



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of the Greenon Local School District,

At the request of the Ohio Department of Education, the Auditor of State's Ohio Performance Team conducted a performance audit of the District to provide an independent assessment of operations. Functional areas selected for operational review were identified with input from District administrators and were selected due to strategic and financial importance to the District. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the District's overall efficiency and effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management.

The District has been encouraged to use the management information and recommendations contained in the performance audit report. However, the District is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

SkinnyOhio.org: This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

This performance audit report can be accessed online through the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State
September 24, 2015

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Executive Summary

Purpose and Scope of the Audit

The Ohio Department of Education (ODE) requested and funded this performance audit of the Greenon Local School District (GLSD or the District). ODE requested this performance audit with the goal of improving the District's financial condition through an objective assessment of the economy, efficiency, and effectiveness of its operations and management. See **Table 1** and **Table 2** in **Background** for a full explanation of the District's financial condition.

The following scope areas were selected for detailed review and analysis in consultation with the District, including financial management, human resources, facilities, transportation, and food service. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as generally accepted government auditing standards (GAGAS).

OPT conducted this performance audit in accordance with GAGAS. These standards require that OPT plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

This performance audit provides objective analysis to assist management and those charged with governance and oversight 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.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources including; peer comparison, industry standards, leading practices, statutory authority, and applicable policies and procedures.

In consultation with the District, two sets of peer groups were selected for comparisons contained in this report. A primary set of peers was selected for general District-wide

comparisons. In addition, a peer group was selected for a comparison of compensation, benefits and bargaining agreements (referred to as surrounding districts). The following table contains the Ohio school districts included in these peer groups.

Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Edison Local School District (Erie County) • Fairland Local School District (Lawrence County) • Johnstown-Monroe Local School District (Licking County) • Keystone Local School District (Lorain County) • Lakeview Local School District (Trumbull County) • Northwestern Local School District (Clark County) • Ontario Local School District (Richland County)
Compensation, Benefits, and Union Contract Peers (Surrounding Districts)
<ul style="list-style-type: none"> • Cedar Cliff Local School District (Greene County) • Clark Shawnee Local School District (Clark County) • Fairborn City School District (Greene County) • Southeastern Local School District (Clark County) • Tecumseh Local School District (Clark County) • Xenia City School District (Greene County) • Yellow Springs Exempted Village School District (Greene County)

Where reasonable and appropriate, peer and surrounding districts were used for comparison. However, in some operational areas, industry standards or leading practices were used for primary comparison including: the American Association of School Administrators (AASA), the Florida Office of Program Policy Analysis & Government Accountability, the Government Finance Officers Association (GFOA), the National Center for Education Statistics (NCES), the National Food Service Management Institute (NFSMI), the Ohio Department of Administrative Services (DAS), the Ohio Department of Education (ODE), the Ohio State Employment Relations Board (SERB), and the American School and University Magazine (AS&U). Compliance with pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed.

The performance audit involved information sharing with the District, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the District of key issues impacting selected areas, and shared proposed recommendations to improve operations. The District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the elected officials, management, and employees of the Greenon Local School District for their cooperation and assistance throughout this audit.

Summary of Recommendations

The following table summarizes performance audit recommendations and financial implications, where applicable.

Summary of Recommendations

Recommendations		Financial Implications
R.1	Freeze classified salary schedules	N/A
R.2	Eliminate 1.0 FTE office/clerical position	\$40,800
R.3	Reduce sick leave and early retirement severance payout provisions	\$124,600
R.4	Reduce 2.0 FTE building and grounds staff	\$88,600
R.5	Develop a comprehensive preventive maintenance plan for facilities	N/A
R.6	Right-size the active bus fleet	\$69,600
R.7	Restructure transportation shared service contract	\$15,900
R.8	Develop and implement a written fleet maintenance plan	N/A
R.9	Develop and implement a formal bus replacement program	N/A
R.10	Develop formal policies and procedures for reconciling fuel usage and purchases	N/A
R.11	Increase food service labor efficiency	\$14,500
R.12	Increase food service participation	N/A
R.13	Implement a food service capital replacement plan	N/A
Total Financial Implications from Performance Audit Recommendations		\$354,000

The following table shows the District's ending fund balances as projected in the May 2015 five-year forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances.

Financial Forecast with Performance Audit Recommendations

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Original Ending Fund Balance	\$2,184,170	\$2,892,408	\$2,789,338	\$1,858,080	\$130,729
Cumulative Balance of Performance Audit Recommendations	N/A	N/A	\$354,000	\$708,000	\$1,062,000
Revised Ending Fund Balance	\$2,184,170	\$2,892,408	\$3,143,338	\$2,566,080	\$1,192,729

Source: GLSD, ODE, and performance audit recommendations

The District is encouraged to review each recommendation in detail and begin implementation as soon as practical. However, some recommendations require contract negotiations and others may not be possible to implement until the start of a new fiscal year. As a result, cost savings have been conservatively applied to implementation in FY 2016-17 through FY 2018-19. As shown in the table above, implementing the performance audit recommendations contained in this report would strengthen the District's financial condition and help with sustaining the projected General Fund balance.

Background

ODE requested and funded this performance audit based on the declining fiscal stability of the District, as evident in its October 2014 five-year forecast (see **Appendix C**). **Table 1** shows GLSD's total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balance as projected in the October 2014 five-year forecast. This information is an important measure of the financial health of the District and serves as the basis for identification of conditions leading to fiscal status designation by AOS and ODE.

Table 1: GLSD Financial Condition Overview (October 2014)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total Revenue	\$14,894,219	\$13,870,234	\$12,892,226	\$12,766,552	\$12,640,979
Total Expenditure	\$15,228,022	\$15,803,812	\$16,202,108	\$16,572,233	\$16,955,816
Results of Operations	(\$333,803)	(\$1,933,578)	(\$3,309,882)	(\$3,805,681)	(\$4,314,837)
Beginning Cash Balance	\$1,098,432	\$764,629	(\$1,168,949)	(\$4,478,831)	(\$8,284,512)
Ending Cash Balance	\$764,629	(\$1,168,949)	(\$4,478,831)	(\$8,284,512)	(\$12,599,349)
Encumbrances	\$43,878	\$45,194	\$46,550	\$47,947	\$49,385
Ending Fund Balance	\$720,751	(\$1,214,143)	(\$4,525,381)	(\$8,332,459)	(\$12,648,734)

Source: GLSD and ODE

As shown in **Table 1**, the District's October 2014 forecast indicated deficits in each year of the forecasted period with a cumulative negative ending fund balance of approximately \$12.6 million by year-end FY 2018-19.

In order to address this projected deficit, the District closed Husted Elementary and made commensurate staffing reductions¹ and operational changes at the end of FY 2013-14. On November 4, 2014, the District passed two levies that are expected to generate a total of approximately \$7,370,000 annually from FY 2015-16 through FY 2018-19. This levy revenue is captured in **Table 2**, which shows GLSD's total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balance as projected in the District's May 2015 five-year forecast.

Table 2: GLSD Financial Condition Overview (May 2015)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total Revenue	\$15,591,063	\$16,172,134	\$15,952,721	\$15,758,148	\$15,609,420
Total Expenditure	\$14,461,447	\$15,462,580	\$16,054,435	\$16,688,009	\$17,335,333
Results of Operations	\$1,129,616	\$709,554	(\$101,714)	(\$929,861)	(\$1,725,913)
Beginning Cash Balance	\$1,098,432	\$2,228,048	\$2,937,602	\$2,835,888	\$1,906,027
Ending Cash Balance	\$2,228,048	\$2,937,602	\$2,835,888	\$1,906,027	\$180,114
Encumbrances	\$43,878	\$45,194	\$46,550	\$47,947	\$49,385
Ending Fund Balance	\$2,184,170	\$2,892,408	\$2,789,338	\$1,858,080	\$130,729

Source: GLSD and ODE

¹ The District made the following staffing reductions: 2.3 FTE office/clerical (see **R.2**), 1.3 FTE custodians (see **R.4**), 1.1 FTE bus drivers (see **R.6**), and 2.0 food service daily labor hours (see **R.11**).

As shown in **Table 2**, the District's May 2015 forecast shows that increased revenues and decreased expenditures are expected to eliminate the projected operating deficits for FY 2015-16 and FY 2016-17. Although expenditures are expected to outpace revenues in the latter three years of the forecast, the District projects that it will avoid the ending fund deficit of \$12.6 million in FY 2018-19 projected in the October 2014 forecast.

