



Dave Yost • Auditor of State

**This page intentionally left blank.**



# Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of the Geneva Area City School District,

The Auditor of State's Office selected the Geneva Area City School District (GACSD or the District) for a performance audit based on its projected financial condition. This performance audit was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the District's overall economy, efficiency, and/or effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management.

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

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

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

Sincerely,

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

Dave Yost  
Auditor of State  
June 26, 2018

**This page intentionally left blank.**

## Table of Contents

Executive Summary .....	1
Purpose and Scope of the Audit.....	1
Performance Audit Overview .....	1
Audit Methodology.....	1
Summary of Recommendations .....	4
Background .....	8
Recommendations.....	10
R.1 Develop a formal strategic plan linked to the budget.....	10
R.2 Develop a formal capital improvement plan .....	10
R.3 Consider reducing General Fund subsidy of extracurriculars to the local peer level ....	11
R.4 Eliminate 0.5 FTE nursing position .....	13
R.5 Renegotiate collective bargaining agreement provisions.....	14
R.6 Reduce employer cost of dental and vision insurance .....	16
R.7 Implement an energy management plan.....	20
R.8 Complete T-1 Forms as prescribed by ODE .....	23
R.9 Eliminate 5.5 daily labor hours from the food service operation.....	24
Appendix A: Scope and Objectives .....	26
Appendix B: Additional Comparisons.....	28
Appendix C: Five-Year Forecasts.....	49
Client Response .....	51

**This page intentionally left blank.**

---

# Executive Summary

---

## Purpose and Scope of the Audit

In consultation with the Ohio Department of Education (ODE), the Auditor of State (AOS) determined that it was appropriate to conduct a performance audit of the Geneva Area City School District (GACSD or the District) pursuant to Ohio Revised Code (ORC) § 3316.042. The purpose of this performance audit was to improve GACSD's financial condition through an objective assessment of economy, efficiency, and/or effectiveness of the District's operations and management. See **Background** for a full explanation of the District's financial condition.

In consultation with the District, the Ohio Performance Team (OPT) selected the following scope areas for detailed review and analysis: Financial Management, Human Resources, Facilities, Transportation, and Food Service. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

## Performance Audit Overview

Performance audits provide 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.

The United States Government Accountability Office develops and promulgates Government Auditing Standards that establish 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. Those standards require that OPT 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. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer districts;
- Industry standards;
- Leading practices;

- Statutes; and
- Policies and procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and higher academic performance. A “Local Peers” set was selected for a comparison of compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. Finally, a “Transportation Peers” set was selected for transportation operating and spending comparisons. This peer set was selected specifically for transportation operational comparability and included only those districts with a similar size in square miles and population density; two significant factors that impact transportation efficiency. **Table 1** shows the Ohio school districts included in these peer groups.

**Table 1: Peer Group Definitions**

<b>Primary Peers</b>
<ul style="list-style-type: none"> <li>• Batavia Local School District (Clermont County)</li> <li>• East Muskingum Local School District (Muskingum County)</li> <li>• Elida Local School District (Allen County)</li> <li>• Hubbard Exempted Village School District (Trumbull County)</li> <li>• Ontario Local School District (Richland County)</li> </ul>
<b>Local Peers (Compensation, Benefits, and Bargaining Agreements)</b>
<ul style="list-style-type: none"> <li>• Ashtabula Area City School District (Ashtabula County)</li> <li>• Buckeye Local School District (Ashtabula County)</li> <li>• Jefferson Local School District (Ashtabula County)</li> <li>• Madison Local School District (Lake County)</li> <li>• Painesville City School District (Lake County)</li> <li>• Riverside Local School District (Lake County)</li> </ul>
<b>Transportation Peers</b>
<ul style="list-style-type: none"> <li>• Amanda-Clearcreek Local School District (Fairfield County)</li> <li>• New Lexington City School District (Perry County)</li> <li>• Preble-Shawnee Local School District (Preble County)</li> <li>• Southeast Local School District (Portage County)</li> </ul>

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. Sources of industry standards or leading practices used in this audit include: American School and University (AS&U), the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE), the Florida Legislature’s Office of Program Policy Analysis & Government Accountability, the Government Finance Officers Association (GFOA), the National Association of State Directors of Pupil Transportation Services (NASDPTS), the National Center for Education Statistics (NCES), the Ohio Department of Education (ODE), the Ohio State Employment Relations Board (SERB), and the U.S. Environmental Protection Agency. District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed.



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

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

## Summary of Recommendations

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

**Table 2: Summary of Recommendations**

Recommendations		Savings <sup>1</sup>
<b>R.1</b>	<b>Develop a formal strategic plan linked to the budget</b>	N/A
<b>R.2</b>	<b>Develop a formal capital improvement plan</b>	N/A
<b>R.3</b>	<b>Consider reducing General Fund subsidy of extracurriculars to the local peer level</b>	\$132,100
<b>R.4</b>	<b>Eliminate 0.5 FTE nursing position</b>	\$49,000
<b>R.5</b>	<b>Renegotiate collective bargaining agreement provisions</b>	N/A
<b>R.6</b>	<b>Reduce employer cost of dental and vision insurance</b>	\$36,600
<b>R.7</b>	<b>Implement an energy management plan <sup>2</sup></b>	\$37,900
<b>R.8</b>	<b>Complete T-1 Forms as prescribed by ODE</b>	N/A
<b>R.9</b>	<b>Eliminate 5.5 daily labor hours from the food service operation</b>	\$16,700
<b>Cost Savings Adjustments <sup>3</sup></b>		(\$100)
<b>Annual Cost Savings from Full Implementation of Performance Audit Recommendations</b>		<b>\$272,200</b>

<sup>1</sup> Savings for each recommendation is calculated based on the average annual cost savings for each year of implementation during the forecast period.

<sup>2</sup> Savings is net of a \$9,000 one-time cost of capital equipment necessary to fully implement this recommendation.

<sup>3</sup> Implementation of **R.4** would reduce the savings achievable in **R.6**.

**Table 3** shows the District's ending fund balances as projected in the May 2018 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.

**Table 3: Financial Forecast with Performance Audit Recommendations**

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
<b>Original Ending Fund Balance</b>	<b>\$1,076,638</b>	<b>\$1,166,481</b>	<b>\$1,624,950</b>	<b>\$2,124,979</b>
<b>Adjusted Cumulative Balance of Performance Audit Recommendations <sup>1</sup></b>	<b>\$215,300</b>	<b>\$439,600</b>	<b>\$663,900</b>	<b>\$888,300</b>
<b>Revised Ending Fund Balance</b>	<b>\$1,291,938</b>	<b>\$1,606,081</b>	<b>\$2,288,850</b>	<b>\$3,013,279</b>

Source: GACSD, ODE, and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practicable there may be a reasonable delay in doing so. As a result, cost savings have been applied to FY 2018-19 through FY 2021-22 only.

<sup>1</sup> Cumulative savings are based on actual FY 2017-18 costs and are inflated annually to reflect projected increases associated with implementation over the forecast period, if applicable. Additionally, the savings identified for **R.4** was excluded because the District has already included in the May 2018 five-year forecast the savings associated with the Board-approved elimination of a 0.5 FTE nursing position that occurred during the course of this performance audit.

As shown in **Table 3**, implementing the performance audit recommendations would allow GACSD to increase year end fund balances throughout the five-year forecast and continue to improve its fiscal stability which would help the District achieve its educational and operational goals. Specifically, implementing the performance audit recommendations would increase the District's ending fund balance from approximately \$2.1 million to \$3.0 million in FY 2021-22.

It is possible that in pursuing the options necessary to balance the budget and achieve fiscal stability, the District could face the unintended consequence of reductions in future federal aid and/or the need to repay federal funds previously received, due to inability to meet federal maintenance of effort (MOE) requirements. Federal funding is designed to supplement local operations within specific program areas such as Title I, Title II, and IDEA Part B. Because this funding is meant to be supplemental, MOE requirements are put into place to ensure that all schools maintain an acceptable level of local spending rather than shifting to an over-reliance on federal funding, also referred to as supplanting.

Federal funds are supplemental to District operations and pursuit of these supplemental funds does not alleviate the obligation to maintain a balanced budget. In exercising the responsibility to maintain a balanced budget, the District will need to critically evaluate the potential impact of planned changes on program expenditures and/or census/enrollment (i.e., the two major inputs used to calculate MOE).

ODE is charged with monitoring school districts' compliance with MOE requirements and is also in a position of working with districts to facilitate seeking a waiver from the US Department of Education, where available within the grant guidelines, when certain conditions are evident.<sup>1</sup> Two such conditions specific to Title I include:

- An exceptional or uncontrollable circumstance such as natural disaster; and
- A precipitous decline in financial resources (e.g., due to enrollment or loss of tax revenue).

The District should pursue necessary steps to balance, achieve, and maintain long-term fiscal stability, while working with ODE to minimize any unnecessary, unforeseen consequences, including seeking a waiver of MOE requirements, if available.

It is important to note that the provision of special education services may have a significant impact on the GACSD's overall operating cost and staffing levels. However, the appropriateness of the District's special education cost and staffing were not evaluated as a part of this performance audit. Where applicable, special education staffing information is included for informational purposes only. All conclusions regarding the relative appropriateness of staffing are based solely on non-special education staff for both the District and the primary peers.

---

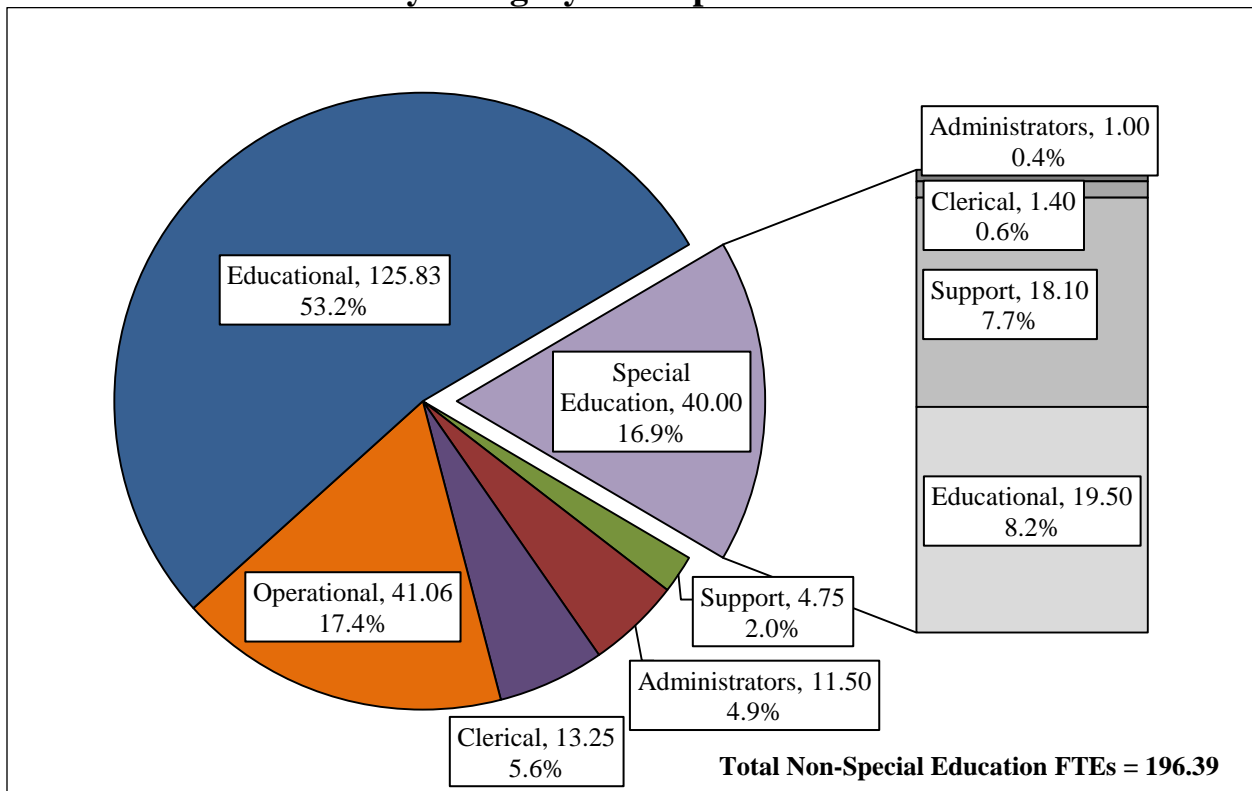
<sup>1</sup> IDEA Part B does not have a MOE waiver option.

### District Staffing Overview

The appropriateness of staffing levels is significant to both the operational and financial conditions within school districts. Operational decisions such as classroom sizes, class offerings, and other non-educational service levels collectively drive the need for overall staffing total. Specifically, personnel costs (i.e., salaries and benefits) accounted for 76.0 percent of GACSD’s General Fund expenditures in FY 2016-17, a significant impact on its budget and financial condition.

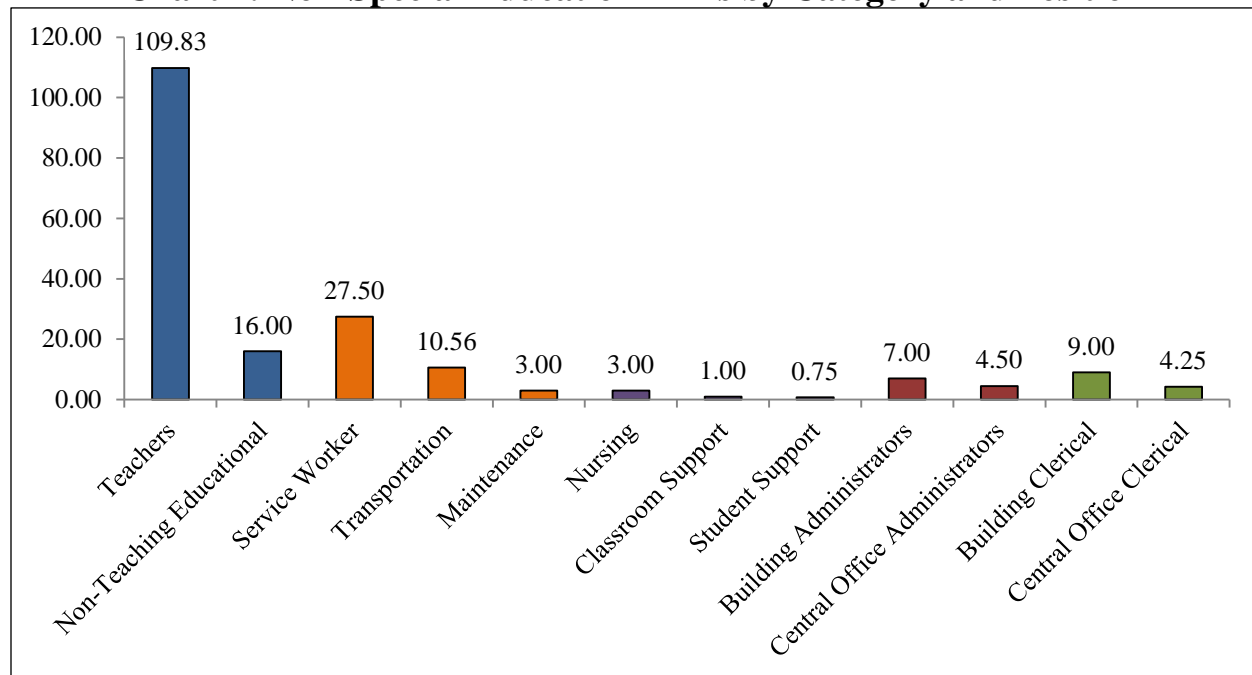
**Chart 1** and **Chart 2** show GACSD’s FY 2017-18 full-time equivalent (FTE) staffing levels by category<sup>2</sup> with special education staffing broken out for informational purpose only.

**Chart 1: FTEs by Category with Special Education Breakout**



Source: GACSD

<sup>2</sup> The individual positions within each staffing category are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

**Chart 2: Non-Special Education FTEs by Category and Position**

Source: GACSD

As shown in **Chart 1** and **Chart 2**, GACSD employs a total of 236.39 FTEs in FY 2017-18. Of this total, 40.00 FTEs, or 16.9 percent, are specifically dedicated to special education services. The remaining 196.39 non-special education FTEs are evaluated in each of the twelve staffing categories shown in **Chart 2**.

The District's staffing level per 1,000 students was higher than the primary peer average in the nursing category (see **R.4**). Staff in the service worker category, including buildings and grounds employees (see **Table B-14**) and food service workers (see **R.9**), were assessed using workload measures and industry benchmarks rather than peer averages, as these positions operate in areas that have industrywide gauges of efficiency and effectiveness.

