



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

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

The Auditor of State's Office selected the Waterloo Local School District (WLSD) (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
July 31, 2018

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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 Waterloo Local School District (WLSLD or the District) pursuant to Ohio Revised Code § 3316.042. The purpose of this performance audit was to improve WLSLD'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, and Transportation. 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

Primary Peers
<ul style="list-style-type: none"> • Allen East Local School District (Allen County) • Anna Local School District (Shelby County) • Arcanum Butler Local School District (Darke County) • Bluffton Exempted Village School District (Allen County) • Centerburg Local School District (Knox County) • Mapleton Local School District (Ashland County) • St. Henry Consolidated Local School District (Mercer County) • Toronto City School District (Jefferson County) • Williamsburg Local School District (Clermont County)
Local Peers (Compensation, Benefits, and Bargaining Agreements)
<ul style="list-style-type: none"> • Field Local School District (Portage County) • Marlinton Local School District (Stark County) • Rootstown Local School District (Portage County) • Sebring Local School District (Mahoning County) • Southeast Local School District (Portage County)
Transportation Peers
<ul style="list-style-type: none"> • Allen East Local School District (Allen County) • Bluffton Exempted Village School District (Allen County) • Genoa Area Local School District (Ottawa County) • Pleasant Local School District (Marion County) • St. Henry Consolidated Local School District (Mercer County) • Williamsburg Local School District (Clermont County)

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: the American Association of School Administrators (AASA), American School and University (AS&U), 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), and the Ohio State Employment Relations Board (SERB). 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 Waterloo Local School District for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes a noteworthy accomplishment identified during the course of this audit:

- **Shared Services of the Treasurer:** On July 1, 2013, WLSD entered into an agreement with the Field Local School District (FLSD) to share the services of the Treasurer position. The agreement holds that the Treasurer is paid at a reduced rate to both districts; 72.0 percent of the contractual salary for WLSD for an annual savings of \$30,689 for FY 2018-19 and 75.0 percent for FLSD for an annual savings of \$27,123 for FY 2018-19. WLSD pays for health insurance and is then reimbursed for half of this cost from FLSD as well as any professional development. The current contract for this service runs through July 31, 2023.
- **Fiscal Agent for the Portage Area Schools Health Consortium:** Since July 1, 2015, the District has acted as the fiscal agent for the Portage Area Schools Health Consortium. The Treasurer and a part-time administrative assistant dedicate a portion of their time handling the management and administrative duties with the District receiving \$91,000 in fiscal year (FY) 2017-18 as reimbursement for this work. This contract is Board approved each year.

Summary of Recommendations

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

Table 2: Summary of Recommendations

Recommendations		Savings ¹
R.1	Develop a formal long term capital plan to enhance and support the strategic plan	N/A
R.2	Renegotiate collective bargaining agreement provisions	\$105,200
R.3	Eliminate 2.0 FTE general education teacher positions	\$150,900
R.4	Eliminate 0.5 FTE counseling position	\$34,800
R.5	Eliminate 0.5 FTE building clerical position	\$40,600
R.6	Eliminate 2.88 FTE monitoring positions	\$42,500
R.7	Right-size the active bus fleet	\$55,300
R.8	Develop and update formal preventive maintenance programs	N/A
R.9	Develop a bus replacement plan	N/A
R.10	Make additional reductions to address the remaining deficit	\$1,162,100
Total Cost Savings from Performance Audit Recommendations		\$1,591,400

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

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
Original Ending Fund Balance	\$228,361	(\$870,935)	(\$2,505,315)	(\$4,610,493)
Cumulative Balance of Performance Audit Recommendations ¹	\$53,100	\$1,558,500	\$3,077,900	\$4,610,600
Revised Ending Fund Balance	\$281,461	\$687,565	\$572,585	\$107

Source: WLSL, 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, only cost savings from **R.7** have been applied to FY 2018-19. Savings from the remainder of the recommendations are applied to FY 2019-20 through FY 2021-22.

¹ 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.

As shown in **Table 3**, implementing the performance audit recommendations would allow WLSL to avoid forecasted deficits throughout the five-year forecast.

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.¹ 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 WLSD'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.

District Staffing Overview

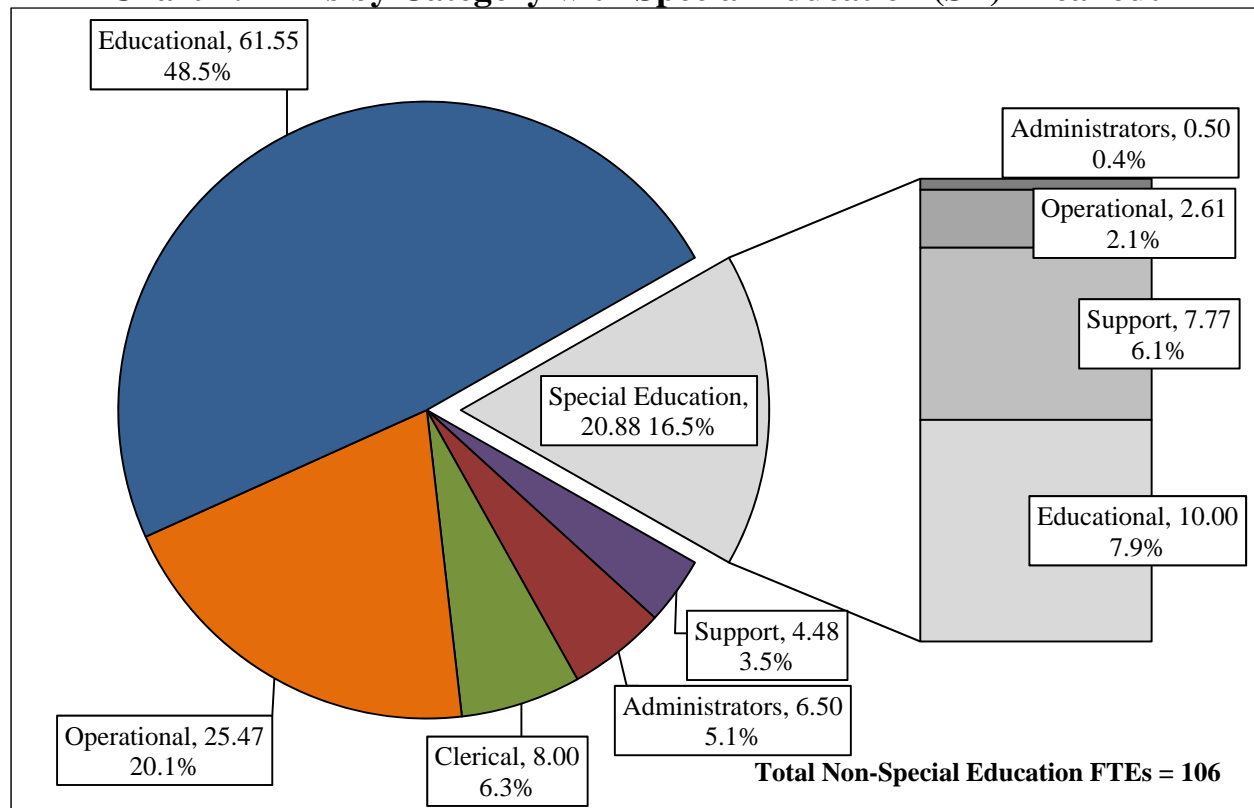
The appropriateness of staffing levels is significant to the operational and financial conditions within school districts. Operational decisions such as classroom sizes, class offerings, and other non-educational service levels determine the staffing level. Specifically, personnel costs (i.e., salaries and benefits) accounted for 61.9 percent of General Fund expenditures in FY 2016-17, a significant impact on the District's budget and financial condition.

Chart 1 and **Chart 2** shows WLSD's FY 2017-18 full-time equivalent (FTE) staffing levels by category² with special education staffing broken out for informational purposes only.

¹ IDEA Part B does not have a MOE waiver option.

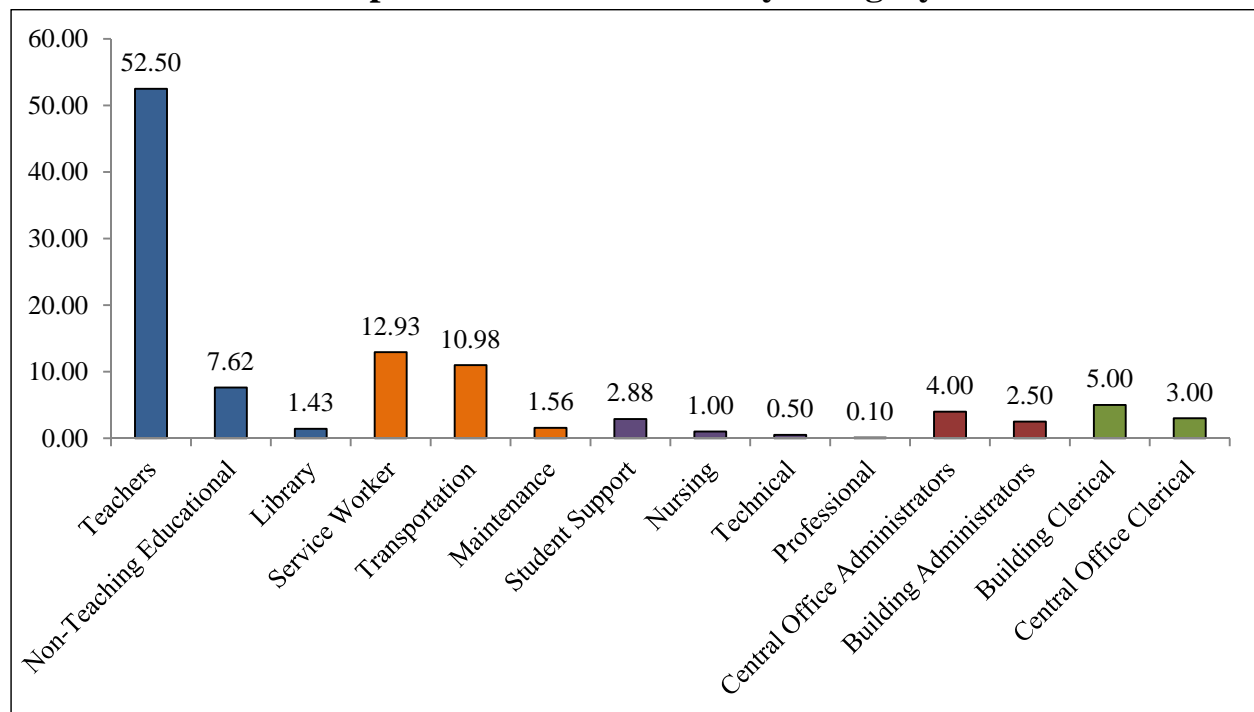
² The individual positions within each staffing category are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

Chart 1: FTEs by Category with Special Education (SE) Breakout



Source: WLSD

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



Source: WLSD

As shown in **Chart 1** and **Chart 2**, WLSD employed a total of 126.88 FTEs in FY 2017-18. Of this total, 20.88 FTEs, or 16.5 percent, were specifically dedicated to special education services. The remaining 106 non-special education FTEs were evaluated in each of the thirteen staffing categories shown in **Chart 2**.

Categories where staffing levels were compared to the primary peer average included educational (see **R.3**, **R.4**, **Table B-4**, **Table B-5** and **Table B-8**), operational (see **R.7**, and **Table B-13**), clerical (see **R.5**, **Table B-3**), administrators (see **Table B-1** and **Table B-2**), and support staff (see **R.6**, **Table B-6**, **Table B-7**, **Table B-9**, **Table B-10**, and **Table B-11**). Educational, clerical, and support staffing were the categories where the District's staffing level per 1,000 students was higher than the primary peers.

Due to its financial condition, the District may need to consider reducing staffing levels below the benchmark levels used within the staffing analyses (see **R.10**).