Recommendations

R.1 Freeze classified salary schedules

Wages for classified employees were compared to surrounding district averages using FY 2014-15 pay schedules contained in the collective bargaining agreements (CBAs). **Table 3** shows the average hourly rate for classified employees over a 30-year career in comparison to the surrounding district average.

Table 3: Average Hourly Compensation Comparison

	GLSD	Surrounding District Average	Difference	% Difference
Aide	\$25.90	\$19.37	\$6.53	33.7%
Bus Driver	\$19.92	\$18.68	\$1.24	6.6%
Bus Mechanic	\$25.90	\$19.37	\$6.53	33.7%
Custodian 1	\$17.59	\$17.21	\$0.38	2.2%
Custodian 2	\$18.12	\$17.43	\$0.69	4.0%
Custodian 3	\$18.65	\$17.64	\$1.01	5.7%
Custodian 4	\$19.38	\$17.81	\$1.57	8.8%
Food Service Worker 1	\$15.19	\$14.86	\$0.33	2.2%
Food Service Worker 2	\$16.70	\$15.41	\$1.29	8.4%
Food Service Worker 3	\$17.77	\$16.38	\$1.39	8.5%
Secretary 1	\$17.32	\$17.09	\$0.23	1.3%
Secretary 2	\$18.17	\$17.29	\$0.88	5.1%
Secretary 3	\$19.05	\$17.64	\$1.41	8.0%

Source: GLSD and surrounding districts

As shown in **Table 3**, average hourly rates for GLSD classified staff are higher than the surrounding district average for each position.

The District should negotiate a freeze in the classified step schedules to aid in bringing compensation in line with the surrounding district average. Subsequent to the freeze, the District should continually analyze step schedules and wages to ensure that compensation for classified positions remain comparable, yet competitive, to the other districts in the region.

R.2 Eliminate 1.0 FTE office/clerical position

Office/clerical personnel are responsible for general office activities or building, departmental, or administrative secretarial duties. A reduction of 2.3 FTEs for FY 2014-15 brought the District's current office/clerical staffing level to 9.2 FTEs. **Table 4** compares this staffing level to the FY 2013-14 peer district average on a per building basis.

Table 4: Office/Clerical Comparison

Site-Based Office/Clerical FTE						9.2
Buildings						3
Staffing Ratio (per Building)						3.1
	Staffing Ratio (Office/Clerical per Building)	Proposed Staffing	Difference Above/ (Below)	Proposed Reduction	Annual Savings	
Peer Average	2.6	7.9	1.3	1.0	\$40,800	

Source: GLSD and peer districts

As shown in **Table 4**, GLSD is staffed higher in comparison to the peer average for office/clerical personnel. To achieve a staffing ratio consistent with the peers, the District would require a reduction of approximately 1.0 office/clerical FTE.

Financial Implication: Eliminating 1.0 FTE office/clerical position would save approximately **\$40,800** in salaries and benefits. These savings were calculated using the total salary and benefits² for the lowest full-time office/clerical position salary in FY 2013-14. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.3 Reduce sick leave and early retirement severance payout provisions

The District has negotiated agreements with the Greenon Federation of Teachers (the certificated CBA)³ and Ohio Association of Public School Employees Local #356 (the classified CBA).⁴ Both CBAs contain sick leave severance provisions as well as early retirement incentives.

ORC § 3319.141 specifies a minimum accrual rate of 1.25 sick leave days per month for a total of 15 days per year with unused sick leave accumulating up to a limit of 120 days, unless a higher limit is approved by the local board of education. ORC § 124.39 specifies that school employees shall be paid one-quarter of accumulated sick leave, up to a maximum of 30 days upon severance through retirement. The conversion rate and the maximum number of hours can be increased through the adoption of a superseding policy. **Table 5** compares GLSD's sick leave and severance provisions to the State minimums.

² The sum of Board-paid salary, fringe benefits, and Medicare tax rounded to the nearest hundred dollars.

³ Effective July 1, 2014 – June 30, 2017.

⁴ Effective July 1, 2014 – June 30, 2015.

Table 5: Sick Leave Severance Comparison

	GLSD	ORC	Difference
Certificated Staff			
Maximum Sick Leave Accumulation (Days)	295	120	175
Maximum Severance Conversion Rate	25%	25%	0%
Maximum Allowable Severance (Days)	67	30	37
Classified Staff			
Maximum Sick Leave Accumulation (Days)	270	120	150
Maximum Severance Conversion Rate	25%	25%	0%
Maximum Allowable Severance (Days)	64	30	34

Source: GLSD certificated and classified CBAs, ORC

As shown in **Table 5**, the District has adopted maximum accumulations, conversion rates, and maximum allowable severance policies that exceed State minimums.

The certificated CBA provides a retirement incentive for employees that retire in the first year of eligibility⁵ a payment equal to 40 percent of their base pay for the current contract year. Payment to an eligible employee is made in two equal installments, the first of which occurs in the September immediately following the employee's retirement and the second of which occurs one year later. Alternatively, retiring employees may elect to receive the entire 40 percent one year later in September. **Table 6** shows the range of certificated retirement incentive payouts based on the base salaries in the certificated CBA.

Table 6: Retirement Incentive Risk Exposure

Salary Schedule Step	Education Level				
	Bachelor's	Bachelor's +150	Master's	Master's +15	Master's +30
5 Years	\$15,323	\$16,094	\$17,119	\$17,624	\$18,502
27+ Years	\$22,399	\$24,102	\$26,962	\$27,600	\$29,476

Source: GLSD certificated CBA

As shown in **Table 6**, retirement incentive payouts could range from approximately \$15,300 to over \$29,400.

There are no statutory requirements for a school district to offer a retirement incentive to certificated personnel and a regional comparison showed that six out of eight local peer districts do not offer an incentive to retire. The most generous peer incentive is offered by Fairborn City School District which offers an incentive of \$1,000 multiplied by the number of years of service to employees aged 55 years and older who have 25 or more years of service; limited to a maximum of \$15,000. In comparison, the GLSD retirement incentive significantly exceeds the highest peer.

The classified CBA provides a retirement incentive of \$5,000 if an employee retires in the first year of eligibility. Similar to certificated employees, there are no statutory requirements for a school district to offer a retirement incentive to classified personnel and a regional comparison found that no surrounding districts offer a retirement incentive to classified personnel.

⁵ STRS members who retire prior to July 1, 2015 must meet one of two criteria: any age and 30 years of qualifying service, or aged 65 and five years of qualifying service.

Financial Implication: The District could save **\$124,600** in total by reducing severance payments to ORC minimums and eliminating the early retirement provision. This savings is calculated based on the average severance and early retirement incentives paid per year from FY 2011-12 to FY 2013-14 (\$51,000 and \$73,600, respectively).

R.4 Reduce 2.0 FTE building and grounds staff

The maintenance and grounds personnel provide maintenance for three active school buildings and surrounding property and athletic fields (approximately 40 acres) and are responsible for parking lot snow and ice control. Custodial personnel are responsible for cleaning the active school buildings as well as snow and ice control of the sidewalks. **Table 7** compares the District's buildings and grounds staffing to industry standard benchmarks contained in American School and University Magazine (AS&U) and the National Center for Education Statistics (NCES).

Table 7: FY 2014-15 Building and Grounds Department Staffing Needs

Grounds Staffing	
Grounds FTEs Employed	1.4
Acreage Maintained	40
AS&U Benchmark - Acres per FTE Groundskeeper ¹	43
Benchmarked Staffing Need	0.9
Groundskeeper FTEs Above/(Below) Benchmark	0.5
Cleaning Staffing	
Custodial FTEs	9.0
Square Footage Cleaned	212,312
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE ²	29,500
Benchmarked Staffing Need	7.2
Custodial FTEs Above/(Below) Benchmark	1.8
Maintenance Staffing	
Maintenance FTEs	1.5
Square Footage Maintained	212,312
AS&U Benchmark - Square Footage per Maintenance FTE ¹	116,272
Benchmarked Staffing Need	1.8
Maintenance FTEs Above/(Below) Benchmark	(0.3)
Total FTEs Employed	11.9
Total Benchmarked Staffing Need	9.9
Total FTEs Above/(Below) Benchmark	2.0

Source: GLSD, NCES, and AS&U

¹ Represents an average of the last five years of available benchmark data.