## Background

In October 2017, the District released its semi-annual five-year forecast which showed progressively declining year-end fund balances throughout the forecast period. These forecasted financial results served as the primary impetus of the performance audit. **Table 4** shows GACSD's total revenues, total expenditures, results of operations, beginning and ending cash balances, outstanding encumbrances, budget reserve, and ending fund balance as projected in the District's October 2017 five-year forecast. This information is an important measure of the financial health of the District and serves as the basis for identification of fiscal distress conditions, possibly leading to formal designation by AOS and ODE.

**Table 4: GACSD Financial Condition Overview (October 2017)**

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Revenue	\$21,572,541	\$21,547,999	\$21,586,731	\$21,664,581	\$21,743,210
Total Expenditure	\$23,266,750	\$23,848,210	\$24,447,419	\$25,065,012	\$25,701,650
<b>Results of Operations</b>	<b>(\$1,694,209)</b>	<b>(\$2,300,211)</b>	<b>(\$2,860,688)</b>	<b>(\$3,400,431)</b>	<b>(\$3,958,440)</b>
Beginning Cash Balance	\$3,300,931	\$1,606,722	(\$693,489)	(\$3,554,177)	(\$6,954,608)
<b>Ending Cash Balance</b>	<b>\$1,606,722</b>	<b>(\$693,489)</b>	<b>(\$3,554,177)</b>	<b>(\$6,954,608)</b>	<b>(\$10,913,048)</b>
Outstanding Encumbrances	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Budget Reserve	\$358,077	\$358,077	\$358,077	\$358,077	\$358,077
<b>Ending Fund Balance</b>	<b>\$948,645</b>	<b>(\$1,351,566)</b>	<b>(\$4,212,254)</b>	<b>(\$7,612,685)</b>	<b>(\$11,571,125)</b>

Source: GACSD and ODE

As shown in **Table 4**, the District's October 2017 five-year forecast projects a deficit of more than \$1.3 million in FY 2018-19. This deficit condition is a direct result of expenditure growth outpacing revenue growth over the forecast period, with cash balances depleted in year two of the forecast. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$11.5 million by FY 2021-22.

In November 2017, ODE requested the District create a budget balancing plan as a result of projected deficits in its October 2017 five-year forecast. In response, the District outlined a plan in December 2018 that included placing a 1.25 percent income tax levy on the ballot for May 2018. In January 2018, prior to the start of the performance audit, GACSD reduced bussing to "State minimum" levels, which resulted in elimination of eight bus driver positions.<sup>3</sup> The District also made the following staffing reductions effective January 2018:

- One housekeeper position;
- One custodian II position;
- One assistant mechanic/maintenance position;
- Two cafeteria positions;
- Five library aide positions; and
- All playground aide positions.

<sup>3</sup> ORC § 3327.01 requires school districts operating at "State minimum" levels to transport students in grades K-8 who live more than two miles from school, but does not require school districts to transport students in grades 9-12.

During the course of the performance audit, the GACSD Board of Education (the Board) approved a certificated staff reduction-in-force effective in FY 2018-19, which includes the following positions:

- One middle school assistant principal position;
- One elementary guidance counselor position;
- Five general education teacher positions;
- Two physical education teacher positions;
- One art teacher position;
- One art teacher position reduced from full-time to half-time; and
- One nurse position reduced from full-time to half-time.

In May 2018, voters approved the 1.25 percent income tax levy. Collection of the income tax levy begins in January 1, 2019 and lasts for 10 years. The income tax, which is only on earned income, is not expected to reach full collection until FY 2020-21, at which time the District projects it will generate approximately \$3.1 million annually.

Also in May 2018, the District released an updated financial forecast which includes revenue from the income tax levy and savings from the District's staffing and transportation reductions. **Table 5** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, outstanding encumbrances, budget reserve, and year-ending fund balances.

**Table 5: GACSD Financial Condition Overview (May 2018)**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Total Revenue	\$22,072,174	\$21,985,982	\$23,867,722	\$25,250,102	\$25,845,614
Total Expenditure	\$23,205,343	\$22,419,029	\$23,777,879	\$24,791,633	\$25,345,585
<b>Results of Operations</b>	<b>(\$1,133,169)</b>	<b>(\$433,047)</b>	<b>\$89,843</b>	<b>\$458,469</b>	<b>\$500,029</b>
Beginning Cash Balance	\$3,300,931	\$2,167,762	\$1,734,715	\$1,824,558	\$2,283,027
<b>Ending Cash Balance</b>	<b>\$2,167,762</b>	<b>\$1,734,715</b>	<b>\$1,824,558</b>	<b>\$2,283,027</b>	<b>\$2,783,056</b>
Outstanding Encumbrances	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Budget Reserve	\$358,077	\$358,077	\$358,077	\$358,077	\$358,077
<b>Ending Fund Balance</b>	<b>\$1,509,685</b>	<b>\$1,076,638</b>	<b>\$1,166,481</b>	<b>\$1,624,950</b>	<b>\$2,124,979</b>

Source: GACSD and ODE

As shown in **Table 5**, projected deficits contained in the October 2018 five-year forecast are expected to be eliminated. The District now projects an approximate \$2.1 million year-ending fund balance for FY 2021-22.

---

# Recommendations

---

## **R.1 Develop a formal strategic plan linked to the budget**

GACSD does not have a comprehensive strategic plan that guides long-term operations and spending decisions. Although the District prepares the required five-year financial forecasts, tax budgets, and annual appropriations, there are no formal connections between discussed goals, objectives, and performance measures and the annual spending decisions.

*Establishment of Strategic Plans* (GFOA, 2005) indicates that governments should develop a strategic plan to provide a long-term perspective for service delivery and budgeting. The strategic plan should establish logical links between spending and goals. In addition, the focus of the strategic plan should be on aligning organizational resources to bridge the gap between present conditions and the envisioned future. The GFOA recommends the following steps when developing a strategic plan:

- Initiate the strategic planning process;
- Prepare a mission statement;
- Identify and assess environmental factors and critical issues;
- Agree on a small number of goals and develop strategies and action plans to achieve them;
- Develop measurable objectives and incorporate performance measures;
- Approve, implement, and monitor the plan; and
- Reassess the strategic plan annually.

The District should develop a strategic plan and link it to its budget in order to guide program and funding decisions. Without a resource oriented strategic plan based on input from key financial, operational, and instructional partners, the District is at risk of not fully evaluating the relationship between its spending decisions, program outcomes, and long-term goals. This, in turn, increases the risk of ineffectively addressing District needs.

## **R.2 Develop a formal capital improvement plan**

GACSD does not have a capital plan despite having a permanent improvement levy and maintenance levy.

Voters last approved the permanent improvement levy, which is up for renewal every five years, in November 2013. It generates approximately \$191,000 annually and had an ending fund balance of approximately \$885,700 in FY 2016-17. The permanent improvement levy can be used for general on-going permanent improvements.

The District also has a 0.5 mill maintenance levy as required by the Ohio Facilities Construction Commission (OFCC) for districts that participate in state-assisted school construction. This levy is specifically in place to fund maintenance of the completed school facilities following the preventive maintenance plans for each building, as approved by OFCC. The maintenance levy,



first approved in 2007 with a term of 23 years, generates approximately \$161,500 annually and had an ending fund balance of approximately \$474,800 in FY 2016-17. Although GACSD has funds earmarked for maintaining the completed school facilities and OFCC approved preventive maintenance plans, this is not incorporated into a formal capital improvement plan.

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

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

The District's capital plan should also address bus replacement. According to *School Bus Replacement Considerations* (National Association of State Directors of Pupil Transportation Services (NASDPTS), 2002), the replacement of school buses should be a planned process because older school buses are more costly to operate and maintain than newer school buses. The District's active bus fleet is an average of five years old. Although a district's finances may be an obstacle to replacing buses on a set schedule, GACSD has a permanent improvement levy which has been used for this purpose. Ultimately, establishing a bus replacement plan is important because it determines the time line for introducing the latest safety, efficiency, and emissions standards.

The District should develop a multi-year capital plan for all of its capital assets. Doing so would ensure that capital assets and permanent improvement funds are effectively managed. For example, GACSD had a past practice of replacing three school buses per year when it had a larger fleet. The District's recent historical practice has been to replace two buses per year, but due to the declining financial condition suspended this practice in FY 2017-18 (see **Table 4**). However, incorporating a formal bus replacement strategy into the capital plan could help the District better anticipate not only the need to replace buses but also consistently plan to have funds available to do so.

### **R.3 Consider reducing General Fund subsidy of extracurriculars to the local peer level**

*During the course of the performance audit, the Board approved an increase in pay to participate fees effective in FY 2018-19 as follows:*

- *Increased the high school first and second sport fee by \$50;*
- *Increased the high school maximum per athlete fee by \$100;*
- *Increased the high school family maximum fee by \$100; and*
- *Increased the middle school sport fee, which covers up to three sports, by \$50.*

In FY 2016-17, the District expended approximately \$781,646 on student extracurricular activities, which included the salaries and benefits of directors, coaches, advisors, supplies and materials, transportation services, awards and prizes, and other miscellaneous expenditures. A

portion of these expenditures were offset by generating revenue of approximately \$325,896 from receipts for participation fees, admissions, sales, and other extracurricular activities. As a result, the District incurred a net cost for student extracurricular activities in FY 2016-17 of approximately \$455,750 for all funds. However, the District's General Fund did not subsidize the entire net cost.

**Table 6** shows GACSD's FY 2016-17 extracurricular activities net cost, General Fund subsidy in total and per pupil compared to the local peer average, and the remaining General Fund subsidy if the District's current subsidy were brought in line with the local peer average. While the net cost provides context regarding the overall size and financial position of the District's extracurricular activities, focusing in on the relative General Fund subsidy provides direct analysis of the portion of expenditures that actually affects the five-year forecast.

**Table 6: Student Extracurricular Activity Net Cost Comparison**

	GACSD			Local Peer Average
<b>Students</b>	<b>2,375</b>			<b>2,806</b>
<b>Activity Type</b>	<b>Rev.</b>	<b>Exp.</b>	<b>Net Cost</b>	
Academic Oriented	\$12,130	\$65,618	(\$53,488)	(\$88,364)
Occupation Oriented	\$0	\$0	\$0	(\$1,456)
Sport Oriented	\$121,134	\$619,864	(\$498,730)	(\$411,826)
School & Public Service Co-Curricular	\$39,009	\$96,164	(\$57,155)	(\$49,798)
Bookstore Sales	\$0	N/A	\$0	\$323
Other Extracurricular	\$153,623	N/A	\$153,623	\$43,464
Non-specified <sup>1</sup>	\$0	N/A	\$0	\$159,788
<b>Total</b>	<b>\$325,896</b>	<b>\$781,646</b>	<b>(\$455,750)</b>	<b>(\$347,869)</b>
<b>Total General Fund Direct Revenue</b>				
			\$83,974	\$44,812
<b>Total General Fund Direct Expenditures</b>				
			\$483,789	\$393,759
<b>Total General Fund Transfers <sup>2</sup></b>				
			\$49,836	\$26,198
<b>Total General Fund Subsidy of Extracurricular Activities</b>			<b>\$449,651</b>	<b>\$375,145</b>
<b>Total General Fund Subsidy of Extracurricular Activities per Pupil</b>				
			<b>\$189.33</b>	<b>\$133.69</b>
<b>Total Difference in General Fund Subsidy to Local Peer Average</b>			<b>\$132,145</b>	
<b>Remaining General Fund Subsidy</b>			<b>\$317,506</b>	

Source: GACSD, local peers, and ODE

Note: It is important to note that the analysis in **Table 6** shows proper Uniform School Accounting System (USAS) coding. It is possible not all districts are accurately and appropriately recording all expenditures. However, the analysis shown represents an accurate depiction of relative spending among these districts.

<sup>1</sup> Non-specified represents revenue that was not coded to a specific activity type, but does reduce the net cost.

<sup>2</sup> These transfers are from the General Fund to the District Managed Student Activity Fund.

As shown in **Table 6**, the GACSD's General Fund subsidy of extracurricular activities was more than \$449,600 in FY 2016-17, equating to \$189.33 per pupil. This was \$55.64, or 41.6 percent, more per pupil than the local peer average. While it is common for Ohio school districts to subsidize extracurricular activities with the General Fund, doing so at a rate that exceeds the local peer average may represent an undue, unsustainable burden on the District's General Fund.

The District should consider implementing one or more of the following steps to reduce the General Fund subsidy to the level of the local peers:

- Increase pay to participate fees for extracurricular activities;
- Increase booster club funding;
- Reduce the supplemental salary schedule; and/or
- Eliminate programs.

Making these changes would help reduce the General Fund subsidy, allowing more resources to be dedicated to student instruction. However, the District should consider the relative ability to pay of its students and families and the financial impact of having to meet increased fees.

**Financial Implication:** Reducing expenditures and/or increasing revenue to bring the General Fund subsidy of extracurricular activities in line with local peer average would save the District **\$132,100** annually.

#### **R.4 Eliminate 0.5 FTE nursing position**

*During the course of the performance audit, the Board approved eliminating a 0.5 FTE registered nursing position effective for FY 2018-19; as such, this recommendation is considered fully implemented.*

As of FY 2017-18, the District employed 3.0 FTE registered nursing positions which perform activities requiring substantial specialized judgment and skill in observation, care, and counsel of ill and injured persons, and in illness prevention. GACSD's certificated collective bargaining agreement states the District shall employ at least two full-time nurses and one half-time nurse.

**Table 7** shows GACSD's FY 2017-18 nursing staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing nursing staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table 7: Nursing Staff Comparison**

Students	GACSD		Primary Peer Avg. <sup>1</sup>	Difference	
Students Educated <sup>2</sup>	2,380		2,165	215	
Students Educated (thousands)	2.380		2.165	0.215	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>3</sup>
Registered Nursing	3.00	1.26	0.92	0.34	0.81
<b>Total</b>	<b>3.00</b>	<b>1.26</b>	<b>0.92</b>	<b>0.34</b>	<b>0.81</b>

Source: GACSD and primary peers

<sup>1</sup> East Muskingum LSD and Ontario LSD are excluded because these districts contract for nursing services.

<sup>2</sup> Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

<sup>3</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 7**, GACSD would need to eliminate 0.5 FTE nursing position in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

**Financial Implication:** Eliminating 0.5 FTE nursing position could save an average of **\$49,000** in salaries and benefits in each year of implementation over the forecasted period. This value is calculated using actual salaries and benefits and projected increases of the least tenured nursing position.<sup>4</sup> Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

### **R.5 Renegotiate collective bargaining agreement provisions**

The District has collective bargaining agreements (CBAs) with the Geneva Area Teachers Association, representing certificated employees, and the Ohio Association of Public School Employees Local 307, representing classified employees. Both CBAs are effective through June 30, 2018. An analysis of these CBAs identified certain provisions that exceeded State minimum standards, as set forth in the ORC, the OAC, and/or provisions in the local peer district CBAs.

- **Sick Leave Accumulation and Severance Payout:** The certificated and classified CBAs entitle employees to earn 320 sick days. ORC § 3319.141 details sick leave accumulation and specifies that unused sick leave shall be cumulative to 120 days. In comparison, all of the local peer districts allow accumulation over the State minimum levels, with certificated employees entitled to an average of 304 sick days and classified employees entitled to an average of 328 sick days. Although the local peers also provide sick day

<sup>4</sup> The value of the savings from this recommendation is projected to increase by an average of 1.8 percent annually for FY 2018-19 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Adjusted Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include medical, dental, vision, life insurance, retirement, Medicare, and workers' compensation.

accumulation over the State minimum levels, exceeding these level results in the potential for increased liability when sick leave is paid out to retiring employees.

In addition, the District's CBAs entitle certificated and classified employees to be paid for accumulated sick leave upon retirement. Specifically, GACSD's certificated and classified employees are entitled to payouts of 25 percent of unused sick leave, for a maximum of 80 days. In comparison, the local peer sick leave payout average is a maximum of 72 days for certificated and classified employees. ORC § 124.39 allows school employees at retirement to be paid for 25 percent of unused sick leave up to a maximum of 30 days. Allowing employees to receive payouts in excess of State minimum requirements becomes costly at employee retirement. See **Table B-13** for estimated liability over the ORC minimum.

