



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of the Sheffield-Sheffield Lake City School District,

At the request of the District, the Auditor of State's Ohio Performance Team conducted a performance audit 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
June 23, 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 Sheffield-Sheffield Lake City School District (SSLCSO or the District). ODE requested this performance audit with the goal of improving the financial condition of the District through an objective assessment of the economy, efficiency, and effectiveness of its operations and management. See **Table 1** 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, food service, sewer, and athletics. 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, three 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, peer groups were selected for a comparison of compensation, benefits and bargaining agreements (referred to as surrounding districts) and a separate set for a comparison of transportation service. The following table contains the Ohio school districts included in these peer groups.

Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Benjamin Logan Local School District (Logan County) • Edison Local School District (Erie County) • Fairview Park City School District (Cuyahoga County) • Firelands Local School District (Lorain County) • Heath City School District (Licking County) • Johnstown-Monroe Local School District (Licking County)
Compensation, Benefits and Union Contract Peers (Surrounding Districts)
<ul style="list-style-type: none"> • Avon Lake City School District (Lorain County) • Avon Local School District (Lorain County) • Clearview Local School District (Lorain County) • North Ridgeville City School District (Lorain County) • Keystone Local School District (Lorain County) • Vermilion Local School District (Erie County)
Transportation Peers
<ul style="list-style-type: none"> • Carlisle Local School District (Warren County) • Heath City School District (Licking County) • Liberty Local School District (Trumbull County) • Poland Local School District (Mahoning County) • Salem City School District (Columbiana County)

In addition to the peer districts listed above, comparisons were made to industry standards or leading practices where applicable. These include: the Ohio State Employment Relations Board (SERB), the School Employees Retirement System (SERS), the State Teachers Retirement System (STRS), the Ohio Department of Education (ODE), and the Ohio School Facilities Commission (OSFC). 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 Sheffield-Sheffield Lake City School District for their cooperation and assistance throughout this audit.

Issue for Further Study

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. The following issue for further study was identified during the course of this audit.

Bus Efficiency: ODE calculates the Regular Efficiency Target in an effort to help school districts ensure safe and efficient transportation operations. This ratio takes into consideration the total number of riders in relation to the area and the disbursement of riders throughout the district (ridership density) to establish a bus ridership target ratio. Districts that exceed their target are defined as being efficient relative to other districts in the State. In FY 2013-14, SSLCSD exceeded the target of 1.0, showing that its bussing is operating efficiently based on ODE calculations. In addition, the District had a higher ridership ratio than the peer average. Due to changes in building configuration beginning in FY 2015-16, transportation routes and ridership will be different than in the past. Once new routes are established, SSLCSD should monitor bus capacity and routes throughout the year to ensure that students are transported in the most efficient method possible.

Summary of Recommendations

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

Summary of Recommendations

Recommendations		Financial Implications
R.1	Eliminate 23.5 full-time equivalent (FTE) general education teacher positions	\$1,231,000
R.2	Eliminate 3.0 FTE educational service personnel (ESP) positions	\$131,500
R.3	Eliminate 9.5 FTE monitoring positions	\$193,000
R.4	Eliminate 3.0 FTE office/clerical positions	\$121,000
R.5	Eliminate 1.0 FTE library aide positions	\$30,600
R.6	Improve the accuracy of EMIS data	N/A
R.7	Eliminate 4.5 FTE custodial positions	\$186,200
R.8	Revise salary schedules	N/A
R.9	Reduce employee medical insurance premiums	\$428,600
R.10	Increase employee health insurance contributions	\$183,000
R.11	Renegotiate severance provision	\$77,300
R.12	Solicit competitive bids for supplies and services	\$2,900
R.14	Eliminate 0.5 FTE food service position	\$8,600
R.15	Increase monitoring of consultant contract to ensure quality of food service	N/A
R.16	Implement closed campus lunch policy	N/A
R.17	Accurately report overtime expenditures	N/A
R.18	Implement a formal facilities preventive maintenance plan	N/A
R.19	Develop formal policies and procedures for completing T-Forms	N/A
R.20	Develop formal preventive maintenance and replacement plans for buses	N/A
R.21	Track non-routine mile information in order to maximize reimbursements	N/A
R.22	Determine and monitor costs to operate the wastewater treatment plants	N/A
Cost Savings Adjustments¹		(\$197,900)
Total General Fund Cost Savings²		\$2,395,800
R.13	Review the appropriateness of extracurricular activity revenues and expenditures	\$53,500
Total Athletic Fund Revenue Enhancements²		\$53,500
Total Financial Implications from Performance Audit Recommendations		\$2,449,300

Note: Recommendations **R.9**, **R.10** and **R.11** require renegotiations of collective bargaining agreements.

¹ Cost savings for **R.9** and **R.10** were adjusted for staffing reductions in **R.1**, **R.2**, **R.3**, **R.4**, **R.5**, and **R.7**. Also, cost savings for **R.10** was adjusted assuming the implementation of **R.9**.

² The District's financial position, as shown in its October 2014 five year forecast, is not inclusive of the Athletic Fund. As such, the cumulative balance of performance audit recommendations shown in the following table includes only the total General Fund cost savings shown in this summary.

The following table shows the District's ending General Fund balances as projected in its October 2014 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	\$1,919,906	(\$1,923,444)	(\$7,135,368)	(\$13,463,583)	(\$20,914,999)
Cumulative Balance of Performance Audit Recommendations ¹		\$2,395,800	\$4,791,600	\$7,187,400	\$9,583,200
Revised Ending Fund Balance	\$1,919,906	\$472,356	(\$2,343,768)	(\$6,276,183)	(\$11,331,799)

Source: Sheffield-Sheffield Lake Five Year Forecast for FY 2015 (October 2014) and performance audit recommendations

¹ Includes only General Fund cost savings.

While the performance audit recommendations are based on the District's operations during FY 2014-15, implementation of all recommendations may not be possible until FY 2015-16 as some recommendations require contract negotiations and others simply would not be possible until the start of a new fiscal year. As a result, cost savings have been applied to FY 2015-16 through FY 2018-19. As shown in the table above, if SSLCSD implements the recommendations within the performance audit, it could reduce its projected FY 2018-19 deficit of over \$20.9 million to approximately \$11.3 million.

Background

Financial Status

In conjunction with ODE, SSLCSD requested a performance audit based on its declining fiscal stability as evident in its October 2014 five year forecast (see **Appendix C**). This financial condition is summarized in **Table 1**, which contains projected revenues, expenditures, and year ending General Fund balances.

Table 1: Financial Condition Overview (October 2014)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Total Revenues	\$17,791,507	\$17,604,703	\$17,220,743	\$17,114,343	\$17,069,843
Total Expenditures	\$20,954,416	\$21,448,053	\$22,432,666	\$23,442,558	\$24,521,259
Results of Operations	(\$3,162,909)	(\$3,843,350)	(\$5,211,923)	(\$6,328,215)	(\$7,451,416)
Beginning Cash Balance	\$5,232,815	\$2,069,906	(\$1,773,444)	(\$6,985,368)	(\$13,313,583)
Ending Cash Balance	\$2,069,906	(\$1,773,444)	(\$6,985,367)	(\$13,313,583)	(\$20,764,999)
Estimated Encumbrances	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Ending Fund Balance	\$1,919,906	(\$1,923,444)	(\$7,135,367)	(\$13,463,583)	(\$20,914,999)

Source: Sheffield-Sheffield Lake Five Year Forecast for Fiscal Year 2015 (October 2014)

As shown in **Table 1**, the District's October 2014 five year forecast projects an ending fund balance deficit in excess of \$20.9 million in FY 2018-19. It is common practice that five year forecasts include potential levy revenue within the forecast period that is subject to approval by voters. Accordingly, **Table 1** does not include any levy revenue not approved by voters. This allows a school district to present its financial condition should it achieve levy passage. Accordingly, the District's October 2014 forecast includes revenue from the proposed operating levy that subsequently failed passage on November 4, 2014. The forecast presented in **Appendix C** shows in line 15.010 what the ending fund balance estimates were if the operating levy had passed. **Table 1**, however, uses line 10.010 of the forecast in **Appendix C** to take into account the failure of the operating levy last November.

Recommendations

R.1 Eliminate 23.5 full-time equivalent¹ (FTE) general education teacher positions

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 educational service personnel (ESP). **Table 2** presents three options for staffing reductions in which the District would continue to operate within State requirements for general education teacher staffing levels based on FY 2014-15 data.

Table 2: General Education Teacher Staffing Comparison

General Education Teacher FTEs ¹		84.6			
Regular Student Population		1,516.8			
Staffing Ratio (Students : Teachers)		17.9 : 1			
	Staffing Ratio by Option (Students: Teachers)	Proposed Staffing for Each Option	Difference Above/ (Below)	Proposed Reduction for This Option	Annual Savings ²
Option 1: Peer Average	20.9 : 1	72.6	12.0	12.0	\$570,059
Option 2: 10% Above State Minimum	22.5 : 1	67.4	17.2	17.0	\$848,238
Option 3: State Minimum	25.0 : 1	60.7	23.9	23.5	\$1,231,078

Source: SSLCSD, peer districts and OAC

¹ Staffing data as of March 2015.

² Annual savings calculated based on actual salaries of the lowest paid teachers.

As illustrated in **Table 2**, the District's student to teacher ratio is lower than State minimum requirements. Based on its projected financial condition, SSLCSD may need to incur staffing reductions that approach minimum required teacher staffing levels shown above. The selection of one of the options presented is ultimately District management's responsibility based upon the needs and desires of the stakeholders in its community. Those decisions must be balanced, however, with their fiduciary responsibility to adapt to financial realities in the District and maintain a solvent operation. While it is not common practice in Ohio to operate at or near State minimums, SSLCSD may need to make significant staffing reductions to address the deficits in its five year forecast. Although the savings associated with any of the three staffing options presented above would not provide adequate savings to bring the five year forecast back into balance when coupled with the rest of the recommendations in this report, Option 3 would have the greatest impact on the District's financial condition.

¹ According to the *FY 2012-2013 EMIS Reporting Manual* (ODE, 2013) instructions for reporting staff data, an FTE is defined by 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. One (1.0) FTE is equal to the number of hours in a regular working day for that position, as defined by the district.