² NCES provides a benchmark workload range of 28,000 to 31,000 square feet per FTE for Level 3 cleaning (the common practice for most school facilities). Based on this range, the midpoint of 29,500 was used for the assessment.

As shown in **Table 7**, the District is overstaffed by a total of 2.0 FTE building and grounds staff in comparison to the respective benchmarks.

Financial Implication: Eliminating 2.0 FTE building and grounds staff could save approximately **\$88,600** annually, based on total salaries and benefits⁶ of the two lowest paid custodians. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.5 Develop a comprehensive preventive maintenance plan for facilities

The District does not have a formal plan outlining when equipment maintenance is necessitated by manufacturer guidelines. Due to the absence of a plan, maintenance is conducted on an ad hoc basis.

The *Planning Guide for Maintaining School Facilities* (NCES, 2003) states that “a comprehensive facility maintenance program is a school district's foremost tool for protecting its investment in school facilities.” The document continues, explaining that preventive maintenance is the cornerstone of any effective maintenance initiative. A good maintenance program is built on a foundation of preventive maintenance and that after identifying items that should receive preventive maintenance, a district should decide on the frequency and type of inspections and maintenance activities to be performed in consultation with manufacturers’ manuals.

The District should develop an effective preventive maintenance plan. The absence of a plan limits the transparency of the maintenance necessary to keep the District's facilities operating efficiently and effectively and may drive up costs due to early replacement of capital assets. Developing an effective plan will help ensure that the District extends the life of capital assets and allow for more accurate budgeting as potential costly replacements can be identified earlier in the process.

R.6 Right-size the active bus fleet

Table 8 shows the District’s FY 2013-14 regular transportation costs in comparison to the peer average.

Table 8: Transportation Cost Ratio Comparison

	GLSD	Peer Average	Difference	% Difference
Per Yellow Bus Rider	\$1,119	\$794	\$325	41.1%
Per Active Bus	\$69,611	\$46,833	\$22,778	48.6%
Per Routine Mile	\$5.00	\$3.99	\$1.01	25.3%

Source: GLSD and peer district transportation data as reported to ODE

As shown in **Table 8**, operating on a triple-tiered routing system for FY 2013-14, GLSD expended more for transportation services per rider, per active bus, and per mile in comparison to the peers. In an effort to reduce costs and increase efficiency, the District began using a double-tiered routing system beginning in FY 2014-15. Due to the significant changes in the District’s transportation operation, an analysis was conducted of the double-tiered routing system.

⁶ The sum of Board-paid salary, fringe benefits, and Medicare tax rounded to the nearest hundred dollars.

For FY 2014-15, the District operates 15 active regular buses, each with a rated capacity⁷ of 72 students, for a total fleet capacity of 1,048 students. The National Highway Transportation Safety Administration (NHTSA) provides a differing view on capacity, stating on its web site that “School transportation providers generally determine the number of persons that they can safely fit into a school bus seat. Generally they fit three smaller elementary school age persons or two adult high school age persons into a typical 39 inch school bus seat.” Based on NHTSA guidance, it is assumed that a typical school bus seat will fit three preschool through fifth grade riders or two sixth grade through twelfth grade riders.

According to *Hidden Savings in Your Bus Budget* (American Association of School Administrators (AASA), December 2005), effective bus capacity is measured with 80 percent of rated capacity as a goal. **Table 9** shows the District’s utilization of bus capacity for the two morning tiers.⁸

Table 9: Regular Bus Fleet Morning Route Efficiency

	Tier 1: Grades 7 th to 12 th		Tier 2: Grades Preschool to 6 th	
	% Bus Capacity Assigned to Regular Routes	Regular Buses	% Bus Capacity Assigned to Regular Routes	Regular Buses
GLSD	74.8%	15.0	71.9%	15.0
Benchmark	80.0%	14.1	80.0%	13.5
Difference	(5.2%)	0.9	(8.1%)	1.5

Source: GLSD, AASA

Table 10 compares the average daily ridership for regular bus routes to the number of riders assigned to morning bus routes.

Table 10: Regular Bus Fleet Morning Utilization

	Average Daily Ridership	Assigned to Routes	Difference	% Difference
Tier 1: Grades 7 th to 12 th	N/A	537	N/A	N/A
Tier 2: Grades Preschool to 6 th	N/A	727	N/A	N/A
Total	970	1,264	(294)	(23.3%)

Source: GLSD

The average GLSD bus operates well below the benchmark capacity due to two factors. First, as shown in **Table 9**, each tier has fewer students routed than necessary to meet the 80 percent benchmark for effective use of bus capacity. Second, as shown in **Table 10**, 23.3 percent of assigned riders do not ride the bus on average. As a result, buses will transport only 76.7 percent of the riders that are assigned to the routes.

⁷ Rated capacities are based on school bus manufacturer determinations of the maximum seating capacity of a school bus. Manufacturers base capacity ratings on the assumptions of three children per typical 39-inch school bus seat.

⁸ For the October bus counts, Districts must count riders on their first conveyance to school for each day of the count week, and then report the average daily riders for that week.

Table 11 shows a projection of the number of buses that are required to meet the goal of 80 percent utilization of a rated capacity. The projection assumes that 80 percent of assigned riders will ride the bus on average; this is in line with the District's actual average daily ridership.

Table 11: Projected Bus Needs

Tier	Riders Assigned to Routes	Estimated Average Daily Ridership ¹	Benchmark Capacity per Bus ²	Buses Needed ³
Tier 1: Grades 7 th to 12 th	537	430	38	12
Tier 2: Grades Preschool to 6 th	727	582	57	11
Total	1,264	1,012	95	12

Source: GLSD, AASA

¹ The average daily ridership is estimated to be 80 percent of the riders assigned to routes.

² 72-passenger buses with AASA benchmark of 80 percent of rated capacity.

³ Total buses needed reflects the most buses needed on a single tier to transport the estimated average daily ridership.

As shown in **Table 11**, 12 buses are necessary to meet the benchmark ridership. By utilizing the AASA benchmark capacity for 12 active buses, there is additional capacity to transport all assigned riders without exceeding the rated capacity of the buses.

The travel time for students must also be considered for planning bus routes. GLSD Administrative Guideline 8610(D) states that routes should be planned so that most children do not have to ride in excess of one hour to or from school. According to this policy, student ride time is measured from the pickup time of the first student to the time when the last student steps off the bus. **Table 12** shows the average student ride time from the first stop to the destination school in comparison to the guideline.

Table 12: Student Ride Time

	Grades 7th to 12th		Grades Preschool to 6th	
	Morning	Afternoon	Morning	Afternoon
Longest Route	0:39	0:50	0:58	0:51
Shortest Route	0:15	0:21	0:28	0:22
Average Route	0:28	0:38	0:42	0:38
GLSD Administrative Guideline	1:00	1:00	1:00	1:00
Average Route Over/(Under) Guideline	(0:32)	(0:22)	(0:18)	(0:22)

Source: GLSD

As shown in **Table 12**, student ride times do not exceed the District's guideline. However, the District should ensure that any reductions in the number of active buses will continue to comply with the guideline for student ride time.

The District should consolidate its bus routes and eliminate 3 of the 15 active regular buses from its fleet. Doing so would reduce costs related to the personnel and insurance costs of active buses. Furthermore, consolidating its fleet and bus routes would reduce the number of buses needing replaced via direct purchase or lease.

Financial Implication: Reducing three active buses would save the District approximately \$23,200 per active bus, or a total of **\$69,600** annually.⁹

R.7 Restructure transportation shared service contract

GLSD entered into a shared services contract with the Springfield-Clark Career Technology Center (CTC) in FY 2013-14. Under this agreement, the District provides a regular bus route for CTC on a daily basis as well as transportation for CTC field trips as-needed. As part of this contract, GLSD purchased five buses from CTC and agreed to provide all transportation services in exchange for a per-mile fee. According to the contract, the per-mile fee is based on the District's total mileage and expenditures as reported to ODE¹⁰ from the prior fiscal year, in addition to a five percent administrative fee.

The FY 2013-14 contract specified that the per-mile fee should be based on the miles and expenditures as reported in FY 2012-13. However, the rate charged was miscalculated as a result of using the expenditures from an incorrect fiscal year. **Table 13** shows a comparison between the charged rate and the corrected rate.