- **Vacation Accrual:** Under the classified CBA, employees are entitled to annual vacation accrual whereby they can earn 500 vacation days over the course of a 30-year career. This is less than the local peer average of 537 days, but exceeds the ORC § 3319.084 minimum of 460 days. Although direct savings from reducing the vacation schedule could not be quantified, providing employees with more vacation days could increase substitute and overtime costs and reducing the number of vacation days available would serve to increase the number of available work hours at no additional cost to the District.
- **Paid Holidays:** Under the classified CBA, 11-month and 12-month employees are entitled to 11 paid holidays per year and 9-month and 10-month employees are entitled to 10 paid holidays per year. This is less than the local peer average of 12 paid holidays for 11-month and 12-month employees and more than the local peer average of 8 paid holidays for 9-month and 10-month employees. The number of paid holidays GACSD offers to classified staff exceeds the ORC § 3319.087 minimum of 7 paid holidays for 11-month and 12-month employees and 6 paid holidays for 9-month and 10-month employees. Although direct savings could not be quantified, reducing the number of paid holidays available would serve to increase the number of available work hours at no additional cost to the District.
- **Personal Leave:** Under the certificated CBA employees are entitled to four days of personal leave and under the classified CBA employees are entitled to five days of personal leave. This is higher than the local peers, which offer certificated and classified employees three personal days per year and ORC § 3319.142 which mandates that all non-teaching employees are entitled to the three personal leave days per year. Additionally, at the end of each school year, certificated and classified employees can convert two unused personal days into sick leave.
- **Overload Payments:** Under the certificated CBA, teachers receive an overload payment if the class size exceeds 26 students in grades K-3, 29 students in grades 4-5, and 30 students in grades 6-12. Additionally, the maximum class load for grades 6-12 is 177 students. Teachers in grades K-5 receive \$1,570 per student for the school year and teachers in grades 6-12 receive \$251 per student per period for the school year. In comparison, only three of the six local peers provide overload payments averaging \$833

for grades K-5 and only two local peers provide overload payments averaging \$1,100 for grades 6-12. There is no State requirement necessitating overload payments when class sizes exceed the maximum set forth by a district.

The District should consider renegotiating the above provisions in order to increase management control over District operations and provide cost savings.

### **R.6 Reduce employer cost of dental and vision insurance**

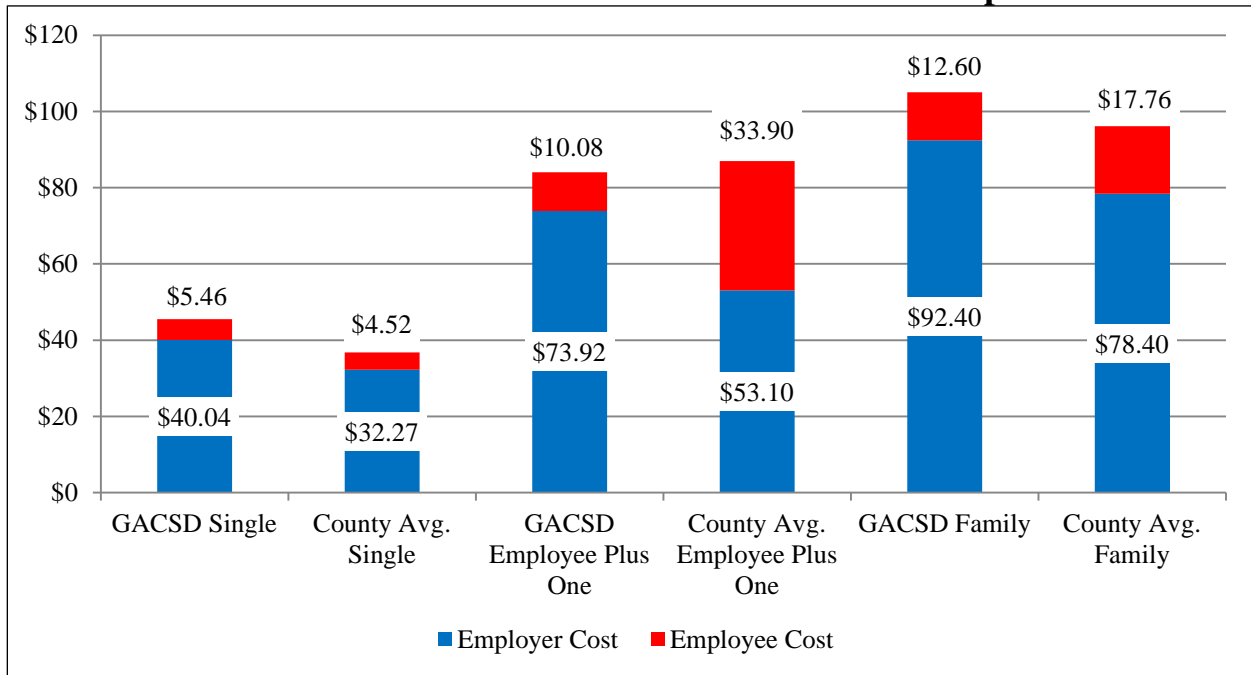
GACSD is self-funded for dental insurance and purchases vision insurance through the Ashtabula County Council of Governments. In accordance with the CBAs, the District offers dental and vision insurance to all employees. Certificated employees who work 7 hours or more per day and classified employees who work 6 hours or more per day contribute 12 percent of the total premium cost. Employees who work fewer hours per day must pay a pro-rated amount based on the total hours worked per day.

#### **Dental Insurance**

GACSD offers three types of dental insurance plans, including: single, employee plus one, and family. In FY 2017-18, 211 employees enrolled in the dental insurance plans. However, only 185 employees are included in the analysis because their benefits are paid from the General Fund or Food Service Fund and they elected coverage where the employer cost is higher than the county average.

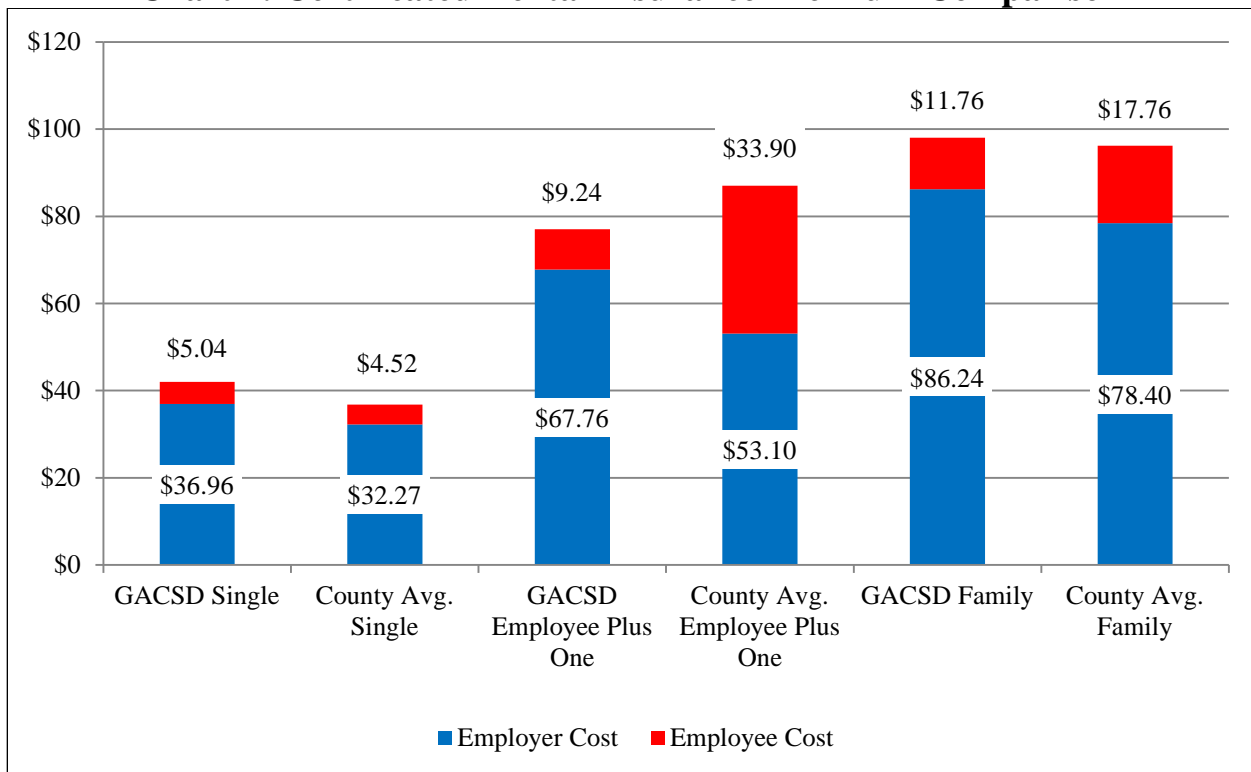
The Ohio State Employment Relations Board (SERB) surveys public sector entities concerning medical, dental, and vision insurance costs and publishes this information annually in *The Cost of Health Insurance in Ohio's Public Sector* (SERB, 2017). **Chart 3** and **Chart 4** show GACSD's FY 2017-18 dental premiums for all classified and certificated employee plan types in comparison to the Ashtabula County average derived from SERB survey data. This provides regional context on the appropriateness of both the total premium as well as the employer/employee cost split.

**Chart 3: Classified Dental Insurance Premium Comparison**



Source: GACSD and SERB

**Chart 4: Certificated Dental Insurance Premium Comparison**



Source: GACSD and SERB

As shown in **Charts 3** and **4**, GACSD's employer cost for dental insurance was higher than the Ashtabula County average for all plan types. Further, District employees enrolled in an employee plus one plan or a family plan contribute less compared to the Ashtabula County averages. Given that total premiums are higher than the Ashtabula County average, the District's higher employer cost can be attributed to a combination of insufficient employee cost sharing and/or the District's selection of a more costly dental insurance plan.

**Table 8** shows the amount that GACSD would need to reduce the employer share of dental insurance premiums in order to bring them in line with the Ashtabula County average for each plan type. In addition, the cost savings of doing so is shown for each plan type. These comparisons provide context as to the appropriateness of the overall cost share as well as the potential financial impact associated with implementing this change.

**Table 8: Dental Insurance Cost Savings**

Classified				
	Single	Employee + One	Family	Pro-Rated <sup>1</sup>
<b>GACSD Plan Counts</b>	<b>10</b>	<b>24</b>	<b>23</b>	<b>2</b>
GACSD Employer Cost	\$480.48	\$887.04	\$1,108.80	\$950.40
Ashtabula County Avg. Employer Cost	\$387.24	\$637.20	\$940.80	\$940.80
<b>Annual Difference per Plan</b>	<b>\$93.24</b>	<b>\$249.84</b>	<b>\$168.00</b>	<b>\$9.60</b>
<b>Annual Savings by Plan Type</b>	<b>\$932.40</b>	<b>\$5,996.16</b>	<b>\$3,864.00</b>	<b>\$19.20</b>
<b>Total Annual Savings by Reducing Employer Classified Dental Cost to Ashtabula County Avg.</b>				<b>\$10,811.76</b>
Certificated				
	Single	Employee + One	Family	Pro-Rated
<b>GACSD Plan Counts</b>	<b>14</b>	<b>26</b>	<b>86</b>	<b>0</b>
GACSD Employer Cost	\$443.52	\$813.12	\$1,034.88	N/A
Ashtabula County Avg. Employer Cost	\$387.24	\$637.20	\$940.80	N/A
<b>Annual Difference per Plan</b>	<b>\$56.28</b>	<b>\$175.92</b>	<b>\$94.08</b>	N/A
<b>Annual Savings by Plan Type</b>	<b>\$787.92</b>	<b>\$4,573.92</b>	<b>\$8,090.88</b>	<b>\$0.00</b>
<b>Total Annual Savings by Reducing Employer Certificated Dental Cost to Ashtabula County Avg.</b>				<b>\$13,452.72</b>
<b>Total Annual Savings by Reducing Employer Dental Cost to Ashtabula County Avg.</b>				<b>\$24,264.48</b>

Source: GACSD and SERB

<sup>1</sup> Includes two classified family plans with a GACSD pro-rated employer cost of \$79.20 per month, or \$950.40 annually.

As shown in **Table 8**, the District could generate dental insurance savings of more than **\$24,200** annually by bringing the employer cost in line with the Ashtabula County average. This could be achieved by increasing employee contributions and/or selecting a less costly dental plan. It should be noted that any changes to the employer/employee cost share are subject to negotiation.

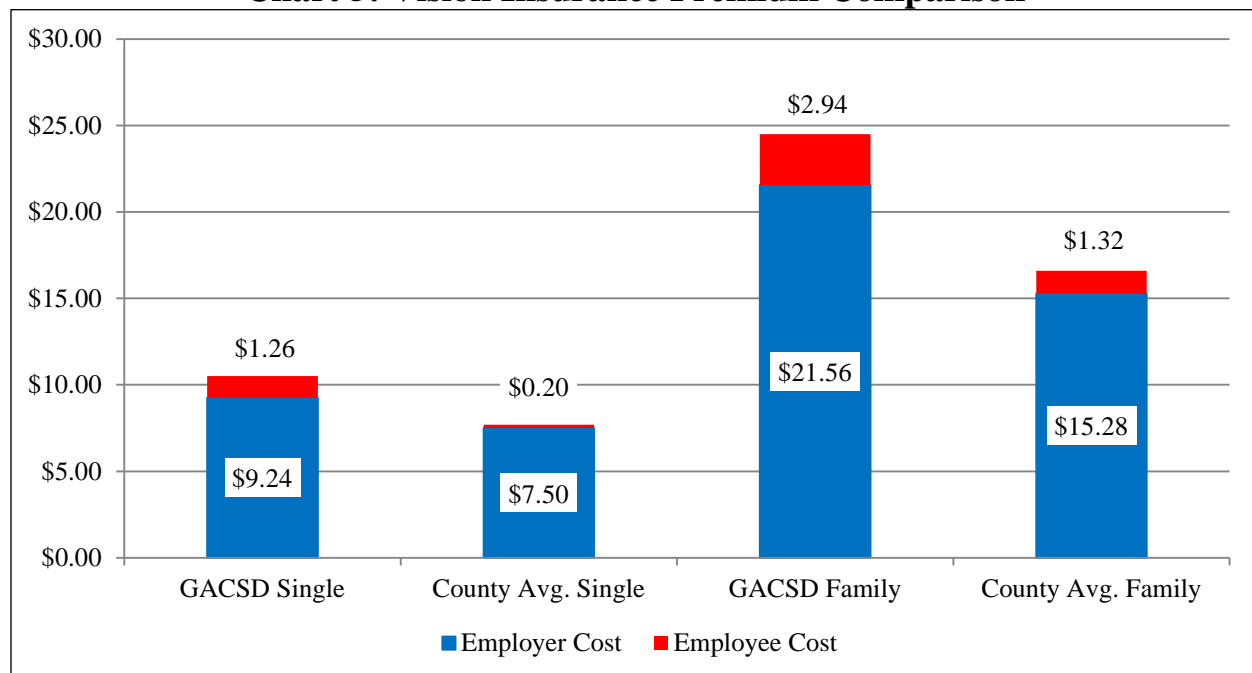


## Vision Insurance

GACSD offers two types of vision insurance plans, single and family, with 210 employees enrolled in FY 2017-18. However, only 187 employees are included in the analysis because their benefits are paid from the General Fund or Food Service Fund and they elected coverage where the employer cost is higher than the county average.

**Chart 5** shows GACSD's FY 2017-18 vision premiums for all plan types in comparison to the SERB Ashtabula County average. This provides regional context on the appropriateness of both the total premium as well as the employer/employee cost split.

**Chart 5: Vision Insurance Premium Comparison**



Source: GACSD and SERB

As shown in **Chart 5**, GACSD's employer cost for vision insurance was higher than the Ashtabula County average for both plan types. Unlike with dental insurance, the District's employees contribute significantly more toward the cost of the vision premiums compared to the Ashtabula County average. However, the employee contribution does not bring the employer cost for either plan type in line with the Ashtabula County average. Given that total premiums are higher than the Ashtabula County average, the District's higher employer cost can be attributed to a more costly plan design and/or the overconsumption of insurance.

**Table 9** shows the reduction amount needed to reduce the employer share of vision insurance premiums in line with the Ashtabula County average for each plan type. In addition, the cost savings of doing so is shown for each plan type. These comparisons provide context as to the appropriateness of the overall cost share as well as the potential financial impact associated with implementing this change.