Financial Implication: Eliminating 23.5 FTE general education teachers could save approximately **\$1,231,000** in salaries and benefits annually. This savings was calculated using the lowest paid general education teachers and includes an average benefit ratio of 40.5 percent.² Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

On March 23, 2015, the Board approved a reduction in force (RIF) of 7.0 FTE general education teachers and 1.0 FTE general education teacher retired and was not replaced, for a total reduction of 8.0 FTE general education teachers (see Appendix D).

R.2 Eliminate 3.0 FTE educational service personnel (ESP) positions

ESP positions include K-8 art, music, and physical education (PE) 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. SSLCSD, as well as the peer districts, staffed in accordance with this regulation.³ **Table 3** compares the District's ESP staffing to the peer average on a per 1,000 student basis.

Table 3: ESP Staffing Comparison

	SSLCSD		Peer Average	Difference	
Students Educated ¹	1,656.1		1,603.5	52.6	
Students Educated (thousands)	1.6561		1.6035	0.0526	
	FTEs ²	FTEs per 1,000 Students	Peer FTEs per 1,000 Students	Difference per 1,000 Students	Total Above/ (Below) ³
ESP Teachers	9.4	5.7	4.5	1.2	2.0
Counselors	4.0	2.4	1.8	0.6	1.0
Librarians / Media Specialists	1.0	0.6	0.5	0.1	0.2
School Nurses	0.0	0.0	0.6	(0.6)	(1.0)
Social Workers	1.0	0.6	0.0	0.6	1.0
Visiting Teachers	0.0	0.0	0.0	0.0	0.0
Total Educational Service Personnel	3.2				

Source: SSLCSD and peer districts

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

² Staffing data as of March 2015.

³ 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)".

² Calculated using FY 2013-14 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2014 five year forecast.

³ With 1,516.8 students in the regular population and 15.4 total ESP FTEs, SSLCSD employed 7.8 FTEs over the minimum requirement.

As illustrated in **Table 3**, SSLCSD employed 15.4 FTE ESP staff, which included 3.0 FTE art teachers, 2.8 FTE music teachers, 3.6 FTE PE teachers, 4.0 FTE counselors, 1.0 FTE librarian, and 1.0 FTE social worker. The District's total ESP staffing ratio is 3.2 FTEs higher 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. Based on its projected financial condition, however, SSLCSD may need to incur significant staffing reductions beyond reductions to the peer average benchmark shown in the table above. Those decisions must be balanced, however, with their fiduciary responsibility to adapt to financial realities in the District and maintain a solvent operation.

Financial Implication: Eliminating 3.0 ESP FTEs, could save approximately **\$131,500** in salaries and benefits annually. This savings was calculated using the lowest paid ESP positions and includes an average benefit ratio of 40.5 percent.⁴ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried ESP staff.

On March 23, 2015, the Board approved a RIF of 2.0 FTE ESP positions (see Appendix D).

R.3 Eliminate 9.5 FTE monitoring positions

SSLCSD employs 10.7 FTE monitoring staff, including breakfast and lunch monitors, crossing guards, and non-educational support personnel.⁵ **Table 4** compares monitoring staff on a per 1,000 student basis to the peers.

⁴ Calculated using FY 2013-14 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2014 five year forecast.

⁵ Non-educational support personnel assist students who have an individualized education program (IEP) with daily tasks such as getting on and off the bus, eating lunch, and personal hygiene etc.

Table 4: Monitor Staffing Comparison

Monitor FTEs ¹		10.7			
Students		1,656.1			
Staffing Ratio (per 1,000 students)		6.4			
	Staffing Ratio (Monitors per 1,000 Students)	Proposed Staffing	Difference Above/(Below)	Proposed Reduction	Annual Savings ²
Peer Average	0.6	1.1	9.6	9.5	\$193,022

Source: SSLCSD and peer districts

¹ Staffing data as of March 2015.

² Annual savings calculated based on an entry level monitoring position.

As shown in **Table 4**, SSLCSD is overstaffed by 9.6 FTE monitoring FTEs in comparison to the peer average. In order to size the staffing group in accordance to this benchmark, the District would need to reduce 9.5 FTE monitoring staff positions. Often, the need to staff monitors is tied to individual education plans (IEPs). In analyzing this staffing category, it was found that 6.4 FTEs are breakfast/lunch monitors and crossing guards not tied to IEPs. The District, however, was unable to determine if the remaining positions were outlined in IEPs. Therefore, prior to eliminating positions, SSLCSD should first determine if the remaining positions are tied to IEPs.

Financial Implication: Reducing 9.5 monitoring staff FTEs would save **\$193,000** in salaries and benefits annually. This savings was calculated using an entry level salary for monitors and includes a benefit ratio of 40.5 percent.⁶ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

On March 23, 2015, the Board approved a RIF of 2.4 FTE monitoring positions (see Appendix D).

R.4 Eliminate 3.0 FTE office/clerical positions

The District employs 13.8 FTEs office/clerical staff which includes 4.0 FTE elementary clerical positions, 2.0 FTE middle and high school clerical positions, 0.8 EMIS coordinator position, 1.0 FTE Treasurer's secretary position, 1.0 FTE payroll position, 1.0 FTE Superintendent's secretary position, 1.0 FTE administration building secretary position, 1.0 FTE guidance clerical position, 1.0 FTE attendance clerical position, and 1.0 FTE telephone operator position. **Table 5** compares office/clerical staff on a per 1,000 student basis to the peer average.

⁶ Calculated using FY 2013-14 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the May 2014 five year forecast.

Table 5: Office/Clerical Staffing Comparison

Office/Clerical FTEs ¹		13.8			
Students		1,656.1			
Staffing Ratio (per 1,000 students)		8.3			
	Staffing Ratio (Office/Clerical per 1,000 Students)	Proposed Staffing	Difference Above/(Below)	Proposed Reduction	Annual Savings ²
Peer Average	6.4	10.6	3.2	3.0	\$121,090

Source: SSLCSD and peer districts

¹ Staffing data as of March 2015.

² Annual savings calculated based on actual salaries of the lowest paid office/clerical FTEs.

As shown in **Table 5**, SSLCSD is overstaffed by 3.2 office/clerical staff FTEs per 1,000 students in comparison to the peer average ratio of 6.4 FTEs per 1,000 students. In order to size this staffing group in accordance with the peer average benchmark, the District would need to reduce 3.0 FTE office/clerical staff positions.

Financial Implication: Reducing 3.0 office/clerical staff FTEs would save **\$121,000** in salaries and benefits annually. This savings was calculated using the lowest salaries for clerical workers and includes a benefit ratio of 40.5 percent.⁷ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

R.5 Eliminate 1.0 FTE library aide positions

SSLCSD employs 3.0 FTE library aides. **Table 6** compares library aide FTEs on a per 1,000 student basis to the peers.

Table 6: Library Aide Staffing Comparison

Library Aides FTEs ¹		3.0			
Students		1,656.1			
Staffing Ratio (per 1,000 students)		1.8			
	Staffing Ratio (Library Aide per 1,000 Students)	Proposed Staffing	Difference Above/ (Below)	Proposed Reduction	Annual Savings ²
Peer Average	1.0	1.6	1.4	1.0	\$30,648

Source: SSLCSD and peer districts

¹ Staffing data as of March 2015.

² Annual savings calculated based on salary of the lowest paid library aide FTEs.

As shown in **Table 6**, SSLCSD is overstaffed by 1.4 FTEs in comparison to the peer average. In order to size this staffing group in accordance with the peer average benchmark, the District would need to reduce 1.0 FTE library aide positions.

⁷ Calculated using FY 2013-14 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the May 2014 five year forecast.

Financial Implication: Reducing 1.0 FTE library aide position could save approximately **\$30,600** in salaries and benefits annually. This savings was calculated using the lowest library aide salary and includes a benefit ratio of 40.5 percent.⁸ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

On March 23, 2015, the Board approved a RIF of 0.1 FTE library aide position (see Appendix D).

R.6 Improve the accuracy of EMIS data

The Education Management Information System (EMIS) is the Statewide system that collects staff, student, district/building, and financial data for Ohio's primary and secondary education. SSLCSD has a part-time EMIS Coordinator responsible for entering and maintaining EMIS information. While the EMIS Coordinator has attended ODE sponsored trainings regarding EMIS reporting and uses checklists to review entered information, the District does not have formal policies and procedures for preparing, reviewing, or reconciling EMIS information prior to submission to ODE.

The District's FY 2013-14 EMIS staffing data contained inaccurate data including current employees not recorded in the system; employees coded as more than 1.0 FTE; employees who were no longer employed at the District still actively coded in the EMIS reports; FTEs that were calculated inconsistently; and reported position codes that did not reflect actual job duties. FY 2014-15 staffing data the District provided for analysis contained similar errors.

The District should develop formal policies and procedures for preparing, reviewing, and reconciling EMIS information prior to submission to ODE. In addition, SSLCSD should take advantage of the resources available to assist in improving the overall accuracy of its EMIS reporting such as requiring employees with EMIS related responsibilities to earn Certified EMIS Professional and Master Certified EMIS Professional designations. This regimented program of professional development and work experience is offered through the Ohio Association of EMIS Professionals.

SSLCSD should improve the accuracy of EMIS data. The accuracy and correctness of EMIS data is the sole responsibility of the reporting entity. While data validation and error reports are provided, the reporting entities are responsible for correcting such errors in a timely manner and resubmitting the data. Developing effective policies and procedures governing the District's EMIS data collection processes as well as enhancing the training of employees should enhance the accuracy of SSLCSD's data.

R.7 Eliminate 4.5 FTE custodial positions

SSLCSD currently operates and maintains over 232,000 square feet within the District's seven school buildings: the Administration Center, Brookside High School, Sheffield Middle School, and Forestlawn, Knollwood, William Barr, and Tennyson elementary schools. **Table 7** displays

⁸ Calculated using FY 2013-14 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the May 2014 five year forecast.

the District's custodial staffing workload measures for FY 2014-15 in comparison to the benchmark of 29,500 square feet cleaned per FTE as published in *The Planning Guide for Maintaining School Facilities* (National Center for Education Statistics (NCES) Association of School Business Officials International (ASBO), 2003).

