

OHIO AUDITOR OF STATE
KEITH FABER



South Euclid-Lyndhurst
City School District

Performance Audit

October 15, 2019

Audit Highlights



» The District has had several five year forecasts which project deficit fund balances. These deficits are projected inconsistently and range from as little as \$5.4 million to as much as \$34.6 million throughout the past 10 forecast periods.

Recommendation Improve the budget process to ensure transparency in financial reporting.

Impact More accurate budgeting and forecasting will allow SELCSD to use resources effectively and efficiently and plan for long term District needs and goals.



» SELCSD currently employs more staff than similar peer districts in several administrative and administrative support roles. These roles include positions such as District wide coordinators, school building administrators, and secretarial staff.

Recommendation Eliminate 26.0 administrative and administrative support positions.

Impact Potential savings of \$2.6 million.



» Declining enrollment has led to underutilization of current school building facilities. The current trend in enrollment indicates that the District can close one elementary school and will not experience overcrowding issues.

Recommendation Consider closing an elementary school.

Impact Potential savings of \$2.0 million.



» The District has purchased new buses in each of the past several years without a data-driven replacement plan. During the course of the audit, District officials issued a purchasing freeze for the current year.

Recommendation Develop a formal, data driven bus replacement plan in order to identify future transportation needs.

Impact \$255,000 in FY 2019-20, additional savings could be realized depending on future purchasing decisions.

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To the South Euclid-Lyndhurst City School District community,

The Auditor of State's Office recently completed a performance audit for the South Euclid-Lyndhurst City School District (the District). The District was selected for a performance audit based on its projected financial condition. This review was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. The performance audit has been provided at no cost to the District through state funds set aside to provide analyses for districts that meet certain criteria, including conditions that would lead to fiscal distress.

This performance audit report contains recommendations, supported by detailed analysis, 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 recommendations contained in the report and to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report.

This data-driven analysis of operations will assist in providing the District a path to fiscal sustainability. Additional resources related to performance audits are available on the Ohio Auditor of State's website.

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,

Keith Faber
Auditor of State
October 15, 2019

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Citizens Summary

Purpose of the Audit

The Ohio Auditor of State (AOS), with input from the Ohio Department of Education (ODE) has the authority to conduct performance audits for school districts which exhibit signs of fiscal distress. As a result of the May 2019 five-year forecast, AOS determined that South Euclid-Lyndhurst City School District (SELCSO or the District) would benefit from a performance audit. The purpose of the audit is to improve the financial condition of SELCSO through an objective assessment of economy, efficiency, and transparency of the District's operations and management.

Background

SELCSO is located in Cuyahoga County and serves parts of both the City of South Euclid and the City of Lyndhurst. The District is 9 square miles and has median income of \$38,527.¹ In FY 2018-19 the District had 3,295 students enrolled; the student population was 84 percent minority and 55.8 percent of all students were considered economically disadvantaged. The most recent five-year forecast is one of several which identify significant future deficits for the District.

Table 1 shows SELCSO's total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balance as projected in the District's May 2019 five-year forecast.

Table 1: SELCSO Financial Condition Overview (May 2019)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Total Revenue	\$59,630,500	\$59,670,000	\$59,460,000	\$59,360,000	\$59,260,000
Total Expenditure	\$62,713,000	\$66,022,000	\$67,534,000	\$69,839,000	\$71,869,000
Results of Operations	(\$3,082,500)	(\$6,352,000)	(\$8,074,000)	(\$10,479,000)	(\$12,609,000)
Beginning Cash Balance	\$16,929,615	\$13,847,115	\$7,495,115	(\$578,885)	(\$11,057,885)
Ending Cash Balance	\$13,847,115	\$7,495,115	(\$578,885)	(\$11,057,885)	(\$23,666,885)
Encumbrances	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Ending Fund Balance	\$13,247,115	\$6,895,115	(\$1,178,885)	(\$11,657,885)	(\$24,266,885)