**Table 9: Vision Insurance Cost Savings**

	Single	Family	Pro-Rated Single	Pro-Rated Family #1	Pro-Rated Family #2
<b>GACSD Plan Counts</b>	<b>25</b>	<b>156</b>	<b>1</b>	<b>3</b>	<b>2</b>
GACSD Employer Cost	\$110.88	\$258.72	\$95.04	\$184.80	\$221.76
Ashtabula County Avg. Employer Cost	\$90.00	\$183.36	\$90.00	\$183.36	\$183.36
<b>Annual Difference per Plan</b>	<b>\$20.88</b>	<b>\$75.36</b>	<b>\$5.04</b>	<b>\$1.44</b>	<b>\$38.40</b>
<b>Annual Savings by Plan Type</b>	<b>\$522.00</b>	<b>\$11,756.16</b>	<b>\$5.04</b>	<b>\$4.32</b>	<b>\$76.80</b>
<b>Total Annual Savings by Reducing Employer Vision Cost to Ashtabula County Avg.</b>					<b>\$12,364.32</b>

Source: GACSD and SERB

As shown in **Table 9**, the District could generate vision insurance savings of more than **\$12,300** annually by bringing the employer cost in line with the Ashtabula County average. This could be achieved by increasing employee contributions and/or selecting a less costly vision plan. It should be noted that any changes to the employer/employee cost share are subject to negotiation.

Financial Implication: Bringing the employer cost of dental and vision insurance in line with the Ashtabula County average could save the District an average of **\$36,600** annually over the forecasted period.<sup>5</sup>

### **R.7 Implement an energy management plan**

GACSD does not have an energy management policy, plan, or procedures manual, but has taken the following steps to control utility expenditures:

- Installing automated climate control;
- Establishing temperature set points in accordance with the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE);<sup>6</sup>
- Installing automated lighting controls;
- Retrofitting portions of Geneva Middle School and Geneva High School with LED lighting; and
- Purchasing electric through the Ohio School Council's (OSC) program, Power4Schools.

Additionally, the District's school buildings were all constructed in 2006 or later, which facilitated implementation of several of the aforementioned steps.<sup>7</sup>

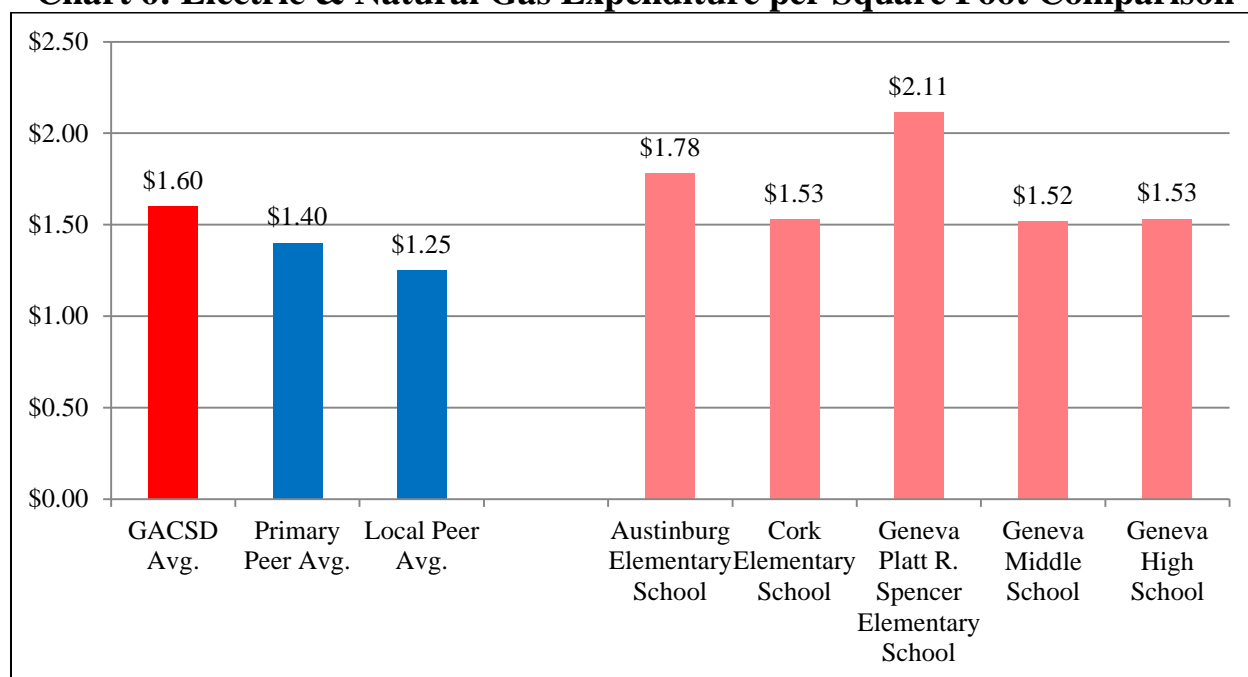
<sup>5</sup> The value of the savings from this recommendation is not projected to increase for FY 2019-20 through FY 2021-22 consistent with the District's five-year forecast assumptions and historical trends. The savings identified for FY 2018-19 are included in each year in the Adjusted Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

<sup>6</sup> ASHRAE recommends occupancy temperatures ranging from 67 to 82 degrees Fahrenheit. GACSD's occupancy temperatures are 68 degrees Fahrenheit for heating and 72 degrees Fahrenheit for cooling, both of which are currently automatically controlled for all buildings but Geneva Platt R. Spencer Elementary School due to nonfunctioning control panels.

<sup>7</sup> Geneva High School was constructed in 2006, Geneva Middle School and Geneva Platt R. Spencer Elementary School were constructed in 2010, while Austinburg Elementary School and Cork Elementary School were constructed in 2012.

**Chart 6** shows the District's FY 2016-17 electric and natural gas expenditures per square foot in total and per building compared to the primary and local peer averages. Analyzing costs per square foot serves to provide an effective comparison as it normalizes size differences between school districts. In addition, a second comparison to the local peer average provides meaningful context regarding the impact that regional climates could have on electric and natural gas expenditures.

**Chart 6: Electric & Natural Gas Expenditure per Square Foot Comparison**



Source: GACSD, local peers, primary peers, and ODE

As shown in **Chart 6**, GACSD's total electric and natural gas cost per square foot were higher than the primary and local peer averages. Similar to GACSD, all local peers, except for Painesville City School District, purchase electric from OSC meaning all participants pay the same per kilowatt hour rate for electricity generation.

**Chart 6** also shows that although Cork Elementary School, Geneva Middle School, and Geneva High School all had electric and gas cost per square foot that were higher than the primary and local peer averages, they are all relatively consistent. However, Austinburg Elementary and Geneva Platt R. Spencer (GPS) Elementary Schools are both substantially higher on a cost per square foot basis. According to GACSD, GPS is higher, in part, because control panels for nine heat pumps are not currently functioning correctly and are in need of repair. This means the District cannot use the automated controls to regulate temperatures within GPS. The District estimates repair to be a one-time cost of approximately \$9,000.

Cork Elementary School serves as a logical benchmark relative to these two buildings because its cost per square foot is consistent with Geneva Middle School and Geneva High School while its education use is consistent with Austinburg and GPS Elementary Schools. Additionally, the analysis focuses on electric expenditures because Cork Elementary is an all-electric building

while Austinburg and GPS use both electric and natural gas. **Table 10** shows the elementary schools' FY 2016-17 electric expenditures per square foot with Cork Elementary serving as the benchmark. Analyzing costs per square foot serves to provide an effective comparison as it normalizes size difference between school buildings.

**Table 10: Elementary Electricity Expenditure Reduction**

Building	FY 2016-17 Electric per Square Foot
Austinburg Elementary School	\$1.75
Cork Elementary School	\$1.53
Geneva Platt R. Spencer Elementary School	\$2.06
<b>Savings from Austinburg reduction to Cork</b>	
	\$9,813
<b>Savings from Geneva Platt R. Spencer reduction to Cork</b>	
	\$30,385
<b>Total Annual Ongoing Savings</b>	
	<b>\$40,198</b>
<b>One-Time Cost of Heat Pump Control Panels at Geneva Platt R. Spencer<sup>1</sup></b>	
	(\$9,000)
<b>First Year Net Savings</b>	
	<b>\$31,198</b>

Source: GACSD

<sup>1</sup> The life expectancy of this one-time capital outlay extends beyond the forecast period.

As shown in **Table 10**, GACSD could save approximately \$40,100 by reducing electric expenditures at Austinburg and GPS Elementary Schools to a level consistent with Cork Elementary School. However, the District will experience a one-time cost to repair the heat pump control panels at GPS, which reduces the savings in first year to approximately \$31,100. On average, the District would have a net savings of **\$37,900** over the forecast period.

*The Energy Star Guidelines for Energy Management* (U.S. Environmental Protection Agency, 2016) outlines the following steps for an effective energy management plan:

- Make a commitment;
- Assess performance and set goals;
- Create an action plan;
- Implement the action plan;
- Evaluate progress; and
- Recognize achievement.

Implementing an energy management program would provide the District with an outline of how to control its energy consumption in order to realize potential savings.

**Financial Implication:** Reducing electric expenditures at Austinburg and GPS Elementary Schools could save an average of **\$37,900** based on a proportional reduction in electric usage.<sup>8</sup>

<sup>8</sup> The value of the savings from this recommendation is not projected to increase for FY 2017-18 through FY 2021-22 because the District's purchases electric through OSC's Power4Schools program which has a fixed rate through December 2019. The savings identified are included in each year in the Adjusted Cumulative Balance of Performance Audit Recommendations shown in **Table 3**.

## R.8 Complete T-1 Forms as prescribed by ODE

In accordance with ORC § 3327.012 and OAC 3301-83-01, school districts in Ohio are required to submit annual T-1 and T-2 Forms to ODE. While GACSD's T-2 Form for FY 2016-17, the most recent year available, was completed accurately and in accordance with ODE reporting instructions, the T-1 Form for FY 2017-18 was not.

School districts are required to complete the T-1 Form by recording the average number of pupils enrolled and regularly transported to school as well as the average daily miles traveled for pupil transportation, excluding non-routine and extra-curricular miles, during the first full week of October. This data certifies the actual number and type of pupils transported, daily miles traveled, and buses used in the transportation program and is used for the calculation of the pupil transportation payment, on a per mile or per student basis, whichever is greater, pursuant to ORC § 3327.012. ODE provides detailed instructions for completing the T-1 Form. In particular, it provides guidelines detailing how a district should properly code its students, mileage, and buses. Cost data is reported via the T-2 Form, which serves to certify the actual expenses incurred in the transportation of eligible pupils reported on the corresponding T-1 Form.

GACSD is funded on a per mile basis and the Routing Supervisor is responsible for collecting all data needed to complete the T-1 Form which is in the form of hand tabulations from each school bus driver. The District's FY 2017-18 T-1 Report and bus driver count sheets were reviewed for consistency and accuracy. **Table 11** shows the degree of variation between this count data and the information reported on the District's FY 2017-18 T-1 Report. This comparison is important in determining whether the District is compliant in reporting to ODE an accurate count of mileage and riders on its T-1 Form.<sup>9</sup>

**Table 11: T-1 Form Reporting Variation**

Category	Reported Amount
T-1 Form Mileage Total	1,629
Driver Count Sheet Mileage Total	1,519
<b>Difference</b>	<b>110</b>
<b>% Difference</b>	<b>6.8%</b>
T-1 Form Student Rider Total	1,273
Driver Count Sheet Student Rider Total	1,297
<b>Difference</b>	<b>(24)</b>
<b>% Difference</b>	<b>(1.9%)</b>

Source: GACSD and ODE

As shown in **Table 11**, the District's T-1 Form over reported miles and under reported riders when compared to the bus driver count sheets. Additionally, the variance for individual buses were not consistently due to over reporting or under reporting miles or riders and the District was not able to provide an explanation for the variances.

<sup>9</sup> ODE's Office of Pupil Transportation is responsible for oversight of all transportation data reporting. Given that the reporting error identified in this performance audit could potentially impact the District's transportation funding this matter has been sent to ODE for additional review should the Department determine that it is necessary.

The District should ensure all drivers adhere to ODE's reporting instructions and provide accurate documentation for T-1 Form reporting. Failure to accurately report this information could result in incorrect calculations of State pupil transportation payments to the District.

### R.9 Eliminate 5.5 daily labor hours from the food service operation

**Table 12** shows operating results for the Food Service Fund for FY 2014-15 through FY 2016-17. Examining the financial performance of food service operations is important as negative operations can directly affect the General Fund if subsidization is needed.

**Table 12: Food Service Fund Historical Operating Results**

	FY 2014-15	FY 2015-16	FY 2016-17
Total Revenue	\$1,029,073.29	\$1,082,545.54	\$1,023,178.30
Total Expenditures	\$1,098,678.42	\$1,142,897.34	\$1,054,997.71
<b>Net Result of Operations</b>	<b>(\$69,605.13)</b>	<b>(\$60,351.80)</b>	<b>(\$31,819.41)</b>

Source: GACSD

As shown in **Table 12**, GACSD's Food Service Fund had negative results of operations in all three fiscal years examined requiring a transfer from the General Fund in each fiscal year to avoid fund balance deficits. The Food Service Fund does not carry a positive balance. Additionally, GACSD's May 2018 five-year forecast projects annual transfers of approximately \$55,900 to the Food Service Fund.

In response to the Food Service Fund deficits, the District reduced 7.0 daily labor hours from FY 2016-17 to FY 2017-18. Currently, the District operates five kitchens, one in each school building, with 94.25 labor hours, and 1.0 FTE Food Service Director.

Meals per labor hour is a common indicator of food service labor efficiency and is determined by taking the number of meal equivalents served in relation to the number of food preparation hours. **Table 13** shows the District's meals per labor hour from August 2017 through February 2018 compared to benchmark data outlined in *School Food and Nutrition Service Management for the 21<sup>st</sup> Century* (Pannell-Martin and Boettger, 2014). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

**Table 13: Food Service Workload Comparison**

	Meal Equivalents Served per Day	GACSD Daily Labor Hours	Benchmark Required Daily Labor Hours	Difference
Austinburg Elementary	164	9.5	11.7	(2.2)
Cork Elementary	189	9.5	13.5	(4.0)
Geneva High School	495	29.0	26.1	2.9
Geneva Middle School	477	27.8	25.1	2.7
Geneva Platt R. Spencer Elementary	453	18.5	23.8	(5.3)

Source: GACSD and Pannell-Martin and Boettger

As shown in **Table 13**, the District's daily labor hours exceeded the benchmark by 2.9 at Geneva High School and 2.7 at Geneva Middle School.

However, eliminating 5.6 daily labor hours will not fully eliminate the Food Service Fund deficit. Specifically, the Food Service Fund would still have a deficit of approximately \$15,100, based on the FY 2016-17 deficit, which is the last complete year of operations. As a result, the District should assess additional ways to reduce and/or eliminate this deficit, such as monitoring participation<sup>10</sup> and meal prices. *Best Practices Could Help School Districts Reduce Their Food Service Program Costs* (Florida Legislature's Office of Program Policy Analysis & Government Accountability, 2009), details strategies school districts can adopt to help reduce operational costs and/or increase revenues, including:

- Develop long term program plans;
- Reduce food costs – match food items to supplier stock items;
- Ensure staff has appropriate training;
- Share managers;
- Promote the food service program;
- Identify and reduce participation barriers; and
- Revise meal prices.

Given the Food Service Fund deficits, GACSD should determine if any of the aforementioned practices could help decrease or eliminate the General Fund subsidy.

Financial Implication: Eliminating 5.5 daily labor hours from the food service operation could save an average of **\$16,700** in salaries and benefits in each year of implementation over the forecasted period. This value is calculated using actual salaries and benefits and projected increases of the least tenured food service positions.<sup>11</sup> Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

---

<sup>10</sup> Participation rate is defined as the regular and free-reduced meals recipients as a percentage of eligible students. Increasing participation rates may optimize potential revenue.

<sup>11</sup> The value of the savings from this recommendation is projected to increase by an average of 0.3 percent annually for FY 2019-20 through FY 2021-22 to account for projected increases in salaries and benefits. Annual increases are included in the Adjusted Cumulative Balance of Performance Audit Recommendations shown in **Table 3**. Benefits include life insurance, retirement, Medicare, and workers' compensation.

