



Mary Taylor, CPA  
Auditor of State

# WOODMORE LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

JUNE 30, 2009



Mary Taylor, CPA  
Auditor of State

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

Pursuant to Amended Substitute House Bill 119 a performance audit was initiated for the Woodmore Local School District (WLSD) beginning in September 2008. The four functional areas assessed in the performance audit were financial systems, human resources, facilities, and transportation. These areas were selected because they are important components of District operations, which support its mission of educating children, and because improvements in these areas can assist in eliminating the conditions contributing to future years' deficits.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of WLSD's financial situation. While the recommendations contained in the audit report are resources intended to assist in developing and refining the financial recovery plan, the District is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

June 30, 2009





# **Executive Summary**

---

## **Project History**

In accordance with House Bill 119, The Auditor of State (AOS) conducted a performance audit of the Woodmore Local School District (WLSD or the District) to identify programs or areas of operation in which it believes greater operational efficiency, effectiveness, or accountability may be achieved. In September 2008, AOS initiated the performance audit due to the District's May 2008 five-year forecast projecting a negative ending fund balance beginning in Fiscal Year (FY) 2008-09 of \$87,000. The October 2008 five-year forecast became available during the course of the audit and its assumptions and methodology were assessed as part of the performance audit. This forecast projected a positive ending fund balance of \$532,000 in FY 2008-09 and a deficit of \$9.6 million at the end of the forecast period in FY 2012-13.

Based on AOS research and discussions with WLSD officials, the following areas were assessed in the performance audit:

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

The goal of the performance audit process was to assist District administrators and the Board of Education in identifying cost saving opportunities and improving management practices. The ensuing recommendations comprise options that the District should consider in its continuing efforts to improve and stabilize its long-term financial condition.

## **District Overview**

WLSD was formed through a consolidation of school districts located in Elmore and Woodville in 1969. The District operates under a locally elected Board of Education, consisting of five members, and is responsible for providing public education to the residents of the District. WLSD covers 70 square miles and is located in Sandusky County and part of Ottawa County. WLSD provided education services to 1,019 preschool through grade 12 students in FY 2007-08. For FY 2007-08, the District received approximately 50.1 percent of its General Fund revenue from the State, and 46.1 percent from local property taxes. The Ohio Department of Education (ODE) reported the District's FY 2007-08 expenditures per pupil were \$8,369.

WLSD consists of two school buildings: the elementary school (grades K-6) located in Woodville and the middle school (grades 7-8)/high school (grades 9-12) located in Elmore. It also has an Administration Building in Woodville. The District had approximately 113 full-time equivalent (FTE) employees in FY 2007-08 consisting of approximately 9.5 administrative FTEs, 71 education FTEs, 1 professional FTE, and approximately 31 classified and other support staff FTEs. The regular education student-to-teacher ratio in FY 2007-08 was 16.3 to 1. District employees are covered under two collective bargaining agreements: one for certificated staff and one for classified staff.

The District met 25 of 30 academic performance indicators established by ODE in FY 2007-08 and received ODE's academic designation of "effective." It also provides educational services to children of migrant workers who are away from their home schools, through an 8-week summer program and a fall program. The Program is funded through Title I of the 1965 Elementary and Secondary Education Act.

WLSD has made ongoing efforts to manage its scarce resources. It has an active strategic planning process that involves representatives of the business community, District staff, and residents. It has also taken steps to reduce staffing levels, employs fewer people than the peers on a per 1,000 student basis, and asks its administrators to serve in a wide variety of capacities. However, even though its salary costs are comparable to the surrounding districts and its benefit premiums costs are low, WLSD is experiencing declining ending fund balances and will, without changes in spending practices, experience deficits in the subsequent five-year period.

In the area of facility maintenance and utilization, WLSD's custodial and maintenance staff clean and maintain a high square footage per employee. Also, its building utilization rate is acceptable at 75.6 percent. An Ohio School Facilities Commission evaluation has been completed, but the District has elected not to pursue a building project at this time.

Because of the large size of the District, buses must travel further to pick up students each day. WLSD students are spread out over 70 square miles with all elementary students attending school in Woodville, and all middle and high school students attending school in Elmore. Students living close to the schools in their respective towns gather at the local school and are shuttled to the school in the other town as needed. WLSD experiences difficulty in maintaining highly efficient routes, as a portion of its ridership attends the migrant student program and leaves the District in the fall and returns in the spring.

The performance audit illustrates additional opportunities for reductions in expenditures and efficiency enhancements in District operations. The revised forecast in **financial systems** indicates that if WLSD implements the performance audit recommendations and limits its future spending, it will operate with a positive fund balance through end of the forecast period. However, some of the recommendations require negotiation through the District's bargaining

units, and some may have negative impacts on the District's educational mission, particularly those associated with reductions in staffing.<sup>1</sup> WLSD administrators and Board members will be faced with difficult decisions in their efforts to maintain a balanced budget and avoid future deficits.

## **Subsequent Events**

- During the audit, WLSD implemented the following recommendations:
  - Increased lunch prices for the 2009-10 school year;
  - Adopted a forecasting methodology for salaries and benefits and have implemented forecasting software;
  - Implemented ongoing updates to the policy manual;
  - Require timesheets from all bus drivers and are in the process of implementing a no idle policy;
  - Updated cash handling procedures and ensured employees are trained to use the fee collection feature of Data Analysis for Student Learning (DASL) software; and
  - Adopted a practice of charging all related costs to the Food Service Fund.
  
- WLSD also made the following reductions:
  - Personnel reductions of one elementary teacher and the special education testing position;
  - A reduction in supplemental contracts for one high school department chair and two elementary lead teachers;
  - A reduction in contract days from 185 to 120 for an elementary guidance counselor;
  - A reduction in class periods from 8 to 7 for high school art;
  - A reduction in elementary art classes from 5 days to 4;
  - A reduction in hours for an elementary library aide and elementary computer aide from 5 work days to 4;
  - The elimination of band lessons for elementary grades;
  - A reduction in expenditures for mechanical and supply costs; and
  - Wage reductions.
  
- WLSD's May 2009 forecast shows the District maintaining a positive ending fund balance in FY 2008-09 of \$435,299. Without additional changes in operations or revenue, WLSD is projected to experience deficit fund balances beginning in FY 2009-10 and

---

<sup>1</sup> Reductions in staffing would, in some areas, bring WLSD's staffing levels to State minimum standards. Users of this report should note that only a handful of Ohio school districts operate at this level.

continuing through the forecast period. These deficits range from \$254,311 in FY 2009-10 to between \$5.6 and \$6.9 million in FY 2012-13 depending on the outcome of a renewal levy in FY 2009-10. Even with the addition of new revenue, incorporated into the projections beginning in FY 2011-12, WLSD would incur deficits of up to \$2.7 million by the end of the forecast period without substantial reductions in costs. Users of this report should also note that the updated forecast does not include negotiated wage increases for employees throughout the five-year forecast period.

## **Objectives**

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

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

- **Financial systems** includes an evaluation of expenditures; forecasting, planning, budgeting, purchasing and food service, along with the review of other financial policies and procedures.
- **Human resources** includes an analysis of District-wide staffing levels, collective bargaining agreements, salary levels, and benefits costs.
- **Facilities** includes an assessment of custodial and maintenance staffing, facility-related expenditures, policies and procedures, preventative maintenance and planning, and the work order system for custodial and maintenance operations.
- **Transportation** includes evaluations of bus utilization and key transportation operational information, reporting, and policies.

A full description of the objectives is listed within each report section. The recommendations comprise options that WLSD can consider in its continuing efforts to stabilize its financial condition.



## **Scope and Methodology**

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

Audit field work was conducted between September 2008 and January 2009. To complete this report, the auditors gathered a significant amount of data pertaining to WLSD, conducted interviews with District personnel, and assessed requested information from other school districts. AOS developed a composite of ten selected districts,<sup>2</sup> which was used for peer comparisons. These peer districts were specially selected in order to compare WLSD's operations to other rural districts that had similar demographics or used similar approaches in delivering services. As a group, these districts represent a high level of financial and academic performance and, as a result, benchmarks derived from their operations typically illustrate above average performance. The data obtained from the comparison districts was not tested for reliability, although it was reviewed in detail for reasonableness. Also external organizations and sources were used to provide comparative information and benchmarks. They included but were not limited to, ODE, the Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), the American Schools and Universities (AS&U), the National Center for Education Statistics (NCES), and other related recommended practices. Information used as criteria (benchmarks or recommended practices) was also not tested for reliability.

The performance audit process involved significant information sharing with the District. Periodic status meetings were held throughout the engagement to inform the District of key issues impacting selected areas, and to share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District was invited to provide written comments in response to various recommendations for inclusion in this report. These comments were taken into consideration during the reporting process and, where warranted, resulted in report modifications.

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

---

<sup>2</sup> Anna LSD (Shelby County), Berlin-Milan LSD (Erie County), Highland LSD (Medina County), Kalida LSD (Putnam County), Fort Loramie LSD (Shelby County), New Bremen LSD (Auglaize County), Pettisville LSD (Fulton County), Russia LSD (Shelby County), Miller City-New Cleveland LSD (Putnam County), and Wayne LSD (Warren County).

## **Noteworthy Accomplishments**

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. This section of the executive summary highlights specific District accomplishments identified throughout the course of the audit.

- WLSD has developed an effective strategic planning process, which is assisted by a large corporation in the District. The corporation provides a meeting place and administrative support for the team. Membership on the team has grown to 38 members, comprising the business community, District staff, and residents of both Elmore and Woodville. The strategic plan evolved from four original goals to seven goals.

The District's comprehensive strategic plan meets the criteria from *Recommended Practice on the Establishment of Strategic Plans* (GFOA, 2005). WLSD's strategic plan embodies the following leading practices:

- Prepares a broad but clear mission statement;
  - Assesses environmental factors and critical issues affecting the District;
  - Agreed on a small number of goals;
  - Developed and implemented strategies to achieve broad goals;
  - Continually monitors the extent to which strategic goals have been met; and
  - Regularly reassesses the strategic plan.
- WLSD's facility maintenance and operations uses cross-training and job sharing across all functions, which creates a high degree of efficiency. The District's six custodians are responsible for custodial duties as well as groundskeeping and maintenance functions. As a result, WLSD has attained a square footage per employee (33,394) that is more efficient than leading practice benchmarks (29,500), and results in clean buildings while minimizing facility expenditures. In addition, the District's overtime costs for FY 2007-08 were approximately \$11,460 or 7.6 percent of salaries. Although slightly above the desired benchmark, it results in net savings for the District when compared with the cost of paying salary and benefits for an additional employee.

## **Conclusions and Key Recommendations**

Each section of the audit contains several recommendations pertaining to WLSD operations. In addition to these recommendations, several assessments were conducted that did not result in recommendations. The most significant recommendations are presented below and because the issues surrounding the recommendations may be complex, the reader is encouraged to review the recommendations in their entirety.

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

- Expand the tools used to forecast personnel services and fringe benefit expenditures to ensure a more accurate reflection of current and future personnel expenditures.

**During the course of the audit, WLSD adopted formal forecasting methodologies for salary and benefit projections and implemented its forecasting software.**

- Improve internal controls over several key operational areas, including cash handling, by expanding or updating existing policies.

**During the course of the audit, the District amended its cash handling procedures and began updating its Board policies.**

- Consider lowering the minimum threshold required to obtain multiple price quotes to \$5,000. In addition, the District should adopt a formal policy on cooperative purchasing and seek opportunities to join consortia and expand its use of cooperative purchasing.
- Adjust its accounting practices to ensure the Food Service Fund accurately reflects expenditures for food service operations.

**The Board increased meal prices for the 2009-10 school year and adopted a chargeback methodology to fully account for all food service expenditures.**

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

- Eliminate 1.0 FTE administrator position, 19.0 FTE regular teacher positions, and 5.0 FTE education support staff to address its substantial projected deficit. These reductions would bring staffing in these categories to State minimum standards.

**During the course of the audit, WLSD made some staffing reductions to address its financial condition.**

- Develop a formal staffing plan to address current and future staffing needs.
- Document its EMIS process to ensure information entered is accurate.
- Renegotiate certificated and classified contracts to enroll all employees in the SuperMed Classic Plan and require 20 percent employee contributions for health insurance premiums.
- Renegotiate its administrator contracts to eliminate payment of the employee's share of retirement contributions.
- Renegotiate certain provisions within its certificated and classified bargaining agreements, including the maximum number of sick days employees can accrue, maximum number of sick leave days paid at retirement, and the length of time for certificated professional leave and partial payments. It should also negotiate to eliminate the two hour provision for bus driver route determination.
- Periodically review and update policies and procedures to reflect changes within the District and State law.

**During the audit, WLSD began an ongoing process to update its policies and procedures.**

- Complete annual evaluations of the Board, Superintendent, and Treasurer.

*In the area of facilities, WLSD should:*

- Develop a custodial and maintenance handbook that contains procedures and training standards.
- Expand the strategic plan to include a facilities master plan that encompasses elements for capital improvements and maintenance projects to support the strategic plan.
- Develop and implement a formal work order tracking system as part of an overall preventative maintenance program (PM).

*In the area of transportation, WLSD should:*

- Update its transportation policies at least annually to reflect its current level of transportation service.

- Document its procedures for completing, reconciling, and submitting T-forms in accordance with ODE instructions.
- Increase its bus utilization for regular education routes to 100 riders per bus (50 riders per tier) using regular rerouting and automated routing software.
- Develop written preventative maintenance and bus replacement plans.
- Use purchasing techniques such as State purchasing and cooperative purchasing to obtain fuel, supplies, and materials.

## Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of options that WLSD should consider. Detailed information concerning the financial implications, including assumptions, is contained in the individual sections of the performance audit.

### Summary of Financial Implications

	Annual Savings	Annual Revenue	Annual Cost	One-Time Implementation Cost
<b>Recommendations Not Subject to Negotiations</b>				
<b>R2.5</b> Charge all related costs to the Food Service Fund <sup>1</sup>	\$13,200			
<b>R2.5</b> Increase lunch meal prices		\$11,500 <sup>2</sup>		
<b>R3.1</b> Reduce 1.0 FTE administrator	71,600			
<b>R3.1</b> Reduce 19.0 FTE regular teachers	\$1,317,300			
<b>R3.1</b> Reduce 5.0 FTE ESP teachers	\$338,400			
<b>R4.3</b> Purchase work order software			\$700	\$1,200
<b>R5.3</b> Eliminate 1 bus route by increasing ridership on its buses	\$26,000			
<b>R5.3</b> Purchase Routing Software				\$10,000
<b>Subtotal Not Subject to Negotiations</b>	<b>\$1,766,500</b>	<b>\$11,500</b>	<b>\$700</b>	<b>\$11,200</b>
<b>Recommendations Subject to Negotiations</b>				
<b>R3.4</b> Have all employees pay 20 percent of health insurance premiums and enroll in SuperMed Classic Plan	\$105,000			
<b>R3.5</b> Discontinue paying the employees' portion of retirement contribution for administrative staff.	\$24,000			
<b>R5.3</b> Eliminate paid bus driver hours for routing	\$600			
<b>Subtotal Subject to Negotiations</b>	<b>\$129,600</b>			
<b>Total</b>	<b>\$1,896,100</b>	<b>\$11,500</b>	<b>\$700</b>	<b>\$11,200</b>

**Source:** AOS Recommendations

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

<sup>2</sup> This revenue is attributable to the Food Service Fund only.



# Financial Systems

---

## Background

This section focuses on the financial systems and strategic management functions within the Woodmore Local School District (WLSLD or the District). The purpose of this section is to analyze WLSLD's current and future financial condition, and examine District-wide management policies and procedures in order to develop recommendations for improvements and identify opportunities to increase efficiency. WLSLD's five-year forecast was also analyzed to ensure that the projections reasonably represent future operational and financial conditions. WLSLD's policies, procedures, and operations were evaluated against leading practices, industry benchmarks, State requirements, operational standards, and data from 10 peer districts.<sup>1</sup> Comparison sources included the Government Finance Officers Association (GFOA), the Ohio Revised Code (ORC), the Ohio Department of Education (ODE), the Auditor of State (AOS), and the American Institute of Certified Public Accountants (AICPA).

### *Financial History*

WLSLD operates with a total voted millage of 49.20 mills<sup>2</sup> and effective millage of 27.34 mills. District voters approved a 5 year, 3.5 mill permanent improvement levy (PI) in November 2008. This levy replaced an expired bond retirement levy and permanent improvement levy. The Treasurer projects the new levy will generate approximately \$2.2 million from FY 2008-09 through FY 2012-13 for capital purchases, replacements, and repairs. WLSLD's other operating levies include a 3.0 mill continuing current expenses operating levy with a current effective rate of 1.54 mills which was passed in 1986. In addition, a 4.9 mill 5-year operating levy was passed in 2004 and a 4.0 mill 5-year operating levy was passed in 2006. To address its pending deficit, the District has made staff reductions and reduced classified hours and use of overtime. Administrative employees also oversee several functional responsibilities that are often allocated among multiple staff in larger districts.

