide capital planning may leave the County with an increasing number of capital assets that are out of date or in disrepair. In addition, County officials may not be in an optimal position to identify which repairs, purchases or maintenance is the highest priority to County operations or public use. Without a capital plan, the County runs the risk of misallocating the limited funds available for capital assets to areas that do not achieve maximum benefit.

R1.6 Include additional provisions in its debt management policy to ensure greater future control over debt-issuance.

The County should include additional provisions concerning debt limits, public policy limits, structuring, and derivative use in its debt management policy. Including these provisions will ensure that the County covers the entire spectrum of potential issues and risks when issuing debt. Additionally, the County should set thresholds for the types of debt that can be issued and create formal procedures for issuing debt within the policy. This will result in greater consistency and continuity in future financial decisions.

In response to the financial condition of the County and the growing debt load, OMB and the Commissioners created a debt management policy in July 2010. This policy sets a debt limit of 11.4 percent. This threshold governs only general obligation debt. There is no threshold set or any policy that dictates revenue or sales tax specific debt. Additionally, the policy does not set limits concerning the types of debt that can be issued, the structure of any new debt, or formal procedures for the issuance of debt.

GFOA recommends that all state and local governments adopt comprehensive written debt management policies and that governments review them at least annually and revise them as necessary. An effective debt management policy should address debt limits that dictate legal, public policy, and financial concerns for all types of debt. An effective policy should also outline:

- Policies regarding the debt structuring practices for each type of bond, including maximum term, average maturity, debt service pattern such as equal payments or equal principal amortization, use of optional redemption features that reflect market conditions and/or needs of the government and the use of variable or fixed-rate debt, credit enhancements, derivatives, and short-term debt, and limitations as to when each can be used as well as other structuring practices should be considered such as capitalized interest, deferral of principal and/or other internal credit support, including general obligation pledges.
- Guidance regarding the issuance process for each type of debt, including criteria for determining the sale method (competitive, negotiated, placement) and investment of proceeds and for issuance of advance refunding and current refunding bonds, selection and use of professional service providers, the use of comparative bond pricing services or market indices as a benchmark in negotiated transactions as well as to evaluate final bond pricing results, and the use of credit ratings, minimum bond ratings, determination of the number of ratings, and selection of rating services.
- Guidance for ongoing administrative activities such as investment of bond proceeds, primary and secondary market disclosure practices, including annual certifications as required, arbitrage rebate monitoring and filing, federal and state law compliance practices, and market and investor relations efforts.

Additionally, for those counties that may use or consider using derivatives, the policy should outline how derivatives fit within the overall debt management program, the conditions under which derivatives can be utilized, the types of derivatives that may be employed or are prohibited, approaches for measuring, evaluating, and managing derivative risk, including basis

risk, tax risk, counter-party risk, termination risk, liquidity renewal risk, remarketing risk, and credit risk and the methods for procuring and selecting derivative products.

The increasing debt ratios of the County and the prospect of paying higher rates for future debt resulted in the Commissioners and the OMB creating a debt management policy. The Commissioners' Office realized the need for a policy and pointed to its ability to provide guidance to decision makers when financial planning and demonstrated a commitment to long-term planning for the County's liabilities.

Due to the County's declining revenues and budget reductions, servicing the County's debt will continue to burden the General Fund. The lack of a comprehensive debt management policy left County decision makers with little formal guidance on the effect of incurring debt on the financial condition of the County.

R1.7 Develop a fixed asset management system.

The County should develop or purchase a fixed asset management system that at a minimum allows it to determine its total inventory of buildings, vehicles, computers and other equipment. The County should require all capital assets to be recorded by the central purchasing manager upon purchase and delivery. The County could also benefit from using the system to maintain the useful life and depreciation schedules of all assets purchased.

The County should also adopt a system similar to that used in the Franklin County Auditor's Office that enables the tracking of surplus items that are not large enough in value to be maintained in the capital asset system. This system should be coordinated through the Commissioner's Office and communicated to all County offices and departments so that unnecessary duplicate purchases are avoided.

The County does not have a fixed asset management system that enables it to track capital assets County-wide. As a result, the County was unable to produce accurate inventory lists for items such as buildings, computers, vehicles, etc., when requested by auditors. For non-capital surplus items, there is no County-wide system to track when items are no longer used by an office or department and are available for use in others. According to the Auditor, the system that has been in use for approximately ten years has several drawbacks in addition to the absence of a fixed asset management module. The Butler County Auditor's Office has developed an interoffice list that identifies surplus or unused office supplies and equipment. This system has not been implemented on a County-wide basis; however, the Auditor's Office has tentative plans to purchase a new enterprise resource planning (ERP) system designed to conform to government operations. According to the Auditor, one of the main functions of the new system will be the ability to track and manage the County's fixed assets. A new system, designed more for governmental use could streamline the County's payroll, human resources, asset management, and purchase order system. According to the Auditor, should the County decide to purchase a new system, it could be in place and operational in 2013.

GFOA recommends developing a policy requiring a complete inventory and periodic

measurement of the physical condition of all existing capital assets. The assessment should document the established methods of condition assessment, including any that are used to evaluate below-ground infrastructure. This physical condition inventory and the measures used should be kept current, with facility condition ratings updated every one to three years. GFOA further states the inventory should contain several pieces of essential information, including asset location, physical dimensions and condition, usage statistics, and remaining useful life.

Franklin County, Ohio has had its fixed asset management system in use for 12 years. This system is a module that is an add-on to the enterprise resource system used by the County. It tracks all capital assets purchased in excess of \$5,000 including vehicles, computers, buildings and equipment. The system also tracks depreciation and useful life. Franklin County does not have a formal system to track non-capital surplus items; however, it does have an employee who maintains an inventory at the surplus location that departments can contact to inquire about item availability.

The County has not historically seen the need for a formal capital asset management system. However, poor communication between departments has resulted in the County being unable to identify its total inventory for several equipment classifications.

Without a formal asset management system, the County is unable to identify its inventory of buildings, computers, vehicles and other equipment. In addition, the County may not be in position to determine the useful life of its assets. As a result, it runs the risk of not properly planning and allocating funds for replacement purchase at the end of the useful life of an asset, buying duplicate capital assets, or not gaining optimal efficiency out of the assets that it owns.

Human Resources

Background

This section of the performance audit focuses on Butler County's (the County) human resource functions, including policies and procedures, staffing levels and mix, compensation, employee benefits, negotiated agreements, and sick leave. Recommendations were developed to assist the County in its efforts to address projected deficits. Where appropriate, recommendations identify potential cost savings to improve efficiency and business practices. The County's human resource functions were compared with leading practices, industry standards, and selected peer counties.⁸ Leading practices and industry standards were drawn from the State Employment Relations Board (SERB), the Kaiser Family Foundation (Kaiser), the Ohio Department of Administrative Services (DAS), the County Commissioners Association of Ohio (CCAO), the National Association of Counties (NACo), the Ohio Civil Service Employees Association (OCSEA), the American Federation of State, County, and Municipal Employees (AFSCME), the American Society for Public Administration (ASPA), and the Society of Human Resource Management (SHRM).

Organizational Structure and Function

The Ohio Constitution provides authority for the organization and governance of Ohio counties, but the structure, authorities, and responsibilities of counties and county offices are enumerated in the Ohio Revised Code (ORC). Each Ohio county organized under the general statutory law has 11 elected officials. Only two Ohio counties (Summit County and Cuyahoga County) have adopted an alternative form of government, as allowed for in the Constitution and outlined in ORC Chapter 302. The following is a brief description of the key responsibilities of elected officials in Ohio counties (row offices):

- **County Commissioners (3):** All Ohio counties organized under the general statutory law, including Butler County, have three county commissioners who together make up the general administrative body for county government. All formal and official actions must be taken by the board of county commissioners acting as a body by majority or unanimous vote; individual commissioners have no power to act independently. Commissioners are the county government taxing, budgeting, appropriating, and purchasing authority and hold title to county property. They appoint department heads of offices for which they have responsibility, appoint members to a variety of boards and commissions, and serve on some boards themselves. Commissioners work with all other county elected officials, including judges, to assure that they are properly funded to perform their statutory duties. The Butler County Commissioners' Office operations were analyzed in detail in **administrative offices and departments**.

⁸ See the **executive summary** for peer selection methodology.

- **Auditor:** The Auditor is the chief fiscal officer of the county and has the responsibility to keep the official record of all county government receipts and disbursements. It is the responsibility of the county auditor's office to certify to the commissioners an estimate of available revenue that they may appropriate for county agencies and departments. The Auditor certifies that funds are available for purchase, issues warrants to pay county bills, and manages the payroll for all county employees. As the appraiser of real property, the Auditor must ensure that every parcel of land and buildings and improvements is fairly and uniformly appraised and then assessed for tax purposes. In administering Ohio's real property tax law, the auditor must maintain accurate records of real property. The Butler County Auditor's Office operations were analyzed in detail in **administrative offices and departments**.
- **Treasurer:** The Treasurer is the county's banker. When the Auditor issues a warrant for the payment of a county obligation, the Treasurer redeems the warrant and posts it to the proper account, thus providing a check and balance with the auditor. The Treasurer bills and collects taxes on real and personal property, manufactured homes, estate taxes, and vendor and cigarette licenses. The Treasurer serves as the county's investment officer, working under strict legal guidelines, and also has primary responsibility to collect delinquent taxes. The Butler County Treasurer's Office operations were analyzed in detail in **administrative offices and departments**.
- **Prosecutor:** The Prosecuting Attorney (Prosecutor) is the county's criminal and civil attorney. While the Prosecutor is best known to the public for prosecuting criminal actions in the name of the State, the office is also critical to county government because it is the legal advisor to the board of county commissioners and all other county officers and boards. The office also represents libraries, townships, and county school districts, with the exception of city school districts. A county prosecutor also has the responsibility to prosecute all juvenile cases and is often involved in child support cases. Finally, the Prosecutor serves as a member of the county budget commission and works with the Treasurer to collect delinquent property taxes. The Prosecutor's Office was reviewed in detail in **public safety and criminal justice/courts**.
- **Clerk of Courts:** The principal duty of the Clerk of Courts is to keep journals, records, books, and papers pertaining to the court of common pleas and the court of appeals. The clerk's responsibilities involve not only the filing, docketing, indexing, and preserving of all pleadings, but also arriving at decisions regarding the procedures required by law and the issuance of written orders, including summons and subpoenas. The Clerk of Courts is also responsible for issuing titles for motor vehicles and watercraft and generally accepts passport applications and applications for hunting and fishing licenses. Finally, the Clerk of Courts has the responsibility for collecting or disbursing court costs, witness fees, juror fees, fines, appraisal fees, and other costs. The Clerk of Court operations were analyzed in detail in **public safety and criminal justice/courts**.
- **Engineer:** The county Engineer is the county's surveyor and civil engineer. The primary duty of the Engineer is to plan, design, construct, and maintain the county road system, including county bridges. Unlike most other county elected officials' offices, the

Engineer's Office is primarily funded with dedicated motor vehicle license and gasoline taxes. The Butler County Engineer's Office operations were analyzed in detail in **public works**.

- **Coroner:** The Coroner has the responsibility to investigate the cause of any death resulting from criminal or violent means, accidents, or other situations where someone in good health dies, or where a death is suspicious or unusual. In auto accidents resulting in a fatality, the Coroner must determine the blood alcohol content of the person killed in the accident. The Coroner works with law enforcement agencies and the county prosecutor in preparing cases for trial, and often testifies in court as an expert witness on the cause and manner of death. Butler County's Coroner's Office operations were analyzed in **administrative offices and departments**.
- **Recorder:** The Recorder is the county's official keeper of records. The Recorder's Office provides protection to persons and property by recording a variety of legally essential documents. Many of the instruments recorded and maintained by the county recorder relate to real estate transactions. The Recorder accepts for recording deeds, mortgages, mechanic liens, powers of attorney, recognizance bonds, Internal Revenue Service liens, corporate franchise liens, partnerships, and other instruments. The Recorder's Office operations were analyzed in detail in **administrative offices and departments**.
- **Sheriff:** The Sheriff is the county's chief law enforcement officer. Primary duties include maintaining the peace, operating the jail, attending the courts, investigating crimes, and executing processes. The Butler County Sheriff's Office operations were analyzed in **public safety and criminal justice/sheriff's office**.
- **Judges:** In addition to the elected officials described above, each Ohio county has a court of common pleas with one or more elected judges. The number of judges elected in each county is determined by statutory provisions in ORC 2103. Butler County's Court of Common Pleas includes seven general common pleas judges, two domestic relations judges, one probate judge, and two juvenile judges. Each court has its own budget and staff. Butler County's court operations, including staffing levels, were analyzed in detail in **public safety and criminal justice/courts**.

In addition to the offices and departments of elected officials, Ohio law requires counties have various boards, commissions and agencies that provide a range of services to residents. For example, human service agencies aim at improving the lives of residents and include health boards, child support enforcement agencies, jobs and family services, and county care facilities. Veteran service commissions provide services to veterans living in the county while voter registration and election are managed by county boards of elections. The structure, programs, and operations of many of these boards, commissions and agencies in Butler County were analyzed in **human services, public works, and appointed commissions, authorities, and departments**.

Human Resource Management

According to ORC 124.14, each board of county commissioners may, by a resolution adopted by a majority of its members, establish a county personnel department to assume the duties and responsibilities of personnel functions of the Ohio Department of Administrative Services (DAS). By resolution, the Butler County Commissioners established a Personnel Department to handle various human resources functions at the County.

Butler County's Personnel Department consists of three full time employees: the Director of Human Resources and Board Counsel, the Assistant Director of Human Resources and the Administrative Secretary. The Personnel Department provides HR functions for the various County departments under the Commissioners' appointing authority. These functions include posting of position openings, employee recruitment, and interviewing. In addition, the Personnel Department handles some functions for the entire County including workers compensation management and maintaining and interpreting County personnel policies. The County's elected officials, boards, and agencies have their own internal human resource management positions that address remaining issues within the respective offices.

Because of the organizational structure of county government, providing consistency in human resource management across all offices, departments, and agencies can be difficult. Opportunities exist in some key areas within Butler County to bridge the gap in communication and improve the overall management of employee issues. Butler County's Benefits Administrator in the Auditor's Office developed a website to communicate employee health insurance information to all County employees. The website was under final review during the course of the audit and was not yet available to employees. When completed, the website will provide employees with one central place to obtain answers regarding the County's insurance coverage. Other areas where Butler County could improve consistency across County offices and department include personnel policies (see **R2.1**), job descriptions (see **R2.2**), compensation structure (see **R2.6**), and sick leave management (see **R2.7**). Centralizing some of these HR functions may decrease the time spent on human resource functions within each department or office and improve communication of human resource information to employees and managers County wide.

Staffing

Each elected official at Butler County employs his or her own staff to assist with statutory and daily responsibilities. The elected officials have discretion regarding the number of staff employed and the job responsibilities, hours, and compensation of each individual employee. In addition to the elected officials and their respective offices, two other departments are primarily paid with General Fund dollars: the Board of Elections (responsible for administering local elections) and the Veterans Service Commission (responsible for providing assistance to County veterans). In 2009, 58.2 percent of Butler County's General Fund expenditures were for employee's salaries and benefits. With declining General Fund resources (see **financial management and strategic planning**), staffing levels are an essential component of potential reductions needed to balance the County's budget.

Butler County's staffing levels within departments, offices, agencies, and boards have changed over recent years. Decreases in staffing are often attributed to financial conditions and stricter budgets while increases may reflect growth or additional responsibilities taken on by the County. To obtain a better understanding of staffing changes, a trend analysis was completed on an office or department basis. **Table 2-1** illustrates staffing levels at Butler County in 2006, 2008, and 2010. Departments that are largely funded by the General Fund are noted with an asterisk (*).

Table 2-1: Butler County Historical Staffing Trend

	2006	2008	2010	FTE Change	% Increase (Decrease)
Commissioners					
Elected Officials *	3.00	3.00	3.00	0.00	0.00%
Administration/OMB *	11.00	10.00	9.00	(2.00)	(18.18%)
Workers Compensation *	4.00	4.00	4.00	0.00	0.00%
Information Services ^{1*}	N/A	N/A	20.00	20.00	100%
Maintenance ⁹	6.00	6.00	3.00	(3.00)	(50.00%)
Water And Sewer	151.00	152.68	120.68	(30.33)	(20.08%)
Records Center *	11.00	11.00	4.00	(7.00)	(63.64%)
Department of Development *	27.13	25.13	13.50	(13.63)	(50.23%)
Regional Airport	1.00	1.00	1.00	0.00	0.00%
Dog and Kennel	4.00	5.00	4.00	0.00	0.00%
Entitlement *	4.00	4.00	6.00	2.00	50.00%
Mail Room *	2.50	3.00	2.00	(0.50)	(20.00%)
Parking Garage *	4.00	3.00	3.00	(1.00)	(25.00%)
Child Support Enforcement (Agency)	91.68	90.00	75.50	(16.18)	(17.64%)
Job and Family Services (Agency)	183.40	193.53	157.20	(26.20)	(14.29%)
Children Services (Board)	176.03	197.95	174.04	(1.99)	(1.13%)
County Care Facility	163.68	149.38	167.38	3.70	2.26%
Other ²	14.00	14.00	0.0	(14.00)	(100.00%)
Other Agencies/Commissions					
Public Defender	N/A	N/A	3.50	3.50	N/A
Soil and Water Conservation	5.00	6.00	3.00	(2.00)	(40.00%)
Emergency Management	4.00	3.00	4.00	0.00	0.00%
Metro Parks	14.60	26.85	34.05	19.45	133.22%
Health Department	33.75	32.18	53.71	19.96	59.15%
Auditor *					
Elected Official and Staff ¹	67.13	69.20	22.80	(44.33)	(66.03%)
Real Estate Assessment	31.00	33.50	27.50	(3.50)	(11.29%)
Benefits Administration	1.00	1.00	1.00	0.00	0.00%

⁹ During the course of the audit it was noted that the Commissioners hired a facility manager.

Treasurer *	26.66	21.90	17.00	(9.66)	(36.24%)
Prosecutor *	55.01	60.06	60.41	5.40	9.82%
Clerk of Courts *	74.71	71.22	71.50	(3.21)	(4.30%)
Common Pleas *					
Common Pleas	38.63	47.13	45.65	7.03	18.19%
Adult Probation	43.38	43.75	43.75	0.38	0.86%
Juvenile Court ³	165.48	178.71	146.75	(18.73)	(11.32%)
Domestic Relations	25.00	26.88	23.38	(1.63)	(6.50%)
Probate Court	21.50	18.75	16.53	(4.98)	(23.14%)
Other Judicial Offices *					
Law Library	1.75	1.75	3.50	1.75	100.00%
Area Courts	39.33	43.23	38.80	(0.53)	(1.34%)
Court of Appeals	20.38	19.38	20.75	0.38	1.84%
Municipal Courts	33.00	40.00	42.40	9.40	28.48%
Coroner *	10.00	11.00	16.00	6.00	60.00%
Engineer	81.00	88.00	83.00	2.00	2.47%
Recorder *	15.94	16.88	14.06	(1.88)	(11.76%)
Sheriff *	326.40	415.30	336.90	10.50	3.22%
Commissions and Boards					
Alcohol and Drug	4.38	5.25	6.25	1.88	42.86%
Board of Elections ⁴ *	29.13	48.25	33.00	3.88	13.30%
Developmental Disabilities	285.83	274.30	211.31	(74.51)	(26.07%)
Mental Health	8.38	9.38	9.38	1.00	11.94%
Veterans Services *	13.25	12.63	13.38	0.13	0.94%
Total	2,333.04	2,498.15	2,170.56	(162.48)	(6.96%)

Source: Butler County

¹ In 2006 and 2008 the Information Services positions were included in the Auditor's Office. It was not until 2010 that these positions were moved into the Commissioner's Office.

² In 2006 and 2008 the "other" category included 1.0 FTE Tax Abatement, 1.0 FTE Criminal Justice Board, 12.0 FTE Regional Transit Authority. According to the County, these positions were eliminated and did not exist in 2010.

³ In 2010, the Juvenile Court total included the following: Juvenile Court (48.13 FTEs), Juvenile Court Elected Official (2.0 FTEs), Juvenile Court Special Projects (1.75 FTEs), Juvenile Detention (41.18 FTEs), Juvenile Reclaim Grant (16.75), and Juvenile Rehabilitation (36.95 FTEs).

⁴BOE historical numbers may be skewed as they were not adjusted for part time/seasonal workers. 2010 numbers were adjusted not to include seasonal poll workers.

As illustrated in **Table 2-1**, Butler County's total staffing decreased approximately 7.0 percent

from 2006 to 2010. These changes varied across departments, offices, and boards. While some decreased, others increased. Detailed explanations of staffing changes are as follows:

- **Commissioners:** This category represents the departments under the appointed authority of the County Commissioners. There were many departments in which positions were not filled because of budget constraints and consequently, staffing levels decreased through attrition. These included Administration/OMB, Maintenance, Water and Sewer, Records Center, and Mail Room. The Department of Development had a significant reduction in the number of employees due to the elimination of the Department of Economic Development. Only two departments had an increase in staff. Entitlement had an increase of 2.0 FTEs, one for the Neighborhood Stabilization Program (NSP) and the other for Housing and Urban Development (HUD). The County Care Facility's staff declined in 2008 as it contracted out third shift nurses. In 2010 it returned to using internal employees to provide these services. Furthermore, two new departments were created in 2010. Information Services became its own department within the Commissioner's Office and was no longer housed in the Auditor's Office. Lastly, the Commissioners hired a purchasing manager in 2010.
- **Other Agencies/Commissions:** This category represents other agencies and departments within the County that are not part of the Board of County Commissioners. The Public Defender Commission was created to provide defense counsel to indigent persons charged with a criminal offense. The Public Defender was appointed by the County Public Defender Commission. The Soil and Water Conservation Department decreased staff because of declines in funding. Metro Park staff increased significantly from 2006 to 2010. This included increases in various positions such as coordinators, clerks, park caretakers, and seasonal workers. The Metro Park passed a levy in 2010 that provided additional funding to manage operations (see assessment of Metro Park operations in the **appointed commissions; authorities, and departments** section). Lastly, the Health Department showed an increase of approximately 20 employees. This increase represents the addition of nurses. According to the Health Department, it cannot have any independent contractors and therefore had to hire nurses to handle the H1N1 vaccine demand (see *health department* in **human services**).
- **Auditor:** As illustrated in **Table 2-1**, staffing levels significantly decreased in the Auditor's Office over the last few years. As mentioned earlier, the Information Systems department was housed in the Auditor's Office until 2010. This restructuring accounted for a reduction of 26 employees in the Auditor's Office. The additional reductions were due to layoffs and reductions through attrition because of budget constraints (see *Auditor's Office* in **administrative offices and departments**).
- **Treasurer:** As illustrated in **Table 2-1**, total staff in the Treasurer's Office decreased by 36 percent. According to the County, this decrease in staff was primarily due to layoffs and reductions through attrition because of budget reductions (see *Treasurer's Office* in **administrative offices and departments**).
- **Prosecutor:** Staffing in the Prosecutor's Office increased by approximately 10 percent

due to the addition of three juvenile attorney positions, one child support investigator and one domestic violence advocate position.

- **Clerk of Courts:** Staffing in the Clerk of Courts decreased by approximately 4 percent. See **public safety and criminal justice**.
- **Common Pleas:** Butler County's Court of Common Pleas includes elected judges (general, juvenile, and probate) each with his or her own staff. In 2007, the County added 1 elected common pleas judge which increased the staffing in this area. Juvenile and probate court staffing decreased because of layoffs and attrition due to budget reductions. Court operations were analyzed in **public safety and criminal justice/courts**.
- **Other Judicial Offices:** Effective in 2008, ORC 307.51 increased county responsibilities regarding the required services of a county law library. Butler County added staff to meet these requirements.
- **Coroner:** As illustrated in **Table 2-1**, the Coroners staff increased by 60 percent. This increase is a direct reflection of the County's decision to use County employees to perform the task of transporting on an as needed basis. In the prior years, this job was contracted out (see **administrative offices and departments** for a detailed analysis of the Coroner's Office operations).
- **Engineer:** The Engineer's Office had minimal growth and staffing increased by 2.5 percent. The Engineer's Office operations were examined in **public works**.
- **Recorder:** Staff in the Recorder's Office decreased approximately 12 percent. According to the County, this was primarily due to layoffs and reductions through attrition because of budget reductions (see *Recorder's Office* in **administrative offices and departments**).
- **Sheriff:** Staffing levels in the Sheriff Office increased and then decreased because of budget reductions. Employees in this office represent a large portion of the County's staff paid through the General Fund. See **public safety and criminal justice/courts**.
- **Commissions and Boards:** This category represents the commissions and boards within Butler County. The Alcohol and Drug Addition Services (ADAS) Board added a coordinator position in 2010. ADAS is not supported by General Fund money. Instead all personnel services for these employees are funded by the State. The Board of Elections (BOE) on the other hand is primarily funded through the County's General Fund. As illustrated in **Table 2-1**, staff increased in this agency. For an analysis of the BOE operations see **appointed commissions, authorities, and departments**. The Butler County Board of Developmental Disabilities also reduced staff by 26.07 FTEs since 2006. The Mental Health Board is funded through State revenue and local tax dollars and, as illustrated in **Table 2-1**, staffing has remained consistent. Lastly, the Veteran Services Commission is primarily funded through the General Fund and staffing levels have remained consistent.

Table 2-2 illustrates Butler County's 2010 staffing levels compared to the peer average in all departments, offices, agencies, and boards. Some categories presented above were combined in **Table 2-2** order to provide a consistent approach to the peer counties. The comparison was conducted based on the 2010 full-time equivalent (FTE) staffing levels at Butler County and the average of the peer counties. Peer counties used in the staffing analysis include Lake County, Lorain County, Miami County and Montgomery County. The comparisons shown in **Table 2-2** are also presented on a per 100,000 resident basis because staffing levels are partially dependent on the number of residents served. In addition, presenting staffing data in this manner decreases variances attributable to the size of the peer counties.

Table 2-2: Butler County and Peer 2010 Staffing Comparison

	Butler County		Peer Average		Variance	
Population	363,184		294,075		69,109	
	FTEs	FTEs per 100,000 Residents	FTEs	FTEs per 100,000 Residents	FTEs	FTEs per 100,000 Residents
Commissioners						
Elected Officials	3.00	0.83	3.00	1.44	0.00	(0.62)
Administration/OMB	9.00	2.48	16.22	5.76	(7.22)	(3.28)
Workers Compensation	4.00	1.10	0.00 ¹	0.00	4.00	1.10
Information / Telecommunication Services	20.00	5.51	15.47	4.80	4.53	0.70
Maintenance	3.00 ²	0.83	46.94	15.38	(43.94)	(14.55)
Water And Sewer	120.68	33.23	132.25	41.24	(11.57)	(8.01)
Records Center	4.00	1.10	8.70	1.84	(4.70)	(0.74)
Department of Development / Entitlement	19.50	5.37	17.33	7.78	2.17	2.41
Regional Airport	1.00	0.28	0.00	0.00	1.00	0.28
Dog and Kennel	4.00	1.10	11.88	3.89	(7.88)	(2.79)
Mail Room	2.00	0.55	3.00	1.27	(1.00)	(0.72)
Parking Garage	3.00	0.83	1.00	0.33	2.00	0.50
County Garage	N/A	N/A	8.00 ³	3.38	(8.00)	(3.38)
Communications Center/dispatch	N/A ⁴	N/A	12.40	11.85	(12.40)	(11.85)
Safety/Risk Management	N/A ⁵	N/A	1.00	0.33	(1.00)	(0.33)
Child Support Enforcement (Agency)	75.50	20.79	38.00	16.05	37.50	4.74
Job and Family Services (Agency)	157.20	43.28	331.02 ⁶	92.17	(173.82)	(48.89)
Children Services (Board)	174.04	47.92	59.67	26.75	114.37	21.17
County Care Facility	167.38	46.09	34.33	14.76	133.05	31.33
Community Workforce Development	N/A	N/A	6.00 ⁷	1.96	(6.00)	(1.96)
Community Based Correctional Facility	N/A	N/A	47.98	17.11	(47.98)	(17.11)
Crime Lab Levy	N/A	N/A	15.75	3.24	(15.75)	(3.24)
Purchasing Dept	N/A	N/A	16.63	3.19	(16.63)	(3.19)

<u>Other Agencies/Commissions</u>						
Public Defender	3.50	0.96	29.15 ⁸	6.31	(25.65)	(5.35)
Soil and Water Conservation	3.00	0.83	5.13	2.59	(2.13)	(1.76)
Emergency Management	4.00	1.10	4.88	1.73	(0.88)	(0.62)
Metro Parks	34.05	9.38	56.54 ⁹	14.54	(22.49)	(5.17)
Health Department	53.71	14.79	130.55 ¹⁰	38.68	(76.84)	(23.89)
<u>Auditor</u>						
Elected Official and Staff	23.80	6.55	25.89	10.04	(2.09)	(3.48)
Real Estate Assessment ¹¹	27.50	7.57	15.88	4.75	11.62	2.82
<u>Treasurer</u>	17.00	4.68	13.50	4.60	3.50	0.08
<u>Prosecutor</u>	60.41	16.63	81.28	25.53	(20.87)	(8.90)
<u>Clerk of Courts</u>	71.50	19.69	59.18	20.39	12.32	(0.70)
<u>Common Pleas</u>						
Common Pleas	45.65	12.57	31.45	11.04	14.20	1.53
Adult Probation	43.75	12.05	16.25	5.46	27.50	6.59
Juvenile Court	146.75	40.41	198.25 ¹²	57.21	(51.50)	(16.81)
Domestic Relations	23.38	6.44	92.71 ¹³	28.61	(69.33)	(22.18)
Probate Court	16.53	4.55	16.50	5.65	0.03	(1.10)
<u>Other Judicial Offices:</u>						
Law Library	3.50	0.96	2.60	0.82	0.91	0.14
Area Courts	38.80	10.68	64.00	12.02	(25.20)	(1.33)
Court of Appeals	20.75	5.71	0.00	0.00	20.75	5.71
Municipal Courts	42.40	11.67	34.10	16.43	8.30	(4.76)
Jury Commission	N/A	N/A	2.00	0.38	(2.00)	(0.38)
Other	N/A	N/A	41.00	7.70	(41.00)	(7.70)
<u>Coroner</u>	16.00	4.41	11.63	2.80	4.38	1.61
<u>Engineer</u>	83.00	22.85	78.11	31.73	4.89	(8.87)
<u>Recorder</u>	14.06	3.87	12.53	4.61	1.53	(0.74)
<u>Sheriff¹⁴</u>	336.90	92.76	239.18	82.49	97.72	10.27
<u>Commissions and Boards</u>						
Alcohol and Drug	6.25	1.72	23.63	14.99	(17.38)	(13.26)
Children and Families Council	N/A ¹⁵	N/A	8.23	3.44	(8.23)	(3.44)
Planning	N/A	N/A	9.67 ¹⁶	2.17	(9.67)	(2.17)
Board of Elections	33.00	9.09	40.10	14.95	(7.10)	(5.86)
Developmental Disabilities	211.31	58.18	461.02	142.41	(249.71)	(84.22)
Mental Health	9.38	2.58	173.98	70.91	(164.60)	(68.32)
Veterans Services	13.38	3.68	13.75	5.22	(0.37)	(1.54)

Other ¹⁷	N/A	N/A	10.41	3.23	(10.41)	(3.23)
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Source: Butler County and peer counties 2010 staffing data

Note 1: The peer average only includes the counties that reported positions in the category.

Note 2: Full-time equivalency (FTE) is used to take into consideration full- and part-time assignments. It is the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. For example, an employee working 20 hours per week would be calculated as 0.50 FTEs. Lorain County data was provided to auditors in a format in which FTEs could not be calculated. Staffing numbers used to calculate the peer average reflect a headcount of staff.

Note 3: See the court section for revised staff figures.

¹ Auditors could not identify the staff responsible for workers compensation in the peer counties.

² This total represents the maintenance personnel within the Commissioner's Office at Butler County. The County has maintenance personnel in a number of other departments throughout the County. See **public works, R7.6**.

³ Peer average includes only Lake County as it maintains its own central maintenance garage, see **public works, R6.1**.

⁴ These positions are located within the Sheriff's Office at Butler County. See **public safety and criminal justice/courts**.

⁵ Butler County's safety coordinator position is included in the water and sewer department.

⁶ One of the peer counties (Montgomery County) has a triple combined agency where staff within Job and Family Services, Child Support Enforcement and Children Services are all located within the same department. This structure skews the peer average in all three categories. See **human services** for further detail.

⁷ Peer Average includes only Lorain County

⁸ Montgomery County has 63.0 FTEs in this category which skews the peer average.

⁹ Montgomery County has 206.5 FTEs in this category which skews the peer average.

¹⁰ Montgomery County has 331.7 FTEs in this category which skews the peer average.

¹¹ Butler County completes real estate assessment internally. Some peer counties contract out portions of this service and therefore have limited county staff in this category. See the *Auditor's Office* in **administrative offices and departments**.

¹² Montgomery County has 418.0 FTEs in this category which skews the peer average.

¹³ Lorain County has 200.0 FTEs in this category which skews the peer average. Lorain County's Domestic Relations Court included juvenile and probation services.

¹⁴ The staffing analysis within *Sheriff Office* uses a different set of peer counties to calculate averages and therefore the will differ from this analysis. It was determined within *Sheriff Office* that one peer (Miami County) was not comparable for this analysis. Instead, Clermont County and Stark County were used to calculate a more comparable average, specific to the nature of this department. See *Sheriff Office* for the detailed analysis of the staffing comparisons.

¹⁵ Butler County's Educational Service Center (ESC) provides the services of the Family & Children First Council

¹⁶ Three of the peers include staff in this category. Montgomery County reports 22 regional planning employees, unique to this peer county.

¹⁷ This category includes positions that are unique to the peer counties and do not exist in Butler County.

Staffing was examined in greater detail in offices where salaries are paid from the General Fund to determine if specific departments are overstaffed in comparison with the peer county averages. Specifically, these comparisons and analyses were conducted in the respective sections of the performance audit in order to capture the industry benchmarks and workload measures unique to these functional areas (see staffing assessments in **public works, public safety and criminal justice, and appointed commissioner, authorities, and departments**). Many of the other County boards and agencies, including jobs and family services, mental health, and the children services, are funded through self-supporting/revenue-generating funds and therefore, staffing levels were not examined in greater detail as reductions would not alleviate the County's General Fund deficit. Although staffing levels were not examined or compared to the peer averages, operations and structure of the self-supporting/revenue generating departments were analyzed in **human services**.

Employee Compensation

Each office and department in Butler County is responsible for determining compensation for its employees, within the funding levels provided through the County budget process. While some employee salaries are determined at the discretion of the elected official or department head, others are compensated based on negotiated salary schedules within bargaining agreements (see

R2.5 for analysis of collective bargaining agreements).

As each county in Ohio operates differently, positions and job duties vary among counties. For this reason, not every position in Butler County could be compared with peer counties. Instead, Butler County's average salaries in 15 selected positions were compared with the respective peer averages. These 15 categories were selected based on the similarity of position responsibilities. This analysis was conducted to provide a snapshot of how Butler County's average salaries compare to the peer average.

Table 2-3: Butler County and Peer Average Compensation

	Butler County	Peer Average	Percent Variance
Commissioner's Office – Secretary	\$36,857	\$34,005	8.39%
Recorder's Office – Deputy Recorder	\$30,737	\$27,879	10.25%
Treasurer's Office – Deputy Treasurer	\$46,969	\$35,414	32.63%
Auditor's Office – Chief Deputy Auditor	\$95,000	\$85,190	11.52%
Auditor's Office – Administrative Assistant	\$48,000	\$47,850	0.31%
Auditor's Office – GIS Personnel	\$43,338	\$46,109	(6.01%)
Sheriff's Office – Corrections Office	\$42,929	\$42,604	0.76%
Sheriff's Office – Deputy Sheriff	\$56,348	\$52,940	6.44%
Sheriff's Office – Clerical Employees	\$40,457	\$33,614	20.36%
Engineer's Office – Mechanic	\$44,377	\$43,086	3.00%
Engineer's Office – Highway Service Worker	\$42,219	\$39,012	8.22%
Board of Elections – Director	\$85,531	\$70,910	20.62%
Board of Elections – Clerk	\$35,176	\$32,930	6.82%
Veteran Services – Executive Director	\$85,926	\$78,927	8.87%
Clerk or Courts – Title Clerk	\$23,119	\$26,008	(11.11%)

Source: Butler County and peer county 2010 salaries

Note: Salaries were calculated from average hourly rates or bi-weekly pay in each category. Salaries reflect a full-time position (40 hours per week or 26 pays per year).

As illustrated in **Table 2-3**, Butler County's compensation exceeded the peer average in 13 of the 15 categories compared. The County does not have consistent methods for setting salaries in offices and departments, a factor that can contribute to the variances illustrated above. In fact, many offices and departments have implemented pay freezes although others continue to provide annual salary increases despite the County's financial condition (see **R2.6** and the **financial management** section).

Employee Health Insurance

In 2010, Butler County provided its full time employees a choice of three health insurance plans, each with different coverage levels, premiums, and employee contributions. The more expensive the plan, the more generous the coverage. Plan 1 had the highest premiums and required a larger employee contribution, while Plan 3 had the lowest premiums and the lowest employee contribution. **Table 2-4** provides a detailed illustration of the cost and cost sharing of the County's three insurance plans.

Table 2-4: Butler County 2010 Insurance Premiums and Contributions

PLAN 1:						
	Single Coverage		Single + 1 Coverage		Family Coverage	
	Dollar Amount	% of Total	Dollar Amount	% of Total	Dollar Amount	% of Total
Employee Contribution	\$36.38	10%	\$108.81	15%	\$214.07	20%
County Contribution	\$335.19	90%	\$632.08	85%	\$879.06	80%
Total Premium	\$371.57	100%	\$740.89	100%	\$1,093.13	100%
PLAN 2:						
	Single Coverage		Single + 1 Coverage		Family Coverage	
	Dollar Amount	% of Total	Dollar Amount	% of Total	Dollar Amount	% of Total
Employee Contribution	\$16.44	5%	\$65.55	10%	\$145.07	15%
County Contribution	\$319.34	95%	\$603.98	90%	\$842.80	85%
Total Premium	\$335.78	100%	\$669.53	100%	\$987.87	100%
PLAN 3:						
	Single Coverage		Single + 1 Coverage		Family Coverage	
	Dollar Amount	% of Total	Dollar Amount	% of Total	Dollar Amount	% of Total
Employee Contribution	\$9.58	3%	\$31.84	5%	\$65.76	7%
County Contribution	\$325.47	97%	\$639.29	95%	\$919.92	93%
Total Premium	\$335.05	100%	\$671.13	100%	\$985.68	100%

Source: Butler County

In 2010, 1,529 employees (approximately 90 percent of the County employees) were participating in Butler County's health insurance program and receiving insurance coverage in one of the three plans offered. The most popular plan among employees was Plan 1, the choice of 60 percent of participating employees. Plan 2 was the choice of only 3 percent of employees while Plan 3 was chosen by 37 percent of participating employees. Coverage levels are represented by the premium of each plan and therefore deductibles, copayments, and co-insurance (the percentage of payment that the insurance policy covers for a service) vary under each plan. For example, Plan 1 has the highest premium. Employees choosing this plan pay more towards the premium but as a result have lower cost obligations for services such as physician office visits. The cost sharing structure was analyzed to determine potential saving opportunities. See **R2.4** for further analysis of the County's employee health benefits.

Butler County's insurance premiums were compared with benchmarks from Ohio's State Employment Relations Board (SERB). The results of the comparisons showed Butler County's 2010 premium amounts in all three plan choices to be below the industry standards in 2010 (see *noteworthy accomplishments in the executive summary*). **Table 2-5** illustrates Butler County's 2010 health insurance premiums compared to industry benchmarks from SERB.

Table 2-5: Butler County & SERB 2010 Insurance Premiums

	BC Plan 1	BC Plan 2	BC Plan 3	SERB Average ¹
Single	\$371.57	\$335.78	\$335.05	\$420.00
Single + 1	\$740.89	\$669.53	\$671.13	N/A
Family	\$1,093.13	\$987.87	\$985.68	\$1,123.00

Source: Butler County and SERB's 2010 Report on the Cost of Health Insurance in Ohio's Public Sector

¹Represents the average of health insurance premiums in Ohio counties with a population greater than 150,000.

During the course of the audit, the Commissioners approved the insurance plan renewal for 2011. Major changes in coverage include the elimination of Plan 2 and an increase in employee contributions.

Workers Compensation

All Ohio employers are required by law to have an active workers' compensation policy to insure employees against workplace injuries. Ohio's Bureau of Workers' Compensation (BWC) provides this coverage and charges a premium based on several factors including past claim history and workplace environment. According to the Assistant HR Director, Butler County has experienced significant claims in past years that have driven the costs for workers compensation coverage to high levels (see **R2.5** for an additional assessment). Because premiums are based on past claim history, the County's costs have been higher than desired.

Opportunities exist for employers to receive discounts on premiums and Butler County is actively participating in and pursuing these opportunities. For example, the County qualifies for the retrospective rating plan, a plan that allows the employer to assume a portion of the claim costs in return for a reduction in premiums. In addition, the County receives the Safety Council Discount (a 2.0 percent rebate on premiums) by meeting program requirements including attendance at regular meetings on workplace safety. While workers compensation costs have been high in recent years, they are decreasing and the County anticipates further savings as the severe claims begin to fall off.

Negotiated Agreements

Butler County has collective bargaining agreements with numerous groups of unionized employees. The following list briefly describes each labor agreement and its membership (randomly ordered):

- **Agreement between the Butler County Sheriff's Office and the Fraternal Order of Police, Lodge 101; Effective February 17, 2007 – February 12, 2010.** The unit consists of all Sergeants and Lieutenants within the Sheriff's Office.
- **Agreement between the Butler County Sheriff's Office and the Fraternal Order of Police, Lodge 101; Effective February 17, 2007 – February 12, 2010.** The unit consists of all full-time sworn personnel in the classification of Detective, Deputy Sheriff, Deputy Sheriff/Court Security, and all other sworn members of the department under the rank of sergeant but excluding all part-time employees.

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- **Agreement between the Butler County Department of Job and Family Services and the American Federation of State, County and Municipal Employees (AFSCME), Ohio Council 8, Local 3062; Effective through November 30, 2009.** This unit represents all full-time, regular part-time and intermittent employees of the Department of Jobs and Family Services, but excludes all management-level and confidential employees and supervisors.
 - **Agreement between the Butler County Department of Job and Family Services Children Services Division and the Butler County Children Services Independent Union, Effective February 16, 2008 – February 11, 2011.** This agreement covers all full-time and regular part-time employees of the Butler County Children Services including financial specialists, telephone operator/receptionist, lead custodian, custodian, family resource specialist, social services workers, financial mentor, administrative assistant, and secretary 1.
 - **Agreement between the Professional Guild of Ohio, Subdivision Council #21 and the Butler County Board Of Mental Retardation and Developmental Disabilities (Early Intervention Specialists), Effective October 1, 2008 to September 30, 2011.** This agreement covers all full-time and regular part-time early intervention specialists.
 - **Agreement between the Professional Guild of Ohio, Subdivision Council #7 and the Butler County Board of Developmental Disabilities (Paraprofessional Employees), Effective January 1, 2009 to December 21, 2011.** This agreement covers all full-time and regular part-time nonprofessional employees employed by the employer at its various Butler County facilities, including Community Integration Specialists, Family Support Specialists, Facility and Program Secretaries, Community Team Secretary, Maintenance Workers, Custodians, Mechanics, Habilitation Support Specialists, Customized Support Specialists, E.I. Aides, Consumer Information Clerk, File Clerk and Medical Tech, and substitutes who have worked 60 work days in the previous or current calendar year, commencing with the 1992 calendar year.
 - **Agreement between the Butler County Board of Commissioners, Water and Sewer Department and AFSCME, Ohio Council 8, Local 3396, Effective January 17, 2009 – January 13, 2012.** This agreement covers all employees of the Butler County Water and Sewer Department except for confidential, managerial and supervisory employees.
 - **Agreement between Butler County Clerk of Courts and AFSCME, Ohio Council 8, Local 3984, Effective through December 31, 2012.** This agreement covers all employees of the Title Division of the Butler County Clerk of Courts including Deputy Clerks-Title Division and all Bookkeepers and Assistant Bookkeepers including Bookkeeper-Legal Division.
 - **Agreement between the Butler County Board of County Commissioners, Maintenance Department and AFSCME, Ohio Council 8, Local 3396-A, Effective through December 31, 2009.** This agreement covers a portion of the employees of the Butler County Maintenance Department.

- **Agreement between the Butler County Board of County Commissioners, Department of Development, Building and Zoning Division and Local 648, International Brotherhood of Electrical Workers, AFL-CIO, Effective through December 31 2012.** This bargaining unit includes all building inspectors and electrical inspectors employed by the County Commissioners, Department of Development.
- **Agreement between the Butler County Board of Commissioners, County Care Facility and the United Steelworkers of America, AFL-CIO, CLC, Local 5541, Effective through October 9, 2011.** This bargaining unit includes full-time and permanent part-time state-tested nursing assistants, non-certified nursing assistants, licensed physical therapy assistants, certified occupational therapy assistants, dietary employees, non-certified adult day care employees, maintenance employees, activities assistants, and housekeeping and laundry employees.
- **Agreement between the Butler County Engineer and Truck Drivers, Chauffeurs and Helpers, Local Union No.100 (Teamsters Local 100); Effective July 1, 2009 – June 30, 2012.** This collective bargaining unit represents all highway service workers, roadside mower operators, fleet mechanics, heavy equipment operators, facility maintenance workers, and survey technicians.

In addition to the bargaining agreements, Butler County's Sheriff has agreements with 4 groups of employees represented by the Butler County Sheriff's Wage and Benefit Committee. While these are not bargaining unions, the Committee acts on behalf of the employees of the Sheriff's Office and the agreements include employment issues such as leave, wages, and employee benefits. The four agreements are described below:

- **Agreement between the Butler County Sheriff's Office and Butler County Sheriff's Wage and Benefit Committee; Effective May 12, 2007 – May 7, 2010.** The unit consists of all full time Corrections Officers and Paramedics.
- **Agreement between the Butler County Sheriff's Office and Butler County Sheriff's Wage and Benefit Committee; Effective May 12, 2007 – May 7, 2010.** The unit consists of all full-time Corrections Sergeants, full-time Corrections Lieutenants, and full-time Paramedic Supervisors.
- **Agreement between the Butler County Sheriff's Office and Butler County Sheriff's Wage and Benefit Committee; Effective May 12, 2007 – May 7, 2010.** The unit consists of all full time Dispatchers.
- **Agreement between the Butler County Sheriff's Office and Butler County Sheriff's Wage and Benefit Committee; Effective May 12, 2007 – May 7, 2010.** The unit consists of all full time Clerks and Secretaries in the Sheriff's Office.

As a component of the performance audit, contractual issues were assessed and compared to leading practices (see **R2.5**).¹¹

Employee Sick Leave

The Ohio Department of Administrative Services (DAS) tracks and reports average sick leave usage by State employees. AOS requested 2010 sick leave usage reports from Butler County in order to perform a comparison to these State averages. Butler County was only able to provide annual sick leave usage for a handful of departments and therefore the following comparison provides a snapshot of how the County compares to State averages (see **R2.7** for an additional analysis). In addition, the data provided by Butler County represented only 11 months of the year and actual leave totals were likely higher than illustrated.

Table 2-6: Butler County and State Average Sick Leave (hours)

	Butler County Sick Leave Used ¹	Variance from DAS Average (56.1 hours)
Commissioners Office ²	58.0	1.9
County Care Facility	70.8	14.7
Children Services	65.0	8.9
Child Support Enforcement Agency	118.2	62.1
Job & Family Services	57.7	1.6
Water & Sewer	85.5	29.4
Adult Probation	64.1	8.0
Auditor's Office	43.3	(12.8)
Domestic Relations	73.3	17.3
Engineer's Office	63.3	7.2
Information Services	45.3	(10.8)
Juvenile Court	48.6	(7.5)
Mental Health	92.5	36.4

Source: Butler County and Department of Administrative Services

Note 1: DAS Sick leave average for 2009 was 56.1 hours.

Note 2: All departments that provided AOS with annual sick leave usages are included in this comparison. County departments that are not illustrated in this table did not provide sufficient or appropriate data to complete this assessment.

¹ Butler County data reflects sick leave taken from January 1, 2010 through December 3, 2010.

² The Commissioner's Office includes the following departments: Building & Zoning, Certified Development Company Commissioners' Office, Community Development, Criminal Justice Board, Department of Development, Department of Economic Development, Dog Warden, Mail Room, Maintenance, Parking Garage, Personnel Office, Public Defender Office, Records Center, Safety, Soldiers/Sailors Monument.

As shown in **Table 2-6**, Butler County employees, on average, used more sick leave per employee than the DAS State average in 2010 in 10 of the 13 categories compared. See **R2.7** for a further analysis of employee sick leave.