Background

In October 2017, the District released its semi-annual five-year forecast which showed year-end fund deficits beginning in FY 2018-19. This forecast served as the primary impetus of the performance audit. **Table 4** shows WLSD's total revenues, total expenditures, results of operations, beginning and ending cash balances and ending fund balances as projected in the forecast. The detail and financial results contained therein are an important measure of fiscal health, possibly leading to a designation of fiscal caution, watch, or emergency by AOS and ODE.

Table 4: WLSD Financial Condition Overview (October 2017)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Revenue	\$11,593,608	\$10,819,939	\$10,342,709	\$10,342,709	\$10,342,709
Total Expenditure	\$11,744,060	\$12,091,357	\$12,638,423	\$13,008,591	\$13,661,426
Results of Operations	(\$150,452)	(\$1,271,418)	(\$2,295,714)	(\$2,665,882)	(\$3,318,717)
Beginning Cash Balance	\$1,331,602	\$1,181,150	(\$90,268)	(\$2,385,982)	(\$5,051,864)
Ending Cash Balance	\$1,181,150	(\$90,268)	(\$2,385,982)	(\$5,051,864)	(8,370,581)
Ending Fund Balance	\$699,693	(\$101,190)	(\$1,455,835)	(\$3,180,648)	(\$5,558,296)

Source: WLSD and ODE

As shown in **Table 4**, the District's October 2017 five-year forecast projects progressively declining year-end deficits beginning in FY 2018-19 and continuing throughout the forecast period. This deficit condition is a direct result of expenditures continuing to outpace revenues and deplete cash balances over the forecast period. Specifically, revenues decreased in FY 2018-19 primarily due to the expiration of a five-year emergency levy while expenditures are expected to increase primarily due to salaries and benefits. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$5.5 million by FY 2021-22.

In May 2018, the District released an updated financial forecast. **Table 5** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balances.

Table 5: WLSD Financial Condition Overview (May 2018)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Revenue	\$11,795,750	\$10,780,839	\$10,311,060	\$10,311,060	\$10,311,060
Total Expenditure	\$11,714,740	\$11,953,412	\$12,349,912	\$12,884,997	\$13,355,795
Results of Operations	\$81,010	(\$1,172,573)	(\$2,038,852)	(\$2,573,937)	(\$3,044,735)
Beginning Cash Balance	\$1,331,602	\$1,412,612	\$240,039	(\$1,798,813)	(\$4,372,750)
Ending Cash Balance	\$1,412,612	\$240,039	(\$1,798,813)	(\$4,372,750)	(\$7,417,485)
Ending Fund Balance	\$931,155	\$228,361	(\$870,935)	(\$2,505,315)	(\$4,610,493)

Source: WLSD and ODE

As shown in **Table 5**, the District's projected deficit for FY 2021-22 was reduced from approximately \$5.6 million, as shown in the October 2017 five-year forecast, to approximately \$4.6 million forecasted in May 2018. This slightly improved financial condition was primarily due to lower annual salary increases and lower hospitalization benefits assumptions.

Recommendations

R.1 Develop a formal long term capital plan to enhance and support the strategic plan

On May 12, 2016, the Waterloo Local School District Five-Year Plan was approved by the WLSD Board of Education (the Board) which serves as the basis of the Waterloo State of the Schools report published on the District's website. This report functions as the strategic plan; however, it is not linked to the budget nor is it used to guide capital spending decisions. The District has a 0.5 mill bond levy that pays into the Maintenance Fund as a result of a bond issue passed in 2009 for the construction of its lone school building in 2010. This generates approximately \$64,000 per year until its expiration in 2025 and is to be used only for capital projects.

The GFOA provides guidance on effective planning for several areas. *Establishment of Strategic Plans* (GFOA, 2005) defines strategic planning as “a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization’s mission, and achieve consensus on strategies and objectives for achieving that mission.” Key steps in the strategic planning process include:

- Initiating the strategic planning process;
- Preparing a mission statement;
- Assessing and identifying environmental factors and critical issues;
- Agreeing upon and developing strategies for a small number of broad goals;
- Creating an action plan, including measurable objectives and performance measures;
- Obtaining approval of the plan; and
- Implementing, monitoring, and reassessing the plan.

In addition to strategic planning, the GFOA also provides guidance on financial planning and capital planning. *Long-Term Financial Planning* (GFOA, 2008) specifies that long-term financial planning should encompass the following elements:

- Planning at least five to ten years into the future;
- Considering all appropriated funds;
- Updating long-term planning activities as needed in order to provide direction to the budget process;
- Including an analysis of the financial environment, revenue and expenditure forecasts, debt position and affordability analysis, strategies for achieving and maintaining financial balance, and a plan for monitoring mechanisms, such as a scorecard of key indicators of financial health; and
- Teaching the public and elected officials about the long-term financial prospects of the government and strategies for financial balance.

Furthermore, *Multi-Year Capital Planning* (GFOA, 2006) recommends that public entities create and implement a multi-year capital plan as a component of their comprehensive strategic plan. 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.

WLSD should concurrently update the strategic plan and formalize long-term capital plans. As part of its strategic plan, the District should create a capital improvement plan for all capital assets. The absence of these plans puts the District at risk of not fully evaluating the relationship between its spending decisions and program or operational outcomes. This, in turn, increases the risk of inefficiently and/or ineffectively addressing needs.

R.2 Renegotiate collective bargaining agreement provisions

WLSD has two (certificated and classified) collective bargaining agreements (CBAs) that both expired on June 30, 2018.³ An analysis of the certificated and classified CBAs identified certain provisions that exceed State minimum standards as set forth in the ORC, OAC, and/or provisions in the local peer district contracts.

- **Vacation Accrual:** Under the classified CBA, employees are entitled to annual vacation accrual whereby they can earn 490 vacation days over the course of a 30-year career. Although this amount is lower than the local peer average of 512.8 days, it exceeds the statutory minimum of 460 days established for full-time employees under ORC § 3319.084. Providing employees with more vacation days could increase substitute and overtime costs. Direct savings from reducing the vacation schedule could not be quantified; however, this 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 and 9-month and 10-month employees are entitled to seven paid holidays. Although this amount is lower than the local peer average of 12 holidays for 11-month and 12-month employees and 8 holidays for 9-month and 10-month employees, it exceeds the statutory minimum of 7 paid holidays for 11-month and 12-month employees and 6 paid holidays for 9-month and 10-month employees under ORC § 3319.087. Direct savings from reducing the number of holidays could not be quantified; however, a reduction would increase the number of available work hours at no additional cost to the District.
- **Sick Leave Accumulation and Severance Payout:** Under each respective CBA, certificated and classified employees are entitled to accumulate an unlimited amount of sick leave. ORC § 3319.141 details sick leave accumulation and specifies that unused sick leave shall be cumulative up to 120 days. In comparison, the certificated and classified CBAs of three of the local peer districts entitle employees to accrue sick leave to an unlimited amount. The exception among local peer districts are Marlinton LSD

³ Prior to completion of this analysis, the District reached tentative, one-year agreements which will go through June 30, 2019. However, as of the completion of this analysis, neither of these agreements have been signed.

and Sebring LSD, which entitle certificated and classified employees to accrue up to 300 days and 275 days, respectively. Providing accumulation in excess of State minimum levels represents the potential for increased liability when sick leave is paid out to retiring employees.

WLSD's certificated and classified employees are entitled to be paid for accumulated sick leave upon retirement. Specifically, WLSD certificated and classified employees are entitled to payouts of 40 percent of unused sick leave, up to a maximum of 90 days, after eight years of service with the District. This is 19.9 days more than the local peers for certificated and 22.8 days more than the classified. In comparison, the District allows a higher payout level than the minimum established by ORC § 124.39, which allows employees to be paid for 25 percent of unused sick leave at retirement, up to a maximum of 30 days, after ten years of service. Allowing employees to receive payouts in excess of State minimums becomes costly when employees retire. See **Table B-12** for estimated liability over the ORC minimum.

- **Local Professional Development Committee (LPDC) Compensation:** LPDCs are groups sanctioned by ORC § 3319.22 to review coursework and professional development activities proposed and completed by educators to determine if State certification and licensure requirements have been met. Under the certificated CBA, the committee is comprised of five members who receive \$1,500 annually, for a minimum liability of \$7,500. Two out of five local peers provide compensation to LPDC members, for an average of \$2,220 annually, \$5,280 less than WLSD's minimum liability of \$7,500 annually. At a minimum, ORC § 3319.22 does not require compensation to LPDC members.
- **Student Learning Objectives (SLO) Committee Compensation:** SLOs are groups sanctioned by ORC § 3319.111 and ORC § 3319.112 to review the policy, procedures, instrument, and forms for the teacher evaluation system. While the certificated CBA allows for up to six members, the committee is currently operating with five members who receive \$1,500 annually, for a minimum liability of \$7,500. The local peers do not provide compensation to SLO certificated members. At a minimum, ORC § 3319.111 and ORC § 3319.112 also do not require compensation to SLO members.
- **ESP Teacher Requirement:** According to the certificated CBA, a minimum of 5.0 FTE educational service personnel (ESP) shall be employed districtwide for each 1,000 pupils in average daily membership (ADM). ESP staff shall be assigned to at least five of eight areas: counselor, librarian, school nurse, visiting teacher, social worker, and elementary art, music and physical education. ESP assigned to elementary art, music, and physical education shall hold the special teaching certificate/license in the subject assigned. This provision is no longer required under OAC 3301-35-05 and may unnecessarily restrict management flexibility to staff according to District needs while also maintaining overall financial stability.
- **Building Checks:** Under the classified CBA, it is required to perform building checks of the school buildings on the weekends and holidays. The head custodian has right of first

refusal. If the head custodian declines, it shall be offered to custodians on a rotating basis. While the CBA does not specify hours it takes to perform the building checks, it was estimated by the District and confirmed through payroll records that it takes two hours of overtime to complete each building check. Building checks performed on Saturdays are paid at one and one-half times the custodian's regular rate of pay; building checks performed on Sundays are paid at two times the custodian's regular rate of pay; and building checks on holidays are paid at the regular rate of pay for hours worked in addition to holiday pay, which is eight hours of pay at the custodian's regular rate of pay. In comparison, Field LSD specifies two hours of pay for a head custodian for building checks of the school buildings on the central campus, on a rotating basis, and one hour of pay for the head custodian at each of the other two District buildings. The Field LSD CBA does not specify that building checks are to be completed using overtime. In addition, Marlinton LSD provides an annual stipend of \$2,500 for head custodians who perform building checks on non-work days, with substitutes being paid \$20 per building check. The other three local peers do not have building check provisions in their classified CBAs.

In FY 2016-17, the District paid \$6,035, or 36.7 percent, of its total Building and Grounds Department overtime expenditures for building checks. Reducing building checks expenditures to a level consistent with Marlinton LSD would save the District approximately \$3,500 annually.

- **Guaranteed Daily Hours for Bus Drivers:** In FY 2017-18, in an effort to attract and retain bus drivers, the District and the classified bargaining unit agreed to a memorandum of understanding (MOU) stating all bus drivers will be paid a minimum of four hours per day worked, regardless if the actual time worked is under four hours. In comparison, none of the local peer school districts have a similar provision in their contracts. In FY 2017-18, bus drivers worked an average of 3.26 hours per day. As a result, bus drivers could receive up to an extra hour of pay for work not performed. In FY 2017-18 this provision is projected to cost the District \$35,604, or 17.3 percent, of the total projected bus driver salary cost of \$205,436.⁴ Eliminating this provision could save the District approximately \$40,300 per year over the forecast period.⁵
- **Bus Driver Attendance Bonus:** In FY 2014-15 the District and the classified bargaining unit agreed to an MOU that allowed for all bargaining unit employees who drive a school bus to receive a maximum \$3,000 stipend at the end of their contracts, based on the number of morning and afternoon regularly assigned routes that are driven. No other classified bargaining unit member is entitled to this attendance bonus, and none of the local peers have a similar provision specifically for their bus drivers. In FY 2016-17, the District spent a total \$48,700 on this provision, or an average of \$2,319 per bus driver. Eliminating this bonus could save the District approximately \$48,700 per year.