Table 7: FY 2014-15 Custodial Benchmark Comparison by Building

Cleaning Benchmark - Median Square Footage per FTE					29,500
Building	Square Feet	Custodial Staffing	SSLCSD Square Feet Cleaned per FTE	Benchmark Staffing Need	Difference
Administration Center	5,000	0.2	25,000	0.2	0.0
Brookside High	77,270	4.0	19,318	2.6	1.4
Forestlawn Elementary	19,899	1.5	13,266	0.7	0.8
Knollwood Elementary	27,491	2.0	13,746	0.9	1.1
Sheffield Middle	57,759	3.0	19,253	2.0	1.0
Tennyson Elementary	27,617	2.0	13,809	0.9	1.1
William Barr Elementary	17,923	1.4	12,802	0.6	0.8
Total	232,959	14.1	16,522	7.9	6.2

Source: SSLCSD and NCES

As shown in **Table 7**, SSLCSD custodians clean an average of approximately 16,500 square feet per FTE, a level 44.0 percent lower than the benchmark. Based on this workload measure, the District is overstaffed by 6.2 FTEs, with elementary custodians displaying the largest variance. In order to achieve a staffing level closer to the benchmark, SSLCSD should eliminate 6.0 FTE custodial positions. At the start of FY 2015-16, however, the District's total facilities will expand to 277,509 square feet with the opening of a new combined middle and high school (Brookside High School/Middle School). Also, the District's current high school building will be renamed Brookside Intermediate and house grades three through six. Sheffield Middle School will be demolished and two elementary schools will be closed. These changes will leave the District with five buildings to clean and maintain. **Table 8** shows a comparison of the District's custodial staffing and square footage compared to the NCES benchmark using square footage that includes the new building configuration.

Table 8: FY 2015-16 Custodial Benchmark Comparison by Building

Cleaning Benchmark - Median Square Footage per FTE				29,500
Square Feet	Custodial Staffing	SSLCSD Square Feet Cleaned per FTE	Benchmark Staffing Need	Difference
277,509	14.1	19,681	9.4	4.7

Source: SSLCSD and NCES

As shown in **Table 8**, after the District's building reconfiguration, custodians will be responsible for approximately 19,700 square feet per FTE, a level 33.3 percent lower than the benchmark. With the additional square footage, the District will still be overstaffed by 4.7 FTEs.

Financial Implication: Eliminating 4.5 FTE custodial positions would save approximately **\$186,200** in salaries and benefits. The savings were calculated using the lowest full-time custodial salaries and includes an average benefit ratio of 40.5 percent.⁹ Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried staff.

During the course of the audit, 1.5 FTEs will retire at the close of FY 2014-15. In addition, on March 23, 2015, SSLCSD reduced 0.5 FTE through a RIF (see Appendix D).

R.8 Revise salary schedules

Wages for certificated and classified employees were compared to surrounding district averages using FY 2014-15 pay schedules contained in the collective bargaining agreements (CBA). This comparison showed that certificated compensation was lower than the surrounding district average (see **Table B-5**). **Table 9** displays the classified employee comparison, showing the average total compensation over an employee's 30 year career in comparison to the surrounding district average.

Table 9: Average Career Compensation Comparison

	SSLCSD	Surrounding District Average	Difference	% Difference
Bus Drivers	\$849,956	\$869,545	(\$19,589)	(2.3%)
Bus Mechanic	\$1,131,146	\$1,292,076	(\$160,930)	(12.5%)
Custodian	\$1,157,520	\$1,068,869	\$88,651	8.3%
Food Service Worker	\$683,544	\$640,709	\$42,835	6.7%
Secretary	\$890,083	\$871,616	\$18,467	2.1%

Source: SSLCSD and surrounding districts of Avon LSD, Avon Lake CSD, Clearview LSD, Keystone LSD, North Ridgeville CSD, and Vermilion LSD

As shown in **Table 9**, classified staff salaries for the bus mechanic and bus driver positions were below the surrounding district average, while clerical, custodial, and food service staff salaries were higher. Higher career compensation can be caused by higher starting salaries, greater step increases, or a combination of both. After comparing the District's classified salaries at each step of the salary schedule to the surrounding districts, it was determined the higher level of classified compensation at SSLCSD was caused by higher starting salaries.

SSLCSD should analyze and work to renegotiate step schedules and corresponding base salaries to ensure that the classified positions whose salaries exceed the surrounding district average are comparable, yet competitive, to the other districts in the region.

⁹ The average benefit percentage is calculated by dividing the District's total employee retirement and insurance benefits by total personnel service expenditures in FY 2013-14.

R.9 Reduce employee medical insurance premiums

Prior to making any changes to health insurance, the District should review the Patient Protection and Affordable Care Act to ensure that intended results will be achievable under the legislation

SSLCSO procures its health insurance through the Lake Erie Regional Council of Governments (LERC), which promotes cooperative agreements to its ten members. LERC is responsible for offering an insurance purchasing pool to carry out a cooperative program for the provision and administration of health care benefits. SSLCSO full-time employees are eligible for medical, dental and vision health insurance. Part-time certificated employees may elect to receive health insurance benefits at a prorated rate equal to the percentage of the time the part-time employee works relative to a full-time employee. Part-time classified employees working less than six hours a day (not including bus drivers) pay 50 percent of the total premium. In FY 2014-15, 184 employees¹⁰ were enrolled in the medical/prescription drug plan, 179 employees¹¹ were enrolled in the dental plan, and 174 employees¹² were enrolled in the vision plan.

The State Employment Relations Board (SERB) surveys public sector entities concerning health insurance costs and publishes this information annually. The purpose of this survey is to provide data on various aspects of health insurance, plan design, and cost for government entities in Ohio. **Table 10** illustrates a comparison of the District's FY 2014-15 premiums for single and family coverage to regional averages published in the *21st Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2014).¹³

Table 10: Monthly Medical Insurance Premium Comparison

	SSLCSO	SERB ¹	Difference	% Difference
Medical				
Single	\$679.85	\$558.00	\$121.85	21.8%
Family	\$1,699.65	\$1,446.00	\$253.65	17.5%
Dental				
Single	\$32.89	\$31.37	\$1.52	4.8%
Family	\$87.16	\$87.50	(\$0.34)	(0.4%)
Vision				
Single	\$2.18	\$6.69	(\$4.51)	(67.4%)
Family	\$5.78	\$15.65	(\$9.87)	(63.1%)

Source: SSLCSO and SERB

¹ Reflects the 2014 average annual medical/prescription premiums for the Cleveland region.

¹⁰ Of these 184 employees, 59 receive single coverage and 125 receive family coverage.

¹¹ Of these 179 employees, 57 receive single coverage and 122 receive family coverage.

¹² Of these 174 employees, 55 receive single coverage and 119 receive family coverage.

¹³ The 2014 survey was sent to 1,327 governmental jurisdictions, 720 of which were school districts and educational service centers (ESCs). The response rate for 2014 included 92.8 percent of all public jurisdictions responding to the health insurance survey including 696 school districts and ESCs.

As shown in **Table 10**, annual premiums for SSLCSD for both single and family medical coverage exceed the SERB averages, while dental and vision premiums are in line with, or lower than, the SERB average.

The primary cost driver of premiums for health insurance is the level of coverage provided by the chosen plan, including out-of-pocket maximums, deductibles, and co-payments. Typically, the more comprehensive the coverage of the plan, the more expensive the premium will be to the employer/employee. An analysis indicated that the District's plan coverage was generous in comparison to SERB survey data. Specifically, the District provides an out-of-pocket maximum of \$250 for both single and family plan members compared to the SERB average of \$1,095 for a single plan and \$2,200 for a family plan. The District has a deductible of \$75 for a single plan, and \$125 for a family plan. In comparison, 67.6 percent of school districts and ESCs in Ohio have a deductible that is \$125 or higher for a single plan, and 68.6 percent have a deductible that is \$200 or higher for a family plan. Also exceeding the SERB averages were the District's co-payment for primary care and urgent care, which were both \$5.00 compared to the SERB average primary care co-payment of \$15 and urgent care payment of \$25.

SSLCSD has reviewed options for improving insurance cost efficiency such as seeking alternative plan designs for health insurance and prescription drug benefits. This review resulted in the District proposing to renegotiate its health insurance plan design and premiums for FY 2015-16. Additional measures taken by the District to reduce costs include an employee wellness program and dependent audits. Changes made to the District's health insurance plan will require renegotiations of the CBAs.

Financial Implication: Reducing medical insurance premiums to SERB levels would save the District approximately **\$428,600**. This savings was calculated by determining the cost difference between SSLCSD premiums and the SERB average premiums and applying the difference to the District's number of employees with single/family medical coverage.

R.10 Increase employee health insurance contributions

SSLCSD employees contribute an effective 8.2 percent toward medical/prescription drug premiums, while dental and vision premiums require no employee contribution. In comparison, the *21st Annual Report on the Cost of Health Insurance in Ohio's Public Sector* (SERB, 2014) shows that the average employee contribution rates in the Cleveland region for single plans were 12.7 percent, 15.1 percent, and 14.8 percent for medical, dental, and vision insurance, respectively and contribution rates for family plans were 13.6 percent, 14.5 percent, and 19.4 percent for the same types of coverage. **Table 11** displays actual employee contribution levels for SSLCSD employees and compares them to possible contribution levels derived by applying the SERB average contribution percentages to SSLCSD premiums contained in **Table 10**.

Table 11: Annual Employee Contribution Comparison

	SSLCS D	SERB	Difference	Employees Enrolled in Plan	Possible Savings ¹
Medical					
Single	\$668.97	\$1,036.09	(\$367.12)	59	\$21,660
Family	\$1,672.46	\$2,773.83	(\$1,101.37)	125	\$137,671
Dental					
Single	\$0.00	\$59.60	(\$59.60)	57	\$3,397
Family	\$0.00	\$151.66	(\$151.66)	122	\$18,502
Vision					
Single	\$0.00	\$3.87	(\$3.87)	55	\$213
Family	\$0.00	\$13.46	(\$13.46)	119	\$1,602
Financial Implication					\$183,045

Source: SSLCS D and SERB

¹ Multiplies the District's current premium and the SERB regional average employee contribution rate percentage to determine an annual employee contribution amount.

