



Dave Yost • Auditor of State



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

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

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

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

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

Sincerely,

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

Dave Yost
Auditor of State

August 12, 2014

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Executive Summary

Purpose and Scope of the Audit

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

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

Performance Audit Overview

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

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

This performance audit provides objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Audit Methodology

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

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A primary set of peers was selected for general District-wide comparisons. In addition, peer groups were selected for a comparison of compensation, benefits and bargaining agreements (referred to as surrounding districts) and a separate set for a comparison of transportation service. The following table contains the Ohio school districts included in these peer groups.

Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Carrollton Exempted Village School District (Carroll County) • Celina City School District (Mercer County) • Coventry Local School District (Summit County) • Dover City School District (Tuscarawas County) • East Muskingum Local School District (Muskingum County) • Field Local School District (Portage County) • Gallipolis City School District (Gallia County) • Indian Creek Local School District (Jefferson County) • Jackson City School District (Jackson County) • Miami Trace Local School District (Fayette County)
Compensation, Benefits and Union Contract Peers (Surrounding Districts)
<ul style="list-style-type: none"> • Barnesville Exempted Village School District (Belmont County) • Caldwell Exempted Village School District (Noble County) • Fort Frye Local School District (Washington County) • Frontier Local School District (Washington County) • Noble Local School District (Noble County) • Shadyside Local School District (Belmont County) • Union Local School District (Belmont County)
Transportation Peers
<ul style="list-style-type: none"> • Harrison Hills City School District (Harrison County) • Miami Trace Local School District (Fayette County) • River View Local School District (Marion County) • Vinton County Local School District (Vinton County) • Westfall Local School District (Pickaway County)

In addition to the peer districts listed above, comparisons were made to industry standards or leading practices where applicable. These include: the State Employee Relations Board (SERB), the Ohio Administrative Code (OAC), the School Employees Retirement System (SERS), the State Teachers Retirement System (STRS), the Ohio Department of Education (ODE), and the Ohio School Facilities Commission (OSFC).

The performance audit involved information sharing with the District, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the District of key issues impacting selected areas, and shared proposed recommendations to improve operations. The District provided verbal and

written comments in response to various recommendations, which were taken into consideration during the reporting process.

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

Noteworthy Accomplishments

The analyses conducted for this performance audit identified the following significant accomplishment:

- **Non-routine transportation:** Beginning in FY 2013-14, the District implemented a charge-back policy for its non-routine trips. All expenditures for non-routine trips are covered by a sponsoring organization at a rate of \$2 per mile.

Issues for Further Study

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. During the course of the audit, central office configuration was an area outside of the scope that, with further examination, could potentially yield improvements to operations.

- **Consolidate administrative offices on a centrally located school campus:** The District should study the possibility of consolidating its administrative offices within a centrally located school campus. Consolidating these offices could result in a reduction of utility, custodial and maintenance expenditures.

Summary of Recommendations

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

Summary of Recommendations

Recommendations	Savings
R.1 Eliminate 1.0 FTE administrative staff position	\$48,700
R.2 Eliminate 6.0 FTE office/clerical staff positions	\$177,000
R.3 Create a comprehensive staffing plan	N/A
R.4 Require employees to pay their full retirement contribution	\$219,000
R.5 Improve the cost effectiveness of the health insurance program	\$941,000
R.6 Implement a sick leave policy	\$32,900
R.7 Reduce severance payouts	\$151,000
R.8 Close the least utilized elementary and high school buildings	\$231,000
R.9 Eliminate 4.0 FTE custodial staff positions	\$118,600
R.10 Modify overtime calculation for classified staff	\$37,600
R.11 Implement a comprehensive maintenance plan	N/A
R.12 Implement an electronic work order system	N/A
R.13 Use transportation routing software	N/A
R.14 Reduce food usage expenditures ¹	\$180,500
Adjustments to Cost Savings²	(\$56,300)
Total Cost Savings from Performance Audit Recommendations	\$2,081,000

¹ Food service operations are recorded in an enterprise fund (Food Service Fund). While savings identified in **R.14** will not directly impact General Fund operating expenditures, implementation of this recommendation will prevent projected transfers from the General Fund to cover operating losses in the Food Service Fund.

² Total achievable savings in **R.4** and **R.5** will be reduced as a result of the implementation of staffing changes in **R.1**, **R.2** and **R.9**.

The following table shows the District's ending fund balances as projected in the May 2014 SOLSD Five Year Forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances.

Financial Forecast with Performance Audit Recommendations

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Original Ending Fund Balance ¹	\$3,435,221	\$3,475,530	\$2,147,987	(\$599,204)	(\$4,470,259)
Cumulative Balance of Performance Audit Recommendations ²			\$1,610,500	\$3,691,500	\$5,772,500
Revised Ending Fund Balance			\$3,758,487	\$3,092,296	\$1,302,241

Source: May 2014 SOLSD Five Year Forecast (see **Appendix C**) and performance audit recommendations

¹ Does not include projections of additional revenue from levies that are contained below this line in the forecast.

² Both of the District's CBAs expire December of 2015, therefore the total cost savings for **R.5** would be \$470,500 (half \$941,000) in FY 2015-16.

Performance audit recommendations are based on the District's operations during FY 2013-14. The implementation of all recommendations, however, may not be achievable until FY 2015-16. If SOLSD implements the recommendations within the performance audit, it is estimated that the

\$4.4 million deficit projected for FY 2017-18 would be eliminated and the District would instead achieve a projected positive fund balance of approximately \$1,302,000. Furthermore, applying the savings associated with the successful implementation of the recommendations in this report to the original ending fund balance would enable the District to operate with a positive balance during the forecast period.

Background

Financial Status

School districts in Ohio are required to submit detailed five-year forecasts in October and May of each fiscal year. These forecasts show projected revenues and expenditures and are an important measure of the fiscal health of a district. **Table 1** shows SOLSD's financial condition projected in its May 2014 Five Year Forecast.