## Appendix A: Scope and Objectives

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

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: Financial Management, Human Resources, Facilities, Transportation, and Food Service. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and/or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Five of the 15 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

**Table A-1: Audit Objectives and Recommendations**

Objective	Recommendation
<b>Financial Management</b>	
Are forecasting practices comparable to leading practices and is the forecast reasonable and supported?	N/A
Is the District's strategic plan consistent with leading practices?	R.1
Are capital planning efforts consistent with leading practices?	R.2
Are extracurricular activities appropriate to peers and/or the District's financial condition?	R.3
<b>Human Resources</b>	
Are staffing levels efficient compared to primary peers, state minimum requirements, and/or demand for service and are they appropriate based on the District's financial condition?	R.4
Are salaries and wages comparable to local peers and appropriate based on the District's financial condition?	N/A
Are CBA provisions comparable to local peers and/or ORC minimums and appropriate based on the District's financial condition?	R.5
Are insurance costs comparable to local markets and appropriate based on the District's financial condition?	R.6
<b>Facilities</b>	
Are building utilization rates efficient when compared to industry benchmarks and appropriate based on the District's financial condition?	N/A
Is facilities staffing efficient compared to benchmarks and appropriate based on the District's financial condition?	N/A
Are the facilities expenditures comparable to peer and/or industry standards and appropriate based on the District's financial condition?	R.7
<b>Transportation</b>	
Are the District's T-Report procedures and practices consistent with ODE requirements?	R.8
Are District fuel purchasing practices resulting in efficient pricing?	N/A
<b>Food Service</b>	
Is the Food Service Fund self-sufficient and consistent with leading practices?	R.9



<b>Objective</b>	<b>Recommendation</b>
Are the food service staffing levels efficient compared to peers and/or leading practices?	<b>R.9</b>

Note: Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives.

---

## Appendix B: Additional Comparisons

---

### *Staffing*

GACSD's FY 2017-18 staffing levels by category are shown in **Chart 1** and **Chart 2**.<sup>12</sup> Analyses of staffing levels that resulted in one recommendation to eliminate 1.0 FTE nursing position (see **R.4**). Remaining staffing comparisons where the analysis did not result in a recommendation are presented for informational purposes below. Staffing comparisons show total FTEs only when the evaluation of the category of the whole is relevant.

---

<sup>12</sup> The individual positions within each staffing category in **Chart 1** and **Chart 2** are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

### Central Office Administrators

In addition to the Superintendent and Treasurer, GACSD employs 2.50 FTE central office administrators. **Table B-1** shows GACSD's FY 2017-18 central office administrators per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-1: Central Office Administrator Staff Comparison**

Students	GACSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
	GACSD		Primary Peer Avg.	Difference	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTE Per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Administrative Assistant	0.50	0.21	0.00	0.21	0.50
Assistant, Deputy/Associate Superintendent	0.00	0.00	0.10	(0.10)	(0.24)
Supervisor/Manager	1.00	0.42	1.43	(1.01)	(2.40)
Coordinator	0.00	0.00	0.10	(0.10)	(0.24)
Director	0.00	0.00	0.84	(0.84)	(2.00)
Building Manager	1.00	0.42	0.00	0.42	1.00
Other Official/Administrative	0.00	0.00	0.10	(0.10)	(0.24)
<b>Total</b>	<b>2.50</b>	<b>1.05</b>	<b>2.57</b>	<b>(1.52)</b>	<b>(3.62)</b>

Source: GACSD and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-1**, GACSD employs 3.62 fewer FTE central office administrators in total than the primary peer average. The deputy/associate superintendent, supervisor/manager, coordinator, director, and other official/administrative categories are lower than the primary peer average per 1,000 students. Furthermore, GACSD employs more FTE central office administrator staff than the primary peer average for the administrative assistant and building manager. Administrative staff is compared in total due to the similarities and flexibility in coding these positions in EMIS. The administrative assistant at GACSD oversees gifted, limited English proficiency (LEP), special education, Title programs, and curriculum teams. The building manager at GACSD is responsible for all building systems including fire, HVAC, and telephone and performs building maintenance tasks 50 percent of the time. The portion of this FTE dedicated to building maintenance is included in the buildings and grounds staffing comparison in **Table B-14**. Therefore, no recommendation is warranted.

**Building Administrators**

**Table B-2** shows GACSD's FY 2017-18 building administrators per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-2: Building Administrator Staff Comparison**

Students	GACSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
Position	GACSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Assistant Principal	2.00	0.84	1.26	(0.42)	(1.00)
Principal	5.00	2.10	1.72	0.38	0.90
<b>Total</b>	<b>7.00</b>	<b>2.94</b>	<b>2.98</b>	<b>(0.04)</b>	<b>(0.10)</b>

Source: GACSD and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-2**, GACSD employs 0.10 fewer FTE building administrator staff than the primary peer average per 1,000 students for the assistant principal and principal categories.

## Teaching Staff

**Table B-3** shows GACSD's FY 2017-18 teaching staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-3: Teaching Staff Comparison**

Students	GACSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Education (Thousands)	2.380		2.093	0.287	
Position	GACSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
General Education	99.92	41.98	43.06	(1.08)	(2.57)
Gifted and Talented	0.00	0.00	0.29	(0.29)	(0.69)
Career-Technical Programs/Career Pathways	1.00	0.42	0.57	(0.15)	(0.36)
LEP Instructional Program	1.00	0.42	0.00	0.42	1.00
Art Education K-8	2.16	0.91	1.15	(0.24)	(0.57)
Music Education K-8	2.25	0.95	1.33	(0.38)	(0.90)
Physical Education K-8	3.50	1.47	1.28	0.19	0.45

Source: GACSD and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-3**, GACSD employs fewer FTE teaching staff than the primary peer average for the general education, gifted and talented, career-technical programs/career pathways (career-technical), K-8 art education, and K-8 music education categories. However, GACSD employs more FTE teaching staff than the primary peer average for the LEP instruction program and K-8 physical education categories.

The LEP teacher provides specialized instruction to students whose first or home language is other than English to help them be successful in the academic programs. GACSD has more LEP students than the primary peer average and, as a result, receives more LEP State funding than the primary peer average. Further, Title VI of the Civil Rights Act of 1964 requires public schools to take affirmative steps to ensure students with limited English proficiency can meaningfully participate in their educational programs and services. Specifically, school districts are required to provide personnel and resources necessary to effectively implement their English learner program, which includes having highly qualified teachers to provide language assistance services, trained administrators who can evaluate these teachers, and adequate and appropriate materials for the program.

Additionally, during the course of the audit the Board approved a reduction of 1.5 FTE K-8 physical education teacher positions effective for FY 2018-19. Therefore, no recommendation is warranted.

## Non-Teaching Educational Staff

**Table B-4** shows GACSD's FY 2017-18 non-teaching educational staffing per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-4: Non-Teaching Educational Staff Comparison**

Students	GACSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
Position	GACSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Curriculum Specialist	0.00	0.00	0.14	(0.14)	(0.33)
Counseling	4.00	1.68	1.52	0.16	0.38
Remedial Specialist	0.00	0.00	2.05	(2.05)	(4.88)
Tutor/Small Group Instructor	12.00	5.04	0.00	5.04	12.00
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.07	(0.07)	(0.17)
Other Educational	0.00	0.00	0.38	(0.38)	(0.90)

Source: GACSD and primary peers

<sup>1</sup> Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-4**, GACSD employs fewer non-teaching educational staff than the primary peer average in the curriculum specialist, remedial specialist, full-time (permanent) substitute teacher, and other educational categories. Categories with higher non-teaching educational staff were counseling and tutor/small group instructor categories. Although the tutor/small group instructor category is higher than the primary peer average, all 12.00 FTEs are paid through Title I – Disadvantaged Children/Targeted Assistance federal funds or other federal funds. Therefore, no recommendation is warranted.

**Professional Staff**

**Table B-5** shows GACSD's FY 2017-18 professional staffing per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-5: Professional Staff Comparison**

<b>Students</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
<b>Position</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Total Above/ (Below) <sup>2</sup></b>
Accounting	0.00	0.00	0.19	(0.19)	(0.45)
Dietitian/Nutritionist	0.00	0.00	0.05	(0.05)	(0.12)
Psychologist	0.00	0.00	0.19	(0.19)	(0.45)
Publicity Relations	0.00	0.00	0.05	(0.05)	(0.12)
Social Work	0.00	0.00	0.24	(0.24)	(0.57)

Source: GACSD and primary peers

<sup>1</sup> Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-5**, GACSD employs fewer professional staff than the primary peer average in every category.



**Technical Staff**

**Table B-6** shows GACSD's FY 2017-18 technical staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-6: Technical Staff Comparison**

<b>Students</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
<b>Position</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Total Above/ (Below) <sup>2</sup></b>
Computer Operating	0.00	0.00	0.29	(0.29)	(0.69)
Other Technical	0.00	0.00	0.29	(0.29)	(0.69)

Source: GACSD and primary peers

<sup>1</sup> Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-6**, GACSD does not employ any employ technical staff.

**Central Office Clerical Staff**

**Table B-7** shows GACSD's FY 2017-18 central office clerical staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-7: Central Office Clerical Staff Comparison**

<b>Students</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
<b>Position</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Total Above/ (Below) <sup>2</sup></b>
Central Office Clerical	2.00	0.84	1.47	(0.63)	(1.50)
Bookkeeping	2.00	0.84	0.29	0.55	1.31
Other Office/Clerical	0.25	0.11	0.05	0.06	0.14
<b>Total</b>	<b>4.25</b>	<b>1.79</b>	<b>1.81</b>	<b>(0.02)</b>	<b>(0.05)</b>

Source: GACSD and primary peers

<sup>1</sup> Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District.

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-7**, the District is 0.05 FTEs lower than the primary peer average for central office clerical staff.

**Building Clerical Staff**

**Table B-8** shows GACSD's FY 2017-18 building clerical staff per 1,000 students to the primary peer average for FY 2016-17. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-8: Building Clerical Staff Comparison**

<b>Students and Buildings</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Total Above/ (Below) <sup>2</sup></b>
School Building Clerical	8.00	3.36	4.01	(0.65)	(1.55)
Records Managing	0.00	0.00	0.07	(0.07)	(0.17)
Other Office/Clerical	1.00	0.42	0.29	0.13	0.31
<b>Total</b>	<b>9.00</b>	<b>3.78</b>	<b>4.37</b>	<b>(0.59)</b>	<b>(1.40)</b>

Source: GACSD and primary peers

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of clerical FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-8**, GACSD employs 1.40 fewer FTE building clerical staff than the primary peer average per 1,000 students. In addition, GACSD employs 3.70 fewer FTE building clerical staff than the primary peer average per building.

### Library Staff Comparison

**Table B-9** shows GACSD's FY 2017-18 library staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing library staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-9: Library Staff Comparison**

Students	GACSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
Position	GACSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Librarian/Media	0.00	0.00	0.60	(0.60)	(1.43)
Library Aide	0.00	0.00	0.48	(0.48)	(1.14)
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>1.08</b>	<b>(1.08)</b>	<b>(2.57)</b>

Source: GACSD and primary peers

<sup>1</sup> Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-9**, GACSD does not employ any library staff.

**Classroom Support Staff**

**Table B-10** shows GACSD's FY 2017-18 classroom support staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing classroom support staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-10: Classroom Support Staff Comparison**

<b>Students</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
<b>Position</b>	<b>GACSD</b>		<b>Primary Peer Avg.</b>	<b>Difference</b>	
	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Total Above / (Below) <sup>2</sup></b>
Instructional Paraprofessional	0.00	0.00	0.76	(0.76)	(1.81)
Teaching Aide	1.00	0.42	3.50	(3.08)	(7.33)
<b>Total</b>	<b>1.00</b>	<b>0.42</b>	<b>4.26</b>	<b>(3.84)</b>	<b>(9.14)</b>

Source: GACSD and primary peers

<sup>1</sup> Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-10**, GACSD employs fewer classroom support staff than the primary peer average.

## Student Support Staff

**Table B-11** shows GACSD's FY 2017-18 student support staff per 1,000 students compared to the primary peer average for FY 2016-17. Comparing student support staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

**Table B-11: Student Support Staff Comparison**

Students	GACSD		Primary Peer Avg.	Difference	
Students Educated <sup>1</sup>	2,380		2,093	287	
Students Educated (Thousands)	2.380		2.093	0.287	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) <sup>2</sup>
Monitoring	0.75	0.32	1.03	(0.71)	(1.69)

Source: GACSD and primary peers

<sup>1</sup> Reflects students receiving educational services from the District and excludes the percent of time students that are receiving educational services outside of the District

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-11**, GACSD employs fewer student support staff than the primary peer average.

*Salaries and Compensation*

**Table B-12** shows the District's FY 2017-08 certificated and classified salary schedules compared to the local peer average over the course of a 30-year career. Comparing career compensation to the local peer average takes into account regional variations in the labor market.

**Table B-12: Career Compensation Comparison**

<b>Certificated</b>				
	<b>GACSD</b>	<b>Local Peer Avg.</b>	<b>Difference</b>	<b>% Difference</b>
Bachelor's	\$1,690,860	\$1,621,607	\$69,253	4.3%
Bachelor's +20	\$1,776,024	\$1,712,938	\$63,086	3.7%
Master's	\$1,861,188	\$1,869,362	(\$8,174)	(0.4%)
Master's +30	\$1,988,934	\$1,974,952	\$13,982	0.7%
<b>Classified</b>				
	<b>GACSD</b>	<b>Local Peer Avg.</b>	<b>Difference</b>	<b>% Difference</b>
Bus Driver	\$596,037	\$639,602	(\$43,564)	(6.8%)
Custodian	\$1,052,509	\$1,072,338	(\$19,829)	(1.8%)
Food Service Worker	\$379,818	\$382,811	(\$2,993)	(0.8%)
Maintenance	\$1,106,828	\$1,324,749	(\$217,921)	(16.4%)
Secretary	\$764,829	\$826,118	(\$61,289)	(7.4%)

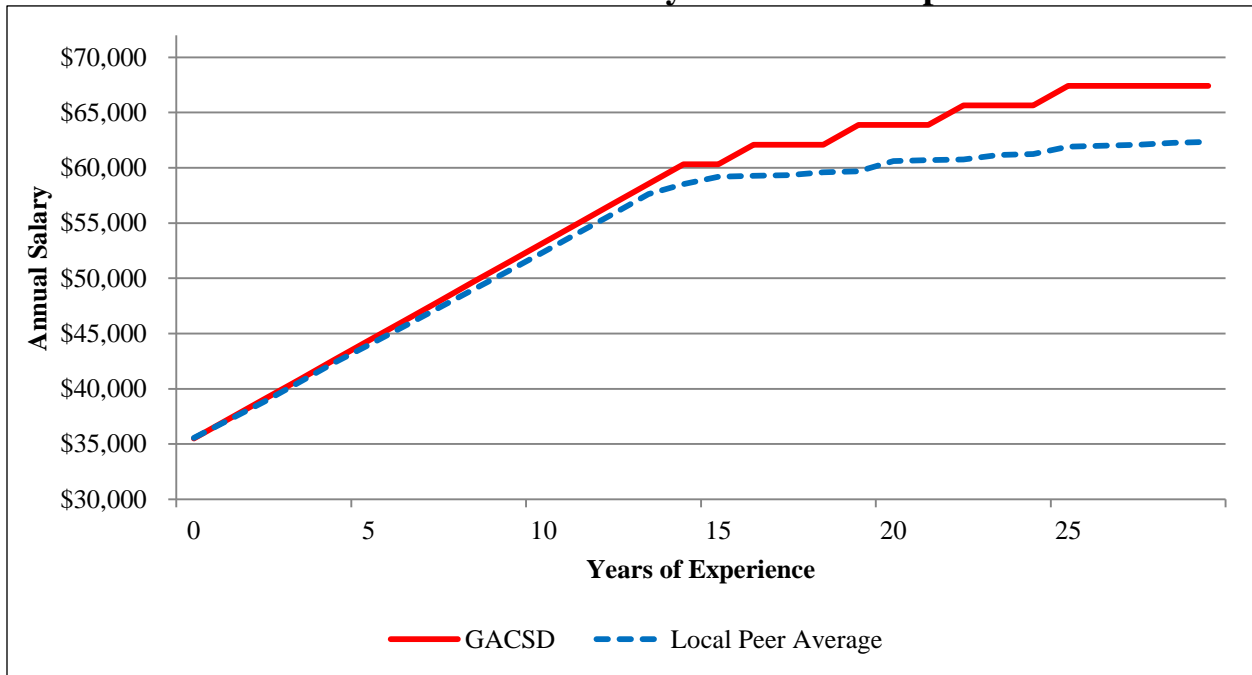
Source: GACSD and local peers

Note: Annual classified compensation is calculated using the average annual hours worked for each job classification at GACSD.

As shown in **Table B-12**, the District's career compensation for certificated staff is lower than or comparable to the local peer average, with the exception of the bachelor's and bachelor's +20 schedules. Further review revealed that only 23.7 FTEs are covered under these schedules and as their experience in the District increases they move into the master's classifications, which are aligned with the local peer averages. Career compensation for classified staff is lower than the peer average for every category.