---

<sup>1</sup> See the **executive summary** section for a list of the peers.

<sup>2</sup> WLSLD's millage consists of 4.0 mills inside (un-voted), 32.7 mills continuing operation, 4.9 mills operating expiring FY 2008-09, 4.0 mills operating expiring FY 2010-11, and 2.6 mills bond retirement and 1.0 mill permanent improvement, both expiring FY 2007-08



### *Treasurer's Office Operations*

WLSD's Treasurer has been with District for five years.<sup>3</sup> The Treasurer's Office consists of two full-time equivalent (FTE) assistants who report to the Treasurer. The Treasurer reports to the Board of Education (the Board). One of the assistants is responsible for payroll, while the other is responsible for accounts payable, purchasing, and competitive bidding (see **R2.4**). The Treasurer is the District's chief financial officer and is responsible for the preparation of the annual budget, the five-year financial forecast, financial records, and the handling of cash and deposits (see **R2.3**). In addition, the Treasurer's Office is responsible for overseeing benefits administration.

### *Financial Condition*

WLSD's financial condition has improved over the last three years, but is projected to decline rapidly without the addition of new revenue. The District experienced a deficit in its General Fund of nearly \$194,000 in FY 2004-05, but was able to improve its revenues-to-expenditures ratio through staffing reductions so that in FY 2006-07, it posted a \$132,000 surplus. However, due to inflation the District now projects operating deficits through all years of its five-year forecast. In FY 2011-12, the District is projecting an operating deficit of approximately \$2.8 million and a negative ending fund balance of approximately \$6.3 million.

**Table 2-1** presents historical and projected revenues and expenditures as approved by the Board in May 2008 and submitted to ODE.

---

<sup>3</sup> The Treasurer accepted a position with another District in March 2009.

**Table 2-1: WLSD FY 2007-08 May Five-Year Forecast (in 000's)**

Forecast Line Item	Actual 2004-05	Actual 2005-06	Actual 2006-07	Forecast 2007-08	Forecast 2008-09	Forecast 2009-10	Forecast 2010-11	Forecast 2011-12
Real Estate Property Tax	\$2,782	\$2,917	\$3,105	\$3,197	\$3,261	\$2,981	\$2,766	\$2,533
Tangible Personal Property Tax	\$1,088	\$1,168	\$891	\$711	\$354	\$39	\$0	\$0
Unrestricted Grants-in-aid	\$3,383	\$3,304	\$3,270	\$3,311	\$3,311	\$3,311	\$3,311	\$3,311
Restricted Grants-in-aid	\$24	\$71	\$47	\$8	\$8	\$8	\$8	\$8
Property Tax Allocation	\$337	\$382	\$719	\$849	\$1,249	\$1,475	\$1,497	\$1,504
Other Revenues	\$408	\$456	\$413	\$374	\$342	\$314	\$288	\$265
<b>Total Operating Revenues</b>	<b>\$8,022</b>	<b>\$8,296</b>	<b>\$8,444</b>	<b>\$8,449</b>	<b>\$8,525</b>	<b>\$8,127</b>	<b>\$7,870</b>	<b>\$7,621</b>
Salaries & Wages	\$4,965	\$5,003	\$5,192	\$5,397	\$5,559	\$5,726	\$5,898	\$6,075
Fringe Benefits	\$1,429	\$1,482	\$1,577	\$1,595	\$1,739	\$1,895	\$2,066	\$2,252
Purchased Services	\$1,307	\$1,279	\$1,133	\$1,246	\$1,309	\$1,374	\$1,443	\$1,515
Supplies, Materials & Textbooks	\$350	\$342	\$263	\$271	\$279	\$288	\$296	\$305
Capital Outlay	\$41	\$27	\$32	\$32	\$33	\$34	\$34	\$35
Other Expenditures	\$158	\$189	\$178	\$191	\$194	\$198	\$202	\$206
<b>Total Operating Expenditures</b>	<b>\$8,250</b>	<b>\$8,321</b>	<b>\$8,375</b>	<b>\$8,733</b>	<b>\$9,113</b>	<b>\$9,515</b>	<b>\$9,939</b>	<b>\$10,378</b>
Net Transfers/Advances	\$28	\$83	\$18	\$20	\$20	\$20	\$20	\$20
Other Financing Sources	\$61	\$28	\$81	\$18	\$18	\$18	\$18	\$18
<b>Net Financing</b>	<b>\$33</b>	<b>(\$55)</b>	<b>\$63</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>(\$2)</b>
<b>Result of Operations (Net)</b>	<b>(\$194)</b>	<b>(\$80)</b>	<b>\$132</b>	<b>(\$286)</b>	<b>(\$590)</b>	<b>(\$1,389)</b>	<b>(\$2,071)</b>	<b>(\$2,769)</b>
Beginning Cash Balance	\$932	\$737	\$657	\$789	\$503	(\$87)	(\$1,476)	(\$3,548)
<b>Ending Cash Balance</b>	<b>\$737</b>	<b>\$657</b>	<b>\$789</b>	<b>\$503</b>	<b>(\$87)</b>	<b>(\$1,476)</b>	<b>(\$3,548)</b>	<b>(\$6,316)</b>
Encumbrances	\$96	\$202	\$90	\$0	\$0	\$0	\$0	\$0
<b>Ending Fund Balance</b>	<b>\$641</b>	<b>\$455</b>	<b>\$699</b>	<b>\$503</b>	<b>(\$87)</b>	<b>(\$1,476)</b>	<b>(\$3,548)</b>	<b>(\$6,316)</b>
Property Tax-Renewal or Replacement	\$0	\$0	\$0	\$0	\$734	\$1,335	\$1,362	\$1,899
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$734	\$2,070	\$3,432	\$4,794
<b>Ending Fund Balance</b>	<b>\$641</b>	<b>\$455</b>	<b>\$699</b>	<b>\$503</b>	<b>\$648</b>	<b>\$938</b>	<b>\$855</b>	<b>\$367</b>

Source: WLSD and ODE

Note: Totals may vary due to rounding.

By its nature, forecasting requires estimates of future events. As a result, differences between projected and actual results are common because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time the projections are prepared.

WLSD's five-year forecast submitted to ODE in June 2008 was reviewed for compliance with State requirements and for reasonableness in historical and projected revenues and expenditures. AOS reviewed the assumption methodologies associated with the projections that significantly impact the forecast, such as real estate tax revenue, State funding, salaries and wages, and retirement and insurance benefit costs. The forecast and assumptions were found to be reasonably accurate; however, the methodologies for the projections on salaries and wages and fringe benefits lacked supporting documentation (see **R2.1**).

### *Financial Operations – Expenditures & Revenues*

**Table 2-2** compares WLSD's General Fund revenues by source and expenditures by object with the peers for FY 2007-08. The data is presented on a per pupil basis to account for differences in student population size.

**Table 2-2: Revenues and Expenditures per Pupil**

Category	WLSD FY 2006-07	WLSD FY 2007-08	Peer Average FY 2007-08	FY 2007-08 % Difference
<b>Pupils<sup>1</sup></b>	1,054	1,039	1,071	(1.6%)
Property & Income Tax	\$3,791	\$3,829	\$3,851	(0.6%)
Intergovernmental Revenue	\$3,973	\$4,158	\$4,410	(5.7%)
Other Revenue	\$244	\$311	\$840	(62.9%)
<b>Total Revenue</b>	<b>\$8,007</b>	<b>\$8,298</b>	<b>\$9,100</b>	<b>(8.8%)</b>
Wages	\$4,925	\$5,123	\$5,135	(0.2%)
Fringe Benefits	\$1,496	\$1,527	\$1,782	(14.3%)
Purchased Services	\$1,074	\$1,190	\$976	10.0%
Supplies & Textbooks	\$249	\$288	\$361	(20.2%)
Capital Outlays	\$30	\$27	\$103	(73.9%)
Debt Service	\$0	\$0	\$24	n/a
Miscellaneous	\$169	\$195	\$230	(15.2%)
Other Financing Uses	\$17	\$19	\$124	(84.6%)
<b>Total Expenditures</b>	<b>\$7,961</b>	<b>\$8,369</b>	<b>\$8,734</b>	<b>(4.2%)</b>

Source: District and Peer 4502s

Note: Totals and percentages may vary due to rounding.

<sup>1</sup>For the purpose of this section of the performance audit, per pupil is based on WLSD's formula average daily membership (ADM) as calculated by ODE and published on the District's FY 2007-08 final SF-3 report.

**Table 2-2** shows that the District's total revenues are 8.8 percent lower per student than the peer average primarily due to the open enrollment component of the other revenue category. WLSD's revenue from open enrollment is \$276 per student lower than the peer average. **Table 2-2** also shows that the District's total expenditures per student are 4.2 percent lower than the peer average. However, the District exceeded the peers in purchased services expenditures by \$214

per student, primarily because of higher expenditures for electricity, water, natural gas, and insurance.

**Table 2-3** compares General Fund discretionary expenditures with the peers on a per pupil basis and as a percentage of total expenditures. Discretionary expenditures are those items not representing fixed costs or governed by negotiated agreements, giving the District a greater level of control in the short term.

**Table 2-3: FY 2007-08 Discretionary Expenditures Comparison**

Category	WLS D FY 2006-07		WLS D FY 2007-08		Peer Average FY 2007-08	
	Per ADM	% of Exp	Per ADM	% of Exp	Per ADM	% of Exp
Prof. and Technical Services	\$358	4.5%	\$383	4.6%	\$150	1.7%
Property Services	\$139	1.7%	\$176	2.1%	\$172	1.9%
Mileage/Meeting Expenses	\$14	0.2%	\$15	0.2%	\$35	0.4%
Communications	\$21	0.3%	\$16	0.2%	\$27	0.3%
Contract, Craft or Trade Services	\$6	0.1%	\$5	0.1%	\$34	0.4%
Pupil Transportation	\$0	0.0%	\$0	0.0%	\$16	0.2%
Other Purchased Services	\$0	0.0%	\$0	0.0%	\$6	0.1%
General Supplies	\$101	1.3%	\$108	1.3%	\$132	1.5%
Textbooks/Reference Materials	\$25	0.3%	\$12	0.1%	\$45	0.5%
Supplies & Materials for Resale	\$0	0.0%	\$0	0.0%	\$23	0.2%
Food & Related Supplies/Mat.	\$0	0.0%	\$0	0.0%	\$1	0.0%
Plant Maintenance and Repair	\$30	0.4%	\$40	0.5%	\$56	0.6%
Fleet Maintenance and Repair	\$93	1.2%	\$127	1.5%	\$105	1.2%
Other Supplies & Materials	\$0	0.0%	\$0	0.0%	\$1	0.0%
Land, Building & Improvements	\$0	0.0%	\$0	0.0%	\$7	0.1%
Equipment	\$10	0.1%	\$5	0.1%	\$65	0.8%
Buses/Vehicles	\$0	0.0%	\$0	0.0%	\$30	0.3%
Other Capital Outlay	\$21	0.3%	\$21	0.3%	\$2	0.0%
Dues and Fees	\$147	1.9%	\$179	2.1%	\$200	2.3%
Insurance	\$22	0.3%	\$16	0.2%	\$10	0.1%
Awards and Prizes	\$0	0.0%	\$0	0.0%	\$1	0.0%
Miscellaneous	\$0	0.0%	\$0	0.0%	\$17	0.2%
<b>Total</b>	<b>\$987</b>	<b>12.4%</b>	<b>\$1,105</b>	<b>13.2%</b>	<b>\$1,132</b>	<b>12.9%</b>

**Source:** District and Peer 4502 Statement P

**Note:** Totals may vary due to rounding.

**Table 2-3** shows that WLS D's total discretionary expenditures per pupil in FY 2007-08 were comparable to the peer average. However, WLS D's expenditures were significantly higher than the peers in several areas, including the following:

- **Professional and Technical Services** – *Professional and technical services* are non-payroll services which, by their nature, can be performed only by persons with specialized skills and knowledge. Included are the services of architects, engineers, medical doctors, lawyers, consultants, etc. The main areas that contribute to the District being high in *professional and technical services* are registered nurses and all other technical staff (see **human resources**).
- **Fleet Maintenance and Repair** – *Fleet maintenance and repair* includes expenditures for those consumable items used to operate, maintain, and repair vehicles (see **transportation**).
- **Other Capital Outlay** – *Other capital outlay* includes any capital outlay expenditures which are not coded as land, buildings, and improvements. All of the *other capital outlay* expenditures are attributed to non-instructional technology purchases.
- **Insurance** – *Insurance* includes expenditures for insurance to protect school board members, pupils, and employees of the district against loss due to accident or neglect, or to protect the assets of the school district, and includes self-insurance medical claims. The main area that contributes to the District being higher in *insurance* is Board liability insurance.

The District has established a finance committee that meets as needed to consider WLSD's overall financial condition. Planning efforts include use of a strategic planning team to maintain a comprehensive, up-to-date strategic plan (see **noteworthy accomplishments**). Also, WLSD maintains communication with its stakeholders using the District's website and newsletters.

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

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

- What has been the District's financial history?
- Does the five-year financial forecast reasonably and logically project the future financial position of the District?
- Does the District have an effective system of communicating its financial data and does it actively involve parents and other stakeholders in the decision-making process?
- Has the District developed a strategic plan that links to educational and operational plans and meets recommended practices?
- Is the District's budgetary process, including revenue and expenditures, consistent with recommended practices?
- Does the District's purchasing process follow recommended practices and do procedures ensure adequate internal control over purchases?
- Are Treasurer's Office operations organized efficiently and managed effectively?
- Are all costs related to food service operations charged to the Food Service Fund?

## Recommendations

### *Five-Year Forecast*

**R2.1 The Treasurer should project each employee's salary through the forecast period and include this information on the spreadsheet currently used to project fringe benefit expenditures. This will help the Treasurer adjust salaries for employee retirements and new hires while more easily projecting the impact of negotiated wage and step increases for each year of the forecast. In addition, the Treasurer can use this spreadsheet to illustrate how staffing and related costs impact the District's financial condition.**

**During the course of the audit, WLDS adopted a formal methodology for projecting salaries and benefits. In addition, it implemented its forecasting software.**

Overall, the Treasurer's FY 2007-08 forecast projections were within 2 percent of the FY 2007-08 actuals. Expenditures for salaries and wages were approximately 60 percent of the District's total operational expenditures. The projections for salaries and wages from FY 2007-08 through FY 2011-12 were determined to be reasonable, but the methodology used to project salaries and wages does not sufficiently account for employee step increases and could benefit from a greater degree of precision. On the other hand, the Treasurer's Office staff maintains a spreadsheet detailing expenditures associated with each employee's monthly health and life insurance premiums based on the type of coverage plan for the current fiscal year.

According to the Treasurer, WLSD was in the process of developing a spreadsheet plotting each employee on the step schedule to project future salary and wage expenditures. However, this spreadsheet was not used to project salaries and wages for the October 2008 forecast. **Table 2-4** shows the District's historical expenditures for employees' wages and salaries from FY 2001-02 through FY 2006-07:

**Table 2-4: Analysis of Historical Salaries and Wages**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
<b>Employee Wages</b>	\$4,732,083	\$4,679,321	\$4,909,645	\$4,964,505	\$5,003,043	\$5,192,145
<b>Annual Change</b>	N/A	(\$52,762)	\$230,324	\$54,860	\$38,538	\$189,102
<b>% Change</b>	N/A	(1.11%)	4.92%	1.12%	0.78%	3.78%

Source: ODE and WLSD

**Table 2-4** shows that District's salary and wage expenditures have fluctuated significantly, which is attributed to changes in staffing levels, negotiated wage increases, retirement and rehiring of staff, and severance packages associated with retiring staff.

Some of the fluctuation can be attributed to limited formal planning for changes in staffing and compensation levels, as WLSD does not have a formal staffing plan developed that outlines its staffing needs (see **R3.1**).

**Table 2-5** shows the District's projections for salary and wage expenditures from FY 2007-08 through FY 2011-12.

**Table 2-5: Projected Salaries and Wages<sup>1</sup>**

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Avg % Change from FY 07-08 through FY 11-12
Employee Wages	\$5,397,360	\$5,559,281	\$5,726,059	\$5,897,841	\$6,074,776	
Annual Change	\$205,215	\$161,921	\$166,778	\$171,782	\$176,935	
% Change	3.95%	3.00%	3.00%	3.00%	3.00%	3.19%

Source: ODE

<sup>1</sup>Figures are from the May 2008 forecast submitted to ODE on June 2, 2008.

**Table 2-5** indicates that salaries and wages are projected to increase approximately 3 percent annually. The Treasurer's forecast assumptions account for 2.5 percent negotiated wage increases for FY 2007-08 and FY 2008-09. However, the projected increases in expenditures do not sufficiently account for employee step increases and changes in staffing levels. A review of step increases revealed that the forecast does not include sufficient inflationary factors to accommodate average step increases—estimated at 3.3 percent for certificated staff and 0.3 percent for classified staff.

*Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (GFOA, 2000) notes that fund level expenditure projections should be prepared and documented so that they may be linked with the accounting system and integrated into the overall financial projection. All expenditure projections should be documented to identify service level assumptions, key issues that may affect actual expenditures, and recurring and non-recurring items. Forecasting variances should also be analyzed to improve projection methodologies.

The Treasurer's benefits spreadsheet could be expanded to include employee salary information, position on the salary schedule, and contributions for the District's portion of employee retirement, workers' compensation, and Medicare. If the District plans to offer early retirement incentives (ERI) to qualifying employees, the impact of the ERI also could be added. This additional information could help the Treasurer more accurately project future salary and benefit expenditures for each year of the District's five-year forecast. By expanding the spreadsheet used to project fringe benefits expenditures, the Treasurer could improve the methodology for salary and benefit expenditure annual projections, leading to a more accurate representation of the District's future financial condition.



*Internal Controls*

**R2.2 WLSD should improve its internal controls over several key operational areas by expanding or, where appropriate, updating existing policies and procedures. Furthermore, the District should evaluate its policies and procedures on an annual basis to ensure that they are in line with management and operational goals and that they appropriately address anticipated risks and previously identified weaknesses. Proper internal control procedures will help ensure that District resources are protected and that personnel adhere to formalized processes.**

**During the course of the audit, WLSD implemented a process to update its policies and procedures.**

The District's Board-approved policies were initially developed by the Ohio School Boards Association (OSBA). However, these policies have not been reviewed and updated since 2001, the year they were adopted. Furthermore, well-defined policies and procedures have not been implemented for financial operations, purchasing, and transportation. The absence of formal policies and procedures limits the guidance provided to administrators and staff by the Board and increases variability and the likelihood of internal control failure in these areas. Written procedures are also not available to help WLSD ensure that critical institutional knowledge is distributed among its employees and preserved for future operations.

In particular, WLSD's Treasurer prepares the five-year forecast based on minimal discussions with the Superintendent and other administrators. Also, though its policy states that budget planning is an integral part of program planning, the Treasurer does not create a District-wide operating budget or disburse expenditure reports to department heads.

Furthermore, prior to the audit, WLSD bus drivers completed time sheets for only the first two weeks of the school year. These two weeks were averaged and used as the base number of hours per pay period for the remainder of the school year. However, the number of stops on District routes (and potentially the number of hours worked by drivers) change during the winter months due to changes in its migrant student population. A number of stops go unused from the time the migrant students leave the District in mid-November until they return in mid-April. During the course of the audit, the Treasurer indicated that bus drivers began filling in time sheets and being paid for the actual hours worked. Also in transportation, limited, specific rules, such as a no idle policy are often not observed.

WLSD could benefit from the implementation of the following policies and procedures:

- **Financial forecast policy** that outlines preparation timetables, forecasting assumptions and methodology, and the process for updating an existing forecast. The *Guide for Prospective Information* (AICPA, 2006) indicates the forecast policy should list all participants in the forecast process and include an outline for how and when those participants should review the forecast for accuracy.
- **Time collection policy** that requires all classified employees to complete time sheets to ensure employees are being compensated for hours actually worked. A Best Practices program developed by the National Association of Veterans' Research and Education Foundation (NAVREF, 2006) recommends requiring time sheets to increase the accuracy of information used to determine absenteeism.
- **Budget policy** should be updated to incorporate the practices suggested in *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting* (GFOA, 1999). Effective budgeting should communicate how and why decisions were made, while showing the District is using its resources efficiently and linking the budget to the District's strategic plan.
- **A comprehensive set of transportation policies** should be updated to reflect procedures to adjust for the change in ridership due to the migrant student program.

Implementing a more rigorous set of formal policies and procedures would help WLSD better ensure Board directives are carried out. In addition, frequent monitoring to ensure policies are implemented as planned would help reduce the risk of internal control failures and ensure that District processes meet the expectations of the Board and administration.

**R2.3 The Treasurer should improve internal controls over cash handling by developing a cash handling procedure to support Board policy. The procedure should specify how cash is to be counted; receipted, and deposited; who has authority to handle cash; what training is required, and procedures for random audits. The District should train appropriate staff on the fee collection feature of Data Analysis for Student Learning (DASL) software and for use at the beginning of FY 2009-10.**

**During the course of the audit, WLSD updated its cash handling procedures and ensured that employees received training on the fee collection feature of DASL.**

Board Policy DM, *Cash in School Buildings*, is based on ORC § 9.38, which addresses the deposit of public moneys. During the course of the performance audit, a cash handling issue was raised by the Board. While corrected during the audit, confusion

among clerical employees about their responsibilities in collecting and depositing cash led to monies not being deposited in a timely manner. Also, a portion of fees for certain elementary students was omitted from the activity fee sheet, which is used by WLSD at the beginning of the year to collect most student fees.

A review of the cash handling practices at the high school and elementary school showed variations in the receipting of monies, some miscoding of receipts to improper account codes, improper use of cash from other funds to make change, inconsistent use of secure cash deposit bags, inability of staff handling cash to use the fee collection feature of DASL software which was implemented in July 2008, and a lack of training for District personnel handling cash.

Weakness in cash handling procedures could lead to fraud and theft. Policies and procedures form the framework for a system of internal controls, which can reduce opportunities for and risk of fraud and theft. According to *Best Practices* (Ohio Office of the Auditor of State, Winter 2006), a well-designed internal control structure helps to reduce improper activities. Designing and implementing internal controls is a continuous process which requires risk evaluation, the design, testing, and revision of procedures, and formal monitoring. Also, as conditions change, control procedures may become outdated and inadequate. Management must therefore anticipate that certain procedures will become obsolete and modify internal control systems in response to these changes. Carefully designed internal controls can also help management provide a reasonable level of assurance that proper reporting is occurring.

By developing a set of clear procedures to enforce Board policy, WLSD can reduce the risk of fraud and theft associated with cash handling procedures. In any operation, the collection, recording, and depositing of cash is considered a high risk area. District procedures could be improved through standardization. The Treasurer should also ensure that cash used to make change for fees collected is properly accounted for, either as part of the petty cash fund process or through establishment of a separate fund. Similarly, using DASL software will improve the efficiency of the fee collection process and ensure the fees are electronically recorded in the student information database that can be centrally monitored. Finally, including all fees on the activity fee sheet used at the beginning of the school year will help reduce the amount of cash collected for individual grade/teacher programs.

### *Purchasing*

**R2.4 The District should consider lowering the minimum requirement to obtain multiple price quotes to \$5,000. In addition, it should adopt a formal policy on cooperative purchasing and seek opportunities to join other consortia to expand its use of cooperative purchasing. These practices will provide the Board and administrators**

**with a higher level of assurance the District's goods and services are being purchased at the best prices.**

WLSD has basic Board policies governing areas of fiscal management, including purchasing. Board purchasing policies contain some specific procedures, addressing basic bidding requirements and use of credit cards. However, they are broad and only require competitive pricing when a purchase exceeds \$25,000 (as required under ORC § 3313.46). The policies do not address cooperative purchasing, although the Treasurer indicated that the District is a member of the Ohio Department of Administrative Services Cooperative Purchasing Program and the Metropolitan Toledo Education Purchasing Council.

In contrast, Akron Public Schools requires district employees to obtain three price quotes on purchases that exceed \$6,000. A lower threshold promotes greater competition, but must be weighed against the additional administrative costs. Also, the Ohio Schools Council – a consortium of 121 school districts, educational service centers, joint vocational districts and mental retardation/developmental disability boards in 21 northern Ohio Counties – offers group purchasing programs to its members. Goods and services available through the consortium include electricity, natural gas, insurance, commodities, and school buses. WLSD is not a member of this consortium.

Lowering the thresholds for competitive pricing and increasing its use of consortia would help WLSD ensure that it is obtaining goods for the best prices available. Specifically, using additional large regional cooperatives could help the District reduce its transportation costs (see **R5.4**).

### *Food Service*

**R2.5 WLSD should adjust its accounting practices to ensure the Food Service Fund accurately reflects expenditures for food service operations. This includes charging all food service related expenses to the Food Service Fund, regardless of the Fund's ability to maintain a positive balance. In addition, the District should consider increasing its meal prices in order to avoid an impending Food Service Fund deficit. Increasing meal prices to amounts more comparable to surrounding school districts would help maintain the self-sufficiency of the Food Service Fund.**

**During the course of the audit, the WLSD Board approved an increase in lunch prices for the 2009-10 school year.**

The District's food service function is an enterprise operation, which is intended to be self-sufficient, relying on charges for services to support the costs of the operation.<sup>4</sup> **Table 2-6** illustrates WLSD's financial performance for FYs 2005-06 through 2007-08.

**Table 2-6: WLSD Food Service Fund Revenue and Expenditures**

	FY 2005-06	FY 2006-07	FY 2007-08
Total Revenue	\$331,698	\$328,190	\$352,394
Total Expenditures	\$308,636	\$304,793	\$338,066
<b>Revenues Over (Under) Expenses</b>	<b>\$23,062</b>	<b>\$23,397</b>	<b>\$14,327</b>
Net Transfers/Advances	(\$17,267)	\$0	\$0
Revenues Over (Under) Expenses (Including Transfers)	\$5,795	\$23,397	\$14,327
<b>Beginning Fund Balance</b>	<b>\$0</b>	<b>\$5,795</b>	<b>\$29,192</b>
<b>Ending Fund Balance</b>	<b>\$5,795</b>	<b>\$29,192</b>	<b>\$43,519</b>

Source: WLSD FY 2005-06 through FY 2007-08 4502 Statement E, Fund 006.

**Table 2-6** shows WLSD's Food Service Fund has maintained a positive ending fund balance in each year. Every month, the WLSD Treasurer's Office charges half of the monthly waste removal contractor's bill to the Food Service Fund. However, WLSD does not allocate utility costs such as electricity, water and sewer, or natural gas to the Fund. In addition, it does not pay the lunchroom monitors in either the Woodmore Elementary School or the Woodmore High/Middle School cafeterias from the Food Service Fund. All of these expenditures are paid from the General Fund.

The publication, *Measuring the Cost of Government Services* (GFOA, 2002) suggests that governments should measure the full costs of their services. Moreover, Ohio Revised Code (ORC) § 3313.81 requires the Food Service Fund be kept separate from all other funds, including the General Fund. By omitting the true purchased service costs associated with food service operations, the District does not capture all the information needed for management decision-making regarding food service operations. Moreover, paying these expenses from the General Fund could impact the resources available for instructional programs.

In order to establish full cost allocation, the WLSD Food Service Supervisor and Treasurer should agree on a consistent methodology for determining the amount of utility and lunchroom monitor costs to be charged to the Food Service Fund. The methodology should be presented to and approved by the Board.

For example, WLSD could use a methodology based on the District's square footage dedicated to food service operations to determine its utility costs. The District's food service operation represents approximately 2.5 percent of the District's total square footage. Applying this percentage to WLSD's FY 2007-08 utility expenditures for

<sup>4</sup> However, ORC § 3313.81 stipulates that food service operations may not be used to make a profit.

electricity, water and sewer, and natural gas would lead to a reallocation of costs in the amount of \$6,300 to be charged to the Food Service Fund (and saved from the General Fund).

In addition, the full cost of lunchroom monitors (\$6,900 annually) could be reallocated to the Food Service Fund, as monitoring lunchroom activities is their sole function. The total effect of allocating full costs to the Food Service Fund would be approximately \$13,200 based on FY 2007-08 expenditures.

Charging applicable costs to the Food Service Fund will reduce the Fund balance and change the balance of revenues and expenditures, which could eventually lead to a deficit. In this context, the District should review its food service operations to identify ways to ensure the solvency of its Food Service Fund. For example, WLSD has not increased lunch prices since the beginning of FY 2004-05. A review of lunch prices at five surrounding school districts<sup>5</sup> at the beginning of FY 2008-09 revealed that lunch prices at WLSD's elementary and middle/high schools were \$0.20 and \$0.26, respectively, below the five-peer averages. Increasing meal prices by \$0.20 will allow WLSD to allocate costs to the Fund and still maintain a positive ending fund balance.

*Financial Implication:* If the District allocates utility and monitor expenditures to the Food Service Fund on a prorated basis, food service operation costs would increase by approximately \$13,200 in the Food Service Fund and decrease at a corresponding rate in the General Fund. If the District increases its FY 2009-10 lunch prices by \$0.20, Food Service Fund revenues would increase by approximately \$11,500 based on the number of lunches served in FY 2007-08.

### *Financial Recovery Plan*

**R2.6 WLSD should consider implementing the recommendations contained in this performance audit, along with other strategies to improve its current and future financial condition. In addition, the District should consider updating its five-year forecast on a regular basis as critical financial issues are addressed and circumstances change.**

**Because WLSD is projected to have a negative ending fund balance in FY 2012-13<sup>6</sup> even after all savings associated with the performance audit recommendations are included in the forecast, it should consider various options to further reduce**

<sup>5</sup> Eastwood LSD, Fremont LSD, Genoa Area LSD, Gibsonburg EVSD, and Lakota LSD.

<sup>6</sup> During the course of this audit, WLSD's October 2008 forecast became available. AOS compared its assumptions and methodology to the May 2008 forecast. Since the October 2008 forecast contained more current data and the assumptions and processes used to develop it were consistent with those used for the May forecast, the October forecast was used as the basis for the recovery plan.

**expenditures or increase revenues. These options could include reducing regular education and educational services personnel staffing levels based on future student enrollment, or seeking opportunities to share services with neighboring districts or other governmental entities. The District should discuss such options with stakeholders to determine their willingness to support various options.**

Based on the District's projections, WLSD may have to make further cost reductions to achieve a positive fund balance in FY 2012-13. Should the District desire to continue operations and programs, it will need to ensure the passage of its renewal levy and may need to generate an additional amount ranging from \$500,000 to \$1 million annually, depending on the decisions it makes about certain programs. In some areas, WLSD may be able to identify additional cost savings that could be achieved by sharing services or resources with adjacent districts or other governmental entities within the District.

The recommended staffing reductions contained in **human resources** could have a significant impact on the educational programs of WLSD. Whenever possible, the District should seek to identify savings in areas not related to direct instruction prior to reducing staffing levels in direct educational areas.

**Table 2-7** presents the cumulative effect of the audit recommendations.

**Table 2-7: Revised Five-Year Forecast (000's)**

	Actual 2005-06	Actual 2006-07	Actual 2007-08	Forecast 2008-09	Forecast 2009-10	Forecast 2010-11	Forecast 2011-12	Forecast 2012-13
Real Estate Property Tax	\$2,917	\$3,105	\$3,198	\$3,241	\$2,960	\$2,463	\$2,267	\$2,296
Tangible Personal Property Tax	\$1,168	\$891	\$780	\$354	\$39	\$0	\$0	\$0
Unrestricted Grants-in-aid	\$3,304	\$3,301	\$3,323	\$3,312	\$3,312	\$3,312	\$3,312	\$3,312
Restricted Grants-in-aid	\$71	\$15	\$8	\$8	\$8	\$8	\$8	\$8
Property Tax Allocation	\$382	\$719	\$898	\$1,451	\$1,478	\$1,431	\$1,208	\$1,013
Other Revenue	\$456	\$413	\$411	\$502	\$395	\$397	\$399	\$401
<b>Total Operating Revenue</b>	<b>\$8,296</b>	<b>\$8,444</b>	<b>\$8,617</b>	<b>\$8,869</b>	<b>\$8,192</b>	<b>\$7,611</b>	<b>\$7,194</b>	<b>\$7,030</b>
Salaries & Wages	\$5,003	\$5,192	\$5,322	\$5,574	\$5,741	\$5,913	\$6,091	\$6,273
Fringe Benefits	\$1,482	\$1,577	\$1,586	\$1,682	\$1,817	\$1,962	\$2,119	\$2,182
Purchased Services	\$1,279	\$1,133	\$1,236	\$1,252	\$1,315	\$1,381	\$1,450	\$1,493
Supplies, Materials & Textbooks	\$342	\$263	\$299	\$316	\$326	\$336	\$346	\$356
Capital Outlay	\$27	\$32	\$28	\$26	\$27	\$27	\$28	\$28
Other Expenditures	\$189	\$178	\$203	\$215	\$220	\$224	\$228	\$235
<b>Total Operating Expenditures</b>	<b>\$8,321</b>	<b>\$8,375</b>	<b>\$8,673</b>	<b>\$9,066</b>	<b>\$9,445</b>	<b>\$9,843</b>	<b>\$10,261</b>	<b>\$10,569</b>
Net Transfers/Advances	\$83	\$18	\$20	\$20	\$20	\$20	\$20	\$20
Other Financing Sources	\$28	\$81	\$18	\$18	\$18	\$18	\$18	\$18
<b>Net Financing</b>	<b>(\$55)</b>	<b>\$63</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>(\$2)</b>
<i>Performance Audit Recommendations</i>	N/A	N/A	N/A	N/A	\$1,876	\$1,886	\$1,886	\$1,886
<b>Result of Operations (Net)</b>	<b>(\$80)</b>	<b>\$132</b>	<b>(\$58)</b>	<b>(\$199)</b>	<b>\$620</b>	<b>(\$348)</b>	<b>(\$1,184)</b>	<b>(\$1,654)</b>
Beginning Cash Balance	\$750	\$657	\$789	\$730	\$532	\$1,152	\$803	(\$380)
<b>Ending Cash Balance</b>	<b>\$657</b>	<b>\$789</b>	<b>\$730</b>	<b>\$532</b>	<b>\$1,152</b>	<b>\$803</b>	<b>(\$2,204)</b>	<b>(\$2,035)</b>
Encumbrances	\$202	\$90	\$88	\$0	\$0	\$0	\$0	\$0
<b>Ending Fund Balance</b>	<b>\$455</b>	<b>\$699</b>	<b>\$643</b>	<b>\$532</b>	<b>\$1,152</b>	<b>\$803</b>	<b>(\$380)</b>	<b>(\$2,035)</b>
Property Tax-Renewal or Replacement	\$0	\$0	\$0	\$0	\$330	\$876	\$1,122	\$1,144
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$330	\$1,207	\$2,329	\$3,473
<b>Revised Ending Fund Balance</b>	<b>\$455</b>	<b>\$699</b>	<b>\$643</b>	<b>\$532</b>	<b>\$1,482</b>	<b>\$2,010</b>	<b>\$1,948</b>	<b>\$1,438</b>

Source: WLSD October 2008 Forecast and AOS

Note: Totals may vary from actual amounts due to rounding.