¹¹ During the course of the performance audit, updated contracts for the Job and Family Services and the Maintenance Department were provided. In addition, the Sheriff Office indicated that the expired contracts were negotiated and updates were in the process of being completed.

Recommendations

R2.1 Develop Commissioner approved County-wide personnel policies.

Butler County's elected officials and other County Administrators should work together to develop a personnel policy and procedures (manual) that can be adopted and implemented County-wide by all departments and offices. The policies and procedures in the manual should be updated regularly, made available to all employees, and approved by the Commissioners. A County-wide policy and procedures manual will provide consistency and equity between the various departments and offices.

The Butler County Personnel Policy Manual (the Policy Manual) is prepared and updated in the County Personnel Office and is established for the benefit of staff in the various departments of the County. The current edition of the Policy Manual reflects changes and updates made in 2009. These changes had not been formally approved by the Commissioners at the time of the audit. While the Policy Manual is established under the Commissioners' Office, other offices, boards, and agencies of Butler County can choose to adopt it. The Policy Manual provides policies in a range of areas including employee performance, compensation, absence, conduct, and discipline. According to the County Human Resource Director, most County departments adopt the Policy Manual and make changes they consider appropriate to specific agency operations.

The National Association of Counties' (NACo) *County Leadership Handbook (2004)*, notes that having both an elected board (commission) and independently-elected officials that support county services presents unique challenges to everyone involved. The realities of shared administrative authority can make day-to-day decision-making difficult and can also lead to lack of coordination and fragmentation of county services. Counties that have appointed department heads will assume many administrative and managerial responsibilities, and it is incumbent to work together to develop mutually-agreed-upon goals, establish rapport, and clarify working relationships.

The Society for Human Resource Management (SHRM) explains the purpose of an employee handbook is to clearly communicate information that is relevant and important to employees. Written documentation such as a handbook can provide consistency in administering the organization's policies and procedures. The areas which might be included are: employment policies and procedures, orientation information for new employees, legal obligations of employer and employee, and responsibilities of employer and employee to each other.

Policies are only useful if they are effectively communicated and implemented. Many organizations, including Delaware County, make employee policies, HR forms, and employee handbooks available electronically on the internet. An employee handbook can be a helpful means for communicating the County's overall mission with employees and can serve as the official source of the policies and procedures. A County-wide employee handbook can also improve equity across departments.

Mahoning County's Personnel Policies and Procedures Manual specifically indicates that its purpose is to serve as a guide to appointing authorities and other managerial staff to ensure

uniform and nondiscretionary application of the conditions of employment. Furthermore, the manual lists the appointing authorities for each of the County departments. It is made clear that polices within the manual are for all County employees, not only those under the appointed authority of the Commissioner's Office.

Lack of standardization in personnel policies contributes to employee perceptions of inequity. According to the Assistant HR Director, the County's practices for modifying polices to fit the operations of each department have caused variances in interpretation from one department to another. Consequently, the HR Department spends a great amount of time interpreting policies for employees. This is a challenge when assisting various agencies with personnel matters.

Butler County officials should work to develop policies and procedures for application across all offices and departments. A committee of officials should determine common expectations across all offices and departments. Then, the various elected officials and department heads should work cooperatively to apply uniform personnel policies and procedures, thereby making the administration of government more efficient. The County should also consider developing an employee handbook to communicate the adopted policies and procedures.

R2.2 Ensure that each position in the County has a formal job description on file and the job description is reviewed on a regular basis.

The County should establish a process for the creation and regular review and revision of employee job descriptions. This will ensure all job applicants, employees, and supervisors have accurate and consistent information about job parameters, key functions and tasks, and expectations. This process should be consistently implemented by all County departments and offices.

The County does not have a formal process in place for ensuring job descriptions are formalized and up-to-date. Additionally, auditors noted that not all employees have a written job description. During the course of the performance audit, the Commissioner's Office contracted with a third party consultant to conduct a study of their Office, including a detailed job description update. However, the third party consultant's review only encompassed the County Commissioner's Office, not all County departments or offices.

According to Society of Human Resource Management (SHRM), *How to Develop a Job Description* (2009), job descriptions work to clarify who is responsible for what within an organization and help to define various relationships. Job descriptions help ensure employees understand the responsibilities of their positions, and assist job applicants, employees, supervisors, and human resource professionals from recruitment to retirement. Moreover, job descriptions provide a basis for evaluations and compensation decisions. Additionally, *Job Descriptions- An Overview* (SHRM, 2002) notes that a crucial factor in maximizing the benefit of job descriptions is the procedure for keeping descriptions up-to-date. An obsolete job description is not only worthless, but also may actually be harmful to the organization. Therefore, every organization should have a formal schedule for reviewing all job descriptions. While a yearly review is optimal, as a general rule, job descriptions should be reviewed and revised (if necessary) when the job content changes, there is an organizational structure change,

or the incumbent of a unique position leaves that job. Such review should include human resource professionals as well as the supervisor of the job description being reviewed.

Due to the decentralized management structure that is typical in county government, there has not been a requirement for all County departments and offices to develop and update employee job descriptions. Although some employees do have job descriptions, and some job descriptions are up-to-date, these practices are not consistent among County offices and departments.

Without formalized job descriptions, employees may not understand the responsibilities of their positions and departments cannot effectively evaluate employees. Maintaining job descriptions requires a commitment by the County and a belief in the value such documents have in shaping an organization. Developing a process to review job descriptions on a more regular basis ensures that the County is effectively communicating expectations with job applicants, incumbent employees, and supervisors. Further, providing clear direction to employees through up-to-date job descriptions can assist the County in maintaining an efficient workforce.

R2.3 Implement Civil Service testing.

Butler County should conduct appropriate civil service testing among required classified service positions. Civil service testing would demonstrate Butler County’s compliance with Ohio statutory requirements.

Butler County does not comply with civil service testing laws and guidelines. Specifically, the County Commission’s Handbook (section 64.02) notes the following:

“The law gives county commissioners the option once every two years to establish a county personnel department to assume the duties and responsibilities of the director of the Ohio Department of Administrative Services for oversight of the civil service system pursuant to Chapter 124 of the Revised Code for those county employees for whom the commissioners are the appointing authority or co-appointing authority. All other elected officials, boards and agencies have the option to choose to receive services from the county personnel department or continue under DAS supervision.”

Although a civil service system is a county requirement, the Human Resource Director noted that the County has not completed civil service testing for classified service positions.

According to ORC 124.11, the civil service of the State and the several counties, cities, civil service townships, city health districts, general health districts, and city school districts of the state shall be divided into the unclassified service and the classified service. Also, according to ORC 124.23, all applicants for positions and places in the classified service shall be subject to examination, with some exceptions.¹² Civil service in the United States was initially implemented in 1872 to ensure public sector appointments were made based on merit rather than

¹² Applicants for positions as professional or certified service and paraprofessional employees of county boards of developmental disabilities, shall be hired in the manner provided under section [124.241](#) of the Ohio Revised Code.

by inheritance or patronage and to provide a measure of security to rank and file employees who had previously served “at will.” By 1909, over 60 percent of federal employees were appointed based on merit, with their qualifications measured by tests. Ohio’s civil service processes are modeled after the federal process. Though the civil service process has its critics, it ensures that employees have appropriate qualifications at hiring and that the most skilled employees, as determined by the test, are selected for hiring.

To ensure equitable hiring of qualified candidates, the County should monitor the classification system and administer appropriate testing to ensure civil service candidates meet minimum qualifications for the job. Likewise, failure to comply with Ohio Statutory guidelines and conduct civil service testing could lead to unqualified candidates being hired for certain classified civil service positions.

R2.4 Reduce County health insurance costs through increased employee contributions.

Butler County should increase employee contributions for health insurance by 5 percent (to 23 percent in Plan 1, 15 percent in Plan 3) in each plan offered to its employees. This would result in contribution rates in line with the Kaiser average and would help Butler County reduce expenditures by lowering the County’s portion of overall insurance costs.

Table 2-4 illustrates Butler County’s health insurance premiums and cost sharing for 2010. As mentioned earlier, the County’s total premiums are favorable when compared to industry benchmarks. However, the County covered a large portion of the premiums in 2010 by paying up to 97 percent of premium costs in some cases. In 2011, the County made adjustments to its insurance plan structure, including the percentage of the premium paid by the County.

Table 2-7 illustrates the County’s 2011 insurance premiums and cost sharing.

**Table 2-7: Butler County 2011 Premiums & Employee /
County Contributions**

	Single Coverage		Single + 1 Coverage		Family Coverage	
PLAN 1						
	Dollar Amount	% of Total	Dollar Amount	% of Total	Dollar Amount	% of Total
Employee Contribution	\$75.48	18%	\$150.78	18%	\$222.00	18%
County Contribution	\$333.18	82%	\$667.38	82%	\$980.18	82%
Total Premium	\$408.66	100%	\$818.16	100%	\$1,202.18	100%
PLAN 3						
	Dollar Amount	% of Total	Dollar Amount	% of Total	Dollar Amount	% of Total
Employee Contribution	\$36.08	10%	\$72.26	10%	\$106.14	10%
County Contribution	\$332.40	90%	\$665.80	90%	\$977.86	90%
Total Premium	\$368.48	100%	\$738.06	100%	\$1,084.00	100%

Source: Butler County

In 2011, Butler County pays 82 percent of the premium for Plan 1 and 90 percent of the premium for Plan 3 (Plan 2 was eliminated in 2011 because of low employee participation). Employees are responsible for paying the remaining portions of the premiums. This is consistent for all tiers of coverage; single, single + 1, and family.

The Kaiser Family Foundation (Kaiser) conducts an annual survey of nationwide employer-sponsored health benefits which results in aggregate data on the cost of health insurance. As published in *Kaiser Survey of Employer-Sponsored Health Benefits, 2010*, the nationwide average employee share of insurance premiums was 19.0 and 30.0 percent for single and family coverage, respectively.

Although the County's premiums are below SERB's reported averages (see **Table 2-4**), Butler County is facing severe deficits in its General Fund (see the **financial management section**). Therefore, it should consider increasing employee contributions for health insurance by 5 percent in both Plan 1 and Plan 3. This increase would result in employee contributions of 23 percent in Plan 1 and 15 percent for Plan 3.

Butler County should ensure contractual provisions regarding health insurance and employee contributions are considered when increasing employee contributions. While the contractual agreements indicate that insurance will be provided to employees at the same level as all other County employees, some contracts indicate that if employee shares are increased past a certain level the union may reopen the provisions for negotiation.

Financial Implication: If the County increased employee contributions by 5 percent in each plan, it would save approximately \$694,000 annually. With 38.5 percent of employees being paid directly from the General Fund, this would result in minimum savings of approximately \$267,000 in the General Fund.

R2.5 Renegotiate certain provisions in collective bargaining agreements to promote consistency and efficiency, and reduce costs to the County.

Butler County elected officials should seek to renegotiate provisions within collective bargaining agreements that are inconsistent across the County or that exceed recommended practices. These include the following:

- **Attendance Incentive**
- **Call-out time;**
- **Holiday leave;**
- **Nonessential licensure;**
- **Overtime calculations;**
- **Probationary periods;**
- **Sick leave payouts at severance;**
- **Standby pay;**
- **Temporary reassignment; and**
- **Wage increases.**

In addition, officials and department heads in selected offices and departments, including Children's Services, the Clerk of Courts, the County Care Facility, and the Sheriff's Office should consider renegotiating selected provisions that may be costly to the County.

Butler County operates with 16 separate collective bargaining agreements covering several offices and departments. Although the County Director of Personnel or external legal counsel assists in the collective bargaining process, each elected official is responsible for reaching an agreement with the bargaining unit in his or her office. Within Butler County's collective bargaining agreements, auditors noted the application of several leading and recommended practices, which were largely consistent among contracts. These include the following:

- **Annual Performance Evaluations:** Annual evaluations are addressed specifically in the agreements for the Building and Zoning Department, Children's Services, Clerk of Courts, Job and Family Services, Developmental Disabilities, and the Water and Sewer Department, and evaluations are implied in the Sheriff's Office agreements as it relates to step increases. Annual performance evaluations are considered a recommended practice and the practice should be applied County-wide.
- **Labor Management Committee:** All but two agreements contain specific provisions for Labor/ Management committees. The formation of Labor/Management committees is a recommended practice that affords employers and bargaining unit representatives an opportunity to discuss and address various issues as they arise. Several bargaining units also have Safety committees to address occupational health and safety issues.
- **Right to Subcontract:** All but a few agreements specifically maintain Management's right to subcontract and only the Engineer's Office agreement contains a required time frame for consultation with the bargaining unit prior to implementing subcontracting. The Sheriff's Office agreements are mute on this subject.
- **Step Increases/Salary Ranges Tied to Performance:** This provision appears explicitly in the negotiated agreements for the Building and Zoning Department, Children's Services, Job and Family Services, Developmental Disabilities, Sheriff's Office and Water and Sewer Department. Tying pay to performance is a leading practice and while this applies to annual step increases, it is a positive step toward implementing pay for performance. The County would benefit from negotiating the application of this provision County-wide.

All County bargaining agreements contain consistent provisions for the accrual of sick and vacation leave.

Auditors also identified provisions that reflect leading and recommended practices that were incorporated into selected bargaining agreements. The County would benefit from negotiating the following provisions across bargaining units and incorporating them into policies for non-bargaining unit employees:

- **Disability Severance:** Several offices have defined periods of leave that an employee

may use prior to the employer commencing disability severance in cases where the employee will be unable to return to work. The Building and Zoning Department, Children's Services, and Clerk of Courts have set this threshold at 6 months. However, the Sheriff's Office has set this threshold at one year. As noted in the *background*, Butler County has been experience-rated because of a series of injuries resulting in lost work. Allowing a shorter duration before moving to disability may help the County better control these costs in the future.

- **Optional Bargaining Unit Membership:** Some contracts permit revocation of check off authorization for union dues by the employee. This provision is particularly clear in the Engineer's Office bargaining agreement in Article 4, Number 3. This allows the employee to determine if union membership is in their best interest. The Engineer's Office agreement further protects employees through the non-discrimination provision, which states that employees who choose union membership or opt out of membership cannot be subject to discrimination based upon their choice.
- **Sick Leave Abuse and Attendance Policies:** The agreements in force for Job and Family Services and the County Care Facility have clear sick leave abuse and attendance policies. These practices mirror recommended practices and the County might consider extending provisions of this type across offices and departments.
- **Spousal Coverage for Medical Insurance:** Two bargaining units representing employees in Children's Services and the Engineer's Office contain provisions that explicitly prohibit spousal coverage under County health insurance when the spouse has employer-offered insurance. Alcohol and Drug Addiction Services also implemented this policy for its employees in 2010. This provision can result in significant cost savings for medical insurance premiums. Elected officials should seek to negotiate this provision in future agreements and apply it to non-bargaining employees through County policy. In instances where elected officials have recently renegotiated agreements, they should consider approaching the bargaining unit representatives to implement a memorandum of understanding to apply this provision.
- **Work Hours:** The agreements in force at the County Care Facility and the Engineer's Office provide specific management rights to set work schedules based on need. Other agreements contain very specific work hours which limits flexibility and the employer's ability to efficiently allocate staff. County officials should examine the work hour provisions in each of the bargaining agreements and seek to renegotiate those provisions that inhibit efficient staffing.

Several provisions in the collective bargaining agreements were inconsistent across County offices and reflected varying degrees of the application of recommended practices. In some cases, these provisions are costly to the County and elected officials should seek to renegotiate them to levels more consistent with recommended practices to ensure the efficiency of County services. These provisions are highlighted below:

Attendance Incentive: Several offices and departments offer attendance incentives to

employees, which allow the employee to accrue personal leave for perfect attendance (excluding scheduled vacation, compensatory, and holiday leave and bereavement leave). The County does not track the effectiveness of the incentive, the cost to the County for its implementation or the financial impact of the provisions on its operations. The following table illustrates the attendance incentive provisions in the County's collective bargaining agreements:

Table 2-8: Attendance Incentive Provisions

Provision	Office or Department
4 hours every 2 months (4 pay periods)	Job and Family Services
4 hours every 3 months	County Care Facility Engineer's Office
6 hrs every 3 months (per quarter)	Sheriff's Office
7.5 hours (1 day) every 3 months	Clerk of Courts
8 hours (1 day) every 4 months	Building and Zoning Department

Source: Butler County Collective Bargaining Agreements

As shown in **Table 2-8**, not all County offices and departments have standard attendance incentive provisions. For example, an employee working for Job and Family Services accrues four hours of personal leave for perfect attendance once every two months. However, an employee working for the Engineer accrues personal leave at a slower pace, or four hours of personal leave, once every three months.

The County should track the number of recipients of the attendance incentive within each office and department, and calculate the impact on operations, including any additional cost for overtime in 24/7 operations. Once the County has accumulated sufficient data, it should evaluate the various attendance incentives and seek to standardize the provision across offices and departments during the next round of negotiations. Specifically, it should seek to negotiate a provision that provides a sufficient level of incentive while still being cost effective to the County.

Call-out Time: Many contracts contain provisions to compensate employees for call-out time. However, none of the contracts include stipulations that the employee work the full period of guaranteed hours upon being called out. Therefore, the employee may be called out but may only work a fraction of the time for which they are compensated. This results in an additional expense to the County without commensurate work being produced. The various levels of guaranteed hours for call-out time are illustrated below.

Table 2-9: Call-out Time

Call-out time Guaranteed Hours	Office or Department
2 hours	Children's Services
3 hours	Developmental Disabilities (Paraprofessionals)
4 hours	Building and Zoning Department Clerk of Courts County Care Facility Engineer's Office Job and Family Services Maintenance Department Sheriff's Office Water and Sewer Department

Source: Butler County Collective Bargaining Agreements

Note: The Sheriff's Office also guarantees 4 hours pay for court time.

During the next round of collective bargaining, the County should seek to include a provision in the agreements that requires employees on call-out to engage in County-oriented business for the duration of the guaranteed hours. In addition, the County should examine, by office and department, the average duration of call-out work and seek to renegotiate the 4-hour guarantee to a level commensurate to that used by Children's Services.

Holiday Leave: Although several agreements contain only 10 recognized holidays, including the Building and Zoning Department, County Care Facility, and Engineer's Office, other agreements include additional holiday leave. Specifically, the Sheriff's Office and Developmental Disability (Paraprofessional and Intervention Specialists) agreements contain 12 holidays. Additionally, some agreements, like the Maintenance and Water and Sewer Department contain 10 holidays but 2 additional holidays may be added if the County Commissioners declare certain days as holidays for BCC employees. Particularly in 24/7 operations or operations that may require call-in time, including additional holidays in the negotiated agreement can increase overtime and holiday pay costs for the County. During the next round of collective bargaining, the Commissioners (for the Maintenance and Water and Sewer Department) and the Sheriff should seek to reduce the number of holidays recognized in the collective bargaining agreements.

Licensure (Nonessential): Both Children's Services and the Water and Sewer Department provide employees with additional compensation for obtaining licenses that are not required as part of the employee's job duties. Though this encourages employees to seek additional training, it can be costly to the employer. Children's Services provides a pay supplement of an additional 4 percent to employees who obtain licensure in several areas associated with counseling and social work. The Water and Sewer Department provides an hourly rate increase for licenses related to water distribution and wastewater treatment, with the amount varying depending on the license. Prior to the next round of collective bargaining, County officials should examine the cost and outcome of these provisions to determine if the provision is having the desired effect and if it is cost effective to the County. If the County cannot demonstrate the effectiveness of these provisions, it should seek to negotiate them out of the contracts.

Overtime Calculations: Across County offices and departments, there is variation in how overtime hours are calculated and the period in which overtime hours are calculated (in excess of 8 hours per day, in excess of 40 hours per week, or in excess of 80 hours biweekly). In all cases,

overtime is paid at one and one-half times the normal hourly rate of pay, although the rate of holiday pay varies among contracts. In most contracts, the employer has the latitude to determine if overtime is paid in cash or through compensatory time. Each agreement has varying maximum levels of compensatory time that may be accrued. The following table illustrates these differences, including how work hours are defined based on the Fair Labor Standards Act (FLSA) and the collective bargaining agreements.

Table 2-10: Overtime Calculations

Overtime Calculation Period	Work Hours Definition	Office or Department
8 hrs in a day or 40 hours in a week	Hours as defined by FLSA plus vacation, compensatory, and holiday leave.	Engineer's Office
40 hours in a week	Hours as defined by FLSA	Clerk of Courts Job and Family Services Developmental Disabilities - (Paraprofessionals)
Overtime after 40 hrs active pay-defined as scheduled leave and regular work hours of overtime calculation purposes	Hours as defined by FLSA plus various combinations of scheduled and unscheduled leave.	Building and Zoning Children's Services Maintenance Department Water and Sewer Department
80 hours in a biweekly pay period	Hours as defined by FLSA	County Care Facility
80 hours in 14 days	Hours as defined by FLSA plus vacation, sick, compensatory, and holiday leave.	Sheriff's Office

Source: Butler County Collective Bargaining Agreements

Note 1: The County Care Facility agreement specifically states that "hours worked does not include sick leave, vacation, holiday or comp time or other form of paid leave". However, overtime can also be accrued after 8 hours of work in a day. No pyramiding is allowed in the accrual of overtime.

Note 2: Overtime is calculated based on 40 hours worked over 7 days for Sheriff's Office dispatchers.

Calculating overtime hours over a longer time horizon, such as 40 or 80 hours in a 7 or 14 day time period respectively, allows managers to better manage overtime utilization and reduces costs. Therefore, the County should seek to renegotiate the timeframes for overtime accrual in instances where it is based on less than 40 hours over a 7-day period. In addition, including forms of leave, such as vacation, holiday, sick and compensatory leave, in the calculation of hours worked is in excess of the requirements of the Fair Labor Standards Act and can greatly increase the frequency and duration of overtime hours worked. Because the County does not centrally track overtime (see also **2.7**), the effect of including leave in the definition of hours worked could not be calculated. However, during the next round of collective bargaining, the County should seek to redefine hours worked for overtime purposes to encompass only the FLSA definition.

Probationary Period: The duration of probationary periods varies across the county from a low of 90 days at the County Care Facility to a high of one year at the Sheriff's Office. The following table illustrates the variations in probationary periods.

Table 2-11: Probationary Period

Duration	Office/Department
90 days	County Care Facility
120 days	Building and Zoning Engineer Water and Sewer Department
180 days	Clerk of Courts Job and Family Services Maintenance Department Developmental Disability (Paraprofessionals)
270 days	Children's Services
1 year	Sheriff's Office Developmental Disability (Early Intervention Specialists)

Source: Butler County Collective Bargaining Agreements

Probationary periods of longer duration provide department heads and office holders with a greater opportunity to ensure new employees are able to perform the work assigned. During the next round of collective bargaining, the County should work with department heads and office holders to extend the duration of probation periods in a consistent manner across the County.

Sick Leave Payout at Severance: The amount of sick leave paid out at retirement varies across offices. Accrued sick leave represents a financial liability to the County since it must pay out these amounts per the bargaining agreement as employees terminate their employment with the County or retire. The table below illustrates the variances between offices and departments.

Table 2-12: Sick Leave Payout at Severance Provisions

Provision	Office or Department
¼ of accrued sick leave up to 30 days	Clerk of Courts
¼ of accrued sick leave up to 40 days	Building and Zoning Department Children's Services County Care Facility Engineer's Office Job and Family Services
½ of accrued sick leave up to 320 hours (40 days)	Sheriff's Office

Source: Butler County Collective Bargaining Agreements

Although the maximum amounts paid out at severance are consistent among the majority of offices and departments, the higher rate of payout for the Sheriff's Office may increase the financial liability of the County for employees who have not accrued sick leave time up to the maximum payout amount. During the next round of collective bargaining, the Sheriff's Office should examine the instances where the higher rate of payout has caused negative financial consequences for the Office and should seek to renegotiate this provision to be consistent with other County offices and departments.

Standby Pay: Some offices and departments compensate employees for being on stand-by status. Children's Services provides employees one hour of regular pay for being on standby status while the Sheriff's Office provides two hours of regular pay for the same function. The Water and Sewer department compensates employees on standby status at a rate of \$16.47 per

day (or twice that rate during weeks in which a holiday falls). Finally, the Engineer's Office requires on call employees to carry office-issued pagers for which the employee is compensated \$9.50 per day. During the next round of collective bargaining, the Sheriff's Office should seek to renegotiate the rate of standby pay for employees to a rate more similar to that offered by Children's Services, the Engineer's Office and the Water and Sewer Department. In addition, each office and department offering standby pay should examine the number of times this provision is exercised, its financial impact on the office or department, and its overall necessity in relation to operations.

Temporary Reassignment: Several collective bargaining agreements contain provisions addressing compensation for employees on temporary reassignment (working in positions above their normal classification). In each contract where these provisions are noted, a change in pay occurs after three consecutive days in the new assignment. In some instances, such as the Engineer's Office, the employee is paid at the rate for the reassignment position. However, in Children's Services, the Clerk of Courts and Job and Family Services, the employee receives the higher rate of pay or a 4 percent pay increase, whichever is higher. In the Maintenance and Water and Sewer departments, the employee receives the higher rate of pay or a 5 percent pay increase, whichever is greater. Though the application of these provisions is likely infrequent and the cost to the County immaterial, County officials should consider seeking to renegotiate these provisions to compensate the employee at the rate of pay for the position into which they have been temporarily assigned.

Wage Increases: Though many offices and departments have instituted pay freezes, some offices and departments included wage increases in their most recent collective bargaining agreements. These provisions were negotiated despite the County's financial condition and further contribute to the wage disparity between Butler County employees and those in peer counties (see **R2.6**). Children's Services negotiated a 1.5 percent pay increase in 2009 and 2010. The Clerk of Courts negotiated a 1 percent increase in pay for 2010, 2011, and 2012. The Engineer's Office negotiated a pay increase of 1.5 percent upon ratification of the agreement and a retroactive pay increase of 1.5 percent to January 1, 2010. The Developmental Disabilities Board (Early Intervention Specialists) negotiated a 2.0 percent pay increase in 2009, 2010, and 2011¹³. Also, the Water and Sewer Department negotiated wage increases of 1.5 percent in January 2011 and another 1.5 percent in June 2011. Although the County Care Facility froze base wages, it agreed to additional seniority pay in 2009, which increased hourly wages. During future rounds of collective bargaining, officeholders and department heads should carefully consider the impact of wage increases on General Fund operations and wage equity within the County and between the County and other employers prior to finalizing negotiated agreements.

Several other provisions within the contracts were identified as being outside normal collective bargaining agreement provisions. These provisions should be examined by the appropriate office holders and should be considered for renegotiation during the next round of collective bargaining because of their cost to the County. These are listed below by office or department:

¹³ According to the Developmental Disabilities Board, employees did not receive a pay increase in 2010 or 2011 due to an economic clause agreement.

Children's Services:

- Duration of grievance process;
- Case assignment practices prior to vacation;
- Gift certificates for employee recognition (ranging from \$25 for 5-year employees to \$300 for 25-year employees);
- Additional leave for employee recognition; and
- Other forms of recognition included in the agreement.

Clerk of Courts:

- 35 hour work week (other offices represented by these negotiated agreements are on a 40 hour work week).

County Care Facility:

- Tuition reimbursement levels (these levels greatly exceed those in other agreements).

Sheriff's Office

- Fitness Incentive (an additional \$200 is awarded annually to employees passing a fitness test); and
- Uniform stipend amounts (these are high in comparison to uniform allowances in other departments and the peers, ranging from \$700 to \$1,000 for uniformed deputies and plain clothes detectives).

The variances in the County's collective bargaining agreements are the result of each office holder or group of office holders, in the case of the Commissioners, negotiating independently from their counterparts. In addition, many provisions in collective bargaining agreements originate from certain events that are unique to a certain office or department. Finally, budgetary and operational constraints or desired levels of operations affect the provisions within the agreements as each office holder seeks to ensure his or her operational goals are met.

The disparity within provisions in the County's collective bargaining agreements can lead to increased costs and inconsistent application of recommended or leading practices and prudent business approaches. By renegotiating provisions in a manner that standardizes employee work and compensation rules across offices and departments and seeks to implement recommended and leading practices, the County will be able to reduce its labor costs and ensure a greater degree of fairness and equity among its employees. Because of the wide variety of provisions included in this recommendation, as well as the inability to obtain certain data from the County, financial implications for renegotiation of certain provisions could not be calculated.

R2.6 Complete a comprehensive analysis of salary structures in all offices and departments.

Butler County's elected officials and department heads should work together to complete a comprehensive analysis of the County's salary structure and the system used to guide

decision making regarding employee compensation. During this process, the County should conduct a review to align compensation and job responsibilities and also seek to ensure that like positions within its various offices and departments are compensated in a similar manner.

Butler County's Policy Manual includes a compensation policy for setting salaries and principals to govern pay increases. This policy is established under the Commissioners' Office and other offices, boards, and agencies of Butler County can choose to adopt it (see **R2.1**). While the County does have a policy in place, individual offices and departments are responsible for making decisions, managing their own budgets, and determining employee compensation. Salaries and hourly rates for bargaining unit members are controlled by the County's negotiated contracts. Pay freezes for union members would have to be negotiated. Because of the County's financial condition, short-term cost containment strategies were put into place in some County offices. For example, the Treasurer and Recorder implemented furloughs to reduce salary expenditures. Also, many offices and departments have reduced staff through attrition. Lastly, some County employees did not receive raises in 2010. In contrast to these cost-containment strategies, employees in other County offices and departments, including the Water and Sewer, Engineer's Office, and the Clerk of Courts, received pay increases in 2010.

Butler County's average salaries were compared to the peer average (see **Table 2-3**). Results of the comparisons showed the County to have higher than average salaries in 13 of the 15 positions sampled. These comparisons were made using the 2010 actual salaries of Butler County and peer employees. Other compensation influences such as longevity and bonuses were not considered for Butler County or the peers in the comparison.

Compensation practices in Delaware County reflect recommended practices for controlling personnel costs and ensuring the consistent application of changes to compensation. Many of the officeholders in Delaware County entered into a merit-pay system based on a U.S. Congress Job Evaluation plan, a product of the U.S. Congress Job Evaluation and Pay Review Task Force. A compensation management system was adopted by the county to control costs, manage turnover, improve morale, and provide incentives to deserving employees. According to Delaware County, a more critical objective is to ensure the pay of county employees is equitable, competitive and comparable to other counties and within county departments. The compensation management system has four basic components:

- Job categorization;
- Determination of meaningful evaluation factors;
- Development of benchmark job descriptions; and
- Guide charts for analysis and ranking.

Once a job is correctly placed in the system, movement of each employee is determined by objective performance evaluation based on the position description and goals established within the position description.

While Butler County Commissioners contracted with a third party to complete a job description and compensation study in 2010, this analysis included only non-bargaining unit employees

appointed by the County Commissioners in specific departments and agencies organized under the Commissioner's Office. Decisions on employee compensation remain inconsistent between offices and departments. This system includes the following methodology: evaluate jobs to determine the elements of work and evaluation criteria; group jobs with like levels; rank jobs based on reliable evaluation factors; and establish an equitable pay system based on market rates for similar jobs. The outcome of this study was not complete and therefore conclusions were not examined during the course of this performance audit.

Butler County does not have a compensation management system in place. The number of separately elected officials (as well as agencies with statutorily required budgets) makes it difficult for counties to adopt uniform compensation policies across departments. Furthermore, the Commissioners do not have authority over operational decision-making in other offices and departments. As a result, County-wide policy initiatives would require the voluntary cooperation of all officeholders.

A County-wide analysis of salary structures and the development of a formal management system with written policies and procedures will provide opportunities for more consistent and appropriate compensation levels. Implementing a process to grant similar increases among departments and offices and tying those increases to the County's financial condition would require the agreement of other elected officials. This process would help the County regain its financial health and encourage more consistency and equity between offices and departments.

Financial Implication: For every 1.0 percent salary increase that is avoided in the future, Butler County could save approximately \$390,000 in General Fund Expenditures.

R2.7 Reduce sick leave and implement leave usage management review and oversight.

Butler County should measure the cost of sick leave and reduce the amount used by County personnel. First, the County should develop and implement formal sick leave policies in its policy and procedures manual (see R2.1). These policies should clearly define what the County will consider a pattern of abuse.

Next, the County should require all departments to submit sick leave data to the County Auditor and periodic reports should be generated for departmental and administrative use that show pertinent data, such as employee leave accumulations, leave use by type and date, the cost of leave time, and the reasons for absences. Doing so will help ensure consistent application of leave policies and identify potential sick leave misuse and abuse.

Finally, each Butler County elected official and department head should consider following the American Society of Public Administration's (ASPA) suggestions for effectively managing sick leave abuse within their respective offices. The County should complete this type of analysis for each type of employee leave as well as overtime.¹⁴

Butler County's Personnel Policy Manual and collective bargaining agreements define employee

¹⁴ Auditors attempted to complete an analysis of employee overtime but the County was unable to provide data. Therefore, this assessment was not possible.

accrual and accumulation of sick leave, appropriate uses of sick leave, and procedures for reporting sick leave use.¹⁵ The policies and provisions indicate that department heads or supervisors may require a proof of sickness, illness or disability for absences if they determine to be in the interest of the County. In any event, an employee absent for more than three days must supply a physician's report to be eligible for sick leave. In addition, the County's collective bargaining agreements include incentives to limit sick leave use (see **R2.5**). Despite these provisions, Butler County employees, on average, used more sick leave per employee than the DAS State average in 2010 (see **Table 2-6**).

According to the article, *Sick Leave Abuse: A Chronic Workplace Ill?* (ASPA Times, April 2002), determining if and why employees exploit leave policies is important. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine if sick leave use is higher in one department, or under a particular supervisor, and if workplace policies and procedures affect absences. Finding the root causes of the problem helps address core issues. Methods for monitoring sick leave abuse vary from one organization to another, but the following are common guidelines all employers can follow to manage sick leave effectively:

- Recognize the problem and intervene early before it escalates. Managers need to enforce leave policies and take appropriate action.
- Find out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behavior stems from personal problems.
- Learn to say "No." Employers should not let employees get away with abusing leave policies.
- Use procedures, regulations, practices, and knowledge to benefit management as well as the employee.
- Document everything to learn from past mistakes.

The Ohio Civil Service Employees Association (OCSEA) represents nearly 35,000 State and local government employees who work in various agencies and institutions. The union is affiliated with the 1.4 million-member American Federation of State, County, and Municipal Employees (AFSCME). Members of OCSEA/AFSCME Local 11 include public workers employed by various State of Ohio agencies and departments and a few county and municipal agencies. Most county and municipal employees in Ohio, however, are represented by the sister unions, AFSCME Council 8 and OAPSE/AFSCME Local 4. Both of these collective bargaining agreements with the State of Ohio contain provisions for disciplining employees for sick leave abuse and provisions for pattern abuse, defined as consistent periods of sick leave use. The agreements provide the following as examples of pattern abuse:

- Before and/or after holidays;
- Before and/or after weekends or regular days off;
- After pay days;
- Any one specific day of the week;

¹⁵ The County's Policy Manual was updated in 2009 and the changes had not been formally approved by the Commissioners at the time of the performance audit.

- Absence following overtime worked;
- Half days;
- Continued pattern of maintaining zero or near zero balances; and
- Excessive absenteeism.

Butler County department heads and elected officials inconsistently provided employee leave usage reports when requested for this performance audit. Some departments, including the Sheriff's Office, did not provide data while other departments, including the Treasurer's Office, Veteran Services, and Recorder's Office provided sick leave balances but not sick leave used. The County uses a decentralized process for tracking and monitoring leave time and Butler County's Auditor indicated that some offices have refused to provide leave accumulation and utilization data to his Office (see **R3.1**).

Without a formal monitoring process and set definitions of abuse, employees may take advantage of sick leave and cause Butler County to experience higher than average usage. High amounts of sick leave can result in decreased productivity. Sick leave abuse can also be costly, both in direct and indirect costs. Such costs include overtime pay for other employees, missed deadlines, sinking morale, and decreased productivity.

Developing formal policies that communicate specific leave expectations as well as procedures for officials or department heads to use in monitoring sick leave use may allow the County to reduce sick leave use. Defining patterns that are considered abusive and communicating possible disciplinary actions will assist the County in this endeavor. Policies should be communicated across all departments and included in the County's policy and procedures manual (see **R2.1**).

Cost savings are not readily quantifiable for Butler County staff, but will depend upon related impacts on the use of substitutes and overtime.

Administrative Offices and Departments

Each Ohio county organized under the general statutory law has eleven elected officials consisting of three county commissioners and an auditor, treasurer, prosecuting attorney, clerk of courts of common pleas, engineer, coroner, recorder and sheriff. Although there is no chief executive officer; each elected official possesses some executive authority. A description of the duties of the commissioners, auditor, treasurer, coroner, and recorder is included in this section, along with the Department of Development and the Records Center that fall under the Commissioners' supervision.

Commissioners Office

The board of county commissioners under general statutory law consists of three elected county commissioners and its duties are prescribed under Ohio Revised Code Chapters 305 and 307. County commissioners make up the general administrative body for county government. As indicated by the General Assembly, the commissioners can perform those duties that are specifically authorized by the General Assembly and no more. They are the county government taxing, budgeting, appropriating, and purchasing authority. The commissioners can hold title to property and cannot act independently. All formal and official actions must be taken by the board acting as a body by majority or unanimous vote. The commissioners have a myriad of other responsibilities that are described in detail in ORC chapters 305 and 307. Some of the more important duties in the context of this audit are providing for the borrowing of money, maintaining buildings and property, requesting reports from county elected officials and executives, adopting procedures for contracting, and adopting the tax budget and exercising control over expenditures.

In addition, commissioners have the authority to establish other departments that they determine to be necessary. The specific duties of finance, law, personnel, detention and corrections, and water and sewer are specified in ORC Chapter 302. Other departments under the Butler County Commissioner's authority include the following:

- Information Services;
- Administration/OMB
- Workers' Compensation
- Maintenance;
- Regional Airport;
- Dog and Kennel;
- Department of Development/Entitlement;
- Mail Room;
- Parking Garage;
- Records Center;
- Child Support Enforcement (Agency)
- Children Services (Board)

- Job and Family Services (Agency); and
- County Care Facility

Expenditures

Table 3-1, shows the Commissioners' expenditures compared to the peers.

Table 3-1: Commissioners' Expenditure Comparison 2009

	Butler	Peer Average	Difference	Percent Difference
Personal Services ¹	\$986,695	\$1,512,618	(\$525,923)	(34.8%)
Purchased Services ²	\$510,606 ³	\$313,438 ⁴	\$197,168	62.9%
Materials and Supplies	\$22,412	\$25,441	(\$3,029)	(11.9%)
Capital Outlay	\$0	\$18,923	(\$18,923)	(100.0%)
Other ⁵	\$623,657 ⁶	\$525,660 ⁴	\$96,997	18.6%
Total	\$2,143,370	\$2,396,081	(\$252,711)	(10.5%)

Source: Butler County and peer county CAFRs (Budget versus Actual statements for the General Fund). Peer counties include: Clermont, Lake, Lorain, and Stark.

Note 1: Categories reported by the peers in the Budget versus Actual statements may vary in reporting, therefore, auditor determined proper category for analysis.

Note 2: Lake's information is from its 2008 CAFR, as the 2009 CAFR was not available.

¹ Includes employee salaries and employment benefits (insurance, taxes, and fringe benefits).

² Includes Insurance/Pensions/Taxes and Commissioner's Other accounts.

³ Excludes risk sharing expenditures that were unique to the County.

⁴ Excludes Stark County expenditures for purchased service and other expenditures due to non-reporting. However, Stark was included in the peer averages.

⁵ Includes expenditures that cannot be classified into the major categories such as leases for other departments and donations.

⁶ Excludes transfer expenditures that were unique to the County.

As shown in **Table 3-1**, the Commissioner's total expenditures are 10.5 percent lower than the peer average. Although salaries are lower than the peer average, the Commissioner's spend significantly more for purchased services and "other" expenditures. This can be attributed in part to classification of expenditures that vary among the peers and the County. In the County's purchased service category, expenditures include health savings account payments, property insurance payments, and official bonds. Although not included in **Table 3-1**, the County also codes a risk sharing expenditure (CORSA-property and liability insurance), in the amount of \$949,530, to the purchased service category.

Differences in purchased services can be attributed to how the County allocated certain costs among departments. Butler does not charge the cost of property and liability insurance to each department, as it is solely a General Fund expenditure.¹⁶ However, the Commissioner's do recoup the cost for certain departments in its indirect cost allocation plan. Similar expenditures

¹⁶ During the course of the audit the Commissioner's noted that charging General Fund departments for General Fund cost allocations would cause unnecessary transactions and labor time that would not be beneficial or cost effective.

were unable to be detected in the peer expenditures. Also included in the purchased service category are lease expenditures. The County pays for building leases for various properties including the Law Library, Records Center (storage warehouse), Clerk of Courts, Area Court (Oxford), and a communications tower (see **R6.1** for an additional assessment on facility leases). Lastly, the County paid its property taxes from this account as well.

Included in the County's "other" category, are expenditures for transfers, contributions, and donations to other organizations. The largest expenditure was for transfers to support other County departments which totaled \$530,800. This amount was excluded from **Table 3-1** due to the inability to identify these costs in the peer expenditures. In addition, a payment of \$150,000 was made to the Port Authority as part of the County's contribution. During 2010, the support to other departments has decreased and the donations have been reduced. Additionally, during the course of the audit, the Commissioners hired a centralized purchasing agent to assist in the County's purchases. Although other County departments are not required to use this service, they could recognize savings by utilizing the centralized purchasing agent.

Table 3-2 shows the Commissioners' expenditures based on benchmarks in comparison to the peers.

Table 3-2: Commissioner's Expenditure per 10,000 Residents (2009)

	Butler	Peer Average	Difference	Percent Difference
Personal Services				
-- per citizen	\$27,167.91	\$58,131.22	(\$30,963.31)	(53.3%)
-- per property parcel	\$6.29	\$12.10	(\$5.81)	(48.0%)
Purchased Services				
-- per citizen	\$14,059.15	\$12,660.42	\$1,398.73	11.0%
-- per property parcel	\$3.25	\$2.69	\$0.56	21.0%
Materials and Supplies				
-- per citizen	\$617.10	\$943.71	(\$326.62)	(34.6%)
-- per property parcel	\$0.14	\$0.20	(\$0.05)	(27.0%)
Capital Outlay				
-- per citizen	\$0.00	\$693.46	(\$693.46)	(100.0%)
-- per property parcel	\$0.00	\$0.14	(\$0.14)	(100.0%)
Other				
-- per citizen	\$17,171.93	\$22,501.89	(\$5,329.96)	(23.7%)
-- per property parcel	\$3.97	\$4.73	(\$0.76)	(16.1%)
Total Expenditures				
-- per citizen	\$59,016.09	\$94,930.70	(\$35,914.62)	(37.8%)
-- per property parcel	\$13.65	\$19.86	(\$6.20)	(31.2%)

Source: Butler and peer data.

Note: Per 10,000 citizens.

As shown in **Table 3-2**, the Commissioner's total expenditures are lower than the peer average on a per citizen and per property parcel basis. In recent years, the Commissioners have implemented certain strategies to reduce overall costs, including adopting centralized purchasing and reducing grants and donations to third parties.

During the reporting phase of the audit, the Butler County Commissioners provided an official response to the audit report (see **client response**). With the exception of the **human services** section of the report, all sections were covered within the Commission's response.

Recommendations

R3.1 Increase communication of basic operational data and reduce siloing and resource competition among offices.

The Butler County Commissioners and elected officials of the row offices should take steps to increase the use of data in decision-making, increase collaboration and cross-office resource sharing, and require a high degree of transparency in each office of the County. In order to effect a change in the political atmosphere of the County and reduce the effects of “turf” protection, public officials must lead by example and begin publicly reporting relevant facts about office operation. Additionally, they should exercise a willingness to cooperate in efforts to bring the County’s finances and operations back into balance. Though no official can compel his or her peers to participate in increased information sharing, collaboration or trust building, illustrating the benefits to taxpayers through visible efforts can garner constituent pressure for others to participate in the process. Without significant changes in officials’ levels of cooperation, Butler County will be unable to leverage its resources for the betterment of its residents, particularly in times of financial constraint.

Butler County’s executive branch consists of 11 elected officials. Each elected official holds an office and is accountable to the voters of the County. Through this system, applied in all but two counties, Ohio county government provides for significant checks and balances and avoids concentrating too much power under one office. However, it also encourages organizational silos in which offices operate autonomously without communication or cooperation with other offices. Political and “turf” issues can worsen the silo effect to the extent that it hampers operations, reduces the effectiveness of expenditures of taxpayer resources, creates an environment of competition, reduces responsiveness to constituents, and creates an environment of secrecy that masks potentially inappropriate uses of resources.

Butler County operates under conditions exhibiting siloing and resource competition. One example is the County’s budgeting process in which Commissioners are required to make decisions about allocation of revenues without substantive information about how those dollars would be spent in some of the largest offices (see **R1.3**). Some budgetary requests are presented by office holders at a high level and do not include program data or benchmarks. Some offices refuse to participate in expenditure reduction efforts and continue to consume an ever-larger share of General Fund resources. This makes it impossible to prioritize County services or make relevant funding decisions.

Competition for resources has also led to secrecy and mistrust. During the course of this audit, auditors could not complete key work due to the lack of cooperation among some officials and the fact that several key General Fund offices refused to provide information. In some cases, auditors could not obtain basic operational data that should be available for any public office. Employee job titles and salary information, allocation of staff and resources among general functions, sick leave accrual rates and balances, or service contracts with other public offices or political subdivisions were withheld from auditors and other County officials.

Statement on Auditing Standards No. 99: Consideration of Fraud in a Financial Statement Audit (AICPA) describes a “fraud triangle” of conditions that are generally present when fraud occurs. The three components of the fraud triangle are Incentive or Pressure, Rationalization, and Opportunity. While the first two factors are individual in nature and serve as the motivation for a person to commit fraud, *Opportunity* creates the environment which allows the fraud to occur. In Butler County, the failure of some elected officeholders to communicate with other officials and the public, and cooperate on basic information sharing creates the *Opportunity* component of the fraud triangle. In some instances, *Rationalization* is also evident, as prior elected officials have circumvented their peers to obtain desired resources.

While openness, transparency, and oversight from independent bodies naturally leads to greater accountability in government, a lack of openness provides greater opportunity for corruption and misappropriation of public resources. Though evidence of fraudulent activity was not identified during the course of this audit, the lack of openness and public scrutiny places Butler County at a high risk for abuse of taxpayer dollars.

The lack of cooperation and collaboration among some County officials has a number of tangible impacts including:

- It leads to increased costs through duplications of effort in areas such as information technology (see **R3.5**) and human resources (see **R2.1**). Due to the lack of trust and unwillingness to share information, the County cannot achieve savings through centralization of these functions.
- It hinders good decision making and prevents public officials from effectively executing their jobs. Because of an unwillingness to share operational data and actively engage in comparisons of efficiency and effectiveness, opportunities to learn from other offices or promote programs based on efficacy are lost.
- It prevents public officials from weighing costs and benefits and making decisions that reflect discretion and the best interests of constituents. For example, information withheld from examination by certain offices limits the Commissioners’ ability to balance fiscal prudence and public safety.

Absent an improvement in the levels of transparency—openness, communication, information-sharing, and oversight over major functions of the government—Butler County officials and residents will continue to risk fraud and abuse of public resources and, at a minimum, experience diminished services and increased costs as a result of some officials’ inability to collaborate and work cooperatively. Until this condition improves, it will be extremely difficult for the County to solve its budget problems or serve the taxpayers of Butler County in an efficient and effective manner.

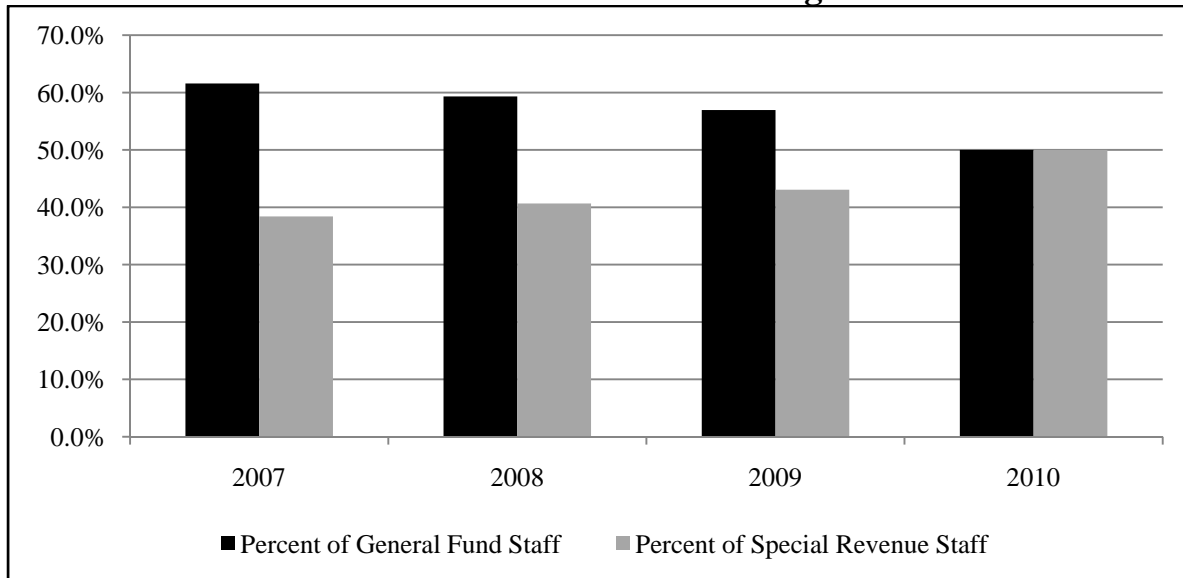
Adopting data driven decision-making, collaborative strategic planning and performance-based budgeting, or even examining options to adopt an alternative form of county government could help Butler County begin to resolve its issues of siloing and resource competition.