Table 13: FY 2013-14 Per-Mile Fee

	Contract Rate ¹	Corrected Contract Rate ²	Difference	% Difference
Prior Fiscal Year Expenditures	\$1,030,775	\$1,161,637	(\$130,862)	(11.3%)
Prior Fiscal Year Miles (FY 2012-13)	268,246	268,246	0	0.0%
Base Per Mile Fee	\$3.84	\$4.33	(\$0.49)	(11.3%)
5% Administrative Fee	\$0.19	\$0.22	(\$0.03)	(13.6%)
Total Per Mile Fee	\$4.03	\$4.55	(\$0.52)	(11.4%)

Source: GLSD T-Reports

¹ Calculated using FY 2011-12 expenditures.

² Calculated using FY 2012-13 expenditures.

As shown in **Table 13**, the contract rate was calculated incorrectly to be \$4.03 per mile. Based on the corrected contract rate of \$4.55, this error cost the District approximately \$3,400 in lost contract revenue for FY 2013-14.

The actual costs of providing transportation service to CTC are not tracked by the District. Instead, GLSD uses a cost recovery system that is not based on updated costs for providing transportation. *Alternative Service Delivery: Shared Services* (GFOA, October 2007) recommends that governments examine the benefits of alternative service delivery that involve shared service efforts by conducting a feasibility study that clearly identifies the costs, benefits, and potential risks of any proposed agreement. Therefore, in order to evaluate the cost-effectiveness of any contracted service offered by GLSD, it is necessary to examine individual invoices, receipts, payroll documents, and consider reasonable assumptions regarding other costs to ensure the service the District is providing is cost effective.

⁹ Total savings amount includes driver salaries (\$18,500), benefits (\$4,200), and bus insurance premiums (\$500) per active bus.

¹⁰ ODE requires that districts annually submit pupil transportation miles traveled on the T-1 Form and expenditures on the T-2 Form.

The cost recovery system used assumes a per mile cost for the driver's time. However, bus drivers are paid based on time worked, as regular drivers are guaranteed a minimum of 4.5 hours per day of paid work time by their collective bargaining agreement. In order to accurately calculate the amount of money spent on salaries and wages for the drivers to provide the agreed upon service, contract invoices and payroll documents were analyzed. For this comparison, driver salaries and wages were presented as a per mile cost based on the miles billed under the contract in FY 2013-14 (see **Table 14**).

Additionally, the service contract does not include a method to recover the costs of bus replacement because T-Reports do not allow for bus replacement costs. In FY 2014-15, the District spent over \$90,200 per bus for its bus purchases. The Ohio Schools Council reported in 2014 that the average auction sale price for school buses was \$1,757. Considering the auction value, the net cost was approximately \$88,500 per bus. According to *School Bus Replacement Considerations* (National Association of State Directors of Pupil Transportation Services, 2002), school buses should be replaced every 12-15 years. Based on the District's annual average of 14,374 miles per bus for 15 years, bus replacement cost would be \$0.41 per mile.

Table 14 illustrates a comparison of the contract per mile fee to the actual costs of providing regular bus service to CTC based on actual bus driver costs, estimated bus replacement costs, and T-2 Report data.

Table 14: FY 2013-14 CTC Regular Route Actual Costs

	FY 2013-14 Contract	FY 2013-14 Actual	Difference	% Difference
Driver Salaries and Wages	\$1.29	\$3.24	(\$1.95)	(60.2%)
Other Salaries ¹	\$0.52	\$0.76	(\$0.24)	(31.5%)
Fringe Benefits	\$1.05	\$1.09	(\$0.04)	(3.7%)
Fuel	\$0.57	\$0.66	(\$0.09)	(13.6%)
Maintenance	\$0.31	\$0.63	(\$0.32)	(50.8%)
Bus Replacement	\$0.00	\$0.41	(\$0.41)	(100.0%)
Other	\$0.10	\$0.23	(\$0.13)	(56.5%)
Total Costs	\$3.84	\$7.02	(\$3.18)	(45.3%)
5% Administration Fee	\$0.19	\$0.35	(\$0.16)	(45.7%)
Contract Rate	\$4.03	\$7.37	(\$3.34)	(45.3%)

Source: GLSD

¹Includes the salaries of the supervisor, secretary, and mechanic based on the District's FY 2013-14 T-2 Report.

Note: Costs for Fringe Benefits, Fuel, Maintenance, and Other are based on the District's FY 2013-14 T-reports.

As shown in **Table 14**, the contract cost recovery system substantially underestimated the cost of providing the regular bus service. Regular busing comprises approximately two-thirds of the contract service provided to CTC. Based on the estimated number of miles traveled for regular bus service provided, the District incurred a loss of \$15,900 in FY 2013-14. For FY 2014-15 the per mile fee increased to \$5.15, however, the methodology for calculating the per-mile fee did not change.

Financial Implication: Based on FY 2013-14 expenditures, the District could save approximately **\$15,900** in lost annual revenue by improving the pricing model of its transportation service contract with the Springfield-Clark Career Technology Center.

R.8 Develop and implement a written fleet maintenance plan

GLSD does not have a formal bus maintenance plan. Instead, it completes bus inspections at 7,000 mile intervals and lubrication at 3,500 mile intervals. Bus repairs are handled in-house when feasible, while time-consuming repairs are outsourced. Intervals and maintenance service performed are based on the mechanic's experience rather than a written plan. While the District retains hand-written work orders for bus maintenance, they are not organized in an effective manner that enabled the District to analyze overall maintenance costs for specific vehicles or the fleet as a whole.

Table 15 provides a three-year maintenance and repair cost history.

Table 15: Three-Year Maintenance and Repairs Cost

	2011-12	2012-13	Change vs. Prior Year	2013-14	Change vs. Prior Year	Change vs. Two Years Ago
Per Bus Rider	\$67.60	\$136.83	102.4%	\$157.00	14.7%	132.2%
Per Assigned Bus	\$5,843	\$9,775	67.3%	\$9,764	(0.1%)	67.1%
Per Routine Mile	\$0.38	\$0.62	63.2%	\$0.70	12.9%	84.2%

Source: GLSD T-2 Reports

As shown in **Table 15**, the District's maintenance and repair costs increased significantly in the period shown for all three metrics. **Table 16** compares these metrics to the peer district average for FY 2013-14.

Table 16: FY 2013-14 Maintenance and Repairs Cost¹

	GLSD	Peer Average	Difference	% Difference
Per Bus Rider	\$157.00	\$100.69	\$56.31	55.9%
Per Assigned Bus	\$9,764	\$5,943	\$3,821	64.3%
Per Routine Mile	\$0.70	\$0.51	\$0.19	37.3%

Source: GLSD and peer T-2 Reports

¹ Includes operations costs for bus maintenance including grease, oil, antifreeze, and contracted labor for repairs; tires and tubes for school buses; insurance used for vehicles providing routine route transportation for students; and maintenance and office supplies.

As shown in **Table 16**, significant historical increases have driven the District's maintenance and repair costs to levels significantly higher than the peer average for all three metrics shown.

According to *Top 10 Performance Measures for Fleet* (American Public Works Association (APWA), 2002), preventive maintenance tracking should be used as a measure of performance for fleet operations. Preventive maintenance of a unit, if properly tracked, will ensure the operators' safety, reduce downtime, and avoid costly repairs.

GLSD does not track its maintenance costs by bus. The District does, however, keep written work orders for maintenance that has been performed. The District has a computer software program designed to assist in tracking costs per bus; however, the software has not been put into service. As such, GLSD should begin utilizing computer software to track inventory, maintenance records, and costs per bus as a component of its preventive maintenance program.

The District should develop and implement a comprehensive preventive maintenance plan to help ensure that the costs associated with bus maintenance can adequately inform decision makers and that needs are effectively evaluated and communicated. This plan should account for enrollment and ridership trends as well as the maintenance and repair costs for each bus.

R.9 Develop and implement a formal bus replacement program

GLSD purchased two new buses before the start of FY 2014-15 using its Permanent Improvement Fund. These purchases were not directed by a formal bus replacement plan, as the District has not developed such a plan. The lack of a plan has resulted in purchases made in an ad hoc fashion.

For FY 2014-15, the average age of the fleet was 10.1 years, with an average of 122,603 miles per bus. Furthermore, two of the District's buses have over 200,000 miles. A total of five out of the 27 buses are at least 15 years old, with another 10 buses between 12 and 15 years of age. Three of the District's buses were manufactured prior to 1998, the highest priority of replacement based on US Environmental Protection Agency (EPA) diesel emissions standards according to *Replacing Old School Buses* (EPA, December 2012).