Source: SELCSO and ODE

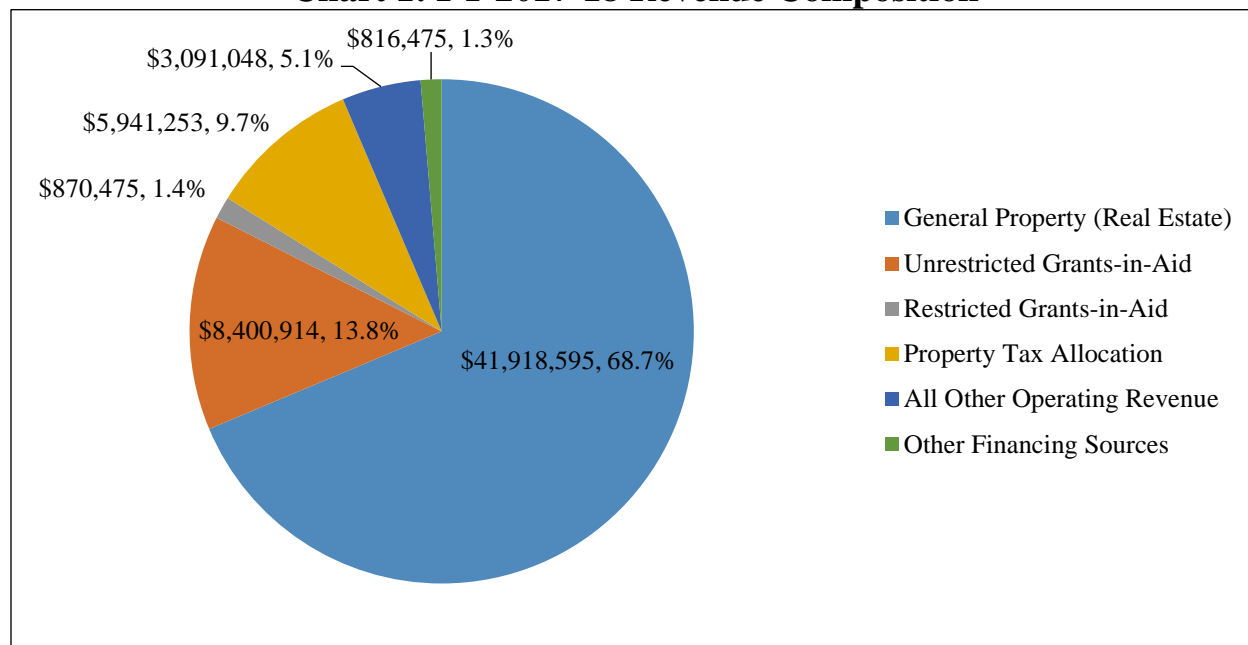
As shown in **Table 1**, beginning in FY 2020-21, the District projects a deficit balance. This deficit condition is a direct result of projected expenditures continuing to outpace revenues and

¹ The median income, as provided by ODE, is the median income of the residents of the school districts as reported by the Ohio Department of Taxation. For each district this figure represents the Ohio median income of the residents as reflected on their tax returns.

deplete cash balances over the forecast period. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$24.2 million by FY 2022-23.

The District receives funding from multiple sources including State and Federal grants, income tax, and real estate taxes. **Chart 1** provides more information regarding the types and amounts of funding SELCSD received in FY 2017-18.

Chart 1: FY 2017-18 Revenue Composition



Source: SELCSD

As shown in **Chart 1**, SELCSD’s top three revenue sources are General Property taxes, Unrestricted Grants-in-Aid (primarily State foundation funding), and Property Tax Allocation.