R3.2 Develop a County-wide policy for allocating expenditures between the General and special revenue funds.

The Butler County’s Commissioners and other elected officials should adopt a policy and procedures for budgeting and allocating expenditures to special revenue funds. Each Office and department that has control of specific special revenue funds should have input on the policy to ensure that it can continue to appropriately access the funds and administer required services. The procedures should include an explanation of specific spending limitations on restricted funds so that both Commissioners and officials have an understanding of allowable expenditures. Furthermore, the County should track expenditures from each fund by type to identify trends and variances so that it can make educated decisions on the budget and operations of each Office and department. Lastly, the County Auditor should review expenditures, specifically large expenditures such as payroll and purchased services, to ensure that each Office and department has properly allocated expenses to the correct fund and that the expenditures within special revenue funds are allowable and appropriate.

The Butler County Commissioners and elected officials do not have a required budgetary process that reflects recommended budgeting practices. Butler County’s General Fund has been in decline and reductions in the allocation of funds have been made for each Office and department. In light of the recent General Fund constraints, this has caused some offices to shift expenditures from the General Fund to special revenue (restricted) funds. Some offices have been responsive and made reductions in spending while other offices that have special revenue funds have allocated more operating expenditures to those restricted funds and not made reductions in overall expenditures.

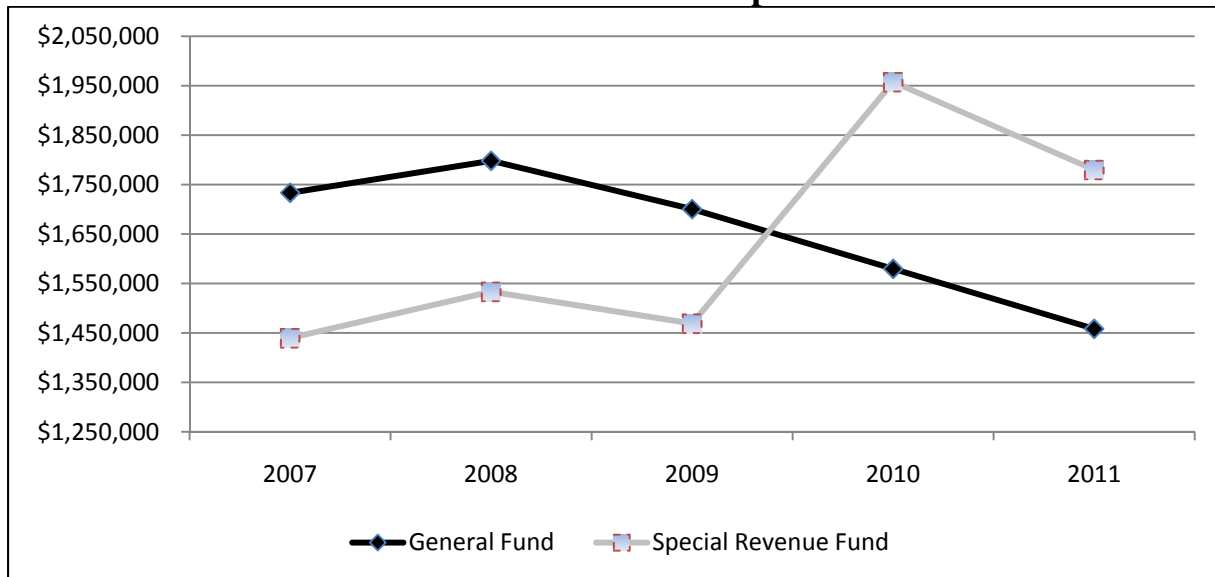
For example, **Chart 3-1** shows the change in staff from the General Fund to the special revenue fund for the Clerk of Courts.

Chart 3-1: Clerk of Courts Staffing Allocation

Source: Butler County Clerk of Courts.

Chart 3-1 depicts the changes in staff between the General and Title Fund (special revenue fund for the Clerk's Office). During 2007, the staffing in the Office had more General Fund paid employees than the Title Fund. As the General Fund reduced, the staffing allocation increased in the Special Revenue Fund. It is important to note that in the Clerk of Court's Office staff increased rather than decreased during this period. In the end, this has resulted in allocating staff evenly between each fund.

Chart 3-2 shows the change in total expenditures between the General Fund and Special Revenue Fund for the Clerk of Courts.

Chart 3-2: Clerk of Courts Total Expenditure Allocation

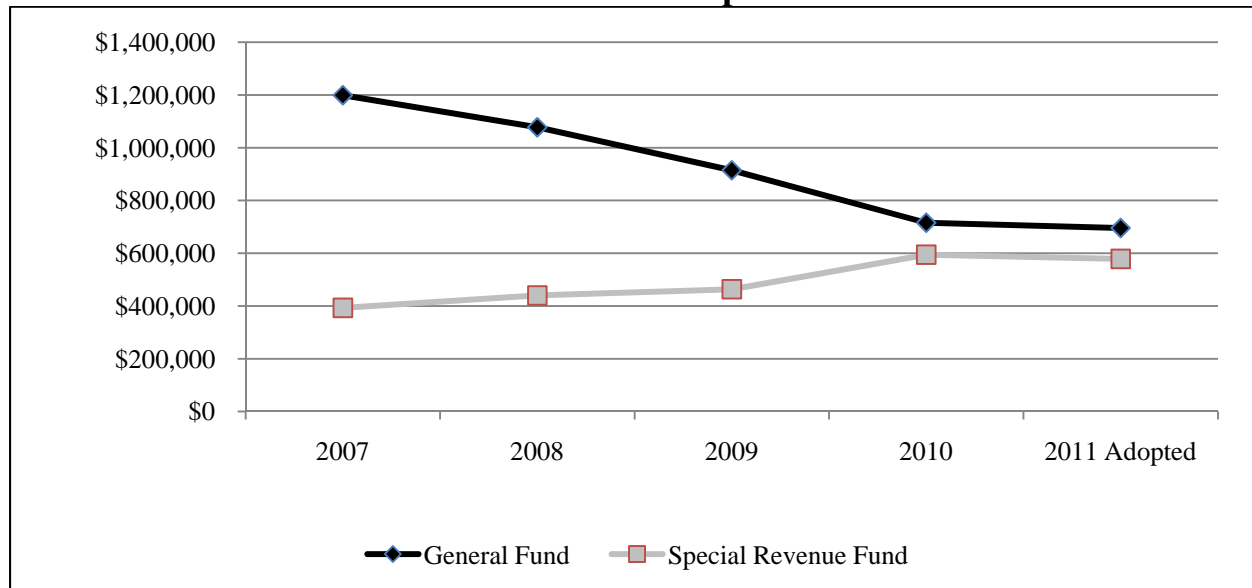
Source: Butler County Comprehensive Financial Report and budgetary documents.

Note: 2011 is adopted budget.

Chart 3-2 depicts the change in allocation of expenditures between the General and special revenue funds. In 2007, the General Fund was more stable and the allocation to the special revenue fund was less. Between 2009 and 2010, the General Fund appropriation was significantly reduced and the reliance on special revenue greatly increased. For more detailed analyses, see **clerk of courts background**.

The Treasurer's Office also began allocating more expenses to its special revenue funds (DTAC). The Treasurer's overall expenditures have declined but, between 2009 to 2010, the Treasurer's staff allocation in the General Fund also shifted to the special revenue fund.

Chart 3-3 shows the change in expenditures between the General Fund and special revenue fund for the Treasurer's Office.

Chart 3-3: Treasurer's Total Expenditure Allocation

Source: Butler County Treasurer's office.

Chart 3-3 depicts changes in the General Fund and special revenue fund expenditure allocations. In 2007, the General Fund expenditures were higher and the Treasurer's Office had less reliance on the special revenue fund. Between 2007 and 2010, the General Fund allocation was reduced and the special revenue expenditures increased. This was due in part to a significant reduction of staff in this department. Between 2007 and 2011, the Butler County Treasurer's Office made deep cuts in the overall office budget.

The Clerk of Courts and Treasurer's Office are examples of instances where the reliance on special revenue funds have increased as the General Fund becomes less stable.¹⁷ However, according to the County, the reverse was true historically when special revenue funds were depleted and the General Fund was needed to pick-up costs that should have been paid by the special revenue funds.

By definition, special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes prescribed by the ORC and other regulatory requirements. The Commissioners and elected officials should be aware of the limitations of the funds and make operating decisions to meet a reduced budget rather than relying on special revenue funds to bridge the gap. While this enables the Offices to avoid staffing reductions, it only provides a temporary solution to a larger budgetary problem and risks noncompliance with statutory requirements.

A County-wide policy and procedures that provide clear information on the requirements of the funds and any limitations on the types of expenditures allowed will help ensure that the County is allocating its resources properly for all offices and departments. It will also help justify

¹⁷ Similar assessments of other key office holders could not be completed due to the lack of information provided by the respective offices.

expenditures and provide a framework that will enable the Commissioners and other elected officials to be proactive during the budgeting process.

Auditor's Office

According to County Commissioners Association of Ohio's Handbook (2002), the Auditor is the chief fiscal officer of the county. As fiscal officer, the Auditor has the responsibility to keep the official record of all county government receipts and disbursements. The Auditor also has the responsibility to certify to the commissioners an estimate of available revenue that they may appropriate for county agencies and departments. The Auditor must certify that funds are available or in the process of collection when the county makes a purchase or enters into a contract. Lastly, the Auditor prepares a detailed annual report of all revenue and expenditures by fund under the rules of the State Auditor.

The Auditor also administers Ohio's property tax law. The auditor appraises every parcel of land and buildings and improvements fairly and uniformly, then assesses for tax purposes. A general reappraisal of real property is performed every six years with an update during the third year of the cycle. The auditor must maintain accurate records of real property, including the transfer of deeds, new construction, new parcels and lot splits, oil and gas wells, homestead exemptions, and special assessments. Annually, the auditor prepares an abstract of properties, tax rates, and a general tax list and duplicate. After taxes are collected by the county treasurer, the auditor distributes taxes and special assessments to various political subdivisions and county agencies or boards. The auditor certifies a list and duplicate of delinquent taxes and publishes the list. The treasurer pursues the collection of delinquencies.

The auditor also has the following responsibilities:

- Distributing funds to various political subdivisions.
- Serving as agent for the state Tax Commission for administering Ohio's tangible personal property tax law.
- Administering Ohio's manufactured home law in the same manner as real property taxes.
- Serving as an agent for the state Tax Commissioner to process estate tax and distributes monies collected to the state and township or municipality of the decedent.
- Serving as the seal of weights and measures by inspecting such devices as scales and gas pumps to protect the consuming public.
- Issuing various licenses including those for dogs and kennels, vendors, and cigarettes.

Finally, the auditor serves critical functions on certain county boards and commissions.

The Butler County Auditor's Office comprises three sections: the elected official and audit staff, real estate assessment, and benefits administration. The audit staff performs the fiscal function of the Auditor's Office including accounts payable, payroll disbursements, and accounting for the county departments and agencies. This section also includes the dog and kennel auditor for licenses. The real estate section handles the property tax assessments and GIS personnel. The benefits administration section administers the benefits for all County employees.

Expenditures and Performance Measurement

Table 3-3 shows the comparison of total General Fund expenditures for Butler County and the peers for CY 2009.

Table 3-3: Auditor's Expenditure Comparison CY 2009

	Butler	Peer Average	Difference	Percent Difference
Personal Services	\$1,250,077	\$998,850	\$251,227	25.2%
Purchased Services	\$115,756	\$98,138	\$17,619	18.0%
Materials and Supplies	\$24,520	\$15,985	\$8,535	53.4%
Capital Outlay	\$0	\$9,234 ¹	(\$9,234)	0.0%
Other	\$2,110	\$55,647	(\$53,537)	(96.2%)
Total	\$1,392,463	\$1,177,854	\$214,609	18.2%

Source: Butler County and peer county CAFRs (Budget versus Actual statements for the General Fund). Peer counties include: Clermont, Lorain, Lake, and Stark. All counties, with the exception of Stark, have a smaller population when compared to Butler County.

Note 1: Categories reported by the peers in the Budget versus Actual statements may vary in reporting, therefore, auditor determined proper category for analysis. See **Table 3-1** for general category explanation.

Note 2: Lake's information is from its 2008 CAFR, as the 2009 CAFR was not available.

¹Clermont County was included in the peer average; however, it did not report expenditures in the "other" category.

As shown in **Table 3-3**, the Auditor's Office expends approximately 18.2 percent more than the peer average. However, with the exception of Lake County, all other peers counties total expenditures were less than Butler County. The Auditor's personal services contribute to the higher spending level with salaries and benefits that are 25.2 percent higher than the peers. During the fieldwork stage of the audit it was noted that the peers do not employ a benefits administrator within the auditor's Office. As such, the Butler County benefit's administrator position contributes to the Auditor's higher personal service expenditures when compared to the peers. The Auditor's purchased services are also higher than the peer average by 18.0 percent. These expenditures include professional fees, phone service, and training expenditures.

Table 3-4 provides a benchmark comparison of expenditures for Butler County and the peers.

**Table 3-4: Auditor's Expenditure Comparison
per 10,000 Residents (2009)**

	Butler	Peer Average	Difference	Percent Difference
Personal Services				
-- per citizen	\$34,419.94	\$35,727.06	(\$1,307.12)	(3.7%)
-- per property parcel	\$7.96	\$7.34	\$0.63	8.5%
Purchased Services				
-- per citizen	\$3,187.25	\$3,510.22	(\$322.96)	(9.2%)
-- per property parcel	\$0.74	\$0.72	\$0.02	2.3%
Materials and Supplies				
-- per citizen	\$675.14	\$571.75	\$103.39	18.1%
-- per property parcel	\$0.16	\$0.12	\$0.04	33.0%
Capital Outlay				
-- per citizen	\$0.00	\$330.28	(\$330.28)	(100.0%)
-- per property parcel	\$0.00	\$0.07	(\$0.07)	(100.0%)
Other				
-- per citizen	\$58.10	\$1,990.39	(\$1,932.30)	(97.1%)
-- per property parcel	\$0.01	\$0.41	(\$0.40)	(96.7%)
Total Expenditures				
-- per citizen	\$38,340.43	\$42,129.71	(\$3,789.28)	(9.0%)
-- per property parcel	\$8.87	\$8.65	\$0.22	2.5%

Source: Butler County and peer county General Fund expenditures CY 2010. Peer counties include: Clermont, Lorain, Lake, and Stark. Census Bureau. Peer parcel data.

Note: Per 10,000 citizens.

As shown in **Table 3-4**, the Auditor's operational costs for the General Fund are lower than the peers on a per 10,000 citizen basis by 9.0 percent but higher on a per property parcel basis by 2.5 percent. Although in total, the Auditor's per property parcel expenditures are higher than the peers, the difference is insignificant. The Butler County Auditor's Office did not have capital expenditures and its other account was significantly lower when compared to the peers.

Table 3-5 shows the benchmark comparison of transactions between Butler County and the peers.

Table 3-5: Auditor's Transaction Benchmark Analysis 2009

	Butler	Peer Average	Difference	Percent Difference
Conveyances	6,181	4,575	1,606	35.1%
Exempt Conveyances	4,885	4,191	694	16.6%
Real Estate	156,951	137,564	19,387	14.1%
Personal Property Returns ¹	N/A	188	(188)	(100.0%)
Total Number of Transactions	168,017	146,330	21,687	14.8

Source: Butler and peer data (Lake and Lorain).

¹ This number is low due to the phase out of the personal property returns.

According to **Table 3-5**, Butler completes more transactions than the peer average by 139.4 percent. Based on the CY 2010 staffing levels, the Auditor employs approximately 17.7 percent

more staff than the peers; however, processes 14.8 percent more total transactions per total FTEs when compared to the peers. The total number of real estate transactions were also higher than the peers by 14.1 percent. Butler County noted that real estate transactions are processed by its real estate assessment staff. When compared on a per real estate FTE basis, Butler processes 12.7 percent fewer real estate transactions per FTE compared to the peers. However, when reviewing the peer average, both Lake and Lorain counties significantly skew this workload measure. The Auditor's FY 2010 real estate staff is comprised of 28.5 FTEs whereas Lake and Lorain average 19.5 FTEs. Due to the number of transactions processed in Butler County, the larger number of staff appears to be justified. These workload measures indicate that the Butler County Auditor's Office is generally efficient when compared to the peers and no recommendations were made for this area of operations.

Treasurer's Office

The Treasurer is the county's banker. The Treasurer's Office holds the county's money from collection, invests, and redeems warrants from the auditor. This office works in conjunction with the auditor's office and serves as part of the county's check and balance. The following list includes the major duties of the Treasurer as defined in ORC Chapter 321:

- Receiving all county monies whether they are received by the treasurer or another county office. Pay-ins are certified to specific accounts by the auditor and deposited to the treasurer.
- Redeeming warrants by the auditor for payment of county obligation and posting to proper account. Total receipts, disbursements, and remaining funds must balance with the auditor.
- Investing with strict legal guidelines in conjunction with the investment advisory committee on which the treasurer serves with two county commissioners.
- Billing and collecting taxes on real and personal property, manufactured homes, estate taxes, and vendors and cigarette licenses;
- Collecting delinquent taxes. Under House Bill 493, treasurer's have greater flexibility in collecting delinquent taxes and are authorized to accept, under specified circumstances, partial payment of taxes.
- Establishing a delinquent tax and assessment collection fund (DTAC) in the amount of 5 percent of all delinquent real property, personal property, and manufactured and assessments collected by the county treasurer.

Over the past two years the Butler County Treasurer's Office has made significant staff and expenditure reductions. Specially, the Butler County Treasurer's Office reduced its staff from 25 FTEs and two part-time interns to 17 FTEs (or 35 percent) during this period. During the course of the audit, the Treasurer consolidated its banking institutions into one to help streamline the process and gain more favorable interest rates and fees. The Treasurer also performs additional services for tax payers such as holding escrow accounts for citizens to make monthly payments which helps reduce delinquencies. Additionally, the Treasurer's Office produces a third billing in order to maximize on tax collections at a small expense in order to boost the collection of its tax payments and to help citizens avoid further delinquency. The delinquent fees help pay for the costs incurred by the additional billing.

Expenditures and Performance Measurement

The following table shows the change in expenditures between the General Fund and DTAC Fund over the past four years.

Table 3-6: Changes in Expenditures Per Fund

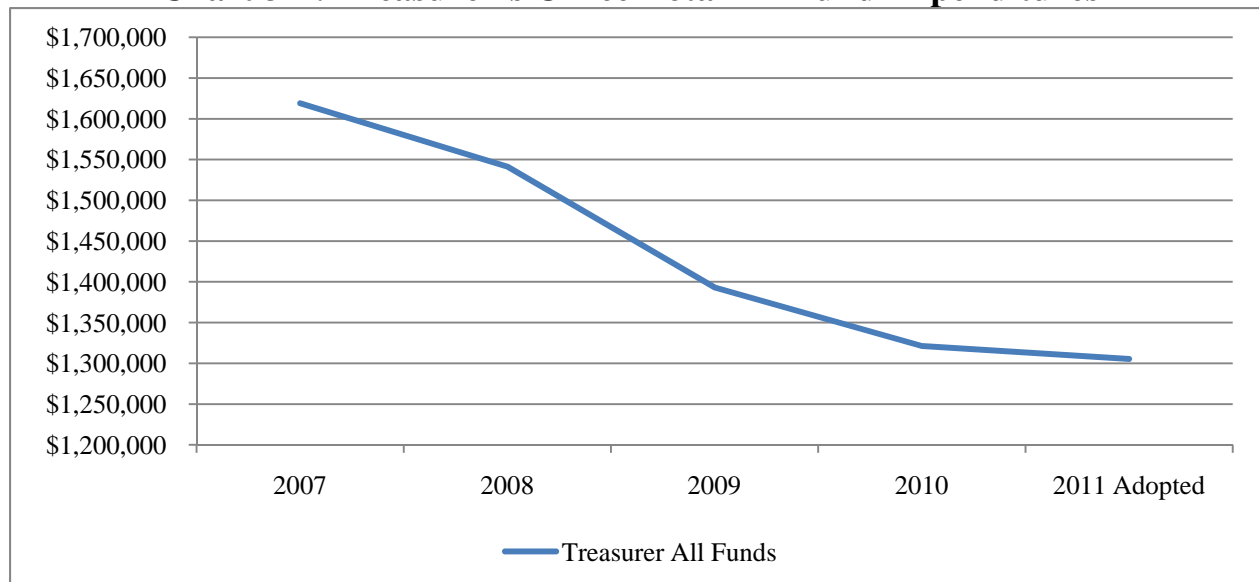
	Actual 2008	Actual 2009	Actual 2010	2011 Adopted
General Fund	\$1,077,541	\$914,814	\$715,832	\$695,784
DTAC	\$440,001	\$463,610	\$594,570	\$578,584
Escrow	\$23,774	\$14,622	\$10,803	\$23,470
Total	\$1,541,316	\$1,393,046	\$1,321,205	\$1,297,838
General Fund Percent	69.9%	65.7%	54.2%	53.6%
DTAC Percent	28.6%	33.3%	45.0%	44.6%
Escrow Percent	1.5%	1.0%	0.8%	1.8%

Source: Butler County Treasurer's Office.

Note: The 2011 Adopted budget excludes \$7,608 for Bill Fees.

As shown in **Table 3-6**, the Treasurer's Office General Fund support has declined by approximately 35 percent since 2008.

Chart 3-4 illustrates the decline in the Treasurer's Office total expenditures from 2007 to 2011.

Chart 3-4: Treasurer's Office Total All Fund Expenditures

As illustrated in **Chart 3-4**, and noted by the Treasurer, the overall budget (all fund sources included) has significantly decreased. The Treasurer noted that to accommodate the funding reductions, staff salaries were red-lined, 9 full-time positions were eliminated, furloughs were instituted, and manager pay was reduced. In addition, the Treasurer noted she made an effort to work with the legislature in order to change Ohio law to allow her the flexibility to reduce the staff's work week from 40 hours per week to 35.¹⁸

¹⁸ During the course of the audit it was noted that legislation was recently enacted into law with the new Governor's budget that will give the Treasurer authority to make additional budget cuts.

As the Treasurer's Office General Fund expenditures decreased, the DTAC Fund expenditures have increased by 31.5 percent during that same period. As displayed in **Table 3-6**, General Fund expenditures, as a percent of total expenditures, have decreased by 16.3 percent from 2008 to 2011. During the same period, DTAC expenditures, as a percent of total expenditures, have increased by 16.0 percent.

The reductions in General Fund support has impacted the charges to the DTAC Fund, especially those relate to personnel allocation and operating costs. The Treasurer's Office noted that in an adverse economy (2008 and after) the amount of DTAC related activities increases. Specifically, the volume of contracts, contract defaults, foreclosures, remission of penalty applications, Board of Revision hearings, delinquencies and delinquency related questions from taxpayers; and special meetings with taxpayers in the Treasurer's Office or on conference call to discuss individual situations increased to date. As such, additional staff resources were needed for DTAC activities. For an additional analysis on the Treasurer's Office and DTAC Fund, see **R3.2** and **R3.3**, respectively.

The following tables show the expenditures for the Treasurer's Office during 2009 in comparison to the peers.

Table 3-7: Treasurer's Expenditures Comparison 2009

Treasurer	Butler	Peer Average	Difference	Percent Difference
Personal Services	\$787,910	\$484,386	\$303,524	62.7%
Purchased Services	\$114,174	\$118,919	(\$1,557)	(1.3%)
Materials and Supplies	\$8,081	\$22,740	(\$14,659)	(64.5%)
Capital Outlay	\$0	\$8,946	(\$8,946)	(100.0%)
Other	\$4,649	\$20,807	(\$16,158)	(77.7%)
Total	\$914,814	\$655,798	\$259,016	39.5%

Source: Butler County and peer county CAFRs (Budget versus Actual statements for the General Fund). Peer counties include: Clermont, Lake, Lorain, and Stark.

Note 1: Categories reported by the peers in the Budget versus Actual statements may vary in reporting, therefore, auditor determined proper category for analysis. See **Table 3-1** for general category explanation.

Note 2: Due to the unavailability of the County's 2009 CAFR, Lake's expenditures are from CY 2008.

Note 3: Lake and Lorain did not report expenditures in the capital outlay category in 2009; however, auditors included these peers when calculating the peer average. Additionally, Clermont and Stark did not report expenditures in the other category; however, were still included in the peer average.

As shown in **Table 3-7**, the Treasurer's Office total expenditures are 39.5 percent higher than the peer average. The main category in which the expenditures are higher is personal services that includes employee salaries and benefits (see the **human resource** section for an analysis of compensation and benefits). The Treasurer noted that due to office reductions, the General Fund budget for 2011 is \$695,784, a decline of 23.9 percent from 2009.

Table 3-8 illustrates Treasurer's Office expenditures on a per citizen and per property parcel basis compared to peers.

Table 3-8: Treasurer's Expenditure Comparison per 10,000 Residents (2009)

General Fund Expenditures	Butler	Peer Average	Difference	Percent Difference
Personal Services				
-- per citizen ¹	\$21,694.51	\$18,656.21	\$3,038.31	16.3%
-- per property parcel	\$5.02	\$3.88	\$1.14	29.5%
Purchased Services				
-- per citizen ¹	\$3,143.70	\$4,149.59	(\$1,005.89)	(24.2%)
-- per property parcel	\$0.73	\$0.85	(\$0.12)	(14.1%)
Materials and Supplies				
-- per citizen ¹	\$222.50	\$1,129.53	(\$907.03)	(80.3%)
-- per property parcel	\$0.05	\$0.23	(\$0.18)	(78.0%)
Capital Outlay				
-- per citizen ¹	\$0.00	\$431.10	(\$431.10)	(100.0%)
-- per property parcel	\$0.00	\$0.09	(\$0.09)	(100.0%)
Other				
-- per citizen ¹	\$128.01	\$686.62	(\$558.62)	(81.4%)
-- per property parcel	\$0.03	\$0.14	(\$0.11)	(79.2%)
Total Expenditures				
-- per citizen ¹	\$25,188.72	\$25,053.05	\$135.67	0.5%
-- per property parcel	\$5.83	\$5.19	\$0.64	12.3%

Source: Butler and peers.

Note 1: Due to the unavailability of the County's 2009 CAFR, Lake's expenditures are from CY 2008.

Note 2: Lake and Lorain did not report expenditures in the capital outlay category in 2009; however, auditors included these peers when calculating the peer average. Additionally, Clermont and Stark did not report expenditures in the other category; however, were still included in the peer average.

¹ Per 10,000 citizens.

As shown in **Table 3-8**, the Treasurer's Office total expenditures are higher than the peer average on a per-10,000 citizen and per parcel basis. The Treasurer's personnel costs cause the total expenditures to be higher even though the other categories fall below the peer averages.

Table 3-9 shows the General Fund expenditures on a per FTE basis for 2009.

Table 3-9 General Fund Expenditures per General Fund Employee

General Fund Expenditures	Butler
Personal Services per FTE	\$78,791
Purchased Services per FTE	\$11,417
Materials and Supplies per FTE	\$808
Capital Outlay per FTE	\$0
Other per FTE	\$465
Total General Fund per FTE	\$91,481

Source: Butler County

¹ Only General Fund Employees.

As shown in **Table 3-9**, the Treasurer's Office expenditures for General Fund personnel show the average salaries and benefits per FTE is approximately \$78,791. In total, the average cost of

operations was \$91,481 per FTE. During the course of the audit, it was noted that historical pay raises and high staffing levels have contributed to the higher personal service costs in the Treasurer's Office. See **R2.6** in the **human resource** section for an additional assessment of compensation. Due to the decline in General Fund support, the Treasurer's Office reduced total General Fund spending to \$89,479 per FTE in 2011.

Table 3-10 shows the Treasurer's DTAC expenditures on a per FTE basis for 2009.

Table 3-10: DTAC Expenditures per DTAC Fund Employee

DTAC Expenditures	Butler
Personal Services	\$348,471
-- per FTE	\$58,079
Purchased Services	\$102,102
-- per FTE	\$17,017
Materials and Supplies	\$3,193
-- per FTE	\$532
Capital Outlay	\$0
-- per FTE	\$0
Other	\$9,844
-- per FTE	\$1,641
Total Expenditures	\$463,610
-- per FTE	\$77,269

Source: Butler County

Note 1: Only DTAC Fund Employees.

As shown in **Table 3-10**, the Treasurer's Office DTAC FTEs average approximately \$58,079 in salaries and benefits. When comparing the General Fund personal services costs per FTE to the DTAC Fund, the average salaries per FTE vary significantly. It is apparent that more salaries and benefits are expended from the General Fund than DTAC; however, this is partially due to the classification of expenditures between the two funds and not necessarily to higher salaries for individuals assigned to the department. In 2011, the Treasurer's Office decreased total DTAC spending to \$66,063 per FTE.

During a review of a draft of this audit report, the Treasurer provided a response to the draft of the audit via email. Auditors made the changes proposed in this response when sufficient documentation was provided to support the changes.

Recommendations

R3.3 Develop and implement a policy and procedures for expending DTAC funds.

The County should develop a policy and procedures to serve as guidelines when expending the County's DTAC funds. ORC requirements restrict the use of DTAC funds and the County's policy should include references to the ORC and steps to ensure the State requirements are followed. Additionally, the Treasurer and Prosecutor should comply with ORC requirements and complete an annual report explaining the use of DTAC monies to the Commissioners. They should also keep detailed personnel information in order to support personal services charges to the DTAC funds. Lastly, the Treasurer's Office should work with the Prosecutor and Commissioner's Office to plan a strategy on how DTAC should be expended in compliance with ORC.

The Treasurer's Office does not have a policy or procedures that guide its use of DTAC (delinquent tax and assessment collection) funds. Additionally, the Treasurer does not formally log specific details that show the amount of time employees work on collecting delinquent taxes and how the Office expends the DTAC monies to remain in compliance with State law. Furthermore, the Treasurer's Office expends monies for the collection of delinquent taxes but has not had the opportunity to develop other preventive programs prescribed by the ORC that would benefit the community. Moreover, the Office has become more reliant on the use of DTAC monies to support personnel costs due to reductions in the County's General Fund budget (see **Table 3-10** in the *background*). The Treasurer did note that the Office abides by and is in compliance with Ohio Revised Code.

During 2010, the Treasurer's and Prosecutor's Offices did not submit an annual report that explains the expenditures from the fund to the Board of County Commissioners as required by the ORC. Although the Treasurer's Office submitted its annual report during 2009, it has experienced staffing changes that have caused a delay in reporting its DTAC expenditures for 2010.¹⁹ The Prosecutor does not submit an annual report to the Commissioners explaining the expenditures from the fund as required by the ORC. The Prosecutor's Office maintains that the Auditor's Office serves as its fiscal agent and it does not take physical custody of the fund. Therefore, the Prosecutor's Office feels it is not required to submit this report to the Commissioners. Although the Prosecutor does not feel this action is necessary, it is required by ORC 321.261.

ORC section 321.261 gives treasurers guidance on establishing a delinquent tax and assessment collection fund (DTAC) in the amount of 5 percent of all delinquent real property, personal property, and manufactured and mobile home taxes and assessments collected by the county treasurer. Except as provided, one-half of moneys in the fund shall be appropriated by the county to the treasurer and the remaining half to the prosecutor, for the following purposes:

- Use by the treasurer and prosecutor in connection with the collection of delinquent property taxes, including proceedings related to foreclosure of the state's lien for such

¹⁹ During the course of the audit, the 2010 annual report was provided to AOS and submitted to the Commissioners.

taxes against such property;

- Use with respect to any portion of the amount appropriated to the treasurer for the benefit of the county land realization corporation upon warrant of the auditor;
- To prevent residential mortgage foreclosures in the county and address problems associated with other foreclosed real property. Money authorized to be expended shall be used to provide financial assistance in the form of loans to borrowers in default on their home mortgages, including payment of fees and arrearages and to augment moneys used in the county's foreclosure program. The amount may not exceed the amount that would cause the fund to have a reserve of less than twenty percent of the amount expended in the preceding year. Moneys may be used to assist municipal corporations or townships upon application (limited based on population).
- Submit an annual report to the board of county commissioners by the first day of December. Each report shall specify the amount appropriated to the office, estimate of amount so appropriated that will be expended by the end of the year, a summary of how the amount appropriated has been expended in connection with the delinquent tax collection activities or land reutilization, and an estimate of the amount that will be credited to the fund during the ensuing calendar year.

The absence of a policy and procedures for the County's DTAC fund increases the risk of noncompliance with ORC and fails to provide adequate guidance in planning for the use of the fund.

If the County develops and implements a policy and procedures for the use of its DTAC funds, the Treasurer's Office will better manage and possibly implement programs that help the community. The Treasurer should work with the Prosecutor's Office to ensure compliance with the State requirements, and with the Commissioner's to ensure the funds are properly expended to benefit the County. Lastly, the Treasurer and Prosecutor should complete the requirements spelled out in ORC to help prevent inappropriate and non-compliant expenditures from DTAC funds.

Coroner's Office

The Coroner is a part of the criminal and civil justices system as prescribed by ORC Chapter 313. Under ORC section 313.12, any physician, ambulance/emergency squad member or law enforcement agency must immediately notify a coroner when they come into contact with a person who dies. The major duties of the Coroner's office are described below:

- Appoint deputy coroners and pathologists to help with autopsies and medical tests, technicians, secretaries, and an official stenographer to record testimony and maintain official records.
- Investigate the cause of death that results from unusual or suspicious means after notification of death, including examining the body and providing transport to the morgue.
- Control the scene of investigations of unexplained death, issue subpoenas and writs of execution, administer oaths to witnesses and question witnesses during the inquest of a suspicious death, and file with the clerk of courts.
- Make reasonable attempt to promptly identify the body or remains of a deceased person by any means available and report to the bureau of criminal investigations.
- Dispose of the body and possessions as required.
- Take blood samples from the operator of a motor vehicle killed in an accident, crash, or who has died from injuries sustained in an accident.
- Order and supervise the disinterment of a body.
- Serve as acting county commissioner in the case of an absence as stated in ORC section 305.03.

The Butler County Coroner's Office employs approximately 16 employees and contracts with a pathologist to assist in conducting autopsies. The Coroner performs the autopsies with the pathologist to determine the cause and manner of death. County investigators are on-call and work three twenty-four hour shifts on a rotating schedule. These employees conduct investigations at the scene and report to the Coroner. In addition to the investigators, four transporters are employed on an on-call basis. ORC section 313.161 requires autopsies to be reimbursed if another county performs the service in the event the injury causing death occurs within the boundaries of a county other than the one in which the autopsy was performed. Although Butler County has its own Coroner and morgue, the County's location is between two metropolitan areas of Hamilton and Montgomery County. The County reimburses each county for autopsies performed and the cost is reflected as a purchased service.

Expenditures and Performance Measurement

Table 3-11 compares the Coroner's overall expenditures to the peer average.

Table 3-11: Coroner's Expenditure Analysis 2009

Coroner	Butler	Peer Average	Difference	Percent Difference
Personal Services	\$669,937	\$341,212	\$328,725	96.3%
Purchased Services	\$280,572	\$132,914	\$147,658	111.1%
Materials and Supplies	\$16,060	\$9,103	\$6,957	76.4%
Capital Outlay	\$0	\$726	(\$726)	(100.0%)
Other	\$0	\$5,882	(\$5,882)	(100.0%)
Total	\$966,569	\$489,836	\$476,733	97.3%

Source: Butler County and peer county CAFR Budget versus Actual statements for the General Fund. Peer counties include: Clermont, Lake, Lorain, and Stark.

Note 1: Categories reported by the peers in the Budget versus Actual statements may vary in reporting, therefore, auditor determined proper category for analysis. See **Table 3-1** for general category explanation.

Note 2: Lake's information is from its 2008 CAFR, as the 2009 CAFR was not available.

As shown in **Table 3-11**, the Coroner's total expenditures are higher than the peer average by 97.3 percent. The personal services, purchased services, and materials and supplies are significantly higher than the peers. Higher costs result from variances in how the Coroner carries out his duties. For example, the Butler County Coroner contracts with a pathologist to assist in conducting autopsies, as is the practice in some counties (e.g. Lake). However, other coroners, such as the Stark County Coroner, are also pathologists and do not contract this service. Butler County also employs investigators to conduct on-scene duties and perform the investigation related to the death. This position also varies between counties. Lorain County has deputy coroners who act as investigators to perform assessments at the scene, evaluations, and transports to the morgue. Lake County has one part-time investigator and the Coroner is on-call at all times. Butler County's total employee count includes four transporters who are used on an as-needed basis.

Table 3-12 shows the Coroner's expenditures on a benchmark basis in comparison to the peers.

Table 3-12: Coroner's Expenditure Analysis per 10,000 residents (2009)

	Butler	Peer Average	Difference	Percent Difference
Personal Services				
-- per citizen	\$18,446	\$12,080	\$6,366	52.7%
Purchased Services				
-- per citizen	\$7,725	\$4,805	\$2,920	60.8%
Materials and Supplies				
-- per citizen	\$442	\$284	\$158	55.7%
Capital Outlay				
-- per citizen	\$0	\$27	(\$27)	(100.0%)
Other				
-- per citizen	\$0	\$225	(\$225)	(100.0%)
Total Expenditures				
-- per citizen	\$26,613	\$17,421	\$9,192	52.8%

Source: Butler and peer county data CY 2009.

Note: Per 10,000 citizens.

As shown in **Table 3-12**, in total and each reported category, the Coroner's Office expenditures are higher than the peers on a per citizen basis. Specifically, the personal services category is higher than the peers on a per citizen basis (see the **human resource** section for assessments on wages and benefits). Additionally, purchased services are higher than the peers on a per citizen basis. Also included are fees paid for autopsies performed by outside counties (i.e., Hamilton and Montgomery). During 2009, the Coroner's Office reimbursed these counties approximately \$28,000. Materials and supplies are also higher than the peers on a per citizen basis. These expenditures are mainly for medical supplies at the Butler County Morgue.

Table 3-13 shows the activity of the Coroner's Office in comparison to the peers.

Table 3-13: Coroner Performance Analysis 2009

	Butler	Peer Average	Difference	Percent Difference
Total Official Cases/Deaths	329	386	(57)	(14.8%)
Total Autopsies	230	99	131	132.3%
Total Cases Not Autopsied or Inspected	28	58	(30)	(51.4%)

Source: Butler and peer county data CY 2009. Peers counties include: Clermont, Lake, and Stark.

As shown in **Table 3-13**, the Coroner's Office had a lower number of cases/deaths when compared to the peers; however, it completed 132.3 percent more autopsies. The Butler County Coroner's Office performed autopsies on 69.9 percent of its cases but the peers performed autopsies on 21.6 percent of its official cases. This higher workload contributes to the significantly higher expenditures in the Coroner's Office and could be an area for the Coroner to review for potential savings (see **issues for further study**).

Recorder's Office

The Recorder's Office is the County's official keeper of records. The function of the Recorder's Office is to provide protection to persons and property by recording a variety of legally essential documents. Many instruments recorded by the county recorder relate to real estate transactions; however, many other documents are recorded. According to ORC Chapter 317, the recorder's duties include:

- Keeping six separate sets of records as follows: deeds, mortgages, powers of attorney, plats, leases, and declarations;
- Keeping county and township zoning resolutions including text and maps, and amendments;
- Recording filing notices of federal tax liens;
- Recording certified copy of matter in bankruptcy;
- Recording all deeds, mortgages, plats, or other instruments of writing that are required and presented to the recorder for that purpose;
- Recording military discharges and soldiers graves;
- Keeping and maintaining records for other county officials as determined by the recorder, auditor, and treasurer and be at all times subject to the use, examination, and inspection of the public, and all officials of the county and municipal corporations; and
- Keeping a daily register of deeds and mortgages and indexes.

In addition to these requirements, the Butler County Recorder's Office performed work to assist other departments in record keeping. For example, the Recorder performed back scanning for the Engineer's Office during 2009. The Recorder's Office continues to act as the County's switchboard and information desk for walk-ins and community members. Prior to providing this service, the switchboard was operated by the County Commissioner's Office.

Expenditures and Performance Measurement

Table 3-14 shows the Recorder's overall spending in comparison to the peers.

Table 3-14: Recorder's Expenditure Analysis 2009

Recorder	Butler	Peer Average	Difference	Percent Difference
Personal Services	\$797,251	\$611,337	\$185,914	30.4%
Purchased Services	\$3,326	\$20,390	(\$17,064)	(83.7%)
Materials and Supplies	\$3,228	\$10,174	(\$6,946)	(68.3%)
Capital Outlay	\$0	\$462	(\$462)	(100.0%)
Other	\$5,782	\$5,662	\$120	2.1%
Total	\$809,587	\$648,025	\$161,562	24.9%

Source: Butler County and peer county CAFR Budget versus Actual statements for the General Fund. Peer counties include: Clermont, Lake, Lorain, and Stark.

Note 1: Categories reported by the peers in the Budget versus Actual statements may vary in reporting, therefore, auditor determined proper category for analysis. See **Table 3-1** for general category explanation.

Note 2: Lake's information is from its 2008 CAFR, as the 2009 CAFR was not available.

Note 3: Lake and Lorain did not report expenditures in the capital outlay category in 2009; however, auditors included these peers when calculating the peer average.

As shown in **Table 3-14**, the Recorder's total expenditures are higher than the peer average by 24.9 percent. Specifically, the Recorder's personal services costs are 30.4 percent higher than the peer average. In 2009, the Recorder's Office employed 18.0 FTEs including two employees who were performing back scanning work for the Engineer's Office. Additionally, the Recorder employed 1 FTE to work the County's central switchboard who was also paid from the Recorder's fund. Hiring additional people to perform work for other County departments contributes to the higher personnel costs. However, the Recorder no longer employs the staff used to help the Engineer's Office, but continues to staff and manage the County switchboard.

In 2010, the Recorder's Office consisted of 9 processing FTEs, 1 switchboard FTE, 1 Chief Recorder, 1 Manager, 1 Administrator, and the elected official for a total of 14.0 FTEs. It is important to note that the Recorder's employees including the official have worked on a reduced schedule. In 2009, staff worked 35 hours per week. Also, in 2010, staff took furlough days. The 2011 budget indicates a cost for salaries and benefits in the amount of \$677,443, a reduction in personnel costs of \$119,808 or 17.7 percent compared to 2009 expenditures.

Table 3-15 shows the Recorder's expenditures on a per citizen basis compared to the peers.

Table 3-15 Recorder's Expenditure Analysis per 10,000 Residents (2009)

	Butler	Peer Average	Difference	Percent Difference
Personal Services				
-- per citizen	\$21,951.71	\$22,729.00	(\$777.28)	(3.4%)
Purchased Services				
-- per citizen	\$91.58	\$652.21	(\$560.63)	(86.0%)
Materials and Supplies				
-- per citizen	\$88.88	\$401.88	(\$313.00)	(77.9%)
Capital Outlay				
-- per citizen	\$0.00	\$23.42 ¹	(\$23.42)	(100.0%)
Other				
-- per citizen	\$159.20	\$202.13	(\$42.93)	(21.2%)
Total Expenditures				
-- per citizen	\$22,291.37	\$24,008.65	(\$1,717.27)	(7.2)

Source: Butler County and peer county expenses and census.gov.

Note: Per 10,000 citizens.

¹Lake and Lorain did not report expenditures in the "capital outlay" category, however were included in the peer average.

As shown in **Table 3-15**, the Recorder's Office total expenditures per citizen are 7.2 percent lower than the peer average. **Table 3-16** shows the comparison of the Recorder's transactions produced to the peers.

Table 3-16: Recorder's Benchmark Comparison 2009

	Butler	Peer Average	Difference	Percent Difference
Deeds & Mortgage	31,310	22,727	8,583	37.8%
UCC & UCC Terminations ¹	398	410	(12)	(3.0%)
DD214 ²	35	129	(94)	(72.9%)
Leases & Liens	4,419	1,151	3,268	284.1%
Miscellaneous ³	26,529	561	25,968	4,628.9%

Source: Butler and peer transaction data.

¹ Unified Commercial Code (UCC)

²DD214 is a certificate of release or discharge from active duty. Lake did not report records in the DD214 category.

³Lorain and Stark did not report records in the miscellaneous category.

As shown in **Table 3-16**, the Recorder's Office processed 37.8 percent more deeds and mortgage documents than the peers on a per FTE basis. As explained in the background, Butler County is registered as a geographic County and is required to perform more indexing as well as processing registered land. The County also works with the Child Support Enforcement Agency and processes numerous liens. When compared to the peers, the Recorder's Office processed 284.1 percent more leases and liens. Lastly, the number of miscellaneous documents processed is high when compared to the peers and is attributed to a variance in the definition of "miscellaneous" and a lack of reporting by the peers in this category.

Since 2009, the Recorder's Office has reduced overall spending by 8 percent, primarily through staff reductions and reduced hours and days worked by employees. Based on the review of the

Recorder's Office expenditures per citizen and workload measures, it appears that the County's Recorder's Office is functioning effectively when compared to the peers and no additional assessments were completed.

Records Center

In 1994, the Butler County Commissioners created the Butler County Records Center by resolution. Per the resolution, the Records Center was established with the Microfilm Center for the purpose of systematically storing, retrieving, and disposing of inactive and semi-active records and securing microfilms of records for the county offices, agencies, and departments. For management and budget purposes, the Records Center is considered a department under the Commissioner's authority.

The Records Center is not a statutorily mandated department and as stated above, it operates under the authority of the Commissioners. The Records Center is located in an offsite building. The Records Center oversees County records management, governing the life cycle of records. It also maintains County archives, preserving documents and other records of historical interest. Primarily, the Records Center operates as a centralized records management facility to serve county offices and is used as a resource to provide public information. According to the Records Center, it provides access to public records on behalf of county offices per the following laws and rules: ORC 149.43, 341.01, 5153.16, 149.838, 37932-1-06, 5153.16, Sup R. 44-47, Sup R. 26, JR 78, OAC 109.5-1 and OAC 6121-1-18.

The Records Center provides the following services:

- Record Inventory and Disposition;
- Record Management Software;
- Project Management;
- Disaster Planning and Recovery;
- Imaging and Record Scanning;
- Security and Access;
- Archiving Permanent Records;
- Record Management Training;
- Microfilming;
- Electronic Filing;
- Record Retrieval and Delivery;
- Genealogy Research;
- Off-site and On-site Record Storage;
- Document Certification; and
- Record Disposal.

Clermont County, Lorain County, and Montgomery County have also elected to establish a centralized records management center.

Expenditures

Table 3-17 shows an expenditure analysis for Butler County's Records Center compared to the peer average.

Table 3-17: Record's Center Expenditure Comparison 2009

	Butler	Peer Average¹	Difference	Percent Difference
Personal Services	\$354,594	\$128,869	\$225,725	175.2%
Purchased Services	\$23,917	\$43,630 ²	(\$19,713)	(45.2%)
Materials and Supplies	\$16,811	\$9,690	\$7,122	73.5%
Capital Outlay	\$0	\$12,842	(\$12,842)	(100.0%)
Other	\$0	\$268	(\$268)	(100.0%)
Total	\$395,322	\$144,742	\$250,580	173.1%

Source: Butler County and peer county CAFRs (Budget versus Actual statements for the General Fund). Peer counties include: Clermont, Lake, and Lorain.

Note 1: Categories reported by the peers in the Budget versus Actual statements may vary in reporting, therefore, auditor determined proper category for analysis. See **Table 3-1** for general category explanation.

Note 2: Lake's information is from its 2008 CAFR, as the 2009 CAFR was not available.

¹ Includes Clermont and Lorain Records Center expenditures.

² Includes Lake County's purchased services amount which is a third party contract and from the 2008 CAFR.

As shown in **Table 3-17**, the Records Center expenditures were 173.1 percent higher than the peer average. Personal services and materials and supplies expenditures were significantly higher by 175.2 and 73.5 percent respectively when compared to the peers. In 2009, there were 10 employees paid from the Records Center Fund. However, in 2010, the Records Center employs 4 FTEs, including the Record's Center Manager. The reduction of staff paid from this Fund has significantly reduced personal service expenditures. The County has budgeted \$240,000 for the operation of the records center for 2011, a 64.7 percent reduction from 2009.