There are no State guidelines for bus replacement beyond the requirement that buses must be able to pass annual Ohio State Highway Patrol inspections. However, *School Bus Replacement Considerations* (NASDPTS, 2002) emphasizes that school bus replacement should be a planned process. The plan should incorporate the maintenance data collected by the District into the decision making process for bus replacements. The plan should also allow the District to establish its priorities with regard to safety and emissions features. *School Bus Replacement Considerations* recommends a combined approach to school bus replacement that considers both age and mileage in which replacement thresholds are set between 12 and 15 years, or 150,000 to 200,000 miles, respectively.

GLSD should develop and implement a formal bus replacement plan. By creating and implementing a bus replacement plan that includes factors such as age, mileage, and maintenance costs per bus, GLSD will better ensure that it is prepared for future capital expenditures. In addition, it will give a more accurate picture of the District's projected spending in the five-year forecast. A replacement plan can also help the District determine which vehicle to sell or place into spare status if a route is eliminated.

R.10 Develop formal policies and procedures for reconciling fuel usage and purchases

GLSD has a 10,000-gallon diesel fuel tank located at its bus garage. While there is a fuel management system in place to monitor the level of fuel in the tank and the amount of fuel

pumped, the District does not actually track or monitor its fuel usage or purchases. Drivers log the amount of fuel pumped and record their mileage using unique four-digit identification numbers, but this information is not reconciled with the actual fuel pumped or to the fuel tank monitoring system. In addition, when fuel is delivered, the quantity is not verified by a District employee and the District does not have a procedure in place to reconcile bulk fuel purchases to the monthly fuel usage and mileage reports from each bus.

In addition to not physically monitoring usage, the District does not have a policy in place regarding fuel security or banning the personal use of fuel. Without these policies in place, GLSD is at an increased risk of potential theft or misuse of fuel and less able to hold people accountable in the event that they occur.

According to *The Practice of Internal Controls* (New York Office of State Comptroller, Division of Local Government and School Accountability, October, 2010), a reconciliation of all fuel purchases, fuel usage, and fuel remaining on hand should be conducted periodically to determine if a significant amount of fuel is unaccounted for. Because consumable commodities such as gasoline and diesel are frequent targets for theft and misuse, their usage should be tracked by vehicle and the individual accessing the commodity. This document further states that “these commodities are highly transferrable and, if they are not maintained in a controlled environment with accountability over their usage, their disappearance is difficult to track.”

The District should develop written internal control policies and procedures for reconciling fuel use and delivery to remaining inventory. To aid in this effort, the District should track pertinent data, such as a:

- Daily record of fuel usage and miles traveled;
- Daily record of beginning and ending inventories to verify that no fuel was pumped during off hours; and
- Regular reconciliation of beginning and ending inventories to reported usage and delivered quantities.

Such policies should also explicitly stipulate that fuel cannot be used for personal vehicles or equipment. All transportation staff should be required to sign an acknowledgement letter stating that they have read such policies. These should be formally documented and include secondary oversight by an employee outside of the Transportation Department.

R.11 Increase food service labor efficiency

The primary component of food service cost is labor hours, and a common indicator of operational efficiency is the number of meals prepared per labor hour. **Table 17** compares the District’s meals per labor hour in each building to benchmark data outlined in *School Foodservice Management for the 21st Century* (Pannell-Martin, 2014).

Table 17: FY 2013-14 Food Service Workload Comparison

Building	Meal Equivalents Served per Day	GLSD Daily Labor Hours ¹	Benchmark Required Daily Labor Hours ²	Difference
Enon Elementary School	227	12.0	15.2	(3.2)
Greenon High School	325	30.5	19.1	11.4
Hustead Elementary School	143	10.0	11.0	(1.0)
Indian Valley Middle School	371	20.0	20.6	(0.6)
Total	1,066	72.5	65.9	6.6

Source: GLSD and Pannell-Martin

¹Supervisor hours are not included.

² Reflects the number of labor hours GLSD would need to meet the meal equivalents produced based on the benchmark meals per labor hour.

As shown in **Table 17**, the District was overstaffed by 6.6 daily labor hours for food production in FY 2013-14. The excess hours can be attributed to the declining lunch participation rates (see **R.12**) as low participation in the food service program will reduce workload efficiency if staffing levels are not adjusted to match the low relative demand for meals. As a result of the closure of Hustead Elementary School, the District reduced 2.0 daily labor hours starting in FY 2014-15. With this reduction, GLSD would have to eliminate an additional 4.6 daily labor hours to meet the benchmark shown in the table above.

Financial Implication: Reducing 4.5 daily labor hours from the food service operation would save the District approximately **\$14,500** annually, and bring its meals per labor hour ratio in line with the industry benchmark. Annual savings were calculated using the actual salary and benefits¹¹ for food service personnel in FY 2013-14

R.12 Increase food service participation

The District's food service operation is set up as an enterprise fund, which is required to be used to account for services whose costs are partially funded by fees and/or charges. The performance of an enterprise fund is measured in terms of positive and negative operations. **Table 18** shows the results of operations for the Food Service Fund from FY 2011-12 to FY 2013-14.

Table 18: Food Service Fund Performance

	FY 2011-12	FY 2012-13	FY 2013-14
Beginning Balance	\$108,684	\$89,997	\$28,413
Results of Operations	(\$22,799)	(\$72,168)	(\$89,240)
Refund Of Prior Year's Expenditures	\$4,112	\$10,584	\$0
Advances-In from General Fund	\$0	\$0	\$60,827
Ending Balance	\$89,997	\$28,413	\$0

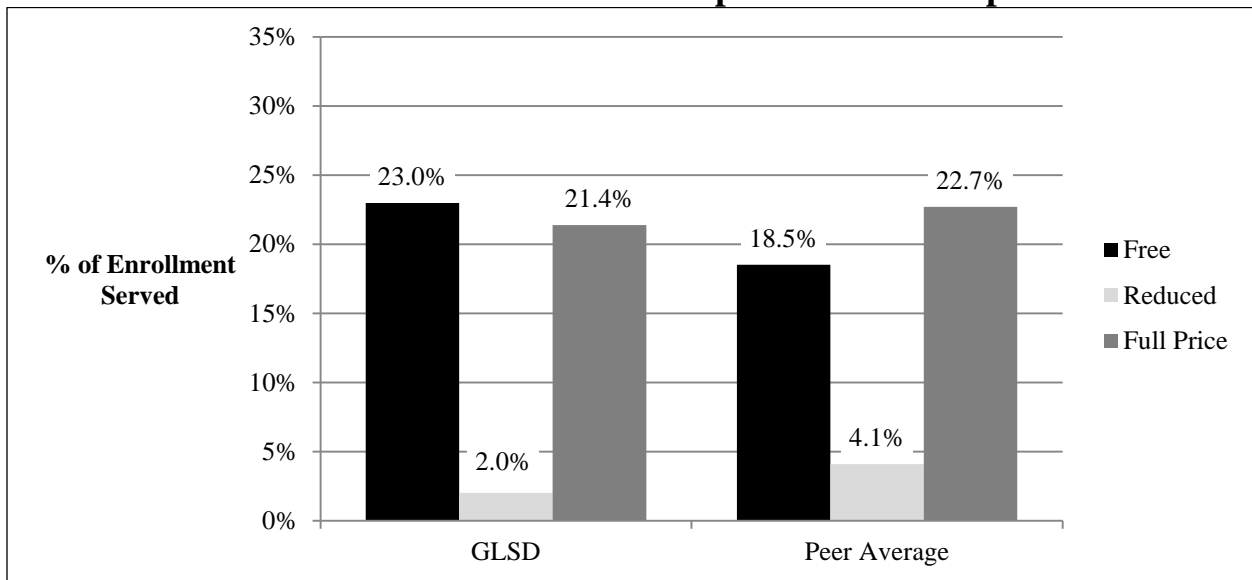
Source: GLSD

As shown in **Table 18**, the Food Service Fund has consistently experienced negative results of operations. In FY 2013-14, the District advanced over \$60,800 from the General Fund to the Food Service Fund in order to avoid a negative ending fund balance.

¹¹ The sum of Board-paid salary, fringe benefits, and Medicare tax rounded to the nearest hundred dollars.