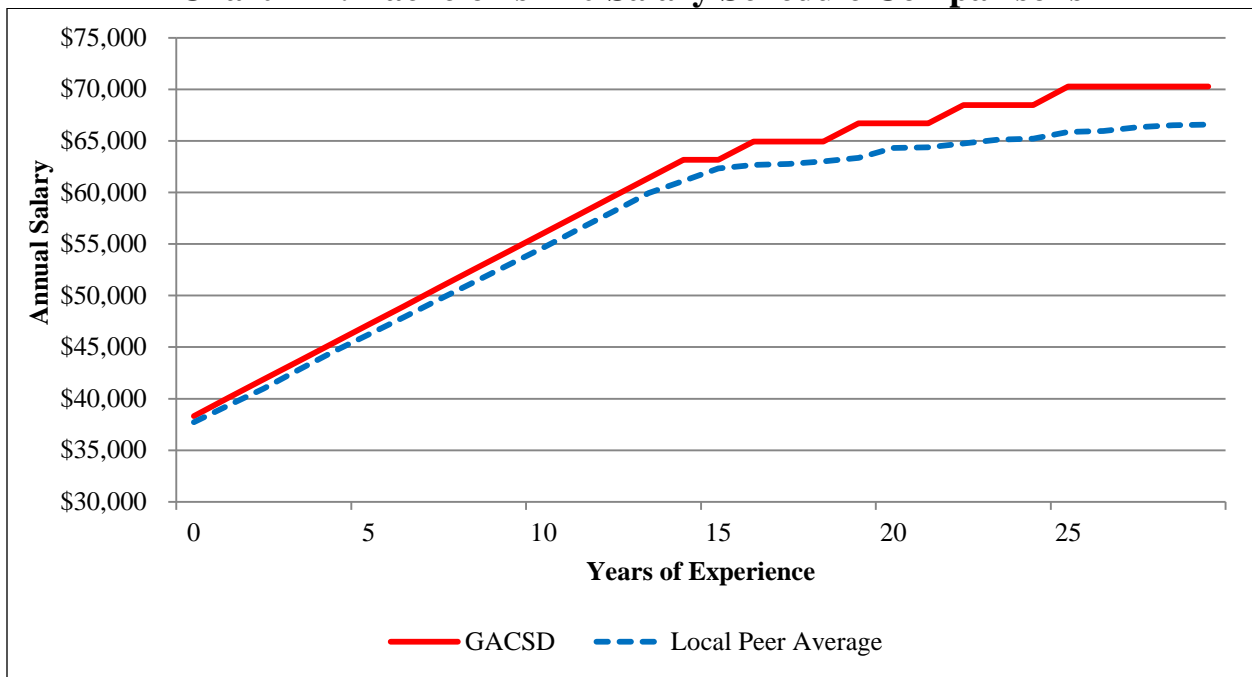
**Chart B-1** through **Chart B-9** show comparisons of GACSD's certificated and classified salary schedules to the local peer averages for FY 2017-18. It is important to examine the beginning salaries and steps in the pay schedule to identify the cause of any variation relative to the local peer districts. For classified staff, total hourly rate refers to the rate of pay plus any longevity payments.

**Chart B-1: Bachelor's Salary Schedule Comparison**



Source: GACSD and local peers

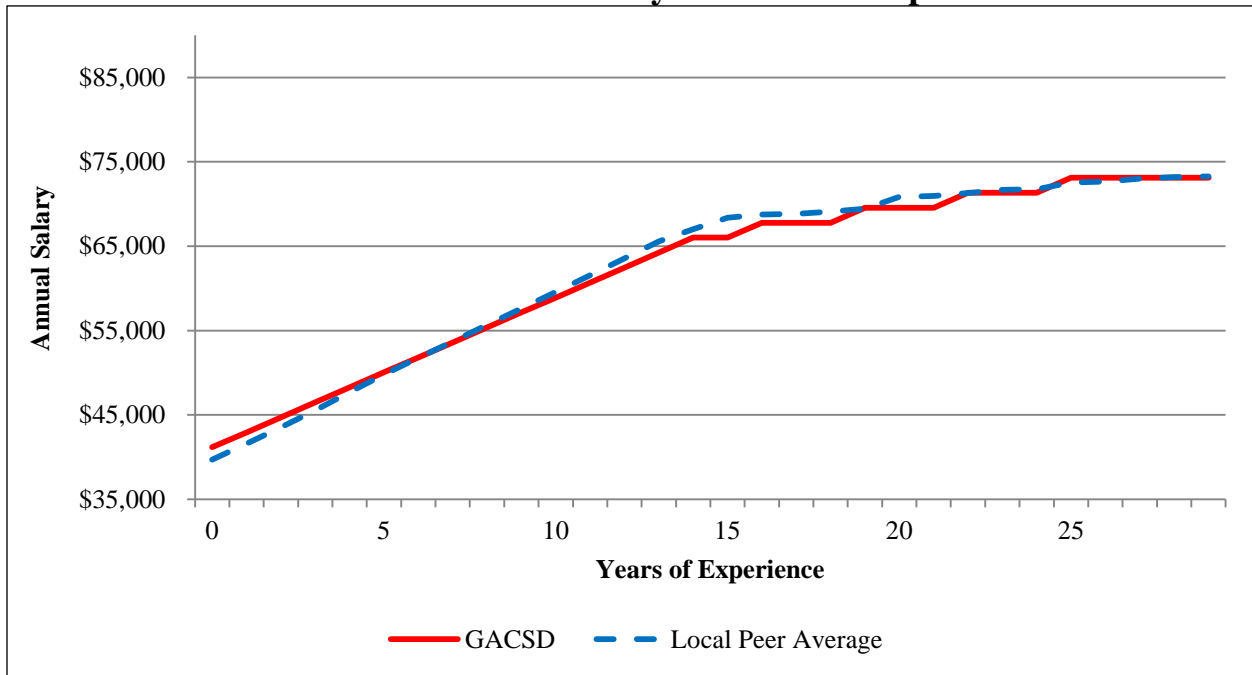
**Chart B-2: Bachelor's +20 Salary Schedule Comparisons**