**Table 2-8** details those performance audit recommendations reflected in **Table 2-7**. The recommendations are divided into two categories – those requiring negotiation, and those not requiring negotiation.

**Table 2-8: Summary of Financial Implications**

	Annual Savings	Annual Revenue	Annual Cost	One-Time Implementation Cost
<b>Recommendations Not Subject to Negotiations</b>				
<b>R2.5</b> Charge all related costs to the Food Service Fund <sup>1</sup>	\$13,200			
<b>R2.5</b> Increase lunch meal prices		\$11,500 <sup>2</sup>		
<b>R3.1</b> Reduce 1.0 FTE administrator	71,600			
<b>R3.1</b> Reduce 19.0 FTE regular teachers	\$1,317,300			
<b>R3.1</b> Reduce 5.0 FTE ESP teachers	\$338,400			
<b>R4.3</b> Purchase work order software			\$700	\$1,200
<b>R5.3</b> Eliminate 1 bus route by increasing ridership on its buses	\$26,000			
<b>R5.3</b> Purchase Routing Software				\$10,000
<b>Subtotal Not Subject to Negotiations</b>	<b>\$1,766,500</b>	<b>\$11,500</b>	<b>\$700</b>	<b>\$11,200</b>
<b>Recommendations Subject to Negotiations</b>				
<b>R3.4</b> Have all employees pay 20 percent of health insurance premiums and enroll in SuperMed Classic Plan	\$105,000			
<b>R3.5</b> Discontinue paying the employees' portion of retirement contribution for administrative staff.	\$24,000			
<b>R5.3</b> Eliminate paid bus driver hours for routing	\$600			
<b>Subtotal Subject to Negotiations</b>	<b>\$129,600</b>			
<b>Total</b>	<b>\$1,896,100</b>	<b>\$11,500</b>	<b>\$700</b>	<b>\$11,200</b>

Source: AOS Recommendations

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

<sup>2</sup> This revenue is attributable to the Food Service Fund only.



# Human Resources

---

## Background

This section of the performance audit focuses on the human resources function of Woodmore Local School District (WLSD or the District). The Auditor of State (AOS) evaluated the District's operations against leading practices, industry standards, and 10 peer districts,<sup>1</sup> for the purpose of developing recommendations to improve efficiency and business practices. Recommendations also identify potential cost savings to assist the District in its efforts to address projected deficits. Leading practices and industry standards were drawn from various sources, including the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), the State Employment Relations Board (SERB), the Kaiser Family Foundation, the Ohio Education Association (OEA), the Society of Human Resource Management (SHRM), the National School Board Association (NSBA), the Ohio Department of Education (ODE), and the Ohio Department of Administrative Services (DAS).

### *Organization and Staffing*

WLSD does not have a separate department that performs HR functions. These activities are managed by the Superintendent and Treasurer, who report directly to the Board of Education. The Superintendent supervises the District's overall operations and its certificated employees, including teachers, professional staff, principals, and assistant principals. She oversees the District's hiring processes, approves payroll, and directs building principals and other supervisory and administrative personnel. The Treasurer maintains employee salary and benefit data, works with the District's insurance consortium to administer fringe benefits, and oversees the payroll operations performed by the Assistant to the Treasurer. Both the Superintendent and Treasurer are members of the District's negotiating team.

### *Staffing*

The Education Management Information System (EMIS) serves as the framework for school districts in Ohio to report data to ODE. For the purposes of this audit, AOS assessed the reliability of WLSD's staffing and student enrollment data reported through EMIS. District staffing levels for FY 2007-08 were determined to be sufficiently reliable. AOS could not determine the reliability of the District's 2007-08 student enrollment reported in EMIS (see **R3.2**), but the data was used to compare the District's staffing levels with the peer averages. **Table 3-1** illustrates the full-time equivalent (FTE) staffing levels at WLSD per 1,000 average daily membership (ADM) compared with the peer district average.

---

<sup>1</sup> See the **executive summary** for a list of the peer districts.

**Table 3-1: Comparison of FY 2007-08 Staffing Levels**

Average Daily Membership <sup>2</sup>	WLSD <sup>1</sup>			Peer Average			Difference
	FTEs Reported	% of Total FTEs	Per 1,000 ADM	FTEs Reported	% of Total FTEs	Per 1,000 ADM	Per 1,000 ADM
			1,019			1,091	(72)
<b>Administrators:</b>	<b>9.50</b>	<b>8.4%</b>	<b>9.32</b>	<b>7.04</b>	<b>6.0%</b>	<b>7.06</b>	<b>2.26</b>
Site Based Administrators	4.00	3.5%	3.93	2.95	2.6%	3.02	0.91
Central Administrators	5.50	4.9%	5.40	4.09	3.4%	4.04	1.36
<b>Educational Staff:</b>	<b>71.07</b>	<b>63.0%</b>	<b>69.75</b>	<b>71.77</b>	<b>58.0%</b>	<b>68.65</b>	<b>1.10</b>
Regular Teachers	55.07	48.8%	54.05	50.53	37.9%	45.16	8.89
Special Education Teachers	6.00	5.3%	5.89	7.28	5.4%	6.26	(0.37)
Curriculum Specialists	0.00	0.0%	0.00	0.10	0.2%	0.26	(0.26)
Counselors	3.00	2.7%	2.94	2.05	1.6%	1.91	1.03
Librarian / Media	1.00	0.9%	0.98	0.96	0.8%	0.97	0.01
Remedial Specialists	1.00	0.9%	0.98	0.90	5.3%	5.96	(4.98)
Vocational Teachers	0.00	0.0%	0.00	1.61	1.0%	1.17	(1.17)
Tutor/Small Group Instructors	0.00	0.0%	0.00	2.54	1.7%	1.97	(1.97)
ESP Teachers	5.00	4.4%	4.91	4.63	3.2%	3.79	1.12
Suppl. Spec. Educ. Teachers	0.00	0.0%	0.00	0.60	0.5%	0.57	(0.57)
All Other Educational Staff	0.00	0.0%	0.00	0.58	0.5%	0.65	(0.65)
<b>Professional Staff:</b>	<b>1.00</b>	<b>0.9%</b>	<b>0.98</b>	<b>1.37</b>	<b>0.9%</b>	<b>1.01</b>	<b>(0.03)</b>
Psychologists	0.00	0.0%	0.00	0.40	0.2%	0.17	(0.17)
Registered Nurses	1.00	0.9%	0.98	0.27	0.2%	0.25	0.73
Speech & Language Therapists	0.00	0.0%	0.00	0.35	0.1%	0.15	(0.15)
All Other Professional Staff	0.00	0.0%	0.00	0.35	0.3%	0.43	(0.43)
<b>Technical Staff:</b>	<b>2.67</b>	<b>2.4%</b>	<b>2.62</b>	<b>4.41</b>	<b>3.1%</b>	<b>3.55</b>	<b>(0.93)</b>
Computer Support	0.00	0.0%	0.00	0.26	0.3%	0.41	(0.41)
Library Technicians / Aides	0.88	0.8%	0.86	1.72	1.3%	1.53	(0.67)
Instruct. Paraprofessionals	0.00	0.0%	0.00	2.04	1.2%	1.34	(1.34)
All Other Technical Staff	1.79	1.6%	1.76	0.40	0.2%	0.27	1.49
<b>Office / Clerical Staff:</b>	<b>9.37</b>	<b>8.3%</b>	<b>9.20</b>	<b>13.51</b>	<b>10.0%</b>	<b>11.95</b>	<b>(2.75)</b>
Clerical	5.75	5.1%	5.64	5.99	4.6%	5.36	0.28
Teaching Aides	1.81	1.6%	1.78	6.34	4.7%	5.67	(3.89)
All Other Office / Clerical Staff	1.81	1.6%	1.78	1.18	0.8%	0.92	0.86
<b>Crafts &amp; Trades Workers</b>	<b>0.00</b>	<b>0.0%</b>	<b>0.00</b>	<b>1.24</b>	<b>0.8%</b>	<b>0.91</b>	<b>(0.91)</b>
<b>Custodians/ Groundkeepers</b>	<b>6.00</b>	<b>5.3%</b>	<b>5.89</b>	<b>7.36</b>	<b>5.6%</b>	<b>6.56</b>	<b>(0.67)</b>
<b>Bus Drivers</b>	<b>7.26</b>	<b>6.4%</b>	<b>7.13</b>	<b>10.27</b>	<b>8.3%</b>	<b>9.84</b>	<b>(2.71)</b>
<b>Food Service Workers</b>	<b>5.47</b>	<b>4.9%</b>	<b>5.37</b>	<b>6.81</b>	<b>5.8%</b>	<b>6.92</b>	<b>(1.55)</b>
All Other Reported Personnel	0.41	0.4%	0.40	2.13	1.6%	2.05	(1.65)
<b>Total FTE Reported</b>	<b>112.75</b>	<b>100.0%</b>	<b>110.66</b>	<b>125.89</b>	<b>100.0%</b>	<b>118.49</b>	<b>(7.83)</b>

Source: WLSD and peer 2007-08 EMIS reports

Note: Totals may vary due to rounding

<sup>1</sup>Reflects updated full-time equivalent (FTE) employees confirmed by WLSD and therefore may not agree with EMIS data reported to ODE.

<sup>2</sup>This figure excludes students who are instructed elsewhere, such as joint vocational schools, educational service centers, and post secondary institutions.

As shown in **Table 3-1**, WLSD employed fewer total FTEs per 1,000 ADM during FY 2007-08 than the peer average. WLSD only exceeded the peer averages in two staffing categories—administrators and educational staff. Like many smaller school districts, WLSD faces some fixed costs associated with its administration functions which affect its per 1,000 ADM comparison. For example, every school district in Ohio is required to have a superintendent and treasurer, regardless of the number of students it serves.

Due to its small size, WLSD’s administrative employees assume many functional responsibilities which, in larger districts, may be divided among separate positions. For example, the Assistant Principal at the Elementary School oversees the District’s Special Education Department, and the High School Assistant Principal serves as the Athletic Director. In addition, the WLSD Food Service Supervisor (FSS) is also the Elementary School Head Cook and the WLSD Maintenance and Transportation Supervisor serves as bus mechanic and substitute bus driver.

WLSD also employed more educational staff FTEs per 1,000 ADM than the peer average. In contrast, it has fewer instructional support personnel than the peers. In the educational staff category, WLSD employed fewer library/media staff, remedial specialists, and tutor/small group instructors than the peers. In the technical and office/clerical staff categories, WLSD employed fewer library technicians/aides, instructional paraprofessional, and teaching aides than the peers. This results in WLSD’s regular teachers assuming more overall instructional duties due to a lower level of support staff.

During the course of the performance audit, ODE performed a staffing analysis for WLSD that produced conclusions similar to the AOS conclusions. Using FY 2008-09 EMIS data, ODE compared WLSD staffing levels with those of 20 similar districts.<sup>2</sup> The ODE staffing analysis showed that WLSD reported nearly 25 fewer employees in FY 2008-09 than the 20 similar districts. In addition WLSD had lower FY 2007-08 per pupil expenditures than both the 20 similar districts and the State average. The ODE analysis indicated the District had fewer regular classroom teachers, fewer educational service personnel, and fewer other district personnel. ODE’s staffing analysis indicates that WLSD’s staffing allocation is lean (see **R3.1**).

---

<sup>2</sup>The 20 similar district used for the staffing analysis performed by ODE are as follows: Bluffton EVSD (Allen County), Ottawa-Glandorf LSD (Putnam County), Ayersville LSD (Defiance County), Eastwood LSD (Wood County), Swanton LSD (Fulton County), Pleasant LSD (Marion County), Berlin-Milan LSD (Erie County), Liberty-Benton LSD (Hancock County), Genoa Area LSD (Ottawa County), Berkshire LSD (Geauga County), Newbury LSD (Geauga County), Northwestern LSD (Clark County), Hopewell-Loudon LSD (Seneca County), Columbia LSD (Lorain County), Dalton LSD (Wayne County), West Liberty-Salem LSD, (Champaign County), Lakeview LSD (Trumbull County), Jonathan Alder LSD (Madison County), Wellington EVSD (Lorain County), and Arcadia LSD (Hancock County).

### *Compensation*

When compared with the peers, the District's average salaries (as reported in EMIS) are slightly higher in the educational staff and office/clerical staff categories; however, they are substantially higher in the transportation category. Average salary comparisons were also conducted with five school districts<sup>3</sup> surrounding WLSD, as well as State averages. In both cases, WLSD's average salaries were determined to be generally in line with the averages. When compared with the peers, WLSD's total salaries were an average of 8.8 percent higher. This is largely attributable to bus driver salaries, which are almost twice as high as the peers (\$22,182 versus \$11,887)<sup>4</sup>. When compared with districts in the region, WLSD's bus driver salaries are still higher than average, but by a smaller margin (19 percent, or \$22,182 versus \$17,881).

### *Benefits*

WLSD offers a comprehensive health insurance benefits package – including medical, prescription, dental, vision, and life insurance – to its employees through the Ottawa-Sandusky School Consortium. WLSD maintains lower monthly health insurance premiums for single and family health coverage when compared with the Kaiser Foundation Annual Survey and the State Employment Relations Board (SERB) averages for government employees. The District has also implemented employee cost sharing of 10 and 20 percent for single and family coverage, respectively, and has also obtained lower prescription, dental, and life insurance premiums.

Although premiums were lower than SERB averages, the design of the plans offered by the District may present opportunities to reduce the overall premium costs through plan redesign. WLSD offers a more comprehensive but slightly higher cost plan (SuperMed Select) as well as a slightly less expensive plan that includes a great degree of cost sharing for individual services (SuperMed Classic); see **R3.4** below for more detail.

### *Negotiated Agreements*

Woodmore LSD has negotiated agreements with two collective bargaining units:

- Woodmore Education Association: Its membership consists of all licensed personnel including teachers and counselors. The term of the agreement is July 1, 2007 through June 30, 2009.

---

<sup>3</sup> Benton-Carroll-Salem LSD, Eastwood LSD, Fremont CSD, Genoa Area LSD, and Gibsonburg EVSD.

<sup>4</sup>Several bus drivers have been with WLSD for more than 10 years, and drive more miles for more hours than the peers.

- Ohio Association of Public School Employees (OAPSE), Local 676: Its membership consists of custodians, maintenance personnel, bus drivers, food service employees, instructional aides, and administrative assistants. The term of the agreement is July 1, 2007 through June 30, 2009.

The District's negotiation team is made up of the Superintendent, Treasurer, and other experienced administrators. As part of the performance audit, certain contractual and employment issues were assessed and compared with Ohio law and industry benchmarks (see **R3.6**).

### *Program Operation*

Under the supervision of the Superintendent, WLSD has programs in place for special, gifted, and migrant education. In the area of special education, the District's per pupil special education expenditures were substantially lower than the peers. The District also has a plan for identifying and providing services to its gifted students as required under the ORC. WLSD submits an annual report to ODE outlining its gifted program. Finally, the District operates a grant-funded migrant education program (MEP) under Title I, Part C, of the Elementary and Secondary Education Act of 1965.

### *Board of Education*

The Board consists of five elected members. One of the Board members was appointed in October 2008 to replace a member who had been elected in November 2007 and subsequently resigned. The other Board members have each been with the District for more than three years. All elected Board members received new member training through the Ohio School Board Association (OSBA) and continue to participate in OSBA workshops and seminars.