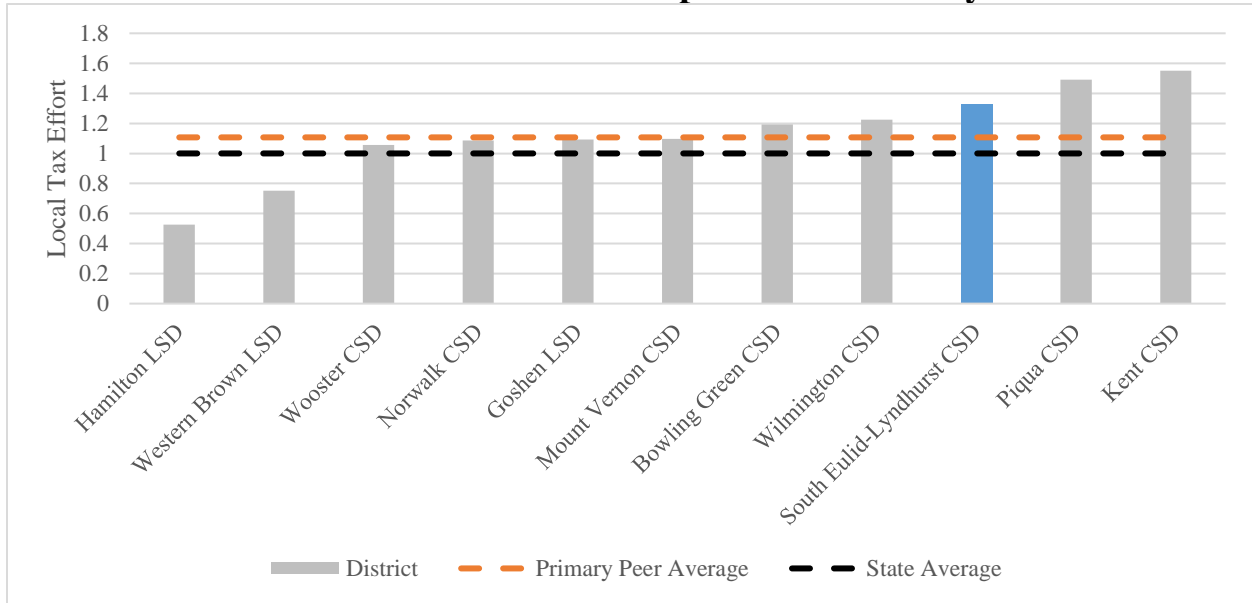
It is important to note that the amount of funding a district can receive from the State is based on a variety of formulas and laws. The formula which determines the amount granted takes into account student enrollment and the property wealth of the district. However, while the formula determines a potential amount to grant districts, these awards may be subject to cap restrictions.² In FY 2017-18, SELCSD was not subject to cap restrictions, and received \$8,668,929 in calculated state funding.

In order to compare taxpayer support between school districts in Ohio, ODE uses the Local Tax Effort Index. This is a means-adjusted index which provides a normalized basis for comparison.

² Provisions of Section 265.220 of Am. Sub. H. B. 49 provide for limiting the foundation funding that is generated through the foundation formula to a limitation base above which the district cannot be paid. The legislation provides that some of the funding components of the foundation formula in FY19 be subject to the limitation while other components are kept outside of the cap.

A local tax effort of 1.0 represents the State-wide average of all school districts. **Chart 2** and **Chart 3** show the District’s local tax effort in comparison to the primary peers and local peers, respectively. This is important for demonstrating the degree to which SELCSD’s operation is supported by local revenue relative to similar districts.