Table 11 shows that SSLCS D employees contribute significantly less toward their premiums compared to possible contribution amounts based on the SERB average contribution percentages. Changes to the District's health insurance contributions will require renegotiation of the CBAs.

Financial Implication: Increasing employee contributions to SERB regional average levels could yield a cost savings of **\$183,000** annually.

R.11 Renegotiate severance provision

SSLCS D has CBAs with the Sheffield-Sheffield Lake Teachers Association¹⁴ (the certificated CBA) and the Sheffield-Sheffield Lake Classified Employees Association¹⁵ (the classified CBA). An analysis of these CBAs showed that the sick leave provision contained in each contract exceeded State minimum standards.

The certificated and classified CBAs allow employees to accrue unlimited days of unused sick leave. ORC § 3319.141 details sick leave accumulation and specifies a minimum accrual level, stating that unused sick leave shall be cumulative up to 120 days. Providing an accrual rate in excess of State minimum levels, results in the potential for increased financial liability when sick leave is paid out to retiring employees, because the certificated and classified CBAs allow eligible employees to receive retirement severance payments of one fourth of the accumulated, but unused sick leave accrued at retirement up to a maximum of 75 days paid out. An analysis of severance payments from FY 2011-12 through FY 2013-14 showed payout levels exceed the State minimum requirement of 30 days (25 percent of 120 days) as outlined in ORC § 124.39.

The District should renegotiate its contracts for both certificated and classified employees to conform to the maximum payment at retirement of 30 sick days in ORC § 124.39. By adopting the ORC maximum, the District could significantly lessen the cost of severance payments.

¹⁴ Effective July 1, 2014 through June 30, 2015.

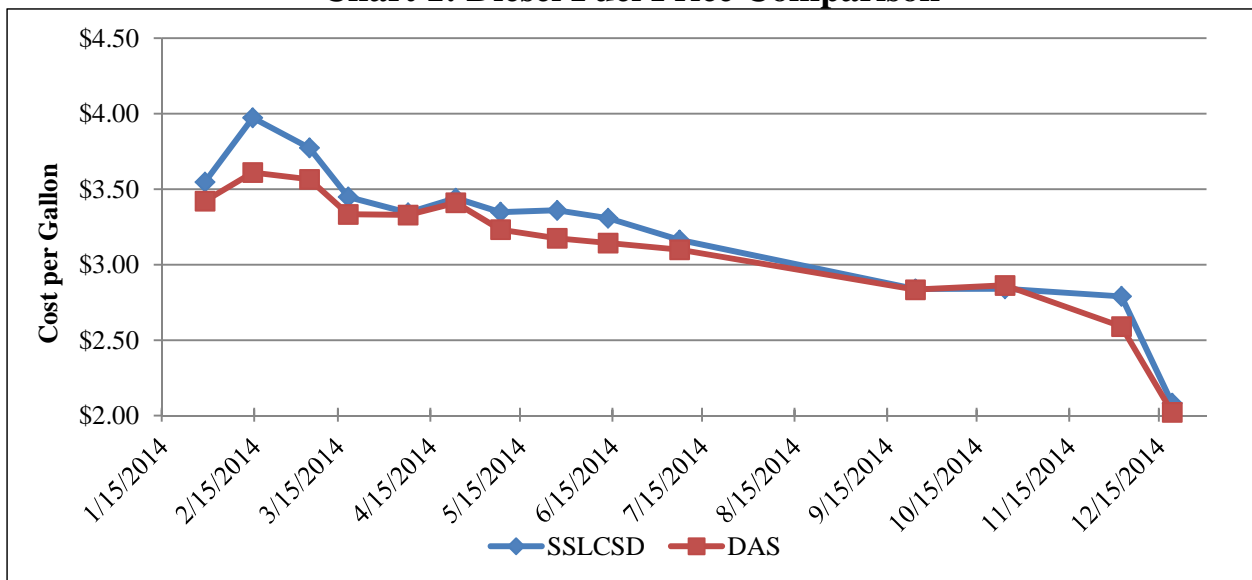
¹⁵ Effective July 1, 2014 through June 30, 2015.

Financial Implication: Reducing the severance provision to be more consistent with the ORC maximum payment of 30 sick days would save the District **\$77,300** based on FY 2011-12 through FY 2013-14 data.

R.12 Solicit competitive bids for supplies and services

The District could not provide documentation showing it shops prices with other suppliers to secure the lowest price for goods and services; however, the District uses the Ohio School Board Association (OSBA) for bulk purchasing, and has maintained a contract for custodial supplies since January 1, 2012. SSLCSD purchases diesel fuel for the bus fleet directly from a local vendor, electing not to become a member of the Cooperative Purchasing Program (the Co-op) administered by the Ohio Department of Administrative Services (DAS). **Chart 1** shows a comparison between the District’s cost per gallon for diesel fuel and the price offered under the State contract.

Chart 1: Diesel Fuel Price Comparison



Source: SSLCSD and Ohio Department of Administrative Services

Chart 1 shows that the District consistently paid more per gallon for diesel fuel compared to the State contract. ORC § 125.04(C) states, "A (school district) may purchase supplies or services from another party, including a political subdivision, instead of through participation in contracts described in division (B) of this section if the (school district) can purchase those supplies or services from the other party upon equivalent terms, conditions, and specifications but at a lower price than it can through those contracts."

The District should competitively bid supplies and services, including fuel, or use the Co-op to ensure efficient spending. When the District does purchase outside of DAS, SSLCSD should maintain better documentation to provide adequate information for future purchasing decisions.

Financial Implication: The District could save approximately **\$2,900** annually by purchasing diesel fuel through the Co-op. This savings was estimated by applying the price difference

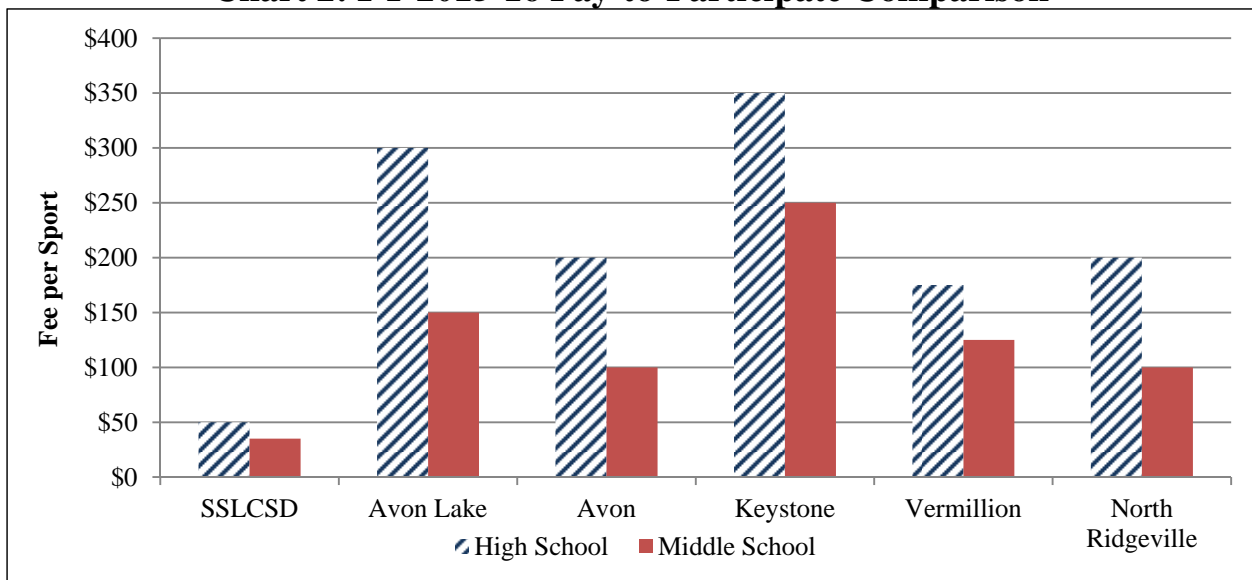
between the District’s diesel fuel expenditures and DAS contract prices applied to the number of gallons purchased from January through December 2014.

R.13 Review the appropriateness of extracurricular activity revenues and expenditures

In FY 2013-14, SSLCSD expended approximately \$375,900 out of the General Fund on sports-oriented extracurricular activities for the salaries and benefits of the Athletic Director and District-wide athletic coaches.

SSLCSD had a pay-to-participate fee (referred to as a transportation fee by the District) structure for FY 2014-15 of \$50 per high school sport with a cap of \$100 per student per season, and a cap of \$150 per student per year, and \$35 per middle school sport with a cap of \$70 per student per season, and a cap of \$105 per student per year. **Chart 2** shows a comparison of the District’s pay-to-participate rate compared to the surrounding districts.

Chart 2: FY 2015-16 Pay-to-Participate Comparison



Source: SSLCSD and surrounding districts

As illustrated in **Chart 2**, SSLCSD had pay-to-participate fees that were significantly lower than every surrounding district. Specifically, the high school pay-to-participate fee of \$50 was \$195 less than the surrounding district average of \$245 and the middle school pay-to-participate fee of \$35 was \$110 less than the surrounding district average of \$145. **Table 12** shows the estimated change in revenue if SSLCSD increased pay-to-participate fees to the surrounding district average.