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

The following questions were used to evaluate HR operations in WLSD:

- Is the District's current allocation of personnel efficient and effective?
- Is the District's compensation package in line with high performing districts, State averages, and industry standards?
- How does the cost of benefits offered by the District compare with State averages and industry benchmarks?
- Are the District's negotiated agreements in line with best practices and industry benchmarks?
- Does the Board operate in an efficient manner?
- Does the District provide special education programs for students with disabilities that maximize resources and are compliant with State and federal regulations?
- Does the District provide effective and efficient programs to meet the needs of at-risk students including English for Speakers of Other Languages (ESOL), Title I, and alternative education?
- Does the District provide an appropriate range of accelerated/gifted programs?



## Recommendations

### Staffing

**R3.1** Because of the significant deficit projected at the end of the five-year forecast period, the District should consider making staffing reductions to ensure that its projected \$5.9 million General Fund deficit is eliminated by the end of FY 2012-13. Staffing reductions should be considered in conjunction with the other recommendations within the performance audit and may be necessary in a combination of staffing categories. Initially, WLSD should consider reductions in the administrator (1.0 FTE), regular classroom teacher (19.0 FTEs), and educational service personnel (5.0 FTEs) staffing categories, which would bring the District's staffing in these areas to State minimum standards. Ultimately, the District must determine in which staffing categories reductions should be made, with the goal of eliminating the projected General Fund deficit and minimizing the impact of the reductions on its educational programs.

**During the course of the audit, WLSD made several reductions in staffing, compensation, and work hours to address a portion of its deficit.**

The most recent five-year forecast submitted to ODE by WLSD projected a \$394,000 negative ending fund balance for the District's General Fund at the end of FY 2009-10. The negative ending fund balance was projected to increase to nearly \$6.1 million by the end of FY 2012-13. This projected General Fund deficit includes revenue generated from the District's renewal or replacement levies associated with property taxes collections. The other recommendations from this performance audit identified a net annual cost savings of approximately \$51,000. Absent new revenue, the District will need to reduce its staffing levels to offset the projected General Fund deficit. **Table 3-2** below shows the revised ending General Fund balance for FYs 2009-10 through 2012-13.

**Table 3-2: WLSD Projected Ending General Fund Balances (in 000s)**

Year	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
<b>Revised Ending Fund Balance</b>	(\$394)	(\$1,753)	(\$3,700)	(\$6,097)
<b>Average Annual Cost Savings Needed to Offset the General Fund Deficit Projected Through FY 2012-13</b>				<b>\$1,524</b>

Source: WLSD's October 2008 Five-Year Forecast submitted to ODE, and Financial Recovery Plan outlined in the Financial Systems Section of this Performance Audit.

As shown in **Table 3-2**, the District needs to generate over \$1,524,000 in annual costs savings to offset the projected deficit in the General Fund at the end of FY 2012-13. During FY 2008-09, the District projected nearly \$9,066,000 in total operating expenditures. Therefore, the \$1,524,000 in annual cost savings needed represents 16.8

percent of the District's total projected operating expenditures. Absent new revenue, the District will not be able to realize this level of annual cost savings without staffing reductions. Therefore, **Table 3-3** through **Table 3-6** and subsequent analyses below outline possible areas for the District to target staffing reductions in order to achieve the necessary annual cost savings.

First, WLSD employs a higher number of administrator FTEs per 1,000 ADM, for both central and site-based administrators, as outlined in **Table 3-1**. Because WLSD administrators perform multi-faceted job duties, the District first needs to ensure that administrator FTEs are being correctly reported in EMIS for the work actually being performed (see **R3.3** for further discussion of EMIS reporting). Once the District ensures administrator FTEs are properly reported, it can then evaluate how to reduce administrator FTEs with the least impact on District operations.

Also, the District employs a higher level of educational staff FTEs per 1,000 ADM. More specifically, the District employs a higher number of regular classroom teacher FTEs per 1,000 ADM than the peers, as shown in **Table 3-1**. In addition, **Table 3-3** shows that the District's FY 2007-08 regular classroom teacher levels exceeded State minimum staffing requirements.

**Table 3-3: WLSD Regular Classroom Teachers  
Compared with State Minimum Staffing Requirements**

Category	Woodmore LSD
Regular Classroom Teachers (FTEs) <sup>1</sup>	55.1
Regular Student Population <sup>2</sup>	896
State Minimum Required Classroom Teachers <sup>3</sup> (FTEs)	35.8
Teachers Above/Below State Minimum Requirement (FTEs)	19.3

**Source:** WLSD FY 2007-08 EMIS reports and ORC for regular education teacher State minimum requirement

<sup>1</sup>FTEs are full-time equivalents as defined by the District's FY 2007-08 EMIS reports, and includes EMIS position code 205.

<sup>2</sup>Regular Student Population is defined by ORC 3317.023(A)(4), and comes from the District's Final SF-3 Report produced by ODE.

<sup>3</sup>Regular Classroom Teachers are defined by ORC 3317.023(A)(1).

The State minimum staffing requirements state that a school district must maintain 1.0 regular classroom teacher FTE for every 25 regular students. As shown in **Table 3-3**, the District could reduce 19.0 regular classroom teacher FTEs and still be in compliance with the State minimum staffing requirements.

In addition to regular classroom teachers, WLSD had a higher number of ESP FTEs than the peers during FY 2007-08. **Table 3-4** shows a comparison of WLSD's ESP FTE staffing levels per 1,000 ADM to the peer average during FY 2007-08.

**Table 3-4: Education Service Personnel (ESP) FTEs**

Category	Woodmore LSD	Peer Average	Difference
<b>Education Service Personnel Per 1,000 ADM</b>			
ESP <sup>1</sup> Teacher FTEs <sup>2</sup>	4.9	3.8	1.1
Counselor FTEs	2.9	1.9	1.0
Librarian / Media Specialist FTEs	1.0	1.0	0.0
School Nurse FTEs	1.0	0.3	0.7
Social Worker FTEs	0.0	0.0	0.0
Visiting Teacher FTEs	0.0	0.0	0.0
<b>Total Education Service Personnel FTEs per 1,000 ADM</b>	<b>9.8</b>	<b>7.0</b>	<b>2.8</b>
<b>Total Education Service Personnel Per Regular Student Population</b>			
<b>Regular Student Population<sup>3</sup></b>	<b>895.9</b>	<b>972.0</b>	<b>(76.1)</b>
<b>Total ESP FTEs per 1,000 Regular Students</b>	<b>11.2</b>	<b>8.7</b>	<b>2.5</b>

Source: WLSD and peer FY 2007-08 EMIS reports

<sup>1</sup>Education Service Personnel are defined by ORC § 3317.023(A)(2) and include EMIS position codes 202, 203, 211, 320, 323, and 330.

<sup>2</sup>FTEs are full-time equivalents as defined by the District's FY 2007-08 EMIS reports.

<sup>3</sup>Regular Student Population is defined by ORC 3317.023(A)(4), comes from the District and peers' final SF-3 Reports produced by ODE.

**Table 3-4** shows that WLSD maintained higher levels of ESP FTEs per 1,000 ADM than the peers in specific categories and in total ESP FTEs during FY 2007-08. Similar to regular classroom teachers, the State provides minimum staffing requirements for school districts' ESP personnel. **Table 3-5** compares the District's ESP personnel FTEs during FY 2007-08 with State minimum staffing requirements.

**Table 3-5: ESP FTEs vs. State Minimum Staffing Requirements**

Category	FTEs
<b>Total Education Service Personnel (ESP<sup>1</sup>) FTEs<sup>2</sup></b>	<b>10.0</b>
<b>Regular Student Population<sup>3</sup></b>	<b>896</b>
<b>State Minimum Required ESP FTEs</b>	<b>4.5</b>
<b>ESP FTEs Above State Minimum Requirement</b>	<b>5.5</b>

Source: WLSD FY 2007-08 EMIS reports and ORC for ESP State minimum requirements

<sup>1</sup>Educational Service Personnel are defined by ORC § 3317.023(A)(2) and include EMIS position codes 202, 203, 211, 320, 323, 330.

<sup>2</sup>FTEs are full-time equivalents as defined by the District's FY 2007-08 EMIS reports.

<sup>3</sup>Regular Student Population is defined by ORC § 3317.023(A)(4), and comes from the District's Final SF-3 Report produced by ODE

OAC § 3301-35-05 requires each school district to maintain 5.0 ESP FTEs for every 1,000 students in its regular student population, with personnel assigned to at least five of the eight following areas: counselor, library media specialist, school nurse, visiting

teacher, social worker, and elementary art, music, and physical education. As shown in **Table 3-5** above, the District exceeds the minimum requirements by 5.5 ESP FTEs.

*Financial Implication:* **Table 3-6** provides an overview of the financial implications associated with staffing reductions of the administrator, regular classroom teacher, and educational service personnel FTEs. WLSD could select any combination of reductions in these areas or identify savings in other areas to offset its projected deficit.

**Table 3-6: Overview of Financial Implications from R3.1**

Staffing Category	Number of FTEs	Total Annual Salary and Benefits Cost Savings
Administrators	1.0	\$71,580
Regular Classroom Teachers	19.0	\$1,317,321
Educational Service Personnel	5.0	\$338,392
<b>Total Annual Cost Savings Associated with Reductions of 1.0 Administrator FTE and Reductions to State Minimum Staffing Requirements (25.0 FTEs)</b>		<b>\$1,727,293</b>
<i>Total Annual Cost Savings Needed to Eliminate the Projected Ending General Fund Deficit for the 2012-13 School Year</i>		<i>\$1,524,211</i>
<b>Difference in Staffing Reductions Presented from Annual Cost Savings Required</b>		<b>\$203,082</b>

Source: AOS recommendations

**R3.2 WLSD should develop a formal staffing plan to address current and future staffing needs. In doing so, WLSD should establish target staffing levels for administrative, certificated, and classified personnel. This will help ensure the District proactively addresses its staffing needs and complies with State and federal requirements. The plan should illustrate how staffing and related costs impact the District's financial condition and overall mission.**

The District does not have a formal staffing plan. It uses some workload measures for certain positions within its classified staff. The District's hiring process is overseen by the Superintendent, but teachers are interviewed by buildings principals when positions are available.

*Strategic Staffing Plans* (SHRM, June 2002) notes that high performing organizations use plans and a system to monitor and control the cost of engaging human capital. A strategic staffing plan forms an infrastructure to support effective decision-making in an organization. In addition, *Estimating Future Staffing Levels* (SHRM, 2006) notes that the most important question for any organization is what type of workforce it will need in order to successfully implement its strategic mission. Once this question is answered, the organization can focus on recruiting, developing, motivating, and retaining the number and mix of employees that will be required at each point in time.

Ohio school districts that use strategic staffing plans include Cincinnati City Schools in Hamilton County and Lakota Local School District in Butler County. Cincinnati City School District has developed a formal staffing plan that works to incorporate State requirements, contractual agreements, available resources, and educational goals into a process that includes central and site-based administrators and personnel. The staffing plan, which is linked to the District's student-based budgeting plan, employs a staffing template that includes recommended elements and serves as a planning tool for the district's Instructional Leadership Teams. Lakota Local Schools developed a formal staffing plan that determines the number of classified employees needed based on enrollment and workload measures.

Without a formal staffing plan, the District risks being inappropriately staffed, using too many or too few employees to perform at an optimal level, or not revising its staffing to meet the needs of its changing enrollment. By implementing a staffing plan and updating the plan on an annual basis, WLSD will be better prepared to make changes to staffing levels in response to changes in its operating or financial condition. A staffing plan could be completed in-house by the District at no additional cost.

**R3.3 WLSD should document its EMIS process, including the responsibilities of employees entering data and a method for conducting formal reviews to ensure the information entered into the system is accurate. The Superintendent should ensure that this process is being followed and the information has been properly reviewed for accuracy before submission to ODE. The District should also require employees with EMIS responsibilities to attend EMIS training offered by ODE. In addition, EMIS staff should be encouraged to become certified by the Ohio Association of EMIS Professionals (OAEP). Furthermore, EMIS staff should be provided with an updated EMIS manual each year to ensure proper reporting.**

An analysis of the District's 2007-08 EMIS student enrollment information could not be corroborated, as the EMIS Coordinator could not provide supporting documentation for the middle and high school student count from October 2007. The District also was unable to provide the enrollment reports for the high school produced by the EMIS system in October 2007. This enrollment report also could not be retrieved from the archives maintained by the Northern Ohio Educational Computer Association (NOECA).

During FY 2007-08, there were three WLSD employees performing EMIS duties, and a fourth employee was given EMIS responsibilities at the beginning of FY 2008-09. Three employees are responsible for entering and tracking EMIS data, while the EMIS Coordinator is responsible for overseeing and verifying all data. The District's EMIS Coordinator has not taken the exam to become a certified EMIS Professional.

Even though the District increased the number of employees involved in EMIS, it does not maintain documented EMIS procedures detailing employee responsibilities for entering and tracking information. However, the EMIS Coordinator ensures that errors prompted by the system are corrected by the employee that entered the data. This review is completed prior to sending the information to the Superintendent and eventually to ODE. The District does not have formal procedures in place for the EMIS Coordinator to review all information entered into the system for accuracy, only information that is flagged by the EMIS system as an error. Furthermore, as more employees enter information into EMIS, the risk of inconsistent information, errors, and the potential loss of supporting documentation increases as well.

In contrast to the student information, EMIS staffing information was found to have few discrepancies due to one person having overall responsibility. Clarification was needed in some areas but was adequate to explain any variances. Some minor errors were also noted and shared with WLSD.

ORC § 3301.0714 outlines the guidelines for the EMIS system and includes a requirement to report personnel and classroom enrollment data. The total number of licensed and non-licensed employees and the full-time equivalents are required to be reported by category and maintained for each school district in Ohio. As a result, ODE created and maintains a manual which outlines specific requirements for EMIS data submission. Data collected through EMIS is used for district, State, and federal reporting requirements, funding and distribution of payments, and academic accountability. The EMIS data submission process requires data to be submitted in accordance with the requirements of the EMIS manual, which includes procedures to ensure the accuracy and completeness of the data before submission and to conduct a data verification process. While districts are not required to use the State provided software, they are required to submit accurate data in accordance with requirements developed by ODE.

ODE, OAEP, and the Ohio Education Data System Association offer numerous opportunities to train, update, and support EMIS coordinators and others involved in the EMIS process. The presentations are designed to help EMIS coordinators with changes in the reporting system and with applying EMIS to specific areas such as Special Education, the Local Report Card, and Highly Qualified Teacher data. There is a small charge for a District employee to obtain certification through the OAEP. However, as the District's level of State funding is determined by the data entered into EMIS, it is crucial for WLSD to ensure the accuracy of the data reported.

*Benefits*

**R3.4 WLSD should renegotiate its health insurance benefits to include only the lowest cost plan offered—SuperMed Classic—and seek an employee share of 20 percent of the health insurance premiums for all employees. In light of its current financial situation, this would lower the District’s health insurance expenditures and help eliminate the projected \$5.9 million General Fund deficit. In addition, successfully negotiating with the District’s collective bargaining units to enroll all employees in SuperMed Classic Plan and pay 20 percent of the health insurance premiums would help decrease the number of staffing reductions required to eliminate the projected budget deficit.**

WLSD offers a comprehensive health insurance benefits package – including medical, prescription, dental, vision, and life insurance – to its employees through the Ottawa-Sandusky School Consortium. Currently, WLSD pays 90 percent of the monthly premium for employees enrolled in single coverage and 80 of the monthly premium for employees enrolled in family coverage. In addition, WLSD allows employees to choose whether to enroll in the SuperMed Select Plan or the SuperMed Classic Plan. Although SuperMed Select premiums were lower than SERB averages, the monthly premiums for this plan are higher than the premiums for the SuperMed Classic Plan. Furthermore, only one WLSD employee is currently enrolled in the SuperMed Classic Plan. With the vast majority of WLSD’s employees enrolled in the more expensive SuperMed Select Plan, this indicates that the District could realize cost savings in health insurance expenditures if all employees switched to the SuperMed Classic Plan, which includes a higher degree of cost sharing for individual services.

The District could experience further costs savings if all employees paid 20 percent of the monthly health insurance premiums. This would require WLSD and its bargaining units to reach an agreement through the collective bargaining process for any annual cost savings to be realized. These cost reductions associated with fringe benefit expenditures would offset the need to make as many staffing reductions outlined in **R3.1**.

*Financial Implication:* Based on the number of employees the District employed during the 2008-09 school year, the District could save nearly \$105,000 annually by negotiating to have all employees paying 20 percent of the health insurance premiums and offering only the SuperMed Classic Plan.

*Salaries***R3.5 WLSD should consider renegotiating its administrator contracts to eliminate retirement pickup for all administrative positions. This would reduce costs to the General Fund and enhance the transparency of the District's salary costs.**

In addition to paying the entire 10 percent employee share of the retirement contribution for the Superintendent and Treasurer, the District contributes 8 percent of the employee's required 10 percent retirement benefit for the assistant principals at the high school and the elementary school. The District picks up the full 10 percent employee retirement portion for the principals of the high school and the elementary school. Although this practice is common in Ohio school districts, it represents a hidden salary cost to the District.