The purchased service expenditures of \$49,000 for the Records Center property lease which is paid from the Commissioner's "other" fund are not included in **Table 3-17**. If included, the purchased services would be 67.1 percent higher than the peers. Materials and supplies were 73.5 percent higher than the peer average. Included in these expenditures are costs for microfilm that is contracted out and bulk purchasing of storage boxes. For an additional assessment of the Records Center, see **R3.4**.

Recommendations

R3.4 Consider disbanding the Records Center and outsourcing document management functions.

The Butler County Commissioners should consider disbanding its Records Center and outsourcing its document management system to an outside vendor. The Commissioners could reduce the cost of operations by contracting with an outside vendor to process its paper and electronic documents. To obtain maximum value in the use of electronic records, the Commissioner's Office should work with each Office and department to convert documents into an electronic format that can easily be transferred to microfilm and other digital media. This will reduce the overall costs of conversion and storage.²⁰

In 1994, the Commissioners created a department to manage inactive County records and to serve as storage for records waiting to be microfilmed. Although public record keeping is statutorily required of each County department, maintaining a centralized records center (county department) is done at the discretion of the Board of County Commissioners. There are only three known centralized county records centers in the State of Ohio. Butler County's Records Center operates as a document processing service for County departments. Records that are permanent are processed into microfilm and stored if they remain a paper record. Additionally, records are destroyed following appropriate retention schedules. The Records Center also serves as a genealogy center for the public. During 2011, the cost of records or document management for the County was budgeted at \$240,000 in operating and facility costs. The Commissioners note that this has reduced the overall cost of records management for the County as a whole.

The Lake County Recorder's office (LCR) disbanded its microfilming department during 2004 by outsourcing its document microfilming and storage for the entire county. The department operated in a manner similar to the Butler County Records Center but the Recorder found that services were duplicated and it was more cost effective to contract the records processing to a third party. Citizens are still able to access records through the departments and the microfilm is available. Paper documents are microfilmed by a local company in case the document needs to be retrieved in emergency. However, the digital documents are processed from disk to microfilm and the departments keep a copy on file.

According to the Lake County Recorder, the savings were significant. The cost of document management was reduced from approximately \$250,000 to \$52,000 during 2009. At first, the LCR contracted with a local company in order to have documents readily available if needed during the processing. However, as the LCR and other county departments became digital, the LCR expanded its contract search and split the bid between microfilming electronic documents and paper documents. A local company processes its paper documents for accessibility purposes and another in Minnesota converts all electronic documents into microfilm. The cost of contracting fluctuates depending upon the size of the project. Genealogy services are not provided by the LCR as it is provided by a historical society.

²⁰ Although the Record's Center submitted a response noting disagreement with this recommendation, AOS still feels it is a necessary and worthwhile review to consider outsourcing these services.

Based on preliminary research, an independent local vendor in the Cincinnati area provides a full service document storage management system. Similar to the Lake County Recorder's contract, this vendor provides imaging, digital storage, and paper copy storage based on the contract with its clients. Although the County can potentially save on operating costs, there will still be a cost for processing its records onto microfilm and storage. However, the County has open spaces in County owned buildings to store permanent records without additional cost. The cost to process its documents into electronic format and microfilm will be reflective of the volume of documents that need to be microfilmed and stored during a given year and the number of departments that need the services.

In response to a draft of this audit, the Records Center noted its support for the recommendation that the County review options to reduce costs, use additional technology and use additional county owned space for records storage. However, it stated that audit did not include an analysis of specific advantages or disadvantages of disbanding the Records Center and it did not verify savings reported by Lake County. The Records Center also stated that the recommendations were, in some cases, based on preliminary research and comparisons derived from peer county averages versus actual data. The Records Center had previously submitted changes to the audit report that were not included in the final report.

Auditors did not accept the changes proposed by the Records Center because the information did not include information required to support the assertions. Auditors used actual data provided by peer counties to obtain peer averages and this data was examined for reasonableness.

By having an in-house records management system, the Commissioner's incur operating and property expenses that are duplicative of expenses incurred by other County departments. Though this is less than the cost for each department and office to separately maintain its records, additional cost savings could be achieved by transitioning records management to a third-party vendor.

Financial Implication: The costs of contracting through a third party will offset some of the savings but the County could potentially save approximately \$275,000 in personnel and property maintenance and lease costs, based on 2011 expenditures.

Department of Development

Commissioner's can establish a planning commission under ORC section 713.22 and establish zoning for the county under ORC Chapter 303. Butler County's Department of Development (or Development) was established to encompass these duties and has taken on the task of economic development.

The Department of Development, when encompassing the various sub-departments, provides numerous services. Specifically, Development plans for property and processes applications and issues permits for buildings and improvements. Additionally, the Department performs building and electrical inspections and enforces zoning for the County. Furthermore, Development's economic development services include energy efficiency retrofitting through the AARA Energy Block Grant, community development and housing projects, building inspections, and grant administration. Lastly, Development provides shelter care for housing its homeless population through federal funding.

In addition to the above duties, the Department of Development is also part of the OKI Regional Council of Governments. This Council is funded partially through the County and cities within Butler. Lastly, Development administers the tax abatement law as prescribed by ORC Chapter 5709.

Expenditures and Performance Measurement

The following tables show the expenditures for Development compared to the peers.

Table 3-18: Department of Development Expenditure Analysis 2009

Development	Butler	Peer Average	Difference	Percent Difference
Personal Services	\$1,179,487	\$815,677	\$363,810	44.6%
Purchased Services	\$178,232	\$134,690	\$43,542	32.3%
Materials and Supplies	\$10,496	\$19,629	(\$9,133)	(46.5%)
Capital Outlay	\$0	\$21,117	(\$21,117)	(100.0%)
Other	\$0	\$14,701	(\$14,701)	(100.0%)
Total	\$1,368,215	\$1,000,534	\$367,681	36.7%

Source: Butler County and peer county CAFRs (Budget versus Actual statements for the General Fund). Peer counties include: Clermont, Lake, Lorain, and Stark.

Note 1: Categories reported by the peers in the Budget versus Actual statements may vary in reporting, therefore, auditor determined proper category for analysis. See **Table 3-1** for general category explanation

Note 2: Lake did not report expenditures in the capital outlay category in CY 2009. However, Lake was included in the peer average.

Note 3: Lake's information is from its 2008 CAFR, as the 2009 CAFR was not available.

As shown in **Table 3-18**, Development's total expenditures are 36.7 percent higher than the peer average. The main cause is \$363,810 more in personal service costs, which is 44.6 percent higher than the peers. Additionally, Development's purchased services are 32.3 percent higher than the peer average. In 2009, the Department's purchased services costs included approximately \$54,000 in employee mileage reimbursement, \$15,000 in wireless services (computer notepads

and cell phones), \$11,000 in memberships and conferences, and \$23,000²¹ in payments to the Treasurer of State. The County collected approximately \$1,685,000 in building regulation department fees during 2009. This amount exceeds the Department's expenditure figure by \$316,785.

Table 3-19 shows the expenditure comparison using benchmarks for Development and the peers.

Table 3-19: Expenditure Benchmark Analysis per 10,000 Residents (2009)

	Butler	Peer Average	Difference	Percent Difference
Personal Services				
-- per citizen	\$32,476	\$32,339	\$137	0.4%
Purchased Services				
-- per citizen	\$4,907	\$5,372	(\$465)	(8.6%)
Materials and Supplies				
-- per citizen	\$289	\$832	(\$543)	(65.3%)
Capital Outlay				
-- per citizen	\$0	\$624	(\$624)	(100.0%)
Other				
-- per citizen	\$0	\$585	(\$585)	(100.0%)
Total Expenditures				
-- per citizen	\$37,672	\$39,751	(\$2,079)	(5.2%)

Source: Butler and peer county data for CY 2009.

Note: Per 10,000 citizens.

As shown in **Table 3-19**, the Development's total expenditures are lower than the peer average on a per citizen basis. **Table 3-20** shows the performance benchmark comparison between Development and the peers.

Table 3-20: Benchmark Workload Analysis 2009

	Butler	Peer Average	Difference	Percent Difference
Applications ¹	3,682	1,541	2,141	139.0%
Permits ²	3,450	2,898	552	19.0%
Inspections ¹	11,292	5,056	6,236	123.3%
Total Transactions	18,424	7,296	11,128	152.5%

Source: Butler and peer county data.

¹ Peers include: Lorain and Stark.

² Peers include: Clermont, Lorain, and Stark.

As shown in **Table 3-20**, Development processed 152.5 percent more total transactions than the peers. During 2009, there were 139.0 percent more applications for improvements and building than the peers. Additionally, Development processed 19 percent more permits than the peers. Based on expenditure and workload information, coupled with recent cost reduction efforts, no additional analyses of the Butler County Department of Development were performed.

²¹ In 2010, the figure became \$1,995.

Information Technology

Butler County uses information technology (IT) in a significant number of its processes and is highly dependent on automated processing for several key functions. Overall the IT environment is sophisticated and, until recently, technology resources were well maintained and up-to-date. The County's network is complex. It runs on a fiber optic "backbone" and comprises about 70 servers, excluding servers at the Clerk of Court's Office, Engineer's Office, and Sheriff's Office, and two data centers. The County also owns a portion of the fiber optic cable. As of November, 2010, the County estimated that 8 terabytes of data resided on the servers managed by the Butler County Information Systems Department (BCIS).

BCIS was created by the Board of County Commissioners under resolution 08-03-0359 on March 13, 2008 after the Commissioners abolished the Automatic Data Processing Board (ADPB) (resolution 08-03-0358). Under the former ADPB model, the County Auditor, Recorder, Clerk of Courts, Treasurer, and a member of the Board of Commissioners formed the Board and other offices could request representation. The Auditor's Office managed IT services, and the statutory authority of the Board allowed it to control hardware purchases. The transition of IT personnel from the County Auditor's Office under the ADPB model to the Commissioner's Office occurred over the 12 months following abolition of the Board. By September 2010, when this audit commenced, all but a few IT employees had been transferred to BCIS. During the same time, a few key offices removed their information systems from the control of the newly formed BCIS. In late 2010, the County Auditor's Office requested its financial data be removed from BCIS control and placed on a separate server to be housed and managed in the Auditor's Office. At the time of reporting, this transition was still underway.

Departments under the oversight of the Board of County Commissioners receive information technology services from BCIS, as do several other offices, including Probate Court, the Recorder's Office, and the Veterans Service Commission. Other offices, such as the Board of Elections use BCIS but also have internal IT personnel with skills specific to the business of the office.²² Finally, a portion of the offices and boards have their own information systems and internal information technology personnel. In some cases, these offices have significant information technology investments and are highly automated. These include the Auditor's Office, the Engineer's Office, the Sheriff's Office, the Prosecutor's Office, the Clerk of Courts (and Common Pleas divisions), and several human services boards. In most cases, these offices developed their own IT systems because when they began to automate operations, connectivity was in its infancy and was slow and limited. However, the Clerk of Courts Office, Sheriff's Office, and Prosecutor's Office removed their IT systems from County oversight prior to or upon the abolition of the ADPB.

Because of the degree of automation in County operations, network security is critical. BCIS manages network security for the primary County network and uses remote desktop utilities to

²² During the course of the audit, IT personnel noted that the Board of Elections IT personnel are now under the Commissioner directed BCIS department and the Clerk of Courts is now utilizing BCIS support services.

manage security software on desktop units. However, BCIS does not control installation of third-party software at the user level because some elected officials permit employees to install software on County computers. Similarly, BCIS does not control network access or security for those offices that manage their own networks, such as the Sheriff's Office. Thus, offices and departments using the network managed by BCIS are blocked from accessing social networking and entertainment sites, while non-BCIS network offices maintain this access while simultaneously having access to the BCIS County network. This heightens the risk to the County network, as well as data maintained on non-BCIS networks.

BCIS employs 19 IT professionals and has a budget of about \$1.5 million for 2010 and 2011. Most of the other County offices have IT personnel--either employees who manage IT as a component of other job duties or dedicated IT personnel. Due to the fragmentation of IT services across the County, the total full time employee effort invested in IT is unknown. Likewise, a full cost of IT services could not be calculated because each office may procure its IT services through various line items. The County also does not have a comprehensive record of the software it owns across all offices and agencies, and no longer has an accurate depiction of its hardware, as this has not been updated since the abolition of the ADPB (see **R3.5**). Finally, the County does not have a comprehensive, up-to-date disaster recovery and business continuity plan nor does it have a full inventory of key data or information on how that data is secured and backed up (see **R3.6** and **R3.7**, respectively).

Recommendations

R3.5 Consider reinstating the Automatic Data Processing Board.

In order to ensure continued integration of data systems and platforms and safeguard the County's data, the Commissioners should consider reestablishing the Automatic Data Processing Board (ADPB). Once reconstituted, the ADPB should consider adding members of the other County offices under its control, including members of the judiciary, to provide representation to all effected offices. The ADPB should use its authority to not only manage the County's hardware and network, but also to implement a County-wide disaster recovery plan. It should also coordinate software purchasing to ensure interoperability and take advantage of volume purchasing. Finally, the ADPB should ensure that it provides equal treatment to all offices and appropriately manages inter-office communications to reduce the likelihood of dissatisfaction with services or political discord undermining its ability to provide enhanced County-wide IT coordination.

The Butler County Commissioners disbanded the County's ADPB in 2008 and established a commissioner-directed IT department (BCIS). As a result of this change, Butler County no longer has a County-wide perspective on IT management or needs. Further, since the conversion to a commissioner-directed IT department, several other offices have removed their data from BCIS and established their own IT departments. Based on Ohio Attorney General opinion 77-030 and the *Campanella v Cuyahoga County* decision (1977), a board of county commissioners has the auditory to abolish an existing ADPB but if such action is taken, the commissioners are without authority to provide data processing to other county agencies or public entities. Under this decision, the court noted that the power to provide data processing services to other county offices and numerous public entities is vested exclusively with an ADPB.

As authorized under ORC 307.84-307.846, ADPBs have the authority to enact County-wide policies on IT issues within the County. After the establishment of an ADPB, no county office may purchase, lease of contract for the use of any data processing equipment without the prior approval of the Board. As noted by the County Commissioners' Association of Ohio, the actual management of the ADPB and associated IT department generally falls under the control of the County Auditor who, under statute, serves as the board's secretary.

The prior Butler County ADPB historically focused on hardware consistency and did not exercise control or oversight of software issues. However, according to personnel in BCIS and the Auditor's Office, the efforts of the ADPB to implement County-wide hardware standards has been beneficial in reducing costs and time associated with hardware repair and implementation. Now, though, County offices have begun to work outside the hardware standards and may select products not appropriate to the future direction of the county.

As a consequence of the dissolution of the ADBP, several initiatives the BCIS would like to implement to better manage County data have been postponed or will not be feasible under the commissioner-directed IT department. Transitioning to virtual servers and coordinating disaster recovery efforts require the participation of all county offices and departments to be uniformly effective. Without the authority of an ADPB to enforce these requirements, the County will be

unable to implement these initiatives for various offices and agencies not under the control of the Commissioners. This will leave portions of the County's data at risk and create vulnerabilities in the County's information systems.

AOS conducted a survey of County Auditors to determine the use of ADPBs and, where implemented the effect of an ADPB and its range of responsibilities. Of the 88 counties surveyed, AOS received 74 responses representing 62 counties for a county response rate of 70 percent.

Of the counties surveyed, 53 percent had an ADPB. Of the 12 large and metropolitan counties in Ohio (those with population over 200,000), 75 percent have ADPBs with Hamilton, Butler and Summit being the exceptions. Summit County is a charter government and Hamilton County was characterized as largely without IT coordination by the survey respondent. Most counties that have not established ADPBs are rural with less than 50,000 residents. Of the survey respondents, 68 percent of counties without an ADPB were rural with an additional 16 percent being categorized as small counties (50,000-99,999 residents). Those counties further noted, in 68 percent of responses, that there was no requirement for IT coordination among county offices in their county.

Of those counties with an ADPB, respondents noted that, in the majority of instances (63 percent), the ADPB managed all aspects of county IT including hardware, network, and software. The ADPBs approved hardware and network components in 100 percent of ADPB responses and office oriented hardware as well as software in 86 percent of cases. Additionally, 81.5 percent sought to combine software purchases to take advantage of volume purchasing. Most ADPB counties also have an IT department to carry out the work of the ADPB (73 percent).

Finally, survey respondents characterized the level of IT coordination in their county as moderate to very high in 66 percent of responses and the level of IT sophistication as moderate to very high in 75 percent of responses. More specifically, counties with ADPBs rated the level of coordination as very high in 11 instances (28 percent), moderate in 7 instances (18 percent), and low in 6 instances (15 percent), where counties without ADPBs rated the level of coordination as moderate in 9 cases (23 percent) and low in 7 cases (18 percent). Similarly, counties with ADPBs rated the level of IT sophistication in their counties as very high in 11 cases (26 percent), moderate in 12 cases (29 percent) and low in 3 cases (7 percent) while those counties without ADPBs ranked the level of IT sophistication as very high in only 2 cases (5 percent), moderate in 10 cases (24 percent) and low in 4 cases (10 percent).

Examples of large and metropolitan counties using ADPBs include Lucas County and Franklin County. Lucas County Information Services (LCIS) serves 4,400 employees in 47 county agencies located in 30 county buildings. Its functions include application development, support, networking, website development and server administration. The Franklin County Data Center provides IT and coordinates services across county agencies and departments on behalf of the ADPB. Functions of the center range from performing data backups and protecting data through appropriate storage, to assisting agencies and offices in purchasing equipment and fulfilling support needs.

The Allen County Auditor noted that by using an ADPB and coordinating IT county-wide, the County was able to better support software and network maintenance and manage its disaster recovery plan. She felt that the ADPB's coordinating efforts resulted in better data protection and generated cost savings for the County. She also noted that, regardless of politics, the County's elected officials work closely with the ADPB which results in improved functioning and coordination. However, another county auditor noted that her County's experience with an ADPB was marred by politics and noted that the ADPB is "only as good as the political environment it exists in."

The Butler County ADPB was disbanded in the wake criminal charges against a prior County Auditor based on a desire by the Commissioners to gain control over the County's data. However, similar political considerations in other offices resulted in certain offices withdrawing their data from the County network and servers. Because the Commissioners cannot exercise control over data processing, the decentralization of IT management has continued and accelerated in the past year.

Without an ADPB, the County will not be able to implement desired changes to improve its IT infrastructure. Furthermore, discontinuity and poor conditions will hamper efforts to establish more up-to-date off-site backup and better safeguard the County's data. Also, the County will continue to forego cost savings related to volume purchasing of software and better software license management, including eliminating duplicate licenses among offices. Finally, over time, the hardware standards and efforts at server consolidation will collapse as a result of an inability to require certain IT practices across the County. By reinstating the ADPB, the Commissioners will be required to give up some direct control of IT management but will be able to ensure that County-wide IT standards are enforced and that the long-term vision of a modern IT system for the County can be implemented.

During the course of the audit, Butler County IT management noted that legislation enacted with the passing of HB 153 provides opportunities that will allow the Board of County Commissioners to establish centralized services that will benefit technology within the county. This new legislation (Section 305.23) will provide the authority to manage the County's hardware and software purchases. Since the department of centralized services falls under the direction of the board of county commissioners, BCIS will review and recommend hardware/software purchases based off of county standards to ensure interoperability and to take advantage of volume purchasing.

Although the passage of HB 153 provides the Commissioner's the authority to centralize services, numerous counties have benefited from a ADPB. Butler County should consider the benefits of an ADPB, as listed above, before making any decisions related to HB 153.

R3.6 Implement a County-wide, integrated disaster recovery and business continuity plan.

The County should implement a County-wide IT disaster recovery and business continuity plan. The plan should include disaster recovery procedures for each Office, Department and Board to ensure that critical data is protected and vital services are not compromised. The County should also ensure that each component of its government has formally assigned disaster recovery coordinators and formally developed procedures which can be integrated into the County-wide plan. Criticality of systems and business processes should be incorporated into decisions surrounding processing priorities and service restoration.

As a component of its disaster recovery plan, Butler County should ensure that it has an accurate and up-to-date inventory of hardware and applications, as well as an understanding of the interdependence of applications among County offices. Through a coordinated, inclusive planning process, the Commissioners, row offices, and other elected officials should define the overall County needs, identify the parameters of redundancy needed and desired, and allocate funding for the implementation of appropriate redundant systems.

Butler County does not have an integrated disaster recovery plan that covers all its offices, departments and boards. The Butler County Information Services Department (BCIS) has a disaster recovery plan, last updated in 2009, that covers some County offices, though the plan does not reflect some recent changes in IT configurations or personnel. Most, but not all critical applications and functions are covered in the BCIS plan. Butler County's 2009 financial audit criticized the lack of an integrated disaster recovery plan for the County and recommended implementation of a plan as well as annual testing of the plan. This recommendation was also made in prior financial audits.²³

BCIS uses a tape back-up process, which is run each night to ensure that critical data systems are supported in the event of a disaster. Tapes are stored in separate locations to ensure the back-up data is also protected. Although this process adequately protects the County's data, the BCIS Director noted that the amount of data included in the back-up process is approaching a threshold where there will be insufficient time to conduct the back-up during evening hours and overnight. In addition, though the County has identified a series of locations at which a disaster recovery site could be initiated, it does not have formal arrangements for use of these sites.

The Clerk of Courts' Office also has a separate disaster recovery plan which was evaluated as part of the annual financial audit of the Clerk's Office. The Clerk's disaster recovery plan met recommended practices, including redundant backup sites and annual testing. The Butler County Board of Developmental Disabilities also has a separate disaster recovery plan, but the plan lacks

²³ During the course of the audit, BCIS noted that it plans on looking into the newly created Local Government Innovation Program (ORC 189.01 to 189.10) to create a proposal outlining a disaster recovery and business continuity plan. Although this is a "matching fund" mechanism, BCIS will look into possibilities to receive an award from the Local Government Innovation Program. BCIS plans on preparing a proposal and submitting it to the council as soon as the criteria becomes available.

some key elements and specifics that are critical in a disaster²⁴. The Butler County Board of Mental Health has a data back-up policy and uses offsite storage but does not have a disaster recovery or business continuity plan. Finally, while the Butler County Board of Mental Health is under contract with the Montgomery County Board of Mental Health to provide access to State software, the contract does not contain a disaster recovery or business continuity plan.

Several offices with significant data systems had back-up processes which were communicated to auditors verbally but no documentation was provided. These offices include the Sheriff's Office and Prosecutor's Office. Specific disaster recovery and back-up process information was not available for the Engineer's Office or Alcohol and Drug Addiction Services, though each of these offices and boards maintains various applications pertinent to their work.

BCIS has planned the implementation of a hot site through resource sharing with a local government. Under this plan, the County and local government would provide each other with space at their administrative offices and each would set up a data center at the alternative location. The County would be able to run a redundant system between its data center and the hot site so that data would be backed-up in real time. Under this system, if the main data center experienced a failure, applications could be routed to the hot site and be instantly available. The cost to initially develop the hot site was estimated at \$180,000. However, under the current financial constraints, the County has been unable to invest resources in this project.

Technology Disaster Recovery Planning (Government Financial Officers Association, 2007) recommends that every government formally establish and regularly update written policies and procedures for minimizing disruptions resulting from failures in computers or other advanced technologies following a disaster. Though BCIS and the Clerk of Courts Office have disaster recovery plans, the County has not addressed several key elements. GFOA recommends that governments formally assign a disaster recovery coordinator for each office, agency or department and ensure each has procedures for addressing a disaster. Likewise, formal procedures for data backups and the security of backups should be applied organization-wide. The priorities of all elements of the government should be considered when establishing priorities for processing data at an alternative site. Detailed instructions for restoring files and addressing the disaster in its immediate aftermath should be applied across the government. The plan should be tested annually. Most importantly, the government should satisfy itself with the adequacy of its disaster recovery plans, including outsourced services.

Twelve Key Elements of an Enterprise Wide Disaster Recovery Program (Devlen, 2003), recommends several additional steps that could benefit Butler County. These include considering regulatory requirements, as well as the objectives of the organization's business continuity plan. An accurate database of IT assets is critical, as is an accurate inventory of applications and the interdependencies of applications. Tracking changes in assets and applications is also very

²⁴ BCDD has a disaster recovery plan that contains most of the recommended elements but these have not been fully developed with information specific to the DD. BCDD also uses tape back-up and could benefit from real-time back-up. The plan does not have contact phone numbers, an off-site plan, an order of priorities, or some other recommended elements.

important to ensure disaster recovery information is up to date. Other aspects that should be considered include developing an understanding of which departments rely on IT functions, their criticality, and the impact if a disruption occurs. Similarly, ongoing risk assessment is essential to understanding risks and developing strategies to mitigate them. Integrated emergency response improves the effectiveness of disaster recovery teams and data storage and recovery integration, including aligning backup schedules and rotations with data recovery requirements, improves the effectiveness of the disaster recovery plan. Finally, linking IT disaster recovery to business continuity, reflecting business needs, enhances the focus of the plan and ensures it achieves its intended results.

Lastly, *IT Disaster Recovery and Business Continuity Tool-kit: Planning for the Next Disaster* (National Association of State Chief Information Officers, 2007) suggests several practices that could help Butler County better develop its County-wide disaster recovery plan. These include defining strategic and business planning responsibilities, solidifying public and private relationships ahead of crises, and making the business case for and defining the parameters of redundancy.

In part, Butler County does not have an integrated plan because of the historical development of its network and the recent implementation of the fiber-optic ring. Offices and departments that were not co-located in the County administration building or County offices were required to make their own preparations for disaster recovery. In these cases, the ADPB and, later, the Commissioners, did not recognize a responsibility for ensuring the security and safety of this data. In other cases, disagreements among elected officials have led to IT "silos", which then necessitated separate disaster recovery plans. More recently, financial constraints have delayed implementation of backup site development while the implementation of a commissioner-based IT department has reduced the amount of control the County has over component units and separately elected officials (see **R3.1**).

Governments provide many essential services to their citizens and a disruption of these services can result in inconvenience or even harm to constituents. Butler County risks a loss of data and significant downtime if critical components of disaster recovery are not addressed. The loss of data can lead to noncompliance with regulations and requirements and an interruption of critical services.

R3.7 Implement a County-wide software asset management program consistent with recommended practices.

Butler County should implement a County-wide software asset management program involving all County offices, departments and agencies. The County should follow leading practices in developing its software asset management strategy and incorporate this into its overall IT planning. Effective implementation of this recommendation may require an additional investment in a computerized software asset management tool and will require the participation of all County component units.

Butler County does not have a centralized process for software asset management. BCIS only has an accounting of the software for departments directly under its jurisdiction. Offices, boards and agencies that are not under BCIS technology management maintain their own lists of

software with varying degrees of accuracy and detail. The County does not have an accurate accounting of licenses it has purchased, software in use, or the number of desktop units using certain software packages. Several County departments and offices that use BCIS, as well as those that manage their own technology, permit users to freely install personal software on desktop computers. Though BCIS has tried to secure desktops and standardize software, some offices do not participate in this practice or adhere to BCIS guidelines. Because of weak controls over software management and installation, BCIS and other Offices may not have a full understanding of the software installed on County computers and if the software is licensed and safe to use. This heightens the County's risk and liability.

The County also has not optimized volume purchasing of up-to-date office software since each Office and Board purchases its software separately. At the time of reporting, three different office suites were known to be in use (Office 2007, Office 2003 and MS Works) spread across various offices and departments. BCIS estimated the cost to upgrade all county users to Office 2007 might be over \$450,000. However, maintaining aging software may decrease the productivity of those offices and boards that have not upgraded and decrease document sharing capabilities.

Furthermore, BCIS and the Butler County Auditor's Office noted there are multiple licensing and maintenance agreements for certain software that is used across County offices. For example, both the Butler County Auditor's Office and the Butler County Engineer's Office have licensing and maintenance agreements with the software vendor for the graphical information system used by the County. These licenses, and even functions could be consolidated to reduce cost and duplication. County Offices also have multiple separate licensing and maintenance agreements for time-keeping software (Kronos) that could be consolidated, and one office uses an entirely different timekeeping software. Each separate license agreement reduces the County's ability to maximize its purchasing power and obtain software at a lower cost per license. Likewise, multiple maintenance agreements drive up costs and the County cannot be sure that each version of the software is being maintained and if the licenses are being distributed consistent with the licensing agreement.

Finally, some major software decisions that did not include consultation with user departments have resulted in the need for various additional software packages or laborious manual work-arounds. In particular, the County's Oracle Financial software has insufficient grant management capabilities that resulted in some offices and agencies maintaining spreadsheets or purchasing secondary software with the appropriate capabilities, then hand entering data into the Oracle Financial system. Using spreadsheets to maintain grant information is a low cost option compared to secondary software packages, but the effect of hand entering data results in reduced productivity and a higher likelihood of errors.

The IT Information Library defines software asset management as the infrastructure and processes needed for the effective management, control and protection of software assets within an organization throughout all stages of their lifecycle. Additionally, the International Business Software Managers Association (IBSMA) notes that software license management enables organizations to do the following:

- Negotiate more advantageous software license, procurement and contract terms and

conditions,

- Control usage and cost by implementing software standards and guidelines,
- Save money by establishing usage-based software licenses,
- Identify excess capacity and redistribute unused licenses for maximum efficiency,
- Reduce costs associated with out of service software and allows for license redeployment or retirement.
- Standardize support and license administration to save time and money,
- Minimize license compliance risk; reveal under licensing and overuse, and
- Quickly create documentation to support a compliance audit or license review.

Furthermore, IBSMA notes that cost reduction is the top reason for implementing software asset management and attributes savings of 5 to 25 percent on acquisition costs, maintenance fees, insurance premiums and other software-related expenses by using an effective license management program.

The Essentials of Software Management (Dell, 2008) notes that proper software asset management requires setting policies for corporate standards, software evaluation, purchasing, usage and compliance monitoring. Once these are in place, a complete and ongoing inventory of software applications installed, as well as usage metrics, is critical to enforcing these policies. The inventory must then be checked against the licenses owned to ensure compliance and guard against buying licenses that are not needed.

A software management plan should address questions such as:

- How many devices are running each operating system?
- How many software assets are in the environment?
- How is the organization able to reconcile purchased software to installed software?
- How many of the installed licenses are actually used?
- How often should operating systems and office suites be upgraded?
- How often should the e-mail client and security applications be upgraded?
- Where are specific applications deployed?
- Do all users need a full office suite or only certain components?
- Are there any business units that require high-end applications?
- What type of licensing would serve the entire organization's needs most economically?

More detailed suggestions include involving department managers in developing software standards; basing standards on user type, including organizational unit, cost center, or location; and including an exception policy for unusual software needs. Once standards are in place, performing an asset inventory/survey or "cleaning house" is essential, and then the organization should lock down systems to ensure banned software (games, file-sharing programs, unlicensed software) is not installed on the organization's computers. Identifying the frequency of use of unauthorized applications can help organizations better manage employee productivity while usage patterns can help optimize procurement and cost/value analyses of certain applications. Finally, applying a software asset management plan helps establish software as a viable, quantifiable asset.

Butler County does not have an enterprise-level software asset management program because each Office, Department, Board and Agency is responsible for its own software purchasing and management. Because the County did not manage software assets under the Automatic Data Processing Board and has since disbanded the Board, it has no County-wide control over software resources. However, software asset management has taken on greater importance, because of the rising cost of licenses and increased licensing agreement compliance auditing by software companies.

Because Butler County has not adopted software asset management practices on a County-wide basis, it is at a higher risk for noncompliance with software agreements and underutilization of software. Likewise, the County's systems are at risk as user-level installation of software is inconsistently managed. Poor software management practices across the organization results in duplication of license and maintenance agreements, and reduced purchasing power. Overall this increases direct software and maintenance costs to the County and may, in some instances, lower productivity and result in lost work-hours.

Public Safety and Criminal Justice

Sheriff's Office

This section of the performance audit focuses on the operations of the Butler County Sheriff's Office (The Sheriff's Office or BCSO). Sheriff's Office operations were evaluated in comparison to recommended or leading practices as well as through peer comparison to other county sheriff's offices. Peer sheriff's offices include: the Clermont County Sheriff's Office; the Lake County Sheriff's Office, the Lorain County Sheriff's Office, the Montgomery County Sheriff's Office, and the Stark County Sheriff's Office; see the executive summary for an explanation of peer selection methodology. Sources of recommended or leading practices include the Government Finance Officers Association (GFOA) as well as the Scioto County Sheriff's Office. Finally, the Ohio Revised Code (ORC) and Ohio Administrative Code (OAC) were used to identify the functions of BCSO.

Organization:

The Sheriff's Office, in accordance with ORC 311.01(A) is headed by an elected Sheriff serving a four-year term. Additional command staff include; a Chief Deputy, a major, and four division-level directors. According to its *2009 Annual Report*, BCSO is organized into six major divisions; the following is a brief listing of the functional units, and descriptions as necessary, of each division:

- **Communications Division:** This division contains Dispatch, the Computer Services Unit, the Radio Unit (supporting the 800MHz radio system), and the TRIAD Unit. According to the *2009 Annual Report* the TRIAD Unit is the result of an agreement signed between the Sheriff's Office and other senior-focused groups, including the American Association of Retired Persons (AARP). The TRIAD Unit uses a computer for automated "are you okay?" calls to seniors; if no response is received a volunteer or a deputy will be dispatched.
- **Corrections Division:** ORC 341.01 requires the sheriff to manage the county jail and care for all persons confined therein. This division is responsible for operations at Butler County's two jails, the Butler County Correctional Complex and the Court Street Jail. This division consists of the following functions: Corrections Emergency Response Team, Classification (a jail inmate management system), inmate workers, ICE 287g Program, inmate services, and medical services. Under the ICE 287g Program, the Sheriff's Office partners with the Department of Homeland Security's Immigration and Customs Enforcement (ICE) division to identify foreign-born prisoners and process those identified as 'illegal aliens' for deportation. Analysis of corrections officer staffing found that Butler County has a comparable number of prisoners per full-time equivalent (FTE) corrections officers to the peer average. In addition, analysis of jail capacity found that Butler County is utilizing the full Ohio Department of Rehabilitation and Corrections calculated prisoner capacity; a practice that is comparable to the peer jail operations.

- **Finance Division:** This division is responsible for the following units: Central Records, Human Resources, Payroll / Finance, and Inmate Accounts.
- **Investigations Division:** This division is responsible for the following: Bomb Unit, BURN (Butler Undercover Regional Narcotics Task Force), Cold case, Concealed Carry, Criminal Investigations, Metropolitan Housing, Polygraph, Property / Evidence Room, Sexual Offender Registration, Victim Advocates, and Warrants / Juvenile Warrants / Child Support Warrants. According to the *2009 Annual Report*, the mission of the Victim Assistance Program is to "empower victims of misdemeanor crimes by serving as a liaison of communication between the courts and the victim, providing support both during and after the victim's involvement in the court system."
- **Peace Officer Division:** This division is responsible for the following units: Animal Control Unit, Aviation Unit, Bike Patrol Unit, Canine Unit, Contracted Patrol, Dive Team, Marine Patrol, Mounted Patrol, Road Patrol, School Resource Officers, SWAT Team, Traffic Unit, and Weights and Scales Unit. According to the *2009 Annual Report* the Animal Control Unit is a single deputy, trained as a humane agent, who performs an animal control function that otherwise would not be provided by the Butler County Dog Warden. In addition, the Sheriff specifically contacted auditors to communicate that this function is not duplicative of services provided by the Butler County Dog Warden. However, based on auditor review, these services do appear to be duplicative (see *issues for further study*).
- **Support Services Division:** This division is responsible for the following functional units: Caisson Unit, Court Services, Explorers, Honor Guard, Pipe and Drum Unit, Project Lifesaver, Sheriff's Sales, Special Deputies, Training, Transportation Unit, and Volunteers In Police Service (VIPS). According to the *2009 Annual Report*, the Explorers is the result of a partnership with the Boy Scouts of America. This is a group a fourteen to twenty-one year olds who meet each Tuesday to "practice police techniques and to learn the many facets of police work." The group is under the direction of Sheriff's Office deputies in an advisory capacity. According to the *2009 Annual Report*, Project Lifesaver uses "electronic monitoring equipment to track and locate missing persons." These individuals have been "identified as 'high-risk' of wandering due to their illness."

See *issues for further study* for discussion of required and discretionary functions of the Sheriff's office.

Staffing and Workload Ratios:

Table 4-1 shows total Sheriff's Office staffing for 2006, 2008, and 2010.

Table 4-1: Butler County Sheriff's Office Historical Staffing Trend

	2006	2008	2010	FTE Change (2006 to 2010)	% Change (2006 to 2010)
Sheriff's Office	326.4	415.3	336.9	10.5	3.2%

Source: Butler County payroll records for 2006, 2008, and 2010.

As shown in **Table 4-1** the Sheriff's Office staffing has remained relatively stable when comparing 2006 staffing levels to 2010 staffing levels (i.e., an increase of 3.22 percent). However, this small increase overlays a significant increase in staffing from 2006 to 2008 (88.9 FTEs or 27.2 percent) and an equally significant decrease in staffing from 2008 to 2010 (78.4 FTE or 18.9 percent). Due to Commissioner directed budget reductions, the Sheriff's office reduced staffing levels in 2010.

Table 4-2 shows Sheriff's Office staffing and workload measures in comparison to the peer average.

Table 4-2: Sheriff's Office Staffing & Workload Comparison

	BCSO	Peer Avg.	Difference	% Difference
Sheriff's Office Statistics				
Total Residents	363,184	330,175	33,009	10.0%
Total Sheriff's Office FTEs	336.9	246.8	90.1	36.5%
Total FTEs per 10,000 Residents	9.3	7.7	1.6	20.2%
Total Square Miles	467	441	26	5.8%
Square Miles per Sheriff's Office FTE	1.4	2.0	(0.6)	(30.3%)
Total Violent Crime Offenses	67	156	(89)	(57.1%)
Total Property Crime Offenses 1	832	1,366	(534)	(39.1%)
Total Offenses	899	1,522	(623)	(40.9%)
Total Arrests	5,117	2,127	2,991	140.6%
Total Traffic Citations	3,434	4,039	(605)	(15.0%)
Sworn Deputy Workload Ratios				
Total Sworn Deputy FTEs	96.0	71.8	24.2	33.7%
Road Patrol Sworn Deputy FTEs	93.0 ²	43.0	50.0	116.3%
Sworn Deputy FTEs per 10,000 Residents	2.6	2.1	0.5	23.6%
Road Patrol Sworn Deputy FTEs per 10,000 Residents	2.6	1.6	0.9	56.9%
Square Miles per Sworn Deputy FTE	4.9	7.2	(2.4)	(32.8%)
Road Patrol Square Miles per Sworn Deputy FTE	5.0	9.7	(4.7)	(48.5%)
Violent Crime Offenses per Sworn FTE	0.7	1.8	(1.1)	(60.4%)
Property Crime Offenses per Sworn FTE	8.7	19.5	(10.9)	(55.6%)
Offenses per Sworn FTE	9.4	21.3	(11.9)	(56.0%)
Arrests per Sworn FTE	53.3	39.7	13.6	34.2%
Traffic Citations per Sworn FTE	35.8	74.9	(39.1)	(52.2%)
Road Patrol Traffic Citations per Sworn FTE	36.9	97.9	(61.0)	(62.3%)
Dispatch Workload Ratios				
Total Dispatch FTEs	16.8	24.8	(8.0)	(32.1%)
Dispatch FTEs per 10,000 Residents	0.5	0.7	(0.2)	(30.3%)
Total Calls Dispatched for Service	64,428	66,935	(2,507)	(3.7%)
Calls per Dispatch FTE	3,835	4,255	(420)	(9.9%)

Source: Butler County 2010 payroll records; Sheriff's Office 2009 statistics; Sheriff's Office 2009 Annual Report; peer sheriff's office staffing, statistics, and annual report information; US Census Bureau; and FBI's *Offenses Known to Law Enforcement by County* (2009).

Note 1: Road Patrol related statistics are based off of the Sheriff's Office 2009 Annual Report.

Note 2: Peer information was included only where available; the peer average reflects only the average of those sheriff's offices providing or reporting information.

¹ Total Property Crime Offenses includes arson.

² This figure represents the 2009 Annual Report published total of contract patrol (25 FTE) and road patrol (68 FTE).

As shown in **Table 4-2** the Sheriff's Office, with the exception of dispatch, generally maintains higher staffing levels and lower workload ratios (i.e., more FTEs per 10,000 residents and fewer square miles per FTE) when compared to the peer averages.

For example, some of the notable variances by category include:

- **Total Staff** – The Sheriff's Office has 9.3 total FTEs per 10,000 residents which is 20.2 percent higher than the peer average of 7.7 and the Sheriff's Office 1.4 square miles per FTE is 30.3 percent lower than the peer average of 2.0 square miles per FTE.
- **Sworn Deputies** – The Sheriff's Office has 2.6 sworn deputy FTEs per 10,000 residents which is 23.6 percent higher than the peer average of 2.1; the Sheriff's Office 4.9 square miles per FTE is 32.8 percent lower than the peer average of 7.2.
- **Road Patrol Sworn Deputies** – The Sheriff's Office has 2.6 road patrol sworn deputy FTEs per 10,000 which is 56.9 percent higher than the peer average of 1.6; the Sheriff's Office 5.0 square miles per FTE is 48.5 percent lower than the peer average of 9.7.

In addition, Butler County had fewer violent crime, property crime (including arson), and total offenses than the peer averages. As a result of the generally higher levels of staffing, these ratios also are lower than the peer averages. Total traffic citations and citations per sworn deputy FTE and per road patrol sworn deputy FTE were also lower than the peer averages. Some research indicates that higher safety staffing levels do correlate to reduced crime rates (i.e., a "sentinel effect"). As shown in **Table 4-2**, Sheriff's Office dispatch staffing levels and FTEs per 10,000 residents were lower than the peer average. However, the Sheriff's Office had fewer total calls for service received by dispatch and as a result had fewer calls per dispatch FTE.

During the course of the audit preliminary staffing information from the County Auditor's payroll records was provided to the Sheriff's Office for review. Although the Sheriff's Office indicated that staffing information was inaccurate, it did not specify what was inaccurate so that the data could be corrected if warranted. In addition, the auditors requested the Sheriff's Office version of the staffing information to test for accuracy against the County Auditor's payroll records. The Sheriff's Office declined to fulfill this request citing resource constraints as well as the Sheriff's initial decision not to participate in the performance audit. See **R4.1** for further analysis of Sheriff's office staffing and general management information.

Historical Expenditures:

Table 4-3 shows Sheriff's Office historical expenditures for 2007, 2008, and 2009 as well as percent change from 2007 to 2009.

Table 4-3 Sheriff's Office Historical Expenditures

	2007	2008	2009	Percent Difference (2007-2009)
General Fund Expenditures				
Salaries & Benefits	\$20,709,766	\$22,213,559	\$22,145,827	6.9%
Materials & Supplies	\$666,542	\$907,791	\$598,916	(10.1%)
Purchased Services	\$9,574,919	\$8,194,868	\$7,095,640	(25.9%)
Other	\$311,097	\$316,729	\$510,846	64.2%
Total General Fund	\$31,262,324	\$31,632,947	\$30,351,229	(2.9%)
Total Special Revenue Funds	\$1,147,598	\$1,338,393	\$1,912,041	66.6%
Total General Fund & Special Revenue Funds	\$32,409,922	\$32,971,340	\$32,263,270	(0.5%)

Source: Butler County 2007, 2008, and 2009 comprehensive annual financial reports (CAFRs); and Oracle financial information for 2007, 2008, and 2009.

Note 1: Paramedics are included in General Fund Expenditures based on CAFR classification within Public Safety as well as paramedics being included in Sheriff's Office source staffing information.

Note 2: There are potentially other fund type expenditures associated with the Sheriff's Office operations (e.g., debt service, fiduciary, etc); however, only expenditures that were specifically identifiable within the CAFR or Oracle as Sheriff's Office were included.

Note 3: CAFR financial information is unaudited non-GAAP financial information as published by the County Auditor's Office to supplement the audited financial statements.

As shown in **Table 4-3**, although total General Fund expenditures decreased by approximately 2.9 percent from 2007 to 2009 the net decrease in total General Fund and Special Revenue Funds was only 0.5 percent; this was due to the 66.6 percent increase in total Special Revenue Funds from 2007 to 2009. Sheriff's Office General Fund salaries and benefits comprised approximately 73.0 percent of total General Fund expenditures in 2009. In addition, salary and benefit expenditures increased by 6.9 percent from 2007 to 2009. Conversely, from 2007 to 2009 materials and supplies and purchased services expenditures decreased by 10.1 and 25.9 percent, respectively. Although Sheriff's Office General Fund other expenditures increased 64.2 percent from 2007 to 2009 these expenditures accounted for only 1.7 percent of total General Fund expenditures in 2009. **Table 4-3** shows that the Sheriff's Office has generally been better able to control expenditures that are unrelated to staffing. Although the increase in salaries and benefits has been modest from 2007 to 2009, 2009 did represent a slight (less than 1.0 percent) decrease from 2008 expenditure levels. Lastly, the Sheriff's Office Special Revenue Funds significantly increased from 2007 to 2009, primarily due to the addition of four new revenue streams, the largest of which were a Federal Emergency Management Agency (FEMA) grant and American Recovery and Reinvestment Act (ARRA) funds, which was one-time revenue.

Expenditures Comparison:

Table 4-4 shows the Sheriff's Office expenditures and expenditures per 10,000 residents as compared to the peer averages.

Table 4-4: Sheriff's Office Expenditures Comparison (2009)

	BCSO	Peer Average	Difference	Percent Difference
Residents	363,184	330,175	33,009	10.0%
Salaries & Benefits	\$22,145,827	\$14,173,238	\$7,972,589	56.3%
Per 10,000 Residents Salaries & Benefits	\$609,769	\$456,976	\$152,793	33.4%
Materials & Supplies	\$598,916	\$1,047,455	(\$448,539)	(42.8%)
Per 10,000 Residents Materials & Supplies	\$16,491	\$36,556	(\$20,066)	(54.9%)
Purchased Services	\$7,095,640	\$2,306,052	\$4,789,588	207.7%
Per 10,000 Residents Purchased Services	\$195,373	\$63,409	\$131,964	208.1%
Other	\$510,846	\$243,390	\$267,456	109.9%
Per 10,000 Residents Other	\$14,066	\$8,374	\$5,692	68.0%
Total General Fund	\$30,351,229	\$17,770,134	\$12,581,095	70.8%
Per 10,000 Residents Total General Fund	\$835,699	\$565,315	\$270,383	47.8%
Total Special Revenue Fund	\$1,912,041	\$8,863,016	(\$6,950,975)	(78.4%)
Per 10,000 Residents Total Special Revenue Fund	\$52,647	\$255,159	(\$202,513)	(79.4%)
Total General & Special Revenue Funds	\$32,263,270	\$26,633,150	\$5,630,120	21.1%
Per 10,000 Residents Total GRF & SRF	\$888,345	\$820,475	\$67,870	8.3%

Source: US Census Bureau 2009 population, Butler County 2009 CAFR and Oracle financial information, peers 2009 CAFR financial information, and Lake County 2008 CAFR financial information. Lake County's 2009 CAFR financial information was not available during the course of the audit.

Note 1: There are potentially other fund type expenditures associated with the Sheriff's Office operations (e.g., debt service, fiduciary, etc); however, only expenditures that were specifically identifiable within the CAFR or Oracle were included. To remain consistent with Butler County, only peer CAFR expenditures that were identified as within the Special Revenue Fund and clearly identifiable as for the Sheriff's Office were included.

Note 2: CAFR financial information used in **Table 4-4** is unaudited non-GAAP financial information as published by the County Auditor's Office to supplement the audited financial statements. Butler County Oracle financial information is also unaudited financial information provided by the Director of OBM; this information was reviewed by the auditor for reasonableness but not tested for reliability.

As shown by **Table 4-4**, the Sheriff's Office 2009 expenditures, in total and on a per 10,000 residents basis, were significantly higher than the peer average, by 21.1 percent and 8.3 percent, respectively. This expenditure discrepancy is heavily impacted by the distribution of Sheriff's Office expenditures relative to the peer average. For example, Butler County's expenditures were 94.1 percent from the General Fund and 5.9 percent from the Special Revenue Fund while the peer average expenditures were 66.7 percent from the General Fund and 33.3 percent from the Special Revenue Fund. The Sheriff's Office reliance on the General Fund magnifies the higher overall levels of spending compared to the peer average; 70.8 percent higher in total General Fund and 47.8 percent higher in General Fund per 10,000 residents.

Contract Service Revenue:

As previously noted, the Sheriff's Office provides contract patrol services to other local governments and organizations. **Table 4-5** shows 2009 revenue by contract type, where identifiable, and in total.

Table 4-5: Contract Revenue (2009)

Type of Organization	Amount	Percent of Total
County Agencies	\$819,627	25.3%
School Districts	\$153,525	4.7%
Townships	\$2,236,249	68.9%
Municipalities	\$22,815	0.7%
For Profit Orgs.	\$10,466	0.3%
Other ¹	\$1,712	0.1%
Total	\$3,244,394	100.0%

Source: Butler County year-end revenue information for 2009.