Table 12: Pay-to-Participate Revenue Increase Comparison

High School: \$195 Fee Increase					
	FY 2014-15	No Market Reaction	Minimum Market Reaction	Medium Market Reaction	Maximum Market Reaction
High School Pay-to-Participate Fee	\$50	\$245	\$245	\$245	\$245
Number of Athletes	227	227	216	204	193
Estimated Market Reaction	N/A	0.0%	(5.0%)	(10.0%)	(15.0%)
Revenue from Annual Pay-to-Participate Fee	\$11,350	\$55,615	\$52,834	\$50,054	\$47,273
Estimated Change in Revenue	N/A	\$44,265	\$41,484	\$38,704	\$35,923
Middle School: \$110 Fee Increase					
	FY 2014-15	No Market Reaction	Minimum Market Reaction	Medium Market Reaction	Maximum Market Reaction
Middle School Pay-to-Participate Fee	\$35	\$145	\$145	\$145	\$145
Number of Athletes	155	155	147	140	132
Estimated Market Reaction	N/A	0.0%	(5.0%)	(10.0%)	(15.0%)
Revenue from Annual Pay-to-Participate Fee	\$5,425	\$22,475	\$21,351	\$20,228	\$19,104
Estimated Change in Revenue	N/A	\$17,050	\$15,926	\$14,803	\$13,679
Total Estimated Change in Revenue		\$61,315	\$57,411	\$53,506	\$49,602

Source: SSLCSD

As shown in **Table 12**, SSLCSD could increase revenue by approximately \$53,500, assuming a medium participant reaction. “Market Reaction” represents the reality that some number of current participants might drop out of, or reduce involvement in, programs when fees are increased. The table above takes into account that possibility by factoring in various market reactions on revenue generation. Although SSLCSD could reduce the overall athletic deficit by approximately \$61,000, it is ultimately the District’s decision how to cover costs and fund athletics.

Financial Implication: Increasing pay-to-participate fees to the surrounding district average would yield approximately **\$53,500** in potential additional revenue, assuming medium participant reaction.

R.14 Eliminate 0.5 FTE food service position

SSLCSD operates with 9.0 total FTEs for its food service operations consisting of 1.0 FTE Head Cook, 5.0 FTE cooks, 1.0 FTE driver, 1.8 FTE servers, and 0.2 FTE student workers. Applying this staffing level to meals served provides a common indicator of sustainability in a food service program through the determination of meals per labor hour. **Table 13** compares SSLCSD to the meals per labor hour benchmark outlined in *School Foodservice Management for the 21st Century* (Dorothy Pannell-Martin, 1999).

Table 13: FY 2014-15 Food Service Staffing Comparison

Building	Meal Equivalents Served per Day	Benchmark Meals per Labor Hour	Actual Labor Hours ¹	Benchmark Labor Hours ²	Difference
Central Kitchen					
Brookside High School	317.0	17.0	55.0	18.6	36.4
Satellite Kitchen					
Forestlawn Elementary School	94.7	11.0	3.5	8.6	(5.1)
Knollwood Elementary School	112.1	12.0	2.5	9.3	(6.8)
Sheffield Middle School	279.0	15.5	11.5	18.0	(6.5)
Tennyson Elementary School	160.9	13.0	2.5	12.4	(9.9)
William Barr Elementary School	72.4	11.0	2.5	6.6	(4.1)
Total			77.5	73.5	4.0

Source: SSLCSD and Pannell-Martin

Note: The benchmarks presented are for hybrid kitchens preparing bulk hot food.

¹Supervisor hours are not included.

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

Table 13 shows that the District's food service operation uses 4.0 hours per day more than the benchmark level suggests.

Financial Implication: Reducing 4.0 food production labor hours would save the District **\$8,600** annually and bring its meals per labor hour ratio in line with the industry benchmark. Annual savings was calculated using actual salaries of food service personnel.

On March 23, 2015, the Board approved a RIF of 10.5 labor hours (see Appendix D).

R.15 Increase monitoring of consultant contract to ensure quality of food service

SSLCSD outsources some management functions of the Food Service Department to a consulting company (the Contractor) pursuant to an agreement (the Agreement) that became effective August 12, 2014 with a termination when the scope of work has been completed, or through written notice. The Agreement includes three phases:

- **Phase I:** Outline challenges/opportunities, create cycle menu, assess compliance with laws/regulations, create baseline key performance indicators (KPIs), and identify training needs;
- **Phase II:** Provide recommendations and resources to improve menu, meet regulations, continue KPIs, evaluate program success, training, and increase connection between classroom and kitchen; and
- **Phase III:** Review KPIs (participation), conduct student survey, and create plan for FY 2015-16.

The Business Manager is primarily responsible for monitoring Contractor adherence to these and other provisions contained in the Agreement.

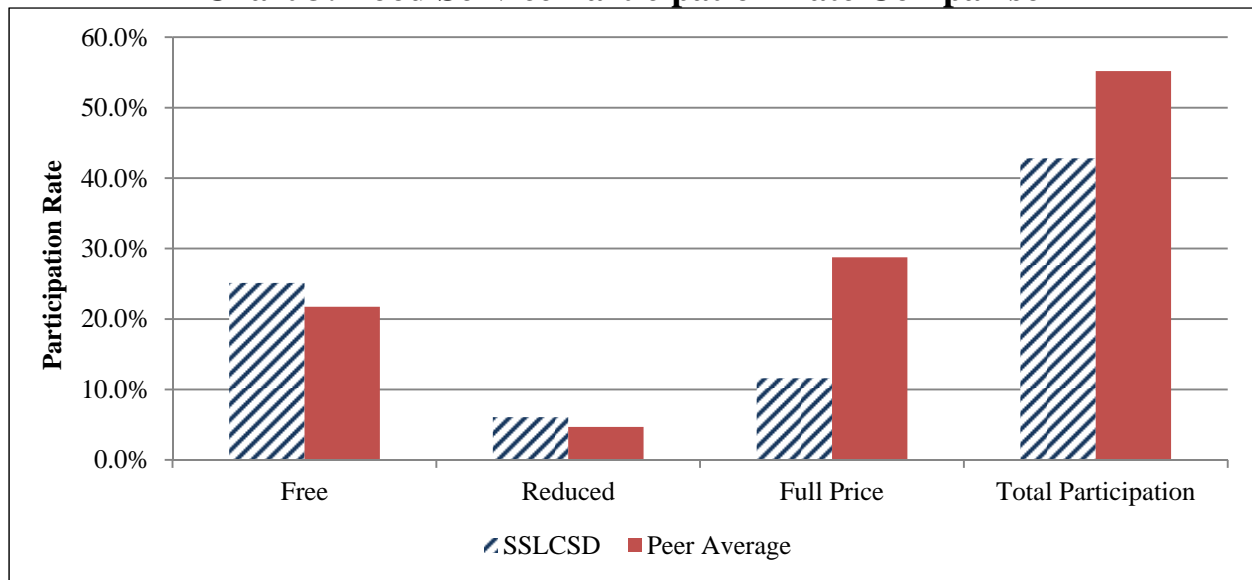
According to *Best Practices in Contracting for Services* (National State Auditors Association (NSAA), 2003), monitoring is an essential part of the contracting process to ensure that contractors comply with contract terms, performance expectations are achieved, and any problems are identified and resolved. To properly monitor a contract, the District should adopt the following guidelines recommended by the NSAA:

- Assign a contract manager with the authority, resources, and time to monitor the project;
- Ensure the contract manager possesses adequate skills to properly manage the contract;
- Track budgets and compare invoices and charges to contract terms and conditions;
- Ensure that deliverables are received on time and document acceptance or rejection;
- Withhold payments to vendors until deliverables are received;
- Retain documentation supporting charges against the contract; and
- Evaluate the contract against established criteria.

A review of reports provided by the Contractor to the District indicated that the obligations listed in the contract are not being fulfilled. Specifically, Phase I and Phase II indicate the creation of KPIs. However, information provided by the Contractor indicated that these have not been developed or tracked. Also, Phase III indicates that a student survey will be completed to evaluate acceptance of the new food service format modifications which has not been fulfilled and that the Contractor will provide a full plate cost analysis both of which have not been completed.

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. 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 a la carte food item purchases. In order to eliminate the Food Service Fund deficit, SSLCSD will need to increase revenues or decrease expenditures (see **R.14**). Student participation is vital to generating an increase in revenues, in that higher participation in the lunch program results in higher sales volume. A comparison of the District's lunch participation rates was completed in **Chart 3**.

Chart 3: Food Service Participation Rate Comparison



Source: ODE Claims Reimbursement Reporting System

As shown in **Chart 3**, the District’s FY 2013-14 participation rate was 42.9 percent, 12.4 percent less than the peer average of 55.2 percent. SSLCSD provides a higher percentage of free and reduced lunch in comparison to the peer average, and has significantly lower full price participation rates. Increasing full-price participation in the lunch program would increase revenue in the Food Service Fund.

One method of increasing student participation would be through an improvement of the menu and surveying students to solicit feedback on this improvement, both of which are included in the Agreement. SSLCSD should increase monitoring of the consultant contract to ensure the quality of the food service operation. Not effectively monitoring the Contractor’s performance in complying with these provisions does not put SSLCSD in an optimal position to assess the performance of the Contractor. SSLCSD should monitor the food service consultant contract to ensure optimal services are provided for the District. Improved contract monitoring will allow SSLCSD to maintain quality services while ensuring that costs are reasonable and expectations are being met and could increase student participation resulting in an improvement of the financial condition of the Food Service Fund.

R.16 Implement closed campus lunch policy

SSLCSD currently maintains an open campus lunch policy for its twelfth grade students. An open campus lunch policy allows students to leave campus during their lunch period to purchase or consume food and beverages.

Off the Map: Extracurricular School Food (Public Health Advocacy Institute (PHAI), 2009) states that creating a closed campus lunch policy, or a policy in which all students must remain on school grounds during their lunch period, promotes student safety, improved student health and nutrition, as well as improved traffic flow around school facilities during lunch periods.

Further, implementing a closed lunch policy will also help increase lunch participation and revenue by introducing new students to the school lunch program.

SSLCSO could also implement a closed campus lunch policy in order to improve student lunch participation and help increase revenue. Doing so could also assist in maintaining student safety, improving student wellness, and improved traffic flow around school facilities.

R.17 Accurately report overtime expenditures

SSLCSO does not record overtime expenditures for non-teaching certificated or classified staff. Instead, the District records all hours as regular wages.

Measuring the Cost of Government Services (GFOA, 2002) provides guidance on how school districts and other entities can ensure the tracking and reporting of true costs of services they provide. Cost data can be extremely useful in identifying situations where a government should explore alternative service delivery operations. Without tracking overtime costs, the District cannot accurately compare historical overtime expenditures or determine the ratio of overtime to regular wages.