Table 1: SOLSD May 2014 Five Year Forecast Overview

	Forecast FY 2013-14	Forecast FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18
Total Revenues	\$31,077,595	\$25,961,863	\$25,163,554	\$24,895,498	\$25,002,193
Total Expenditure	\$28,130,869	\$25,921,554	\$26,491,097	\$27,642,689	\$28,873,248
Results of Operations	\$2,946,726	\$40,309	(\$1,327,543)	(\$2,747,191)	(\$3,871,055)
Beginning Cash Balance	\$598,495	\$3,545,221	\$3,585,530	\$2,257,987	(\$489,204)
Ending Cash Balance	\$3,545,221	\$3,585,530	\$2,257,987	(\$489,204)	(\$4,360,259)
Outstanding Encumbrances	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Fund Balance June 30 for Certification	\$3,435,221	\$3,475,530	\$2,147,987	(\$599,204)	(\$4,470,259)

Source: May 2014 SOLSD Five Year Forecast

Note: See **Appendix C** for complete version of the District's May 2014 Five Year Forecast.

As shown in **Table 1**, the District projected its General Fund balance to decline from approximately \$3.4 million in FY 2013-14 to a deficit of over \$4.4 million by FY 2017-18. The District is cognizant of this potential financial condition and has taken steps ranging from staffing reductions to cuts in student transportation in an attempt to avoid an operating deficit. Specifically, in FY 2012-13 the District reduced 45 positions from its work force. In May 2013 the District projected a deficit of over \$3 million for FY 2016-17. Despite the aforementioned steps taken to alleviate this deficit, in May 2014 the District forecasted a worsening financial condition anticipating a higher cumulative deficit of over \$4.4 million by FY 2017-18.

Revenues displayed in **Table 1** are derived from local, State and federal sources. Unlike expenditures, these revenues are not directly controlled by the District, but instead, by laws, regulations and support of local residents. **Table 2** breaks down the District's per pupil revenue by source and compares this detail to the peer average.

Table 2: FY 2012-13 Revenue per Pupil Comparison

	SOLSD	Peer Average	Difference	% Difference
Local Revenue	\$3,480	\$2,970	\$510	17.2%
State Revenue	\$5,215	\$3,759	\$1,456	38.7%
Federal Revenue	\$957	\$697	\$260	37.3%
Other Non-Tax ¹	\$290	\$998	(\$708)	(70.9%)
Total Revenue	\$9,942	\$8,424	\$1,518	18.0%

Source: Ohio Department of Education

¹ Includes advances-in, transfers-in and refund of prior year expenditures.

As shown in **Table 2**, SOLSD generated more total revenue per pupil than its peers and was higher in its local, State and federal revenue sources displayed. The highest variance from the peer average occurred from State sources, which was 38.7 percent higher.

Table 3 compares the District's expenditures per pupil to the peer average.

Table 3: FY 2012-13 Expenditures per Pupil Comparison

	SOLSD	Peer Average	Difference	% Difference
Employees' Salaries and Wages	\$4,875	\$4,818	\$57	1.2%
Employees' Benefits	\$3,056	\$1,974	\$1,082	54.8%
Purchased Services	\$1,507	\$1,518	(\$11)	(0.7%)
Supplies and Materials	\$472	\$301	\$171	56.8%
Capital Outlay	\$46	\$74	(\$28)	(37.8%)
Other Objects	\$257	\$222	\$35	15.8%
Other Uses	\$103	\$105	(\$2)	(1.9%)
Total	\$10,316	\$9,012	\$1,304	14.5%

Source: SOLSD and the peer districts

As shown in **Table 3**, the District's total expenditures were 14.5 percent higher than the peer average driven by employees' benefits costs which were 54.8 percent higher than the peers (see **R.5**) and supplies and materials which were 56.8 percent higher than the peers.

Recommendations

R.1 Eliminate 1.0 FTE¹ administrative staff position

Table 4 compares the District's administrative staff to the peer average on a per 1,000 student basis. Using this methodology to compare staffing ensures that any bias that may exist due to district size is eliminated.

Table 4: FY 2013-14 Administrative/Supervisory Staff Comparison

	SOLSD	Peer Average	Difference	
Students ¹	2,327.9	2,271.8	56.1	
	FTE	FTE/1,000 Students	FTE/1,000 Students	Difference/1,000 Students
Building Level Administrators	8.0	3.4	3.0	0.4
All Other Administrative/Supervisory Staff	8.8	3.8	3.8	0.0
Total FTE Administrative/Supervisory Staff	16.8	7.2	6.8	0.4
FTE Reductions Needed to Equal Peer Average Staff per 1,000 Students				1.0

Source: SOLSD and ODE EMIS enrollment and EMIS staffing data

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

As shown in **Table 4**, SOLSD is overstaffed by 0.4 administrative FTEs per 1,000 students based on the peer average ratio of 6.8 administrators per 1,000 students. To achieve a ratio similar to its peers, SOLSD should have an administrative staff of 15.8² FTEs, which would require a reduction of 1.0 FTE administrative position.

Financial Implication: Reducing administrators by 1.0 FTE will save approximately **\$48,700** in salaries and benefits annually. This savings was calculated using the lowest paid administrator (\$30,000) and includes an average benefit ratio of 63 percent³. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried administrators.

R.2 Eliminate 6.0 FTE office/clerical staff positions

Table 5 compares the District's office/clerical staff to the peer average on a per 1,000 student basis.

¹ According to the *FY 2013 EMIS Reporting Manual* (ODE, 2013), a full time equivalent (FTE) is defined by the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. One FTE is equal to the number of hours in a regular working day for that position, as defined by a district.

² Peer Average FTEs/1,000 Students x Student Count (in thousands).

³ Calculated using FY 2012-13 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2013 five-year forecast.

Table 5: FY 2013-14 Office/Clerical Staff Comparison

	SOLSD	Peer Average	Difference
Students ¹	2,327.9	2,271.8	56.1
	FTE	FTE/1,000 Students	FTE/1,000 Students
Clerical Staff (FTE)	14.7	6.3	6.3
All Other Office Staff	8.3	3.6	0.9
Total Office/Clerical Staff	23.0	9.9	7.2
FTE Reduction Needed to Equal Peer Average Staff per 1,000 Students			6.2

Source: SOLSD and EMIS enrollment and staffing data

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

As shown in **Table 5**, SOLSD is overstaffed by 2.7 office/clerical FTEs per 1,000 students based on the peer average ratio of 7.2 FTEs per 1,000 students. To achieve a ratio similar to its peers, the District should have a staffing ratio of 16.7 FTEs, which would require a reduction of 6.0 FTE office/clerical positions.