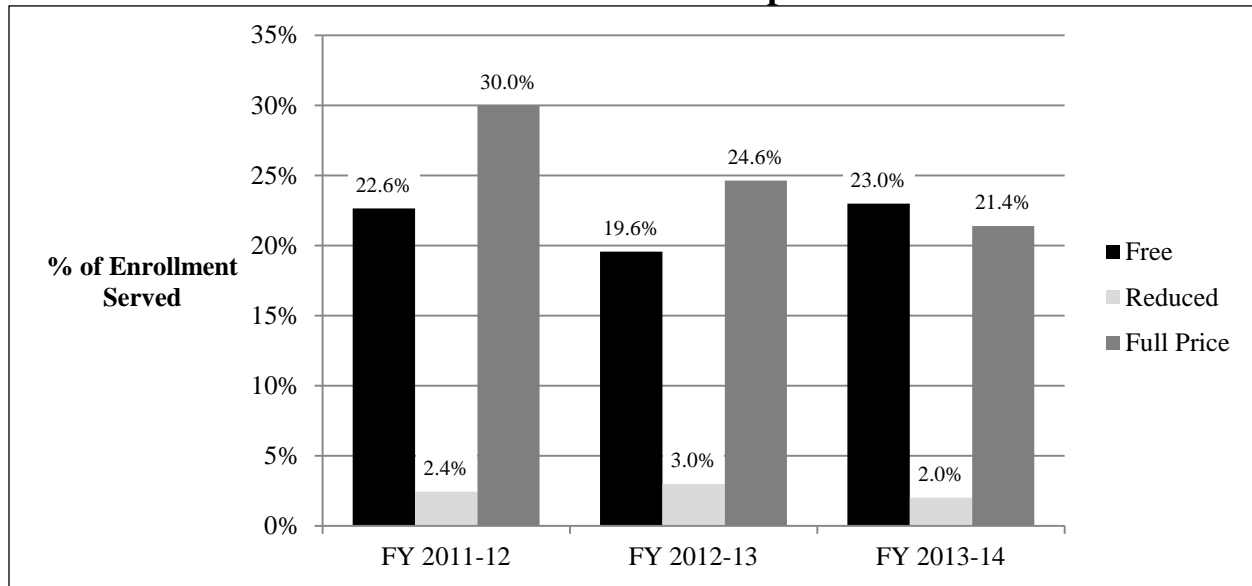
GLSD provides lunch service in the elementary school, middle school, and high school. Depending on income eligibility, some students qualify to receive free or reduced price lunches for which the District receives reimbursement. The remaining revenue generated is collected through meal and à la carte food item purchases. Student participation is vital to success, in that higher participation in the lunch program results in higher revenues. **Chart 1** shows a comparison of the District’s lunch service student participation to the peer average.

Chart 1: FY 2013-14 Lunch Participation Rate Comparison



Source: ODE

As shown in **Chart 1**, the District serves free and reduced price lunches to a slightly higher percentage of its enrollment compared to the peer average. However, participation for full price lunch is slightly lower, indicating less revenue generated from lunches purchased. **Chart 2** shows the participation rate trends over multiple fiscal years at GLSD.

Chart 2: Three-Year Lunch Participation Rate Trend

Source: ODE

As shown in **Chart 2**, the most significant change in participation is for full price lunches. While the District's full price participation rate is somewhat similar to peer average, each year from FY 2011-12 through FY 2013-14 saw a consistent decline in this rate; a total decline of 8.6 percentage points in the period shown.

National Food Service Management Institute (NFSMI) Best Practice Guide for Increasing High School Student Participation and Satisfaction in the National School Lunch Program (NFSMI, 2009) offers an assessment for determining which areas of food service can be improved to increase student participation and a progress review for evaluating whether these improvements were successful. The form contains best practices and goals that address food quality, staff, program reliability, and marketing and communications. After identifying areas of improvement, steps outlined in *Best Practices Could Help School Districts Reduce Their Food Service Program Costs* (Florida Office of Program Policy Analysis & Government Accountability, 2009) may aid GLSD in focusing on these deficient areas and increasing participation. Some examples include:

- Participating in promotional campaigns that promote the food service programs and healthy nutritional habits;
- Holding nutrition awareness events where students can win small prizes and host theme days; and
- Identifying and reducing participation barriers such as food quality, inadequate lunch periods, insufficient seating and untimely bus scheduling.

The District should increase food service participation by promoting and advertising its food service program. Optimal efficiency of the District's food service program can be achieved through a combination of revenue maximization and reduced expenses. The primary driver of revenue generation is student participation in the program. As such, the District should use active

promotion, advertising, and awareness campaigns as well as effectively obtain student feedback. Doing so will help the District increase participation and revenue.

R.13 Implement a food service capital replacement plan

The District does not have a capital replacement plan governing purchases of equipment for its food service program. In each year from FY 2011-12 to FY 2013-14, the District charged the Food Service Fund and the Permanent Improvement Fund for capital improvement purchases for the food services program. Over the three-year period the purchase amounts totaled \$6,500 and \$42,600, respectively.

According to *Multi-Year Capital Planning: Best Practice* (GFOA, 2006), public entities that are allocated capital outlay or permanent improvement funding should prepare and adopt multi-year capital plans. A properly prepared capital plan is essential to the future financial health of an organization and its continued delivery to its constituents and stakeholders. An adequate capital plan should:

- Identify and prioritize expected needs based on the entity's strategic plan;
- Establish project scopes and costs;
- Detail estimated amounts of funding from various sources; and
- Project future operating and maintenance costs.

The District should develop a food service capital replacement plan. Doing so would ensure that food service capital assets are effectively managed.

Appendix A: Scope and Objectives

Generally accepted government auditing standards require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. 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 consultation with ODE and the District, OPT identified the following scope areas for detailed review: financial management, human resources, facilities, transportation, and food service. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Eight of the 23 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

Table A-1: Audit Objectives and Recommendations

Objective	Recommendation
Financial Management	
How does the financial employee staffing level compare to peers?	N/A
How does the cost of personal services for financial employees compare to peers?	N/A
Human Resources	
How do administrative salaries and wages compare to peers?	N/A
How do teacher salaries and wages compare to peers?	N/A
How do classified staff salaries and wages compare to peers?	R.1
How do office/clerical staffing levels compare to peers?	R.2
How do teacher staffing levels compare to State minimum requirements and peers?	N/A
How do ESP staffing levels compare to State minimum requirements and peers?	N/A
How does the cost of insurance compare to SERB benchmarks?	N/A
How do Board-paid fringe benefits compare to peers?	N/A
How do severance policies compare to State minimum requirements and peers?	R.3
Facilities	
How does custodial staffing and workload compare to peers and/or industry benchmarks?	R.4
How does maintenance staffing and workload compare to peers and/or industry benchmarks?	R.4
Has the District implemented a preventive maintenance plan?	R.5
Transportation	
How does the transportation staffing level compare to peers?	R.6
Does revenue from contracted transportation service provided to Springfield-Clark Career Technology Center fully cover the associated costs?	R.7
Has the District implemented a preventive maintenance plan?	R.8
Has the District implemented a fleet replacement plan that is consistent with industry best practices?	R.9
Are buses routed to maximize the riders per bus?	R.6
Does the District reconcile fuel usage and purchases?	R.10
Food Service	
How does food service staffing and workload compare to peers and/or benchmarks?	R.11
How does student meal participation compare to peers and/or industry benchmarks?	R.12
Has the District implemented a capital purchase plan for the food service operation?	R.13

Appendix B: Additional Comparisons

Health Insurance

The District has three health insurance options; two preferred provider organization (PPO) plans and a health savings account (HSA) plan. For each plan, the District's share of the plan cost is a fixed dollar amount for single, single plus children, and family plans. **Table B-1**, **Table B-2**, and **Table B-3** show the District's health insurance premiums in comparison to the average premiums reported to SERB for all districts within Clark County.