School districts in Ohio are required to administer payments into two retirement plans: the State Teachers Retirement System (STRS) for teachers and other certificated staff, and the School Employees Retirement System (SERS) for positions such as secretaries, custodians, business managers, teacher aides, dentists, bus drivers, and food service personnel. ORC mandates the percentages of contribution to be made by an employer and employee. Employers are required to contribute 14 percent toward each employee's retirement fund based on the employee's annual salary. Employees must contribute 10 percent of their gross earnings.

The District goes beyond the STRS and SERS requirements and picks up a portion or the entire employee share of the retirement benefit for selected positions. Reducing the number of positions that receive the retirement benefit would provide needed financial relief to the General Fund and ensure transparency in the salaries paid to District personnel.

*Financial Implication:* If the District eliminates paying the employee share of retirement benefits for all administrative positions, it could save approximately \$24,000 annually based on FY 2008-09 wages.



*Negotiated Agreements*

**R3.6 WLSD should seek to renegotiate certain provisions of its certificated and classified collective bargaining agreements. These provisions exceed State minimum requirements or industry standards. Specifically, the District should:**

- **Reduce the maximum number of sick days employees can accrue.**
- **Reduce the maximum number of sick leave days paid at retirement.**
- **Clarify the length of time for which professional leaves of absence may be used by certificated staff, and whether staff can be awarded partial payment for professional leave.**
- **Eliminate the two hour provision provided to bus drivers for route determination (see R4.5).**

WLSD's collective bargaining agreements were evaluated and compared with State requirements and industry standards. In selected areas, the bargaining agreements were more generous than State requirements, which could result in additional costs to the District. Other areas were insufficiently specific, which could lead to a loss of management rights in particular areas. The issues identified are described below:

WLSD allows both certificated and classified staff to accrue a maximum of 290 sick leave days. ORC §3319.41 states that school employees can accrue up to 120 sick leave days, but more sick leave can be approved by the Board of Education. The accrual provision described in WLSD's contracts could result in employees incurring greater severance pay upon retirement. Although the District may want to allow employees to accumulate more than 120 sick days, limiting the number of accumulated sick leave days would reduce future sick leave financial liabilities.

Upon retirement, both certificated and classified District employees are paid for one-fourth of their accumulated sick leave up to 290 days. ORC §124.39 states that school employees, upon retirement, can receive cash for any unused sick time for up to 30 days. Because WLSD allows its employees to cash in a greater number of unused sick days at retirement, the District assumes a greater financial burden than is required by law. Reducing severance payouts to ORC-required levels will decrease the District's long-term liability associated with sick leave severance payments.

According to ORC §3319.131, a teacher is entitled to a professional leave of absence, with partial pay, for one or two semesters. WLSD has both a Board policy and a provision in its bargaining agreement which address professional leave. The policy states that employees are permitted to take a professional leave of absence for educational programs. However, the professional leave of absence policy does not specify the number of days or the length of time which can be used for professional leave. Furthermore, the

certificated contract does not clarify this issue or mention whether staff can be awarded partial payment for any type of professional leave of absence. By clarifying its professional leave of absence policy, WLSD will provide certificated staff a better understanding of District policies.

Finally, the classified contract allocates up to two hours per school year to bus drivers for them to develop bus routes. Using routing software would eliminate the need for this contractual requirement (see **R4.5**). Although it is a nominal sum, this clause increases transportation costs and represents an inefficient practice that could be eliminated with automated routing.

If WLSD is able to renegotiate and/or clarify these items in its collective bargaining agreements, it will reduce its long-term financial liabilities related to sick leave severance payouts and its short-term financial liabilities for bus routing, and ensure clear communication in the use of professional leave by its certificated staff.

### *Board Governance*

**R3.7 The Board should periodically review and update policies and procedures to reflect changes within the District and changes to State statutes. The District should also consider more fully using its web site by posting scheduled Board meeting dates and agendas, and publishing its policy and procedure manuals online. Using its web site to publish policies and procedures will help ensure more effective communication among key stakeholders and will create a central location for policy manuals and handbooks.**

The Board is responsible for setting District policy and has developed policies and procedures to guide District operations. Although WLSD has policies and procedures in place to guide decision-making, administration, and governance, the policies are out of date. They have not been updated since 2001 and do not reflect changes to the OAC, ORC, or District operations.

The Board uses the WLSD web site in a limited manner to communicate Board member information and meeting minutes. However, the web site is not used to share policies and procedures, Board meeting dates, or Board meeting agendas.

*Key Legal Issues for Schools* (ASBO, 2006) states that many school boards engage the services of professional organizations such as their state school board association and/or private policy development companies to develop policy manuals. The general operating procedures of school boards should include annual reviews of all new and revised policies to determine whether modifications should be made on the basis of implementation experiences. ASBO recommends the board and superintendent consider

establishing a Policy Review Committee to identify issues and situations that should be considered for the annual policy review activities.

*Becoming a Better Board Member* (NSBA, 2006) notes that board policies help clarify the roles of the board and superintendent. Policies can help avert ambiguity and confusion. Finally, they improve the business operations of the board, establish legal records, and foster stability and continuity. NSBA lists several additional reasons to implement policies, each clarifying how up-to-date policies can be helpful to school districts. It also provides guidance on how to develop and maintain clear, unambiguous, and fair policies.

NSBA also recommends disseminating policies as widely as possible to ensure implementation and ready access. One method to ensure policies are readily accessible is by providing them to staff and stakeholders in an electronic format online. Placing the District's policies on the web site in an electronic format would make the information more accessible for stakeholders and facilitate updates, as the electronic formats would require less rework as policy changes occur. Furthermore, posting meeting dates and agendas on the web site encourages greater community involvement.

**R3.8 The Board should complete annual evaluations of itself, the Superintendent, and the Treasurer. These evaluations are essential tools to help it gauge overall performance and success in meeting goals. In addition, evaluations could assist the Board in improving internal communication, strengthening its role as the WLSD governing body, and enhancing its ability to provide overall direction to the Superintendent and Treasurer.**

According to interviews with Board members, the Board has not completed a self evaluation, although it has a policy that outlines procedures to conduct one (*Board Policy AFA-Evaluation of School Board Operational Procedures*). Also, though the Superintendent and Treasurer are to be evaluated annually, the most recent evaluation of the Treasurer available at the time of the audit was completed in 2005. Auditors noted that the Superintendent is evaluated annually.

*Board Policy CBG-Evaluation of the Superintendent* indicates the Superintendent should be evaluated annually. However, *Board Policy BCCB-Evaluation of the Treasurer* only states that evaluation criteria should be reviewed annually. It does not require the Board to conduct an annual evaluation.

According to *Becoming a Better Board Member* (NSBA, 2006), many school boards attempt to evaluate themselves by assessing public opinion. If there are few complaints from members of the community and staff, school boards believe they are performing their responsibilities effectively. However, the public can provide informal evaluation of

a board, but it cannot provide the kind of formal evaluation a school board really needs. It is a rare community member who understands the roles and responsibilities of a board and measures a board's performance accurately.

Instead, board members should engage in regular self-evaluations to ensure that they continue to exercise the most effective leadership possible. While there is no one “right” method of a board evaluation, *Becoming a Better Board Member* provides standards that school board veterans see as essential evaluation elements and outcomes. These standards are as follows:

- An evaluation should be constructive and assess both the strengths and weaknesses of the board;
- Board members should develop the standards against which they will evaluate themselves;
- The evaluation should be based on goals that the board sets for itself, not on goals it sets for the entire school system. When developing an evaluation instrument, the board should recognize the difference between board goals and district goals;
- The evaluation process should include board established goals and strategies for improving board performance;
- The board should not limit itself to those items that appear on the evaluation form;
- Formal evaluations should occur at least once a year and at a scheduled time and place;
- A composite picture of board strengths and weaknesses is best. Each board member should complete an evaluation form independently, then compare and discuss results as a group; and
- The board should be evaluated as a whole, not as individuals.

*Becoming a Better Board Member* (NSBA, 2006) also explains that the evaluation of the superintendent’s performance should focus on what the board wants to accomplish for the district, what the law says the District must do, what the superintendent’s jobs and responsibilities to the district are, and how well the superintendent does the job. Accordingly, three items are vital to the process:

- A statement of goals and priorities;
- The superintendent’s job description; and
- A written evaluation procedure.

While NSBA does not address treasurer evaluations, the same criteria may be applied to treasurer evaluations.

Conducting self-evaluations would help the WLSB Board monitor its own performance and set goals to improve its leadership of the District. Considering internal issues that may arise on any school board, such as personality conflicts, leadership issues, and communication problems, a self-evaluation can help the Board find more effective ways to work together and improve its governance of the District. Furthermore, evaluating the Superintendent and Treasurer annually will help the Board address areas of concern and gauge the progress of its top administrators in achieving District goals. Finally, it provides the Superintendent and Treasurer with valuable feedback on the performance of their duties.

## Financial Implications Summary

**Table 3-7** contains a summary of estimated annual cost savings identified in the recommendations in this section of the report.

**Table 3-7: Summary of Financial Implication for Human Resources**

<b>Recommendation</b>	<b>Annual Cost Savings</b>
<b>R3.1</b> Reduce 1.0 Administrator, 19.0 Regular Classroom Teacher, and 5.0 ESP Teacher FTEs	\$1,721,293
<b>R3.4</b> Negotiate to have all employees pay 20 percent of health insurance premium and enroll in SuperMed Classic Plan	\$105,000
<b>R3.5</b> Discontinue paying employee portion of retirement contributions for administrative staff.	\$24,000
<b>Total</b>	\$1,850,293

**Source:** AOS Recommendations



---

# Facilities

---

This section of the performance audit focuses on Woodmore Local School District's (WLSLD or the District) facilities operations. Its facilities operations were evaluated against leading practices, operational standards, and selected peer school districts.<sup>1</sup> Comparisons were made for the purpose of developing recommendations to improve efficiency and/or business practices and, where appropriate, reduce expenditures. Throughout this section, leading practices and operational standards were drawn from various sources, including the American Schools and University Magazine (AS&U), the National Center for Education Statistics (NCES), the Association of School Board Officials International (ASBO), the International Sanitary Supply Association (ISSA), APPA: the Association of Higher Education Facilities Officers (APPA), and the American Association of School Administrators (AASA).

## *Summary of Operations*

WLSLD operates an administrative building and Woodmore Elementary (grades K-6) in Woodville, and Woodmore High/Middle School (grades 7-12) in Elmore. Average building utilization rates for its two facilities are about 75.6 percent. Although the District underwent an Ohio School Facilities Commission evaluation, it has elected not to pursue a building project at this time. It uses funds from a permanent improvement levy to support building maintenance and operations.<sup>2</sup>

The Maintenance and Transportation Supervisor is responsible for the management of the buildings, and he divides his time between the two functions. In addition to the Supervisor, the District employs six custodians who are responsible for cleaning buildings, groundskeeping, and maintenance.

The District's custodial job descriptions give a broad description of duties, and indicate custodians assume responsibility for the overall care, cleanliness, and maintenance of the facilities and grounds. Custodial duties include cleaning and washing windows, restrooms, and other assigned areas; painting, and refinishing floors. Custodial job descriptions direct custodians to do minor repairs of lighting, electrical, plumbing, and heating apparatus.

**Table 4-1** shows key statistics and performance indicators for WLSLD in comparison with various benchmarks. Averages of the most recent five years of the *Maintenance and Operations*

---

<sup>1</sup> See the **executive summary** for a list of the peer districts.

<sup>2</sup> In November 2008, the District passed a 5 year, 3.5 mill permanent improvement levy which is projected to generate approximately \$2.2 million from FY 2008-09 through FY 2012-13.



Cost Study (AS&U, 2004-2008) and statistics from the *Planning Guide for Maintaining School Facilities* (NCES, February 2003) are included in the table.

**Table 4-1: WLSD Key Statistics and Indicators, FY 2008-09**

<b>Custodial Operations</b>	
<b>Total Square Feet Cleaned</b>	200,363
<b>WLSD Square Feet per Custodial FTE</b>	33,394
<b>NCES Square Feet per Custodial FTE <sup>1</sup></b>	29,500
<b>Maintenance Operations</b>	
<b>WLSD Number of Maintenance Personnel</b>	0.5
<b>WLSD Square Feet per Maintenance FTE</b>	400,726
<b>AS&amp;U 5-Year Average National Square Feet per Maintenance FTE <sup>3</sup></b>	92,000
<b>Groundskeeping Operations</b>	
<b>WLSD Number of Groundskeeping Personnel</b>	N/A <sup>2</sup>
<b>WLSD Acres Maintained Groundskeeping</b>	60
<b>NCES Groundskeeping Acres per Staff Benchmark</b>	42
<b>Expenditures</b>	
<b>WLSD FY 2007-08 M&amp;O General Fund Expenditures per Square Foot</b>	<b>\$3.68</b>
<b>Custodial &amp; Maintenance Expenditures (less Utilities)</b>	<i>\$2.41</i>
<b>Utilities</b>	<i>\$1.27</i>
<b>AS&amp;U Annual Cost Survey Median</b>	<b>\$4.56</b>
<b>Type 3 Peer District Average Expenditures per Square Foot</b>	<b>\$4.70</b>

**Source(s):** WLSD 4502 reports (Statements P & Q), Ohio Department of Education (ODE), Peer Districts, AS&U *37th Annual Maintenance & Operations Cost Study*, and NCES national averages.

<sup>1</sup> *The Planning Guide for Maintaining School Facilities* (NCES, 2003) cleaning standard (the normal standard for most school facilities) is 28,000 to 31,000 square feet per FTE custodian.

<sup>2</sup> WLSD custodians also perform maintenance and groundskeeping functions.

<sup>3</sup> The 5-year average is from the annual reports published by AS&U from FY 2003-04 to 2007-08.

As shown in the table, WLSD significantly exceeds national workload standards, and visual inspections of the buildings revealed that they were sufficiently clean and maintained for use by students and staff. Also, the District was able to keep overtime costs low, at about 7.6 percent of salaries. Although this exceeds recommended levels of about 2 percent of salaries, the use of overtime in lieu of additional permanent staff has helped the District maintain lower costs of operations. While it expended \$11,000 in overtime in FY 2007-08, it avoided additional salary and benefits costs for a custodian of more than \$60,000.

### Financial Data

**Table 4-2** shows a comparison of WLSD's FY 2007-08 custodial and maintenance expenditures on a per square foot basis with the peer districts and AS&U's *37th Annual Maintenance & Operations Cost Study*.

**Table 4-2: Maintenance and Operating Expenditures per Square Foot**

	WLSD	Peer Average	WLSD Percent Variance from Peer Average	AS&U National Median 2007-08
<b>District Square Feet</b>	200,363	186,228	8%	N/A
<b>Personal Services/ Benefits Per Square Foot</b>	\$1.51	\$2.29	(34%)	\$2.05
<b>Purchased Services (Excluding Utilities)</b>	\$0.66	\$0.63	5%	\$0.21
<b>Utilities</b>	\$1.27	\$1.42	(11%)	\$1.52
<b>Materials and Supplies</b>	\$0.23	\$0.32	(28%)	\$0.38
<b>Capital Outlay</b>	\$0.00	\$0.03	(100%)	N/A
<b>Miscellaneous</b>	\$0.00	\$0.02	(100%)	\$0.40
<b>Total General Fund</b>	<b>\$3.68</b>	<b>\$4.70</b>	<b>(22%)</b>	<b>N/A</b>
<b>Total All Funds</b>	<b>\$4.31</b>	<b>\$5.60</b>	<b>(23%)</b>	<b>\$4.56</b>

**Source:** WLSD and peer district 4502s and the *37th Annual Maintenance & Operations Cost Study* (AS&U)

As **Table 4-2** shows, WLSD's total General Fund maintenance and operations expenditures were 22 percent below the peer average and its expenditures from all funds were 5.5 percent below the AS&U median. The only expenditure classification in which WLSD outspent the peers was purchased services (excluding utilities). The District contracts its HVAC maintenance and repair services, which helps it maintain more modest permanent staffing levels.

Although WLSD's utility costs are low, it does not have a formal energy management program. Despite older buildings and higher utility market costs, its costs are below the peers and AS&U by 11 and 19 percent, respectively. Some of this performance can be attributed to the use of automated building controls and lighting upgrades. Similarly, the District has not developed a facilities plan or performance measures, although operations exceed median workload levels and cost effectiveness measures.

## **Audit Objectives for Facilities**

The following objectives were used to evaluate the facility operations within the District:

- Does the facility maintenance operation use appropriate performance and cost efficiency measures and interpretive benchmarks to evaluate each function, and does it use these in management decision making?
- Has the District established procedures and staff performance standards to ensure efficient operations?
- Are the District's custodial and maintenance staffing comparable to leading practices?
- Does the District provide a staff development program that includes appropriate training for maintenance and operations staff to enhance worker job satisfaction, efficiency, and safety?
- Are District energy management practices comparable to leading practices?
- Are the District's facility management and planning practices comparable to leading practices?
- Does the Maintenance and Operations Department have a system for prioritizing maintenance needs uniformly throughout the District?