Note: The Sheriff's Office did not provide a listing of contracts and specific services, related expenditures, or related revenue information (see **R4.1**). In addition, it is unclear if the revenue data presented in **Table 4-3** is a full picture of BCSO contract revenue or if it is limited due to incomplete or inaccurate recording of revenue.

¹ Other includes \$16.00 from Miami University, \$64.00 from the Latino Soccer League, and \$1,632.00 that was identified as contract revenue but had no specific identifiable source.

As shown by **Table 4-5**, the Sheriff's Office received a significant amount of revenue from its contract services in 2009. In addition, the vast majority of the contract revenue was from townships (approximately \$2.2 million or 68.9 percent). Revenue from County agencies (approximately \$820,000 or 25.3 percent) and school districts (approximately \$150,000 or 4.7 percent) comprised most of the remaining contract revenue. See **R4.2** for further analysis of the Sheriff's Office contract services to other organizations.

Recommendations

R4.1 Ensure that routine staffing, workload, and financial information is transparent and accessible to Sheriff's Office stakeholders, other elected officials, and County administrators.

The Sheriff's Office should provide routine management information to stakeholders, other elected officials and County administrators. The Office's inability to provide accurate management information is uncommon for counties of the size and complexity of Butler County. This inability to provide basic management information is pervasive within various County agencies and has led to significant problems with transparency, financial management, and cost effectiveness and it increases the County's risk of fraud and abuse (see R3.1 in the administrative offices and departments section).

From the limited analyses conducted, it appears that the Sheriff's Office has high total staffing, sworn deputy staffing, and road patrol staffing when compared to the peer averages. However, the Sheriff's Office claims that the staffing information provided by the County Auditor's Office is inaccurate, although it did not provide clarification when requested by the auditors.

The Sheriff's Office lack of transparency in staffing, workload, and financial information contributes to the overall lack of communication throughout the County agencies and elected officials (see **R3.1** in the **administrative offices and departments section**). However, some of this information is required by other offices to fulfill statutory duties/requirements. Further, the siloing effect creates cost inefficiencies as offices cannot combine resources and functions to achieve economies of scale.

The Association of Government Accountants (AGA) publication, Recovery and the Transparency Initiative (AGA, 2009), notes that the current government climate is a "perfect storm of economic recession and new calls for transparency." The publication concludes that "over the next few years, governments may not emphasize the important basic tasks of financial management (accounting, budgeting, internal control, audits, reporting, systems, and stewardship) as much as they have in the past." However, "the CFO must not let the basics backslide, or else the data that form the foundation of transparency will no longer be accurate and reliable. When that happens, CFOs and whole governments lose credibility and are less able to pursue their missions."

The Sheriff declined to participate in the performance audit citing mistrust of other County elected officials and agencies, and resource concerns. In doing so, the Sheriff's Office missed an opportunity to provide clarification regarding the comparative analysis and assessment of its operations as compared to its peers and clearly communicate the functions and achievements of the Office.

Lack of transparency, and the extent to which it exists in the Sheriff's Office, for critical information such as staffing, financial, and workload measures precludes elected officials outside that Office from accurately assessing and providing for resource needs (see **R1.3** in the **financial management** section). In addition, lack of transparency can erode public support for a Sheriff's

Office that accounted for over \$30 million of the County's General Fund expenditures in 2009 (see **Table 4-3**) but provides very little specific information on how that money is spent.

R4.2 Ensure the provision of contract services is transparent, cost effective, and represents appropriate levels of cost recovery based on formal policies set by the Office.

The Butler County Sheriff's Office should ensure that, similar to Scioto County, the full cost of services provided is accurately reflected in the cost of the contract. The full cost of the contracted services should be adjusted, as necessary, and tracked over time by the Sheriff's Office to ensure that the operation is fully budget neutral. Finally, this information should be provided to the County Commissioners and County Administrator as part of the overall budgetary information for the Sheriff's Office.

The Butler County Sheriff's Office provides patrol and security services to other County offices as well as to other local governments throughout Butler County. According to the Sheriff's Office *2009 Annual Report*, the Office provides dedicated patrol to townships including: Hanover, Liberty, Madison, and Morgan townships. In addition, the Office provides school resource officers to the following school districts: Edgewood City, Lakota Local, Madison Local, and New Miami Local. According to testimonial evidence from the Sheriff and other top-level administrators, the Sheriff's Office provides these contract services under a business model that allows for the full recovery of the cost for the service. It is the Office's practice to fulfill its legal obligation to provide for the safety and security of County residents but to provide additional, dedicated, services when local governments are willing to pay for them.

According to GFOA's *Best Practice: Establishing Government Charges and Fees* (2006) it "supports the use of charges and fees as a method of financing governmental goods and services. GFOA makes the following recommendations about the charge- and fee-setting process:

- The full cost of providing a service should be calculated in order to provide a basis for setting the charge or fee. Full cost incorporates direct and indirect costs, including operations and maintenance, overhead, and charges for the use of capital facilities. Examples of overhead costs include: payroll processing, accounting services, computer usage, and other central administrative services.
- Charges and fees should be reviewed and updated periodically based on factors such as the impact of inflation, other cost increases, the adequacy of the coverage of costs, and current competitive rates.
- Information on charges and fees should be available to the public. This includes the government's policy regarding full cost recovery and information about the amounts of charges and fees, current and proposed, both before and after adoption."

The Scioto County Sheriff's Office (SCSO) has service contracts in place with other governmental organizations. These service contracts explicitly state the services to be provided by SCSO and have specific calculations of the costs associated with those services. For example, each contract includes an expense worksheet that takes into account base compensation (specific

to the deputy providing the service), overtime, retirement contribution, insurances, uniform allowance, auto lease, and vehicle fuel and maintenance.

The Butler County Sheriff's Office stated that it appropriately recovers the cost of contract services provided to other County offices and other local governments. Although requested, the Sheriff's Office did not provide a listing of entities that contract for services, copies of the contracts for services, or financial information associated with those contracted services. In addition, a review of Sheriff's Office revenues and expenditures, as recorded by the County Auditor, proved inconclusive because only an insignificant portion of expenditures could be associated with specific service contracts.

Without an open and transparent service contracting process the Sheriff's Office cannot demonstrate to other County officials or to the public that its provision of additional contract services is in fact cost effective and budget neutral. Providing services to other entities at a cost to the Office would have negative impact on the Sheriff Office's budget.

Courts

This section of the performance audit focuses on the Butler County (the County) court system. The courts reviewed include: Court of Common Pleas, Juvenile Court, Probate Court, Domestic Relations Court, Area Courts, Adult Probation Department, and Clerk of Courts. The operations of these departments were analyzed for efficiency and the amount of County General Fund support needed.

Common Pleas Court

According to ORC 2301.01, each county has a court of common pleas held by one or more elected judges, each of whom has been admitted to practice as an attorney at law in Ohio and has, for at least six years preceding appointment or commencement of a term, engaged in the practice of law in Ohio or served as a judge of a court of record in any jurisdiction in the United States, or both. Common Pleas judges also must reside in the county in which they are elected. Each judge is elected for six years. There is a Court of Common Pleas in each of Ohio's 88 Counties and the number of judges in each county's Court of Common Pleas is dictated by ORC 2301.

Butler County's Court of Common Pleas hears both criminal and civil cases. According to the Court Administrators, the Court has a total of 48.2 FTEs. According to the Supreme Court of Ohio's 2009 *Ohio Courts Statistical Report*, the Common Pleas Court handled 10,473 filings. Additionally, in 2009 the Court's General Fund expenditures totaled \$2,998,692. The County recently adopted its 2011 budget, allocating \$2,770,078 in General Fund support to the Court of Common Pleas, a reduction of \$228,614 or 7.6 percent from the 2009 expenditures.

Juvenile Court

According to ORC 2151.07, a juvenile court is a court of record within the court of common pleas.²⁵ Its powers and jurisdiction are outlined in ORC Chapters 2151 and 2152. As it is a component of the Court of Common Pleas, the Common Pleas administrative judge may, when the juvenile court judge is absent and pending cases require a substitute, assign a judge from any division of Common Pleas from within the county or from another county if none are available within the county (ORC 2301.03).

Butler County's Juvenile Court hears cases of juvenile traffic violations; truancy; delinquency; civil protection; abuse, neglect and dependency; adult criminal cases (misdemeanor cases which involve children); and allocation of parental rights--unmarried, third party custody filings. According to the Supreme Court of Ohio's 2009 *Ohio Courts Statistical Report*, the Juvenile Court handled 10,242 filings. Additionally, in 2009 the Juvenile Court's General Fund expenditures totaled \$4,291,028. The County recently adopted its 2011 budget, allocating \$3,943,155 in General Fund support to the Juvenile Court, a reduction of \$347,873 or 8.1 percent

²⁵ In common law jurisdictions, a **court of record** is a judicial tribunal having attributes and exercising functions independently of the person of the magistrate designated generally to hold it, and proceeding according to the course of common law, its acts and proceedings being enrolled for a perpetual memorial.

from the 2009 expenditures.

Domestic Relations Court

According to ORC 2301.03 (K) the judges of the division of domestic relations shall have assigned to them all divorce, dissolution of marriage, legal separation, and annulment cases coming before the court, except in cases that for some special reason are assigned to some other judge of the court of common pleas. The judges of the division of domestic relations also have concurrent jurisdiction with judges of the juvenile division of the court of common pleas.

The Butler County Domestic Relations Court is a division of the Butler County Court of Common Pleas that hears all cases involving divorce, dissolution of marriage, legal separation, and annulment for people who live within the borders of Butler County. It also hears cases involving civil domestic violence. In addition, it hears and decides all matters related to the termination of marriage or domestic violence including child custody, visitation between parents and their children, child support, property division, division of debts, and spousal support.

The Domestic Relations Court carries out its' duties with 1.75 FTE judges, 3.5 FTE magistrates, and 14.63 additional FTEs²⁶. According to the Supreme Court of Ohio's *2009 Ohio Courts Statistical Report*, the Butler County Domestic Relations Court handled 9,162 filings. Additionally, in 2009 the Court's General Fund expenditures totaled \$1,702,868. In the recently adopted 2011 County budget, the County allocated \$1,341,067 in General Fund support to the Domestic Relations Court, a reduction of \$361,801 or 21.2 percent from the 2009 expenditures.

Probate Court

According to ORC 2101.01, a probate court has jurisdiction over a wide variety of matters including:

- Descendant's Estates
- Guardianships and Conservatorships
- Trusts
- Adoptions
- Name Changes, Correction and Registration of Birth Records
- Wrongful Death and Minor Settlements
- Mental Illness Cases
- Civil Actions
- Marriage

The Butler County Probate court carries out its' duties with a total of 16.5 FTEs including a judge, a magistrate, an investigator, a bailiff, a maintenance worker, and 11.5 deputy clerks. According to the Supreme Court of Ohio's *2009 Ohio Courts Statistical Report*, the Probate Court handled 2,081 filings. Additionally, in 2009 the Probate Court's General Fund expenditures totaled \$781,378. The County allocated the Probate Court \$633,131 in General

²⁶ The County's payroll system lists both Domestic Relations Court Judges as .875 FTEs.

Fund support in its 2011 budget, a reduction of \$148,247 or 19.0 percent from the 2009 expenditures.

Area Courts

Municipal and county courts are created by the General Assembly as described in ORC 1901 and 1907. When municipal courts exercise county-wide jurisdiction, no county court is needed. A county court is needed if an area of a county is not served by a municipal court.

Butler County has three area courts: Oxford, West Chester, and Hamilton. The Territorial jurisdiction of the Butler County Area I Court includes the City of Oxford and all of Milford, Morgan, Oxford, Reil and Wayne Townships. Area II Court includes all of Fairfield, Hanover and Liberty Townships. Area III Court includes the City of Monroe and all of West Chester Townships. The area courts hear criminal cases including misdemeanor cases that occur within their territory. The Area courts also have the jurisdiction to conduct preliminary hearings and to bind over alleged felons to the Court of Common Pleas. The Courts also hear civil matters for the recovery of personal property or sums of \$15,000 or less; actions based on contract law; actions involving property foreclosure; actions to enforce the collection of judgments ordered by the court; actions of forcible entry and detainer; and actions pertaining to public nuisance. The Area courts also hear small claims cases involving the recovery of up to \$3,000 and parking violations within their territory.

The Area courts have 3.0 FTE judges (one for each Area Court)²⁷, 1.28 FTE magistrates and 31.93 additional FTEs to carry out the duties of the courts. According to the Supreme Court of Ohio's 2009 *Ohio Courts Statistical Report*, Area I Court handled 6,541 filings; Area II Court handled 7,627 filings; and Area III Court handled 12,790 filings. In 2009, the Area courts' General Fund expenditures totaled \$1,219,032. The County allocated the Area courts \$1,058,281 in general fund support for 2011, a reduction of \$160,751 or 13.2 percent from the 2009 expenditures.

Overall Court Conclusion:

Based on a statistical comparison of workload and staffing levels, the Common Pleas, Juvenile, Domestic Relations, and Probate courts are operating effectively when compared to the peers.

Auditors did not evaluate the services of the Area Courts because of the minimal amount of County financial assistance received (see **R3.1**) and its immaterial financial impact on the County's General Fund budget. However, because of expected reductions in County General Fund revenues, this court will likely have to provide the same level of service with a smaller workforce or, there may be a need for a reduction in services. Therefore, it is critical that the Area Courts plan for a reduction in revenues in order to manage future years with lower funding.

In response to a draft of this audit, the Court Administrator for the Juvenile Division provided comments requesting revisions to the **courts** section. Auditors made changes proposed by the Court Administrator when sufficient documentation was provided to support his assertions.

²⁷ Each Area Court Judge is part-time.

Adult Probation

According to ORC 2301.27, a probation department consists of a chief probation officer and the number of other probation officers and employees, clerks, and stenographers that is determined by the court. The court appoints these individuals, fixes their salaries, and supervises their work. A probation officer must possess the training, experience, and other qualifications prescribed by the adult parole authority in ORC 5149.02. The Butler County probation function is presently organized into four separate units under the Department of Court Services (Special Programs, Investigations, Administrative Services, and General Supervision). According to the Court Administrator, staffing in 2010 totaled 38.5 FTEs.

In 2009, the Adult Probation Department (APD) received \$3,781,897 in total revenue from four sources: \$2,051,413 from the County General Fund, \$1,123,094 from the Intensive Supervised Probation (ISP) grant, \$155,390 from the Misdemeanor Jail Reduction (MJR), and \$452,000 from *supervision fees*. The 2011 budget for the Adult Probation Department General Fund was reduced to \$1,898,051, a reduction of \$153,362 or 7.5 percent from the 2009 budget of \$2,051,413.

Similar to the Area Courts, Auditors did not evaluate the services of the Adult Probation Department because of the minimal amount of County financial assistance received (see **R3.1**). However, due to the financial difficulties the County has experienced over the past few years and to date, the Department should look at addition options to reduce expenditures. Specifically, the Department should review its facility lease costs (see the Butler County Facilities section, **R6.1** for additional information).

In response to a draft of this audit, the Court Administrator provided comments requesting revisions to the **adult probation** section. Auditors made changes proposed by the Court Administrator when sufficient documentation was provided to support his assertions.

Clerk of Court's Office

As prescribed by ORC 1907.20, the clerk of a county court has general powers to administer oaths, take affidavits, and issue executions upon any judgment rendered in the county courts, power to issue and sign all writs, process, subpoenas, and papers issuing out of the court, and to attach the seal of the court to them, and power to approve all bonds, sureties, recognizance, and undertakings fixed by any judge of the court or by law. The clerk also prepares and maintains a general index (a docket) and such other records as the court, by rule, requires, all of which are public records of the court.

The clerk of a county court also receives and collects all costs, fees, fines, penalties, bail, and other moneys payable to the office or to any officer of the court and issues receipts. Each month, the clerk disburses the costs, fees, fines, penalties, bail, and other moneys to the proper persons or officers and takes receipts. All moneys paid into a county court are noted on the record of the case in which they are paid and are deposited.

The clerk or a deputy clerk of a county court is required to be in attendance at all sessions of the court, although not necessarily in the courtroom, and may administer oaths to witnesses and jurors and receive verdicts.

A high level review of the Clerk of Courts was performed based on reported weaknesses determined to be within the audit scope.

Table 4-7 depicts the historical staffing allocated the General Fund and the Special Revenue Fund for 2007 to 2010.

Table 4-7: Clerk of Courts Staffing Trend

Staffing	2007	2008	2009	2010
General Fund	42.3	42.3	38.9	35.9
Special Revenue Fund	26.3	29.0	29.4	35.9
Total Staff	68.6	71.3	68.3	71.8
Percent of General Fund Staff	61.7%	59.3%	56.9%	50.0%
Percent of Special Revenue Fund Staff	38.3%	40.7%	43.1%	50.0%

Source: Butler County

As shown in **Table 4-7**, the Clerk of Courts staff has increased by 3.2 FTEs from 2007 to 2010. Although the County has experienced financial difficulty and many County departments have made staffing reductions since 2009, the Clerk of Courts increased staffing levels over the past few years. Historically, the Clerk of Courts has allocated the majority of staff to the General Fund (2007-2009). However, **Table 4-7** shows that from 2008 to 2010, the Clerk of Courts has decreased the allocation of staff to the General fund and has increased the staff allocation to its Special Revenue Fund. In 2010, staff were equally allocated between the two funds.

Table 4-8 shows Butler County Clerk of Courts personal service expenditures for 2007 to 2010.

Table 4-8: Clerk of Courts Personal Services Expenditures

Personal Service	2007	2008	2009	2010	2011-adopted
General Fund	\$1,646,769	\$1,695,296	\$1,621,648	\$1,510,024	\$1,399,848
Special Revenue Fund	\$1,233,658	\$1,288,125	\$1,292,770	\$1,523,602	\$1,546,285
Total	\$2,880,427	\$2,983,421	\$2,914,418	\$3,033,626	\$2,946,133
Percent of General Fund	57.2%	56.8%	55.6%	49.8%	47.5%
Percent of Special Revenue Fund	42.8%	43.2%	44.4%	50.2%	52.5%

Source: Butler County

As shown in **Table 4-8**, the majority of personal services (personnel costs) have historically been charged to the General Fund until recent years of 2010 and 2011. Similar to **Table 4-8**, the allocation of salaries and benefits have increased to the Special Revenue Fund and decreased in the General Fund.

Table 4-9 shows the allocation of purchased service expenditures for 2007 to 2010.

Table 4-9: Clerk of Courts Purchased Services Expenditures

Purchased Services	2007	2008	2009	2010	2011-adopted
General Fund	\$33,854	\$46,614	\$21,553	\$12,000	\$10,226
Special Revenue Fund	\$168,613	\$167,642	\$126,496	\$176,284	\$173,000
Total	\$202,467	\$214,256	\$148,049	\$188,284	\$183,226
Percent of General Fund	16.7%	21.8%	14.6%	6.4%	5.6%
Percent of Special Revenue Fund	83.3%	78.2%	85.4%	93.6%	94.4%

Source: Butler County

As shown in **Table 4-9**, the Clerk of Courts has increased its purchased services expenditure allocation to the Special Revenue Fund from 2007 to 2010 by 11.1 percent. However, overall expenditures have decreased.

Table 4-10 shows the allocation of materials and supplies expenditures from 2007 to 2010.

Table 4-10: Clerk of Courts Materials and Supplies Expenditures

Materials and Supplies	2007	2008	2009	2010	2011-adopted
General Fund	\$52,698	\$55,656	\$56,921	\$50,000	\$46,731
Special Revenue Fund	\$37,186	\$57,018	\$49,641	\$57,213	\$60,000
Total	\$89,884	\$112,674	\$106,562	\$107,213	\$106,731
Percent of General Fund	58.6%	49.4%	53.4%	46.6%	43.8%
Percent of Special Revenue Fund	41.4%	50.6%	46.6%	53.4%	56.2%

Source: Butler County

As shown in **Table 4-10**, and similar to **Table 4-9**, the Clerk of Courts has increased its materials and supplies expenditure allocation to the Special Revenue Fund from 2007 to 2010 by approximately 14.8 percent.

The above tables show that the Clerk of Courts has transferred the majority of staffing and expenditure allocations to the Special Revenue Fund to compensate for reductions in General Fund appropriations related to the County's financial difficulties. Instead of reducing staff or expenditures in total because of County General Fund reductions, the Clerk of Courts has increased staffing and expenditures since 2007. See **R3.2** for an additional assessment of the Clerk of Court's Office.

Appointed Commissions, Authorities, and Departments

This section of the performance audit focuses on Butler County's (the County) Appointed Commissions, Authorities and other departments. The departments reviewed include: Board of Elections (BOE), Veterans Services Commission (VSC), Emergency Management Agency (EMA), MetroParks, OSU Extension, Soil and Water Conservation District (SWCD), and the Regional Airport. Where appropriate, recommendations identify potential cost savings to improve efficiency and business practices. The operations of these departments were analyzed for efficiency and the amount of County General Fund support needed.

Background

The Butler County Board of Elections (BOE) office is responsible for administering local elections. A four-person board governs the BOE; with two members from each major political party. All petitions for local, legislative, and congressional district offices are filed with the Board of Elections as well as petitions for local issues and options. Campaign finance reports for local candidates, political parties, and political action committees are also filed at the BOE.

Butler County's BOE consists of six departments: administration, campaign finance, absentee voting, voter registration, poll workers, and finance/human resource. The regular full-time staffing levels within the BOE consist of a mix of directors, managers, clerks, and an administrative assistant. Administrative staffing levels increased in 2005 due to federally mandated electronic polling machines. According to the Director, there were 23 full-time employees (FTEs) as of January 2011. The BOE also has a warehouse for all voter equipment that is serviced by a maintenance employee (1.0 FTE). Additionally, the BOE has 2.0 information technology (IT) FTEs dedicated to its operations. The internal IT staff helps with ballot layout, voting machine testing, etc. In addition to the regular full-time staff, the County BOE employs part-time and temporary staff members to help carry out the responsibility of administering local elections.

In 2010, the BOE was required by the County to reduce its budget by 10 percent. According to the Director, it reduced its budget by approximately 15-20 percent. This was done through reductions in staffing and furloughs for the Deputy Director. The BOE also began using a temporary employment agency in lieu of part-time employees and this has generated a cost savings because the temporary employees are not entitled to benefits or workers compensation. The BOE is budgeted to receive General Fund assistance in the amount of \$2,511,429 in 2011.

BOE Expenditures and Comparisons

Table 5-1 compares the BOE's total expenditures to the peer average for 2009. The BOEs expenditures consist of salaries and benefits which average about 80 percent of its total expenditures. The remaining expenditures are for contracted services, supplies and materials and other expenditures.

Table 5-1: BOE Expenditure Comparison

	Butler County	Peer Average	% Difference
2009 Expenditures	\$2,482,653	\$1,906,899	30.19%
Total Registered Voters	249,347	397,698	(37.30%)
Total Votes Cast	91,270	130,441	(30.03%)
Percent Voter Turnout	36.60%	32.79%	3.81%
Total Precincts	321	537	(40.25%)
Expenditure Per Registered Voter	\$9.96	\$4.90	103.07%
Expenditure Per Vote Cast	\$27.20	\$14.81	83.70%
Expenditure Per Precinct	\$7,734.12	\$3,735.68	107.03%

Source: Voter information is from respective county Board of Elections websites and expenditure information is from respective county CAFRs.

As illustrated in **Table 5-1** BOE's total expenditures are 30.19 percent higher than the peer average while the total registered voters and precincts are 37.3 and 40.25 percent less than the peer averages, respectively. This results in expenditures per voter that are more than double the peers. All peers selected for this comparison used similar voting machine equipment and had a similar number of elections in 2009. Of the \$2,482,653 in total expenditures, salaries and benefits made up \$1,980,909, or approximately 80 percent.

Table 5-2 shows an analysis of the BOEs last four years of expenditures.

Table 5-2: Butler County Expenditures Trend

	2007	2008	% Change	2009	% Change	2010	% Change
Salaries	\$ 1,240,241	\$ 1,761,001	42%	\$ 1,517,279	(14%)	\$ 1,729,423	14%
Benefits	\$ 390,204	\$ 510,616	31%	\$ 463,631	(9%)	\$ 415,157	(10%)
Materials and Supplies	\$ 131,736	\$ 546,721	315%	\$ 104,369	(81%)	\$ 241,846	132%
Contracted Services	\$ 492,441	\$ 1,348,964	174%	\$ 329,721	(76%)	\$ 312,818	(5%)
Other Expenditures	\$ 173,752	\$ 244,364	41%	\$ 67,654	(72%)	\$ 53,238	(21%)
Total	\$ 2,428,374	\$ 4,411,666	82%	\$ 2,482,654	(44%)	\$ 2,752,482	11%

Source: Butler County Appropriations Report

Table 5-2 illustrates that BOE's total expenditures increased by 82 percent in 2008 because of the presidential election, declined by 44 percent in 2009, and increased by 11 percent in 2010

because of the election for State-wide offices. From 2007 to 2010 salaries have increased by approximately \$489,000 or 39 percent.

The BOE experienced significant increases in every line item in 2008. The Director noted the increases were due to the significant voter turnout in the 2008 presidential election. Additionally, voter turnout combined with the provision of paper ballots increased overtime and other related expenditures.

According to the BOE Director, contracted services increased 174 percent from 2007 to 2008 due to a combination of factors including the presidential election. This was the first year the County required six poll workers per precinct.²⁸ As a result, the cost for poll worker training increased from \$35,130 to \$74,235 (see **R5.2** for an additional assessment of poll worker training). Furthermore, election workers were hired through a temporary agency adding \$356,000 to contracted services.

Two types of voting machines are used in Ohio -- Direct Recording Electronic (DRE) and Optical Scan (OS). Each county is also required to have at least one ADA compliant machine per polling place for voters with disabilities. Montgomery, Stark and Lorain counties have DRE and ADA machines manufactured by Premier and AccuVote model TSX; Clermont County has Electronics Systems and Software (ES&S) model 100 OS machines with ADA ES&S Automark machines; and Lake County has DRE and ADA ES&S iVotronic voting machines.

Voter Trend

Table 5-3 shows BOE's total annual expenditures along with the expenditures per registered voter, per vote, and per precinct. The table includes seven years of data to illustrate the change in costs related to electronic voting machines and supplemental paper ballots. Additionally, the longer time horizon allows the reader to compare costs associated with different election types.

²⁸ During the course of the audit it was noted that the BOE plans to reduce its number of poll workers from six to four per precinct for the first precinct and two for each additional precinct (permitted under HB194).

Table 5-3: Butler County Board of Elections Trend

	2004	2005	2006	2007	2008	2009	2010
Special Election	X	3x	2x	3x		X	
Presidential/ Primary	X				X		
Gubernatorial/ Primary			X				X
General		X		X		X	X
Expenditures	\$2,108,065	\$5,802,286	\$2,746,257	\$2,428,375	\$4,411,665	\$2,482,653	\$2,887,686
Total Voters	508,421	427,342	481,698	305,439	504,882	249,347	477,986
Total Votes	260,745	153,322	156,025	83,144	269,185	91,270	177,276
Percent Voter Turnout	51.29%	35.88%	32.39%	27.22%	53.32%	36.60%	37.09%
Total Precincts used	662	541	607	386	596	321	596
Expenditure Per Voter	\$4.15	\$13.58	\$5.70	\$7.95	\$8.74	\$9.96	\$6.04
Expenditure per Vote	\$8.08	\$37.84	\$17.60	\$29.21	\$16.39	\$27.20	\$16.29
Expenditure Per Precinct	\$3,184.39	\$10,725.11	\$4,524.31	\$6,291.13	\$7,402.12	\$7,734.12	\$4,845.11

Source: Butler County BOE election results.

As illustrated in **Table 5-3**, the BOE's expenditures vary from year to year based on the number and type of elections held in combination with voter turnout. The expenditure per vote is dependent on several fixed and variable expenditures. For example, as the number of votes increases the fixed costs decrease per vote; however, other operational costs will rise as the number of votes cast increases. The BOE's expenditures per vote for 2007 and 2009 had the highest per vote cost as a result of low numbers of votes and 2005 was high due to the implementation and start-up costs of the electronic voting machines. The BOE's expenditures per vote were lowest in 2010 as a result of budget reductions and the large number of votes cast.

The Butler County Commissioners provided a response to a draft of the audit report; however, this response is superseded by the revised response included in this report (see **client response**).

Recommendations

R5.1 Consider replacing direct recording electronic voting machines with optical scan machines.

The BOE should consider the benefits of eliminating the direct recording electronic (DRE) voting machines and replacing them with optical scan machines throughout the County. Studies have shown that transferring to optical scan machines from DRE touch screen machines increases voter confidence, reduces overall administrative and equipment costs, and eliminates the need to estimate the number of back-up paper ballots necessary. If the County is limited by monetary constraints for a complete exchange of DRE machines for Optical Scan Machines, it should consider purchasing enough optical scan machines to cover special elections.

The County purchased 1,300 electronic polling machines in 2005 and the BOE chose touch screen machines because it anticipated the election process moving to all-digital voting. Also, at the time, DRE touch screens were projected to be a less expensive method for voting when amortized over several election cycles.

According to the BOE, since the implementation of the DRE machines, the BOE reportedly experienced about a 33 percent increase in administrative costs. The increase results from the need for a greater number of poll workers and having to provide training to those individuals. Additionally, it incurs costs to provide back-up paper ballots, obtain DRE software support and ensure the DRE machines are operating properly before each election.

In 2010 the Secretary of State sent a directive (2010-61) to all counties that required counties using DRE voting machines as their primary voting system to provide an optical scan ballot in the event of power outage, machine failure or other election disruption to an affected voter or to any voter who requests it as an alternative method to casting a ballot on a DRE voting machine for the November 2, 2010 general election. This directive required that optical scan machines also be available which further increased BOE expenses (see **Table 5-1**).

In 2005, the North Carolina Coalition for Verified Voting completed a study of annual expenditures of the election departments of four North Carolina counties. It found that the cost of using DRE machines in Guilford and Mecklenburg Counties was about 30-40 percent higher than the cost of using optical scan equipment in Wake and Durham Counties. The study revealed that not only are DRE voting machines more expensive to acquire, they are also a lot more expensive to operate year after year. The Coalition also noted that the counties need to own and maintain more DRE than optical scan machines as the study estimated that it takes 20 DRE machines to do the work of 1 optical scan machine.

Miami-Dade County also completed a cost study analysis on converting to optical scan from its touch screen system. The study concluded that converting equipment would improve voter confidence and result in a cost savings to taxpayers. The study noted that voters remained uneasy about the lack of a paper record that is independent of the equipment on which the votes are cast. In addition, the County's iVotronic system, instead of yielding savings, had led to expenditures

that were never envisioned when the decision to purchase the equipment was made. The County concluded that lower operating costs and the elimination of future capital and maintenance expenses associated with the touch screen system would allow it to recover the estimated purchase price of the optical scan machines within a few election cycles. The initial analysis found the County could save more than \$13.21 million over five years.

Although transitioning to optical scan machines would result in significant upfront costs, the overall cost per vote cast would diminish, reducing the cost of BOE operations in the long-term. This would allow the County to recoup its costs through reduced maintenance and upkeep on the machines, reduced training costs and a reduction in the number of poll workers needed, and a decrease in the number of machines needed at each precinct.

Financial Implication: Replacing the DRE voting machines with optical scan machines would save the BOE approximately \$905,000 annually, or \$4,525,000 over a five-year period. This is based on saving 30 percent of the average BOE expenditures for the last four years. However, as noted above, this savings will be reduced by the cost of the new equipment. According to estimates the BOE received from vendors, the OS machines could cost between \$2.4 and \$3.6 million.

R5.2 Reduce poll worker training costs.

Butler County BOE should reduce its poll worker training costs by implementing alternative training programs and delivery techniques. It should consider a mix of options including outsourcing training services, increasing the use of on-line training, evaluating returning poll worker training needs, better use of the high school student program, and reviewing manufacturer equipment recommendations and their impact on training costs. Additional reductions in poll worker training costs can be expected if the County chooses to replace the direct recording electronic machines with optical scan machines (see 5.1).

According to the BOE, the County paid approximately \$76,000 to 19 part-time trainers for providing poll worker training in 2010. In addition to the poll worker training provided by part-time staff, the County used on-line training sponsored by the Ohio Secretary of State to provide supplementary materials to poll workers. The BOE noted that on-line training does not reduce the amount of hands on training it feels is necessary; it only acts as a supplement. Furthermore, the BOE supported a high school student poll worker program and, because it accepted all 278 high school applicants, this program significantly contributed to higher training and poll worker costs in 2010.

Poll worker training costs have also increased because the DRE machines require lengthier and more hands on training when compared to the previous process/equipment that was used. Specifically, the DRE manufacturer recommends class sizes no greater than 20 people. Prior to 2005, the BOE provided training courses to classes of 125 poll workers at a time.

Poll worker training requirements are outlined in Ohio Secretary of State Directive 2010-55 and ORC 3501.27. Although the Secretary of State directive requires training for all poll workers,

ORC 3501.27(b) speaks to returning poll workers and requires they attend training when the Secretary of State considers it necessary or once every three years.

Although it is a requirement to train all new poll workers, ORC 3501.27(b) provides flexibility in training returning poll workers. The BOE provides the same level of training to all poll workers. The County does not offer a shortened refresher course for seasoned poll workers; nor does it test returning poll workers to determine training needs. Offering seasoned poll workers a refresher course rather than the entire training would reduce training costs.

Some counties have lowered the cost of poll worker training by outsourcing training activities. For example, Lorain County contracts out its training to a local college. Shifting the poll worker training duties to an outside source reduces Lorain County's need for resources such as staff, equipment, materials and building space/rental.

Implementing trainings for seasoned poll workers such as online training or shortened refresher courses would reduce the number of hours trainers work. Also, capping the number of high school poll workers to one per multi precinct location would also reduce poll worker training costs.

Financial Implication: Reducing the number of poll worker trainers to three, limiting overtime and offering alternative training methods would save the BOE \$45,000 annually.

Emergency Management Agency

Butler County Emergency Management Agency is the main office holder and the Butler County Local Emergency Planning Committee (LEPC) is a branch of EMA which involves Ohio Revised Code and Hazardous Materials.

Butler County's Emergency Management Agency (EMA) consists of a director, three support staff and an emergency planner intern. The intern is paid out of a State Homeland Security Program (SHSP) grant. EMA's revenue is generated from several sources including a per capita tax and other grants. For 2011, its budget shows that the agency will generate approximately \$253,000 from an Emergency Management Program Grant (EMPG), LEPC, and the city per capita tax of \$0.37 per person. In February 2011, the Commissioners passed a resolution extending the per capita charges to the townships on the recommendation from the Butler County Emergency Management Executive Advisory Board. This estimated increase will be based on the new 2010 census, generating approximately \$61,000 annually for EMA (beginning in 2012).

During the course of the audit it was noted that the EMA is doing a lot of regionalization of resources with several other county agencies which has resulted in cost savings. Additionally, EMA is completing free training, acquiring resources through Federal grants, and recovering money for the Sheriff's office, Engineer's Office, and Water & Sewer Department.

The Butler County LEPC, established pursuant to the Emergency Planning and Community Right to Know Act (EPCRA) of 1986, prepares hazardous material emergency plans. The Butler County Emergency Management Agency provides administrative staffing for the LEPC under a contractual agreement. Under EPCRA, more than 300 facilities in the County that use, store, or produce hazardous substances annually report to the Butler County LEPC. The LEPC serves as the repository for reports filed under Title III of EPCRA, directs Title III implementation activities and performs outreach programs to increase the awareness, understanding and compliance with the EPCRA.

Butler County LEPC's accomplishments include:

- Developing the Butler County Hazardous Materials Emergency Plan;
- Creating the Butler County Hazardous Materials Cooperative;
- Providing hazardous material training for first response personnel;
- Developing and analyzing hazardous material response team needs;
- Developing and holding public and private sector hazardous material emergency exercises; and
- Assisting public and private facilities with chemical emergency preparedness planning.

Butler County EMA does not receive General Fund assistance from the County. Because EMA does not impact the County's General Fund, auditors did not further evaluate its services.

Veterans Service Commission

The Butler County Veterans Service Commission (VSC) provides direct and indirect financial assistance and other benefits to veterans and their dependents who have met with an unexpected hardship resulting from illness, injury, or loss of employment, and meet eligibility requirements. The Commission has also established outreach programs with other county, state and federal agencies to assist veterans and their dependents with employment and training for employment, so they have all of the tools needed to re-enter the work force and not be dependent on the Commission for assistance. Furthermore, the Commission assists in initiating claims for benefits, obtaining documents to substantiate proof for these benefits, providing free graves and funerals for honorably discharged indigent veterans, and procuring grave markers for veterans.

The VSC is made up of 5 commissioners and 10.0 FTEs consisting of 3.0 FTE Veteran Service Officers (VSO), 1.0 FTE VSO in training, 3.0 FTE Veterans Benefit Coordinators (VBC), the Executive Director, the Executive Assistant, and a receptionist. VBCs are responsible for implementing financial assistance applications and digitally scanning all forms and records related to veteran benefits.

Under ORC 5901.11, the VSC is required to submit its budget to the County by the last Monday in May. The VSC has a reduced budget in 2011, with the understanding that it can access its additional millage if needed. The County has allocated \$1,327,881 in funding for the VSC for 2011²⁹.

The VSC has its main office in the County building in Hamilton, though it also relocated its Middletown satellite office to share office space with the Middletown JFS office in 2008 for a savings of about \$40,000. The VSC also uses the County purchasing agreement for office supplies, and shops for better pricing with other vendors for high cost items.

Most of the VSC's expenditures are for veteran financial assistance. In 2009, these totaled \$869,962. These expenditures were comprised of rent, mortgage payments, food, utilities, transportation, medical, clothes and burial. The largest financial assistance expenditure was for transportation at \$511,000.³⁰

Under ORC 5901.03, the VSC transports veterans to and from the district Department of Veterans Affairs Medical Centers. Veterans can be transported no more than two times a week from their home to the medical center. In 2007, the VSC made 7,874 one way trips to the Veteran's hospital. The number of one way transports increased to 12,569 in 2009 (see *issues for further study* for an additional discussion of VSC transportation services).

²⁹ According to ORC 5901.11, the board of county commissioners shall make the necessary levy not to exceed five-tenths of a mill to support the operations of the veterans service office.

³⁰ During the course of the audit it was noted that in March 2011 a new provider was awarded the contract for VSC transportation which created savings. Additionally, the VSC Commissioners have approved a new transportation policy concerning Community Based Outpatient Clinics (CBOC) medical appointments.

In response to a draft of this audit, the Executive Director of the Veterans Service Commission provided comments requesting revisions to the section. Auditors made the changes proposed by the Executive Director when sufficient support for the changes was provided.

MetroParks

The MetroParks of Butler County was established in 1955 in accordance with ORC 1545 for the purpose of preserving and restoring areas of outstanding natural significance within the County. The MetroParks currently owns and/or manages over 3,000 acres in 21 parks throughout the County. The MetroParks offer hiking, walking and jogging, fishing, boating, camping, and visiting historical sites and natural areas recognized as important to wildlife. The MetroParks also offer a variety of educational programs, both natural and cultural, that are led by MetroParks interpreters, experienced educators and volunteers. Most programs are open to the public; however, some are by registration only and may include a program fee.

Although the MetroParks is a separate agency with its own Board, it received \$400,000 from the Butler County General Fund in 2010. In November of 2010, Butler County MetroParks passed a six-year, 0.5-mill levy that will raise about \$3.5 million per year (2011 estimate). The money will be used to update and maintain existing parks and natural areas, open closed parks, restore educational programs, and help leverage other funding sources. As a result of the passage of the levy, the Butler County Commissioners decided to eliminate the MetroParks funding from the General Fund in order to focus resources on other County services.

Although this section does not include recommendations, an issue was identified that could improve the efficiency and effectiveness of the County's various educational programs. The educational services offered by the MetroParks are included in this assessment which is reported as an *issue for further study*.

OSU Extension

The mission of the Butler County Ohio State University Agricultural Extension (Extension) is "engaging people to strengthen their lives and communities through research-based educational programming." The Extension's vision is to be a dynamic educational entity that partners with individuals, families, communities, business and industry, and organizations to strengthen the lives of Ohioans. It provides a number of educational programs to fulfill its mission including 4-H Youth Development, Agriculture & Natural Resources (including Horticulture), Family and Consumer Sciences, and Community Development, as well as a program geared toward teens with traffic violations called CARTEENS. Total operating costs for the program are approximately \$625,000 annually. According to the County, General Fund resources allocated to the Extension are approximately \$211,000 in 2011, a reduction of \$70,000, or 24.9 percent from 2010 expenses.

As Ohio counties are not required to directly fund extension programs and the Commissioners had determined to reduce direct funding for 2011, additional assessments were not completed in this area. However, there may be a potential to consolidate some of the Extension's educational programs with other County educational programs (*see issues for further study*).

Soil and Water Conservation District

The Butler County Soil and Water Conservation District (SWCD) is a subdivision of the State of Ohio, and is funded by the Butler County Commissioners, the Ohio Soil and Water Conservation Commission, and the Ohio Department of Natural Resources through the Division of Soil and Water Resources. The objectives of SWCD include:

- Reduce soil erosion loss on both urban and agricultural lands;
- Improve water quality by serving as a resource base for water quality data and educating the public concerning storm water management and erosion control;
- Increase both the rural and urban communities' awareness of the value, need, and ways of conserving our natural resources;
- Promote woodland and wildlife management by local landowners;
- Conduct a strong informational and educational program in the schools and with the general public; and
- Provide adequate funding, personnel and equipment to meet the future needs of district operations.

SWCD has a five member Board of Supervisors including a Chair, Vice Chair, Treasurer, Secretary and administrative member. Currently the SWCD has three employees to oversee its agriculture program (to help residents with issues of water quality and erosion control), urban program (to assist residents, developers, engineers, builders and other county partners in planning and conserving water quality and soil erosion during development in Butler County), and educational program (to educate all residents of Butler County on natural resources and conservation issues), as well as general program administration. The District Administrator noted that four positions have been eliminated due to budget constraints. Other services include student and adult educational programs, teacher workshops and assistance, public outreach, and event planning. Also, SWCD provides information to residents, farmers, landowners, etc. on issues related to soil, water and natural resource conservation. It also provides map resource information, including historical aerial photographs, soil surveys, topographical maps, groundwater maps, wetland maps, stream maps, and flood plain maps.

The County serves as the fiscal agent for SWCD and provides some General Fund monies to support operations. The State matches the financial support that the County provides to SWCD. In 2009, SWCD spent \$416,000 on operations. This was reduced to \$287,000 in 2010. SWCD eliminated some positions to adjust operations to the lower funding amount and transferred two employees to the Engineer's Office to ensure a continuation of services related to certain road-building activities. Although the proposed budget for 2011 was \$237,000, the funding allotted to SWCD was reduced to \$135,000.

Because SWCD represents a small component unit of the County and has undergone significant reductions in recent years, additional assessments were not conducted. However, there may be a potential to consolidate some of SWCD's educational programs with other County educational programs see (*issues for further study*). This might allow the SWCD to continue providing such programs or ensure the dissemination of program content, in conjunction with other programs currently being offered.

Regional Airport

The Butler County Regional Airport (BCRA) is part of the Federal Aviation Authority's (FAA) National Plan of Integrated Airport Systems and the current Ohio Aviation System Plan. It has been designated as a general aviation reliever airport for the Cincinnati/Northern Kentucky International Airport. It consists of approximately 650 acres including facilities such as a 5,500 X 100 foot runway with a full-length parallel taxiway, T-hangars, executive hangars with capacity for overnight storage, a Precision Instrument Landing System (ILS) with Medium-intensity Approach Lighting System (MALS), Localizer/Distance Measuring Equipment (DME), Non-Directional Beacon (NDB) and Global Positioning System (GPS) approaches, an on-site weather station (ASOS), and a new General Aviation Terminal Building.

The Airport has one County employee, the Administrator. In 1999 the Commissioners hired the Administrator to revamp airport operations with the intent of bringing more air traffic and development to the County. In order to hire the Administrator, the Commissioners had to disband the airport authority.

The Administrator's priority was to rezone the airport. He noted that this gives corporations confidence the airport will not close and brings development not only to the airport but surrounding locations. The Administrator also sought to attract business to the airport that would increase airport traffic.

The Airport Director noted that over the past 10 years, the County funds most projects through grants using only a small (usually 5 percent) local match. Recently, the airport began installing apron lighting that is 95 percent grant funded. Over the last 10 years the airport has received \$6.3 million in grant funding. The FAA and Ohio Department of Transportation have given grants and sponsored \$6.3 million in projects, such as Ramp Rehabilitation, West Terminal Area -Phase I, II, III, and IV, Land Acquisition, and Perimeter Fencing. The BCRA has \$2.9 million remaining in long-term general obligation bond payments for airports improvements. The annual payments in 2011 total \$116,000 and the bond will be paid off in 2029.

An economic impact study, completed in 2005, shows the economic impact of the Regional Airport on the area. First, many hangars are privately funded, including 1 executive hangar, 6 T-hangars, and 15 Corporate hangars (developed at an estimated cost of \$2.75 million). In addition, several aviation and corporate companies are based out of the BCRA and dozens of other companies use the airport facilities although they may not be based there. From 1999 to 2005, the economic impact study noted a 56 percent increase in fuel sales, 250 percent increase in income, 88 percent increase in aircraft based at BCRA and 300 percent increase in hangar and terminal leases. The study also concluded that BCRA increased its economic impact from \$8.2 million in 1995 to \$14.1 million in 2005. Since the study, BCRA has benefitted from the construction of new hangars using private funds and an increase in the number of corporate flight departments based at the airport, such as AK Steel, JTM, and Omya Industries, Inc.

Because of the County's financial difficulties, the Commissioners recently formed a committee to analyze the regional airport and the County's financial involvement in it as they were concerned about its financial solvency. The BCRA does not have a material financial impact on Butler County and auditors did not complete additional analyses in this area.

Public Works

This section of the performance audit focuses on Butler County's public works departments. This includes the Butler County Engineer's Office, the Water and Sewer Department, and the Recycling and Solid Waste Program. The Ohio Revised Code (ORC) and Ohio Administrative Code (OAC) were compared to County services to determine compliance and optional services provided. Historical expenditures were reviewed along with the extent of General Fund support provided to these departments. Planning and management functions were evaluated. Departments were compared to leading practices and, where possible, to selected peer counties. In addition, this section also reviewed the County's facilities management, building maintenance, vehicle maintenance, and fuel spending. These areas were compared to leading practices and industry standards such as the U.S. General Services Administration, the Environmental Protection Agency, and the International Facility Management Association. Where appropriate, recommendations identify potential cost savings and improvements to the efficiency of management and operations.

Engineer's Office

This section of the performance audit focuses on the Butler County Engineer's Office (BCEO). The BCEO maintains roadways, highways, and other County transportation infrastructure, as well as surveying and updating the County's tax map, which is used by other stakeholders including the County Auditor.

Statutory Authority

According to ORC 315, each county in Ohio is statutorily required to establish an Office of the Engineer. Specifically, ORC 315.08 defines the duties of the office as follows:

The county engineer shall perform for the county all duties authorized or declared by law to be done by a registered professional engineer or registered surveyor, except those duties described in sections 307.37 and 307.38 and Chapters 343, 6103, and 6117 of the Revised Code. The engineer shall prepare all plans, specifications, details, estimates of cost, and submit forms of contracts for the construction, maintenance, and repair of all bridges, culverts, roads, drains, ditches, roads on county fairgrounds, and other public improvements, except buildings, constructed under the authority of any board within and for the county.

The Engineer is elected every four years and each county must establish an office for the Engineer with all necessary supplies. At least two-thirds of the office should be paid for through the motor vehicle tax. The Engineer must make all necessary or emergency repairs on roads, bridges, and culverts in the County (for projects under \$5,000), conduct inspections and maintain records for all public improvements, and keep records of all surveys.

The Engineer is not required but may prepare plans, specifications, details, estimates of costs, or

forms of contracts for emergency repairs. He or she may also establish a deputy as the county maintenance engineer and may establish teams of supervisors and staff to perform maintenance functions. Other optional duties include transcribing maps, preserving field notes, and indexing records.

BCEO employs 83 full-time staff, or full-time equivalents (FTEs). BCEO is divided into four main departments: engineering, construction, operations, and administration. The Office uses a software tracking system called PubWorks Tracker to manage performance statistics and compare activities.

Financial History

Table 6-1 identifies BCEO operating expenditures by fund for 2007, 2008, and 2009.

Table 6-1: BCEO Operating Expenditures by Funding Source

Fund	2007	2008	Percent Change	2009	Percent Change	Three Year Change
General	\$191,375	\$215,266	12.5%	\$192,519	(10.6%)	0.6%
Motor Vehicle	\$19,798,306	\$22,824,622	15.3%	\$17,657,296	(22.6%)	(10.8%)
Stormwater Management	\$525,859	\$548,195	4.2%	\$696,627	27.1%	32.5%
County Ditch Maintenance	\$136,158	\$65,924	(51.6%)	\$57,270	(13.1%)	(89.1%)
Total	\$20,651,698	\$23,654,007	14.5%	\$18,603,712	(21.4%)	(9.9%)

Source: Butler County financial reports

Note: This table includes operating costs only; it excludes funds received by the County on behalf of other departments or local governments.