⁴ Does not include 3.0 FTE bus drivers who resigned during the course of FY 2017-18.

⁵ The value of this financial implication is projected to increase by 2.5 percent through FY 2021-22 due to salary step increases. This increase is reflected in **Table 3**.

Financial Implication: Reducing stipends for participation in the LPDC committee could save an average of **\$5,200** annually, based on updated contract language; reducing stipends for participation in the SLO committee could save an average **\$7,500** annually, based on actual stipends paid in FY 2016-17; reducing overtime expenditures for building checks could save an average of **\$3,500** annually, based on actual expenditures in FY 2016-17; eliminating the bus driver extra pay provision could save an average of **\$40,300** annually; and elimination of the bus driver attendance bonus could save an average of **\$48,700**.

R.3 Eliminate 2.0 FTE general education teacher positions

During the course of the performance audit, the District eliminated 1.0 FTE general education teacher position.

General education teachers instruct students in a regular classroom environment. This category excludes teaching staff in other areas such as gifted, special education, and educational service personnel (ESP).

Table 7 shows the District’s FY 2017-18 general education teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 7: General Education Teacher Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
General Education	49.72	46.08	44.20	1.88	2.03

Source: WLSD, ODE, and primary peers

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

² 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**, WLSD’s general education teacher staffing is higher than the primary peer average by 2.03 FTEs. The District would need to eliminate 2.0 FTE teacher positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 2.0 FTE general education teacher positions could save an average of **\$150,900** in salaries and benefits in each year of implementation over the forecasted

period⁶. The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured general education positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.4 Eliminate 0.5 FTE counseling position

The District employs 2.0 FTE counseling positions: a high school guidance counselor (1.0 FTE), a middle school guidance counselor (0.5 FTE), and an elementary guidance counselor (0.5 FTE).

Table 8 shows the District's FY 2017-18 counseling positions per 1,000 students compared to the FY 2016-17 primary peer average. Comparing counseling staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 8: Counseling Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Counseling	2.00	1.85	1.37	0.48	0.52

Source: WLSD, ODE, and primary peers

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

² 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 8**, counseling staffing is higher than the primary peer average by 0.52 FTEs. The District would need to eliminate 0.5 FTE counseling 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 counseling position could save an average of **\$34,800** in salaries and benefits in each year of implementation over the forecasted period⁷. The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured counseling positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

⁶ The value of the savings from this recommendation was projected to increase by an average of 4.31 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

⁷ The value of the savings from this recommendation was projected to increase by an average of 7.61 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

R.5 Eliminate 0.5 FTE building clerical position

WLSD employs 4.0 FTE clerical staff that provides clerical support to the building administrators. These positions include the elementary secretary (1.0 FTE), the middle school secretary (1.0 FTE), the high school secretary (1.0 FTE), and the high school guidance secretary/special education secretary (1.0 FTE).

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

Table 9: Building Clerical Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
School Building Clerical	4.00	3.71	3.23	0.48	0.52
Total	4.00	3.71	3.23	0.48	0.52

Source: WLSD, ODE, and primary peers

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

² 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 9**, the District is 0.52 FTEs higher than the primary peer average for building clerical staff. The District would need to eliminate 0.5 FTE building clerical positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 0.5 FTE building clerical position could save an average of **\$40,600** in salaries and benefits in each year of implementation over the forecasted period⁸. The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured building clerical positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.6 Eliminate 2.88 FTE monitoring positions

Monitoring staff consists of eight District employees or 2.88 FTE monitoring positions. For three of the eight employees, this is their only duty for the District. The remaining five employees are

⁸ The value of the savings from this recommendation was projected to increase by an average of 7.40 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

also employed in areas of special education aides, food service workers, and transportation drivers. Duties for the monitoring positions include monitoring the playground, study hall, lunchroom, and office support duties. Each monitor averages 2.5 hours per day.

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

Table 10: Monitoring Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Monitoring	2.88	2.67	0.00	2.67	2.88

Source: WLSD, ODE, and primary peers

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

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

As shown in **Table 10**, the District employed 2.88 FTE more monitors than the primary peer average. At Allen East LSD, these responsibilities are covered using a teacher rotation process and use of building principals rather than having these duties assigned to specific classified employees. The District would need to eliminate 2.88 FTE monitoring positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 2.88 FTE monitoring positions could save an average of **\$42,500** in salaries and benefits in each year of implementation over the forecasted period⁹. The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured monitoring positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

⁹ The value of the savings from this recommendation was projected to increase by an average of 3.35 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

R.7 Right-size the active bus fleet

In FY 2017-18, WLSD transported 521 regular needs riders with its fleet of 14 active regular needs buses. The District works to improve utilization through the use of routing software and cluster stops and currently has a single bell schedule and single-tiered routing.

Bus capacity provides an indication of a district's efficiency in routing school buses. According to *School Bus Seat Capacity* (NASDPTS, 1999), the capacity of a school bus is determined by the number of seats on a bus and the number of students per seat. Examining the District's ridership per bus in relation to capacity is important in determining the potential for the District to transport its students with fewer buses.

Table 11 shows a comparison of WLSD's regular needs active bus fleet utilization in FY 2017-18 to the utilization benchmark of 80.0 percent as published by the American Association of School Administrators (AASA) in *Hidden Savings in Your Bus Budget* (AASA, 2006).

Table 11: Regular Needs Ridership Comparisons

Regular Needs Fleet Utilization	
Total Buses	14
Regular Riders	521
Regular Riders per Bus	37.2
AASA 80 Percent Benchmark Capacity per Bus ¹	49.7
Number of Buses Needed Based on Benchmark ²	11.0
Buses Over/(Under) Benchmark	3.0

Source: WLSD, ODE, and AASA

¹ Based on the manufacturer rated capacities of all buses divided by the total number of buses multiplied by 80 percent.

² Capacity is based on elementary, middle and high school students plus the number of routes.

As shown in **Table 11**, the District operates with 37.2 regular riders per bus compared to the AASA benchmark of 49.7 riders, which would require only 11 buses. Therefore, the District is operating its regular needs fleet with three more buses than necessary. **Table 12** shows annual savings achievable based on a reduction of three buses.

Table 12: Bus Fleet Cost Savings

Number of Buses Eliminated	3.0
Bus Driver Positions Eliminated	3.0
Salaries	\$43,600
Retirement	\$6,100
Workers' Compensation	\$2,500
Medicare	\$600
Bus Insurance	\$2,500
Total Annual Savings	\$55,300

Source: WLSD

Financial Implication: Eliminating three regular needs active buses could save an average of **\$55,300** each year of implementation over the forecasted period, based on FY 2017-18 expenditures. The value of each FTE included in the savings is calculated using actual salaries and benefits and projected increases of the three least tenured bus driver positions that are recommended for elimination within this performance audit. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.8 Develop and update formal preventive maintenance programs

The District performs regular preventive maintenance on buses and facilities; however, it does not have a formal preventive maintenance plan for the buses. In addition, the facilities plan is dated and not referenced to guide this work. Maintenance and repair costs are tracked by bus in the Transportation Department but facilities costs are not tracked formally by project. As a result, WLSD runs the risk of allocating resources ineffectively for transportation and facilities maintenance.

Table 13 shows the District's transportation and facilities supplies, parts, and material expenditures as a percent of each department's total expenditures for FY 2016-17. This comparison provides a relative gauge of the importance of maintenance costs associated with the District's assets.

Table 13: Supplies, Parts, and Materials Expenditures

Transportation	
Supplies & Parts	\$46,441
Tires & Tubes	\$6,100
Sub-Total Total	\$52,541
Total Transportation Expenditures	\$151,617
% of Total Transportation Expenditures	34.7%
Facilities	
Supplies & Materials	\$73,187
Total Facilities Expenditures	\$450,753
% of Total Facilities Expenditures	16.2%

Source: WLSD

As shown in **Table 13**, maintenance related costs were a sizable percentage of the total expenditures of each department, increasing the importance of the District to effectively track its supplies, parts, and materials expenditures and to use the information to plan for preventive maintenance needs.

According to *Public Works Management Practices Manual* (American Public Works Association (APWA), 2014), a formal preventive maintenance program that includes scheduling, recording performance, and monitoring should be developed for all equipment. Planning preventive maintenance activities includes:

- Defining work to be performed;
- Diagnosing work to be performed prior to scheduling;
- Estimating labor hours, materials, shop space and time; and
- Documenting support maintenance action.

The Cedar Rapids Community School District (<http://www.cr.k12.ia.us/departments-services/preventive-maintenance>) addresses the importance of having effective preventive maintenance, citing the following benefits:

- Prolonged life of equipment;
- Less unplanned downtime caused by equipment failure;
- Less unnecessary maintenance and inspections;
- Fewer errors in day-to-day operations;
- Improved reliability of equipment;
- Fewer expensive repairs caused by unexpected equipment failure that must be fixed quickly; and
- Reduced risk of injury.

Adopting a formal preventive maintenance program would allow the District to manage its assets more efficiently. Specifically, a formal, proactive approach to preventive maintenance could reduce overall maintenance and repair expenditures by limiting the occurrence of major repairs. Additionally, tracking maintenance costs would help the District determine priorities for service and replacement.

R.9 Develop a bus replacement plan

An analysis of the fleet for FY 2017-18 revealed that the average age of the District's active bus fleet is 10 years with an average mileage of 97,095. WLSD does not have a formal bus replacement plan. Instead, the District replaces buses, using capital funds (see **R.1**), on an as-needed basis. Rather than part of a formal plan, replacement decisions are reactive to immediate fleet needs as reviewed by the Treasurer and Transportation Supervisor.

Clean School Bus (EPA, 2012) offers guidelines regarding the replacement of school buses. According to the EPA, fleets should be assessed for age and condition to determine which buses need to be replaced first. Compiling this information in advance allows districts to plan for future expenditures and to be prepared when funds become available.

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. The plan should incorporate the maintenance data collected by the District into the decision-making process for bus replacements. The plan should also allow the District to establish its priorities with regard to safety and emissions features. Additionally, the NASDPTS recommends a combined approach to school bus replacement that considers both age and

mileage in which replacement thresholds are set between 12 and 15 years, or 150,000 to 200,000 miles, respectively. WLS D should consider the full cost of bus operation, including fuel, parts, labor, and vehicle depreciation.

The District should develop a formal data driven bus replacement plan. Doing so would allow it to communicate to leadership and to the public about the needs of its bus fleet. Additionally, it would allow the District to communicate its progress in meeting its schedule of replacement and any risks posed by the current state of the fleet. Adopting a plan could reduce overall operating costs and help to avoid the need to replace a major portion of the fleet at the same time.

R.10 Make additional reductions to address the remaining deficit

Even after implementing all preceding recommendations, the District's forecast would still project a cumulative deficit of approximately \$3,486,200 or an annual average of approximately \$1,162,100. To address the remaining gap, the District would need to consider additional cost saving measures; including those that would bring staffing levels below primary peer averages. The exact nature of these additional cost savings measures are at the discretion of District leadership and elected officials, with stakeholder input, but should be reflective of the necessity to uphold fiduciary responsibilities.

The following four options represent some of the choices that the District could make to address the remaining \$3,486,200 deficit over the forecast period. The implementation of a combination of these options would be sufficient to eliminate the deficit by the end of the forecast period.

- **Eliminate an additional 9.5 FTE general education teacher positions:** General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the District-wide ratio of general education teachers to students to be at least 1.0 FTE classroom teacher for every 25 regular students.¹⁰ **R.3** compared WLS D's general education teacher staffing level to the primary peer average per 1,000 students. **Table 14** shows WLS D's general education teacher staffing level required to eliminate the remaining deficit based on FY 2017-18 students to teacher ratio following implementation of **R.3**. It is important to project the impact eliminating the remaining deficit will have on staffing levels.