## Recommendations

**R4.1 WLSD should develop a custodial and maintenance handbook that contains procedures and training standards. This will help prioritize cleaning tasks, outline essential cleaning steps, and result in more consistent outcomes of work performed. In addition, the District should enhance the training provided on in-service days by providing additional training programs when time and scheduling allows to ensure custodians use the most effective and efficient cleaning methods.**

**Once procedures and standards have been established, WLSD should use performance measures to monitor the cost effectiveness and efficiency of its operations. Using formal measures will not only provide feedback to staff, but provide valuable information to District decision makers.**

The District does not have a custodial and maintenance handbook with training standards and benchmarks. Custodians receive in-service training and on-the-job training from the Maintenance and Transportation Supervisor, but there is no formalized staff training program. Furthermore, there are no performance standards by which a custodian's work is evaluated. In general, the maintenance and operations (M&O) function does not use performance measures, but instead the Maintenance and Transportation Supervisor uses his prior experience and intimate knowledge of District operations to maintain high levels of efficiency.

*Planning Guide for Maintaining School Facilities* (NCES, 2003) states that every maintenance and operations department should have a policies and procedures manual that governs day-to-day operations. Furthermore, *Custodial Methods and Procedures Manual* (ASBO, 2000) recommends establishing a manual that encompasses current cleaning processes utilized by the district's custodial operations, and incorporates staffing standards to ensure staffing levels are aligned with acceptable standards and are updated to reflect the district's current environment. *The Science of Cleaning* (Trombetta, ISSA, 2004) recommends cleaning professionals consider their occupation a science, and evaluate how they perform each cleaning process and the tools they use. Twin Valley Local School District (Preble County) has applied these standards to its custodial staff and achieved high levels of efficiency while maintaining a sanitary environment. Likewise, APPA provides a self analysis guide for custodial operations to help building administrators improve productivity.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), preparing staff to get their work done properly, efficiently, and safely is cost-effective in the long run. Once standard practices have been implemented through a handbook, training should follow and should encompass the following areas:

- Orientation of the organization's facilities;
- Orientation of the person's work area;
- Equipment instructions;
- Task-oriented lessons;
- Expectations; and
- Evaluation information.

*21st Century Staffing* (FacilitiesNet, 2002) notes that training is one of the most important ingredients for developing and maintaining an effective housekeeping work force because it improves customer satisfaction and employee morale, which in turn leads to less risk for costly waste and abuse.

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

Without a custodial and maintenance handbook with procedures and training standards, the District may not effectively prioritize essential cleaning tasks, thus producing inconsistent outcomes of work performed. Similarly, without performance standards and measures that are well-defined, WLSD limits its ability to objectively evaluate staff and organizational performance, and increases the risk of making uninformed decisions.

Developing and implementing a custodial and maintenance handbook, along with regular formal training, will help WLSD maintain its custodial efficiency while retaining its effectiveness. Also, continually evaluating WLSD's staffing levels against established benchmarks and user feedback will provide administrators with sound data when making future operational decisions.

**R4.2 WLSD should expand on the strategic plan it is developing and implement a facilities master plan that includes elements for capital improvements and maintenance projects. The facilities master plan should be regularly updated to include overall health and safety information received from County health and safety inspections. In addition, the facilities master plan should contain up-to-date enrollment projections and capacity analyses for all District buildings. These documents and planning tools are essential for long-term facilities management and efficient District operations. By implementing a facilities master plan, WLSD will be able to base its future facility decisions on complete and accurate information.**

Goal 6 of WLSD's strategic plan, which addresses building assessments, contains strategies to reduce operating costs and to identify structural, cosmetic, health, and comfort deficiencies. However, there is no comprehensive facilities master plan to support the strategic plan goal. The Maintenance and Transportation Supervisor completes building assessments once every two weeks to identify maintenance and repair needs. Likewise, teachers submit work order requests for repairs (see **R4.3**). However, WLSD does not have a formal method for collecting buildings audit information or planning for capital improvements.

According to *Creating a Successful Facilities Master Plan* (DeJong and Associates, 2001), school districts should develop long-term facilities master plans. A plan should contain information on capital improvements and financing, preventive maintenance and work orders, overall safety and condition of buildings, enrollment projections, and capacity analyses. A plan should be developed on a foundation of sound data and community input. A facilities master plan, if developed appropriately, can potentially have a significant effect on the quality of education in a school district. As a road map, the facilities master plan should specify the projects that have been identified, the timing and sequence of the projects, and their estimated costs. A district-wide facilities master plan is typically a 10-year plan that should be updated periodically to incorporate improvements that have been made, changes in demographics, or other educational directions.

According to the publication *Best Practices in Public Budgeting* (GFOA, 2000), governments should develop specific capital project options for addressing capital needs that are consistent with financial, programmatic, and capital policies. This type of capital planning is necessary to give adequate consideration to longer-range needs and goals, evaluate funding requirements and options, and achieve consensus on the physical development of the community. An evaluation of alternative mechanisms helps ensure that the best approach for providing use of a capital asset or facility is chosen based on the policies and goals of the government.

Finally, NCEES recommends that facility audits be a routine part of a facilities maintenance program. A facility audit is a comprehensive review of a school district's buildings. The audits are a standard method for establishing a baseline of information about the components, policies, and procedures of existing facilities. Facility audits are important because they help planners, managers, and staff know the condition of the facilities, service histories, and maintenance needs. The audits rely on facts, not guesswork, to establish plans for maintaining and improving school facilities and allow in-depth analyses of product life cycles to occur on a routine basis. Once initiated, audits must be performed on a regular basis (e.g., annually) because conditions change constantly. Further, by integrating the findings of annual audits over time, planners can uncover information on the impact of various maintenance strategies and the demands

placed on the infrastructure. This information can be used to increase the efficiency and cost-effectiveness of future maintenance efforts.

Because of funding challenges and steady enrollment numbers, the District has not recognized the need to create a facilities master plan of its own. However, without a multi-year capital improvement plan, the District is not able to accurately plan and budget for long-term facilities needs. As part of facilities planning, it is also important for the District to regularly update and analyze enrollment projections, functional capacity and utilization, and building condition, in order to have accurate and reliable data to manage facilities. By developing this information as part of a facilities master plan, WLSD will be in a better position to make informed decisions regarding facility maintenance and repair.

**R4.3 WLSD should consider developing a formal work order tracking system that is part of an overall preventive maintenance program (PM). This would help the District document work order requests, assign tasks to staff, confirm work order completion, and track the costs of parts and labor. In addition, this system would provide management with information necessary to plan upcoming capital expenses. The system can be managed on an electronic spreadsheet; however, the District should consider purchasing an automated work order system that tracks applicable information including preventive maintenance tasks.**

WLSD prioritizes its maintenance needs based on the following factors: student safety, major equipment or building integrity, and all other needs. During the school year, teachers provide work order requests to the building principals, who work directly with the Maintenance and Transportation Supervisor to have repairs completed. If the issue is minor, the building custodial/maintenance staff complete the repair work. If the work cannot be completed by the custodial/maintenance staff, it is either outsourced or completed by the Maintenance and Transportation Supervisor. Work orders are maintained in hard copy in the Maintenance and Transportation Supervisor's office. At the end of the school year, each teacher fills out a classroom inventory checklist that the Maintenance and Transportation Supervisor uses to schedule summer maintenance and to prepare the buildings for the next school year. A formal preventive maintenance program has not been developed.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), work order systems help districts register and acknowledge work requests, assign tasks to staff, confirm that the work order is completed, and track the costs of parts and labor. At a minimum, work order systems should account for:

- The date the request was received;
- The date the request was approved;

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

In addition, *Preventive Maintenance for Local Government Buildings* (Minnesota Office of the Legislative Auditor (MOLA), 2000), states that effective preventive maintenance is a planned approach, designed to keep building components operating efficiently and to extend their useful lives. It is designed to avoid equipment breakdown and prevent minor problems from escalating into major ones. To this end, an entity should follow the following leading practices:

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

A formal process to track work orders would help the District's manage its overall maintenance function. Also, including regularly scheduled equipment maintenance in its work order process will help WLSD prevent sudden and unexpected equipment failure, which reduces the overall life of a building and increases maintenance and repair costs.



*Financial Implication:* An online work order system available from one supplier would cost WLSD \$1,200 year, based on the District's current enrollment, with a one-time training fee of approximately \$700.

## Financial Implications Summary

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

**Table 4-3: Summary of Financial Implications for Facilities**

<b>Recommendations</b>	<b>One-Time Implementation Costs</b>	<b>Annual Costs</b>
<b>R4.3</b> Purchase work order software	\$1,200	\$700
<b>Total Financial Implications</b>	<b>\$1,200</b>	<b>\$700</b>

Source: AOS Recommendations

**This page intentionally left blank.**



# Transportation

---

This section of the performance audit focuses on Woodmore Local School District's (WLSD or the District) transportation operations. Its transportation operations were evaluated against leading practices, operational standards, and selected peer school districts.<sup>1</sup> Comparisons were made for the purpose of developing recommendations to improve efficiency and/or business practices and, where appropriate, to reduce expenditures. Throughout this section, leading practices and operational standards were drawn from various sources including the Legislative Office of Education Oversight (LOEO), the National Association of State Directors of Pupil Transportation Services (NASDPTS), and the Government Finance Officers Association (GFOA).

## *Summary of Operations*

WLSD used 10 active buses and 3 spares buses to transport 695 riders in FY 2007-08 and 712 riders in FY 2006-07. This includes migrant students who leave the District towards the middle of the fall semester and who return in the middle to the end of the spring semester. Due to the lack of sidewalks and low population density, the District exceeds State minimum transportation requirements and transports all students who request transportation, including high school students and those students who live within two miles of their assigned school buildings. The District also provides transportation for all students with physical and/or mental disabilities; and to students where, in the judgment of the Board, walking conditions to the student's school are extremely hazardous.

The District uses a two-tiered routing system based on a staggered bell schedule. The first tier covers the Woodmore High/Middle School, while the second tier covers the Woodmore Elementary School. The middle school and high school students living close to Woodmore Elementary walk to that building and are then transported to the High/Middle School in Elmore. Likewise, the elementary students living close to the High/Middle School walk there, and are then transported to Woodmore Elementary. In addition, the District provides regular rider service to Solomon Lutheran School, Penta County Career Center, and St. Boniface School. Special needs transportation is also provided to the Alternative Learning Center and the Christian Learning Center.

Rider counts are conducted each October as required by the Ohio Department of Education (ODE). However, no additional rider counts are completed during the remainder of the school year to determine if routes should be adjusted due to seasonal fluctuations in ridership.

---

<sup>1</sup> See the **executive summary** for a list of the peer districts.

Under the direction of the Superintendent, the Maintenance and Transportation Supervisor manages the District's Transportation Department and is responsible for the planning and delivery of transportation services. The Department consists of 11 bus drivers with assigned routes, 2 bus aides, and 7 substitute drivers. The Maintenance and Transportation Supervisor also performs support services such as dispatching and maintaining records, and is the bus mechanic.

### *Operational and Cost Comparisons*

**Table 5-1** compares WLSD's FY 2007-08 operational data with the peer averages.

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

Key Statistics	WLSD	Peer Average	Percent Above/Below
Square Miles	69.9	48.9	43.0%
Students per Square Mile	9.9	12.8	(22.0%)
Transportation Expenditures as Percent of General Fund	5.7%	4.9%	0.8 %
Total Yellow Bus Riders	695.0	693.6	0.2%
Percent Public Riders	90.1%	98.0%	(8.0%)
Percent Special Needs Riders	3.2%	1.4%	8.0%
Percent Non-Public and Community School Riders	6.8%	0.6%	6.0%
Active Buses	10.0	11.2	(11.0 %)
Spare Bus Ratio	23.1%	24.8%	(2.0%)
Annual Routine Miles	193,500.0	141,516.0	37.0%
Routine Miles per Active Bus	19,350.0	11,498.0	68.0%
Non-routine Miles as percent of Total Miles	11.4%	18.0%	(7.0%)
Yellow Bus Riders per Active Bus	69.5	57.3	21.0%

**Source:** WLSD and peer districts' FY 2007-08 T-1 and T-2 data as reported to ODE.

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

As shown in **Table 5-1**, WLSD is geographically larger and more sparsely populated than the peer average and these differences result in more miles driven per bus. WLSD transported more special needs, non-public, and community school riders than the peer averages. WLSD's spare bus ratio and non-routine miles as a percentage of total miles were also less than the peers. In terms of riders per active bus, the data shows that the District's bus capacity is being used more effectively than the peers. In FY 2006-07, WLSD transported 71 students per bus. In FY 2007-08 this number declined slightly to 69 although it still exceeds the peer average of 57.3.

**Table 5-2** displays WLSD's transportation expenditures per rider, per bus, and per mile in comparison with the peers.

**Table 5-2: FY 2007-08 Transportation Expenditure Data**

Total Yellow Bus Expenditures	WLSD	Peer Average	Percent Above (Below)
Per Rider	\$704.69	\$635.52	10.9%
Per Active Bus	\$48,976.30	\$35,204.10	39.1%
Per Routine Mile	\$ 2.53	\$3.18	(20.5%)

**Source:** WLSD and peer district T-1 and T-2 transportation data as reported to ODE

**Table 5-2** shows that WLSD's per rider and per active bus costs in FY 2007-08 were 10.9 percent and 39.1 percent higher than the peer district averages respectively; however, the costs per mile were more than 20 percent below the peer average. This is at least partially a result of the District's high mileage per rider and per bus, which result from its large geographic nature and low population density. However, the high costs per rider and per bus indicate there may be opportunities for cost savings in some areas of the District's transportation operations (see **R5.3** and **R5.5**).

WLSD has sufficient controls in place to secure buses and transportation supplies. Buses are parked inside the bus lot at night and supplies are kept in the bus garage. Supplies are accessible during the day. The District buys fuel and supplies from a local gas station when needed. It does not participate in purchasing consortiums for supplies and repair parts, or State purchasing programs for vehicles and other items (see **R5.5**).

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

The following objectives were used to evaluate the transportation operations within the District:

- How do the District’s transportation policy and procedures compare with leading practices and impact operations?
- How can the District improve the accuracy and reliability of its transportation data?
- How does the District’s “yellow bus” (Type I & II) transportation service compare with peer districts and/or industry standards?
- How can the District improve its operating efficiency?
- How can the District improve the cost effectiveness of transportation operations through improved human resource management?
- Does the District have sufficient controls in place to ensure the security of its buses, equipment, parts, supplies, and fuel?
- How does the District ensure it gets the best value when purchasing transportation-related items?
- Is the District effectively and efficiently maintaining and managing its fleet, including a bus replacement plan?



## Recommendations

### *Policies and Procedures*

- R5.1 The Board should update its transportation policies at least annually to reflect its current level of transportation service. Keeping policies current will help improve the communication and coordination of transportation-related services for all stakeholders.**

Although the District has written policies in place relating to student transportation as outlined in the Ohio Revised Code (ORC), they have not been updated since 2001. District student population fluctuations throughout the school year are not addressed in a policy or procedure, which can lead to inefficient routing (see **R5.3**). Population shifts result when children of migrant workers leave the District in the fall season and return in the early spring season. ODE rider count procedures are followed but they are not documented District-wide.

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

*Pupil Transportation Service Levels* (ODE, 2004) indicates that transportation plans should be designed and implemented by each district. These plans should include designated walk-in areas, identification of hazardous areas, bus stop locations, and routing plans. Other issues such as day care arrangements, alternative bus stops, and length of time on buses should also be determined.

Not having current policies specifically designed to help focus and define the efforts of the transportation department can result in irregular and costly behaviors that are difficult to correct. Developing policies designed for the District's unique transportation situation will help the District operate more efficiently and provide the foundation to manage the transportation function effectively.

**R5.2 WLSD should document its procedures for completing, reconciling, and submitting T-forms in accordance with ODE instructions. Most importantly, the methodology for separating and allocating costs should be documented to ensure compliance and consistency in reporting transportation costs to ODE. Formal procedures will help ensure the reliability of the transportation data reported. They will also ensure the continuity of the process and compliance with State requirements in the absence of employees with institutional knowledge.**

Although WLSD follows ODE instructions for submitting data for T-reports, the District does not have a documented and formalized process for filling out and submitting T-1 Forms.<sup>2</sup> The District relies on the knowledge of the Maintenance and Transportation Supervisor and the Treasurer to complete the forms accurately.

*Form T-1 Instructions* (ODE, 2007) provides guidelines for school districts to follow when completing their T-1 reports. The following T-1 reporting guidelines should be included in the procedure:

- Eligible riders, for reimbursement purposes, are pre-school handicapped pupils transported on regular routes and kindergarten through 12th grade pupils enrolled and actually transported during the first full week of October that school is in session. Pupils attending a joint vocational school are included.
- The district should count riders for each day of the count week, and then report the average riders for the one day of that week.
- All eligible pupils transported within the district shall be counted as riders on the first conveyance only.
- Reimbursement shall not be claimed for any pupils or miles under more than one type.
- Students are reported on T-1 who live within 1 mile or 1 mile or more, but only students who live 1 mile or more are reimbursable.
- Students who are special education students and represent more than 50 percent of the ridership of the bus on a given trip and have an IEP requiring transportation should be reported. It is common to include special education students on regular education routes. This is considered mainstreaming, and does not represent an additional cost to accommodate the special education needs. Students who are mainstreamed in this manner must be reported as regular education students for

---

<sup>2</sup> T-Form data was tested and determined to be reliable.

the purposes of T-1 counts and their costs must be considered as part of regular education transportation costs for the T-2 report.