Table B-1: PPO Plan 1

	GLSD	Clark County	Difference	% Difference
Single				
Employee	\$75.78	\$111.12	(\$35.34)	(31.8%)
Employer	\$370.01	\$464.20	(\$94.19)	(20.3%)
Single + Children				
Employee	\$139.98	\$228.24	(\$88.26)	(38.7%)
Employer	\$683.47	\$909.52	(\$226.05)	(24.9%)
Family				
Employee	\$217.20	\$328.68	(\$111.48)	(33.9%)
Employer	\$1,060.39	\$1,241.82	(\$181.43)	(14.6%)

Source: SERB

Table B-2: PPO Plan 2

	GLSD	Clark County	Difference	% Difference
Single				
Employee	\$122.04	\$111.12	\$10.92	9.8%
Employer	\$370.01	\$464.20	(\$94.19)	(20.3%)
Single + Children				
Employee	\$226.17	\$228.24	(\$2.07)	(0.9%)
Employer	\$683.47	\$909.52	(\$226.05)	(24.9%)
Family				
Employee	\$350.92	\$328.68	\$22.24	6.8%
Employer	\$1,060.39	\$1,241.82	(\$181.43)	(14.6%)

Source: SERB

Table B-3: HSA Plan

	GLSD	Clark County	Difference	% Difference
Single				
Employee	\$65.29	\$61.54	\$3.75	6.1%
Employer	\$370.01	\$391.36	(\$21.35)	(5.5%)
Single + Children				
Employee	\$120.61	\$112.69	\$7.92	7.0%
Employer	\$683.47	\$713.81	(\$30.33)	(4.2%)
Family				
Employee	\$187.13	\$169.31	\$17.82	10.5%
Employer	\$1,060.39	\$1,127.16	(\$66.77)	(5.9%)

Source: SERB

As illustrated in the preceding tables, the District's share of health insurance premiums is lower than other school districts in Clark County for every plan shown.

Financial Staffing

The District has a shared services agreement with the Southeastern Local School District to share Treasurer services. **Table B-4** shows a comparison of the District's FY 2014-15 Treasurer's Office staffing compared to the FY 2013-14 peer average.

Table B-4: Treasurer's Office Staffing Comparison

Treasurer's Office FTEs					2.0
Staff Salaries and Benefits					\$191,665
Students Educated (FY 2014-15)					1,683
	GLSD	Peer Average	Difference	% Difference	
FTEs per 1,000 Students	1.2	1.8	(0.6)	(33.3%)	
Staff Salaries and Benefits per Pupil	\$113.88	\$138.60	(\$24.72)	(17.8%)	

Source: GLSD and peers

As shown in **Table B-4**, the staffing level and the associated personnel costs for the Treasurer's Office are significantly lower than the peer average.

General Education Teacher Staffing

General education teachers instruct students in a regular classroom environment. OAC § 3301-35-05 requires the district-wide ratio of general education teachers to students to be at least 1.0 FTE classroom teacher for every 25 regular students. This category excludes teaching staff in other areas such as gifted, special education, and education service personnel (ESP). **Table B-5** presents the District's FY 2014-15 general education teacher staffing compared to the peer average.

Table B-5: General Education Teacher Staffing Comparison

General Education Teacher FTEs	70.7		
Regular Student Population	1,524.2		
Staffing Ratio (Students : Teachers)	21.6:1		
Options	Staffing Ratio by Option (Students: Teachers)	FTE Comparison	Difference Above/ (Below)
Peer Average	21.7:1	70.3	0.4
State Minimum	25.0:1	61.0	9.7

Source: GLSD, peer districts, and OAC

As illustrated in **Table B-5**, the District's ratio of regular student population to general education teachers staffing is similar to the peer average

Educational Service Personnel (ESP) Staffing

ESP positions include K-8 art, music, and physical education teachers, counselors, librarians, social workers, and visiting teachers. At the start of FY 2014-15, OAC 3301-35-05 required school districts to employ a minimum of 5.0 FTE ESP for every 1,000 students in the regular student population. GLSD, as well as the peer districts, staffed in accordance with this regulation.¹² **Table B-6** compares the District's FY 2014-15 ESP staffing to the FY 2013-14 peer average on a per 1,000 student basis.

Table B-6: ESP Staffing Comparison

	GLSD	Peer Average	Difference		
Students Educated ¹	1,775.88	1,747.74	28.14		
Students Educated (thousands)	1.7759	1.7477	0.0281		
	FTEs	FTEs per 1,000 Students	Peer FTEs per 1,000 Students	Difference per 1,000 Students	Total Above/ (Below) ²
ESP Teachers	5.5	3.1	3.4	(0.3)	(0.5)
Counselors	3.5	2.0	2.0	0.0	0.0
Librarians / Media Specialists	0.0	0.0	0.7	(0.7)	(1.2)
Registered Nurses	0.0	0.0	0.4	(0.4)	(0.7)
Social Workers	0.0	0.0	0.0	0.0	0.0
Visiting Teachers	0.0	0.0	0.0	0.0	0.0
Total	9.0	5.1	6.5	(1.4)	(2.4)
Total ESP Above (Below) FY 2013-14 Peer Average					(2.4)

Source: GLSD and peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of employees per 1,000 students in line with the peer average. Calculated by multiplying "Difference per 1,000 Students" by "Students Educated (thousands)".

¹² With 1,524.24 students in the regular population and 9.0 total ESP FTEs, GLSD employed 1.4 FTEs over the minimum requirement.

As illustrated in **Table B-6**, the District's total ESP staffing ratio is 2.4 FTE lower than the peer average.

Effective April 24, 2015, OAC 3301-35-05 was revised to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities of all students." This revision also eliminated State minimum staffing levels for ESP staffing. The elimination of the OAC minimum staffing level for ESP provides District management the authority to make decisions based upon the needs and desires of the stakeholders in its community.

Certificated Salaries

Table B-7 compares the potential career compensation¹³ for certificated employees to the surrounding district average.

Table B-7: Certificated Annual and Career Salary Comparison

Base Salary				
	GLSD Base Salary	Surrounding District Average Base Salary	Difference	Percentage Difference
Teacher/BA	\$33,253	\$34,908	(\$1,655)	(4.7%)
Teacher/MA	\$36,412	\$38,659	(\$2,247)	(5.8%)
Career Compensation (Salary For 30 Years)				
	GLSD	Surrounding District Average	Difference	Percentage Difference
Teacher/BA	\$1,439,853	\$1,521,106	(\$81,253)	(5.3%)
Teacher/MA	\$1,680,940	\$1,750,570	(\$69,630)	(4.0%)

Source: GLSD and surrounding districts

As shown in **Table B-7**, the District has lower base salary and career compensation levels for certificated staff in comparison to the peer average.

Administrator Compensation

Table B-8 displays FY 2013-14 total compensation for administrator positions compared to the surrounding district average. Total compensation includes regular salaries, insurance, pension, Medicare, and other non-salary payments that accrue for the employee's benefit.

¹³ Career compensation is comprised of total wages an employee could earn over a 30-year career based on salary schedules included in their respective collective bargaining agreement.

Table B-8: Administrator Compensation Comparison

	GLSD	Surrounding District Average	Difference	% Difference
Food Service	\$64,257	\$58,569	\$5,688	9.7%
Maintenance	\$77,557	\$75,278	\$2,279	3.0%
Principals	\$117,101	\$118,424	(\$1,323)	(1.1%)
Psychologist ²	\$113,107	\$96,204	\$16,903	17.6%
Superintendent	\$169,641	\$169,953	(\$312)	(0.2%)
Technology Coordinator	\$70,112	\$77,089	(\$6,977)	(9.1%)
Transportation	\$60,158	\$72,021	(\$11,863)	(16.5%)
Treasurer ¹	\$99,864	\$136,677	(\$36,813)	(26.9%)

Source: GLSD and surrounding districts

¹ Shared services position FY 2013-14 and FY 2014-15.

² Shared services position FY 2014-15.

As shown in **Table B-8**, three positions exceed the respective peer averages for total compensation: food service, maintenance administrator, and psychologist. Each of these positions receives significantly more generous fringe benefits than the peer average, including an eight percent pickup of the employee share of the pension contribution.

In FY 2013-14 the District began a shared service arrangement with Southeastern Local School District (SLSD) in which the Treasurer works as an employee of each district. This arrangement substantially reduces the District's fringe benefit burden for the Treasurer position. In FY 2014-15, the District expanded the shared services relationship with SLSD agreeing to provide psychologist and special education director services for a price of \$20,000 and \$4,500, respectively. The contract specifies that the staff members who provide these services are employees of GLSD and the payments for services shall be made by SLSD to the District. The administrator employment contract between the psychologist and the District does not include a provision for additional compensation for work performed under a shared service contract.

Appendix C: Five-Year Forecast

Chart C-1 displays the District's October 2014 Five-Year Forecast and **Chart C-2** displays the District's May 2015 Five-Year Forecast.