¹⁰ This category excludes teaching staff in other areas such as gifted, special education, and educational service personnel (ESP).

Table 14: General Education Teacher Comparison

FY 2017-18 General Education FTEs				49.72
Recommended General Education FTEs Reduction from R.3				2.00
General Education FTEs Remaining				47.72
Regular Student Population				946.17
Staffing Ratio (Students:Teachers)				19.83
	Staffing Ratio (Students :Teachers)	Proposed FTE Staffing	Proposed FTE Reduction	
State Minimum	25.00	37.85	9.87	
Address Remaining Deficit	28.48	33.22	14.50	

Source: WLSD and OAC

As shown in **Table 14**, after implementing staffing reductions contained in **R.3**, the District's student to teacher ratio would be 19.8:1. Based on this ratio, the District would have 9.5 more general education teacher FTEs than minimally required. Reducing general education teachers to the State minimum requirement would help in efforts to reduce the District's deficit, depending on the extent to which the District implements other recommendations in this performance audit. The District, however, would need to go below the State minimum requirement to fully address the remaining deficit. The decision to operate at the State minimum level is ultimately District management's responsibility based on needs and desires of the stakeholders in the community and any staffing decisions must be balanced with the fiduciary responsibility to adapt to financial realities and maintain a solvent operation. Any option selected could be implemented in FY 2019-20.

Eliminating an additional 9.5 FTE general education teacher positions (in addition to those in **R.3**) could save the District an average of **\$742,900** annually over the forecast period,¹¹ and help to reduce the remaining deficit. This financial implication is calculated using the actual salaries and benefits of the 9.5 FTE next least tenured teaching positions remaining after recommended elimination within this performance audit (also see **R.3**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

- **Implement a 20.0 percent across-the-board staff reduction:** While **R.3**, **R.4**, **R.5**, and **R.6** addresses WLSD's staffing relative to the peer average, the District could make an additional 20.0 percent across-the-board staffing reduction to generate sufficient savings to offset the remaining deficit.

Table 15 shows the nature and savings of this staffing reduction for each staffing classification category. This provides the District with the information necessary to evaluate staffing reductions and the potential savings associated with each.

¹¹ The value of the savings from this recommendation is projected to increase by 6.67 percent annually for FY 2020-21 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

Table 15: Additional Staffing Reductions

Category	Revised Total FTEs	20% Reduction	Rounded FTE Reduction	FY 2019-20 Savings
Educational	59.05	11.81	11.50	\$852,038
Operational ¹	8.18	1.64	1.50	\$79,484
Clerical	7.50	1.50	1.50	\$101,732
Administrators	6.50	1.30	1.00	\$96,962
Support	1.60	0.32	0.00	\$0
Total	82.83	16.57	15.50	\$1,130,216

Source: WLSO

Note: Transportation staffing is excluded as levels are determined by industry benchmarks.

¹ Food service employees are excluded as they are paid out of the Food Service Fund and not the General Fund, and therefore, reductions in staff will not impact the five-year forecast.

As shown in **Table 15**, an across-the-board staffing reduction of 20.0 percent would result in the elimination of an additional 15.5 FTEs. Eliminating these FTEs could save the District an average of **\$1,196,600** in salaries and benefits annually over the forecast period.¹² This was calculated using salaries and benefits of the least tenured employees remaining after position reductions identified in **R.3, R.4, R.5, and R.6**. Estimated savings could increase if the reductions occur through retirement or voluntary separation of higher salaried staff. This option could be implemented in FY 2019-20. Although this option would reduce the deficit, it could drastically change service levels within the District. Considering it with a combination of the options above could enable the District to avoid operating deficits.

- Implement a base and step freeze on all salaries for three years:** Although **Chart B-1** through **Chart B-8** show that WLSO's certificated and classified salary schedules are comparable to the local peer average; the District could generate savings through the implementation of a base and step increase freeze beginning with the new CBAs that will likely be in effect for FY 2019-20. The District's May 2018 five-year forecast assumes no base increase with steps for all eligible staff for FY 2018-19 and a 2.0 percent base increase with steps for all eligible staff for FY 2019-20 through FY 2021-22. **Table 16** shows the impact of a base and step increase freeze for FY 2019-20, FY 2020-21, and FY 2021-22, after taking into account staff cuts previously identified. This analysis provides an indication of the impact of a wage freeze relative to the number of years it's in effect.

¹² The value of the savings from this recommendation is increased by 5.76 percent annually for the FY 2020-21 through FY 2021-22 to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, retirement, and workers' compensation.

Table 16: Impact of Base and Step Salary Freeze

	FY 2019-20	FY 2020-21	FY 2021-22
Salaries and Benefits with Base Increase and Steps	\$6,088,911	\$6,278,187	\$6,466,543
Salaries and Benefits with Base and Step Freeze	\$5,897,344	\$5,775,162	\$5,648,909
Difference	\$191,567	\$503,025	\$817,634
Cumulative Savings			\$1,512,226
Average Annual Savings			\$504,075

Source: WLS D

As shown in **Table 16**, freezing salaries for FY 2019-20, FY 2020-21, and FY 2021-22 could save the District an average of **\$504,000** annually over the forecast period, which would help to reduce the remaining deficit. This option could be implemented in the FY 2019-20, when new CBAs begin.

- **Eliminate the entire General Fund subsidy of extracurricular activities:** The District incurred a net cost for student extracurricular activities in FY 2016-17 of approximately \$128,000, which required subsidization from the General Fund. This action could save the District **\$211,100** annually over the forecast period (see **Table B-14** for comparison to local peer average).

Financial Implication: Eliminating an additional 9.5 FTE general education teacher positions could save an average of **\$742,900** annually; making a 20.0 percent across-the-board staffing reduction could save an average of **\$1,196,600** annually; implementing a base and step freeze for FY 2019-20 through FY 2021-22 could save an average of **\$504,000** annually; and fully eliminating the General Fund subsidy of extracurricular activities could save **\$211,100** annually. The District should evaluate these options and determine the appropriate combination of the various options in order to address the remaining savings needed of **\$1,162,100** annually.

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, and Transportation. 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. Seven of the 16 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

Table A-1: Audit Objectives and Recommendations

Objective	Recommendation
Financial Management	
Are budgeting and forecasting practices comparable to leading practices and is the forecast reasonable and supported?	R.1
Is the District's strategic plan consistent with leading practices?	R.1
Are extracurricular activities appropriate to peers and/or the District's financial condition?	N/A
Human Resources	
Are CBA provisions comparable to local peers and/or ORC minimums and appropriate based on the District's financial condition?	R.2
Are staffing levels efficient compared to general peers, state minimum requirements, and/or demand for service and are they appropriate based on the District's financial condition?	R.3, R.4, R.5, R.6, and R.10
Are salaries and wages comparable to local peers and appropriate based on the District's financial condition?	N/A
Are insurance costs comparable to local markets and appropriate based on the District's financial condition?	N/A
Facilities	
Is facilities staffing efficient compared to benchmarks and appropriate based on the District's financial condition?	N/A
Are temporary labor expenditures comparable to peers and industry benchmarks and appropriate based on the District's financial condition?	N/A
Are preventive maintenance practices consistent with industry standards and/or leading practices?	R.8
Is the capital planning efforts consistent with leading practices?	R.1
Transportation	
Are the District T-Report procedures and practices consistent with ODE requirements?	N/A
Is the fleet sized appropriately and routed efficiently compared to leading practices and are transportation operations appropriate based on the District's financial condition?	R.7
Is the fleet maintained efficiently compared to industry benchmarks and/or transportation peers and appropriately based on the District's financial condition?	R.8
Are District fuel purchasing practices resulting in efficient pricing?	N/A
Are the bus replacement practices consistent with industry benchmarks and leading practices and appropriate based on the District's financial condition?	R.9

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

WLSD's FY 2017-18 FTE staffing levels by category are shown in **Chart 1**.¹³ Analyses of staffing levels that resulted in recommendations include: general education teachers (see **R.3**), counseling staff (see **R.4**), building clerical staff (see **R.5**), and monitoring staff (see **R.6**). Staffing comparisons where the analysis did not result in a recommendation are presented for informational purposes below. Comparisons show total FTEs only when the evaluation of the category as a whole is relevant.

Central Office Administrators

In addition to the Superintendent and Treasurer, WLSD employed 2.0 FTE central office administrators and 2.5 FTE building administrators in FY 2017-18. **Table B-1** shows WLSD'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	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (Thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Supervisor/Manager	2.00	1.85	0.60	1.25	1.35
Coordinator	0.00	0.00	0.31	(0.31)	(0.33)
Director	0.00	0.00	0.32	(0.32)	(0.35)
Other Official/Administrative	0.00	0.00	0.21	(0.21)	(0.23)
Total	2.00	1.85	1.44	0.41	0.44

Source: WLSD and primary peers

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

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

As shown in **Table B-1**, WLSD employs 0.44 more FTE central office administrators in total than the primary peer average. The District has higher staffing in the supervisor/manager

¹³ The individual positions within each staffing category in **Chart 1** are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

category. Administrative staff, however, is compared in the total due to the similarities and flexibility in coding these positions in EMIS. While WLS D employs more than the primary peer average in total, it is less than 0.5 FTE, therefore no recommendation is warranted

Building Administrators

Table B-2 shows WLS D'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 and Buildings	WLS D		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Buildings ²	3.0		2.7	0.3	
Position	WLS D		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Assistant Principal	0.00	0.00	0.11	(0.11)	(0.12)
Principal	2.50	2.32	2.63	(0.31)	(0.33)
Total	2.50	2.32	2.74	(0.42)	(0.45)

Source: WLS D and primary peers

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

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

As shown in **Table B-2**, WLS D employs fewer building administrator staff than the primary peers.

Central Office Clerical

Table B-3 shows WLSD's FY 2017-18 central office clerical 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: Central Office Clerical Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Clerical	3.00	2.78	1.37	1.41	1.52
Bookkeeping	0.00	0.00	0.49	(0.49)	(0.53)
Other Office/Clerical	1.00	0.93	0.21	0.72	0.78
Total	4.00	3.71	2.07	1.64	1.77

Source: WLSD, ODE, and primary peers

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

² 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**, WLSD employs 1.77 FTE more central office clerical staff than the primary peer average. However, the EMIS Coordinator position is currently vacant. The District is considering shifting these duties to another employee. The remaining 0.5 FTE is subsidized by duties of a part-time Administrative Assistant as the fiscal agent for the Portage County Health Consortium.

Teaching Staff

Table B-4 shows WLSD'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-4: Teaching Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
General Education	49.72	46.08	44.20	1.88	2.03
Gifted and Talented	0.00	0.00	0.16	(0.16)	(0.17)
Career-Technical Programs/Career Pathways	0.00	0.00	1.08	(1.08)	(1.17)
K-8 Art Education	1.00	0.93	0.94	(0.01)	(0.01)
K-8 Music Education	0.78	0.72	1.29	(0.57)	(0.62)
K-8 Physical Education	1.00	0.93	0.97	(0.04)	(0.04)

Source: WLSD and primary peers

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

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

As shown in **Table B-4**, WLSD employs fewer FTE teaching staff than the primary peer average for gifted and talented, career-technical programs/career pathways, K-8 art education, K-8 music education, and K-8 physical education categories. WLSD employs more FTE teaching staff than the primary peer average for the general education categories.

Analysis of the teaching staff that resulted in a recommendation includes the elimination of 2.0 FTE general education positions (see **R.3**).