Financial Implication: Reducing staffing by 6.0 FTE office/clerical staff will save approximately **\$177,000** in salaries and benefits annually. This savings was calculated using the 7 lowest paid office/clerical staff (\$15,500 average) and includes an average benefit ratio of 63 percent⁴. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried office/clerical staff.

R.3 Create a comprehensive staffing plan

SOLSD lacks a comprehensive staffing plan based on forward-looking data such as expected funding, student population or educational goals. The absence of such plan has resulted in decisions to change staffing levels to be made on a reactionary basis, using short-term operating data. In addition, some positions may have multiple job functions and may be misaligned with the mission and goals of the District.

According to *Strategic Staffing Plans* (Society for Human Resources Management (SHRM), June 2002), a staffing plan is a system that works to monitor and control the costs of human capital while creating an infrastructure to support effective decision-making in an organization. An effective plan uses relevant workload and outcome measures that can aid organizations in assessing current and future staffing needs.

Developing a staffing plan will help the District more effectively identify current and future staffing needs as well as ensure compliance with State and federal requirements. An effective staffing plan also assists organizations in developing goals and communicating staffing strategies

⁴ Calculated using FY 2012-13 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2013 five-year forecast.

to stakeholders. Developing an adequate plan would allow SOLSD to ensure that staffing levels are aligned with its mission and goals and increase the likelihood that they are met.

R.4 Require employees to pay their full retirement contribution

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 classified positions. ORC § 3307.26 and 3307.28 mandate the contribution percentages to be made by employers and employees. Employers are required to contribute a minimum of 14 percent of each employee's annual salary to the appropriate retirement fund. Certificated employees are responsible for contributing 11 percent, and classified employees are responsible for contributing 10 percent.

The District's Board goes beyond STRS and SERS minimum contribution requirements by paying the full employee contribution for select administrators and two percent of the employee contribution for all other employees. An examination of the surrounding district's peer⁵ CBAs shows that this practice is common for the region. However, providing retirement contributions above minimum requirements stated in the ORC increases compensation expenditures while reducing transparency of total employee compensation.

Financial Implication: Requiring all employees to pay their full retirement contributions would save approximately **\$219,000** annually. This savings is based on \$186,900 for non-administrators, \$15,700 for building administrators and \$16,400 for District administrators.

R.5 Improve the cost effectiveness of the health insurance program

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

The District purchases Anthem medical insurance through an insurance broker at an annual cost of \$8,000 per single plan and \$22,600 per family plan. According to the *21st Annual Report on the Cost of Health Insurance in Ohio Public Sector* (Ohio State Employee Relations Board (SERB), 2013), the regional average medical insurance plans purchased by government entities cost \$7,200 per single plan and \$18,900 per family plan. Comparatively, SOLSD expends \$800 more for single coverage and \$3,700 more for family coverage. Furthermore, employee premium contribution rates of 10 percent for single and family plans were lower than the SERB regional average of 12.2 percent and 13.1 percent for single and family plans, respectively.

The following two plan provisions contributed to SOLSD's insurance cost exceeding the SERB regional average:

- **Copayments** – The SERB average copayments for in-network primary care visits, urgent care visits, and emergency room visits were \$20, \$35, and \$100, respectively. The

⁵ See **Peer Group Definitions** table for a complete list of the Compensation, Benefits and Union Contract Peers.

District's health insurance plan allows a \$5 copay for primary care visits, \$25 for urgent care visits, and \$50 for emergency room visits.

- **Out-of-Pocket maximums** - The SERB average out-of-pocket maximum among school districts in Ohio was \$1,000 for single and \$2,000 for family plans in-network; and \$2,000 for single and \$4,000 for family plans out-of-network. In comparison, the plan offered by SOLSD includes lower out-of-pocket maximums of \$750 for single and \$1,500 for family plans in-network, and \$1,500 for single and \$3,000 for family plans out-of-network.

The value of specific plan benefits such as copayments and out-of-pocket maximums affect the premium costs of health insurance plans. SOLSD's medical insurance plan offers specific benefits at a much higher employee value than industry benchmarks. Soliciting competitive bids for health insurance both through consortiums and open markets will help ensure the District receives the lowest medical insurance prices offered, while keeping the benefit values of insurance plans within industry benchmarks. When seeking to reduce health insurance costs, the District should consider bidding out its health insurance program, negotiating the details of its health insurance offerings and/or negotiating an increase in employee premium contribution.

Financial Implication: Reducing health insurance premiums and increasing employee contributions to the SERB regional average would save the District approximately **\$941,000**⁶ annually. Reducing only health insurance premium expenditures to a level in-line with the surrounding region would save approximately \$783,900⁷ annually while aligning only its employee contribution rates would save the District approximately \$280,000⁸ annually based on current premium costs.

R.6 Implement a sick leave policy

The District's sick leave usage was compared to Statewide data collected by the Ohio Department of Administrative Services (DAS). Certificated staff comparisons were based on sick leave usage data compiled from employees covered under State Council of Professional Educators (SCOPE) and Ohio Education Association (OEA) bargaining units, classified sick leave usage was compared to bargaining unit employees covered by the American Federation of State, County and Municipal Employee (AFSCME), and administrative staff sick leave usage was compared to data gathered from Statewide exempt employees. **Table 6** below illustrates a comparison of FY 2012-13 District-wide sick leave usage to DAS averages, by staff category.

⁶ Based on the District's employee contribution rate and the District's premiums minus the SERB regional average multiplied by the number of employees in the respective plan.

⁷ Based on the difference of the premiums for the District and the SERB regional average multiplied by the number of employees in the respective plan.

⁸ Based on the difference of employee contributions for the District and the SERB regional average multiplied by the number of employees in the respective plan.