As shown in **Table 6-1**, the main source of funding for BCEO's operating expenditures is the Motor Vehicle Fund. This fund collects the County's share of taxes charged for motor vehicle licensing, motor vehicle and weight scale fines, and charges for engineering inspections and services. The County also uses special assessments collected from property owners to take care of stormwater drains and county ditches. Also, in 2009, BCEO spent approximately \$192,500 or 1.0 percent of all expenditures using revenue from the General Fund. Since the County is required to support a portion of the Engineer's Office operating expenditures through the General Fund, BCEO is in compliance using the General Fund to pay for the tax plat office. Revenue in the Motor Vehicle Fund decreased 18.6 percent in 2009, and BCEO cut spending at a slightly higher rate (21.4 percent). While expenditures associated with Stormwater Management Fund increased in 2009, the Engineer's Office indicated that this was project-driven and was covered by property assessments. Between 2007 and 2009, overall expenditures decreased 9.9 percent.

Table 6-2 shows BCEO's operating expenditures by category.

Table 6-2: BCEO Operating Expenditures

	2007	2008	Percent Change	2009	Percent Change
Salaries	\$4,360,353	\$4,825,300	10.7%	\$4,626,142	(4.1%)
Benefits	\$1,280,090	\$1,459,783	14.0%	\$1,399,550	(4.1%)
Materials and Supplies	\$1,252,298	\$1,511,106	20.7%	\$1,038,402	(31.3%)
Contracted Services	\$11,163,422	\$14,747,067	32.1%	\$10,611,471	(28.0%)
Capital	\$2,595,536	\$1,110,751	(57.2%)	\$928,146	(16.4%)
Total	\$20,651,699	\$23,654,007	14.5%	\$18,603,711	(21.4%)

Source: Butler County financial reports

Note: This table includes operating costs only; it excludes funds received by the County on behalf of other departments or local governments.

Table 6-2 illustrates that BCEO made a concerted effort in 2009 to cut expenditures across all categories. Although staffing was generally maintained, the department reduced nearly 60 percent of its annual expenditures for materials and contracted services. **Table 6-3** presents a comparison of key operating statistics for BCEO and the peers.

Table 6-3: Engineer's Office and Peer Operating Statistics

	BCEO	Peer Average ¹	Difference	% Difference
General Fund Expenditures	\$192,519	\$304,287	(\$111,768)	(36.7%)
Total All Fund Expenditures	\$18,603,711	n/a	n/a	n/a
Population (Residents)	363,184	358,348	4,836	1.3%
Lane Miles	267.81	246.3	21.53	8.7%
Registered Vehicles	357,427	348,517	8,910	2.6%
Total FTEs	83.0	88.5	(5.5)	(6.2%)
General Fund Exp. per Resident	\$0.53	\$0.90	(\$0.37)	(41.1%)
General Fund Exp. per Lane Mile	\$719	\$1,301	(\$582)	(44.7%)
General Fund Exp. per Reg. Vehicle	\$0.54	\$0.92	(\$0.38)	(41.2%)
Population per FTE	4,375.7	3,972.0	403.7	10.2%
Lane Miles per FTE	3.2	2.8	0.4	15.6%

Source: Butler County and peer financials; ODOT County Certified Mile Statements; Ohio BMV Registration Statements

¹ The peer average consists of the following counties: Lake, Lorain, and Montgomery. Auditors were unable to collect this data for Clermont and Stark counties.

² County All Funds expenditures were not available for peers. BCEO's General Fund expenditures of \$192,519 accounted for 1.0 percent of the Engineer's total budget in 2009.

As shown in **Table 6-3**, based on a comparison of General Fund expenditure ratios, Butler County spends less per resident, per lane mile, and per registered vehicle than the peers. This efficiency is based on a planning and management program that includes creation of five-year project plans, development of schedules for operations and equipment replacement timelines, and maintenance of a detailed pavement ratings database. BCEO tracks performance measures and uses them in reviewing and planning operations. For example, in addition to a snow and ice removal policy and on-call staffing guidelines, the Office uses statistics to report operations to the public. Specifically, some statistics related to departmental performance measures are

published in the Comprehensive Annual Financial Report (CAFR). The CAFR lists ten years of data on the miles of roads resurfaced, number of bridges replaced/improved, and number of culverts built/replaced/improved.

It is the County's policy that at least 90 percent of roadways have a rating of 3 (fair) or higher. **Table 6-4** presents a comparison of County road conditions as reported to the Ohio Public Works Commission (OPWC).

Table 6-4: Road Condition Rating Comparison

Rating	Butler County	Percent of Total	Peer Average	Percent of Total
Excellent	170	63.1%	70.1	21.3%
Good	75	27.9%	113.4	34.5%
Fair	23.2	8.6%	110.2	33.5%
Poor	1.1	0.4%	19.8	6.0%
Critical	0	0.0%	15.6	4.7%
Total Lane Miles	269.3	100.0%	329.1	100.0%

Source: OPWC reports

According to **Table 6-4**, Butler County has exceeded its policy, with 99.6 percent of its roads considered in fair to excellent condition. The County's combined percentage of fair to excellent rated roads significantly exceeds that of the peers (89.3 percent). Since Butler County has newer infrastructure, roads would be expected to trend toward a higher level based on overall age. At the other extreme, 0.4 percent of Butler County's roads are considered in poor or critical condition compared to 10.7 percent for peers. This level of condition suggests that fewer of BCEO's resources need to be diverted to the types of emergency maintenance that might face a County with older and lower rated roads.

Based on interviews and a review of documentation provided, BCEO is conducting recommended planning and budgeting (see **noteworthy assessments** in the **executive summary**), is maintaining high quality road conditions, and is operating with less General Fund support than the peer average. While its policy for snow and ice removal exceeded minimum standards, this was identified as an **issue for further study** for possible departmental cost-savings. Since the majority of funding (99 percent) for operating expenditures is supported by taxes, fines, inspections, and special assessments, and based on the appropriate planning and management conditions, additional analysis was not performed.

During the reporting phase of the audit, the Butler County Engineer provided an official response to the audit report (see **client response**).

Water and Sewer Department

The section of the performance audit focuses on the Butler County Water and Sewer Department (BCWSD). The BCWSD's function is to provide safe drinking water and sanitary sewer service in Fairfield Township and to more than 120,000 people in West Chester, Liberty, Lemon, Fairfield, Hanover and Ross townships, the city of Monroe and the village of New Miami.

Statutory Authority

Every county in Ohio is required to form a solid waste management district or a regional solid waste management authority. As outlined by the County Commissioners' Association of Ohio, the Ohio Revised Code (ORC) section 6117 grants general powers to counties to create and maintain a water and sewer department:

- To retain professional engineers to conduct surveys to determine the proper boundaries of districts;
- To acquire, construct, maintain and operate branch, intercepting or local sewers and sewage disposal and treatment facilities. This same power also applies to ditches, channels or interceptors for the temporary retention of storm water;
- To employ registered professional engineers or create a sanitary engineering department; and
- To adopt, publish, administer and enforce rules relating to the construction, maintenance, use, and protection of sewers or treatment facilities.

A county has the authority to establish rates for water and sewer (ORC 6117.02, 6103.02). Specifically, rates must be reasonable but sufficient to pay for the cost of operation and maintenance of facilities.

Department Overview

The County currently owns and operates 5 water pumping stations, 2 regional water reclamation facilities, 4 satellite water reclamation facilities, 34 sewage pump stations, and 8 water storage tanks. BCWSD estimates that it provides 4.4 billion gallons of drinking water and treats 6.3 billion gallons of wastewater annually. All meter reading across the customer service base is digital and staff is able to access meter readings through laptops.

BCWSD employed 116 full-time equivalent staff (FTEs) in 2010. During the course of the audit, BCWSD indicated that 15 positions were eliminated in February 2009 through a reduction in force.³¹

Rate stabilization is very important to the Department and BCWSD has taken an aggressive approach at expenditure control. According to the BCWSD Director, in 2011, third party billing services will be brought back in-house in order to achieve cost savings of \$2.5 million from 2011-2014. BCWSD conducts financial planning, including budgeting and capital planning.

³¹ As of July 2011, BCWSD employed 112 FTEs.

Reserves are monitored and its Minimum Funds Balance Policy requires a 4 month operating reserve. Software is used for work orders and to track and document performance statistics. Departmental performance measures are monitored on a regular basis and include operations, maintenance, meter reading, customer service, and human resources. These are reviewed using internal benchmarks and external industry leading practice benchmarks. The Department also meets leading practices in using preventive maintenance as part of its regularly scheduled maintenance work and establishing emergency response plans in the event of potential disasters (see **noteworthy accomplishments**).

Financial History & Water Rates

The Water and Sewer funds are considered enterprise funds and are therefore self-sustaining, receiving no General Fund support from the County. All revenues in these funds are based on rates and fees established by the County Commissioners.

Table 6-5 shows BCWSD's expenditures by fund for the past three year period.

Table 6-5: BCWSD Operating Expenditures

	2007	2008	Percent Change	2009	Percent Change
Salaries	\$8,682,399	\$8,891,161	2.4%	\$7,245,122	(18.5%)
Benefits	\$2,623,988	\$2,794,046	6.5%	\$2,370,826	(15.1%)
Materials and Supplies	\$2,323,210	\$2,116,807	(8.9%)	\$1,907,147	(9.9%)
Contracted Services	\$15,392,763	\$16,827,610	9.3%	\$14,756,614	(12.3%)
Capital	\$96,964	\$0	(100.0%)	\$0	N/A
Other	\$1,028,526	\$832,846	(19.0%)	\$985,032	18.3%
Total	\$30,147,850	\$31,462,470	4.4%	\$27,264,741	(13.3%)

Source: Butler County Auditor's Office

Note: This table includes only departments charged for operational expenditures and excludes capital funds and departments.

As shown in **Table 6-5**, overall spending decreased by 13.3 percent in 2009 and these decreases were in all significant categories. A large decrease in salaries and benefits in 2009 was based on a reduction of 15 employees. Additionally, a moderate amount of capital spending that had been charged to the operating funds in the past was moved completely to separate capital funds starting in 2008. Furthermore, an increase in the *Other* category is due to an increase in the indirect costs that the Department reimburses the General Fund for central services. The reimbursed costs include: building use, insurance, professional services, legal services, telephone, records center, auditor's office, treasurer's office, commissioner's office, building maintenance, mail services, and information services.

The decreases in 2009 expenditures shown in **Table 6-5** occurred at the same time the county made reductions in selected residential customer water and sewer rates. These changes were based on a cost-of-service study commissioned by the County, which suggested the Board of Commissioners reduce residential water rates in June 2009 by an average of 5.5 percent and residential sewer rates by an average of 13 percent. Those rate reductions remained through

2010, but were anticipated to end in 2011 with anticipated rate increases of 2 to 4 percent.

Table 6-6 shows a comparison of County residential rates to the peer average.

Table 6-6: Residential Water Rate Comparison (Monthly, Gallons)

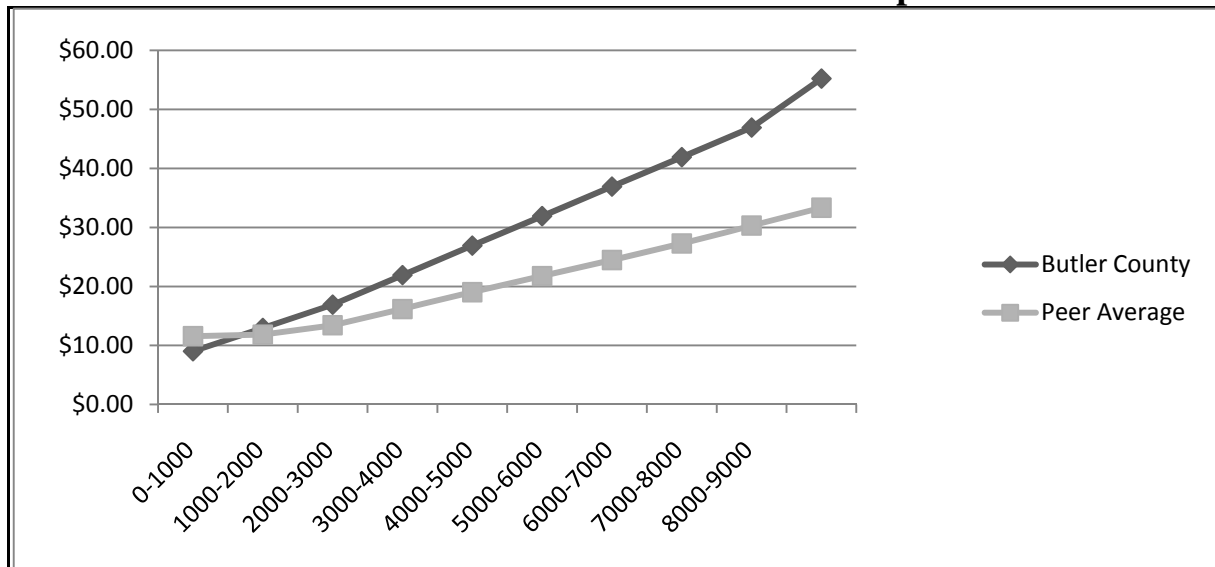
Gallons	Butler County	Peer Average	Difference	Percent Difference
0-1,000	\$9.01	\$11.58	(\$2.57)	(22.2%)
1,000-2,000	\$12.96	\$11.83	\$1.13	9.5%
2,000-3,000	\$16.91	\$13.42	\$3.49	26.0%
3,000-4,000	\$21.91	\$16.17	\$5.74	35.5%
4,000-5,000	\$26.91	\$19.03	\$7.88	41.4%
5,000-6,000	\$31.91	\$21.75	\$10.16	46.7%
6,000-7,000	\$36.91	\$24.47	\$12.44	50.8%
7,000-8,000	\$41.91	\$27.28	\$14.63	53.6%
8,000-9,000	\$46.91	\$30.31	\$16.60	54.8%
9,000-10,000	\$55.22	\$33.34	\$21.88	65.6%

Source: Butler County and peer water rates

Note: Some Counties have minimum rates for low water usage; these were factored into the analysis and average. This table only considers residential water rates.

As shown in **Table 6-6**, residential water rates in Butler County are higher than the peer average at every level past the first step of 0-1,000 gallons. According to the American Water Works Association, average daily water use per person is 70 gallons. Thus, a family of four would use an average of 8,400 gallons of water monthly. Butler County's rate is 54.8 percent higher than the peer average at the 8,000-9,000 gallon usage level.

Chart 6-1 presents an illustration of the gap between Butler and the peer average.

Chart 6-1: Residential Water Rates Comparison

Source: Butler County and peer water rates

Although there is increasing disparity between the County's rate and the peer average rates as usage increases, BCWSD's has created a program of rates purposefully designed to encourage residential conservation of water use. Thus, the rates are designed to increase incrementally with higher usage, and in fact, the rate increases by an even higher increment in the last row in **Table 6-6**. Since the County has developed a strategic goal of rate stabilization, and implemented a cost study that restructured rates in 2009, further analysis of cost recovery was not conducted. Based on interviews and documentation, higher water rates in Butler County are a product of complex water supply contracts, substantial debt obligations, and maintenance costs associated with the correction of defective water supply lines.

Water Supply & Blue Max

Butler County entered into a Settlement Memorandum with the City of Hamilton, effective July 1, 2002, to end litigation concerning water supply. The Memorandum, to extend through December 31, 2021 requires the County to purchase a minimum of 2,920 million gallons annually at a rate to start at \$2.15 per 1,000 gallons and be adjusted annually based on the Consumer Price Index (CPI). Although the Settlement Memorandum has language to establish the cost of additional water supply purchases, the County also contracts for water with the City of Cincinnati. A Sixth Amendment to a contract originally signed with Cincinnati in 1989 was executed in July 2004 to be in effect through December 31, 2025. This contract creates a variable schedule of minimum purchasing at a minimum contract rate of \$1.01 per cubic foot adjusted annually based on the CPI. **Table 6-7** presents the contracts and converts the rates to monthly rates per 1,000 gallons.

Table 6-7: BC Water Supply Contracts

	City of Hamilton	City of Cincinnati ¹
Contract Period	Settlement Memorandum to litigation; entered into July 1, 2002 to be effective through December 31, 2021	Original Contract entered into November 21, 1989; Sixth Amendment July 12, 2004 extended agreement through December 31, 2025
Monthly Minimum	243.33 million gallons	152.5 million gallons
Minimum Contract Rate (per 1,000 gallons)	\$2.15 tied to CPI (2002) \$2.64 (July, 2011)	\$1.35 tied to CPI (2002) \$1.57 (July, 2011)

Source: Butler County Settlement Memorandum and Sixth Amendment to Cincinnati Contract

¹ Minimum contract water rate was \$1.01 per 100 cubic feet in 2004. Rate converted to cost per 1,000 gallons. Minimum purchase amounts are tiered; amount shown is for 2010-2011 period.

As shown in **Table 6-7**, the cost of water from the City of Hamilton is significantly higher than that purchased from the City of Cincinnati.³² A review of BCWSD's 2011 budget analysis indicates that the cost of purchased water constituted 33.7 percent of water and sewer operating expenses in 2009 and 36.4 percent in 2010. It was projected to increase to 37.7 percent in 2011. BCWSD noted that the rate charged from the City of Hamilton is too high.

The Settlement Memorandum signed by the County with the City of Hamilton also required the County to retire 74 percent of each maturity of the City's outstanding Water System Mortgage Revenue Bonds, effectively retiring City debt without obtaining any ownership of the City owned water plants. Through refinancing, this debt amounted to a \$34 million obligation incurred in addition to infrastructure debt already incurred by the County on its own behalf. As of December 31, 2010, according to the County's debt schedule, the principal and interest for water debt is \$6.6 million for water system obligations and \$4.6 million for sewer system obligations. The County has a long-term plan for eliminating these obligations.

The County has, for its part, continued to create a competitive environment with the City of Hamilton by discussing building separate water plants and by pursuing plans for partnering with other cities to create a joint regional water district.

In addition to the water supply and debt concerns, the County has also been experiencing ongoing additional maintenance costs due to failures in polybutylene water service lines, commonly referred to as "BlueMax", installed by developers between 1984 and 1997. The County sued the manufacturer because the lines were found to be prone to failures caused by corrosion. The County won a \$10.4 million settlement in 2005 but those funds were inadequate to cover all the replacements and the funds are now exhausted. BCWSD continues to see failures at the rate of about 700 lines per year and budgets approximately \$1.5 million per year for replacements. Of the 14,000 lines installed, the County estimates about 6,000 remain. In 2008, Butler County was awarded a loan from the EPA for \$3.2 million to assist in ongoing line replacement.

³² In 1998, the County accused the City of Hamilton of charging more for water than its 1989 contract permitted. The County asked the court to void its water contract. In 1999, County Common Pleas dismissed the County's legal claims. In 2000, the 12th District Court of Appeals reversed part of that decision.

Based on the initial results of audit work, BCWSD uses recommended planning and budgeting techniques (see **noteworthy accomplishments**), is reviewing its costs and making staffing reductions as needed, and is operating with no General Fund support. Though residential water rates are high in comparison to peers, this cost is associated with the water supply contract, debt obligations, and maintenance costs that cannot be addressed in the near term by BCWSD management. Since the funding for operating expenditures is supported by fees and could not provide any additional savings to the County's General Fund, further analysis was not performed. Based on a review of the 2009 financial audit, water and sewer accounts both have in excess of the required minimum balance.)

The Director provided comments on a draft of this audit report. However, auditors did not revise information contained in the section tables or conduct additional sewer analyses because the rate calculations used in this report provided sufficient information for the audit analyses. .

Solid Waste and Recycling

Statutory Authority

A board of county commissioners is required to establish and maintain a solid waste management district under ORC 343 and 3734. As summarized by the County Commissioners' Association of Ohio, county responsibilities include the following:

- Establish and convene a policy committee;
- Prepare, adopt, submit for approval to the Ohio EPA and implement a solid waste management plan;
- Appoint and fix compensation of employees and take other actions necessary to control and manage the district;
- Establish rates or charges on premises to which solid waste collection, storage, transfer, disposal, recycling, processing or resource recovery is provided by the district;
- Acquire (purchase or lease) construct, improve, enlarge, replace, maintain and operate solid waste collection systems within the district and solid waste facilities within or outside the district as necessary to protect public health;
- Use the sanitary engineer to assist with the duties required in ORC Sections 3734.52 to 3734.57 or hire registered professional engineers to assist the sanitary engineer and/or employ financial advisors and any other professional services necessary to assist in the construction, financing and maintenance of solid waste collection or solid waste facilities;
- Adopt, publish and enforce rules authorized in the solid waste management plan;
- Designate solid waste facilities where solid wastes generated within or transported into the district must be taken for disposal, transfer, resource recovery or recycling;
- Establish contracts for solid waste collection, storage, transfer, disposal, recycling, processing, or resource recovery services; and
- Establish contracts for the collection of district generation or disposal fees.

The EPA requires submission of a county solid waste management plan and mandates diversion rates for counties to achieve 25 percent for residential and 66 percent for industrial.³³ As of 2007, Butler County's rate for residential and commercial was 33.7 percent and the rate for industrial was 80.9 percent. Statewide EPA goals are expected to increase in Ohio to 50 percent by 2011.

BCSWD Overview

The Butler County Recycling and Solid Waste District (BCSWD, or Recycling Program) provides no direct waste removal services. All regular waste removal is provided through vendors contracted directly by customers (in townships) and by long-term municipal contracts providing waste removal for city residents. BCSWD personnel provide technical assistance and consultations on bid specifications during waste contract negotiations. The BCSWD is almost

³³ A district may receive plan approval for planning to achieve one or both state recycling goals. The current recycling rate goals are to meet or exceed a 25 percent residential/commercial recycling goal and a 66 percent industrial recycling rate.

exclusively a County recycling program that operates under the aegis of the County Water & Sewer Department and shares office space and support services, but has its own policy committee and independent funding sources.

Financial History

The majority of District operations are funded through a solid waste generation fee paid by Ohio landfill carriers that dispose of County solid waste generated by residents, businesses and industries in Butler County. In 2009, this revenue was \$875,000. The Program provides an indirect cost allocation of 3 percent back to the Water and Sewer Departments. **Table 6-8** presents a three-year history of Recycling Program expenditures.

Table 6-8: BCSWD Program Expenditures

	2007	2008	Percent Change	2009	Percent Change
Salaries	\$178,963	\$278,447	55.6%	\$364,679	31.0%
Benefits	\$61,486	\$75,935	23.5%	\$93,858	23.6%
Materials and Supplies	\$19,733	\$17,062	(13.5%)	\$7,681	(55.0%)
Contracted Services	\$318,985	\$391,261	22.7%	\$391,415	0.0%
Other Expenditures	\$103,819	\$29,020	(72.0%)	\$148,053	410.2%
Grants	\$10,594	\$14,977	41.4%	\$19,722	31.7%
Total	\$693,580	\$806,702	16.3%	\$1,025,408	27.1%

Source: Butler County financial reports

As shown in **Table 6-8**, the majority of expenditures are for contracted services and salaries. The Recycling Program has a director and four staff (see **issues for further study** on educational outreach consolidation). Some staff were absorbed as the Water and Sewer Department consolidated in 2009. This resulted in increased salaries and benefits to the Solid Waste District. The contracted services include special handling for hazardous waste and electronics, curbside Freon appliance collection and waste tires, these costs have increased with the expanded collection operation. These services are completely bid out by BCSWD. Grants have increased as the Recycling Program has offered more awards. In 2009, the *Other Expenditures* category included the payout for the 2008 "Recycle To Win" incentive program. Finally, the Program applied for and was awarded additional market development grants in 2010 through the Ohio Department of Natural Resources in the amount of \$113,750.

BCSWD tracks revenue and expenditures, and reviews statistics for its Recycling Program activities. It created a 15-year management plan in 2005, but according to the Recycling Program Director, a new plan has been submitted and is awaiting approval with the Ohio EPA. In addition to providing environmental services, the Program also offers incentive programs for local businesses and governments to increase participation in recycling initiatives. Grants, partnerships, and competitive awards are used as incentives to local communities to increase participation. Finally, the Recycling Program promotes internship programs and supports a portion of the costs.

Although 2009 expenditures of \$1.0 million exceeded 2009 revenues of \$874,500, a cash fund

balance was available to cover the excess expenditures. No funds were expended from the County's General Fund to support the Program. Since revenue generated through tipping fees is obligated for the waste management program, the County cannot use these funds to supplement any other County programs.

As this program is necessary in order to satisfy the requirement to develop a solid waste management plan and meet current recycling diversion rates, and since the Recycling Program conducts recommended planning and has a minimal staffing base, further analysis of the Recycling Program was not performed.

Butler County Facilities

This section focuses on the facilities in the County, including assessments of facilities management, expenditures, policies, and operating procedures. According to the Butler County OMB Administrator, the County operates and maintains 21 buildings. The County provided a list of buildings and their square footage. The report was a fixed asset inventory list created by an insurance appraisal company. Although the report was dated 2009, the County Auditor's Office could not determine if a current fixed asset inventory list was completed by the company (see **R6.1**).³⁴

Use of Space

Although the County provides square footage for some of its departments, it does not provide ratios that show the number of staff that occupy and use the space (see **R6.1**). Aligning the square footage reported in the CAFR with staffing data provided by the County, **Table 6-9** was created to show the ratios of square feet per full-time equivalent (FTE). **Table 6-9** also presents a comparison to the U.S. General Services Administration's recommended benchmark of 230 square feet per employee.

Table 6-9: County Space Occupation Rates

County Office Space	Square Footage	FTEs	Square Foot per FTE	Benchmark Over (Under) 230 Sq Ft per FTE
Commissioners	9,480	36.0	263.3	33.3
Auditor	16,072	51.3	313.3	83.3
Treasurer	5,096	17.0	299.8	69.8
Prosecuting Attorney	16,320	60.4	270.2	40.2
Board of Elections	27,241	33.0	825.5	595.5
Recorder	8,728	14.1	620.8	390.8
Clerk of Courts	11,016	46.0	239.6	9.6
Domestic Relations	24,128	23.4	1,032.0	802.0
Jobs and Family Services	32,640	157.2	207.6	(22.4)
Child Support Enforcement Agency	16,320	75.5	216.2	(13.8)
Veterans Services	3,136	13.4	234.4	4.4
Total	170,177	527.2	322.8	92.8

Source: Butler County CAFR 2009 and Staffing Reports; U.S. GSA for space use benchmark

As shown in **Table 6-9**, space use varies widely between organizations. These variations can be due to differing facility needs, such as court rooms and meeting rooms needed in the Domestic Relations Court or training space needed for the Board of Elections. These differences can also be due to staffing issues that may send a number of Jobs and Family Services and Child Support Enforcement Agency employees into the field for appointments. The County should use benchmarks to describe its use of space and as a way to determine appropriate needs. By noting

³⁴ During the course of the audit, it was noted that an insurance appraisal was completed in 2011.

programmatic differences, the County can better understand its current and future facility needs (see **R6.1**).

Rental Fees and Leases

In addition to the property it owns, the County also rents and leases space for some of the agencies. **Table 6-10** presents a list of facilities that are rented or leased on behalf of the County through the General Fund.

Table 6-10: BC General Fund Impact of Facility Rental/ Leases

	2007	2008	Percent Change	2009	Percent Change
Commissioners 3230 Roosevelt Lease	\$23,064	\$25,633	11.1%	\$23,151	(9.7%)
Commissioners Fuel Depot Lease ³⁵	n/a	\$24,000	n/a	\$12,000	(50.0%)
Sheriff's Office McGonicle Tower Rent	\$30,042	\$40,967	36.4%	\$32,773	(20.0%)
Sheriff's Office 520 Eaton Ave Lease	\$8,964	\$20,916	133.3%	\$8,964	(57.1%)
Records Center Off-site storage	\$45,000	\$109,688	143.8%	\$49,031 ³⁶	(55.3%)
Coroner's Office 1910 Fairgrove Rent	\$65,323	\$71,372	9.3%	\$66,340	(7.0%)
Area Court, Area I 118W High St Rent	\$24,000	\$26,000	8.3%	\$24,000	(7.7%)
Law Library 10 Journal Square Lease	\$75,409	\$75,409	0.0%	\$75,409	0.0%
Adult Probation (Middletown) ¹	\$1,400	\$102,966	7,254.7%	\$376,488	265.6%
Court of Appeals/ Middletown	\$287,038	\$288,438	0.5%	\$289,313	0.3%
Veteran Services, Middletown Office	\$14,688	\$16,068	9.4%	\$6,180	(61.5%)
Total Rental/Leases	\$574,928	\$801,457	39.4%	\$963,649	20.2%
Reimbursements from Other Funds for Use of County Owned Space	n/a	\$271,041	n/a	\$37,589	(86.1%)
Total General Fund Impact of Rent and Reimbursements	n/a	\$530,415	n/a	\$926,060	74.6%

Source: BC Auditor's Office

Note: The square footage illustrated in the CAFR is from an unaudited section of the report.

¹ Adult Probation payments in 2009 included finishing and refurbishing of the rental space.

As shown in **Table 6-10** over the three year period, the County increased its expenditures for lease and rental spaces. It paid nearly \$1 million in 2009 for rental and leases despite unoccupied or low census space in several County owned facilities. Since the County is

³⁵ During the course of the audit it was noted that the fuel depot lease ended in 2011 as the Fair Board has building plans for the fuel depot sight.

³⁶ During the course of the audit the offsite storage lease amount for 2011 has been reduced from \$49,031 in 2009 to \$13,500 for 2011 due to reduction of lease space.

not receiving a significant amount in charge backs on the use of its County owned space, this does not offset the cost of renting additional space for some of its General Fund programs. The County received only \$37,589 in reimbursements in 2009 from other funds. The drop from 2009 is primarily due to the cessation of payments from the Child Support Enforcement Agency and Job and Family Services after it was determined by the agency that it has substantially overpaid rent for its use of County owned space. **Table 6-10** also shows the impact of the agreement the County made with a vendor over a lease for the Adult Probation division. After it was revealed the County had failed to properly bid the lease and that the agreement was changed without Commissioner approval, the County settled with the property owner and agreed to terminate the lease (see **R6.1**). During the course of the audit, it was noted that the improper bidding activities that occurred in 2009 have since been resolved. Lastly, the payment of the Fuel Depot lease through the Commissioners' Office should be reallocated to the Fuel Depot Fund.

Recommendations

R6.1 Identify County facilities, track office space utilization, and calculate square footage costs to better manage vacant and underused space.

Butler County should centralize facilities management and ensure a comprehensive approach to the appropriation of space across all County departments and offices. The County should identify the facilities it owns and review its documentation to ensure it lists all facilities owned and rented by the County. All rental contracts should be reviewed for reasonableness and to ensure proper contracting procedures were followed. Finally, the County should develop benchmarks and a space use policy to define specific agency needs. Once these are developed, it should seek to address its space needs first with County-owned properties, ensuring maximum use, and then through rental space to reduce costs.

During the course of the audit, an updated list of owned, leased, and rented facilities was requested by auditors from the County. An inventory listing was provided by the County Administrator, but it was prepared by a company that, according to the County Auditor's Office, was last paid for services in 2002. The inventory of buildings was incomplete.

Furthermore, the County does not use benchmarks to determine its office and work space needs or to review facility operating efficiencies. While some data was available, a formal listing of which departments occupied each building was not available and the only square footage data on use by department was contained in the CAFR. The County does not track the costs to operate its facilities and could not provide auditors with full cost information for each facility in use. Because of inconsistencies in documentation and the means by which expenditures are captured, County representatives also could not extract full facilities cost data by facility.

During the course of the audit, staff auditors identified unused space, such as the third floor of the Courthouse and meeting space in several buildings, as well as multiple vacant workstations throughout the County, that indicate inefficient allocation of space. The County has no space use policy that identifies the reasons for differences in use or establishes any framework that can be used for assessing County needs. (See also **Table 6-10**.) It also has not addressed its facility use since making staffing reductions over the past few years.

Further, in 2009, an investigation into the County's management of the Adult Probation Center in Middletown indicated that lease agreements had not been properly bid and that changes in terms were made without the consent of the County Commissioners. Although a settlement was reached, the situation underscores the problems associated with the lack of centralized facilities management. During the course of the audit, it was noted that the improper bidding activities that occurred in 2009 have since been resolved.

According to *Space Utilization and Best Practices* (Facilities Management Link News, 2011), key performance indicators are critical in any organization to allow comparison to similar organizations and normalize costs. The following data are necessary for space benchmarking:

- Total number of buildings;

- Total gross square feet of all buildings;
- Total number of building occupants on all shifts;
- Total number of office occupants;
- Percent of gross square feet that is used; and
- Total number of unassigned workstations.

This data can identify how effectively space is being used at a particular site. Hamilton County has established a computer-based facilities management system that includes detailed documentation of County facilities. Information is maintained in order to facilitate benchmarking.

According to *Real Property Performance Results* (U.S. General Services Administration, 2002), the appropriate overall government-wide average for office space use is 230 square feet per person. Federal agencies that exceed the benchmark are cautioned to ensure the agency mission requires the higher per capita office space allocation. This can be used as a benchmark for the County's allocations in the future. If the agency cannot link the mission to the space use, the US General Services Administration recommends it attempts to bring the use closer to the recommended average.

The County has tended to let each department determine its space needs. Although square footage is listed in the CAFR, the County has not actively used that section of the report for performance measures.

Although some satellite office space for the Title offices and Courts may be necessary for proper operations and to provide adequate public services, the amount of rental space suggests that the County needs to conduct a detailed review of all space owned, leased, and used.

Using benchmarks to manage office space use will enable the County to appropriately and fairly plan space for its departments, offices and agencies. A space use policy would also improve capital planning by clarifying needs. Further, implementing a comprehensive approach would help identify opportunities for consolidation of space so that the County does not incur unnecessary expenses for little-used space. A more comprehensive approach would also reduce the risk that lease contracts are not properly designed and executed.

A financial implication could not be calculated for this recommendation because the County was unable to identify full cost information for each facility. However, to illustrate the costs related to underutilized space, auditors noted that, in 2009, the Institute of Real Estate Management estimated that privately owned office building operational costs ranged from \$8.80 to \$10.09 per square foot. Using a conservative estimate of 30,000 square feet of unused/underused space at Butler County and \$8.80 per square foot in operating cost, the County could be overpaying for its office space by \$264,000.

R6.2 Implement building audits and use the information for capital planning purposes.

Butler County should implement building audits and incorporate information from its audits into a comprehensive capital planning process (R1.5).

The County does not currently conduct regular building audits. County officials were unable to provide auditors with information on building condition, planned repairs, maintenance and preventive maintenance projects, or identify the overall needs of the County. Because each County office and department manages its own space, Butler County does not have a comprehensive understanding of its buildings, the condition of the buildings, or what repairs may be needed in the future.

According to *Preventative Maintenance for Local Government Buildings* (Minnesota Office of the Legislative Auditor, 2000), building managers should oversee periodic inspections of building conditions. The audit should be planned and conducted methodically so that the data can be compared over time. Inspection forms should help inspectors review buildings logically and record data uniformly. The information, along with repair estimates, should be compared to the capital plan and repairs should be prioritized based on need. One company that offers facility audits indicates that a facility audit can cover all building systems as well as addressing technology, energy conservation strategies, asbestos management, and accessibility standards.

Butler County maintenance staff (those employed by the Commissioners) do not perform formal building audits due to staffing constraints and workloads. Maintenance staff employed by the various offices and agencies also do not contribute this information to a central repository as the County has not developed such a procedure.

Audits can inform the planning and budgeting process, ensuring that facilities and equipment will be available as expected in the future. Using building audits to identify facility issues will assist in the development of the preventive maintenance plan (**R6.3**) and the capital plan (**R1.5**). Without an overall perspective on the facility maintenance needs and building conditions of its owned facilities, the County may encounter significant future expenses as a result of poor and deferred maintenance.

R6.3 Implement a County-wide preventive maintenance program to ensure continued upkeep of County facilities.

Butler County should establish a formal preventive maintenance (PM) plan that incorporates existing PM activities and is linked to the County's computer maintenance management system (R6.8). The PM plan should ensure that all necessary repairs, equipment replacement, and routine maintenance are completed as recommended by the manufacturer.

The County does not currently have a PM plan or conduct regular PM activities. Preventive maintenance is generally performed on an ad-hoc basis, department by department. The Butler County Department of Alcohol and Drug Addiction Services has implemented a PM plan for its facility that meets recommended practices; however, other offices, departments and agencies have not adopted similar practices.

Preventative maintenance programs are important components of capital and budgeting planning. According to *Preventative Maintenance for Local Government Buildings* (Minnesota Office of the Legislative Auditor, 2000), local jurisdictions should include preventative maintenance along

with other maintenance projects in short- and long-term maintenance plans that are tied to capital improvement programs, capital budgets, reserve accounts, and operating budgets. Active planning for preventative maintenance should occur at the same time as planning for other maintenance, since it is needed in both the long-term (at least a three-year outlook) and short-term (the upcoming year). Long-term planning includes a long-range facility plan and a capital improvement program. Short-term planning includes annual work plans and annual budgets.

Best Maintenance Practices (Maintenance Technology Online, 2002) recommends that an organization be proactive rather than reactive in pursuing maintenance. Planning includes developing timelines, personnel assignments, and documentation. Other fundamental components include use of the following:

- Maintenance skills training;
- Work flow analysis and organizational change;
- Work order system;
- Planned preventive maintenance tasks/procedures;
- Maintenance engineering development;
- Establishment, assignment, and training of planner-scheduler;
- Maintenance inventory and purchasing integration;
- Computerized maintenance management system;
- Management reporting/performance measurement and tracking;
- Return on investment (ROI) analysis; and
- Evaluate and integrate use of contractors.

Preventative maintenance documentation should include routine maintenance such as lubricating, cleaning, inspecting, and component replacement, as well as scheduled rebuilds and overhauls, condition monitoring, and equipment replacements.

In *Revamp Your Preventative Maintenance for 2009* (Buildings, 2009), putting off PM due to a tighter budget can result in premature equipment failure. "When preventive maintenance is neglected or avoided, equipment life shortens, energy is wasted, and the building's appearance reflects the lack of care." A PM Program is recommended that includes a facility inventory, software, and training.

The County noted that PM activities are not a focus because of a shortage in the central maintenance staff stemming from financial reductions. The current staff does not have time to perform PM functions. However, this approach is short-sighted and does not take into account the high cost of deferred maintenance.

Inadequate PM activities can lead to a downward spiral as equipment and buildings fall into neglect. Proper PM plans, on the other hand, can ensure maintenance staff are identifying problems before large systemic failures occur. By preventing these occurrences, the County can reduce maintenance costs and keep equipment working efficiently for a longer period of time.

R6.4 Implement a computerized maintenance management system for County-wide facility management activities.

The County should implement a computerized maintenance management system (CMMS) to manage its maintenance operations. CMMS can help maintenance workers increase efficiency and effectiveness. By documenting work order requests, the County can evaluate maintenance activities and help management make informed decisions about equipment and facilities. CMMS data may also be used to verify regulatory compliance. As the County already owns several work order systems, purchasing additional licenses for one of the existing systems and applying the program to its facilities maintenance operations would reduce the cost of implementing this recommendation. However, the Commissioners may also find that facilities-oriented software would better suit the needs of the County.

Butler County does not use a formal work order system for its facility maintenance activities. Requests for service are in the form of phone calls and emails. These are not documented or tracked. However, Environmental Services and BCEO both use work order systems to track maintenance activities.

Operations & Maintenance Best Practices (USDOE, 2010) indicates that typical CMMS capabilities include:

- Work order generation, prioritization, and tracking by equipment and/or component;
- Historical tracking of all work orders generated which become sortable by equipment, date, person responding, etc;
- Tracking of scheduled and unscheduled maintenance activities;
- Storing of maintenance procedures as well as all warranty information by component; Storing of all technical documentation or procedures by component;
- Real-time reports of ongoing work activity;
- Calendar- or run-time-based preventive maintenance work order generation;
- Capital and labor cost tracking by component as well as shortest, median, and longest times to close a work order by component;
- Complete parts and materials inventory control with automated reorder capability, While the most important benefit is the elimination of manual tracking, other benefits include:
- Detection of impending problems before a failure occurs, resulting in fewer failures and customer complaints;
- Achieving a higher level of planned maintenance activities that enables a more efficient use of staff resources;
- Affecting inventory control, enabling better spare parts forecasting to eliminate shortages and minimize existing inventory; and
- Maintaining optimal equipment performance, reducing downtime and elongating equipment life.

Hamilton County's Facilities Department uses an Integrated Workplace Management System to manage the various aspects of facility management. This software acts as a tool to combine functions including space management, asset and software management, building operations, the management and cost estimating of projects, and management of information for various conditions within the buildings.

Because of its decentralized operations, Butler County has not considered an integrated facilities

management approach necessary for its operations. This includes the implementation of technology to enhance the tacking and scheduling of maintenance activities.

Implementing a computerized system for documenting work order requests will help the County better understand the types of activities that are performed by its Maintenance Department, as well as the maintenance functions in other offices and departments. It will also speed the development and use of maintenance benchmarking (R6.7). Finally, tracking will help the County to identify patterns of equipment breakdowns and will assist it in prioritizing among requests.

Financial Implication: There is an associated cost with this recommendation; however, it is dependent on the option selected by the County.

R6.5 Implement a County-wide energy conservation program specifically targeted at County facilities and workspace.

Butler County should develop and implement a County-wide energy conservation program. The program should include training for staff and administrators to inform and promote energy conservation. Butler County should conduct a review of all facilities to determine possible sources of energy cost savings and should incorporate into its program plans for reducing overall energy consumption. Implementing this recommendation can result in significant cost savings.

Butler County does not have a formal energy conservation policy and the Commissioners' maintenance staff perform only minor activities such as light replacement. In 2009, the County received a \$1.9 million federal stimulus grant for energy efficiency. The Department of Development is managing the grant activities that include retrofitting buildings as well as contracting for energy audits. As of March 2011, improvements have been completed at the Emergency Operations Center, are under way at the Voice Of America MetroParks, and are in the bidding process for the Administrative Center, Juvenile Justice Center, and County Care Facility. According to the Department of Development Director, energy audits of six county owned buildings have not been completed.

In *Energy Efficiency in Local Government Facilities and Operations* (U.S. Environmental Protection Agency, 2009), the EPA says that improving energy efficiency in owned and leased buildings is the most effective way to reduce energy consumption in local government buildings. Energy can account for as much as 10 percent of a local government's annual operating budget. Committing to a policy for improving energy efficiency in buildings is an important first step for ensuring success. Instituting an energy policy can help secure support and facilitates accurate and useful tracking.

Charles County, Maryland, has developed an energy conservation policy that mandates lighting, heating, and other energy related uses. Some examples of rules include:

- Turn off any/all unnecessary office equipment when not in use and don't turn equipment on until it is needed;

- Turn off computers or computer monitors when not in use for an hour or more;
- Set water heaters to 120 degrees;
- De-lamp and disable all lighting that is deemed unnecessary for normal business or safety;
- Reduce overhead lighting, using fluorescent task lights where needed;
- Use signs, energy team-checks, and reminders to assure that unneeded lights are turned off;
- Adjust heating system requirements to maintain between 68-74 degrees: during the workday in occupied conditions;
- Close blinds at night to retard heat loss;
- Do not allow portable space heaters in buildings; and
- Departments and County Staff must regulate all food, beverage, and comfort appliances to conserve energy.

The County has pursued a grant for improving building energy efficiency but has not pursued a written conservation policy. Because of the decentralized nature of County government, the Commissioners have not sought a stringent policy in energy conservation.

Developing an energy conservation policy will enable the County to identify areas of energy cost and educate staff on the importance of a continuing approach to energy conservation beyond the building improvements. Using information and documentation from the building audits will target specific County weaknesses. Potential goals include not only decreasing energy consumption, but including staff in energy decisions that affect how sites operate and motivating staff to participate in the conservation of all County resources.

The International Facilities Management Association, in partnership with Energy Star, issued a challenge for facility managers to cut energy costs by 15 percent. Since Butler County has not implemented significant energy program initiatives, the County could conservatively save 10 percent on its utility costs.

Financial Implication: By implementing stronger energy management policies and practices and achieving at least a 10 percent reduction in utility costs, the County could save \$61,000.

Butler County Maintenance

This section focuses on the staffing, management, and financial impact of maintenance activities across the County. The County Maintenance Department handles various tasks ranging from hanging pictures, assembling furniture, framing walls, carpet cleaning, and performing minor HVAC work. In addition, the maintenance staff handles lawn maintenance and snow removal (seasonally). The County Department coordinates all contracts for cleaning and for HVAC maintenance.

Staffing

The County Maintenance Department is charged to the Commissioners' Office but reports to the County OMB Administrator. The Department includes 3.0 full-time equivalents (FTEs). County departments also use internal staff and contracted services for maintenance services. **Table 6-11** presents Maintenance staffing across departments but does not include contracted services.

Table 6-11: Butler County Maintenance Staffing

General Fund	
Commissioners Maintenance	3.0
Juvenile Rehabilitation	0.2
Probate Court	1.0
Sheriff's Office	2.0
General Fund Total	6.2
Other Funds	
Children Services Board	1.0
County Care Facility	3.0
Developmental Disabilities	3.0
Engineers	2.0
Environmental Services	3.0
Health Department	0.9
Juvenile Rehabilitation	0.8
Total Other Funds	13.7
Total County Maintenance Staff³⁷	19.9

Source: BC Human Resources

Note: During the course of the audit, Developmental Disabilities reduced maintenance staff by 2.0 FTEs.

The County OMB Administrator reports that traditional staffing for the central Maintenance Department staff was 7 full-time staff but this was reduced as a part of County cost-saving reductions. Since the central staff is considered to be responsible for all 21 county buildings, the current staffing appears to be inadequate. However, the County also has staffing supported by other agencies.

³⁷ During the course of the audit it was noted that the Commissioners hired a facility manager.

Financial History

Table 6-12 presents the County's three-year historical expenditures for maintenance activities.

Table 6-12: Butler County Maintenance Department Expenditures

	2007	2008	Percent Change	2009	Percent Change
Salaries	\$187,470	\$226,114	20.6%	\$199,850	(11.6%)
Benefits	\$66,163	\$78,353	18.4%	\$65,316	(16.6%)
Supplies & Materials	\$203,281	\$184,166	(9.4%)	\$188,097	2.1%
Contracted Services	\$3,883,827	\$4,230,491	8.9%	\$3,747,702	(11.4%)
Total Maintenance Dept	\$4,340,741	\$4,719,124	8.7%	\$4,200,965	(11.0%)
Additional Maintenance Costs					
General Fund	\$96,532	\$118,224	22.5%	\$131,172	11.0%
Other Funds	\$805,081	\$798,711	(0.8%)	\$754,765	(5.5%)
Total Additional Maintenance Costs	\$901,613	\$916,935	1.7%	\$885,937	(3.4%)
Total Maintenance Expenditures	\$5,242,354	\$5,636,059	7.5%	\$5,086,902	(9.7%)
Percent of Contracted Maintenance Services					
General Fund	87.5%	87.5%		86.5%	
Total Expenditures	74.1%	75.1%		73.7%	

Source: Butler County Auditor's Office

As shown in **Table 6-12**, the County has reduced overall spending in the Maintenance Department and across the County. The County spends nearly three quarters of overall expenditures in this category on contracted services which include utilities, telephones, copier leases, snow and ice removal, technology support, security services, and other repair services. For additional discussion related to the County's maintenance program, see **R6.6**.

Recommendations

R6.6 Use County-wide maintenance staffing benchmarks to better distribute the maintenance workload and reduce reliance on contracted services.

Butler County should develop staffing and workload measures for its maintenance staff. This includes staff under the Commissioners' authority and those employed by other offices and departments. The County should collect data on the number of employees, hours worked, and square footage maintained, as well as the condition of the building at the time data is collected. This information should be used for future maintenance staffing decisions and to ensure an equitable and appropriate workload for all County maintenance staff.

The County has not established benchmarks for the Maintenance Department or for overall County maintenance activities. It reduced staffing as part of a cost-saving program but did not identify how this would impact County maintenance. Although there are additional maintenance staff across the County, the 3 FTEs in the Commissioner's Office are responsible for coordinating all contracts and overseeing all maintenance activities.

Key statistics used to assess staffing levels based on 2009 data are presented in **Table 6-13**.

Table 6-13: Maintenance Staffing Levels 2009

Key Statistics	
Number of Buildings ¹	21
Square Feet Maintained	891,226
Workload Comparison	Sq. Ft./ FTE
Maintenance Standard - IFMA Study Average ² (Sq. Ft. per FTE)	49,000
Recommended Maintenance (FTEs)	18.2
Current Maintenance (FTEs)	19.9
Over Recommended Benchmark	1.7

Source: BC Human Resources, County Administrator

Note: Custodial standards were not included since custodial functions are outsourced.