SSLCSO should accurately report overtime expenditures. Without recording overtime expenditures, SSLCSO is not able to track, compare or monitor overtime usage. Tracking overtime usage would allow the District to determine how overtime expenditures compare to peer districts or other benchmarks and allow it to assess and maintain appropriate staffing levels.

R.18 Implement a formal facilities preventive maintenance plan

SSLCSO does not have a formal preventive maintenance plan for District facilities. Due to the lack of a formal plan, the District maintains buildings on a reactionary basis. Some tasks are completed regularly, such as replacing filters and cleaning drains and filters. The District operated and maintained seven buildings in FY 2014-15, and will operate five in FY 2015-16, with two additional vacant buildings to maintain.

Planning Guide for Maintaining School Facilities (National Center for Education Statistics (NCES) Association of School Business Officials International (ASBO), 2003) states “A sound facilities maintenance plan helps to ensure that school facilities are, and will be, cared for appropriately. The master plan is the ‘blueprint’ for daily decision-making throughout a school district. It provides concrete documentation about the organization’s needs and intentions. Good plans include short and long-term objectives, budgets, and timelines, all of which demonstrate organizational commitment to facilities maintenance.”

SSLCSO should implement a formal facilities preventive maintenance plan. The lack of a formal preventive maintenance plan may limit the timeliness of maintenance necessary to keep the District's facilities operating efficiently and minimize the frequency of equipment breakdowns. Implementing a plan will help to ensure maintenance is completed timely, within budget, and ultimately that facilities are safe and cared for.

R.19 Develop formal policies and procedures for completing T-Forms

Each school district in Ohio is required to report information about transportation operations to ODE on an annual basis in accordance with ORC § 3327.012 and OAC 3301-83-01. The T-1 Form is used to report information on students, buses, and miles and the T-2 Form is used to report the actual expenses incurred for the transportation of eligible students to and from school. T-1 and T-2 form data is also used to calculate the District's special education transportation funding.

The Transportation Supervisor and Treasurer are responsible for preparing T-Forms. However, the District does not have formal policies and procedures for completing these forms or properly maintaining the required supporting documentation.

ODE's Office of Pupil Transportation, in conjunction with the Ohio Association of School Business Officials (OASBO) and the Ohio Association of Pupil Transportation (OAPT), has developed a series of trainings that school district administrators and employees can attend. The trainings are held several times each year, and include a "Back to the Basics" training session. Information about the transportation trainings can be found on OASBO's website; www.oasboohio.org. In addition, the Office of Pupil Transportation posts Statewide emails on its webpage which contain important pupil transportation information.

SSLCSO should develop formal policies and procedures for completing T-Forms. The lack of formalized standard operating procedures weakens internal controls, especially in the event of absence or employee turnover. In addition, because there is no documentation of how data is collected or costs allocated, the reliability of the District's transportation data could be brought into question. This increases risks associated with misreporting. The development of policies and procedures documenting the District's T-Form reporting process and retention of supporting documentation will help ensure accurate reporting of transportation information to ODE in accordance with ORC and OAC standards.

R.20 Develop formal preventive maintenance and replacement plans for buses

SSLCSO does not have a formal bus maintenance or replacement plan. The District should develop a maintenance plan to help ensure that bus replacement needs are effectively evaluated and communicated. This plan should account for enrollment and ridership trends, and the maintenance and repair costs for each bus. Doing so would allow the District to plan for the replacement of buses at the most advantageous points in their lifecycles. Additionally, this plan should be linked to the District's budget so that bus replacement funds are available when needed. Without a replacement plan, the District may be unprepared for future capital obligations and risk devoting additional resources to maintaining buses that are progressively becoming more costly to maintain.

Table 14 compares the maintenance and repair expenditure ratios for SSLCSO with the peer average for FY 2013-14.

Table 14: FY 2013-14 Maintenance and Repair Expenditures Comparison

	SSLCS D	Peer Average	Difference	% Difference
Cost per Rider	\$165.00	\$121.36	\$43.64	36.0%
Cost per Active Bus	\$12,166.07	\$7,792.34	\$4,373.73	56.1%
Cost per Routine Mile	\$0.85	\$0.93	(\$0.08)	(8.6%)

Source: T-2 Reports

Note: Includes mechanic salary.

As **Table 14** shows, the District's maintenance and repair costs are significantly higher than the peers per yellow bus rider and per active bus, but slightly lower per routine mile.¹⁶ More routine miles require more maintenance supplies expenditures.

According to *Public Works Management Practices Manual* (American Public Works Association (APWA), 2001), a formal preventive maintenance program should be developed for all equipment that includes scheduling, recording performance, and monitoring the program. Furthermore, *School Bus Replacement Considerations* (National Association of State Directors of Pupil Transportation Services, 2002) emphasizes that replacement of school buses should be a planned process. A district's finances are certainly an important consideration in the replacement of buses, and may be an obstacle to replacing them on the schedule set by the district. Ultimately, a bus replacement plan allows a district to communicate to its leadership and to the public about the needs of its bus fleet, its progress in meeting its schedule of replacement, and any risks posed by the current state of the fleet.

SSLCS D should develop a formal program for maintaining and replacing buses. Adopting a formal bus replacement plan, even without the resources to fund the plan, could benefit the District as it would set priorities and establish criteria for when funding is available. In addition, it could help to anticipate and avoid the need to replace a major portion of the fleet at the same time, and allow the District to demonstrate the impact of not funding capital improvements.

R.21 Track non-routine mile information in order to maximize reimbursements

Non-routine miles are defined by OAC 3301-83-16 as "transportation of passengers for purposes other than regularly scheduled routes to and from school." **Table 15** shows the number of routine and non-routine miles and expenditures for FY 2013-14.

Table 15: FY 2013-14 Transportation Mileage Allocation

	Miles	Expenditures	% of Total
Annual Routine	215,280	\$1,076,507	92.5%
Annual Non-Routine	17,515	\$87,584	7.5%
Total	232,795	\$1,164,091	100.0%
Cost per Mile			\$5.00

Source: ODE

¹⁶ SSLCS D is 2.2 square miles smaller than the peer average, but travels 69.3 percent more routine miles annually.

As illustrated in **Table 15**, 7.5 percent of total miles traveled were non-routine miles costing an estimated \$87,500 or \$5.00 per mile in FY 2013-14. Annual non-routine miles expenditures were estimated by taking 7.5 percent (percentage of non-routine miles out of total miles) to total expenditures. According to the District, the General Fund is reimbursed \$5.00 per student per trip regardless of miles traveled and number of students traveling, however, no formal, written policy was provided. In addition, the District was not able to provide documentation showing actual expenditures or reimbursements for non-routine miles. The Treasurer calculates the cost per student and cost per mile and takes the lower number to calculate total reimbursement. Without actual revenue and expenditure information for non-routine miles, the District cannot determine if \$5.00 per student per trip is covering costs.

SSLCSO should track non-routine trip information in order to maximize reimbursements. Once information is accurately collected and available, the District will be in better position to determine if it is matching reimbursements with actual costs and be able to assess the appropriateness of its current level of \$5.00 per student per trip.

R.22 Determine and monitor costs to operate the wastewater treatment plants

SSLCSO owns and operates two wastewater treatment plants that service the District's buildings. Management of the plants is outsourced with the District maintaining responsibility for repairs and maintenance. In 2014, SSLCSO attempted to determine the feasibility of connecting to the Village of Sheffield's sanitary sewer lines, however, it was determined these costs were too high. In response, the Environmental Protection Agency (EPA) required the District to complete improvements to the plant. Beginning in FY 2015-16, SSLCSO will open a new combined high and middle school building which will require increased capacity of the plant including upgrades and expansion. In February 2015, the Board accepted the lowest bid for these upgrades at a cost to the District of over \$346,000.

In attempting to analyze operational costs of the wastewater treatment plants, it was found that SSLCSO does not break out maintenance and repair costs. The District was able to provide costs of the contracted management, but without the repair and maintenance costs, SSLCSO cannot determine the total costs to operate the plants. Without knowing the true costs, the District cannot determine if its operations are efficient compared to other sources of this service. For example, the Village of Sheffield wastewater rates are \$1.85 per month plus \$5.22 per 1,000 gallons for residential, commercial and industrial sewer service. The District, however, cannot determine its in-house cost per 1,000 gallons to compare to this rate.

SSLCSO should determine and monitor costs to operate the wastewater treatment plants. Once the District begins to track costs, a time value of money assessment that discounts capital costs to connect to an existing system over the useful life of new infrastructure should be calculated and added to operational costs to determine the District's cost to treat 1,000 gallons. Determining this would allow SSLCSO to determine if/when it would be cost effective to connect to a surrounding municipality's sanitary sewer system. Once this assessment has been completed, SSLCSO should periodically review internal costs.

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 the Department and the District, OPT identified the following scope areas for detailed review: financial management, human resources, facilities, transportation, food service, sewer, and athletics. 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. Nine of the twenty-five 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	
Are the District's purchasing practices comparable to leading practices?	R.12
Are the District's budgeting practices comparable to leading practices?	N/A
Human Resources	
How does the District's staffing levels compare to the peer district averages and/or State standards?	R.1, R.2, R.3, R.4, R.5, R.6
How do the District's salary schedules for classified and certificated staff compare to the surrounding district average?	R.8, Appendix B
How do the District's administrative salaries compare to the surrounding district average?	Appendix B
How does the cost of insurance compare to SERB benchmarks?	R.9, R.10
How do Board-paid fringe benefits compare to peers?	Appendix B
Is sick leave usage in line with industry benchmarks and/or ORC?	N/A
Are the District's collective bargaining agreements consistent with leading practices and/or the surrounding district average?	R.11
Facilities	
How does custodial staffing and workload compare to peers and/or industry benchmarks?	R.7
How does maintenance staffing and workload compare to peers and/or industry benchmarks?	Appendix B
Is the District's preventive maintenance plan comparable to leading practices?	R.18
Are overtime expenditures in line with industry benchmarks and/or peer averages?	R.17
Transportation	
How does mechanic staffing and workload compare to peers and/or industry benchmarks?	Appendix B
Does the District follow documented policies and procedures for reporting transportation data?	R.19
Are buses routed to maximize riders per bus?	Issue for Further Study
Has the District implemented a fleet replacement plan that is consistent with industry	R.20

leading practices?	
Is the District's fleet size efficient compared to leading practices?	Issue for Further Study
Does the District have a preventive maintenance plan that aligns with industry leading practices?	R.20
Do reimbursements for non-routine miles cover actual costs?	R.21
Food Service	
How does food service staffing and workload compare to industry benchmarks?	R.14
Is the cost per meal comparable to industry benchmarks and/or peer districts?	R.15, R.16
Is the organizational structure comparable to the peers and/or industry standards?	N/A
Sewer	
Are sewer services efficient?	R.22
Athletics	
Can the amount of General Fund support required to operate District Athletics be decreased?	R.13

Appendix B: Additional Comparisons

Staffing

Table B-1 compares the District's staffing on a per 1,000 student basis to the peer average.