Source: GACSD and local peers

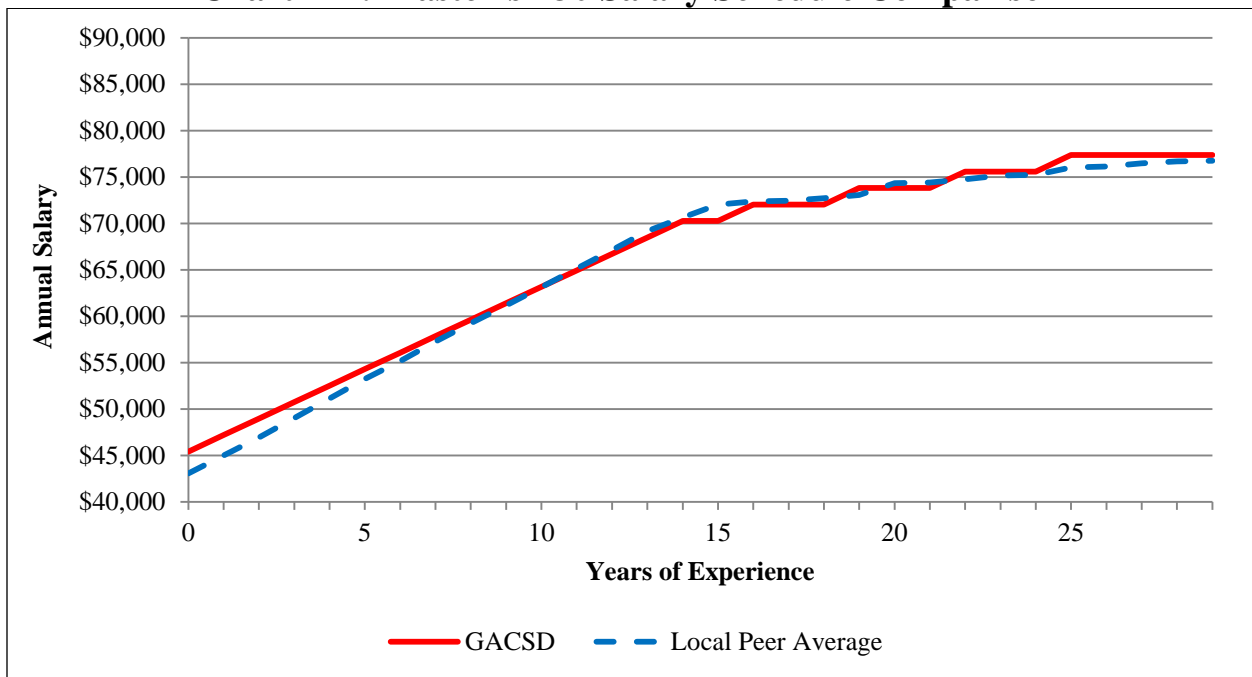


**Chart B-3: Master's Salary Schedule Comparison**



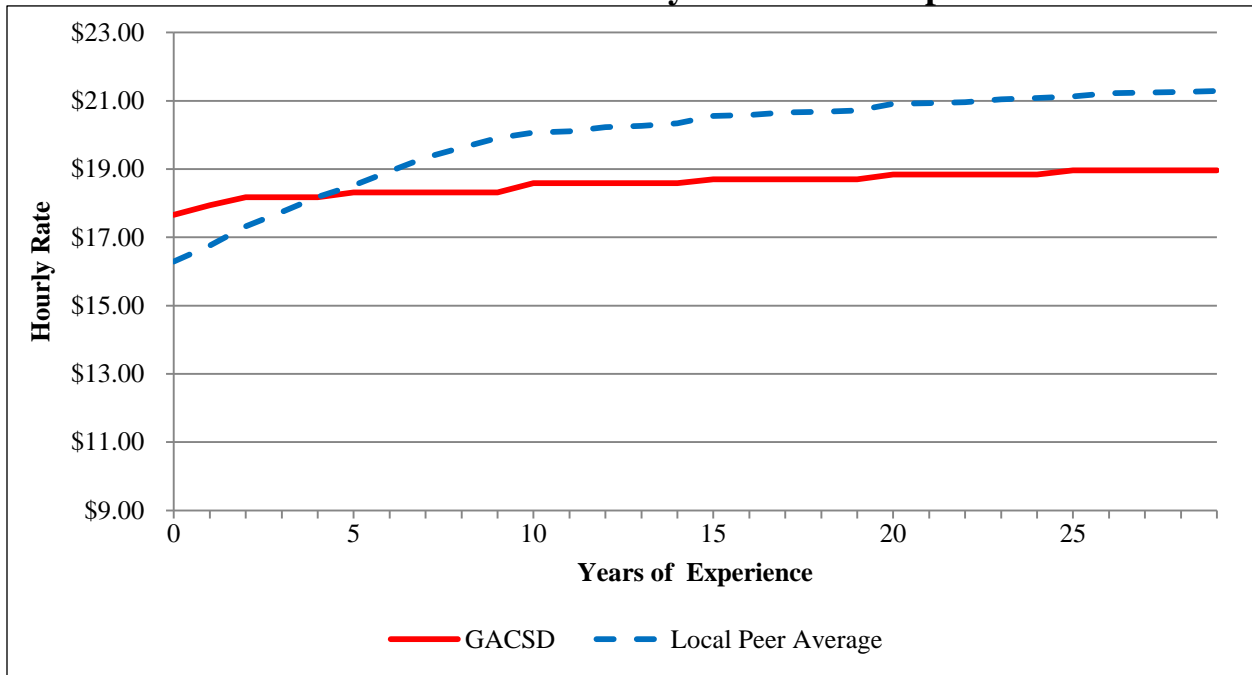
Source: GACSD and local peers

**Chart B-4: Master's +30 Salary Schedule Comparison**



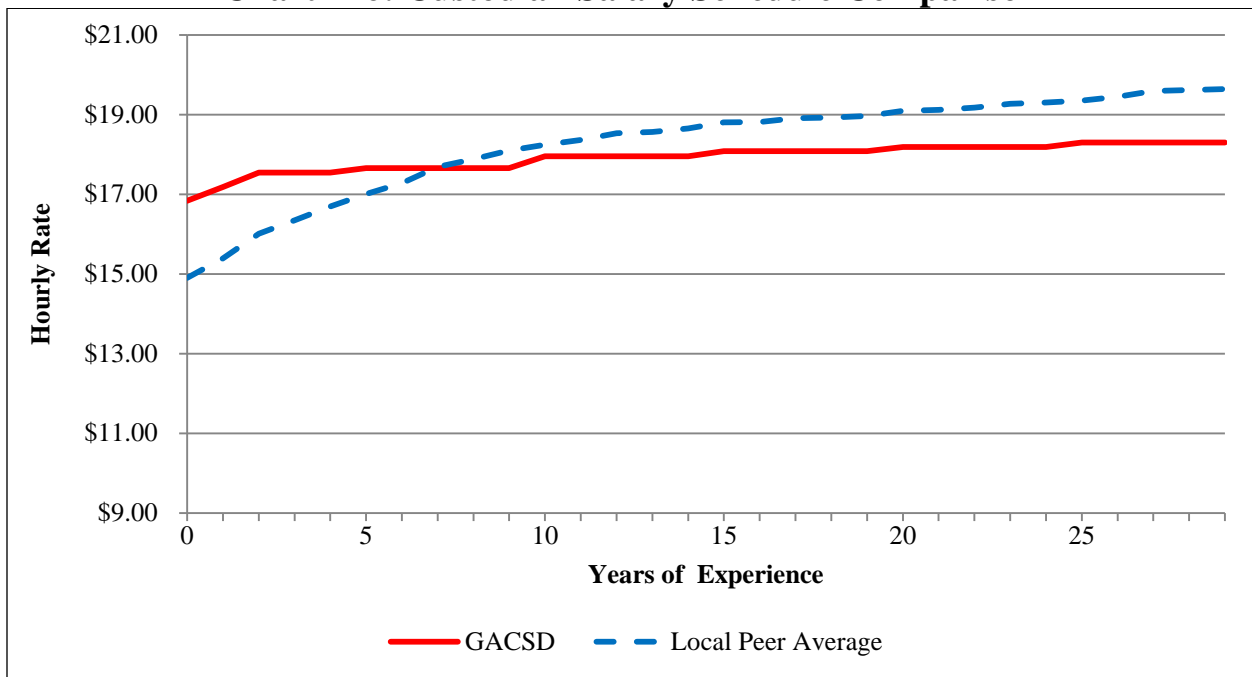
Source: GACSD and local peers

**Chart B-5: Bus Driver Salary Schedule Comparison**



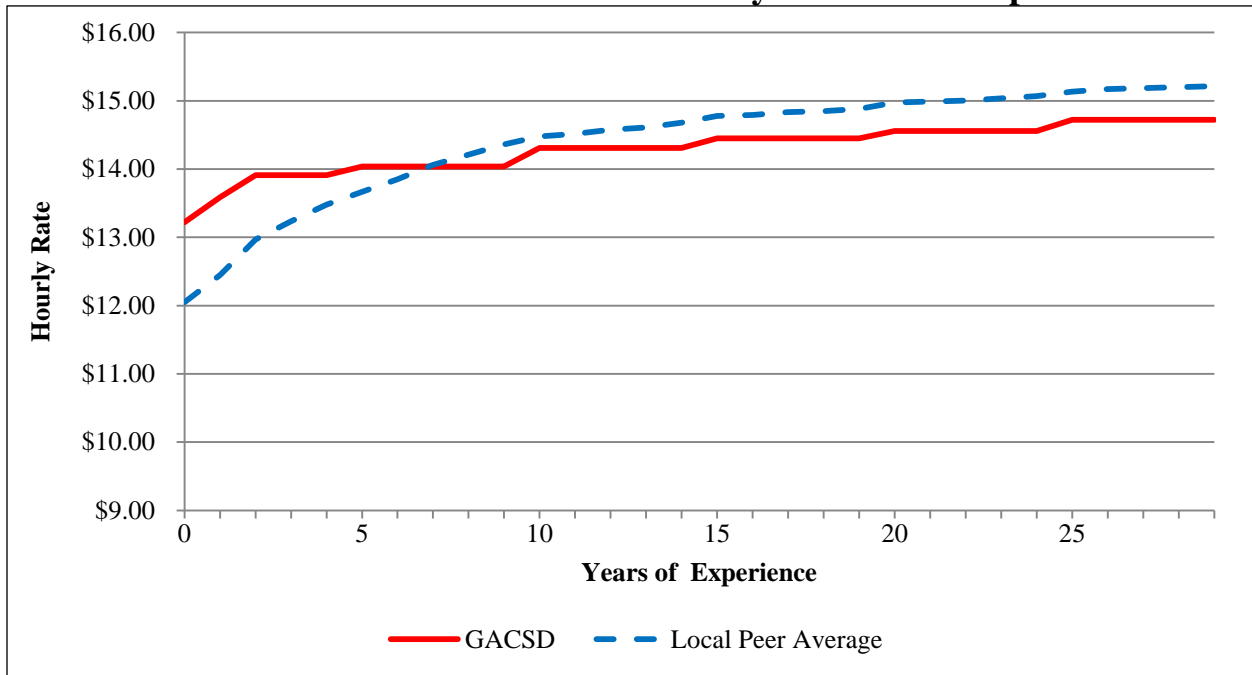
Source: GACSD and local peers

**Chart B-6: Custodian Salary Schedule Comparison**



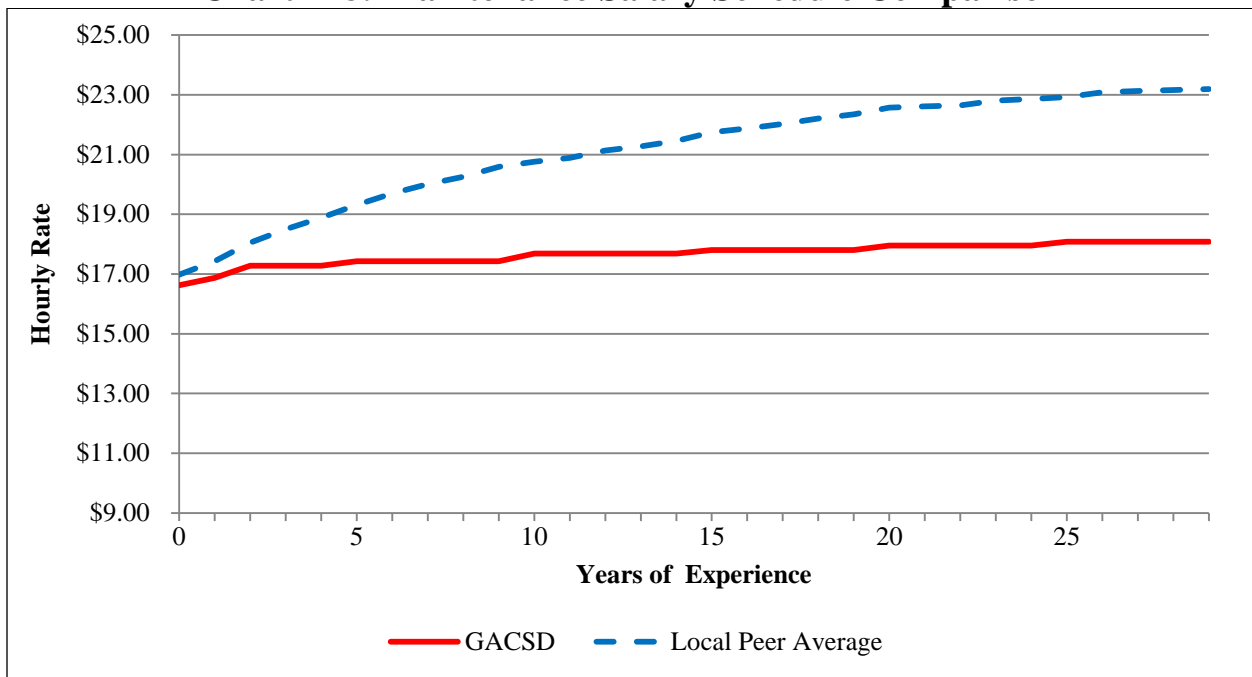
Source: GACSD and local peers

**Chart B-7: Food Service Worker Salary Schedule Comparison**



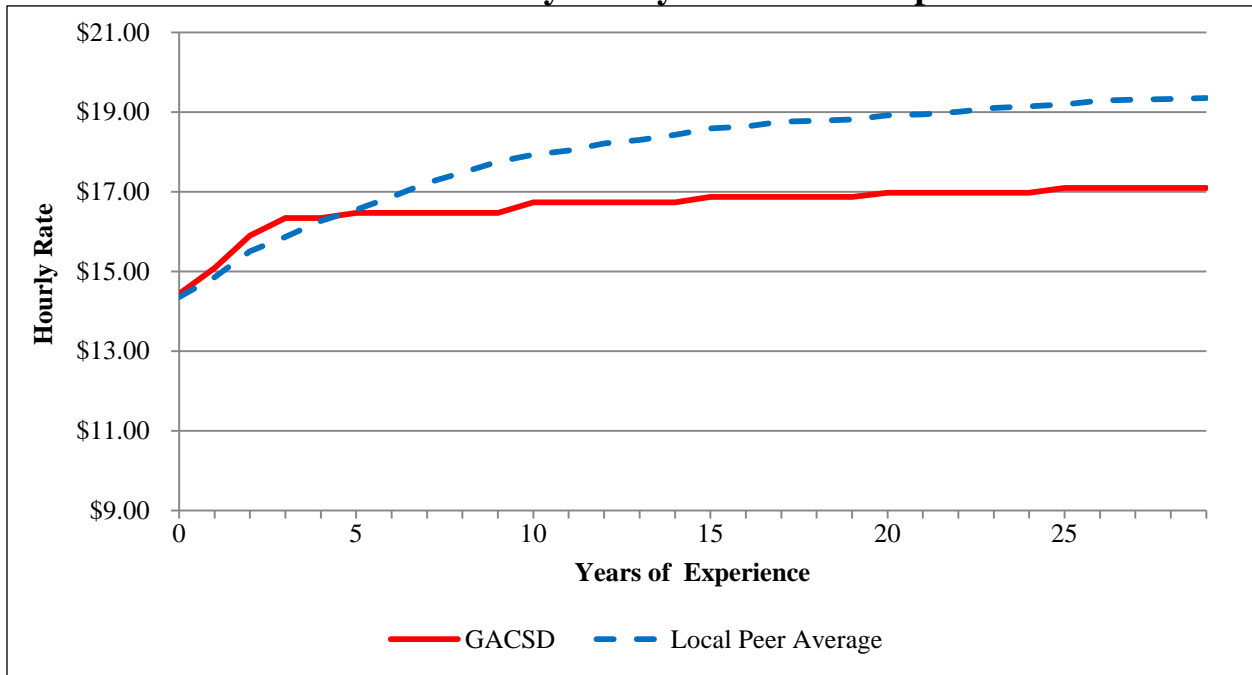
Source: GACSD and local peers

**Chart B-8: Maintenance Salary Schedule Comparison**



Source: GACSD and local peers

**Chart B-9: Secretary Salary Schedule Comparison**



Source: GACSD and local peers

As shown in **Chart B-1** through **Chart B-9**, GACSD’s certificated salary schedules all begin with a starting salary similar to the local peer average, but the bachelor and bachelor’s + 20 end higher. The District’s classified salary schedules all end at a lower hourly rate than the local peer average, despite the bus driver, custodian, and food service worker hourly rates starting higher than the local peer average.

*Sick Leave Severance*

**Table B-13** shows the District's maximum financial liability for sick leave severance by position in comparison to the projected liability that could result from bringing CBA provisions for sick leave payout in line with ORC minimums (see **R.5**). This analysis provides an indication of the District's current maximum sick leave severance exposure compared to the minimum levels required.

**Table B-13: Difference between ORC and GACSD for Severance Liability**

Certificated Employees						
	Final Daily	CBA Maximum	Maximum Payout	ORC Minimum	Payout at ORC	Difference
BA	\$368.42	80	\$29,473.88	30	\$11,052.70	\$18,421.17
BA+10	\$376.18	80	\$30,094.38	30	\$11,285.39	\$18,808.99
BA+20	\$383.94	80	\$30,714.89	30	\$11,518.08	\$19,196.80
BA+30	\$391.69	80	\$31,335.39	30	\$11,750.77	\$19,584.62
MA	\$399.45	80	\$31,955.89	30	\$11,983.46	\$19,972.43
MA+10	\$407.20	80	\$32,576.39	30	\$12,216.15	\$20,360.25
MA+20	\$414.96	80	\$33,196.90	30	\$12,448.84	\$20,748.06
MA+30	\$422.72	80	\$33,817.40	30	\$12,681.52	\$21,135.87
<b>Average Certificated Difference</b>						<b>\$19,778.52</b>
Classified Employees						
10 Month Rec/Phone Operator	\$125.12	80	\$10,009.60	30	\$3,753.60	\$6,256.00
10 Month Secretary	\$119.56	80	\$9,564.80	30	\$3,586.80	\$5,978.00
Assistant Mechanic	\$153.36	80	\$12,268.80	30	\$4,600.80	\$7,668.00
Bus Drivers	\$104.12	80	\$8,329.20	30	\$3,123.45	\$5,205.75
Cafeteria Hourly Worker	\$58.68	80	\$4,694.40	30	\$1,760.40	\$2,934.00
Cafeteria Manager	\$130.35	80	\$10,428.00	30	\$3,910.50	\$6,517.50
Cafeteria & Pony Express	\$120.61	80	\$9,648.80	30	\$3,618.30	\$6,030.50
Copy Machine Operator	\$107.87	80	\$8,629.60	30	\$3,236.10	\$5,393.50
Custodian II	\$122.78	80	\$9,822.40	30	\$3,683.40	\$6,139.00
Custodian III	\$137.10	80	\$10,968.00	30	\$4,113.00	\$6,855.00
Educational Assistant	\$105.00	80	\$8,400.00	30	\$3,150.00	\$5,250.00
General Maintenance	\$144.24	80	\$11,539.20	30	\$4,327.20	\$7,212.00
Grounds Keeper & Maintenance	\$135.68	80	\$10,854.40	30	\$4,070.40	\$6,784.00
Head Cook	\$96.96	80	\$7,756.80	30	\$2,908.80	\$4,848.00
Head Maintenance	\$159.20	80	\$12,736.00	30	\$4,776.00	\$7,960.00
Head Mechanic	\$161.76	80	\$12,940.80	30	\$4,852.80	\$8,088.00
Housekeeper	\$106.96	80	\$8,556.80	30	\$3,208.80	\$5,348.00
Special Needs Assistant	\$106.96	80	\$8,556.80	30	\$3,208.80	\$5,348.00
<b>Average Classified Difference</b>						<b>\$6,100.85</b>

Source: GACSD and ORC

As shown in **Table B-13**, GACSD employees are entitled to receive severance payout for more days at retirement than the ORC minimum. Adjusting payouts to the ORC minimum could decrease the District's future severance liability by an average of approximately \$19,700 for certificated staff and an average of approximately \$6,100 for classified staff.

## Facilities Staffing

**Table B-14** shows the District's FY 2017-18 facilities staffing compared to industry benchmarks established by the National Center for Educational Statistics<sup>13</sup> (NCES) and American School and University<sup>14</sup> (AS&U). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

**Table B-14: Buildings & Grounds Staffing Comparison**

<b>Grounds Staffing</b>	
Grounds FTEs	1.70
Acreage Maintained	93.89
AS&U Benchmark - Acres per FTE	40.20
Benchmarked Staffing Need	2.34
<b>Grounds FTEs Above/(Below) Benchmark</b>	<b>(0.64)</b>
<b>Custodial Staffing</b>	
Custodial FTEs	13.80
Square Footage Cleaned <sup>1</sup>	408,243
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Initial Benchmarked Staffing Need	13.84
Custodial FTEs Above/(Below) Benchmark	(0.04)
Adjusted NCES Level 3 Benchmark <sup>2</sup>	25,813
Adjusted Benchmarked Staffing Need	15.82
<b>Custodial FTEs Above/(Below) Adjusted Benchmark</b>	<b>(2.02)</b>
<b>Maintenance Staffing</b>	
Maintenance FTEs	1.75
Square Footage Maintained	414,243
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	4.37
<b>Maintenance FTEs Above/(Below) Benchmark</b>	<b>(2.62)</b>
<b>Total Building &amp; Grounds Staffing</b>	
Total FTEs Employed	17.25
Total Benchmarked Staffing Need	22.53
<b>Total FTEs Above/(Below) Benchmark</b>	<b>(5.28)</b>

Source: GACSD, AS&U, and NCES

<sup>1</sup> Custodial staff does not clean the 6,000 square foot bus garage.

<sup>2</sup> Adjusted to account for GACSD average work day of 7 hours while the benchmark is based on an 8 hour day.

As shown in **Table B-14**, GACSD's grounds, custodial, and maintenance staffing are below established staffing benchmarks. Custodial staffing is only 0.04 FTE below the NCES Level 3 benchmark. However, the NCES benchmark was adjusted because GACSD custodial staff works, on average, a 7-hour shift, not an 8-hour shift, upon which the NCES benchmark is based. After adjusting for the 7-hour shift, GACSD is 2.02 FTEs below the benchmark. Further, six of the District's housekeepers<sup>15</sup>, who are included in custodial staff, work fewer than 260 days. GACSD's total building and grounds staffing is lower than the benchmarks by 5.28 FTEs.

<sup>13</sup> The NCES is the primary federal entity for collecting, analyzing, and reporting data related to education in the US and other nations and publishes a planning guide for maintaining school facilities.

<sup>14</sup> The AS&U is a trade publication focused on school facility management which published school facility management related survey data collected during the period 2005 to 2009.

<sup>15</sup> Housekeepers perform cleaning tasks at each school building.

# Appendix C: Five-Year Forecasts

## Chart C-1: GACSD October 2017 Five-Year Forecast

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	6,687,044	6,880,717	6,727,875	6,761,514	6,829,129	6,863,275	6,931,908	7,001,227
1.035 Unrestricted Grants-in-Aid	11,320,128	11,375,354	11,342,459	11,399,942	11,368,153	11,368,153	11,368,153	11,368,153
1.040 Restricted Grants-in-Aid	645,117	407,170	448,935	440,384	440,384	440,384	440,384	440,384
1.050 Property Tax Allocation	918,919	917,138	903,798	908,071	917,152	921,738	930,955	940,265
1.060 All Other Operating Revenue	1,971,276	1,871,996	2,130,308	1,981,130	1,969,681	1,969,681	1,969,681	1,969,681
1.070 Total Revenue	21,542,484	21,452,375	21,553,375	21,491,041	21,524,499	21,563,231	21,641,081	21,719,710
2.060 All Other Financial Sources	288,865	46,626	47,406	81,500	23,500	23,500	23,500	23,500
2.070 Total Other Financing Sources	288,865	46,626	47,406	81,500	23,500	23,500	23,500	23,500
2.080 Total Revenues and Other Financing Sources	21,831,349	21,499,001	21,600,781	21,572,541	21,547,999	21,586,731	21,664,581	21,743,210
3.010 Personnel Services	11,231,580	11,376,030	11,614,246	11,991,709	12,231,543	12,476,174	12,725,697	12,980,211
3.020 Employees' Retirement/Insurance Benefits	4,967,858	5,146,289	5,329,153	5,528,996	5,777,801	6,037,802	6,309,503	6,593,431
3.030 Purchased Services	3,648,678	3,755,757	4,304,946	4,391,045	4,478,866	4,568,443	4,659,812	4,753,008
3.040 Supplies and Materials	845,297	678,651	689,411	800,000	805,000	810,000	815,000	820,000
3.050 Capital Outlay	120,376	139,282	115,496	175,000	175,000	175,000	175,000	175,000
4.300 Other Objects	262,544	271,816	248,623	270,000	270,000	270,000	270,000	270,000
4.500 Total Expenditures	21,076,333	21,367,825	22,301,875	23,156,750	23,738,210	24,337,419	24,955,012	25,591,650
5.010 Operational Transfers - Out	97,467	111,330	81,609	110,000	110,000	110,000	110,000	110,000
5.040 Total Other Financing Uses	97,467	111,330	81,609	110,000	110,000	110,000	110,000	110,000
5.050 Total Expenditure and Other Financing Uses	21,173,800	21,479,155	22,383,484	23,266,750	23,848,210	24,447,419	25,065,012	25,701,650
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	657,549	19,846	-782,703	-1,694,209	-2,300,211	-2,860,688	-3,400,431	-3,958,440
7.010 Beginning Cash Balance	3,406,239	4,063,788	4,083,634	3,300,931	1,606,722	-693,489	-3,554,177	-6,954,608
7.020 Ending Cash Balance	4,063,788	4,083,634	3,300,931	1,606,722	-693,489	-3,554,177	-6,954,608	-10,913,048
8.010 Outstanding Encumbrances	252,571	353,827	280,082	300,000	300,000	300,000	300,000	300,000
9.030 Budget Reserve	358,077	358,077	358,077	358,077	358,077	358,077	358,077	358,077
9.080 Total Reservations	358,077	358,077	358,077	358,077	358,077	358,077	358,077	358,077
10.010 Fund Balance June 30 for Certification of Appropriations	3,453,140	3,371,730	2,662,772	948,645	-1,351,566	-4,212,254	-7,612,685	-11,571,125
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	3,453,140	3,371,730	2,662,772	948,645	-1,351,566	-4,212,254	-7,612,685	-11,571,125
13.010 Income Tax - New				130,965	1,701,034	2,638,861	2,915,844	3,011,000
13.030 Cumulative Balance of New Levies				130,965	1,831,999	4,470,860	7,386,704	10,397,704
15.010 Unreserved Fund Balance June 30	3,453,140	3,371,730	2,662,772	1,079,610	480,433	258,606	-225,981	-1,173,421