¹Includes Courthouse, Administrative Building, Government Services Center, Parking Garage, Law Building, County Jail, Monument, Resolutions Jail, Board of Elections, Sheriff's Office, Records Center, County Care Facility, Soil and Water, County Engineer's Office, Leased Portable Building, County Building, two Developmental Disabilities buildings, Clerk of Courts office, and the animal shelter.

² The IFMA study is based on a national survey of organizations.

As shown in **Table 6-13**, overall County maintenance staffing across all departments and offices is 1.7 FTE over the recommended benchmark. This includes staff that is charged to other funds. However, those maintenance staff working for specific offices or departments generally perform work only for that entity, not for the County as a whole. Therefore, **Table 6-13** does not show the potential disparity in workloads across the County or areas where understaffing may have a profound effect.

The Benefits of Maintenance Benchmarks (Cleaning & Maintenance Management Online, 2011), notes that an often overlooked area where savings can be realized is facility maintenance. One of

the best ways to gain a better understanding of maintenance spending and help uncover and acquire savings is through the implementation of benchmarks. A good maintenance benchmark program helps entities assess various aspects of operations in relation to similar organizations, as well as industry best practices. It will help identify costly or inefficient processes and provide an increased ability to make smarter and more strategic decisions regarding spending.

Fairfax County, Virginia and Napa County, California use International Facility Management Association (IFMA) benchmarks to evaluate their maintenance staffing. *Operations and Maintenance Benchmarks Research Reports* (IFMA, 2009) conducts a survey of companies and government agencies. In 2009, the survey reported an average of one maintenance staff member for every 49,000 square feet of office space. Maricopa County in Arizona uses a slightly higher benchmark of 55,000 square feet per FTE as a benchmark for its operations.

The use of both a central County Maintenance Department to coordinate maintenance activities while also using separate contracted services has created a staffing system that is difficult to track. Although this was done to permit some autonomy by the various offices and departments, it reduces the County's ability to create cost efficiencies by reducing duplication and promoting shared services.

In a time of financial difficulty, arbitrarily cutting staff can lead to program failures. In terms of the maintenance staff, the reductions are already impacting the ability to provide necessary preventive maintenance functions for the general County facilities (**R6.7**). Using benchmarking in maintenance staff planning will assist in providing a fair and consistent system for staff planning. Further, it shows the County how it operates in relation to other entities. Finally, using appropriate benchmarks and realigning staffing to more equitably distribute workload would help the County ensure its facilities are properly maintained and may reduce the reliance of certain maintenance functions on contracted services. For example, the Developmental Disabilities agencies paid over \$128,000 for outside labor in 2009.

Butler County Vehicle Maintenance

Vehicle fleet management and maintenance in Butler County is decentralized with individual departments responsible for vehicle maintenance and purchasing decisions. This decentralization was problematic during the audit, as the County has no complete inventory of vehicles (see **R6.1** for fixed asset recommendation). In addition, because account codes related to maintenance, contracted services, and vehicle maintenance are not universally used across the County, interview statements and financial records are presented in this section but may provide an incomplete picture of total County costs. Further, decentralization limits the County's ability to take advantage of potential opportunities for shared vehicle usage (see **issues for further study**).

The County, the Engineer's Office, Developmental Disabilities, and Environmental Services use their respective personnel to perform vehicle maintenance such as oil changes and tune-ups. Although some vehicle maintenance services were provided to other offices and departments in the past, in 2009, only one department (Developmental Disabilities) charged back to other offices and departments for service. Developmental Disabilities received \$6,100 in 2009 for charge back services provided primarily to the Auditor's Office and Clerk of Courts. Environmental Services' vehicles are maintained by in-house personnel at its facility in LeSourdsville where the vehicles are housed. The Department assigns 2.5 FTEs to vehicle fleet maintenance. According to the Director of Environmental Services, this garage also provides services to the Emergency Management Agency, the Sheriff's Office, and the Records Center. Finally, certain offices and agencies such as the Sheriff's Office and Health Department use outsourced services (private vendors) for vehicle maintenance.

Financial History

According to the County's financial statements, County vehicle maintenance costs were \$315,000 in 2009. **Table 6-14** presents the General Fund portion of these costs and the additional costs charged to other funds.

Table 6-14: BC Vehicle Maintenance Expenditures

	2007	2008	Percent Change	2009	Percent Change
General Fund					
Commissioners' Office	\$215	\$978	354.5%	\$981	0.2%
Juvenile Court	\$2,589	\$1,627	(37.2%)	\$1,053	(35.3%)
Maintenance	\$4,260	\$3,266	(23.3%)	\$1,465	(55.1%)
Probate Court	\$938	\$1,771	88.9%	\$79	(95.6%)
Prosecutor Attorney	\$5,690	\$6,608	16.1%	\$6,093	(7.8%)
Sheriff's Office	\$198,186	\$198,022	(0.1%)	\$192,442	(2.8%)
Veterans Service Commission	\$2,257	\$2,541	12.6%	\$1,094	(57.0%)
Total General Fund	\$214,135	\$214,813	0.3%	\$203,207	(5.4%)
Other Funds					
Auditor's Office	\$4,200	\$6,615	57.5%	\$4,002	(39.5%)
Juvenile Court	\$3,689	\$1,851	(49.8%)	\$1,478	(20.2%)
Engineer's Office	\$13,996	\$24,372	74.1%	\$22,338	(8.3%)
Sheriff's Office	\$0	\$8,135	n/a	\$2,945	(63.8%)
Prosecutor's Office	\$0	\$217	n/a	\$305	40.6%
Alcohol & Drug Addiction Services Board	\$627	\$182	(71.0%)	\$514	182.4%
Dog and Kennel	\$12,505	\$8,225	(34.2%)	\$7,023	(14.6%)
Developmental Disabilities	\$14,493	\$11,693	(19.3%)	\$7,236	(38.1%)
Children's Service Board	\$34,617	\$6,840	(80.2%)	\$13,817	102.0%
Environmental Services	\$40,651	\$6,775	(83.3%)	\$5,113	(24.5%)
Emergency Management Agency	\$239	\$1,035	333.1%	\$2,348	126.8%
MetroParks	\$5,336	\$7,263	36.1%	\$5,474	(24.6%)
Regional Transit Authority	\$17,440	\$20,014	14.8%	\$204	(99.0%)
Soil & Water Conservation	\$11,481	\$21,511	87.4%	\$10,294	(52.1%)
Jobs and Family Services	\$0	\$33,534	n/a	\$28,716	(14.4%)
Total Other Funds	\$159,274	\$158,262	(0.6%)	\$111,807	(29.4%)
Total All Funds	\$373,409	\$373,075	(0.1%)	\$315,014	(15.6%)
General Fund as Percent of Total	57.3%	57.6%		64.5%	

Source: Butler County Auditor's Office

Note: The County spends at least what is listed above on vehicle maintenance. Due to coding variations, it is likely that the County spends more than is the amounts listed in this table.

As shown in **Table 6-14**, vehicle maintenance expenditures from the General Fund were \$203,200 in 2009, showing a 5.4 decrease from the prior year. Most General Fund agencies reduced these expenditures in 2009. Total County expenditures were \$315,012 in 2009, showing a 15.6 percent decrease. All but three departments reduced spending in 2009. General Fund expenditures consistently represent nearly 60 percent of all County vehicle maintenance

expenditures. The majority of the General Fund expenditure, 93.6 percent in 2009, is for Sheriff's Office vehicle maintenance costs.

Based on the information provided by the County, there are significant variations in the methods used for maintaining vehicles across the County. The County needs to determine all costs associated with vehicle maintenance and determine potential cost-savings that could be achieved from centralizing and sharing services (see **issues for further study**).

Recommendations

R6.7 Centralize vehicle maintenance across the County.

Butler County should consolidate vehicle maintenance and use in-house personnel in the routine servicing of all County owned vehicles and equipment. Beginning with a review and inventory of all vehicles and maintenance garages owned by the County and all personnel assigned to vehicle maintenance functions, the County should schedule the use of these garages in order to maximize the lower cost of in-house services. This is especially cost effective for routine servicing such as oil changes, wiper changes, and preventive maintenance. In addition, the County should review combining vehicle maintenance services with other Butler County departments and developing partnerships beyond its own operations for these services. Shared services reduce overhead costs, and can even bring in potential revenue through outsourcing to other smaller operations. Lastly, the County should document all work completed by the vehicle maintenance staff to ensure it has an accurate understanding of total vehicle repair costs and create charge back policies and procedures for the fair allocation of repair costs.

The County is currently conducting some in-house vehicle maintenance servicing in the Departments of Environmental Services, Developmental Disabilities, and the Engineer's Office. Detailed records on charge backs between departments, also called internal service funds, were not available. Many departments reported performing some services in exchange for other services. While these may result in cost savings in comparison to external contracting, performing this work without documentation reduces the County's ability to conduct a review of these activities, restricts proper planning and budgeting for staff time and equipment needs, and reduces the transparency of these departments. The County can use any informal experience accumulated by these departments as a guide for understanding staff costs, infrastructure needs, and capacity estimates.

Centralizing the vehicle maintenance operations of a County can potentially provide significant cost savings. For example, Stark County uses a centralized garage to provide basic automotive services such as oil changes, wiper blade changes, and tune-ups to most County offices. The County charges individual departments for repair services provided and reports achieving overall cost-savings in both labor and parts.

The County should also consider partnerships beyond its own operations. Geauga County's Developmental Disabilities Department is constructing a County transportation facility that will provide vehicle maintenance services not only to all County vehicles, but also to the West Geauga School District. The combined project will provide parking for West Geauga buses and allow the school district to tear down its deteriorating bus garage. A joint facility saves \$2 million that would have been spent had separate facilities been built by each entity. The County is also anticipating saving \$100,000 annually by refueling in a central location.

Consolidating vehicle maintenance operations can lead to increased efficiency and cost savings. Strategically reviewing capacity and needs could identify ways to combine operations which in turn can lead to providing services across multiple departments and dividing charges across the

divisions. Creation of internal service funds and charge back policies ensures the fair distribution of costs. In addition to combining services between departments, Butler County should also look for partnerships with other governments, school districts, and non-profit agencies. Efficiencies can be achieved across the organizations, not only in labor and parts, but also in the facilities themselves. Service agreements can be established to negotiate the compensation for services.

Since Butler County's largest component of General Fund vehicle maintenance expenditures is attributable to the Sheriff's Office, which outsources vehicle maintenance to a private vendor, the County could potentially generate savings by bringing these services in-house. Regardless of the approach ultimately used, County Departments should ensure vehicle maintenance service work is routinely tracked and charged back to respective departments

Fuel Depot

In 2007, Butler County started leasing a Fuel Depot near the County fairgrounds that provides both regular unleaded and low sodium diesel fuel for County vehicles. The facility is unmanned and uses automatic meters to track purchases. The Finance Clerk in the Commissioners' Office coordinates the financials and logistics of the Depot, including programming and distributing fuel keys, ordering fuel, performing daily/monthly inventory reconciliations, billing departments for their monthly usage, compiling monthly usage reports, and scheduling repair and maintenance of the Depot when needed. An employee of the Water and Sewer Department (Department of Environmental Services) handles the statistical inventory reconciliation that is required by the EPA, sends data to an outside agency to be verified, and schedules tank tightness testing when needed. Further, Maintenance Department employees perform regular safety checks.

Financial History

Table 6-15 presents the revenue and expenditures for the Fuel Depot Fund for a three year period.

Table 6-15: BC Fuel Depot Revenue and Expenditures, 2007-2009

	2007	2008	Percent Change	2009	Percent Change
Revenues:					
Charges for Services	\$159,236	\$857,424	438.5%	\$612,140	(28.6%)
Expenditures:					
Fuel	\$298,045	\$813,693	173.0%	\$543,298	(33.2%)
Equipment / Materials	\$0	\$0	n/a	\$782	n/a
Other Contracted Services	\$0	\$0	n/a	\$9,222	n/a
Workers Compensation	\$2,084	\$6,804	226.4%	\$0	(100.0%)
Total Expenditures	\$300,129	\$820,497	173.4%	\$553,302	(32.6%)
Expenditures Over/Under Revenue	(\$140,893)	\$36,927	(126.2%)	\$58,838	59.3%
Advances In	\$150,000	\$210,000	40.0%	\$0	(100.0%)
Advances Out	\$0	\$150,000	n/a	\$150,000	0.0%
Ending Fund Balance	\$20,691	\$132,406	539.9%	\$54,598	(58.8%)

Source: BC Consolidated Annual Financial Reports and Auditor's Office financial records, 2007-2009

As shown in **Table 6-15**, the ending fund balance of the Fuel Depot is a misleading indicator of the Fund's equity since the Fund has been supported from General Fund advances. Fuel Depot charges were not reimbursed in a timely fashion in 2007, the first year that the Depot was in operation, so advances were used in 2007 and 2008 to offset the differences. In 2008 and 2009, charges were collected that exceeded expenditures. According to the Finance Clerk, there is a three cent administrative fee charged to other County agencies for fuel purchases through the Depot in order to recover costs for salaries, equipment, and testing. Therefore, revenue that exceeds Depot spending is the result of this mark-up or is due to the timing of the billing. An

advance was not necessary in 2009, but the Fund did not fully reimburse the General Fund in 2008. The Depot lease payments were not charged to this Fund. While some workers' compensation payments were charged to the Fund for the Maintenance Department staff, no part of the Finance Clerk or Environmental Services employee are billed to it. The Fuel Depot charges back for services to the County departments.

Table 6-16 shows the County departmental transfers in 2008 and 2009 to offset charges.

Table 6-16: BC Fund Depot Charges for Services

Departments	2008	Percent of Total	2009	Percent of Total
Adult Probation	\$3,441	0.4%	\$4,841	0.8%
Auditor's Office	\$12,411	1.4%	\$7,224	1.2%
Board of Elections	\$0	0.0%	\$235	0.0%
Children's Service	\$1,917	0.2%	\$12,537	2.0%
Clerk of Courts	\$0	0.0%	\$697	0.1%
Commissioners	\$7,155	0.8%	\$4,006	0.7%
Coroner	\$3,984	0.5%	\$4,009	0.7%
Child Support Enforcement Agency	\$436	0.1%	\$0	0.0%
County Care Facility	\$0	0.0%	\$1,496	0.2%
Developmental Disabilities	\$27,434	3.2%	\$21,434	3.5%
Dog Warden	\$19,816	2.3%	\$10,750	1.8%
Emergency Management Agency	\$0	0.0%	\$588	0.1%
Environmental Services Department	\$209,437	24.4%	\$129,831	21.2%
Fair Board	\$0	0.0%	\$797	0.1%
Health Department	\$0	0.0%	\$16,522	2.7%
Job & Family Services	\$0	0.0%	\$817	0.1%
Juvenile Court	\$0	0.0%	\$3,047	0.5%
MetroParks	\$15,272	1.8%	\$14,221	2.3%
Partners in Prime (senior transport) ¹	\$47,266	5.5%	\$33,002	5.4%
Probate Court	\$0	0.0%	\$653	0.1%
Prosecutor's Office	\$0	0.0%	\$1,316	0.2%
Records Center	\$687	0.1%	\$445	0.1%
Sheriff's Office	\$508,169	59.3%	\$343,582	56.1%
Veterans Service Commission	\$0	0.0%	\$88	0.0%
Total	\$857,425	100.0%	\$612,138	100.0%

Source: BC Auditor's Office financial reports

¹ Partners in Prime is a senior transport non-profit agency partially funded through the County Elderly Services Program (www.partnersinprime.org).

As presented in **Table 6-16**, the Sheriff's Office constitutes over 50 percent of fuel use at the Fuel Depot. The Environmental Services Department represents the second highest user at approximately 20 percent, with two transportation agencies, Partners in Prime (senior transport) and Developmental Disabilities, as distant third and fourth place users.

Use of the Fuel Depot is not mandatory and several departments find that it is not always cost-effective for vehicles to return to the Depot facility for refueling. Snowplows, for example, will

work in a northern section of the County and it would be inefficient to return for refills. Additional fuel is purchased through the use of gas cards. **Table 6-17** provides an overall total of County expenditures on fuel purchases.

Table 6-17: Department and County Fuel Expenditures

Department	2007	2008	Percent Change	2009	Percent Change
Auditor's Office	\$9,307	\$10,689	14.8%	\$4,736	(55.7%)
Commissioners	\$20,741	\$30,689	48.0%	\$15,632	(49.1%)
Probate Court	\$1,345	\$1,257	(6.5%)	\$960	(23.7%)
Juvenile Court	\$4,044	\$10,594	162.0%	\$5,593	(47.2%)
Sheriff's Office	\$391,306	\$621,917	58.9%	\$421,828	(32.2%)
Engineer's Office	\$202,191	\$318,234	57.4%	\$192,482	(39.5%)
Developmental Disabilities	\$135,673	\$181,773	34.0%	\$111,151	(38.9%)
County Care Facility	\$9,790	\$10,532	7.6%	\$6,944	(34.1%)
DES - Water & Sewer	\$334,691	\$439,162	31.2%	\$330,670	(24.7%)
Emergency Management Agency	\$4,337	\$3,889	(10.3%)	\$962	(75.3%)
Metroparks	\$30,195	\$50,692	67.9%	\$28,847	(43.1%)
Regional Transit Authority	\$23,619	\$36,614	55.0%	\$3,792	(89.6%)
DES - Solid Waste	\$2,611	\$0	(100.0%)	\$247	n/a
Total Department Charges	\$1,169,849	\$1,716,041	46.7%	\$1,123,844	(34.5%)
Fuel Depot (Fuel Purchases)	\$298,045	\$813,693	173.0%	\$543,298	(33.2%)
Total County Fuel Expenditures	\$1,467,894	\$2,529,734	72.3%	\$1,667,142	(34.1%)
Percent through Depot	20.3%	32.2%		32.6%	

Source: Butler County Auditor's Office financial reports

Note: This table does not include the contracted expenditures for fuel depot operations.

Table 6-17 shows that the County has increased use of the Depot for fuel purchases since 2007. Although Fuel Depot expenditures decreased in 2009 from the prior year, this was consistent with Countywide fuel purchase decreases. **Table 6-18** shows how departments pursue fuel usage.

The Butler County Commissioners provided a response to a draft of the audit report; however, this response is superseded by the revised response included in this report (see **client response**).

Table 6-18: Butler County Fuel Usage, 2009

Departments	Fuel Depot Only	No Fuel Depot Use	Mixed Use
Under \$5,000 Annually			
Adult Probation	x		
Board of Elections	x		
Clerk of Courts	x		
Coroner	x		
Emergency Management Agency ¹			x
Fair Board (Agricultural Society)	x		
Job & Family Services	x		
Probate Court ¹			x
Prosecutor's Office	x		
Records Center	x		
Regional Transit Authority		x	
Veterans Service Commission	x		
\$5,000-\$15,000 Annually			
Auditor's Office			x
County Care Facility ¹			x
Children's Services	x		
County Care Facility			x
Dog Warden	x		
Juvenile Court ¹			x
\$15,000-\$50,000 Annually			
Commissioners			x
Health Department	x		
MetroParks			x
Partners in Prime (senior transport)	x		
Over \$100,000 Annually			
Environmental Services			x
Engineer's Office		x	
Developmental Disabilities			x
Sheriff's Office			x

Source: Butler County Auditor's Office financial reports

Note: The Board of Elections, Health Department, Clerk of Courts, Jobs and Family Services, Prosecutor's Office, and Veterans Service Commission had no fuel usage reported in 2008.

¹ Switched to Depot purchases in 2009.

Table 6-18 shows that the Fuel Depot is primarily used by departments with smaller fuel purchasing needs, or those that spend less than \$5,000 on fuel. Reviewing 2008 purchases indicated that the Emergency Management Agency, Probate Court, County Care Facility, and Juvenile Court, made no purchases at the Depot in 2008, and made at least partial use of the facility in 2009. See **R6.8** for further discussion of fuel spending and centralization.³⁸

³⁵ During the course of the audit it was noted that in September of 2011, the County's Fuel Depot will be shut down as the lease of the Fuel Depot has ended.

Recommendations

R6.8 Centralize fuel management, oversight, and procurement.

The County should centralize fuel management and oversight. It should evaluate and coordinate fuel access by centralizing tanks, sharing group discounts, and sharing facilities wherever possible to reduce expenses and ensure the most cost-effective purchasing. The County should also enact County-wide fuel management policies such as no-idling, reduced speed, and scheduled maintenance, in order to conserve and reduce fuel usage. As fuel prices continue to increase, centralized purchasing and volume discounts will take on greater importance.

Several issues were identified during the audit related to the lack of a centralized approach to fuel management. Although the County Commissioner's Office tracks the fuel purchased and used through the Fuel Depot, this represents only one third of the fuel purchased across the County. According to the Commissioners' Office, the Depot is only using three of five tanks at the facility. Despite the apparent potential for expansion of the facility, tanks are also operated at the Engineer's Office (less than a block from the Fuel Depot), Environmental Services, and the County Care Facility. The Engineer's Office is considering installing a new tank at its nearby facility, but would be interested in sharing resources with other agencies. It has not participated in the planning or use of the Depot. Further, the agencies noted above have purchased fuel for tanks but do not participate in the County's fuel consortium for discounted fuel purchases. The County also does not use any type of County-wide fuel policies to promote the conservation of fuel (see **R6.9**).

'Business as Usual' No Longer an Option for Local Government (Government Fleet, 2010) recommends using the economic situation to reorganize traditional practices by identifying and eliminating inefficiencies. In order to properly manage fuel use and fuel sites, sites should be evaluated to determine whether the locations are cost effective or just convenient for users. Fuel mark-ups should be reviewed to determine if these compensate for the costs of permitting, upgrading, repairing, and testing the sites. The extent to which the government is earning bulk discounts and whether these offset the operating costs of the fuel site should also be reviewed.

Identifying Best Practices in Fuel Management (Automotive Fleet, 2010) recommends a custom-designed fuel management program to effectively control expenses, address problems, and simplify operations. Determining the most cost-effective fuel management program starts with researching fleet and fuel needs by reviewing current fuel charges, billing, and payment systems. Primary benefits of most fuel programs include:

- Reduction or elimination of administrative time and expense associated with fueling vehicles;
- Lower fuel prices;
- Driver convenience;
- Increased security through PIN number use;
- Custom-designed billing (monthly, weekly, or as needed);
- Multiple reports review and control every aspect of drivers' fuel card use; and

- Exception reports that help pinpoint vehicle performance and maintenance needs, as well as identify problem vehicles.

Fuel purchasing is one of many practices across the County that is pursued independently by each County entity. This has resulted in an ad hoc policy and diminished efficiency. Although the Commissioner's Office manages the leased Fuel Depot facility, communication about the Depot has not been consistent and various agencies and offices have different information about the status of the Depot.

Implementing a program to coordinate and centralize fuel management across the County will ensure that all fuel purchases maximize bulk purchasing discounts. Further, reviewing usage and requiring implementation of cost-effective practices will reduce unnecessary duplication in the use and management of fuel tanks. While some of the additional fuel purchasing may be based on practical reasons of location or disaster preparedness, the decentralized strategy is not helping the County achieve efficient fuel management. Coordinating and communicating between the departments would also create opportunities for potential consolidation and efficiency.

R6.9 Implement fuel conservation incentive programs.

Butler County should review the potential cost-effectiveness of implementing fuel conservation policies and an incentive program.

Butler County does not have fuel policies for staff use of vehicles. The County should review the potential cost-effectiveness of implementing strict fuel policies and a fuel conservation incentive program. Polk County, Florida, implemented several policies including observing a maximum top speed of 55 mph on all roads but interstate highways, eliminating vehicle idling, instituting driving training programs, and initiating an incentive program. The incentives awarded a 50/50 split for cost savings if the miles per gallon was improved by 5 percent. When implemented in 2008, the County expected savings of 8 to 10 percent per vehicle and lower maintenance costs. By 2011, fuel consumption was reduced by 13.4 percent and preventable accidents were reduced by 22 percent. Crash damage severity was also decreased. Butler County should review the benefits of implementing these policies and determine whether this type of incentive system could generate savings.

In the City of Clearwater, Florida, departments have policies in place to ensure fuel conservation. For example, Solid Waste and General Service Departments eliminate idling, require minimum load size, and encourage the sharing of vehicles. The Police Department prohibits vehicle use for out-of-county training, increases the surcharge for vehicle use for off-duty jobs, and creates an hourly idle time for patrol cars. Public Works minimizes the use of vehicles for lunch times, reduces the number of supply purchasing trips, and restricts fueling to vehicles in use. Public Utilities geographically routes work orders, combines service types, groups hydrant and valve repairs, etc., in order to minimize driving. Major projects are confined to neighborhoods, vehicles are stocked and minimize carrying additional fuel, idling is eliminated, and lift station crews are limited to one vehicle when possible. Fire Department vehicles are permitted to conduct multiple assignments on the road and vehicles may be shut down on scene if not actively engaged. The Gas Department challenges each employee to conserve fuel with an initial goal of

a 10 percent mileage reduction on each vehicle. Excessive trips to construction sites will be appropriately charged to the builder or developer.

The City of Lynchburg, Virginia, publishes tips for fuel conservation for its departments that include limiting idling time when waiting or working in the field. Tire pressure should be checked and tires properly inflated since statistics show tires to account for 4-7 percent of a car's fuel consumption. Also, wheel alignments are encouraged. Excess cargo should be removed to limit weight for better fuel economy. Trips should be scheduled to consolidate daily trips, and necessary tools and supplies should be included in planning. Recommendations also include closing windows, driving gently, minimizing warm-ups, reducing vehicle size, and consolidating trips. Checking oils and fluids and getting preventative maintenance are suggested.

In the City of Naperville, Illinois, a fuel economy program has improved overall fleet fuel economy by 3.4 percent since 2005. The City outlines policies for reducing engine warm-up, eliminating idling, minimizing air-conditioner use, planning routes, reducing excess weight and unnecessary trips, eliminating jack-rabbit starts and stops, lowering speeds, and ensuring performance of preventative maintenance.

Local governments often have not developed fuel policies for staff use of vehicles. Because of the decentralization of fuel purchasing and use, the County has not developed a set of policies designed to promote fuel conservation.

Developing strict fuel policies and a fuel conservation incentive program can help local governments reduce fuel costs through conservation. Policies generally include vehicle recommendations to improve efficiency by limiting weight, avoiding unnecessary trips, and reducing long idling. Policies should include maintenance issues such as maintaining adequate tire pressure and performing regular oil and air filter changes, but also can include more specific policies such as establishing maximum speeds, keeping windows rolled up, limiting air-conditioning, encouraging cruise control use, minimizing aggressive starts and stops, and GPS tracking to ensure location and use. All of these policies are aimed at maximizing fuel economy to save money.

Financial Implication: The financial implication of adopting fuel conservation policies is difficult to calculate given changing fuel prices, varying vehicle usage, and the County's decentralization of fuel management. However, based on the experience of Polk County, Florida, the County could save an estimated 8 percent of vehicle maintenance from the General Fund, or \$34,400 (based on 2009 expenditures).

Human Services

Background

This section of the performance audit analyzes Butler County's human services agencies, departments, and boards. Initially, the performance audit scope included an analysis of each entity's workload measures and expenditures compared to peer county entities. However, as a result of varying human services organizational structures, services, individual county needs, and interviews with Butler County's agency representatives, and peer research; it was determined that an adequate assessment of workload comparisons and expenditures could not be performed. Additionally, discussions with the County Commissioners' Association of Ohio confirmed that similar data was not readily available for county human service entities for comparison purposes. Therefore, AOS shifted the performance audit scope to review potential areas of cost reductions for the County's human services areas. In addition, due to the prevalence of State and Federal funding reductions in the future, auditors reviewed the funding types and levels within each human services area. The human services areas reviewed include: the Job and Family Services Department (including Children Services), Child Support Enforcement Agency, Mental Health Board, Alcohol and Drug Addiction Services Board, Developmental Disabilities Board, County Care Facility, and the Health Department.

Biennium Budget

During the audit, the newly elected Governor released the State of Ohio's Executive Budget for fiscal years 2012 and 2013, which contains several funding changes that will affect human services areas at the county level. A portion of the Governor's changes include³⁹.

Jobs and Family Services Department (includes Children Services and Child Support Enforcement Agency)

- Family Stability Subsidy, Children and Families Subsidy, Children-Family-and Adult Community and Protective Services, and Adult Protective Services - an 1.0 percent (average) decrease in FY 2012, to remain flat at the FY 2012 level for FY 2013 (for each program).
- TANF Block Grant- an approximate 7.0 percent decrease in FY 2012, to remain flat at the FY 2012 level for FY 2013.

Mental Health Board

- Community and Hospital Mental Health Services – no funding in FY 2012 and FY 2013.
- Community Medicaid Expansion – an approximate 16.5 percent decrease in FY 2012 and no funding in FY 2013.

³⁹ An approximate percent change is noted, due to partial financials for FY 2011.

- Community Medication Subsidy – an approximate 10 percent decrease in FY 2012, to remain flat at the FY 2012 level for FY 2013.

Alcohol and Drug Addiction Services Board

Substance Abuse Block Grant – an approximate 4.2 percent decrease in FY 2012, to remain flat at the FY 2012 level for FY 2013.

Department of Developmental Disabilities Board

- Family Support Services – an approximately 10 percent decrease in FY 2012, to remain flat at the FY 2012 level for FY 2013.
- County Boards Subsidies – an approximate 34.3 percent decrease in FY 2012 and 8.7 percent increase in FY 2013.
- Community Services- Community Social Service Programs – an approximate 11.6 percent increase in FY 2012 and 3.8 percent decrease for FY 2013.
- County Board Waiver Match – an approximate 84.4 percent increase in FY 2012 and 23.4 percent increase in FY 2013.

In preparing for the reductions in State revenue, the County should review the information in this section to ensure an optimal understanding of each agency, department, or board. Although this section does not include recommendations, some issues were identified that could improve the efficiency and effectiveness of the County's human services programs. These are reported as **issues for further study**. The counties of Clermont, Hamilton, Montgomery, and Cuyahoga were used as peers and Lucas County is included as a leading practice organization in certain areas.

The Governor's Executive Budget consolidates Medicaid programs for people with disabilities in the Department of Developmental Disabilities (DODD). It completes the system transformation that started in 2001 and creates new authority for DODD to set priorities across programs. According to the Governor, the combined impact of this initiative gives DODD more authority and control to design programs that allow people with disabilities to move seamlessly from one setting of care to another.

In response to a draft of this audit, JFS, ADAS, MH, and DD provided comments requesting revisions to the **human services** section. Auditors made the changes proposed when sufficient documentation was provided to confirm the assertions. Based on updates made to the draft to address client concerns, the ADAS Board Director and CSEA Executive Director submitted revised responses which are included in this report (see the **client response**).

Job and Family Services

According to Ohio Revised Code (ORC) Chapter 329, each county must have a county department of job and family services (JFS) consisting of a county director of JFS appointed by the board of county commissioners (commissioners) and assistants and other employees necessary to perform the functions of the county department. ORC 307.981 categorizes job and family services as a county family services agency. This category also includes a child support agency and a public children services agency. Upon the execution of specific permission and agreements, job and family services may perform duties of any or all other family services agencies. In addition, to the extent permitted by federal and State law, a board of county commissioners may designate any private or government entity within this State to serve as the previously mentioned entities. Ohio operates in a State supervised, county administered system. The Ohio Department of Job and Family Services (ODJFS) administers and oversees the State's job and family services programs.

In Butler County, JFS and Children Services (CS) are semi-combined -- sharing fiscal and contract services; the Child Support Enforcement Agency is a stand-alone agency (see **issues for further study**). JFS operations are managed by an executive director who reports to the County Commissioners.

JFS works with the citizens of Butler County and its partner organizations to create opportunities for self sufficiency and to provide a safety net to families in need. By providing transitional benefits, skill building opportunities, and help in getting and keeping jobs, JFS strives to assist families in poverty gain a foothold in Butler County's economy and to help working parents build better lives for themselves and their children. It also provides services to those whose medical condition or age puts them at risk, making sure that they obtain the assistance and protection they need to lead healthy and safe lives.

The Butler County JFS is staffed by approximately 157 FTE's whose responsibility is to provide the following services:

- **Adult Protective Services** receives complaints concerning the possible abuse, neglect or financial exploitation of impaired elderly adults and helps to remove the factors that are causing the mistreatment while introducing services to improve the person's care and independence.
- **Child Day Care Services** subsidizes childcare to eligible families through a county-wide network of certified child care homes and licensed centers.
- **Fetal Alcohol Spectrum Disorders (FASD)** is a network-based program. Under the leadership of the Ohio Department of Alcohol and Drug Addition Services and the State FASD Steering Committee, Butler County is creating networks to connect services to handle crisis, intervene, and follow-up on pregnant women, individuals with FASD, and their caretakers.
- **HealthChek** is a preventative health care program for Medicaid recipients under the age

of 21.

- **Help Me Grow** is a program that assists in developing an environment that supports a healthy pregnancy and helps children grow and develop to their potential.
- **Learning, Earning and Parenting (LEAP)** assists and counsels teen parents under the age of nineteen. To be eligible for the program, individuals must enroll or remain in a program that will lead to a high school diploma or GED.
- **Medicaid** provides health coverage for income eligible pregnant women, families with children under the age of 19, people over 65, blind or disabled persons.
- **Ohio Works First (OWF)** provides cash assistance for up to 36 months to low-income families with children under 19 and low-income pregnant women in their third trimester. It also provides skill development and job placement services. Participants are assigned to work a site for at least 20 hours per week that will help in developing skills for future employment. If the participant has not graduated from high school, he/she is assigned to a classroom to obtain a GED.
- **Pregnancy Related Services** monitors the medical care of pregnant Medicaid recipients and arranges for any services needed to have a healthy, successful pregnancy.
- **Transportation** provides transportation to Medicaid recipients for medical appointments.
- **Workforce Development** is a federally funded program that provides job-seekers with training, job placement, career counseling, and diagnostic vocational testing. It aims to allow job-seekers to enter or reenter the workforce at wages that contribute to family financial stability and in careers that are in high demand.

According to the Butler County Comprehensive Annual Financial Report (CAFR), JFS has been providing services to an increasing population. In 2009, the average client counts were as follows:

- Food Stamps – 39,380;
- Medicaid – 50,013;
- Day Care – 2,112;
- Workforce Investment Act (WIA) – 712; and
- Job Placement – 276.

These services are primarily funded through State and federal pass-through funding. In 2009, Butler County JFS received approximately \$45 million and in 2010 it received approximately \$34 million from local, State and federal sources, and reimbursements for services. Of these revenues, 60.7 percent and 54.1 percent were from State and federal funds in 2009 and 2010, respectively. Additionally, JFS received 35.9 percent and 42.7 percent of its revenues from reimbursements for services in 2009 and 2010, respectively. Furthermore, JFS received a mandatory local match requirement from the County's General Fund. In 2009, the County

contributed approximately \$1.5 million or 3.4 percent of JFS's total revenues. In 2010, the County General Fund mandated local match was 3.2 percent of total revenues. JFS's total expenditures in 2009 were \$45.9 million, a 12.5 percent increase from 2008. JFS's 2010 expenditure data was not available at the time of this audit. For additional discussion concerning Butler County's JFS, see **issues for further study**.

Children Services

The U.S. Congress and legislatures in every state have established a public mandate to protect children from abuse and neglect under the *Child Abuse Prevention and Treatment Act (CAPTA)* [42 U.S.C. 5101 et seq.]. Public child welfare agencies are responsible for accepting referrals that allege child abuse and neglect, determining if the child has been – or is at risk of being – mistreated, and providing services to protect them. Child protective services are services that prevent child abuse and neglect; that provide investigation into allegations of adult abuse, neglect and exploitation; and that offer services for abused and/or neglected children and their families (birth, foster and adoptive).

Ohio operates in a State supervised, county administered system. ODJFS administers and oversees the State's child protective services programs. Child protective services in Ohio are provided by a network of 88 public children services agencies (PCSAs). Fifty-five of these agencies are located within county departments of job and family services, and 33 agencies operate independently. Butler County Children Services is a division of the County's JFS and is governed by the County Commissioners.

According to ORC 5153.16, public children services agencies are responsible for:

- Receiving and investigating reports involving any child alleged to be abused, neglected, or dependent;
- Providing protective services and emergency support services to allow children to remain in their own homes;
- Accepting temporary or permanent custody of children from the court;
- Providing out-of-home care for children who cannot remain at home, while providing services to the family directed at reunification;
- Recruiting and maintaining foster and adoptive homes;
- Placing children in adoption or other permanent living arrangements; and
- Providing independent living services to assist children as they transition from being in agency custody to independence.

Divisions within Butler County Children Services include:

- **Intake** – receiving reports of abuse and neglect, investigating and when appropriate taking action to protect and help families.
- **Ongoing Services** – monitoring children and their families and helping them to stabilize.
- **Special Investigations** – investigating allegations of sexual abuse and reporting of abuse outside the home.
- **Foster Care and Adoption** – recruiting potential foster and adoptive families, facilitating adoption, and supporting and maintaining existing foster and adoptive homes.
- **Kinship Care** – supporting relatives and family friends caring for children whose parents cannot by providing help to access support services available in the community and at Job and Family Services.

According to the Butler County CAFR, in 2009 the Children Services provided for an average client count of 324 children (foster care services) and arranged for the adoption of 51 children. Children Services employs approximately 174 FTEs to provide these services and is partially supported by a 2 mill levy that funds child adoption and foster care. In 2009, the levy fund balance was reported to be approximately \$6.8 million. This levy will be up for renewal in 2013.

Total funding for Children Services decreased from \$29,447,484 in 2009 to \$25,937,553 in 2010, due to a reduction in tax collections and federal funding. Expenditures were approximately \$25,867,265 in 2009, a 10.2 percent increase from the prior year. While Butler County Children Services does not receive County General Funds, decreasing revenues underscore the need to consider additional ways to reduce expenditures. See **issues for further study**.

Child Support Enforcement Agency

The Child Support Enforcement program was established in 1975 by Title IV-D of the Social Security Act. ORC 3125.10 requires every county to establish a child support enforcement agency. The ORC further provides that the Ohio Department of Job and Family Services is the supervising agency for the Title IV-D child support program. According to the Executive Director, the Butler County Child Support Enforcement Agency (CSEA) was established in 1988. Originally, the agency operated under the direction of the Domestic Relations Court, but the Butler County Board of Commissioners became the appointing authority in 1994. Today, CSEA is managed by an Executive Director who reports directly to the County commissioners.

CSEA is staffed by approximately 75 FTEs that, according to the Executive Director, is a decrease from approximately 105 FTEs, despite increases in caseloads. Employee reductions have primarily occurred through attrition. As required by ORC 3125.03, CSEA staff provide the following services:

- **Paternity & Support Establishment** – Paternity establishment is the legal determination of fatherhood through paternity affidavit, administrative order (based on genetic test results), or court order for children born outside of marriage in order begin the process of establishing child support or medical support orders. The CSEA assists in support establishment for children through administrative or legal processes. The Ohio Child Support Guidelines determine the amount of child support the non-custodial parent must pay. The agency or court may also require medical insurance orders.
- **Enforcement** – CSEA takes action to enforce an order when the support is one month or more in default. For non-custodial parents refusing to pay support CSEA and the prosecuting attorney can take the following actions:
 - Withholding wages from earnings, unemployment benefits, workers' compensation benefits, social security benefits, and disabilities benefits;
 - Suspending driver's, professional and recreational licenses;
 - Placing liens on real or personal property;
 - Seizing lump sums (lottery winnings, bonuses, estate funds, etc.);
 - Reporting the party to the credit bureau;
 - Attempting access to retirement and pension funds;
 - Placing wanted posters;
 - Denying or seizing passports;
 - Requesting a finding of contempt of court; and
 - Pursuing criminal non-support charges.
- **Modification of Support Order** – CSEA reviews and administers support case modifications when income has changed either up or down. According to the Butler County CAFR, in 2009 the CSEA serviced an average of 19,199 active support orders. The CSEA is primarily funded through State and federal funds. According to the Executive Director, the remaining funding comes from administrative fees, and indirectly

from services provided by the Sheriff's Office, Presecutor, Juvenile Court, Domestic Relations Court, Adult Probation, and the Clerk of Courts. In 2009, the CSEA received approximately \$6,023,714 in total funding. In 2010, funding decreased approximately \$469,044 to \$5,554,670.

Of the revenue amounts, approximately 80.2 percent and 80.4 percent was from State and federal funding in 2009 and 2010, respectively. State funding decreased by \$1,834,171 due to a reduction in grant revenue; however, federal funding increased by \$1,466,943 due to grants and receipts from the American Recovery and Reinvestment Act of 2009 (ARRA) funding. Additionally, CSEA received approximately 19.8 percent and 19.6 percent of funding from *Other* revenues. CSEA does not receive General Fund assistance from the County. In 2009, expenditures were approximately \$5,828,936, an 8.4 percent increase from 2008.

Mental Health Board

In 1988, the Ohio Mental Health Act defined the mental health system currently in place and identified local Mental Health Boards as the entities responsible for the care of mentally ill individuals. This law enabled Boards to divert State funding from State hospitals to locally managed community alternatives and led to a decrease in the average daily residential population in Ohio's psychiatric hospitals from 3,524 in 1988 to 1,057 in 2007. In 1989, House Bill 317, also known as the Alcohol and Drug Addiction Services Act, created the Ohio Department of Alcohol and Drug Addiction Services and added alcohol and drug addiction prevention, treatment, and support services to the operations of local Boards. The largest counties were able to decide if they wanted separate Mental Health and Alcohol and Drug addiction Boards or to combine them. Butler County chose to have separate Boards (see **issue for further study**).

According to ORC 340.011, a Mental Health Board is required to⁴⁰:

- Foster the development of a comprehensive community mental health system, based on recognized local needs, especially for severely mentally disabled children, adolescents, adults and older adults;
- Encourage the development of high quality, cost effective and comprehensive preventative, treatment rehabilitative and consultative services, including culturally sensitive services;
- Establish a Community Support System as defined in state law and by the rules adopted by the Director of the Ohio Department of Mental Health to the extent that resources are available;
- Protect the personal liberty of mentally ill persons so that they may be treated in the least restrictive environment; and
- Promote the participation of consumers of mental health services in the planning, delivery and evaluation of these services.

The Butler County Mental Health Board (MH Board) consists of 18 members: 6 appointed by the Ohio Department of Mental Health and 12 appointed by the County Commissioners. In 2010, the MH Board was staffed by 10 FTEs and a contract FTE (Assistant County Prosecutor). The MH Board recently reduced 1 FTE when it outsourced the Multi-Agency Community Services Information System (MACSIS) data management. The staff members plan, establish goals and priorities, contract with service providers, monitor and coordinate service delivery, and evaluate service effectiveness and outcomes.

The Butler County CAFR reported that in 2009 the MH Board provided services for an average client count of 2,830 for intensive, 2,227 for non-intensive and 2,600 for early intervention services. The MH Board provides these services primarily through funding from State and federal funds, and two local levies. The local levies consist of a 1 mill levy that will be up for renewal in 2011 and a 0.5 mill levy that will be up for renewal in 2014 (for 2015). According to the MH Board Executive Director, the County's local levies have enabled the MH Board to absorb a \$2.8 million reduction in State funding over the last two years. The Board expects

⁴⁰ Please also refer to ORC 340.03 for additional duties of a Mental Health Board.

further cuts during the next biennium (FY 2012 and 2013). In 2009, the MH Board received \$26,582,014 in total funding. In 2010, that amount increased by \$3,465,593 to \$30,047,607.

Of total revenues, the MH Board received approximately 32.7 percent and 26.5 percent of revenues from local levy dollars in 2009 and 2010, respectively. Additionally, the MH Board received 43.2 percent of revenues in 2009 and 71.2 percent in 2010 from federal and State sources. Several of the funding sources fluctuate greatly from year-to-year. Although there is some variance between line-items from 2009 to 2010, the MH Board's total revenue trend is increasing and, over the two year period, it increased approximately 13 percent. According to the Executive Director, of this 13 percent, 7.31 percent is due to the accounting for the state hospital revenues which were never accounted for prior to 2010. The remaining 5.69 percent increase in revenues is attributed to increases in Medicaid which typically grows at 8 percent per year. Also, the Board serves as a "pass through" for Medicaid with associated revenue increases and expenditures that offset each other.

The MH Board does not receive General Fund assistance from the County. In 2009, expenditures were \$24,457,008, a 0.5 percent increase from 2008.

Alcohol Drug and Addiction Services Board

The Butler County Alcohol and Drug Addiction Services Board (ADAS Board) consists of 18 members: 6 appointed by the Director of Alcohol and Drug Addiction Services and 12 appointed by the County Commissioners. The ADAS Board provides a wide range of administrative, planning, and coordination of a system of services designed to provide education about, and services to prevent and treat alcohol and drug addiction in Butler County. As part of those efforts, the ORC 340.33 requires the ADAS Board to:

- Assess the needs for alcohol and drug addiction services and programs;
- Set priorities and develop plans for the operation of programs;
- Submit a plan for services to the Ohio Department of Drug and Alcohol Services;
- Provide systems information;
- Enter into contracts for the provision of addiction services;
- Review and evaluate programs;
- Prepare and submit an annual report;
- Receive, compile and transmit applications for funding;
- Promote, arrange, and implement working agreements with public and private social agencies and with judicial agencies;
- Investigate or request an investigation of any complaint alleging abuse or neglect;
- Establish a system for persons to receive services and advice on matters pertaining to addiction services;
- Recruit and promote local financial support from public and private sources; and
- Approve fee schedules and related charges, adopt a unit cost schedule, or adopt other methods of payment for services provided by programs under contract.

The ADAS Board's core administrative staff consists of 5.0 full-time equivalents (FTEs). Two additional full time staff and one part time staff provide services to the Coalition of Healthy, Safe and Drug-Free Communities for which the ADAS Board is the fiscal agent. In addition, the ADAS Board (on behalf of the Coalition) contracts with community organizations for additional professional staff time to supplement regular coalition staff.

To fulfill part of its mission, the ADAS Board owns two facilities that are leased to a service provider for drug addiction treatment services. The ADAS Board provides maintenance of the facilities at cost. These costs include long-term replacement expenditures as determined by 8-12 year replacement projections based on useful life and replacement expenditures (see **noteworthy accomplishments**).

According to the ADAS Board's State Fiscal Year (SFY) 2010-11 Community Plan, the Board directs most of its prevention funding toward school aged children. Through collaboration with schools, ADAS provides general prevention education or problem identification and referral services. Additionally, ADAS provides services to high risk young children of women in treatment and low-income junior and senior high school minority children who are involved in their neighborhood community center. According to the Executive Director, the federal and state grants have supported the expansion of the Board's prevention focus to include broad-based

community change strategies to address the needs of adults as well as youth via the County Coalition. The 2009 Butler County CAFR reported the ADAS Board's average client count was 1,270.

The ADAS Board is primarily funded through State and federal funds. In 2009, total funding was \$5,768,328 decreasing by \$239,358 to \$5,528,970 in 2010. In 2010, Butler County provided \$110,000 from the General Fund to help support its Drug Court treatment program that provides treatment for felony drug offenders as an alternative to incarceration. These General Fund dollars pass through the ADAS Board and go directly to treatment providers. Funding for the Drug Court has remained consistent for at least 10 years. However, according to the ADAS Board Executive Director, funding for this program was reduced by 50 percent or \$55,000 in 2011. Funding for the Drug Court is the only money the ADAS Board receives from the County General Fund and it is not a match requiring local funds.

Board of Developmental Disabilities

The Butler County Board of Developmental Disabilities (BCBDD) is a county agency providing support to children and adults with developmental disabilities. The BCBDD operates and administers a variety of programs and services to eligible individuals. According to the ORC 5126.05, the BCBDD must provide the following services:

- **Early childhood services and supports** comprises services to young children showing developmental delays and to those preparing to transition to their local school district with special needs; works in partnership with Help Me Grow and local school districts.
- **School to adult life transitions resources** provides guidance for a smooth transition through high school into adult life through informational series that teaches topics such as employment, recreation, leisure, transportation, social security, legal aid, guardianship, and trusts.
- **Adult services and supports** provides educational and habilitation supports to over 125 individuals with developmental disabilities at one location. The service provider site provides nursing services, occupational therapy, physical therapy, speech therapy and behavior support services; family involvement through parent advocacy groups and self-advocacy groups. Programming includes a computer lab, cooking classes, educational programming, an artistic studio, music therapy, a sensory studio, and job retention. In addition to direct support, indirect support services are provided to over 240 other individuals by providing Medicaid match money for them to receive services from other providers. Employment and job support are also provided to 230 additional individuals as part of adult supports.
- **Behavior support services** includes the Family Focus Program, classroom consultant, community behavior supports, behavior support in County operated day habilitation programs that use assessment tools in an attempt to determine the motivation behind an undesired behavior, and to track trends and patterns, and develop programming to teach people more appropriate ways of communicating their wants and needs.
- **Ancillary services** includes behavior supports services, classroom consultant, community behavior supports, day habilitation behavior supports, speech and language therapy, occupational and physical therapy, and counseling services.
- **Support administration** establishes individual eligibility for BCBDD services, develops plans for individuals so that they get the services they want and need, assists people in becoming connected in their communities, establishes budgets for needed services, helps identify qualified service providers, monitors and revises services based on need, monitors and ensure the health and safety, helps with money management, provides coordination of services, and assists families with future life plans.
- **Community and residential services and supports** provides housing support services

and support or services such as supervision, equipment, or home renovations for a person remaining in their family home.