According to the 2003 report, *Student Transportation in Ohio*, issued by the Legislative Office of Education Oversight (LOEO), accuracy problems for transportation-related data exist in a number of school districts, especially in terms of the number of students transported, daily bus miles traveled per student, and district transportation costs. LOEO recommended that ODE continue to work with school districts to improve the accuracy of the data submitted in these specific areas. The first step in ensuring accurate data is for a district to create and adhere to formal policies and procedures that govern the submission of district T-forms.

Policies and procedures form the framework for a system of internal controls. According to *Best Practices* (Ohio Office of the Auditor of State, Winter 2006), a well-designed internal control structure helps to reduce improper activities. Designing and implementing internal controls is a continuous process which requires risk evaluation; the design, testing, and revision of procedures; and formal monitoring. Also, as conditions change, control procedures may become outdated and inadequate. Management must therefore anticipate that certain procedures will become obsolete and modify internal control systems in response to these changes. Carefully designed internal controls can also help management provide a reasonable level of assurance that proper reporting is occurring.

In addition, *Documentation of Accounting Policies and Procedures* (GFOA, 2002 and 2007) notes that government agencies should develop formal documentation of accounting policies and procedures. A well-designed and properly maintained system of documenting accounting policies and procedures enhances both accountability and consistency. The resulting documentation can also serve as a useful training tool for staff. The documentation of accounting policies and procedures should be readily available to all employees. It should delineate the authority and responsibility of all employees, especially the authority to authorize transactions and the responsibility for the safekeeping of assets and records. Likewise, the documentation of accounting policies and procedures should indicate which employees are to perform which procedures. Procedures should be described as they are actually intended to be performed, rather than in some idealized form. Finally, documentation of accounting policies and procedures should explain the design and purpose of control-related procedures to increase employee understanding of and support for controls.

Without written policies and procedures that identify the process and methodology for completing the T-Forms and for reviewing their accuracy and completeness, WLSD risks submitting erroneous or improperly derived information to ODE. Inaccurate information

may result in the delay or omission of a portion of the District's transportation reimbursement.

### *Operating Efficiency*

**R5.3 WLSD should increase its bus utilization for regular education routes to 100 riders per bus (50 riders per tier). This will enable the District to reduce transportation expenditures. In order to increase utilization, the Maintenance and Transportation Supervisor should conduct periodic ridership counts and update routes to reflect seasonal changes to achieve maximum ridership levels per bus throughout the year. To better organize routing information and achieve higher levels of efficiency, WLSD might benefit from automating its routing process. Finally, during the next round of collective bargaining, WLSD should pursue elimination of the two hour time period provided for bus drivers to plan routes (see R3.4).**

WLSD transported 69.5 riders per bus in FY 2007-08, a decrease of 2.4 percent from FY 2006-07. The lower ridership level is due to a decrease in public school, community school, and special education riders. As the District uses a two-tiered routing system and provides regular rider and special education service to other schools, this practice reduces the number of buses available for regular student transportation. However, the District maintains a level of ridership per bus that is 24 percent higher than the peer average, despite being much less densely populated than the peers (20 percent fewer riders per square mile). WLSD's buses make a total of twenty runs per day. However, five of the runs are not used to transport public school riders. Excluding the five non-public runs, 626 riders are transported on 15 runs in the District. This equates to approximately 84 students per bus.

The Transportation Department conducts rider counts during the October count week as required by the Ohio Department of Education. T-1 instructions are followed, as the District totals the number of students for each of the five days counted and reports the average. This is, however, the only count completed by the District for the duration of the school year. Counts are not conducted later in the year to determine if any shifts in ridership have occurred, which could result in some buses running at low capacity.

Routing is done manually by individual bus drivers as specified in the classified bargaining agreement. Two hours are allotted annually for each driver to perform this function. In designing the routes, drivers are instructed to keep the route duration below one hour. WLSD does not change routes during the year unless hazardous conditions, like road construction, are identified. Due to the rural nature of the District, cluster stops are not used except at the school buildings.

According to *Schools Grappled With Soaring Fuel Costs* (Education World, 2006), using routing software allows districts to monitor their transportation services, easily identify and adjust routes to reflect changes, and develop the positioning of potential cluster stops. Since the efficiency of routes determines how many bus routes are needed, and therefore how many buses and how many drivers are needed, route efficiency is critical to improved cost effectiveness.

By conducting periodic rider counts and using routing software, WLSD could shorten the length and/or duration of its routes, increase ridership to 100 riders per bus, and reduce costs. Furthermore, by rerouting buses based on enrollment fluctuations, the District could consolidate routes during seasonal changes. Based on WLSD's T-1 report data, it could likely reduce one bus and the associated routes by increasing its regular yellow bus utilization.

*Financial Implication:* If the District reduced one bus, it would save approximately \$26,000 based on FY 2007-08 costs. If it purchased routing software, it would incur a one-time cost of about \$10,000 and an annual maintenance fee of \$2,000. Net first year savings would be approximately \$14,000. By eliminating the time allotted to bus drivers for routing, WLSD could save \$600 annually.

### *Preventative Maintenance and Bus Replacement*

**R5.4 WLSD should develop formal preventive maintenance (PM) and bus replacement plans. Developing and implementing a PM plan will improve efficiency, accountability, and productivity through prioritized scheduling of routine maintenance and non-routine (i.e., emergency) repairs. The PM plan would also be a major component of the District's bus replacement plan, helping it to track costs and identify busses needing excessive maintenance. Furthermore, the PM and bus replacement plans should be linked to the District's budget so that repair and bus replacement funds are available when needed.**

WLSD does not use a formal written PM plan. Data pertaining to bus maintenance expenses are recorded on a maintenance tracking sheet by the Maintenance and Transportation Supervisor. The data is reviewed regularly to identify buses that require higher than normal maintenance and repairs.

In comparison with peer districts, WLSD has low maintenance and repair costs per bus, per student, and per mile. However, the District has seen a significant increase in maintenance and repair costs since FY 2005-06. Although a district may continue to use a bus for transportation, regardless of age or mileage, as long it can pass the annual Ohio State Highway Patrol inspection, simply meeting that criteria does not necessarily translate into an efficient use of transportation resources.

Moreover, WLSD has not created a bus replacement plan. The District takes the overall state of the buses in the fleet into account when determining when and which bus to replace. Mileage, bus age, and maintenance costs were all cited as factors that are used in replacement determinations. When the Maintenance and Transportation Supervisor determines a bus is too expensive to maintain, the District begins the process of purchasing a new bus. In November 2008, District voters approved a permanent improvement levy, which included the replacement of at least three buses in 2009 as a stated priority (see **financial systems**).

The National Association of State Directors of Pupil Transportation Services (NASDPTS) offers some suggested bus replacement guidelines. According to the NASDPTS, buses should be replaced after 250,000 miles and/or 12 to 15 years of service. ODE indicates that, on average, districts are matching the payment provided by the State for bus purchasing with an equal amount of local funding. This has resulted in an average replacement age of 17 years for buses in Ohio.

*Recommended Practice: Multiyear Capital Planning* (GFOA, 2006) notes that a multi-year bus replacement plan identifies and prioritizes expected needs based on an organization's strategic plan, establishes purchase projections and costs, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. According to the Florida Office of Program Policy Analysis and Government Accountability OPPAGA, the replacement policy should include criteria such as the age of the vehicle, vehicle mileage, and maintenance costs vs. vehicle value. In addition, the school board should periodically review this policy for any needed revisions.

When replacing buses, WLSD should be particularly cognizant of total maintenance and repair costs per bus. As school buses age and their mileage increases, the maintenance costs per bus increase dramatically. The process of replacing aging and high mileage buses will help a school district to cut transportation maintenance costs. *Fiscal Accountability of Pupil Transportation* (Office of Performance Evaluations for the Idaho State Legislature, 2004) suggests examples of other maintenance and repair cost-containment strategies such as purchasing all buses from the same manufacturer to minimize types of spare parts, requesting bids for fuel and routine bus parts, and purchasing oil and lubricants in bulk. This report also states districts should analyze all transportation expenditures in relation to the budget. This would include multi-year trend analyses to identify excessive costs and data errors.

According to *School Bus Replacement Considerations* (NASDPTS, 2002), establishing school bus replacement policies is important since it directly impacts the timeliness of introducing the latest safety, efficiency, and emissions improvements into the fleet. The elimination of school buses that do not meet the latest standards or requirements must be planned for within a realistic number of years. Improvements in school bus specifications

must be developed with the objective of improving safety and efficiency, reducing emissions, and reducing the operating cost of the bus over the anticipated lifetime.

By developing and implementing PM and bus replacement plans, and including factors such as age, mileage, and maintenance costs per bus, WLSD could ensure that it is prepared for future capital expenditures. Without an updated bus replacement plan, WLSD may be unprepared for large future capital obligations and may devote additional resources to maintaining more costly buses.

**R5.5 The Maintenance and Transportation Supervisor should work with the Treasurer to use purchasing techniques such as State purchasing and/or cooperative purchasing to obtain fuel, transportation supplies, and materials (see R2.4). This would help ensure more items are being purchased in a competitive environment and at a lower cost to the District.**

**Table 5-3** illustrates WLSD's bus expenditures per rider, per bus, and per mile compared with the peer averages for maintenance and repairs, fuel, and insurance.

**Table 5-3: FY 2007-08 Bus Expenditure Analysis**

	WLSD	Peer Average	Percent Above (Below)
<b>Maintenance &amp; Repairs</b>			
Per Yellow Bus Rider	\$60.93	\$120.53	(49.4%)
Per Active Bus	\$4,234.90	\$6,319.36	(33.0%)
Per Routine Mile	\$ 0.22	\$0.60	(63.6%)
<b>Fuel</b>			
Per Yellow Bus Rider	\$147.41	\$123.85	19.0%
Per Active Bus	\$10,244.90	\$6,743.16	51.9%
Per Routine Mile	\$ 0.53	\$0.61	(12.8%)
<b>Bus Insurance</b>			
Per Yellow Bus Rider	\$15.97	\$13.57	17.7%
Per Active Bus	\$1,110.10	\$757.14	46.6%
Per Routine Mile	\$ 0.06	\$ 0.07	(18.2%)

Source: ODE T-1 and T-2 Tables

**Table 5-3** shows that although the District's maintenance and repair costs were lower than the peer average, fuel and insurance costs were higher per student rider and active bus. This may be due in part to the number of students transported and the miles traveled.

All buses use diesel fuel, but the District does not have the ability to purchase fuel in bulk as there is no storage tank on site. Fuel is purchased from a local supplier. According to the Maintenance and Transportation Supervisor, the District has not looked into purchasing fuel in bulk, buying as part of a cooperative group, or working with local suppliers to provide a dedicated storage tank or match fuel prices based on State

purchasing contracts established by the Ohio Department of Administrative Services (DAS). **Table 5-4** provides a comparison of WLSD prices paid with DAS prices for fuel.

**Table 5-4: WLSD and DAS Fuel Cost Comparison**

	Oct-07	Nov-07	Feb-08	Mar-08	Apr-08	May-08	Oct-08
<b>WLSD Cost per Gallon</b>	\$3.08	\$3.21	\$3.25	\$3.71	\$4.01	\$4.17	\$3.24
<b>DAS Cost per Gallon</b>	\$2.91	\$3.40	\$3.20	\$3.60	\$3.93	\$3.94	\$3.06
<b>Percent difference</b>	5.40%	(5.81%)	1.42%	2.92%	1.97%	5.49%	5.63%

Source: WLSD and DAS

**Table 5-4** indicates that WLSD is generally paying more per gallon than the DAS price. WLSD's average cost for 2008 is greater than the DAS price by 2 percent for the months indicated.

In addition to paying more for fuel, WLSD also pays more for bus insurance than the peers on a per rider and per bus basis. According to the Treasurer, the District has purchased insurance coverage through the Schools of Ohio Risk Sharing Authority (SORSA) for several years. During FY 2008-09, the Treasurer was able to obtain lower rates from SORSA. In addition, the Treasurer indicated that insurance rate quotes had not been requested from other sources.

Lake Local School District in Wood County purchases diesel fuel from a distributor's bulk tanks and has a dedicated gasoline storage tank at its facility. Warrensville Heights City School District has its own storage tank but purchases fuel from a consortium. Anthony Wayne LSD in Lucas County shares fuel storage tanks with other local governments. Although WLSD does not have storage tanks on site to refuel its buses, other options for purchasing bulk fuel or purchasing fuel on the State contract may be available to it.

The Ohio Schools Council is a consortium of 121 school districts that has programs in place for items such as fuel, buses, and insurance. For insurance, a consultant is available to advise members on appropriate levels of coverage.

Pursuing cost saving measures such as buying in bulk or through consortiums would improve the ability of the District to minimize transportation costs. Implementing measures that encourage the use of such techniques ensure the ability of the District to obtain the best value and quality whenever a purchase is made (see **R2.4**). Consortium purchasing arrangements would also give the District access to a wide selection of suppliers.



## Financial Implications Summary

The following table represents a summary of estimated annual cost savings, and one-time and annual implementation costs identified in this section of the report. The financial implications are divided into two groups: those that are subject to negotiation, and those that are not. Implementation of those recommendations subject to negotiation requires agreement from the District's bargaining unit.

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

Recommendations	Annual Cost Savings	One-Time Implementation Costs	Annual Costs
<b>Recommendations Not Subject to Negotiations</b>			
R5.3 Reduce 1 bus	\$26,000		
R5.3 Purchase routing software		\$10,000	\$2,000
<b>Recommendations Subject to Negotiations</b>			
R5.3 Eliminate hours for routing	\$600		
<b>Total Financial Implications</b>	<b>\$26,600</b>	<b>\$10,000</b>	<b>\$2,000</b>

Source: AOS Recommendations

**This page intentionally left blank.**



## **District Response**

---

The letter that follows is Woodmore Local School District's (WLSD) official response to the performance audit. Throughout the audit process, staff met with WLSD 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.

# **Woodmore Local School District**

115 Water Street, Woodville, Ohio 43469  
Fax (419) 849-2396 Phone (419) 849-2381

## **WOODMORE ELEMENTARY**

708 West Main Street  
Woodville, Ohio 43469-1099  
Fax (419) 849-2132  
Phone (419) 849-2382

## **JOE WANK**

Principal

## **LINDA EDWARDS**

Assistant Principal / Special Ed. Director

## **JANE GARLING**

Superintendent

## **PAMELA BARBER**

Treasurer

## **KEVIN SLATES**

Assistant Treasurer

## **WOODMORE HIGH SCHOOL**

633 Fremont St.  
Elmore, Ohio 43416-9737  
Fax (419) 862-3835  
Phone (419) 862-2721


## **RALPH MYERS**

Principal

## **SHANE DYER**

Assistant Principal / Athletic Director

June 15, 2009

  
One Government Center Room 1420  
Toledo, Ohio 43604

Dear ,

The Woodmore Local School District Board of Education and Administration sincerely appreciates the performance audit that was done by your team. Many of your suggestions are already in the implementation stage and many more will be instituted next year and in years to follow.

Mr. Kevin Slates was recently hired as our new treasurer. He is a very strong addition to the team. The administrative team is meeting and will continue to put into operation many of your suggestions. An emergency levy will be on the ballot on August 4, 2009. With the passage of this levy, and additional cost savers, we plan to balance our budget.

R2.1- We have created a spreadsheet with salaries for all staff. The spreadsheet contains the step increase for the next five years as well. We are currently working on combining that with the fringe benefit spreadsheet to get a total picture of those expenditures.

R2.2- Our policy manual was done by OSBA, however it was not kept current. We have started and continue to work on bringing our policies up to date.

R2.2- Bus drivers are now turning in time sheets throughout the year. A new bus idle policy is in its second reading by the board.

R2.3- Our cash handling procedures have been updated and strengthened. All deposits are made within twenty-four hours.

R2.4- Woodmore is part of the MTEPA (Metropolitan Toledo Educational Purchasing Association) consortia. We take advantage of those prices as well as businesses that are willing to match those prices.

R2.5- We are now charging the food service fund for all expenditures for food service operations.

Several of the suggestions for the negotiated contracts are being addressed with the bargaining units. We are optimistic on some of the ideas posed to them.

We have learned lots from this audit and appreciate the professionalism of the entire team. Mr. Fred Bartz was extremely helpful during the entire audit. He is a master at helping and teaching during the audit process.

We extend our sincere thanks for the valuable time and effort spent in helping Woodmore.

Sincerely,

Jane Garling, Superintendent

Kevin Slates, Treasurer