Source: GACSD and ODE

**Chart C-2: GACSD May 2018 Five-Year Forecast**

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	6,687,044	6,880,717	6,727,875	7,116,302	7,056,668	7,091,951	7,162,871	7,234,500
1.030 Income Tax					144,878	1,881,748	3,178,989	3,688,560
1.035 Unrestricted Grants-in-Aid	11,320,128	11,375,354	11,342,459	11,377,170	11,345,303	11,345,303	11,345,303	11,345,303
1.040 Restricted Grants-in-Aid	645,117	407,170	448,935	457,148	457,148	457,148	457,148	457,148
1.050 Property Tax Allocation	918,919	917,138	903,798	896,492	917,367	921,954	931,173	940,485
1.060 All Other Operating Revenue	1,971,276	1,871,996	2,130,308	2,098,216	2,133,118	2,138,118	2,143,118	2,148,118
1.070 Total Revenue	21,542,484	21,452,375	21,553,375	21,945,328	22,054,482	23,836,222	25,218,602	25,814,114
2.060 All Other Financial Sources	288,865	46,626	47,406	126,846	31,500	31,500	31,500	31,500
2.070 Total Other Financing Sources	288,865	46,626	47,406	126,846	31,500	31,500	31,500	31,500
2.080 Total Revenues and Other Financing Sources	21,831,349	21,499,001	21,600,781	22,072,174	22,085,982	23,867,722	25,250,102	25,845,614
3.010 Personnel Services	11,231,580	11,376,030	11,614,246	11,848,709	11,187,476	11,649,593	12,111,709	12,151,709
3.020 Employees' Retirement/Insurance Benefits	4,967,858	5,146,289	5,329,153	5,437,996	5,316,437	5,758,414	6,211,308	6,460,929
3.030 Purchased Services	3,648,678	3,755,757	4,304,946	4,907,638	4,795,116	5,034,872	5,286,616	5,550,947
3.040 Supplies and Materials	845,297	678,651	689,411	569,000	588,000	803,000	650,000	650,000
3.050 Capital Outlay	120,376	139,282	115,496	60,000	150,000	150,000	150,000	150,000
4.300 Other Objects	262,544	271,816	248,623	260,000	260,000	260,000	260,000	260,000
4.500 Total Expenditures	21,076,333	21,367,825	22,301,875	23,083,343	22,297,029	23,655,879	24,669,633	25,223,585
5.010 Operational Transfers - Out	97,467	111,330	81,609	122,000	122,000	122,000	122,000	122,000
5.040 Total Other Financing Uses	97,467	111,330	81,609	122,000	122,000	122,000	122,000	122,000
5.050 Total Expenditure and Other Financing Uses	21,173,800	21,479,155	22,383,484	23,205,343	22,419,029	23,777,879	24,791,633	25,345,585
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	657,549	19,846	-782,703	-1,133,169	-333,047	89,843	458,469	500,029
7.010 Beginning Cash Balance	3,406,239	4,063,788	4,083,634	3,300,931	2,167,762	1,834,715	1,924,558	2,383,027
7.020 Ending Cash Balance	4,063,788	4,083,634	3,300,931	2,167,762	1,834,715	1,924,558	2,383,027	2,883,056
8.010 Outstanding Encumbrances	252,571	353,827	280,082	300,000	300,000	300,000	300,000	300,000
9.030 Budget Reserve	358,077	358,077	358,077	358,077	358,077	358,077	358,077	358,077
9.080 Total Reservations	358,077	358,077	358,077	358,077	358,077	358,077	358,077	358,077
10.010 Fund Balance June 30 for Certification of Appropriations	3,453,140	3,371,730	2,662,772	1,509,685	1,176,638	1,266,481	1,724,950	2,224,979
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	3,453,140	3,371,730	2,662,772	1,509,685	1,176,638	1,266,481	1,724,950	2,224,979
15.010 Unreserved Fund Balance June 30	3,453,140	3,371,730	2,662,772	1,509,685	1,176,638	1,266,481	1,724,950	2,224,979

Source: GACSD and 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.

# Geneva Area City Schools

Eric M. Kujala, Superintendent

Geneva, Ohio 44041

AN EQUAL OPPORTUNITY EMPLOYER

June 11, 2018

**Board of Education**  
135 South Eagle Street  
(440) 466-4831, Ext. 1154

**High School**  
1301 South Ridge East  
(440) 466-4831, Ext. 4001

**Middle School**  
839 Sherman Street  
(440) 466-4831, Ext. 2001

**Austinburg Elementary**  
3030 Route 307 - Austinburg  
(440) 466-4831, Ext. 6001

**Cork Elementary**  
341 State Route 534  
(440) 466-4831, Ext. 5001

**Geneva Platt R. Spencer  
Elementary**  
755 Austin Rd.  
(440) 466-4831, Ext. 3001

Mr. David Yost  
Auditor of State  
88 East Broad Street, 5th Floor  
Columbus, Ohio 43215

Dear Auditor Yost,

Geneva Area City Schools would like to thank the Performance Audit Team for their time and professionalism in preparing the audit report for our district. The team worked cooperatively with our administration, supervisors and staff through the entire process. We appreciate their efforts and recommendations in regards to our district's operations.

Geneva Area City Schools has a proud history of providing our students with an academically rich, well-rounded education. Our community has recognized the quality education we provide, and our schools have received numerous awards over the years. It has been difficult to make reductions this year and over the past several years. No one in our district wants to see our school district impacted with the loss of great teachers, staff and other personnel.

Over numerous months during the work by the Performance Audit Team, the district has made staff reductions and even had a potential consolidation of an elementary building being determined on the outcome of the recent levy. As a district, we understood that the reductions were a reality. Geneva Area City Schools has experienced other reductions over the past seven years. Since 2011-2012, the district had made \$1.5 million dollars in reductions. The reductions included 23.5 teaching positions, 8.5 other staff, and 23 coaching and activity advisor positions. These reductions devastated our district and eliminated many of the programs that we offered to our students.

Prior to the passage of the recent levy, the Geneva Area City Schools did not receive any new community support for operational funds since 1993. One factor that has significantly impacted our district is the cumulative effect of reductions of over \$5 million dollars in state funding since 2011. Geneva Area City Schools is a district that is heavily reliant on state funding. Reductions of this magnitude impact our ability to properly fund our schools and provide the necessary programs to our students. Until the legislators and governor come up with an adequate and equitable funding formula, schools like the Geneva Area City Schools will continue to struggle. In addition, during the previous year, the district was informed that Happy Hearts School would no longer service the school age population in

our county. This would mean that the costs associated with educating our district's students would shift from being funded by the Ashtabula County Board of Developmental Disabilities to the Geneva Area City Schools. This is expected to cost the district an additional \$440,000 in expenses. In December 2017, a plan was submitted by Geneva Area City Schools to the Ohio Department of Education Office of School Finance. The document was required due to the district being designated in "Pre-Fiscal Caution". The plan contained reductions of over \$2.4 million dollars. In January 2018, some reductions of non certified staff along with an immediate change to state minimum transportation was initiated.

In the past month, other reductions included 11 certified positions that were eliminated for the 2018-2019 school year. These reductions were necessary, even with the passage of the levy, and reflected the reductions that were included in the plan that was submitted by the district to the Office of School Finance. All of these reductions were difficult to make as the cuts included quality people, committed employees and great supporters of our school district and its mission. The reductions caused many concerns in the community and unfortunately reduced many program options for our students including art, music and physical education.

The May 8th levy, which was a 1.25% School District Income Tax on the earned income base, was vital to the district's recovery and future success. The levy passed through the persistent efforts of our levy committee and the strength of our community. As mentioned previously, reductions were still necessary even with the passage of the levy. A School District Income Tax is new to our area and the district will not see any new funds until April 2019. At that time, it is expected that we will receive approximately \$144,000 in new funds at the first collection period. As a district, it will be important that we get through the 2018 - 2019 school year with the reductions that we have in place and monitoring our finances closely. Based on the collections of funds from the School District Income Tax Levy, in 2019 - 2020, the Geneva Board of Education will have the ability to restore approximately half of the most recent reductions. By 2020 - 2021, the funds should be available to restore all of the most recent reductions. The decisions for restoration of the reductions will be part of the district's strategic planning and will require the approval of the Geneva Board of Education.

The leadership of Geneva Area City Schools reviewed all of the recommendations from the Performance Audit that was completed for our district. We have addressed each of the areas below:

**Recommendation 1: Develop a formal strategic plan linked to the budget.**

This has been discussed by the Board of Education and will be a focus in the 2018-2019 school year. After the passage of the recent levy, we recognize the need to get the community involved in the strategic plan process.

**Recommendation 2: Develop a formal capital improvement plan.**

In conjunction with the formalization of the district's strategic plan, Geneva Area City Schools will work to develop a formal capital improvement plan. We will use the plan to help guide and prioritize projects, bus purchases and maintenance expenses in future years.

**Recommendation 3: Consider reducing General Fund subsidy of extracurriculars to the local peer level.**

As part of the district's plan, the Geneva Board of Education approved an increase in the pay-to-participate fees for the 2018 - 2019 school year. The increase should help to cover some of the costs associated with athletics or other extracurriculars. The majority of our athletic teams including: football, soccer, swimming and track and field (both indoor and outdoor) are held at the Spire Institute which is a local sports complex that we

contract with for these activities. Currently, the district pays \$20,000 a year for the use of the facility. In many ways, this is a benefit to the Geneva Area City Schools since we did not have the initial construction costs of the facility and other maintenance or replacement costs on an annual basis. Through ongoing negotiations with the Spire Institute, the current usage fee will be eliminated for a ten-year period if all necessary terms are approved.

In the report, it was mentioned that we could increase booster club funding. The district has limited control of the booster clubs. The booster clubs coordinate their own volunteers and fundraising to supplement the athletic programs. Changes in regard to booster club funding would have no real significant impact on the district's spending for extra-curricular programs. It was also mentioned that the district could reduce supplemental salaries to reduce costs. The supplemental salary schedule is a product of negotiation and part of the collective bargaining agreement. Over the years, the Geneva Board of Education has establish a higher salary index to attract and retain quality teachers to our area. The supplemental salary schedule is a direct impact of paying our teachers well. As the base salary gets higher, the supplemental schedule also increases. This would be difficult to change through negotiations as we have little to offer our certified and classified employees in our current financial situation. Finally, it was recommended that the district look at eliminating current extra-curricular programs. In 2012, numerous extracurricular positions and programs were eliminated. Some programs returned when community groups and individuals agreed to pay the necessary costs to keep the programs intact. As a district, we discussed eliminating additional extracurricular programs. The concern existed that eliminating certain programs may result in losing students to other districts in the area. As a cost savings measure, this would be counterproductive since the loss of students would be detrimental to our overall budget.

**Recommendation 4: Eliminate 0.5 FTE nursing position.**

This reduction was implemented as part of our staff reductions in May 2018. As a district, we will continue to review our nurse and health care needs as we move forward. Often, decisions in regards to school nurse positions are driven by the needs of our students. We have seen an increase in students with severe allergies, diabetes, asthma and other significant conditions. In addition, often students with disabilities have accompanying medical conditions that impact them at school. In comparison to our primary peers, the Geneva Area City Schools have a higher percentage of students enrolled with disabilities. As a district, we may need to work with our unions to investigate some other ways to deliver health care services in our district in a cost effective manner.

**Recommendation 5: Renegotiate collective bargaining agreement provisions.**

In 2016, the district renegotiated both the Geneva Area Teachers' Association (GATA) and the Ohio Association of Public School Employees (OAPSE) collective bargaining agreements. As a district, we will review the recommendations suggested by the Performance Audit Team. This review will include an analysis of what other school districts have negotiated. Many of the recommended items have been included in numerous collective bargaining agreements over the years. As a district, we may need to investigate the potential cost savings and devise some creative ways to adjust some of the provisions mentioned.

**Recommendation 6: Reduce employer cost of dental and vision insurance.**

In 2016, the district renegotiated both the Geneva Area Teachers' Association and the Ohio Association of Public School Employees collective bargaining agreements. During the past negotiations, the unions made some concessions in their current medical plans that were part of the negotiation process. Over the span of

the two-year agreement, the unions agreed to increase the employee's contribution from 10% (with a cap) to 12% (without a cap).

As we negotiate in the future with both unions, we will investigate any opportunity to reduce the district's cost for various insurance options. The district understands that this will be a difficult task since due to our current financial situation, salary increases will be minimal or nonexistent in the next few years.

**Recommendation 7: Implement an energy maintenance plan.**

The district has been working with a previous vendor to complete work that was not satisfactorily completed. The vendor has been working closely with our Building Systems Manager to finalize the tasks. As a district, we recognize the need for better energy management. As our new buildings were constructed, various HVAC equipment and controls were used. The district had to follow OSFC guidelines in the construction process. The guidelines did not allow for specific selection or streamlining of equipment. With the variances in equipment, the district has attempted to train its own employees to diagnose, troubleshoot and correct issues in the heating, cooling and refrigeration areas. Unfortunately, most of the equipment is proprietary which limits the availability of parts and our ability to fix certain issues.

As a district, the implementation of an energy management plan is in process. We are reviewing various information from vendors and will be purchasing the necessary controls to correct some of the existing issues. In the past few years, we have retrofitted interior lighting and exterior lighting with an LED lighting option at our middle school and high school buildings. The district is reviewing the current building occupancy times, temperature set points and other settings that may provide more energy efficiency at our buildings. In addition, we will continue to investigate and discuss other ways that the district can operate more efficiently especially for the buildings of Austinburg Elementary and Geneva Platt R. Spencer Elementary.

**Recommendation 8: Complete T-1 Forms as prescribed by ODE.**

The recommendation made by the Performance Audit indicated inaccuracies in the reporting of student riders and mileage. As a district, we will be working with our Director of Transportation, Bus and Route Supervisor and drivers to make sure procedures are in place for accurate reporting. The current form used is being reviewed and how the documentation could be more efficiently captured.

**Recommendation 9: Eliminate 5.5 daily hours from the food service operation.**

The Food Service Director will continue to monitor ways to reduce costs in the program. During the onsite review, it was suggested that the high school eliminate one of the cashier positions. In May, we were short substitutes and closed one of the cashier lines. The result of this change resulted in longer lines and frustrated students. If a change like this was implemented, it may result in decreased breakfast and lunch participation.

It was also suggested that we increase prices. In reviewing the price comparisons with other districts, Geneva's breakfast price is lower than other schools. Lunch prices are the same for elementary schools and higher for middle and high schools in Ashtabula County. However, our lunch prices are lower than those in Lake County. Historically, schools in Lake County have had higher lunch prices than schools in Ashtabula County due to the higher economic demographic.

The food service department has been significantly impacted by the reduction in busing that occurred in January 2018. As a district, changes are being considered to the breakfast and lunch program that will

hopefully reduce any participation barriers for the upcoming school year. Geneva Area City Schools will continue to monitor the food service area and adjust operations as necessary to improve the overall service.

Through years of state funding reductions and county economic issues, Geneva Area City Schools has continued to provide an excellent educational opportunity to its students. As a district, we are proud of what we have accomplished and have been able to provide to our students and community with the resources that we have available. We will continue to address the recommendations presented by the Performance Audit Team as we adjust the management and operations of our district.

Sincerely,

Handwritten signature of Eric M. Kujala in blue ink.

Eric M. Kujala  
Superintendent

Handwritten signature of Kevin J. Lillie in blue ink.

Kevin J. Lillie  
Treasurer



# Dave Yost • Auditor of State

**GENEVA AREA CITY SCHOOL DISTRICT**

**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 26, 2018**