Non-Teaching Educational Staff

Table B-5 shows WLSD's FY 2017-18 non-teaching educational 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-5: Non-Teaching Educational Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Curriculum Specialist	0.00	0.00	0.11	(0.11)	(0.12)
Counseling	2.00	1.85	1.37	0.48	0.52
Remedial Specialist	0.00	0.00	1.66	(1.66)	(1.79)
Tutor/Small Group Instructor	4.62	4.28	0.40	3.88	4.19
Teacher Mentor/Evaluator	0.00	0.00	0.01	(0.01)	(0.01)
Other Educational	1.00	0.93	0.74	0.19	0.21

Source: WLSD and primary peers

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

² 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**, WLSD employs fewer non-teaching educational staff than the primary peer average in the curriculum specialist, remedial specialist, and teacher mentor/evaluator categories. Categories with higher non-teaching educational staff were the tutor/small group instructor and the other educational categories. Although the tutor/small group instructor category is higher than the primary peer average, all 4.62 FTEs are paid through Title I – Disadvantaged Children/Targeted Assistance federal funds, therefore, no recommendation is warranted.

Analysis of the non-teaching educational staff that resulted in a recommendation includes the elimination of 0.5 FTE counseling position (see **R.4**).

Professional Staff

Table B-6 shows WLSD's FY 2017-18 professional 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: Professional Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Accounting	0.00	0.00	0.21	(0.21)	(0.23)
Dietitian/Nutritionist	0.00	0.00	0.11	(0.11)	(0.12)
Psychologist	0.10	0.09	0.11	(0.02)	(0.02)
Social Work	0.00	0.00	0.32	(0.32)	(0.35)
Other Professional – Other	0.00	0.00	0.11	(0.11)	(0.12)

Source: WLSD and primary peers

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

² 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**, WLSD employs fewer professional staff than the primary peers in every category.

Technical Staff

Table B-7 shows WLSD'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-7: Technical Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Computer Operating	0.00	0.00	0.50	(0.50)	(0.54)
Computer Programming	0.00	0.00	0.11	(0.11)	(0.12)
Other Technical	0.50	0.46	0.11	0.35	0.38

Source: WLSD and primary peers

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

² 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**, WLSD employs fewer technical staff than the primary peers in the computer operating and computer programming categories. Although WLSD employs more than the primary peer average in the other technical category, it is less than 0.5 FTE; therefore, no recommendation is warranted.

Library Staff

Table B-8 shows WLSD’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-8: Library Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Librarian/Media	0.00	0.00	0.20	(0.20)	(0.22)
Library Aide	1.43	1.33	1.13	0.20	0.22
Total	1.43	1.33	1.33	0.00	0.00

Source: WLSD and primary peers

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

² 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-8**, WLSD employs similar library staff as the primary peers.

Nursing Staff

Table B-9 shows WLSD’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 B-9: Nursing Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Registered Nursing	1.00	0.93	0.42	0.51	0.55
Practical Nursing	0.00	0.00	0.11	(0.11)	(0.12)
Total	1.00	0.93	0.53	0.40	0.43

Source: WLSD and primary peers

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

² 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**, although WLSD employs more than the primary peer average in the nursing category, it is less than 0.5 FTE; therefore, no recommendation is warranted.

Classroom Support Staff

Table B-10 shows WLSD'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

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Instructional Paraprofessional	0.00	0.00	1.59	(1.59)	(1.72)
Teaching Aide	0.00	0.00	2.38	(2.38)	(2.57)
Total	0.00	0.00	3.97	(3.97)	(4.28)

Source: WLSD and primary peers

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

² 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**, WLSD employs fewer classroom support staff than the primary peers.

Extracurricular/Intracurricular Staff

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

Table B-11: Extracurricular/Intracurricular Staff Comparison

Students	WLSD		Primary Peer Avg.	Difference	
Students Educated ¹	1,079		1,055	24	
Students Educated (thousands)	1.079		1.055	0.024	
Position	WLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Other Extra/Intra - Curricular Activities	0.00	0.00	0.11	(0.11)	(0.12)

Source: WLSD and primary peers

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

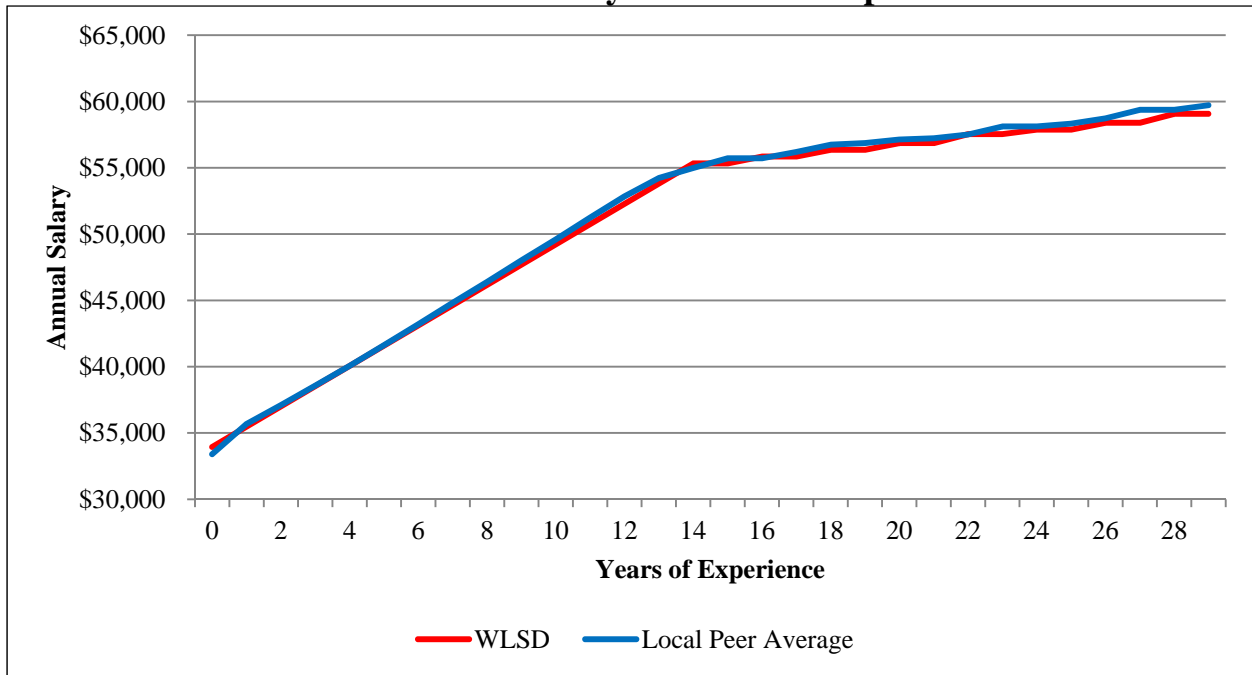
² Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-11**, WLSD employs fewer extracurricular/intracurricular staff than the primary peers.

Salaries and Compensation

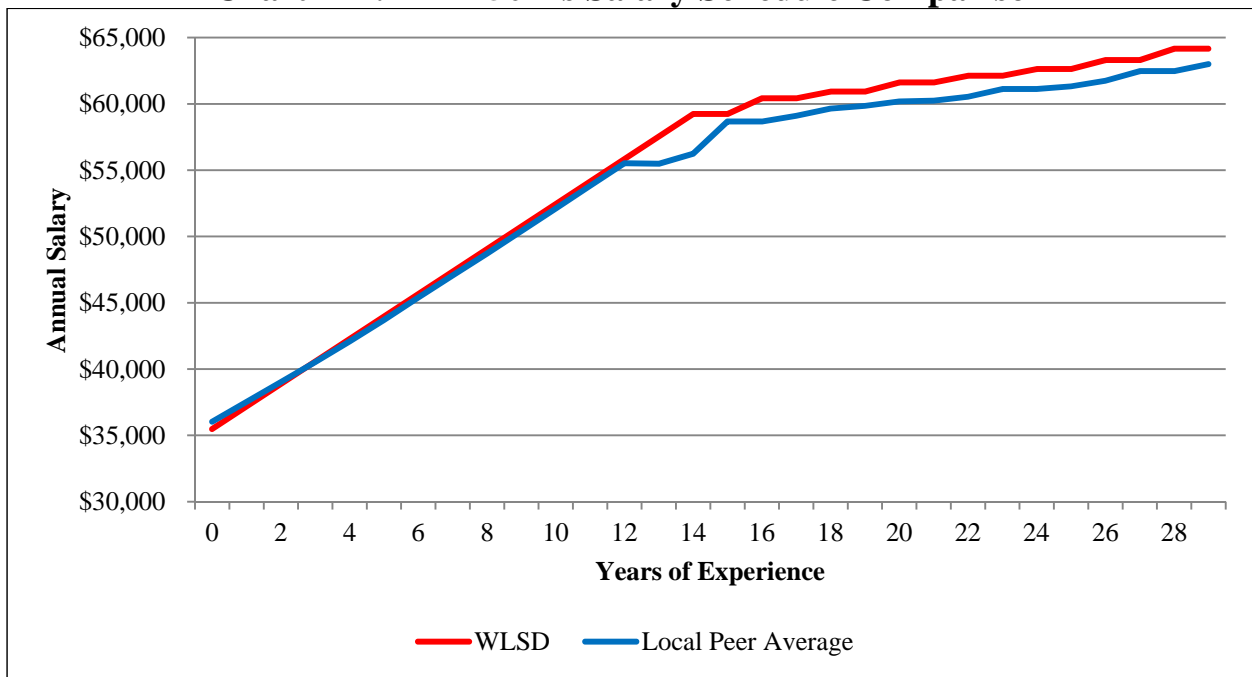
Chart B-1 through **Chart B-9** show comparisons of WLSD's certificated and classified salary schedules to the local peer averages for FY 2017-18. It is important to examine the beginning salaries and steps in the pay schedule to identify the cause of any variation relative to the local peer districts.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