Table 6: FY 2012-13 Average Sick Leave Hours Per Employee Comparison

	SOLSD	DAS	Difference	% Difference
Certificated	87.1	68.1	19.0	27.9%
Classified	102.0	69.1	32.9	47.6%
Administrative	49.9	37.0	12.9	34.9%

Source: SOLSD and DAS

As shown in **Table 6**, certificated, classified, and administrative staff had higher sick leave usage than the DAS average in FY 2012-13.

Absence Management: Strategies for Curbing Absenteeism in the Workplace (International Public Management Association, 2003) suggests that while discipline is necessary in many cases of excessive absenteeism, non-punitive steps can be taken to help improve attendance. The following are recommendations aimed at limiting and reducing employee absenteeism:

- Employers should establish a policy that clearly states that employees are expected to report to work as scheduled and on time. The policy should define what the organization considers to be an acceptable standard of attendance and outline consequences for noncompliance.
- Document employees' absences, late arrivals, and early leave times, either manually or through computerized recordkeeping. Records can show if there is a pattern or practice of absenteeism among specific individual employees or whether absenteeism is a chronic problem throughout the organization.
- Try to pinpoint areas within the organization where absenteeism is excessive.
- Hold supervisors accountable for good attendance. Managers should be aware of each employee's attendance patterns and be instructed to look for performance problems. Supervisors should document chronic absenteeism, and speak privately with repeatedly absent employees as soon as possible after their absence, giving them a written copy of the organization's policy on absenteeism to ensure that they understand the consequences.
- Conduct attitude surveys to determine how employees feel about their jobs, and then use the results to design motivational programs that will increase satisfaction and improve morale and attendance.
- Pay attention to absences and progressively discipline employees who fail to meet attendance standards. Administer appropriate discipline fairly and consistently, and document any actions taken.

SOLSD does not have effective control measures to ensure sick leave abuse does not occur. By developing a sick leave policy that incorporates controls and elements of leading practices, the District will be better equipped to monitor and potentially reduce sick leave usage.

Financial Implication: Reducing sick leave usage to the Ohio Department of Administrative Services (DAS) average would save approximately **\$32,900⁹** annually in substitute expenses.

⁹ Based on the number of certificated sick leave days in excess of the Statewide average in FY 2012-13, multiplied by the daily cost of a substitute for that position.

The District should also see increased productivity for classified and administrative employees as a result of a reduction of lost time for those areas not covered by substitute workers.

R.7 Reduce severance payouts

The District's bargaining agreements provide a retirement severance payment of 25 percent of a maximum of 265 accumulated sick leave days for certificated staff and 25 percent of a maximum of 260 accumulated sick leave days for classified staff. It also provides a super-severance for certificated staff which equates to a maximum payout of 132.5 days for severance - two times the size of the normal severance payment. The super-severance is designed to incentivize certificated staff members to retire in their first year of retirement eligibility.

ORC § 124.39 establishes a minimum severance of 30 days of accumulated sick leave paid to retiring employees with at least 10 years of service. SOLSD offers a sick leave severance payout that is 36.25 days over this required minimum level for certificated staff, and 35 days over the minimum for classified staff. More generous severance provisions cause the District to incur excess costs by allowing a higher severance payout at retirement. Eliminating the super-severance and reducing the severance payout to a level in-line with the ORC minimum could result in significant future cost avoidance.

Financial Implication: Reducing severance payouts to a level comparable to the minimum amount established in ORC § 124.39 could save the District approximately **\$151,000**¹⁰ annually based on FY 2010-11 through FY 2012-13 severance payout data.

R.8 Close the least utilized elementary and high school buildings

For FY 2013-14, SOLSD operated three K-8 buildings, two K-12 buildings, one 9-12 building, one vocational school building, and one central office building. Utilization percentage signifies the number of students educated in each building in relation to the total maximum capacity. **Table 7** displays the results of the District's building utilization analysis.

Table 7: FY 2013-14 District Building Utilization

	Enrollment	Capacity	Utilization
Beallsville Campus	405	725	55.9%
Beallsville High School	109	400	27.3%
Beallsville Elementary	296	325	91.1%
River Campus	550	1,075	51.2%
River High School	207	500	41.4%
River Elementary	343	575	59.7%
Monroe Central High School	243	500	48.6%
Woodsfield Elementary	474	600	79.0%
Powhatan Elementary	264	450	58.7%
Skyvue Elementary	237	250	94.8%
Total All Facilities	2,173	3,600	60.4%

Source: SOLSD and Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

¹⁰ Based on the average number sick days paid out for retirements for the period FYs 2010-11 through 2012-13 in excess of the ORC minimum, multiplied by the employees daily rate.

As shown in **Table 7**, the District utilized approximately 60 percent of its total building capacity, a level almost 25 percent lower than the benchmark utilization of 85 percent¹¹. The least utilized high school and elementary buildings in the district were Beallsville High School and Powhatan Elementary. Closing the least utilized elementary and high school buildings would increase total utilization to 79 percent, a level that approaches the utilization benchmark. Prior to closing the selected buildings, the District should determine the impact it will have on transportation expenditures.

Financial Implication: The closure of two buildings would result in savings of approximately **\$231,000** annually. This was calculated based on the FY 2012-13 total expenditures per square foot for utilities, purchased services, supplies and materials, and capital outlay multiplied by the number of square feet for the least utilized high school and elementary buildings.

R.9 Eliminate 4.0 FTE custodial staff positions

All of SOLSD's buildings combined are over 474,000 square feet in area and are maintained and cleaned by 3.0 FTE maintenance workers and 20.8 FTE custodial staff. **Table 8** compares SOLSD custodial staffing to the Association of School Business Officials (ASBO) International benchmark of 29,500 square feet cleaned per FTE.