- **Transportation** ensures the planning, administration, and implementation of transportation and options reinforcing availability, safety, and identification of individual needs based on the individual planning process.
- **Quality assurance and Medicaid services** oversees program compliance, listens to concerns or complaints about supports and seek resolution of problem situations, assesses the “fit” between the services people get and what they want and need, and responds to reports of abuse, neglect, or other unusual incidents that affect people with disabilities.

BCBDD is managed by an Executive Director who reports to a seven member Board. The staff includes approximately 211 FTEs. According to the Executive Director, this is a 22.6 percent reduction from the number of staff employed in 2005. Of the current employees, 85 are members of the Professional Guild of Ohio, Subdivision Council 7 or Subdivision Council 21 bargaining units, and include paraprofessionals and early intervention specialists.

According to the Butler County CAFR, in 2009 the BCBDD provided the following average client count:

- Early intervention program-1099
- School age – 440;
- Adults served directly – 238;
- Adults served indirectly – 290;
- Supported living services – 1;
- Individual options waiver – 295;
- Level one waiver – 280;
- ICFMR – 146;
- Support coordination services - 1,005; and
- Family support services – 716.

BCBDD is funded primarily through two continuous local levies totaling 3 mills. According to BCBDD, it expects a 50 percent decrease in State funding in 2011, and no State funding in 2012. These funding changes and recent economic conditions may make it necessary for the BCBDD to request additional millage support.

In 2009, total revenue for BCBDD was \$29,773,396 and in 2010 it received \$28,613,117. Of the total revenues, approximately 65.9 percent and 58.0 percent were from local levy dollars in 2009 and 2010, respectively. Additionally, BCBDD received 25.4 percent of revenues in 2009 and 24.4 percent in 2010 from *Other Revenue*. In 2010, the State revenues increased approximately 119 percent due to House Bill 66 and State Bill 3. BCBDD does not receive General Fund assistance from the County. In 2009, expenditures totaled \$26,556,311, a 9 percent increase over the prior year.

BCBDD has projected positive fund balances through 2018 and has contingency plans in place

for varying levels of revenue reductions. Of the agencies reviewed during this audit, BCBDD is one of the programs best prepared to manage upcoming funding changes and respond to financial challenges (see **noteworthy accomplishments**). Lastly, it was noted during a review of a draft of this audit that, by the end of 2012, the Board expects to be below 200 FTEs. According to the BCBDD, this will be accomplished through facility consolidation and by not filling vacancies as they occur, including retirements.

Butler County Care Facility

According to ORC 307.01, county homes can be provided by county commissioners when, in their judgment, they are needed. County homes are owned and operated by county commissioners in accordance with ORC 5155. The facilities are specifically exempt from being licensed as a nursing home or rest home, and do not have to meet the standards set by the State for such facilities. Instead, they have a superintendent and are supervised by the county commissioners. The Butler County Care Facility has been in existence since 1830 and is a Medicaid/Medicare certified facility.

A Medicaid/Medicare certified home is a county owned nursing home that meets state and federal requirement to receive Medicaid and/or Medicare funds for patient care. While not subject to licensure, such homes must be inspected and approved for funding, the requirements of which are more stringent than State licensure requirements. Medicare is 100 percent federally funded while Medicaid receives 60 percent of its funds from the federal government and 40 percent from the State. Medicaid is the primary funding for long-term care and also pays for short-term rehabilitative care.

A certified county home is treated like any privately owned Medicaid/Medicare facility in terms of determining reimbursable costs and receiving payments for services rendered. The home must submit an annual cost report prepared by an accountant to the Ohio Department of Job and Family Services, which also monitors patient care in order to determine a service for which the home is reimbursed for the actual costs and services rendered.

The Butler County Care Facility (Care Facility) operates 365 days per year, 24 hours per day. In 2010, it employed approximately 167 FTEs including administrators, nursing staff, therapists, dietitians, and operational staff.

The Butler County Care Facility provides care for the aged and infirm with a 109 bed skilled nursing care facility. The Care Facility provides the following services:

- Social services/activities;
- Beauty parlor;
- Chapel with a variety of denominational services;
- Residents Council;
- Staff dietitian and therapeutic diets;
- Anti-wandering system;
- Adult day service; and

- Physical, occupational and speech therapy.

The Butler County Care Facility is funded by federal, State, and other revenues. The County Care Facility received \$7,870,340 and \$8,000,551 in total revenues in 2009 and 2010, respectively. Approximately 74 percent of the revenues were from the federal and State governments. Additionally, according to the County, 85-90 percent of the Care Facility's beds are funded by Medicaid. The Care Facility does not receive General Fund assistance from the County. In 2009, expenditures totaled \$9,148,425, a 64.8 percent increase from the prior year.

Health Department

The Butler County Board of Health focuses on environmental health programs, communicable disease control, immunizations, health education, emergency preparedness, plumbing inspections, and vital statistics. Overseen by the Board of Health, the Butler County Health Department (BCHD) serves the geographical area of Butler County with the exception of Hamilton and Middletown. BCHD receives taxes from 13 townships and 10 cities/villages as its primary source of revenue. The millage amount is set by the State based on the County's budget and provides approximately 70 percent of its funds.

An eight member Board of Health is elected by a District Advisory Council comprised of township trustees and mayors of participating municipalities. The Board adopts its own budget that is subject to a compliance-oriented review by the County. BCHD operates autonomously from the County and it is not considered part of Butler County government, although Butler County serves as fiscal agent for the BCHD.

Like many of the other human services agencies, BCHD does not receive General Fund assistance from the County.

Section Conclusion:

As noted above, auditors did not provide recommendations for this section because of the lack of comparative data and the complexity and intertwining relationships of the services offered and clientele served. However, because of expected reductions in federal and State funding, these entities will likely have to provide the same level of service with a smaller workforce or, there may be a need for a reduction in services. Therefore, it is critical that each entity individually plan, in addition to initiating a comprehensive approach of all human service entities for possible integration of services in order to manage a future with less funding.

Client Response

The letters that follow are Butler County's official responses to the performance audit. Auditors also received several interim responses that resulted in changes to the report that, because of the draft nature of the report and subsequent revisions, are not included here. Throughout the audit process, staff met with County officials to ensure substantial agreement on the factual information presented in the report. When the County disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.



BUTLER COUNTY, OHIO BOARD OF COMMISSIONERS

Commissioners

Charles R. Furmon
Donald L. Dixon
Cindy Carpenter

October 24, 2011

David Yost
Ohio Auditor of State
88 East Broad Street, 5th Floor
Columbus, OH 43215

Subject: Butler County, Ohio Performance Audit

Dear Auditor Yost:

Butler County appreciates the opportunity to comment upon the post-audit draft of the Butler County Performance Audit and thanks the State Auditor's office for its efforts. Here are the County's comments.

Executive Summary

The Performance Audit presents an overview of Ohio County government. The framework in which Butler County operates cannot be overlooked. Butler County is a statutory county within the framework for Ohio counties originally established in Ohio's Constitution of 1851. Considering the framework for Ohio county government that was adopted in 1851 when Ohio was a rural, agrarian society and that the Ohio General Assembly has never seen fit to fundamentally change it, Butler County, despite being an urban county, functions well with nearly 363,000 residents.

While the Performance Audit is critical of the County for a lack of contingency and long range plans, it simultaneously observes Butler County has experienced above average population growth in the past decade while adopting many innovative and leading practices. So while Butler County has room to improve, as do all organizations, the County has done much to address the needs of its citizens for the past twenty years, including arranging for the construction of a cross-county highway and building modern government offices and facilities to meet the county's current and future needs.

The Performance Audit notes that recent changes in the state budget in combination with a global recession have placed a strain on the County's general fund and threaten the County's financial well being. County Commissioners and other county elected officials have responded to this one-two punch by shrinking the size of their staffs through layoffs and

attrition, through reduced work week hours, and through consolidation of jobs. The Commissioners and other elected officials are working together to improve efficiency while holding the line on wage increases. The Commissioners have only recently concluded a wage study in order to assure internal and external equity of pay rates. Undoubtedly, the next few years present significant challenges for Butler County, however, County officials and their staffs are taking steps to increase communication to meet those challenges with new determination and a commitment to efficiency in order to continue to meet mandatory service levels without an increase in operating funds. Completely left out of the discourse on the County's financial situation is the County's rank as one of only 4 Ohio Counties to have a combined county and state sales tax rate of 6.25% or less. Other Ohio counties are in far worse financial condition and have no alternatives left of increasing revenue.

Noteworthy Accomplishments

Butler County appreciates the Performance Audit's recognition of noteworthy accomplishments.

The Audit recognizes the County has demonstrated a level of accomplishment worthy of special recognition in the securing of group health benefits for County employees at lower than average premiums through the County's membership in the County Employee Benefits Consortium of Ohio (CEBCO), a self-funded health insurance consortium created by the Ohio County Commissioners Association. The news about CEBCO participation for 2012 is even better than in past years. For calendar 2012, Butler County recently renewed its group health benefits partnership with CEBCO and received only a 3.9 increase in rates from 2011 while many organizations are experiencing double digit premiums increases. Recognizing the need to have its employees pay their fair share of the CEBCO group health premium, the Board of County Commissioners program for group health insurance has County employees paying 20% of the cost of the medical premium for the insurances available to them while still maintaining a graduated rate which allows more modestly paid employees to be able to afford the county's lower tier health insurance plan.

The Audit recognizes the County has demonstrated a level of accomplishment worthy of special recognition in the Engineer's Office implementation of tools which have resulted in high levels of road maintenance and good road conditions without requiring general fund support. The Commissioners too wish to recognize the Engineer's office for its efficiency and its superior road maintenance accomplishments. The Commissioners office hopes their office and the offices of other county elected officials can emulate the efficiency the Engineer's office has demonstrated and are working together to improve efficiency.

The Audit recognizes the Water and Sewer Department and the County Engineer have developed an equipment sharing program in which they share each other's equipment in order to reduce duplicative purchases of equipment and reduce maintenance costs. The County is engaged in a similar program with the development of a central purchasing structure for the

acquisition of common pieces of equipment like copiers and the purchase of office and other common supplies from a single vendor. Moreover, the County is attempting to initiate programs with the City of Hamilton and other Butler County communities to develop programs whereby city and county funds are saved by the combining of such functions as motor vehicle and public safety communication radio maintenance.

The Audit recognizes the Water and Sewer Department for its 5-year budget and forecast analysis of departmental operations which enables informed decision making information and increases departmental efficiency. The Board of County Commissioners is engaged in similar initiatives. For example, the Board and the Sheriff are working on the development of a vehicle replacement initiative through which the Sheriff's road patrol vehicles will be replaced on a regular schedule capital and a fleet of county vehicles will be created in order to avoid the cost of employee mileage reimbursements for employee business travel in the employee's personal automobile.

Conclusions and Key Recommendations

Financial Management and Strategic Planning Recommendations

The Performance Audit recommends the County implement a performance management system. The recommendation is a sound one and the County is beginning to move toward a performance based system on a number of fronts already. For example, the Board has conducted a classification and compensation study for its staff in order to establish internally and externally fair employee compensation. As a part of this performance based system, the Board is also moving away from a compensation granting incremental increases based on a year of service and a favorable performance evaluation in favor of a performance evaluation award program.

The Performance Audit recommends the County implement a performance-based budgeting system to guide appropriations and expenditures. In an attempt to improve county spending practices, the Board is already taking steps to establish a performance based budgeting process that is intended to be a management tool for improving the quality and quantity of service each county office provides the public. The performance based budget process focuses on the mission, goals and objectives of each county office and asks each office to explain why money is being spent and to provide a sound justification for allocating resources in the hope of achieving specific, desirable and beneficial results. Performance based budgeting promotes the logical tie between planning, budgeting and decision making. In addition to submitting target budgets for 2012, departments are asked to provide a narrative to answer the following questions: What significant accomplishments did the department achieve during 2011; what new accomplishments have been set for 2012 and beyond; and what are the differences between the 2012 budget request and the 2011 budget? A new form

titled "Performance Budgeting" has been created in the budget center to capture this information.

The Performance Audit recommends the County make detailed projections for all major revenue sources and expenditure line items for the County. The Commissioners intend to begin and build a process for revenue and expenditure forecasting during 2011 but success in doing so will be slowed by the uncertainty of revenue.

The Performance Audit recommends the County create a formal County-wide capital plan that includes an inventory of all capital assets, the life cycle of assets, and funding sources for replacement including the use of capital asset management software that enables the inventorying and tracking of capital assets throughout their lives. While the recession has impeded the County's ability to undertake a regular capital asset maintenance and replacement program, the county recognizes the need to maintain its infrastructure, including information technology. Steps toward achieving these recommendations began with the hiring of a Facility Manager during 2011. The Facility Manager has begun the process of improving capital asset tracking, identifying the condition of such assets, gathering information about the useful life, capacity, and maintenance history of the County's capital assets. Further progress will likely require the purchase of a capital asset tracking and maintenance software such as that currently in use by the Water and Sewer Department. Once capital asset information is obtained, and the matters requiring attention are identified and prioritized, a list of immediate action items will be presented to the Commissioners to be prioritized and scheduled. In addition, capital plans for new facilities, additions or remodels can be finalized. In addition to beginning improved capital asset management in 2011, the County also embarked on a space consolidation study which will enable Commissioners to improve the use of property the County already owns. Finally, in the 2012 county budget process, Commissioners are asking departments to identify capital needs for calendar 2012-2016 so that sound financial planning, budgeting and priorities can be established now. The plan will include a replacement schedule of existing capital assets, identification of additional capital plans for facilities, and identification of potential funding sources.

The Performance Audit recommends the County add provisions to its debt management policy in order to keep decision makers informed of the County's debt situation and the limits on the County's ability to borrow. Butler County is aware of its higher than average debt load. Having said this, however, the County feels Commissioners deserve credit for making the decision to address future capital needs of the County now through the construction of a Government Services Center and parking facility to house county courts and offices as well as building a state-of-the-art county jail in order to solve a persistent lack of jail space to house offenders and thereby bring an end to the revolving door criminal justice system that releases one prisoner early in order to detain another. While Butler County incurred debt, that debt resulted in the construction of county-owned facilities office space which, in the case of office space, enabled it to stop leasing space, and, in the case of jail space, positioned the County to lease surplus jail space to the federal government and other Ohio counties and thereby create a new revenue source. The County believes it has acted

prudently to address future needs now. A debt management policy is in place to ensure that existing debt is retired. Substantial general fund supported debt that will be maturing in the next 5 years.

Human Resources

The Performance Audit recommends the county employees' share of the county's group medical, dental and prescription insurance plan be increased so that employees bear a larger share of the plan's overall cost. Commissioners have already acted upon this recommendation during 2011 by allocating the entire 3.9% premium increase for the 2012 renewal to the employee share of the cost. The changes made during 2011 will cause the average employee share of the overall premium for combined medical, dental and prescription insurance program to be 20% of the plan's cost which is in line with studies the State Auditor has presented. Bearing in mind that the low priced premium of the County's group insurance plan has been cited as an outstanding achievement by the Performance Auditors, the County feels it has exceeded expectations on this topic.

The Performance Audit recommends that certain provisions in collective bargaining agreements be renegotiated to promote consistency and efficiency. Ohio law charges Commissioners, as the county legislative authority, with ratifying more than a dozen collective bargaining agreements. Some of these agreements are entered into with a bargaining unit whose members are within the Commissioners appointing authority and thus subject to a negotiation process controlled by Commissioners (for example, the County Care Facility, Job and Family Services, Maintenance, Water and Sewer, Building and Zoning). In other instances, the Commissioners ratify collective bargaining agreements for bargaining units over which they have no authority including: (1) county agencies, (such as the Board of Developmental Disabilities), and (2) bargaining units employed by other elected county officeholders (including, for example, the Sheriff, the Clerk of Court, and the County Engineer). While the Board agrees to pursue the Performance Audit's uniformity of terms recommendation and intends to pursue it, doing so presents a daunting challenge as certain bargaining units still (subject to the outcome of the referendum on Senate Bill 5 in November) possess the right to conciliate agreement terms- a process in which a neutral arbitrator chooses one side's proposal or the other as the governing agreement language.

The Performance Audit recommends a comprehensive study be undertaken of the County's salary structure and the system used to guide decision regarding employee compensation. The Commissioners have attempted to take the lead on this recommendation by undertaking the Clemans Nelson & Associates Classification and Compensation study for the employees of the County Commissioners' offices and departments. In the CNA study final report, which was delivered in February 2011, Commissioners received: (1) a classification plan which presented a uniform set of Position Descriptions for both the classified and unclassified non-bargaining employees of the Commissioners' offices; and (2)

an internal and external pay study for the position descriptions the CNA study covered. Attendant to the CNA study, Commissioners have adopted an approach to compensation which eliminates automatic step increases in favor of a performance-based compensation structure. The challenge now is to expand upon this beginning by having other county elected officials and county boards and commissions join the Commissioners by undertaking and completing a similar study.

The Performance Audit recommends measuring the cost of sick leave and working to reduce the amount used by County personnel. The County is working on improving the monitoring of sick leave and better monitoring through county offices acquiring and using a Kronos employee timekeeping system. Once that system is operational, sick leave can be easily measured, monitored, and hopefully reduced through a variety of reporting capabilities in the software. Within the Commissioners' offices, each Commissioner department will submit its payroll to the Human Resources Department for review and eventual submission to the County Auditor. This multi-level review process is intended to more closely monitor and assist in reducing sick leave.

The Performance Audit recommends all County offices develop a single County-wide personnel policy. The Commissioners have adopted a Personnel Policy Manual for Commissioner Offices and departments and make it available to all county offices for adoption. Commissioners agree that a uniform county-wide personnel policy manual for every county employee would be simpler if such a manual's terms can be agreed upon by all interested parties. However, it must be borne in mind in trying to achieve uniformity that collective bargaining agreements often have terms which are different from personnel policy manuals and matters of unique importance to a particular bargaining group and that some portions of the County operation are twenty-four (24) hour a day seven (7) day a week operations which creates unique staffing problems.

Administrative Offices and Departments

The Performance Audit recommends the County increase communication of basic operational data and reduce siloing and resource competition among offices. The Board of County Commissioners is committed to improving openness, communication, and information sharing between and among all county offices, departments and agencies. The County has begun publishing monthly reports on the County's financial condition and sharing those reports with elected officials and other county offices and department. In an effort to reduce resource competition, a centralized purchasing department has been created so that commonly used items and materials can be purchased from a single source at the most effective price. Other opportunities for centralized services have been made available in the state budget bill, HB 153, and Commissioners in consultation with other office holders are studying when, where, and how to implement the county centralized services now allowed by R.C. 305.20.

The Performance Audit recommends the County adopt a policy and procedure for expending DTAC funds. Since the Commissioners have no authority over the expenditure of DTAC funds and since the Butler County Treasurer's Office and the Butler County Prosecutor's Office have developed appropriate procedures for the expenditure of DTAC fund in accordance with the Ohio Revised Code, the Commissioners believe this recommendation has been addressed and resolved already.

The Performance Audit recommends the County develop a policy and procedures to budget expenditures between the general and special revenue fund. A policy for allocating expense between the general and special funds is under development and a draft has been circulated but not adopted. In an effort to develop a sound allocation policy, requests for a sample policy have been made of other Ohio counties, the Auditor of State's office, and a Butler County municipality which operates four different utilities in addition to having a General Fund. The results have been informative. Butler County understands the County General Fund is the payment source of last resort for all valid public expenditures and that the use of special fund monies to pay expenses must be consistent with the purpose(s) for which each special fund was established. This policy under development attempts to create a mechanism which predicts what the allocation between general and special revenue funds for a budget year are anticipated to be and then provides for a true up at year's end. The Butler County Water and Sewer Department has developed an allocation policy based on the water and sewer systems' assets and what is anticipated to be needed each year to meet operational needs for each system. Whether such a system could be adapted for the entire county is under consideration and has not yet been determined.

The Performance Audit recommends contracting with a private third party for the County's record management services instead of operating a county records department. The Butler County Records Center was established over a decade ago in order to address the large volume of paper records created and accumulated by county offices. With the advent of electronic technology, paper record keeping has evolved into electronic imaging and image storage, thereby reducing the space needed for record storage. Butler County has done so well in reducing its paper records to electronic images that discussions are underway to remove records from leased storage space for the 3rd floor of the Butler County Courthouse. While various alternative proposals have been voiced for operating the county's records management system, not all may be legal. After all, some of the records kept involve evidence of crimes and confidential information. Consequently, the Commissioners have asked the County Prosecuting Attorney to provide lawful and cost-effective alternative mechanisms for operating the county's record management system.

The Performance Audit recommends the County restore the Automatic Data Processing Board to ensure coordination of IT hardware and software, as well as network management; improve the safeguarding of County data; and reduce IT costs to the County.

The former County Automatic Data Processing Board was dissolved in 2008. In 2011, the Board of Commissioners reorganized the Butler County Information Services Department to provide a better opportunity for departmental collaboration, hopefully advance the improvement and development of county technology capability, and increase efficiency while safeguarding all data. Since that time County offices and agencies have continued the past practice of utilizing the County Information Services Department to receive recommendations, quotes, and for the purchasing and installation of hardware and software.

The Performance Audit recommends the County implement a county-wide IT disaster recovery and business continuity plan and appropriate investments in redundant systems to ensure the security of its data. A strategic County-wide IT disaster recovery plan has been developed and continues to be fine tuned in a collaborative effort between all county offices, agencies and departments. This initiative is moving forward due to the expectation that funding will be provided in the 2012 budget. The Board of Commissioners has identified a disaster recovery plan as a top priority. Preliminary cost figures have been gathered and are ready for presentation.

The Performance Audit recommends the County implement recommended practices for software management on a County-wide basis to ensure optimal pricing and utilization of its existing software, as well as license compliance and eliminating the installation of software that may be a security risk or unlicensed. The Butler County Information Services Department utilizes the Cooperative Purchasing Program through the Ohio Department of Administrative Services to leverage volume discounts and savings on computer hardware, software, supplies and services. Butler County Information Services also accounts for and monitors the software systems for departments under its authority and will continue to evaluate the recommendations of County-wide asset management system. The passage of House Bill 153, which enables centralized purchasing which can be used to advance centralization of computer hardware, software, supplies and services, has been put to work already in connection with the purchase of computers for county offices and gaining volume discounts. Carrying out this recommendation will also require improving communication of software needs to Information Services and cooperation in the purchasing process.

Public Safety and Criminal Justice

The Performance Audit recommends the County undertake efforts to improve transparency and accessibility to critical staffing and workload information among the Sheriff's Office, stakeholders, Commissioners, and other elected officials and to undertake efforts to improve transparency and cost-effectiveness in the provision of contract services.

Communication by and among elected officials and Commissioners and between Commissioners and agencies and departments is critical to the efficient provision of government services. The Commissioners have always and will continue to reach out to officeholders, inquire, listen, and offer programs and services in a genuine effort to improve

communication and cooperation. Progress is being made. The County is working on providing common multi-office tools, such as Kronos software, which, through communication, will improve information tracking, accessibility, and communication necessary for efficient government services.

The Performance Audit recommends the County undertake efforts to improve transparency and cost-effectiveness in the provision of contract services. Efforts at addressing this recommendation have been undertaken through the competitive bidding and awarding of inmate foods services as well as inmate social and rehabilitative services provided at all of Butler County's Jail facilities. However, efforts have not stopped there. The Sheriff and Commissioners cooperated to competitively bid and award contracts for maintenance and repair services for HVAC, plumbing, electrical, and snow removal services at Butler County detention facilities.

Appointed Commissions, Authorities, and Departments

Board of Elections

The Performance Audit recommends the County consider replacing direct recording electronic voting machines with optical scan machines. In the fall of 2011, the Butler County Prosecutor reached an agreement with the computer system vendor used by the Board of Elections. As a result, the Board of Elections will receive electronic poll books and software system upgrades, which are anticipated to be implemented in 2012. This will provide improved efficiency and data accuracy. As a result of this settlement, the annual cost of holding elections is estimated to be reduced by hundreds of thousands of dollars.

The Performance Audit recommends the County reduce the cost of poll worker training by developing and using alternate training methods. Butler County will examine alternative methods of poll worker training to see if efficiencies can be achieved. The Board of Elections has already reduced the cost of elections by relocating the number of voting locations and placing them all in public places where there is no cost associated with use of the facility on Election Day. As a consequence of reducing the number of polling places, the number of persons who must be trained has been reduced from 1600 to 1250. An additional reduction in poll worker expense has come about by virtue of a change in Ohio law which allows public employees to serve as poll workers at their regular rate of pay on election date instead of reporting to their regular work assignment. Poll worker training cost has been further reduced by training larger groups of persons per class and conducting training over two weeks instead of three causing the cost of poll worker training to decline from \$40,000 in 2010 to an estimated \$15,000 to \$20,000 this year. Further savings are being achieved in connection with the printing of poll worker manuals by using the secretary of state's poll worker material at a printing cost of only \$3,500 instead of locally printing poll worker manuals costing \$5,000-\$10,000. The policy on poll worker compensation has also been changed to provide that a poll worker who does not work Election Day is not paid for Election

Day or for being trained. Finally, the Board of Elections has secured an ADA grant for election facilities of \$4,000.

Public Works

The Performance Audit recommends the County identify County facilities, track office space utilization, and calculate square footage costs to better manage vacant and underused space. The County has engaged an architectural firm to undertake a comprehensive facility and space utilization study. The initial focus has been on seeking alternate locations to house county operations which now use leased space so that rent liability can be reduced immediately. Potential leased space under consideration for relocation includes the Law Library, Adult Probation Department and Records Storage Facility. The facility and space study report will provide recommendations for space utilization in addition to an accurate County-wide facility inventory. With the collaborative efforts of the facility manager and purchasing/contracting manager, a comprehensive long-term plan for the occupancy of county owned and leased buildings will be developed.

The Performance Audit recommends the County conduct building audits and incorporate information from such audits into a comprehensive capital planning process. During 2011, the County's property and casualty insurer (CORSA) engaged Industrial Appraisal to visit, inventory, and complete an appraisal (for insurance purposes) of all the County's capital facilities. Industrial Appraisal provided the County with electronic and hard copies of its work. So the County now has a comprehensive audit of its capital assets. To build upon this start, the Facility Manager has attended several software demonstrations of maintenance management systems. Evaluations of the systems are underway and a request for funding and purchasing of a computerized maintenance managing system is expected to be included in the 2012 maintenance department budget request.

The Performance Audit recommends the County adopt a County-wide energy conservation program specifically targeted at County facilities and workspace. Butler County has been and remains energy conscious. When federal money was recently made available for energy efficiency upgrades, Butler County took advantage. It received a federal energy efficiency conservation block grant in the amount of \$1,885,000 which was used for improvements to five (5) county buildings and included replacements of building heating and temperature control systems, windows, and doors. As a result of the improvement made with this grant, the expected annual energy savings at each facility is expected to be 10%. In addition, an energy efficiency analysis has been made a separate part of the space study previously mentioned (that is underway).

The Performance Audit recommends the County develop a program to centralize vehicle maintenance across the County. The Department of Water and Sewer operates a four-bay vehicle maintenance and repair garage with lift facilities and two ASC certified mechanics at its LeSourdesville Treatment Plant. The Engineer also provides mechanic's services for his fleet as does the Department of Developmental Disabilities. A study of the

County's vehicle maintenance expenses and the extent to which using these facilities and services could satisfy all the county's routine maintenance needs is being considered.

The Performance Audit recommends the County centralize fuel management, oversight, and procurement. In September of 2011, the County's fueling station lease expired and the facility is scheduled to be demolished in accordance with applicable state and federal environmental standards. Before the lease expired, the County studied whether it would be more economical to lease a new fueling point, utilize the City of Hamilton's fueling point, build a new fueling point belonging to the County, or utilize the existing fueling points operated by the County Engineer or Water and Sewer. The Water & Sewer Department and the Engineer's Office operate their own fuel depots because of the cost savings realized by the decrease of employee time and fuel usage required to access proposed alternate fuel locations. A similar analysis was completed for the remaining offices. After concluding that requiring all county vehicles to travel to a single fueling point would be counterproductive because it would create County employee lost time while driving to and from the fueling point, the County concluded that the most cost effective manner of fueling county vehicles is through the issuance of gas cards which can be used in the locale where the county vehicle is in use. Gas cards are similar to credit cards in that they can be used at multiple fuel sources throughout the County.

The Performance Audit recommends the County adopt fuel conservation incentives. Commissioners are currently considering the extent to which the creation and use of a county automobile fleet using retired sheriff's vehicles would result in fuel cost savings when compared to paying employees the IRS mileage reimbursement rate for use of employee's personal automobiles. As more useable retired vehicles become available, this fuel conservation program's benefit can be more fully analyzed.

Issues for Further Study

The Performance Audit suggests further study be performed on the following subjects:

- (1) The numbers of autopsies and investigations performed by the Coroner's office.**
- (2) The existence of any overlap between MetroParks, OSU extension, Solid Waste District, and Soil and Water Conservation.**
- (3) The possible consolidation of the transportation program offered by Veterans Services with other transportation programs.**
- (4) The identification and continued providing of discretionary services by the Sheriff's office.**
- (5) The Butler County Engineer's bare pavement policy in response to snow fall events**
- (6) The combining of three county departments- Job and Family Services, Children Services and the Child Support Enforcement Agency- into one.**
- (7) The combining of the Mental Health Board with the Alcohol and Drug Addiction Services Board.**

The Commissioners appreciate and take these suggested cost savings seriously and intend to explore them immediately. The first step will be to open lines of communication with the elected official involved during the upcoming 2011 budget hearings. Budget sessions offer an opportunity to open dialogue about the identified "Issues for Further Study". The Commissioners, in collaboration with the various elected officials, can determine whether matters require further study, development of a policy, or are supported by the public. For example, does the public want or expect a bare pavement policy on County Roads after a snow fall or would it except something less? Goals and priorities can be established based on efficiency, and savings achieved by implementation of the study suggestions. Other issues that need to be considered are benefit or detriment to the public, initial and continuing costs, and a thorough review of alternate solutions.

The Commissioners would like to thank the State Auditor for its extensive and probing examination of the County's operation and its many and varied suggestions for improving the County's provision of services in the future. Self-criticism and self-examination is not always effective at accurately capturing the weaknesses in what is being done currently and what can be done to better serve the public in the future. The County feels this performance recommendation has been beneficial and will produce cost savings in the future.

Charles R. Furmon
Donald L. Dixon
Cindy Carpenter

Butler County Commissioners

Memorandum

To: Danielle M. Lorenz, State Auditor's Office

From: Ray Pater, Executive Director Butler County CSEA

Re: Possible Merger of JFS, CS, and CSEA

Date: October 31, 2011

The State Auditor's performance audit discusses the possibility of combining Job and Family Services, Children Services and Child Support. However, the State Auditor does not give a specific recommendation on whether to combine or not combine, but rather lists the advantages and disadvantages of combining. The performance audit advises the County Commissioners to evaluate these advantages and disadvantages.

From the perspective of the CSEA, combining agencies would have devastating financial effects and no significant advantages. You will find our response to each of the advantages as outlined in the performance audit below.

1) Funding flexibility and access, especially TANF funding

With the current cuts to the TANF budget, there is no extra money for child support. The Butler County CSEA has never relied on TANF money and does not expect to in the future as these funds are needed for the JFS program.

2) Reduced turf issues over funds and resources

There are no turf wars over funds and resources between CSEA and JFS. Combining the agencies could actually lead to turf wars as the CSEA would pick up costs of JFS administrative personnel who would not be handling child support matters.

3) Improved Comprehensive Decision Making

The JFS and Child Support Programs have two entirely different missions and functions, thus there would be no comprehensive decision making.

4) Potential Cost Savings Resulting from reduction in personnel

The Butler County CSEA is extremely streamlined and our job functions are entirely different than JFS. There are only four administrative staff at the CSEA. If any of these individual's expertise is needed in the future to assist JFS or CS, a memorandum of understanding can easily be adopted by the commission.

5) Multi-discipline approach to serving consumers as one agency

The main advantage of a multi-discipline approach to serving consumers as one agency would be the sharing of innovative ideas and good business practices. This would not require a merger. An atmosphere of partnership and respect is already in place amongst JFS, CS, and CSEA, and any innovative business idea that would increase efficiency and decrease costs is already shared amongst the agencies.

6) Reduced Client Overlap

Any customer who receives OWF (TANF) benefits has to cooperate with child support, so combining the agencies would not reduce any client overlap.

7) Reduced Duplicate Costs in Addressing Family needs

The Butler County CSEA establishes paternity and support orders and enforces the support orders. JFS does none of these functions. There are no duplicate costs.

8) Enhanced productivity through shared data and information systems

Due to IRS confidentiality laws, even if the agencies were combined, the sharing of information would be no different than what currently exists.

9) Shared Best Practices

If any of the agencies come up with a best practice idea, the other agencies can always implement the idea without a merger taking place.

10) Potential cost savings resulting from co-locating or combining facilities

The CSEA and JFS both utilize their entire respective floors in the Butler County Government Services Building, thus there would be no cost savings in combining the agencies.

11) Greater Consistency

With both programs providing entirely different services, consistency is not a factor.

12) Increased Transparency

Combining the agencies would lead to no further transparency. The Butler County CSEA already provides any and all information that it can to the public about cases and the program as is permissible under current law.

The State Audit lists disadvantages for combining JFS, CS, and CSEA. Of the disadvantages listed, there are three that need further explanation to show just how much of a drawback it would be for the Butler County CSEA to combine.

1) Potential increase in administrative costs due to shared cost allocations

This is the biggest disadvantage for the CSEA to combine with JFS and CS. Financial Manager Donna Williams calculated the shared transfer costs to the CSEA based upon estimates received from the state office of fiscal services and Barbara Fabelo of BCJFS. Based upon current expenditures and revenues, which can drastically change for a number of reasons including inflation, health insurance increases, decreases in federal and state contributions and many other factors, the cost to the CSEA is \$434,892.24 annually. This amount would be transferred out of our CSEA fund and not available for the IV-D (child support) program. Projections show this will decrease our fund balance by \$156,474.23 the first year and \$131,188.90 thereafter, assuming all current funding streams stay the same.

There has been serious talk on the federal level to lower the Federal Fiscal Participation Rate from 66% to 50%. If this were to occur, in addition to the increase in the shared transfer costs, the CSEA would be facing approximately a \$250,000 deficit within two years. Add to this loss the uncertainty of the State's funding (often cut even in the middle of a budget cycle) and the entire economic uncertainty of the country, and a merger would leave the CSEA in a precarious financial situation.

With a merger, the CSEA would be picking up part of the salaries of the administrative staff of the larger JFS and CS – positions that do not have anything to do with the running of the CSEA. The CSEA has streamlined its administrative staff tremendously throughout the past six years to endure the budget cuts that the agency has received on both the Federal and State levels. Currently, there are only four administrative positions left at the CSEA, each position necessary for the running of the agency and would be still be needed even after a merger. If any of the talents of the four remaining administrative positions can be used at JFS or CS, a simple memorandum of understanding could be done with the other agencies to pay for any services that these employees might do.

The CSEA is already operating at almost 2/3 staffing level despite a growing case load. In 2005, the CSEA caseload was approximately 26,000 with an FTE of 88.23. Currently, the CSEA caseload is approximately 29,000 with an FTE of 65.17. Any change in the federal and state funding streams and the CSEA could be potentially looking at layoffs of an already diminished staff.

These changes would undoubtedly also have a negative impact on JFS. As CSEA staff levels diminish and our caseload increases, JFS would then see an increase in their caseload as parents who would not be getting the child support that they need would be turning to welfare to compensate for their financial loss.

On a broader level, a merger does not make ideological or fiscal sense. For every dollar that the CSEA spends, the CSEA brings in \$13.91 for the children of Butler County. For every \$4 spent on child support, \$5 is saved on other social services. If a child support order is established for a family receiving IV-A or IV-E (welfare) assistance, they will go off those benefits three times faster than those with no order. *

2) Collective Bargaining Unit Issues

The Butler County CSEA currently has no collective bargaining unit. A merger would almost certainly mean another union within Butler County.

3) Potentially Large-Up Front Cash Payouts for Unused Vacation, Compensatory and Accumulated Sick Leave Time

The CSEA would be paying out large lump sums of money of which it cannot afford.

Lucas County Feasibility Study

The State Auditor's office recommended that the Butler County Commissioners take a look at *the Lucas County Feasibility Study to Merge Jobs and Family Services, Children Services, and Child Support Enforcement*, as well as the success of Cuyahoga and Montgomery counties regarding their mergers.

In looking at the Lucas County study, the study listed two reasons not to consider a merger: **1) a desire to reduce staff**, and **2) to heal the financial woes of an ailing agency**. The Lucas County study specifically states that "all three agencies must come into the merger *whole* — a merger cannot be expected to save an agency that has ongoing financial problems." In the end, the Lucas County CSEA was not merged with their JFS and/or CS. A merger in Butler County would have a small positive financial impact on JFS, but put the CSEA in an extremely challenging financial situation. Therefore, two agencies would be in financial peril, not just one.

From a performance perspective, the merged counties of Montgomery and Cuyahoga are not as successful as the independent Butler County CSEA. Collection of current support cases and collection on child support arrearages went down for FFY 2010 as compared to FFY 2009 for both of these counties. However, the Butler County CSEA improved in both of these areas.

In conclusion, from the perspective of the CSEA, the merger of JFS, CS, and CSEA would not be a wise decision. Since late 2005, when the Butler County CSEA first learned that the federal budget would be cut by approximately \$1.6 million dollars (approximately 1/3 of their operating budget), the agency has taken steps to ensure that we can continue to operate. Every aspect of the operations of the CSEA has been studied and continues to be studied as to how to improve efficiency and cut costs. CSEA customers have been trained to be more self-serving, and the CSEA has worked hard in developing an award-winning website that helps CSEA customers become more self-sufficient. Employees

have also been cross-trained to learn and take on additional duties and any excess administrative costs have been cut. Since 2007, the CSEA has implemented a hiring freeze, and has only replaced a couple key positions. We have also lobbied diligently at the state level to prevent more funding cuts.

Furthermore, the free-standing agencies across the state have been able to weather the financial crisis a lot more efficiently than the combined CSEAs.

* *Congressional Budget Office, Federal Office of Budget & Management, Federal Research Service, Health & Human Services Office of Child Support
Urban Institute
Ohio Department of Job and Family Services, Office of Child Support*



October 27, 2011

Ms. Danielle Lorenz
Senior Audit Manager
Auditor of State, Performance Audit Section
Lausche Building, 12th Floor
615 West Superior Avenue, NW
Cleveland, OH 44113

Dear Ms. Lorenz:

This is in response to the Butler County Performance Audit dated June 29, 2011, page 12, BCEO – Bare Pavement Policy.

I appreciate the fact that the State Auditor is looking for ways that the Butler County Engineer's Office (BCEO) may become more efficient with the revenues received. The Auditor suggests that we could save money by refining our bare pavement policy. As we state in our organizational Mission Statement, the BCEO is dedicated to "maintaining the safest, most efficient roadway network possible for the citizens of Butler County." Our experience here in southwest Ohio tells us that bare pavement is important to the users of our county roadways. We closely monitor this via our staff as well as through telephone calls and emails received from the public, opinions in the newspapers, and comments from township trustees and city officials. It is important that we facilitate a safe, efficient flow of traffic in order to move commuters, products, and emergency services to their destinations without interruption. It is also noteworthy that the township, city, and ODOT administrations located within the county borders expect that level of service because they are instituting the same bare pavement policy.

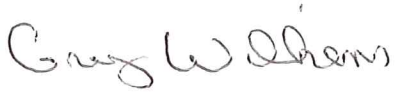
The BCEO is always focused on saving money and providing the best results for our taxpaying citizens. Some examples of how we've done this recently include using brine to pre-treat the roads prior to winter storms instead of using salt. Brine costs less and we don't waste 30 percent of the salt in ditches as a result of scatter. This saves us up to \$35,000 per year. We are also planning to mix brine and beet juice instead of using calcium to pre-wet the salt at the spinner. In the past this was not an option because the beet juice was a patented material costing too much. Last year the patent expired and the cost became competitive. We've also worked out an agreement with the townships and cities close to the roads farthest away from our salt dome to refill our trucks so they don't have to drive back empty, refill, and go back out. Again, this saves time and money allowing us to operate with greater efficiency.

With the above-noted cost savings in mind, I'd like to point out that our bare pavement policy does in fact mean that we strive for clear and snow-free pavement as quickly as possible during and following winter storms. This is the expected standard by motorists in southwest Ohio where accumulating snow is not always frequent and warmer temperatures play a role in melting. The communities and states which you have cited on page 12 of the Performance Audit – Minnesota, Michigan, New Hampshire – do not constitute a fair and reasonable comparison to southern Ohio when it comes to winter climate. They

are located well north of here, in much colder, snowier regions where motorists are accustomed to driving on snow-packed roadways. Our citizens do not experience these conditions with any regularity. Therefore, expecting them to drive on snow and ice covered roads in a safe manner would not be an appropriate response from our office.

I am confident that we have worked hard to provide our public with a proper balance of safe and bare roads while always employing the best means to do so with less money. I would welcome the opportunity to meet with you and elaborate on how we are constantly working to provide the best snow removal operation in the most cost-effective way possible.

Very truly yours,

A handwritten signature in cursive script that reads "Gregory J. Wilkens". The signature is written in black ink and is positioned above the typed name.

Gregory J. Wilkens, P.E., P.S.
Butler County Engineer

**Butler County Alcohol and Drug Addiction Services Board
Performance Audit Comment**

**By John Bohley, Executive Director
Butler County ADAS Board
November 16, 2011**

Combining Mental Health and Alcohol and Drug Addiction Services Boards (An Issue for Further Study, pp. 14-15)

According to Senior Audit Manager Danielle Lorenz, “Our audit staff were specifically asked to look at the potential to combine or streamline services for the County as a whole.... As such, we considered/worked with peer agencies where the ADAS and MH Boards were combined.... Based on fixed audit funds, we did not have the opportunity to review the alternative (maintaining separate boards).” Therefore, in order to support a thorough review of the issue, I would like to provide a complementary perspective.

I begin with a couple brief comments:

1. While we need to be committed to efficient use of public resources regardless of the specific funding source, it should be noted that neither the ADAS Board nor the Mental Health Board uses county general revenue funds for board administrative expenses. The only county general revenue funds received by the ADAS Board are for drug court with none of these funds retained by the ADAS Board for administrative expenses.
2. It should be clearly understood that the ADAS Board strongly disagreed with the Mental Health Board’s estimate of anticipated savings from consolidation. The ADAS Board believed that the annual operational savings to be achieved were much more modest and that there would be significant offsetting one-time transitional costs. In addition, efficiencies achieved more recently by the ADAS Board may not transfer to a combined organization and effectiveness in securing alcohol and drug-related grant resources may be compromised especially if alcohol and other drug expertise and focus become diluted in a consolidated organization.

My remaining comments are focused on three themes: 1) the benefit or value of an ADAS Board (with a disadvantage of consolidation being the potential dilution of this benefit or value), 2) potential cost savings related to board consolidation, and 3) timing considerations.

Benefit or Value of an ADAS Board

Our perception is that the benefit or value of an ADAS Board has not been captured in the performance audit report.

An ADAS Board is a highly-specialized sharply-focused community board in which

1. addressing alcohol and other drug issues is the driving passion,
2. expertise in drug and alcohol issues is cultivated in the administrative, program, and policy areas,
3. the board members, executive director, and staff are focused exclusively on alcohol and other drug issues,

4. the board members, executive director, and staff access information sources and cultivate professional relationships at the local, state, and national levels specific to alcohol and other drug issues, and
5. the top and sole priority of the organization is addressing alcohol and other drug issues.

In a combined mental health and alcohol and drug addiction services board in Butler County, alcohol and drug addiction services would account for less than 20% of the organization's total budget. In such a combined board, the board members, executive director, and the staff obviously could not focus exclusively on alcohol and drug issues. In such a combined board there is the danger that the benefit and value of a highly specialized and sharply focused ADAS Board will be diluted.

A recent situation may serve to illustrate the value of a specialty, single-focus ADAS Board. In March of this year, the Ohio Department of Alcohol and Drug Addiction Services awarded prevention grants to reduce high risk use of alcohol and other drugs among 18 – 25 year olds. These multi-year grants for over \$500,000 each were awarded on a competitive basis to 13 community boards responsible for alcohol and drug addiction services. All 3 of the current ADAS Boards applied for these funds and were successful in being awarded grants. 28 of the 47 combined boards in the state didn't even apply for the funds. The remaining 19 combined boards applied and 10 were successful. All 50 boards were eligible to apply for these funds but more than half of the combined boards didn't make applying a priority. Obviously, applying for these funds was a priority for our ADAS Board and for other ADAS Boards but not for many of the combined boards.

The single focus, specialty expertise, and consequent professional networking focused on alcohol and other drug issues as well as access to information provide Butler County with a COMPETITIVE ADVANTAGE *vis a vis* other counties in seeking and securing federal, state, and regional grant funds from outside Butler County. In recent years, the ADAS Board has been very successful in supplementing regular funding from ODADAS with a range of alcohol and drug addiction grant funds. Certainly, combined boards are eligible to apply for these same funds. However, as mentioned above, applying for such funds is not always a priority for combined boards. In short, our track record of securing such funds compares quite favorably to most combined boards.

Since the focus of the performance audit is financial, I emphasized financial benefits of a specialized single focus ADAS Board. Of course, there are other benefits related to having such a highly specialized sharply focused board. Specialty alcohol and other drug expertise and professional networking drive ongoing commitment to quality improvement, research-based treatment and prevention initiatives, and cross-system collaborations to address alcohol and other drug abuse problems that cut across the spectrum of community agencies and county departments.

Potential Cost Savings Related to Board Consolidation

The ADAS Board analysis of the potential financial impact of board consolidation differed markedly from the Mental Health Board's analysis. The ADAS Board analysis at the time of the discussions between the two boards envisioned that board consolidation could result in the possible reduction of one FTE and possible space cost savings. However, it should be noted that one-time costs to make the transition to a consolidated

board could exceed hundreds of thousands of dollars (for example, severance, unemployment, accrued leave, multi-year leases, space preparation, relocation, etc). Less tangible one-time costs include legal time, personnel time, and opportunity costs. In addition, a key danger of board consolidation is the potential dilution of alcohol and other drug expertise, focus, networking, and priority status with a consequent reduction in capacity to seek and acquire diverse sources of alcohol/drug specific grant funding. As mentioned above, the ADAS Board provides Butler County a competitive advantage for securing out-of-county funds and has been very successful in securing numerous competitive grant awards in recent years.

It should be noted that the financial analyses referenced above were conducted more than a year and a half ago. Since then, conditions have changed at both boards. The ADAS Board has achieved added efficiencies through existing ADAS Board staff assuming responsibility for IT functions previously outsourced and through serving as the fiscal and administrative agent for the growing Butler County Coalition for Healthy, Safe, and Drug-Free Communities. Through this cost-sharing arrangement, two organizations with highly compatible alcohol and drug-focused missions share space and other administrative costs.

The ADAS Board remains committed to continuing to explore and pursue efficiency enhancement opportunities (such as shared cost arrangements, co-location of services, consolidation of administrative functions across organizations, etc.) and hopes to do this while retaining its separate identity and the value of an ADAS Board as a sharply-focused organization specializing in addressing the alcohol and other drug needs of the people of Butler County.

A national federal grant-supported research project conducted by the Avisa Group (2005; update 2009) studied the organization of state-level addiction agencies and the implications of different organizational configurations. The study's update of March 2009 touched on the cost implications of mergers as well as the loss of alcohol and other drug specific expertise in mergers: "Few, if any data, have emerged that indicate that merging state substance abuse agencies within larger super agencies actually saves money or provides efficiencies.... In addition, the disadvantages of sub-mergers remain and staff devoted to or expert in substance issues at the state or county level continue to be reduced."

Timing Considerations

We are living and working in a time of potentially radical broad-based changes which can have a profound impact on community boards addressing mental health and/or alcohol and other drug issues in Ohio. It is likely that such community boards will change dramatically over the next couple years or so as healthcare evolves, as Medicaid is transformed in Ohio, as state-level organizational structures change, and as efficiencies are explored through regionalizing strategies as well as through local cross-system reorganization.

As the broader healthcare landscape evolves and as the role and functions of community boards are clarified, the ADAS Board stands committed to aggressive pursuit of appropriate enhanced efficiencies so that our services can be as effective and efficient as possible and deliver the highest value to our citizens.



Dave Yost • Auditor of State

BUTLER COUNTY FINANCIAL CONDITION

BUTLER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 15, 2011