Chart B-1: BA Salary Schedule Comparison



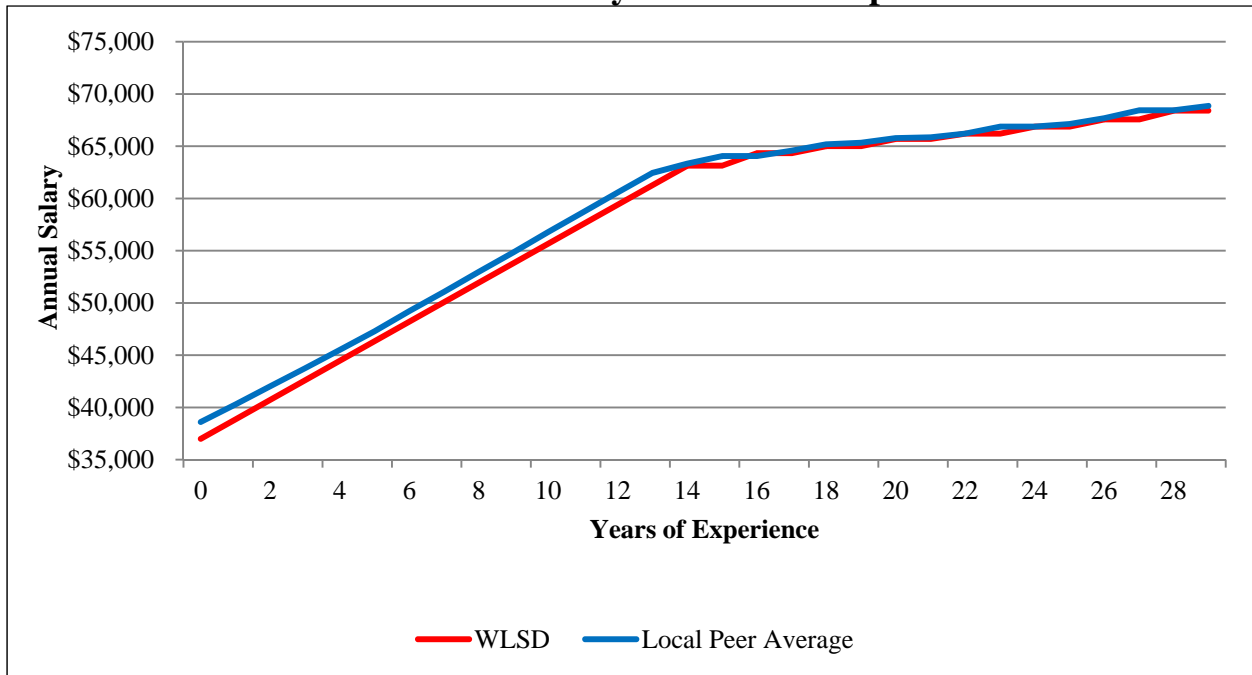
Source: WLSD and local peers

Chart B-2: BA+150hrs Salary Schedule Comparison



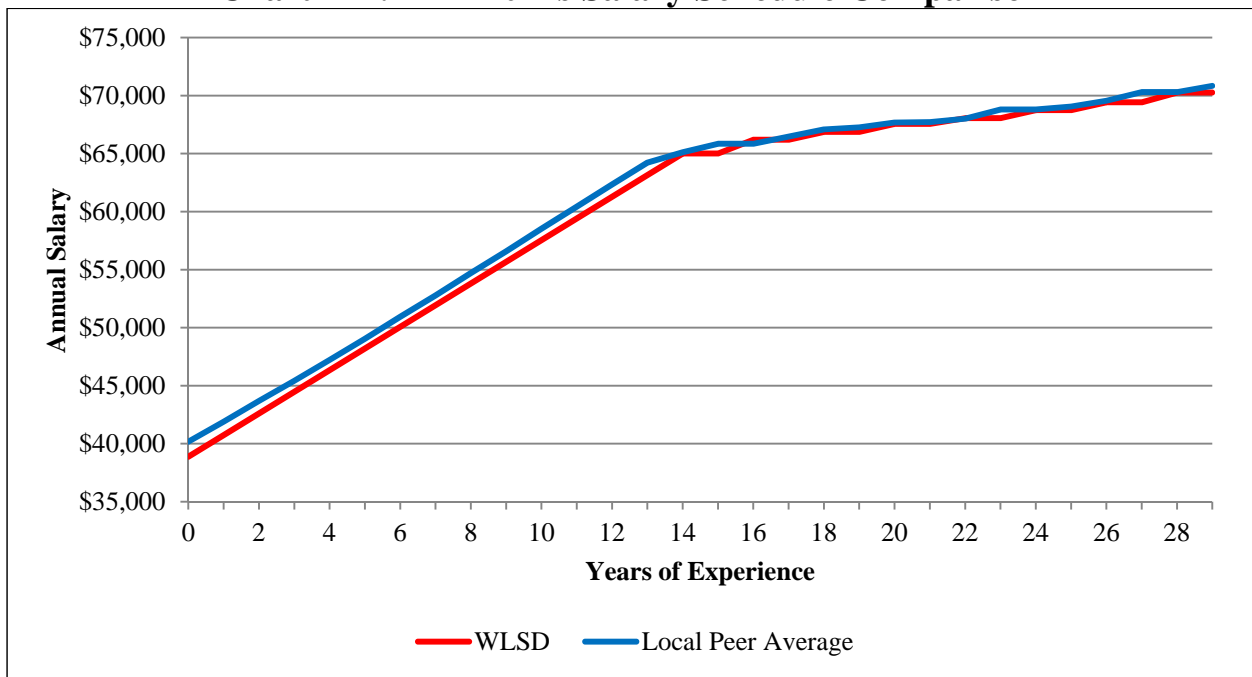
Source: WLSD and local peers

Chart B-3: MA Salary Schedule Comparison



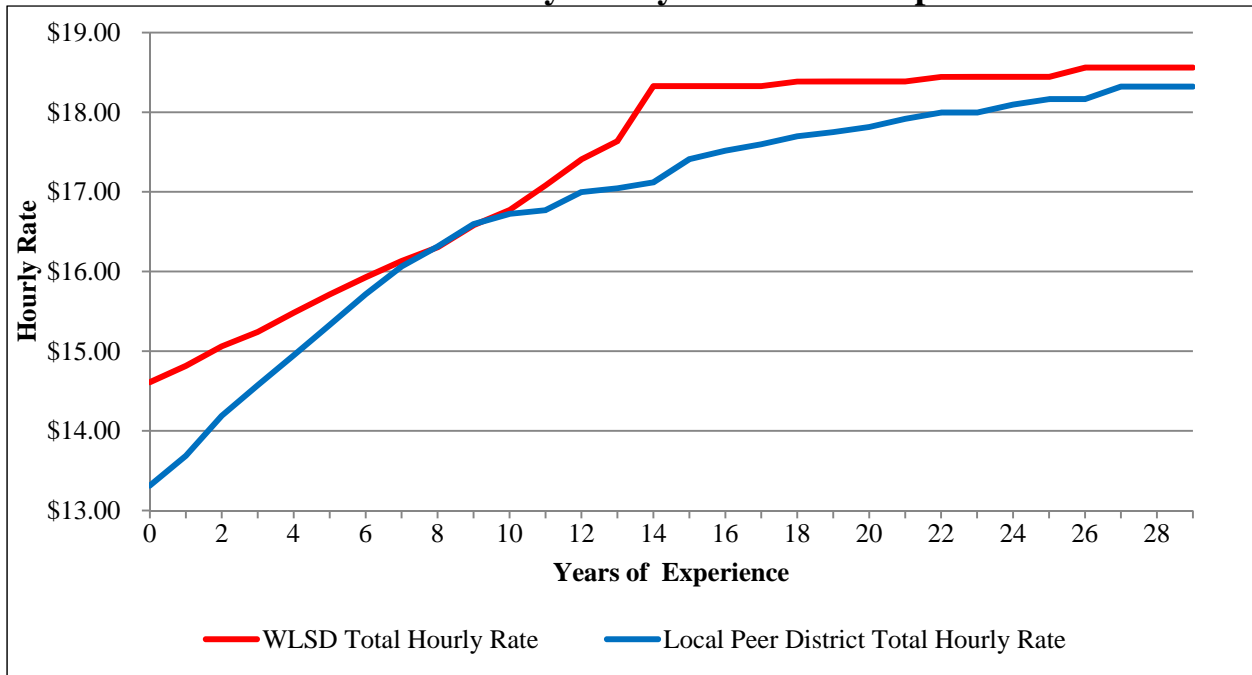
Source: WLSD and local peers

Chart B-4: MA+20hrs Salary Schedule Comparison



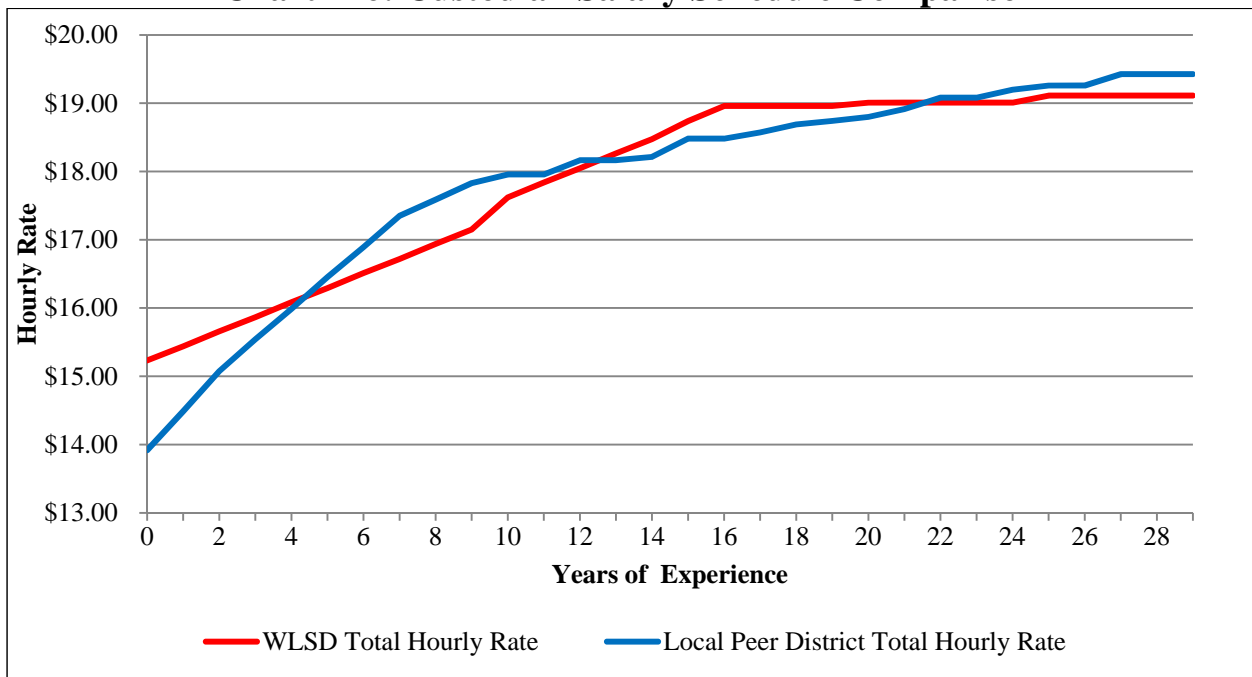
Source: WLSD and local peers

Chart B-5: Secretary Salary Schedule Comparison



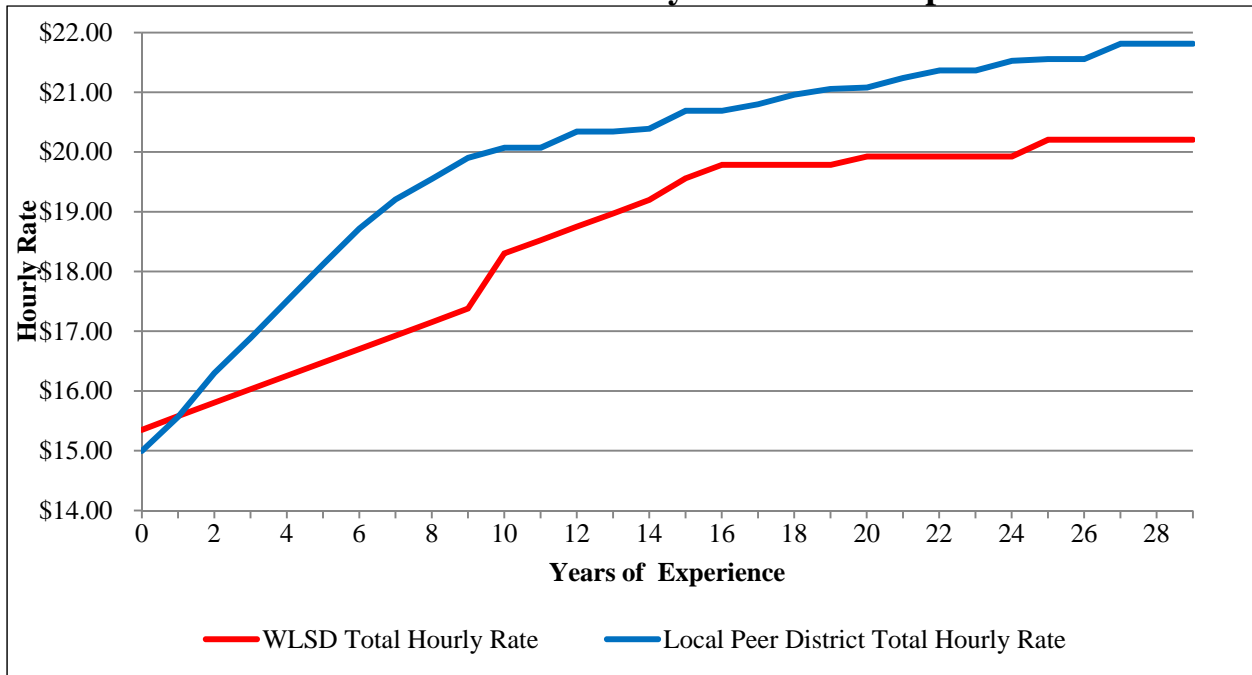
Source: WLSD and local peers

Chart B-6: Custodian Salary Schedule Comparison



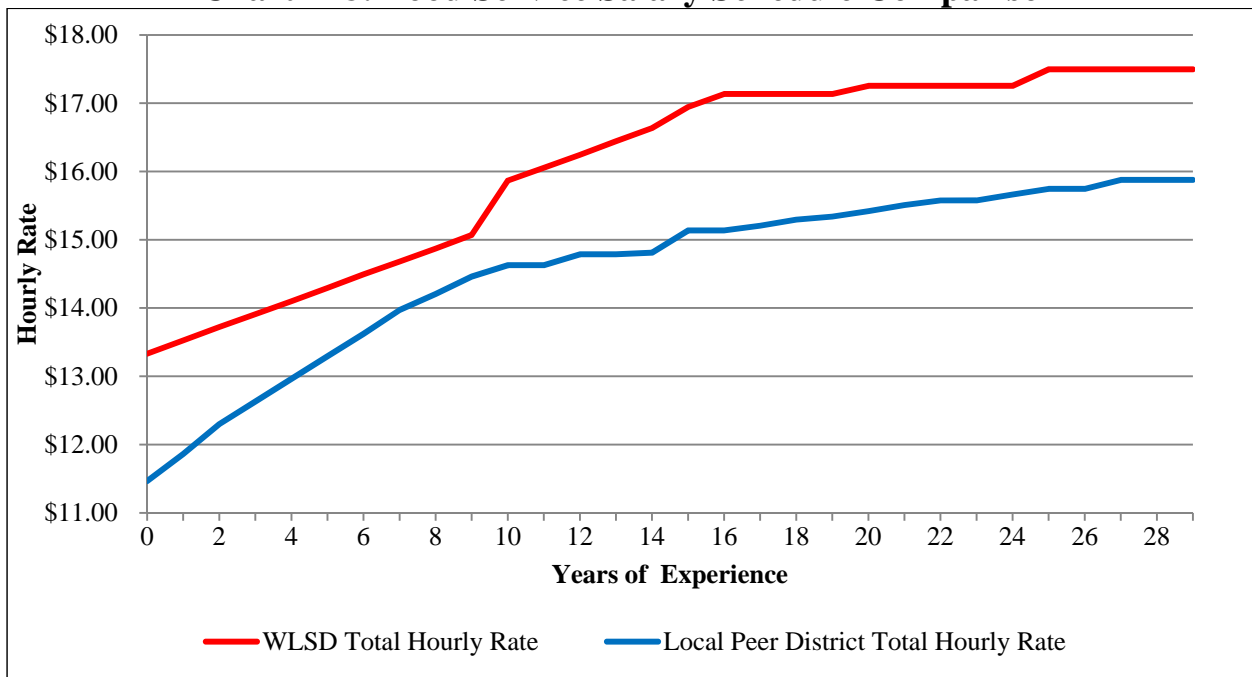
Source: WLSD and local peers

Chart B-7: Bus Driver Salary Schedule Comparison



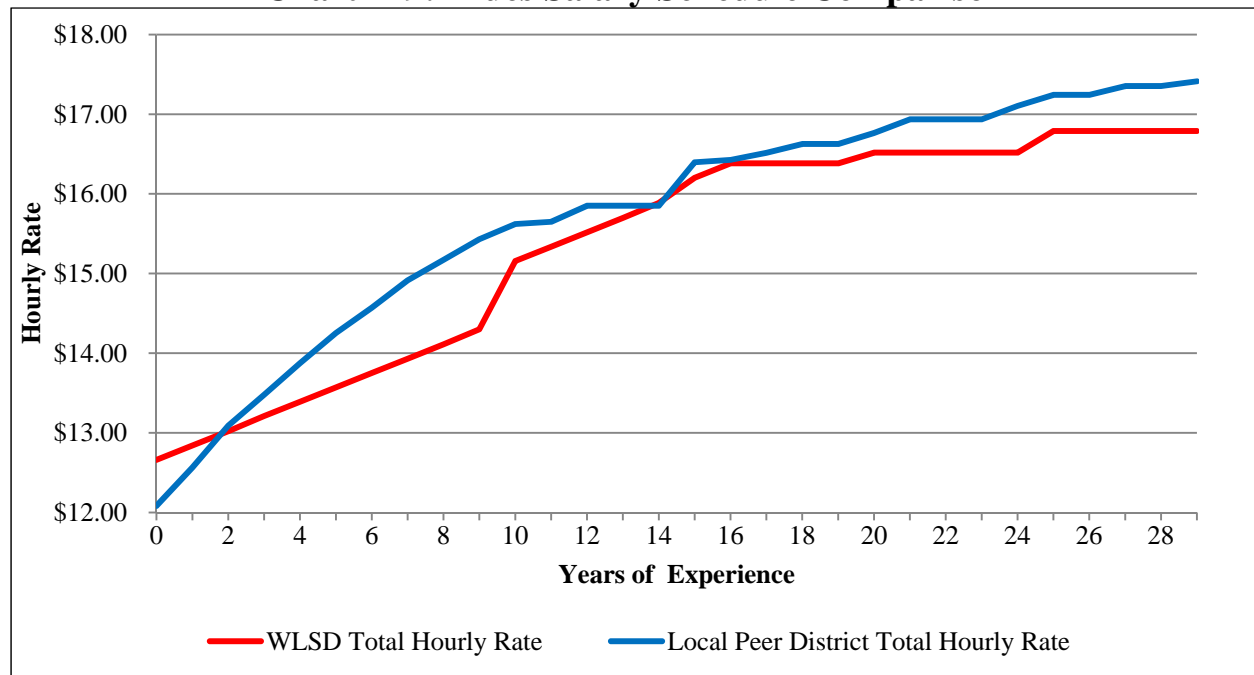
Source: WLSD and local peers

Chart B-8: Food Service Salary Schedule Comparison



Source: WLSD and local peers

Chart B-9: Aides Salary Schedule Comparison



Source: WLSD and local peers

As shown in **Chart B-1** through **Chart B-9**, the positions of BA+150, Secretary and Food Service have a higher salary or wage schedule when compared to the local peer average. All other positions are either in-line or below the local peers for the duration of the salary schedule. In order to partially address the forecasted deficit, a base and step salary freeze is proposed as an option in **R.10**.

Sick Leave Severance

Table B-12, 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.2**). This analysis provides an indication of the District’s current maximum sick leave severance exposure compared to the minimum levels required.

Table B-12: Difference between ORC and WLS D for Severance Liability

Certificated Employees						
	Final Daily Rate of Pay	CBA Maximum Severance Days	Maximum Payout	ORC Minimum	Pay Out at ORC	Difference
BA	\$324.53	90	\$29,207.70	30	\$9,735.90	\$19,471.80
BA+150	\$352.51	90	\$31,725.90	30	\$10,575.30	\$21,150.60
MA	\$375.82	90	\$33,823.80	30	\$11,274.60	\$22,549.20
MA+20	\$386.08	90	\$34,747.20	30	\$11,582.40	\$23,164.80
Average Difference						\$21,584.10
Classified Employees - TIER I						
Bus (CDL) Driver	\$94.80	90	\$8,532.00	30	\$2,844.00	\$5,688.00
Van (non-CDL) Driver	\$71.44	90	\$6,429.60	30	\$2,143.20	\$4,286.40
Cafeteria-Head Cook	\$105.69	90	\$9,512.00	30	\$3,170.70	\$6,341.40
Cafeteria-Cook/Breakfast Cook	\$104.36	90	\$9,392.40	30	\$3,130.80	\$6,261.60
Cafeteria-Dishwasher/Server	\$97.95	90	\$8,815.50	30	\$2,938.50	\$5,877.00
Head Custodian	\$164.40	90	\$14,796.00	30	\$4,932.00	\$9,864.00
Custodian	\$150.40	90	\$13,536.00	30	\$4,512.00	\$9,024.00
Head Mechanic	\$171.84	90	\$15,465.60	30	\$5,155.20	\$10,310.40
Mechanic	\$164.56	90	\$14,810.40	30	\$4,936.80	\$9,873.60
Librarian/Educational/Bus Driver/Supervisory	\$106.91	90	\$9,621.90	30	\$3,207.30	\$6,414.60