Table 8: FY 2013-14 Custodian Benchmark Comparison by Building

Building	Square Feet	Custodial Staffing	Benchmark	Difference
River Campus	118,322	6.0	4.0	2.0
Monroe Central High School	45,720	2.5	1.6	0.9
Skyvue Elementary	34,657	2.0	1.2	0.8
Powhatan Elementary	53,882	2.5	1.8	0.7
Beallsville Campus	73,682	3.0	2.5	0.5
Woodsfield Elementary	67,566	2.5	2.3	0.2
District Office	4,400	0.3	0.2	0.1
Swiss Hills Career Center	75,917	2.0	2.6	(0.6)
Total	474,146	20.8	16.2	4.6

Source: SOLSD and ASBO

As shown in **Table 8**, the District is overstaffed by 4.6 FTE custodial staff indicating that the District should reduce its staffing by at least 4.0 FTE. If the District elects to consolidate its facilities (see **R.8**) it should further reduce its staffing according to the resulting square footage.

Financial Implication: Eliminating 4.0 FTE custodial staff positions could save approximately **\$118,600** in salaries and benefits annually. This estimate was calculated using the lowest paid custodial staff salary (\$18,200 average) and includes an average benefit ratio of 63 percent¹². Estimated savings could increase if the reduction occurs through retirement or voluntary separation of higher salaried custodial staff.

¹¹ Based on *Defining Capacity* (Dejong and Associates), 85 percent is used as the target capacity in order to account for teacher break periods and other programming inefficiencies.

¹² Calculated using FY 2012-13 personal services expenditures divided by the employees' retirement/insurance benefits expenditures from the October 2013 five-year forecast.

R.10 Modify overtime calculation for classified staff

In FY 2012-13 the District's facilities overtime expenditures were approximately \$54,300 or 7.4 percent of total salaries. This equates to 325.9 percent more than the peer average overtime expenditures of 2.2 percent of salaries. The following CBA provisions have led to high overtime expenditures:

- Substitute work and extra work will be offered to qualified members of the bargaining unit prior to non-bargaining unit members;
- Employees shall be paid at the rate of time and one-half for all hours worked in excess of eight hours per day and/or forty hours per week;
- Hours actually worked and hours an employee was scheduled to work on days he/she is taking leave of any kind or holiday with pay shall count as hours worked towards forty for overtime purposes; and
- Hours worked on a holiday shall be compensated at the rate of double time.

Overtime cost can be managed in a variety of ways including the following:

- **Only count time worked when calculating overtime:** According to the Fair Labor Standards Act (FLSA), it is only necessary to calculate overtime after an employee has worked 40 hours in a week. Paid leave time and holiday time need not be included in hours worked for overtime calculations. Furthermore, there is no Federal law that would require employers to treat the hours worked on a holiday as double time.
- **Alternative work schedules:** According to *Cost-Saving Ideas: Overtime Planning and Management* (New York State Comptroller, 2014) allowing alternate work schedules may alleviate overtime usage. Some alternate schedules suggested are the five day flex schedule, the four and a half-day schedule, and the four day ten hour schedule. Alternate schedules should take into consideration operational needs, employee concerns, and legal and regulatory requirements.

Paying District custodians overtime to fill daily absences and allowing employees to count leave time and holidays toward overtime calculations have driven overtime expenditures significantly higher than the peer average. The District should renegotiate its classified contract to reflect the minimum standards of the FLSA overtime calculation and implement the use of alternative work schedules to reduce overtime usage.

Financial Implication: Reducing overtime expenditures to a level comparable to the peer average would save the District approximately **\$37,600** annually based on FY 2012-13 overtime expenditure data.

R.11 Implement a comprehensive maintenance plan

In light of its declining enrollment, the District attempted to consolidate its buildings in 2006. However, the residents voted against the consolidation plans. In 2008, SOLSD began a major building project and by FY 2013-14 the District has opened five new school buildings and

renovated a school building. Currently, SOLSD does not have a maintenance plan for its buildings.

Preventive Maintenance, Repeat This Facilities Mantra: Fix Now or Pay Later (American School Board Journal, 2003) recommends the use of preventive maintenance as a cost saving measure. Among the benefits of a preventive maintenance plan are energy savings, avoiding more costly repairs, decreasing mold and asbestos problems, and extending the life of equipment.

To implement an effective maintenance plan, the District should take full inventory of the major components in its buildings. Once this is completed, the District should draft a maintenance and capital replacement plan for each component. The District should also create a checklist to be completed by maintenance personnel which would avoid duplication of work and provide transparency. This preventive maintenance schedule should be integrated into an electronic work order system (see **R.12**) to ensure the maintenance plan is executed with consistency and accountability.

R.12 Implement an electronic work order system

The District uses a paper work order system whereby a staff member begins the work order process by completing a paper work order that is sent to the building principal for approval. Once approved, the principal sends the work order to the central office via the District courier. Each morning the Director of Support Services sorts the work orders according to importance. Total transit time is a minimum of two days.

SOLSD's "Maintenance Business Plan" published by Energy Optimizers and approved by the OSFC mentions the benefits of an electronic work order system. A computerized maintenance management system (CMMS) or internet maintenance management system (IMMS) is highly recommended to ensure all maintenance tasks, including preventive maintenance and work orders, are performed in a timely manner. This system also provides insight on maintenance and repair trends. Not having an electronic system in place increases the transit time of work orders and increases the Director of Support Services' workload.

R.13 Use transportation routing software

SOLSD is the largest school district in Ohio, covering 546 square miles. Accordingly, the District should take all steps necessary to ensure efficient routing, including the use of routing software. SOLSD has access to routing software, however, it is not used despite the District allocating significant time to update it. Using this software would help to ensure that bus routes are optimized and routing decisions are well documented to reduce the impact of personnel turnover.

Cutting Costs with Routing Software (School Bus Fleet, 2011) recommends the use of software as it can drastically reduce costs through routing optimization, and it can protect student riders by helping users identify hazardous landmarks and arrange for curbside pickup. By using the software that is already available to the District, it can realize cost savings by optimizing its bus routes.

R.14 Reduce food usage expenditures

In FY 2012-13, the District's food service operations resulted in a \$67,000 deficit. Because the Food Service Fund had a significant cash balance, this deficit did not result in a General Fund transfer (see **Table B-7**). However, the deficit produced by operations in FY 2013-14 will require a significant transfer from the General Fund.