Table B-1: Staffing Comparison Summary (in FTEs)

	SSLCS D		Peer Average	Difference	
Students Educated ¹	1,656.1		1,603.5	52.6	
Students Educated (thousands)	1.6561		1.6035	0.0526	
	SSLCS D		Peer FTEs per 1,000 Students	Difference Per 1,000 Students	Total FTEs Above/ (Below) ²
	FTEs	FTEs Per 1,000 Students			
Administrative	10.00	6.04	6.89	(0.85)	(1.41)
Office/Clerical	13.75	8.30	6.42	1.88	3.11
General Education Teachers	84.60	51.08	44.78	6.30	10.43
All Other Teachers	31.00	18.72	12.08	6.64	11.00
Educational Service Personnel (ESP)	15.40	9.30	7.41	1.89	3.13
Educational Support	0.00	0.00	3.20	(3.20)	(5.30)
Other Certificated	0.50	0.30	0.72	(0.42)	(0.70)
Non-Certificated Classroom Support	7.91	4.78	8.81	(4.03)	(6.67)
All Other Staff	8.00	4.83	3.07	1.76	2.91

Source: SSLCS D and peer EMIS reports

Note: The District's operational staffing, including bus drivers, custodians, maintenance workers, and food service employees are not included in the peer comparison. Where applicable, these areas were assessed based on industry and operational standards (see **R.3**, **R.7** and **R.14**).

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)".

As shown in **Table B-1**, several areas show the District being staffed at a higher level than the peers. These areas are office/clerical (see **R.4**), general education teachers (see **R.1**), ESP (see **R.2**), and all other staff (see **R.5**).¹⁷ In addition, SSLCS D employs 11.0 FTEs more than the peer average in the all other teachers category.¹⁸ However, of the District's 31.0 FTEs in this category, 26.0 FTEs are special education teachers who provide educational services to students with IEPs. Due to the complexity and circumstantial nature of these positions, no recommendation was made.

¹⁷ All other staff includes psychologists, therapists, speech and language therapists, practical nurses, library aides, computer support staff, and all other professional and technical staff.

¹⁸ All other teachers include, career-technical programs/pathways, gifted and talented, LEP teaching assignment, special education, supplemental service teachers, preschool special education, and preschool handicapped itinerant.

Table B-2 compares SSLCSD’s buildings and grounds and maintenance staffing against national benchmarks from American Schools & Universities (AS&U).

Table B-2: FY 2014-15 Maintenance and Grounds Staffing Comparison

Acres per FTE Benchmark				40.2
Acres Maintained	Grounds FTEs	SSLCSD Acres Maintained per FTE	Benchmark Staffing Need	Difference
136.5	0.5	273.0	3.4	(2.9)
Square Footage per Maintenance FTE Benchmark				94,872
Square Footage Maintained	Maintenance FTEs	SSLCSD Square Feet Maintained per FTE	Benchmark Staffing Need	Difference
232,509	3.5	66,431	2.5	1.0
Total Maintenance FTEs Above/(Below) Benchmarks				(1.9)

Source: SSLCSD and AS&U

Table B-2 shows that SSLCSD grounds staffing is responsible for significantly more acreage than the benchmark and the District’s maintenance FTEs are responsible for 30.0 percent fewer square feet per FTE than the benchmark. For FY 2015-16, SSLCSD reconfigured school buildings which added additional square footage to the District. A staffing assessment using this additional square footage is shown in **Table B-3**.

Table B-3: FY 2015-16 Maintenance and Grounds Staffing Comparison

Acres per FTE Benchmark				40.2
Acres Maintained	Grounds FTEs	SSLCSD Acres Maintained per FTE	Benchmark Staffing Need	Difference
136.5	0.5	273	3.4	(2.9)
Square Footage per Maintenance FTE Benchmark				94,872
Square Footage Maintained	Maintenance FTEs	SSLCSD Square Feet Maintained per FTE	Benchmark Staffing Need	Difference
277,509	3.5	79,288	2.9	0.6
Total Maintenance FTEs Above/(Below) Benchmarks				(2.3)

Source: SSLCSD and AS&U

As illustrated in **Table B-3**, the District will be understaffed in ground maintenance, and slightly overstaffed in maintenance. In total, the District is understaffed in maintenance and grounds by 2.3 FTEs. SSLCSD should consider reallocating additional maintenance and custodial (see **R.7**) FTEs to grounds keeping in order to align staffing with the appropriate benchmarks.

Table B-4 shows a comparison of mechanics staffing between SSLCSD and the peer average.

Table B-4: FY 2014-15 Mechanic Staffing Comparison

	SSLCS	Peer Average	Difference	% Difference
Mechanic FTE	1.6	1.2	0.4	33.3%
Active Buses	15.0	15.2	(0.2)	(1.3%)
Spare Buses	6.0	4.2	1.8	42.9%
Annual Routine Miles	215,280	127,188	88,092	69.3%
Annual Non-Routine Miles	17,515	18,570	(1,055)	(5.7%)
Active Bus/FTE Mechanic	9.4	12.7	(3.3)	(26.0%)
Spare Bus/FTE Mechanic	3.8	3.5	0.3	8.6%
Routine Miles/Mechanic	134,550	105,990	28,560	26.9%
Non-Routine Miles/Mechanic	10,947	15,475	(4,528)	(29.3%)

Source: SSLCS and peer districts

As shown in **Table B-4**, SSLCS mechanic FTEs are responsible for 3.3 fewer buses per mechanic than the peer average. Based on this metric, SSLCS would need to reduce 0.4 FTE to reach the peer average active buses per mechanic ratio. Although mechanics are responsible for fewer active buses, SSLCS buses travel significantly more annual routine mileage per FTE than the peer average, requiring more maintenance. As a result, no recommendation was warranted.

Salaries

Wages for certificated and classified employees were compared to surrounding district averages using FY 2014-15 pay schedules contained in the respective collective bargaining agreements. **Table B-5** shows the average total compensation over an employee's 30 year career in comparison to the surrounding district average.

Table B-5: Average Annual Compensation Comparison

	SSLCS	Surrounding District Average	Difference	% Difference
Bachelor's Degree	\$1,545,866	\$1,624,496	(\$78,630)	(4.8%)
Master's Degree	\$1,733,269	\$1,849,414	(\$116,145)	(6.3%)

Source: SSLCS and surrounding districts of Avon LSD, Avon Lake CSD, Clearview LSD, Keystone LSD, North Ridgeville CSD, and Vermilion LSD

As shown in **Table B-5**, the average total compensation for SSLCS certificated staff was slightly below the surrounding district average for both classifications.

Table B-6 shows a comparison of the District's administrative compensation levels to the surrounding districts.

Table B-6: Administrative Compensation Comparison

	SSLCS D	Surrounding District Average	Difference	% Difference
Principals				
Contract Days	213	219	(6)	(2.7%)
Base Salary	\$87,757	\$92,874	(\$5,117)	(5.5%)
Additional Compensation	\$500	\$1,738	(\$1,238)	(71.2%)
Total Compensation	\$88,257	\$94,612	(\$6,355)	(6.7%)
Total Compensation per Day	\$415.33	\$431.25	(\$15.92)	(3.7%)
Treasurer				
Contract Days	260	260	0	0.0%
Base Salary	\$88,371	\$99,276	(\$10,905)	(11.0%)
Additional Compensation	\$11,221	\$7,230	\$3,991	55.2%
Total Compensation	\$99,592	\$106,506	(\$6,914)	(6.5%)
Total Compensation per Day	\$383.05	\$409.64	(\$26.59)	(6.5%)
Superintendent				
Contract Days	260	260	0	0.0%
Base Salary	\$109,709	\$119,951	(\$10,242)	8.5%
Additional Compensation	\$23,395	\$20,255	\$3,140	15.5%
Total Compensation	\$133,105	\$140,206	(\$7,101)	(5.1%)
Total Compensation per Day	\$511.94	\$539.26	(\$27.29)	(5.1%)

Source: SSLCS D and surrounding districts of Avon LSD, Avon Lake CSD, Keystone LSD, North Ridgeville CSD, and Vermilion LSD

Note: Additional compensation includes benefits such as additional SERS or STRS contributions, cell phone reimbursement, longevity, education reimbursement, and performance incentives.

As shown in **Table B-6**, although base salaries for SSLCS D principals, the Treasurer and the Superintendent are lower than the surrounding district average and additional compensation for the Treasurer and the Superintendent are higher, total compensation for administrators is lower than the surrounding district average.

Fringe Benefits

Ohio school districts and their employees make retirement contributions into the School Employees Retirement System of Ohio (SERS) or State Teachers Retirement System of Ohio (STRS). In FY 2014-15, SERS required a 14 percent employer contribution and a 10 percent employee contribution while STRS required a 14 percent employer contribution and a 12 percent employee contribution.¹⁹ While certificated and classified employees make retirement contributions through salary reduction, the Superintendent and Treasurer receive a fringe benefit in which the Board covers the employee's contribution plus an additional pick-up. **Table B-7** shows a comparison of the total number of administrative positions who receive a fringe benefit as well as the cost of providing the benefit.