Cashier/Cafeteria Assistant	\$99.09	90	\$8,918.10	30	\$2,972.70	\$5,945.40
Average Difference						\$7,262.40
Classified Employees - TIER II						
Bus (CDL) Driver	\$94.75	90	\$8,527.50	30	\$2,842.50	\$5,685.00
Van (non-CDL) Driver	\$71.44	90	\$6,429.60	30	\$2,143.20	\$4,286.40
Cafeteria-Head Cook	\$105.12	90	\$9,460.80	30	\$3,153.60	\$6,307.20
Cafeteria-Cook/Breakfast Cook	\$104.04	90	\$9,363.60	30	\$3,121.20	\$6,242.40
Cafeteria-Dishwasher/Server	\$97.76	90	\$8,798.40	30	\$2,932.80	\$5,865.60
Head Custodian	\$163.28	90	\$14,695.20	30	\$4,898.40	\$9,796.80
Custodian	\$149.20	90	\$13,428.00	30	\$4,476.00	\$8,952.00
Head Mechanic	\$170.64	90	\$15,357.60	30	\$5,119.20	\$10,238.40
Mechanic	\$163.36	90	\$14,702.40	30	\$4,900.80	\$9,801.60
Librarian/Educational/Bus Driver/Supervisory	\$106.50	90	\$9,585.00	30	\$3,195.00	\$6,390.00
Cashier/Cafeteria Assistant	\$98.71	90	\$8,883.90	30	\$2,961.30	\$5,922.60
Average Difference						\$7,226.18

Source: WLS D

As shown in **Table B-12**, WLS D 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.

Facilities

Table B-13 shows the District's FY 2017-18 facilities staffing compared to industry benchmarks established by the National Center for Educational Statistics¹⁴ (NCES) and American School and University¹⁵ (AS&U). It is important to compare and monitor staffing using workload measure in order to determine proper staffing levels and maintain efficiency.

Table B-13: Building & Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	0.0
Acreage Maintained	53.6
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	1.3
Grounds FTEs Above/(Below) Benchmark	(1.3)
Custodial Staffing	
Custodial FTEs	6.6
Square Footage Cleaned	204,068
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	6.9
Custodial FTEs Above/(Below) Benchmark	(0.3)
Maintenance Staffing	
Maintenance FTEs	0.0
Square Footage Maintained	204,068
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	2.2
Maintenance FTEs Above/(Below) Benchmark	(2.2)
Total Buildings & Grounds Staffing	
Total FTEs Employed	6.6
Total Benchmarked Staffing Need	10.4
Total FTEs Above/(Below) Benchmark	(3.8)

Source: WLSA, NCES, and AS&U

As shown in **Table B-13**, WLSA's building and grounds staffing is lower than the benchmarks.

Extracurricular Activities

Table B-14 shows WLSA's FY 2016-17 extracurricular activities net cost, General Fund subsidy in total and per pupil compared to 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

¹⁴ 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.

¹⁵ The AS&U is a trade organization focused on school facility management which published school facility management related survey data collected during the period of 2005 to 2009.

expenditures that the District has the most direct control over as well as the portion of expenditures that actually affects the five-year forecast.