In FY 2012-13, the District's participation rate was comparable to its peers and its meals per labor hour were comparable to industry benchmarks; however, the District's food usage expenditures were found to be significantly higher than its peers totaling \$1.98 per meal. This equates to approximately \$440,400 annually for the cost of food. **Table 9** shows a comparison of the District's costs per meal compared to the peer average.

Table 9: FY 2012-13 (May) MR 70 Report Comparison

	SOLSD	Peer Average	Difference	% Difference
Total Lunch Cost	\$3.64	\$2.94	\$0.70	23.8%
Food Usage	\$1.98	\$1.29	\$0.69	53.5%
Labor	\$1.02	\$0.98	\$0.04	4.1%
Supplies	\$0.08	\$0.09	(\$0.01)	(11.1%)
Purchased Services	\$0.00	\$0.07	(\$0.07)	(100.0%)
Fringe	\$0.56	\$0.50	\$0.06	12.0%
Depreciation	\$0.00	\$0.01	(\$0.01)	(100.0%)

Source: MR 70 from district and its peers

As shown in **Table 9**, the District's average cost per meal was \$3.64 compared to the peer average of \$2.94. This difference can be attributed to the cost of food usage. Although SOLSD uses its allotted commodity's entitlement funds, it is not using these funds wisely when purchasing commodities as it does not limit the type of food ordered by the head cooks. For example, the District will buy prepackaged items such as pre-chopped lettuce, individual fruit and yogurt cups, and breaded chicken strips as opposed to ordering the bulk commodity offered by the food provider.

Ordering individually packaged and pre-prepared food increases the cost of food usage. Transitioning from these convenience items to bulk commodities will decrease the District's cost of food.

Financial Implication: Reducing the District's food usage cost per meal to the peer average will save the district approximately **\$180,500** annually. This is calculated based on the FY 2012-13 total lunches served multiplied by the District's food usage expenditures above the peer average.

Appendix A: Scope and Objectives

Generally accepted government auditing standards require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditor seeks to answer based on evidence obtained and assessed against criteria.

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: financial systems, human resources, transportation, facilities and food service. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. Objectives and scope areas assessed in this performance audit as well as the corresponding recommendation or analyses that resulted from these objectives are contained in **Table A-1**.

Table A-1: SOLSD Scope and Objectives

Financial Systems	
Are budgeting practices comparable to best practices?	N/A
Are purchasing practices comparable to best practices?	N/A
Is financial communication consistent with leading practices?	N/A
Human Resources	
Is EMIS data reliable for use?	N/A
Are certificated, classified, and administrative salaries comparable to the surrounding districts?	R.1, R.2, Table B-3, Table B-4
Is administrative staff cross-trained?	N/A
Are collective bargaining agreements consistent with leading practices and comparable to surrounding districts?	R.4, R.5, R.7
Are insurance benefits comparable to leading practices?	R.5
Are staffing levels comparable to peers?	R.1, R.2, R.3, Table B-2
Is sick leave usage comparable to State averages?	R.6
Transportation	
Is T-form information accurate?	N/A
Is the bus fleet right sized?	N/A
Is fuel purchased efficiently?	N/A
Are supplies and materials purchased efficiently?	N/A
Are the bus routes efficient?	R.13, Table B-5
Does fleet maintenance meet best practices?	N/A

Table A-1: SOLSD Scope and Objectives (Continued)

Facilities	
Is custodial and maintenance staffing efficient and appropriate for buildings in operation?	R.9, R.10
Are buildings used effectively?	R.8
Are utility costs per square foot comparable to peers?	N/A
Is an energy conservation plan implemented?	N/A
Are utilities purchased from a consortium?	N/A
Are purchased services comparable to the peers?	N/A
Are maintenance orders efficiently requested?	R.11, R.12
Food Service	
Is the food service fund dependent upon the General Fund?	Table B-7
If yes	
Does the District's meals per labor hour meet national benchmarks?	N/A
Does the District purchase its food through a consortium?	R.14

Appendix B: Additional Comparisons

Expenditures per Pupil

Table B-1 illustrates the District's historical expenditures per pupil between FY 2010-11 and FY 2012-13.

Table B-1: Expenditures per Pupil by Object

	FY 10-11	FY 11-12	% Change	FY 12-13	% Change
Pupils	2,543	2,439	(4.1%)	2,437	(0.1%)
Employees' Salaries and Wages	\$4,400	\$5,054	14.9%	\$4,875	(3.5%)
Employees' Benefits	\$2,498	\$2,746	9.9%	\$3,056	11.3%
Purchased Services	\$1,309	\$1,407	7.5%	\$1,507	7.1%
Supplies and Materials	\$453	\$482	6.4%	\$472	(2.1%)
Capital Outlay	\$31	\$27	(12.9%)	\$46	70.4%
Other Objects	\$218	\$212	(2.8%)	\$257	21.2%
Other Uses	\$143	\$67	(53.1%)	\$103	53.7%
Total	\$9,052	\$9,995	10.4%	\$10,316	3.2%

Source: SOLSD

Table B-1 shows the District's expenditures per pupil increased annually in the time period displayed. SOLSD should seek to reduce expenditures through implementation of the recommendations in this report as this increase is not sustainable.

Staffing

Table B-2 displays the District's staffing per 1,000 students by employee function in comparison to the peer average.

Table B-2: FY 2013-14 Staffing Comparison

	SOLSD		Peer Average	Difference	
Students ¹	2,327.9		2,271.8	56.1	
	FTE	SOLSD FTEs/1,000 Students	Peer Average FTEs/1,000 Students	Difference Per 1,000 Students	Total FTEs Above (Below) ²
Administrative	16.8	7.2	6.8	0.4	0.9
Office/Clerical	23.0	9.9	7.2	2.7	6.3
General Education Teachers	97.6	41.9	45.2	(3.3)	(7.7)
All Other Teachers	34.2	14.7	11.4	3.3	7.7
Education Service Personnel (ESP)	14.4	6.2	6.8	(0.6)	(1.4)
Educational Support	8.0	3.4	2.2	1.2	2.8
Other Certificated	0.0	0.00	1.0	(1.0)	(2.3)
Non-Certificated Classroom Support	2.5	1.1	8.4	(7.3)	(17.0)
Sub-Total	196.57	84.4	89.0	(4.6)	(10.7)
Operations	70.4	30.2	23.3	6.9	16.1
All Other Staff	2.0	0.9	3.0	(2.1)	(4.9)
Total Staff	268.9	115.5	115.3	0.2	0.5

Source: SOLSD and peer district staffing data as reported by ODE

Note: SOLSD's operational staffing, including bus drivers, custodians, maintenance workers, and food service employees are not included in the peer comparison. These areas were assessed based on industry and operational standards.