¹⁹ In September 2012, the Ohio General Assembly passed Substitute Senate Bill 342 to improve the financial condition of STRS Ohio. As part of this bill, employee contribution rates are scheduled to increase from 10 percent (in FY 2012-13) to 14 percent (in FY 2016-17). This increase will be phased in at a rate of 1 percent each fiscal year beginning July 1, 2013. The employee contribution rate to STRS was 11 percent for compensation earned on or after July 1, 2013.

Table B-7: FY 2014-15 Fringe Benefit Comparison

	SSLCSO	Surrounding District Average ¹	Difference	% Difference
Positions Receiving Benefit	2.0	2.5	(0.5)	(20.0%)
Total Fringe Benefit Amount	\$23,116	\$30,675	(\$7,559)	(24.6%)

Source: SSLCSO and surrounding districts of Avon Lake CSD, Keystone LSD, North Ridgeville CSD, and Vermillion LSD

¹ Avon LSD does not provide fringe benefits to any administrators and therefore was excluded from the average.

As shown in **Table B-7**, SSLCSO provides fringe benefits to fewer administrators than the peer average, and at a lower cost. The lower costs can be attributed to lower administrative base salaries (see **Table B-6**).

Appendix C: Five Year Forecast

Chart C-1 displays the District's October 2014 Five Year Forecast.

Chart C-1: SSLCSD FY 2014-15 October Five Year Forecast

Line	Actual			Forecasted				
	2012	2013	2014	2015	2016	2017	2018	2019
1.010 General Property (Real Estate)	9,975,631	9,986,071	9,625,777	9,736,346	9,736,346	9,736,346	9,736,346	9,736,346
1.020 Tangible Personal Property Tax		19	829					
1.035 Unrestricted Grants-in-Aid	4,788,705	4,802,504	4,867,105	4,753,392	4,753,392	4,753,392	4,753,392	4,753,392
1.040 Restricted Grants-in-Aid	26,621	28,711	33,746	34,112	34,112	34,112	34,112	34,112
1.045 Restricted Federal Grants-in-Aid - SFSF	284,406	13,004						
1.050 Property Tax Allocation	2,078,334	1,724,120	1,738,082	1,751,903	1,751,903	1,367,943	1,261,543	1,217,043
1.060 All Other Operating Revenue	1,247,839	1,448,652	1,419,806	1,288,950	1,288,950	1,288,950	1,288,950	1,288,950
1.070 Total Revenue	18,401,536	18,003,081	17,685,345	17,564,703	17,564,703	17,180,743	17,074,343	17,029,843
2.040 Operating Transfers-In	45,764							
2.050 Advances-In	448,333	267,000	168,000	166,500	40,000	40,000	40,000	40,000
2.060 All Other Financial Sources	143,771	11,024	60,562	60,304				
2.070 Total Other Financing Sources	637,868	278,024	228,562	226,804	40,000	40,000	40,000	40,000
2.080 Total Revenues and Other Financing Sources	19,039,404	18,281,105	17,913,907	17,791,507	17,604,703	17,220,743	17,114,343	17,069,843
3.010 Personnel Services	11,449,156	11,287,490	10,738,359	10,949,374	11,260,630	11,572,179	11,873,776	12,180,468
3.020 Employees' Retirement/Insurance Benefits	4,093,614	4,279,386	4,346,448	4,694,164	5,069,697	5,475,273	5,913,295	6,386,358
3.030 Purchased Services	2,539,358	2,751,976	3,110,434	3,297,060	3,494,884	3,704,577	3,926,851	4,162,462
3.040 Supplies and Materials	731,554	662,396	967,967	1,016,365	1,067,184	1,120,543	1,176,569	1,235,398
3.050 Capital Outlay	121,538	1,294	89,985	150,000	75,000	75,000	75,000	75,000
4.020 Debt Service: Principal-Notes	128,381	129,907	131,513	127,000				
4.060 Debt Service: Interest and Fiscal Charges	13,007	18,764	8,152	9,697	12,500	12,500		
4.300 Other Objects	418,473	379,317	295,993	360,756	368,159	372,595	377,066	381,572
4.500 Total Expenditures	19,495,081	19,510,530	19,688,851	20,604,416	21,348,053	22,332,666	23,342,558	24,421,259
5.010 Operational Transfers - Out	100,000	1,420,000	390,000	310,000	60,000	60,000	60,000	60,000
5.020 Advances - Out	267,000	193,000	166,500	40,000	40,000	40,000	40,000	40,000
5.040 Total Other Financing Uses	367,000	1,613,000	556,500	350,000	100,000	100,000	100,000	100,000
5.050 Total Expenditure and Other Financing Uses	19,862,081	21,123,530	20,245,351	20,954,416	21,448,053	22,432,666	23,442,558	24,521,259
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(822,677)	(2,842,425)	(2,331,444)	(3,162,909)	(3,843,350)	(5,211,923)	(6,328,215)	(7,451,416)
7.010 Beginning Cash Balance	11,229,361	10,406,684	7,564,259	5,232,815	2,069,906	(1,773,444)	(6,985,368)	(13,313,583)
7.020 Ending Cash Balance	10,406,684	7,564,259	5,232,815	2,069,906	(1,773,444)	(6,985,368)	(13,313,583)	(20,764,999)
8.010 Outstanding Encumbrances	626,267	544,532	307,673	150,000	150,000	150,000	150,000	150,000
10.010 Fund Balance June 30 for Certification of Appropriations	9,780,417	7,019,727	4,925,142	1,919,906	(1,923,444)	(7,135,368)	(13,463,583)	(20,914,999)
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	9,780,417	7,019,727	4,925,142	1,919,906	(1,923,444)	(7,135,368)	(13,463,583)	(20,914,999)
13.020 Property Tax - New				1,447,500	2,895,000	2,895,000	2,895,000	2,895,000
13.030 Cumulative Balance of New Levies				1,447,500	4,342,500	7,237,500	10,132,500	13,027,500
15.010 Unreserved Fund Balance June 30	9,780,417	7,019,727	4,925,142	3,367,406	2,419,056	102,132	(3,331,083)	(7,887,499)

Source: ODE

Appendix D: Subsequent Events

On March 23, 2015, the Board approved the following staffing reductions in an attempt to improve the District's financial condition:

- 7.0 FTE general education teachers;
- 2.4 FTE monitoring positions;
- 2.1 FTE attendant positions;
- 2.0 FTE ESP positions;
- 1.3 FTE food service positions;
- 0.5 FTE speech and language therapist position;
- 0.5 FTE custodian position; and
- 0.1 FTE library aide position.

In addition to the reductions listed above, voters approved a 6.53 mill tax levy that is expected to generate \$1,985,000 annually for five years.

On May 20, 2015, the District prepared its May 2015 five year forecast. This forecast incorporates the savings from the reductions in staffing and the additional revenue generated from the passage of the May 2015 levy. Specifically, SSLCSD is projecting positive year ending General Fund balances through FY 2017-18. This shows an improved financial condition over the October projects which forecasted a negative year ending General Fund balance of \$1.9 million in FY 2015-16 with continuing operating deficits through FY 2018-19 accumulating to a deficit of \$20.9 million at the end of the forecast period.

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.



Board of Education
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Sheffield, OH 44054
440-949-6181
Fax 440-949-4204
www.sheffield.k12.oh.us

Brookside High School
1812 Harris Road
Sheffield, OH 44054
440-949-4220

Forestlawn Elementary
3975 Forestlawn
Sheffield Lake, OH 44054
440-949-4238

Sheffield Middle School
1919 Harris Road
Sheffield, OH 44054
440-949-4228

Knollwood Elementary
4975 Oster Road
Sheffield, OH 44054
440-949-4234

Barr Elementary
2180 Lake Breeze Road
Sheffield, OH 44054
440-949-4233

Tennyson Elementary
555 Kenilworth Ave.
Sheffield Lake, OH 44054
440-949-4237

Dear Auditor Yost,

On behalf of the Sheffield-Sheffield Lake School's Board of Education, we would like to formally express our appreciation and thanks to the performance audit team led by Amanda Larke. The team was professional, thorough and efficient, and enjoyable to work with. The preparation of the audit report is an outstanding body of work which will help us to navigate our future.

This letter of response is intended to satisfy the requirement of responding to the findings and recommendations of the performance audit. While we realize all recommendations cannot always be reached, we will measure what is best for our student body, district, and community needs and embrace the data calculated by the audit.

Some areas of discussion are below:

1. Referencing R.6 recommendations for EMIS procedures, we have recently hired an EMIS coordinator to overhaul our data. We do recognize that in the past there have been errors due to personnel errors. The new employee is working very hard to clean up the data and training our other secretaries so that data can be communicated and entered correctly at each stage of data collection.
2. Insurance changes as listed in R.9 were broached during our recent negotiations which followed our exit conference with the auditor team. We were able to negotiate and secure insurance concessions beginning in July of 2015, which will lend a hand in saving money for our district. This movement on insurance is a "phase in" towards change and hopefully will pave the way towards another insurance concession in the future.
3. Referencing R.13 "pay to participate", during "tier 1" reductions, we did change our pay to participate to \$100.00 per student with a cap per family and for the year. This phase in increase was accepted by our board of education on June 8, 2015. It will help generate money for the district but will still be affordable to meet our communities' needs for affordability. It will also encourage a student to participate in three sports due to the price break for the third sport.

The district has started a finance committee during the month of May 2015. This committee has formed a charter and set goals. The data found in this audit will help guide the finance committee as we look to reduce 5% from our budget during the 2015-2016 school year. In addition, we will be holding a strategic planning meeting for our district on August 6, 2015 and will use the data from this audit as a guide.

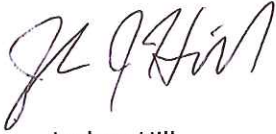
The district appreciates the expertise and experience that the performance audit team provided to our board and administration. The fact that the team was able to objectively notice the areas which we are operating efficiently and also objectively identify areas we could make improvements is beneficial as we investigate all of our current practices.

We are pleased to have this data so we can drive our decisions based not only on students' needs but also on numbers that will affect our yearly budget and five year forecast.

Sincerely,



Michael F. Cook
Superintendent



Joshua Hill
Treasurer



Dave Yost • Auditor of State

SHEFFIELD- SHEFFIELD LAKE CSD

FRANKLIN 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
JUNE 23, 2015**