Table B-14: Student Extracurricular Activity Net Cost Comparison

	WLSD			Local Peer Average
Students ¹	1,080			1,499
Activity Type	Revenue	Expenditure	Net Cost	
Academic Oriented	\$960	\$22,719	(\$21,759)	
Occupation Oriented	\$0	\$0	(\$7,175)	
Sport Oriented	\$73,753	\$285,871	(\$212,118)	
School & Public Service Co-Curricular	\$0	\$45,849	(\$43,989)	
Bookstore Sales	\$0	N/A	\$109	
Other Extracurricular	\$0	N/A	\$36,487	
Non-specified ²	\$151,187	N/A	\$57,997	
Total	\$225,900	\$354,439	(\$128,539)	
Total GRF Direct Revenue				
			\$46,304.00	\$7,560.52
Total GRF Direct Expenditures				
			\$225,627.59	\$387,044.16
Total GRF Transfers ³				
			\$31,860.52	\$186.78
Total GRF Subsidy of Extracurricular Activities			\$211,184.11	\$379,670.42
Total GRF Subsidy of Extracurricular Activities per Pupil				
			\$195.54	\$253.28
Total Difference in GRF Subsidy to Local Peer Average			(\$62,359.20)	
Remaining GRF Subsidy			\$211,184.11	

Source: WLSD, local peers, ODE

¹ Student enrollment data is from FY 2016-17.

² Non-specified represents revenues and expenditures that were not coded to a specific activity type.

³ These transfers are from the General Fund to the District Managed Student Activity Fund

As shown in **Table B-14**, WLSD's General Fund subsidy of extracurricular activities was approximately \$211,100 in FY 2016-17, equating to \$195.54 per pupil. This was \$57.74, or 22.8 percent, less per pupil than the local peer average.

Appendix C: Five-Year Forecasts

Chart C-1 shows WLSD’s October 2017 Five-Year Forecast and **Chart C-2** shows the District’s May 2018 Five-Year Forecast.

Chart C-1: WLSD October 2017 Five-Year Forecast

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	3,842,065	3,879,757	3,973,709	3,968,126	3,497,591	3,027,057	3,027,057	3,027,057
1.020 Tangible Personal Property Tax	49							
1.035 Unrestricted Grants-in-Aid	5,885,258	5,913,470	5,856,258	5,817,012	5,817,012	5,817,012	5,817,012	5,817,012
1.040 Restricted Grants-in-Aid	144,545	101,083	117,732	103,783	103,783	103,783	103,783	103,783
1.050 Property Tax Allocation	605,189	600,682	597,507	596,664	596,664	596,664	596,664	596,664
1.060 All Other Operating Revenue	711,759	885,645	738,643	742,183	742,183	735,487	735,487	735,487
1.070 Total Revenue	11,188,865	11,380,637	11,283,849	11,227,768	10,757,233	10,280,003	10,280,003	10,280,003
2.050 Advances-In	14,829	39,184	462,591	348,134	45,000	45,000	45,000	45,000
2.060 All Other Financial Sources	32,255	136,745	17,706	17,706	17,706	17,706	17,706	17,706
2.070 Total Other Financing Sources	47,084	175,929	480,297	365,840	62,706	62,706	62,706	62,706
2.080 Total Revenues and Other Financing Sources	11,235,949	11,556,566	11,764,146	11,593,608	10,819,939	10,342,709	10,342,709	10,342,709
3.010 Personnel Services	5,633,905	5,703,124	5,957,990	5,851,518	5,932,962	6,090,562	6,227,587	6,439,374
3.020 Employees' Retirement/Insurance Benefits	2,179,950	2,195,449	2,385,865	2,317,281	2,474,367	2,666,146	2,868,532	3,102,614
3.030 Purchased Services	2,685,533	2,597,780	2,817,967	2,891,234	2,999,655	3,112,143	3,228,848	3,349,930
3.040 Supplies and Materials	362,509	304,228	304,130	330,095	330,095	330,095	330,095	330,095
3.050 Capital Outlay	71,031	61,522	30,603	50,000	50,000	136,000	50,000	136,000
4.050 Debt Service: Principal - HB 264 Loans	76,000	79,000	82,000	85,000	89,000	92,000	96,000	100,000
4.060 Debt Service: Interest and Fiscal Charges	39,440	36,340	33,120	31,269	27,615	23,814	19,866	15,750
4.300 Other Objects	253,078	142,663	142,716	142,663	142,663	142,663	142,663	142,663
4.500 Total Expenditures	11,301,446	11,120,106	11,754,391	11,699,060	12,046,357	12,593,423	12,963,591	13,616,426
5.010 Operational Transfers - Out	24,963	21,088	31,861	0	0	0	0	0
5.020 Advances - Out	39,184	462,591	348,134	45,000	45,000	45,000	45,000	45,000
5.030 All Other Financing Uses	0	2,172	0	0	0	0	0	0
5.040 Total Other Financing Uses	64,147	485,851	379,995	45,000	45,000	45,000	45,000	45,000
5.050 Total Expenditure and Other Financing Uses	11,365,593	11,605,957	12,134,386	11,744,060	12,091,357	12,638,423	13,008,591	13,661,426
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(129,644)	(49,391)	(370,240)	(150,452)	(1,271,418)	(2,295,714)	(2,665,882)	(3,318,717)
7.010 Beginning Cash Balance	1,880,877	1,751,233	1,701,842	1,331,602	1,181,150	(90,268)	(2,385,982)	(5,051,864)
7.020 Ending Cash Balance	1,751,233	1,701,842	1,331,602	1,181,150	(90,268)	(2,385,982)	(5,051,864)	(8,370,581)
8.010 Outstanding Encumbrances	545,834	523,073	859,207	481,457	481,457	481,457	481,457	481,457
10.010 Fund Balance June 30 for Certification of Appropriations	1,205,399	1,178,769	472,395	699,693	(571,725)	(2,867,439)	(5,533,321)	(8,852,038)
11.020 Property Tax - Renewal or Replacement	0	0	0	0	470,535	941,069	941,069	941,069
11.300 Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	470,535	1,411,604	2,352,673	3,293,742
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	1,205,399	1,178,769	472,395	699,693	(101,190)	(1,455,835)	(3,180,648)	(5,558,296)
13.020 Property Tax - New	0	0	0	675,032	1,350,063	1,350,063	1,350,063	1,350,063
13.030 Cumulative Balance of New Levies	0	0	0	675,032	2,025,095	3,375,158	4,725,221	6,075,284
15.010 Unreserved Fund Balance June 30	1,205,399	1,178,769	472,395	1,374,725	1,923,905	1,919,323	1,544,573	516,988

Source: WLSD and ODE

Chart C-2: WLS D May 2018 Five-Year Forecast

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	3,842,065	3,879,757	3,973,709	3,968,126	3,498,348	3,028,569	3,028,569	3,028,569
1.020 Tangible Personal Property Tax	49							
1.035 Unrestricted Grants-in-Aid	5,885,258	5,913,470	5,856,258	5,888,708	5,817,012	5,817,012	5,817,012	5,817,012
1.040 Restricted Grants-in-Aid	144,545	101,083	117,732	103,783	103,783	103,783	103,783	103,783
1.050 Property Tax Allocation	605,189	600,682	597,507	596,664	596,664	596,664	596,664	596,664
1.060 All Other Operating Revenue	711,759	885,645	738,643	872,629	702,326	702,326	702,326	702,326
1.070 Total Revenue	11,188,865	11,380,637	11,283,849	11,429,910	10,718,133	10,248,354	10,248,354	10,248,354
2.050 Advances-In	14,829	39,184	462,591	348,134	45,000	45,000	45,000	45,000
2.060 All Other Financial Sources	32,255	136,745	17,706	17,706	17,706	17,706	17,706	17,706
2.070 Total Other Financing Sources	47,084	175,929	480,297	365,840	62,706	62,706	62,706	62,706
2.080 Total Revenues and Other Financing Sources	11,235,949	11,556,566	11,764,146	11,795,750	10,780,839	10,311,060	10,311,060	10,311,060
3.010 Personnel Services	5,633,905	5,703,124	5,957,990	5,851,518	5,768,625	5,920,848	6,053,996	6,259,604
3.020 Employees' Retirement/Insurance Benefits	2,179,950	2,195,449	2,385,865	2,317,281	2,396,984	2,615,574	2,814,754	3,044,978
3.030 Purchased Services	2,685,533	2,597,780	2,817,967	2,891,234	2,999,655	3,112,143	3,228,848	3,349,930
3.040 Supplies and Materials	362,509	304,228	304,130	300,000	330,095	330,095	330,095	330,095
3.050 Capital Outlay	71,031	61,522	30,603	33,000	136,000	50,000	136,000	50,000
4.050 Debt Service: Principal - HB 264 Loans	76,000	79,000	82,000	85,000	89,000	92,000	96,000	100,000
4.060 Debt Service: Interest and Fiscal Charges	39,440	36,340	33,120	31,269	27,615	23,814	19,866	15,750
4.300 Other Objects	253,078	142,663	142,716	160,438	160,438	160,438	160,438	160,438
4.500 Total Expenditures	11,301,446	11,120,106	11,754,391	11,669,740	11,908,412	12,304,912	12,839,997	13,310,795
5.010 Operational Transfers - Out	24,963	21,088	31,861					
5.020 Advances - Out	39,184	462,591	348,134	45,000	45,000	45,000	45,000	45,000
5.030 All Other Financing Uses		2,172						
5.040 Total Other Financing Uses	64,147	485,851	379,995	45,000	45,000	45,000	45,000	45,000
5.050 Total Expenditure and Other Financing Uses	11,365,593	11,605,957	12,134,386	11,714,740	11,953,412	12,349,912	12,884,997	13,355,795
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	(129,644)	(49,391)	(370,240)	81,010	(1,172,573)	(2,038,852)	(2,573,937)	(3,044,735)
7.010 Beginning Cash Balance	1,880,877	1,751,233	1,701,842	1,331,602	1,412,612	240,039	(1,798,813)	(4,372,750)
7.020 Ending Cash Balance	1,751,233	1,701,842	1,331,602	1,412,612	240,039	(1,798,813)	(4,372,750)	(7,417,485)
8.010 Outstanding Encumbrances	545,834	523,073	859,207	481,457	481,457	481,457	481,457	481,457
10.010 Fund Balance June 30 for Certification of Appropriations	1,205,399	1,178,769	472,395	931,155	(241,418)	(2,280,270)	(4,854,207)	(7,898,942)
11.020 Property Tax - Renewal or Replacement					469,779	939,557	939,557	939,557
11.300 Cumulative Balance of Replacement/Renewal Levies					469,779	1,409,336	2,348,893	3,288,450
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	1,205,399	1,178,769	472,395	931,155	228,361	(870,935)	(2,505,315)	(4,610,493)
13.020 Property Tax - New					821,043	1,642,086	1,642,086	1,642,086
13.030 Cumulative Balance of New Levies					821,043	2,463,129	4,105,215	5,747,301
15.010 Unreserved Fund Balance June 30	1,205,399	1,178,769	472,395	931,155	1,049,404	1,592,195	1,599,901	1,136,809

Source: WLS D 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.



July 12, 2018

Mr. David Yost
Auditor of the State
88 East Broad Street
Fifth Floor
Columbus, Ohio 43215-3506

To Auditor of State Yost:

The Waterloo Local School District Board of Education and administration would like to thank you for conducting our performance audit. Your staff was thorough and detail oriented throughout the process. The audit also confirmed that the Waterloo Board of Education has been financially responsible in providing quality educational programming for the children of the Waterloo Community.

The audit provided us a variety of interesting information and recommendations for the district to consider. We appreciate your office for providing those recommendations regarding staffing, budgeting, negotiations, and transportation. The school board will review your recommendations in the spirit of seeking ways to improve the overall efficiency of the district.

The conclusion that our school district has been financially responsible was anticipated. The commendation regarding our shared services with Field Local Schools and our insurance consortium was most appreciated. We will work to implement additional recommended practices where and when appropriate over the oncoming months to help maintain our financial well-being of the Waterloo Local School District.

Sincerely,

Shawn M. Braman Ed. D
Superintendent

Todd B. Carpenter
Treasurer

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Dave Yost • Auditor of State

WATERLOO LOCAL SCHOOL DISTRICT

PORTAGE 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
JULY 31, 2018