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

² Represents the number of FTEs that, when added or subtracted, would bring SOLSD's number of employees per 1,000 students in-line with the peer average.

Table B-2 shows the District's total staffing is comparable to the peers. In light of its financial condition, however, SOLSD should examine potential cost saving measures in the following categories which displayed higher comparative staffing levels: administration (see **R.1**), office/clerical (see **R.2**), all other teachers, educational support and operations (see **R.9**). It should be noted that adjustments were made to SOLSD's EMIS data to reflect accurate staffing at the time of the assessment.

Salaries

Table B-3 and Table B-4 represent a comparison of salaries based on EMIS data between SOLSD, the surrounding districts, and the peer districts.

Table B-3: FY 2013-14 Average Salary Analysis (Surrounding Districts)

	SOLSD	Surrounding District Average	Difference	% Difference
Administrative	\$55,370	\$66,175	(\$10,805)	(16.3%)
Office/Clerical	\$24,107	\$26,267	(\$2,160)	(8.2%)
General Education Teachers	\$45,750	\$47,719	(\$1,969)	(4.1%)
All Other Teacher	\$45,611	\$45,601	\$10	0.0%
Education Service Personnel	\$47,052	\$50,391	(\$3,339)	(6.6%)
Educational Support	\$45,791	\$48,097	(\$2,306)	(4.8%)
Non-Certificated Classroom Support	\$20,079	\$15,648	\$4,431	28.3%
Operations	\$22,597	\$20,453	\$2,144	10.5%
All Other Staff	\$36,113	\$29,945	\$6,168	20.6%
Total - All Staff	\$38,176	\$38,919	(\$743)	(1.9%)

Source: SOLSD payroll and peer districts EMIS

Table B-4: FY 2013-14 Average Salary Analysis (Peer Districts)

	SOLSD	Peer District Average	Difference	% Difference
Administrative	\$55,370	\$73,390	(\$18,020)	(24.6%)
Office/Clerical	\$24,107	\$27,224	(\$3,117)	(11.4%)
General Education Teachers	\$45,750	\$50,707	(\$4,957)	(9.8%)
All Other Teachers	\$45,611	\$49,679	(\$4,068)	(8.2%)
Education Service Personnel (ESP)	\$47,052	\$53,540	(\$6,488)	(12.1%)
Educational Support	\$45,791	\$46,801	(\$1,010)	(2.2%)
Non-Certificated Classroom Support	\$20,079	\$15,590	\$4,489	28.8%
Operations	\$22,597	\$21,684	\$913	4.2%
All Other Staff	\$36,113	\$43,662	(\$7,549)	(17.3%)
Total - All Staff	\$38,176	\$41,869	(\$3,693)	(8.8%)

Source: SOLSD payroll and peer districts EMIS

Tables B-3 and B-4 illustrate that the District's staff salaries are lower than the surrounding district average and the peer average by a total of 1.9 percent and 8.8 percent, respectively. In addition to this average salary comparison, an analysis was completed on career compensation generated from the salary schedules of each staffing category. When compared to the peer and surrounding districts, this analysis showed SOLSD's salaries were lower for all categories.

Bus Efficiency

ODE calculates the Regular Education Efficiency Target in an effort to help school districts ensure safe and efficient transportation operations. This ratio takes into consideration a district's total number of riders in relation to the area of a district and the disbursement of riders throughout the district (ridership density) to establish a bus ridership target ratio. Districts that exceed their target are defined as being efficient relative to other districts in the State. **Table B-5** shows the efficiency ratio of SOLSD compared to the peer districts.

Table B-5: FY 2012-13 Efficiency Ratio Comparison

SOLSD Ridership Ratio	1.19
Peer Average Ridership Ratio	1.78
Difference	(0.59)

Source: ODE

Table B-5 shows that the District trailed the peer average ridership ratio in FY 2012-13. However the District exceeds the State's target of 1.0 showing that the District busing is operating efficiently based on ODE calculations. This, coupled with the District's geographic size resulted in no recommendation to reduce busing.

Table B-6 shows the District's transportation costs per active bus compared to the peer average.

Table B-6: Transportation Expenditures per Active Bus Comparison

	SOLSD	Peer Average	Difference	% Difference
Salaries	\$20,362	\$26,611	(\$6,249)	(23.5%)
Benefits	\$25,578	\$19,675	\$5,903	30.0%
Maintenance & Repairs	\$9,440	\$10,352	(\$912)	(8.8%)
Fuel	\$10,749	\$11,845	(\$1,096)	(9.3%)
Bus Insurance	\$988	\$685	\$303	44.2%
All Other Costs	\$1,079	\$2,796	(\$1,717)	(61.4%)
Total Expenditures	\$68,196	\$71,964	(\$3,768)	(5.2%)

Source: SOLSD and peer districts.

As shown in **Table B-6**, the Districts expenditures per active bus expenditures were lower than its peers in all categories with the exception of benefits (see **R.5**) and bus insurance which were \$5,903 and \$303 per bus higher than the peers, respectively.

Food Service

Table B-7 illustrates the revenue and expenditures comparison from FY 2010-11 through FY 2012-13.

Table B-7: Food Service Fund FY 2010-11 through FY 2012-13

	FY 2010-11	FY 2011-12	% Variance	FY 2012-13	% Variance
Total Revenue	\$1,503,165	\$1,518,293	1.0%	\$1,429,603	(5.8%)
Total Expenditures	\$1,353,380	\$1,446,358	6.9%	\$1,496,605	3.5%
Revenues Over (Under) Expenses	\$149,785	\$71,935	(52.0%)	(\$67,002)	(193.1%)
Beginning Fund Balance	(\$19,860)	\$129,925	754.2%	\$201,860	55.4%
Ending Fund Balance	\$129,925	\$201,860	55.4%	\$134,858	(33.2%)

Source: SOLSD financial data

Table B-7 shows that the District's expenditures have increased each year (see **R.14**) while total revenue for the period has declined.