Chart C-1: GLSD October 2014 Five-Year Forecast

Line	Forecasted				
	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	6,120,115	5,382,209	4,572,906	4,457,083	4,309,637
1.020 Tangible Personal Property Tax	310,951	280,768	242,650	234,429	234,429
1.035 Unrestricted Grants-in-Aid	6,247,670	6,249,519	6,251,406	6,253,330	6,253,330
1.040 Restricted Grants-in-Aid	147,615	148,199	148,199	148,199	148,199
1.050 Property Tax Allocation	1,055,380	929,843	779,775	758,275	761,844
1.060 All Other Operating Revenue	922,250	879,695	897,289	915,235	933,539
1.070 Total Revenue	14,803,981	13,870,234	12,892,226	12,766,552	12,640,979
2.050 Advances-In	90,187				
2.060 All Other Financial Sources	51				
2.070 Total Other Financing Sources	90,238				
2.080 Total Revenues and Other Financing Sources	14,894,219	13,870,234	12,892,226	12,766,552	12,640,979
3.010 Personnel Services	8,790,823	9,139,817	9,334,037	9,495,884	9,660,538
3.020 Employees' Retirement/Insurance Benefits	3,084,936	3,277,566	3,406,954	3,538,811	3,679,548
3.030 Purchased Services	2,501,615	2,551,648	2,602,681	2,654,734	2,707,829
3.040 Supplies and Materials	589,118	566,791	583,795	601,309	619,348
3.050 Capital Outlay	46,220	46,220	46,220	46,220	46,220
4.300 Other Objects	215,310	221,769	228,422	235,275	242,333
4.500 Total Expenditures	15,228,022	15,803,812	16,202,108	16,572,233	16,955,816
5.020 Advances - Out					
5.040 Total Other Financing Uses					
5.050 Total Expenditure and Other Financing Uses	15,228,022	15,803,812	16,202,108	16,572,233	16,955,816
6.010 Excess Revenues & Other Financing Sources	(333,803)	(1,933,578)	(3,309,882)	(3,805,681)	(4,314,837)
7.010 Beginning Cash Balance	1,098,432	764,629	(1,168,949)	(4,478,831)	(8,284,512)
7.020 Ending Cash Balance	764,629	(1,168,949)	(4,478,831)	(8,284,512)	(12,599,349)
8.010 Outstanding Encumbrances	43,878	45,194	46,550	47,947	49,385
10.010 Fund Balance June 30 for Certification of Appropriations	720,751	(1,214,143)	(4,525,381)	(8,332,459)	(12,648,734)
11.020 Property Tax - Renewal or Replacement		880,176	2,003,936	2,247,518	2,247,513
11.300 Cumulative Balance of Replacement/Renewal Levies		880,176	2,884,112	5,131,630	7,379,143
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules, Other Obligations	720,751	(333,967)	(1,641,269)	(3,200,829)	(5,269,591)
13.020 Property Tax - New	618,869	1,240,941	1,196,600	1,152,062	1,158,089
13.030 Cumulative Balance of New Levies	618,869	1,859,810	3,056,410	4,208,472	5,366,561
15.010 Unreserved Fund Balance June 30	1,339,620	1,525,843	1,415,141	1,007,643	96,970

Source: ODE

Chart C-2: GLSD May 2015 Five-Year Forecast

Line	Forecasted				
	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	6,651,792	7,161,370	6,986,163	6,837,336	6,695,717
1.020 Tangible Personal Property Tax	375,236	352,181	342,885	333,636	333,337
1.035 Unrestricted Grants-in-Aid	6,366,063	6,343,289	6,335,102	6,326,952	6,318,839
1.040 Restricted Grants-in-Aid	147,952	147,952	147,952	147,952	147,952
1.050 Property Tax Allocation	1,094,217	1,185,464	1,156,304	1,127,191	1,131,393
1.060 All Other Operating Revenue	865,566	821,877	838,315	855,081	872,183
1.070 Total Revenue	15,500,825	16,012,134	15,806,721	15,628,148	15,499,420
2.050 Advances-In	90,187	160,000	146,000	130,000	110,000
2.060 All Other Financial Sources	51				
2.070 Total Other Financing Sources	90,238	160,000	146,000	130,000	110,000
2.080 Total Revenues and Other Financing Sources	15,591,063	16,172,134	15,952,721	15,758,148	15,609,420
3.010 Personnel Services	8,136,586	8,788,299	9,146,423	9,535,018	9,930,350
3.020 Employees' Retirement/Insurance Benefits	2,961,540	3,128,747	3,277,879	3,439,241	3,609,506
3.030 Purchased Services	2,430,147	2,568,051	2,645,093	2,724,445	2,806,179
3.040 Supplies and Materials	508,386	558,637	575,396	592,658	610,438
3.050 Capital Outlay	46,220	46,220	46,220	46,220	46,220
4.300 Other Objects	218,569	226,626	233,424	240,427	247,640
4.500 Total Expenditures	14,301,447	15,316,580	15,924,435	16,578,009	17,250,333
5.020 Advances - Out	160,000	146,000	130,000	110,000	85,000
5.040 Total Other Financing Uses	160,000	146,000	130,000	110,000	85,000
5.050 Total Expenditure and Other Financing Uses	14,461,447	15,462,580	16,054,435	16,688,009	17,335,333
6.010 Excess Revenues & Other Financing Sources	1,129,616	709,554	(101,714)	(929,861)	(1,725,913)
7.010 Beginning Cash Balance	1,098,432	2,228,048	2,937,602	2,835,888	1,906,027
7.020 Ending Cash Balance	2,228,048	2,937,602	2,835,888	1,906,027	180,114
8.010 Outstanding Encumbrances	43,878	45,194	46,550	47,947	49,385
10.010 Fund Balance June 30 for Certification of Appropriations	2,184,170	2,892,408	2,789,338	1,858,080	130,729
11.020 Property Tax - Renewal or Replacement			243,617	487,234	487,233
11.300 Cumulative Balance of Replacement/Renewal Levies			243,617	730,851	1,218,084
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules, Other Obligations	2,184,170	2,892,408	3,032,955	2,588,931	1,348,813
15.010 Unreserved Fund Balance June 30	2,184,170	2,892,408	3,032,955	2,588,931	1,348,813

Source: ODE

Client Response

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



GREENON LOCAL SCHOOL DISTRICT

500 Enon-Xenia Rd, Enon, Ohio 45323

Phone (937) 864-1202 – Fax (937)864-2470

David Yost
Auditor of State
88 East Broad Street, 5th Floor
Columbus, OH 43215

Dear Auditor Yost,

On behalf of the Greenon Local School District, we would like to thank the entire Performance Audit Team for their time and effort preparing the audit report for our District. The leadership of the District has reviewed all recommendations from the Audit addressing them below:

Recommendation 1 & 3 will need to be addressed through negotiations in 2016 – 2017.

Recommendation 2: We have hired a substitute secretary, instead of replacing the Enon secretary, for the 2015 – 2016 school year to allow us time to review job responsibilities of current secretarial staff throughout the district. The goal is to evaluate times/roles so that a reduction of 1 FTE can be in place by the end of 2015- 2016 school year.

Recommendation 4: We are currently beginning a process to evaluate and restructure roles for district custodial and grounds help. We will evaluate the FTEs needed and move forward with appropriate reductions as deemed needed from the review process. This will be completed by the end of the 2015 – 2016 school year.

Recommendation 5: We will work to establish a maintenance plan for the district. The maintenance supervisor will consult with other districts for sample plans. We will begin work on this process during the 2015 – 2016 school year.

Recommendation 6, 8, & 9: We have started the process of purchasing new busses and getting rid of old ones. We will work to establish a replacement plan in conjunction with a maintenance plan to better evaluate the fleet costs, repairs, etc.

Recommendation 7: We have already started the process for modifying the shared services contract for transportation. We again revisit this at the conclusion of the current school year to make further adjustments.

Recommendation 10: We will continue to monitor fuel usage and purchases. We will work to create a better system for reconciliation of these procedures and create policies/guidelines for effective implementation.

Recommendations 11, 12, & 13 are already being addressed. The district has contracted with AVI to manage food services. Goals include: improving participation of students, reaching the breakeven point for the department, and improve efficiency levels of staffing and productivity.

Greenon Local School District will continue to monitor the information presented by the Performance Audit to continue the improvement of our District. Thank you for all the time and effort that your team put into the process.

Sincerely,

Brad Silvus
Superintendent

Bradley A. McKee
Treasurer

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Dave Yost • Auditor of State

GREENON LOCAL SCHOOL DISTRICT

CLARK 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
SEPTEMBER 24, 2015**