Appendix C: Five Year Forecast

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

Chart C-1: SOLSD FY 2013-14 May Five Year Forecast

Line	Actual			Forecasted				
	2011	2012	2013	2014	2015	2016	2017	2018
1.010 General Property (Real Estate)	4,770,405	4,965,224	5,168,785	5,525,157	5,430,312	5,346,181	5,397,204	5,473,465
1.020 Tangible Personal Property Tax	2,862,742	4,317,390	4,862,740	4,433,190	4,390,475	4,080,413	3,770,351	3,770,351
1.035 Unrestricted Grants-in-Aid	12,571,042	12,684,570	13,202,372	13,134,289	13,091,232	12,954,334	12,947,413	12,946,751
1.040 Restricted Grants-in-Aid	2,175,981	434,932	506,279	912,479	958,278	960,008	966,930	967,591
1.045 Restricted Federal Grants-in-Aid - SFSF		68,909	2,884					
1.050 Property Tax Allocation	2,180,723	1,770,697	1,222,613	1,485,658	1,407,073	1,375,860	1,354,395	1,372,194
1.060 All Other Operating Revenue	362,087	345,065	335,969	1,753,823	434,493	446,757	459,206	471,841
1.070 Total Revenue	24,922,980	24,586,787	25,301,642	27,244,595	25,711,863	25,163,554	24,895,498	25,002,193
2.050 Advances-In				3,773,000	250,000			
2.060 All Other Financial Sources	20,886	30,594	98,104	60,000				
2.070 Total Other Financing Sources	20,886	30,594	98,104	3,833,000	250,000			
2.080 Total Revenues and Other Financing Sources	24,943,866	24,617,381	25,399,746	31,077,595	25,961,863	25,163,554	24,895,498	25,002,193
3.010 Personnel Services	12,161,158	12,663,700	11,884,030	10,612,667	11,023,605	11,250,061	11,413,243	11,578,792
3.020 Employees' Retirement/Insurance Benefits	6,805,200	6,802,093	7,447,882	6,241,438	6,837,426	7,429,906	8,043,748	8,716,438
3.030 Purchased Services	3,358,785	3,432,176	3,673,600	4,697,572	5,059,030	5,326,852	5,608,000	5,903,112
3.040 Supplies and Materials	1,153,422	1,176,459	1,149,766	1,025,510	1,445,158	1,360,190	1,421,399	1,485,362
3.050 Capital Outlay	78,185	65,606	111,619	269,851	931,248	486,498	505,958	526,197
4.300 Other Objects	553,859	516,350	625,324	612,830	625,087	637,589	650,341	663,347
4.500 Total Expenditures	24,110,609	24,656,384	24,892,221	23,459,869	25,921,554	26,491,097	27,642,689	28,873,248
5.010 Operational Transfers - Out	363,554	163,669		985,000				
5.020 Advances - Out			251,397	3,686,000				
5.030 All Other Financing Uses	42	107	75					
5.040 Total Other Financing Uses	363,596	163,776	251,472	4,671,000				
5.050 Total Expenditure and Other Financing Uses	24,474,205	24,820,160	25,143,693	28,130,869	25,921,554	26,491,097	27,642,689	28,873,248
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	469,661	(202,779)	256,053	2,946,726	40,309	(1,327,543)	(2,747,191)	(3,871,055)
7.010 Beginning Cash Balance	75,560	545,221	342,442	598,495	3,545,221	3,585,530	2,257,987	(489,204)
7.020 Ending Cash Balance	545,221	342,442	598,495	3,545,221	3,585,530	2,257,987	(489,204)	(4,360,259)
8.010 Outstanding Encumbrances	165,580	110,000	110,000	110,000	110,000	110,000	110,000	110,000
10.010 Fund Balance June 30 for Certification of Appropriations	379,641	232,442	488,495	3,435,221	3,475,530	2,147,987	(599,204)	(4,470,259)
11.020 Property Tax - Renewal or Replacement						133,143	268,411	270,536
11.300 Cumulative Balance of Replacement/Renewal Levies						133,143	401,554	672,090
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	379,641	232,442	488,495	3,435,221	3,475,530	2,281,130	(197,650)	(3,798,169)
15.010 Unreserved Fund Balance June 30	379,641	232,442	488,495	3,435,221	3,475,530	2,281,130	(197,650)	(3,798,169)

Source: ODE

Client Response

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

SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT

The Purpose of Education at the Switzerland of Ohio Local School District is to Encourage and Nurture Learning

July 29, 2014

Mr. Tyson Hodges
Performance Project Manager
Auditor of State Dave Yost

Dear Mr. Hodges:

The performance audit report was shared with our Board of Education at a special meeting held on July 15, 2014.

The district is appreciative of the extra time and resources the state audit team expended while performing this audit.

As the district moves forward, the performance auditor's findings will be reviewed and discussed by our Board, staff, and community to determine methods for improved performance of our district.

Sincerely,


John C. Hall
Superintendent

CC: Lance Erlwein, Treasurer
Jason Clutter, Dir. of Facilities & Transportation
Tina Hogue, Dir. of Food Service
Switzerland of Ohio Local School District Board of Education

304 MILL STREET ■ WOODSFIELD, OH 43793 ■ PHONE: 740-472-5801 ■ FAX: 740-472-5806

John Hall, Superintendent ■ Lance Erlwein, Treasurer ■ Jason Clutter, Director of Facilities & Transportation
Kathryn Anderson, Director of Federal Programs/Curriculum/Instruction

Board Members: Ron Winkler, President ■ Justin Isaly, Vice President ■ Ed Carleton ■ Jackie Hupp ■ Dave Matz



Dave Yost • Auditor of State

SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT

MONROE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 12, 2014