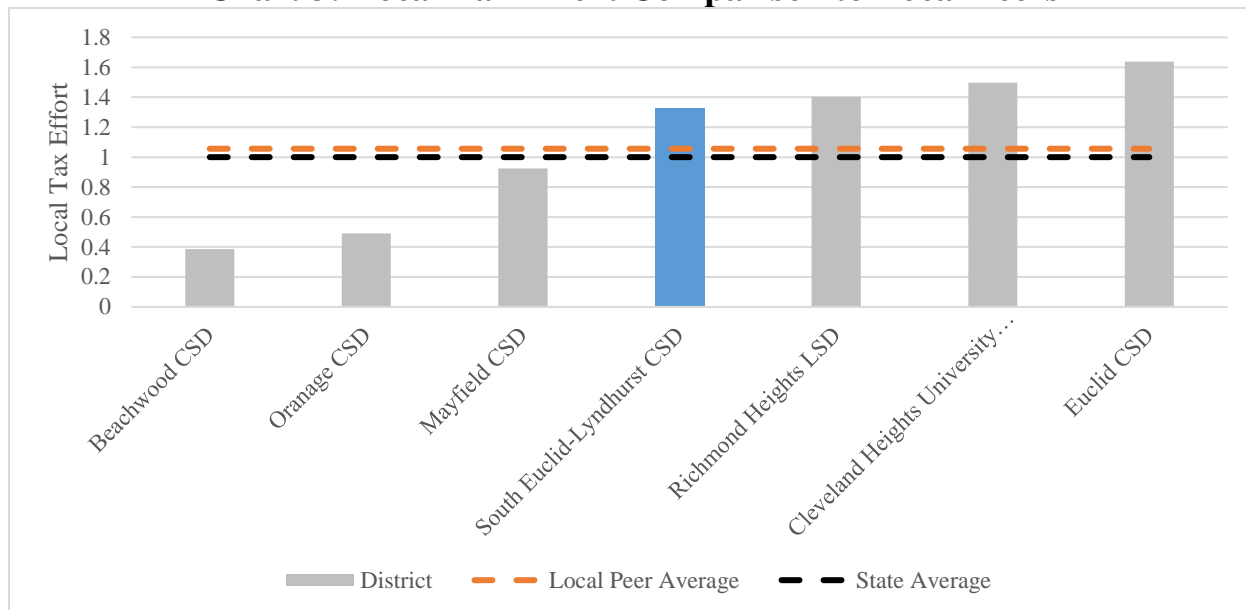
Chart 2: Local Tax Effort Comparison to Primary Peers



Source: ODE

As shown in **Chart 2**, the District’s FY 2017-18 local tax effort was above the primary peer average, signifying that it receives more means-adjusted local taxpayer support than the primary peers.

Chart 3: Local Tax Effort Comparison to Local Peers



Source: ODE

As shown in **Chart 3**, the District’s FY 2017-18 local tax effort was above the local peer average, signifying that it receives more mean-adjusted local taxpayer support than the local peers as well.

Audit Objectives and Methodology

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

Industry benchmarks, best practices, and peer analysis were used by OPT staff to provide data driven recommendations to SELCSD. Three sets of peer districts were selected for comparisons contained in this report:

- **Primary Peers:** Districts with relatively lower per pupil spending, higher academic performance, and similar disadvantaged student populations;
- **Local Peers:** Districts which share a local labor market; and
- **Transportation Peers:** Districts of a similar size in square miles and population density.

Appendix A, Table A-1 identifies the Ohio school districts included in these peer groups and provides additional information regarding how peer districts were chosen and used in audit analysis.

Information regarding the current state of the District was gathered by OPT staff through interviews with SELCSD officials, physical observation of District resources, and the review of state maintained databases. This data was analyzed and compared to appropriate standards to determine areas that the District could reduce expenses in order to address the projected General Fund deficits.

Summary of Recommendations

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

Table 2: Summary of Recommendations

	Recommendations	Savings
Financial Management		
R.1	Improve the budget process to ensure transparency in financial reporting	N/A
R.2	Reduce the General Fund subsidy of extracurricular activities to local peer level	\$101,800
Human Resources		
R.3	Eliminate administrative and administrative support positions above the peer average	\$2,671,400
R.4	Eliminate direct student education and support positions above the peer average	\$3,054,900
R.5	Evaluate the District's security strategy and staffing and adjust the strategy to achieve more cost effective implementation of District security goals	\$631,600
R.6	Renegotiate collective bargaining agreement provisions	\$31,900
R.7	Implement a step freeze on all classified OAPSE #110 salaries	\$102,300
R.8	Monitor classified employee sick leave use per CBA	N/A
R.9	Reduce employer cost of medical, dental, and vision insurance	\$168,200
Transportation		
R.10	Complete T-1 Forms as prescribed by ODE	N/A
R.11	Right-size the active bus fleet and eliminate three routes	\$59,600
R.12	Adjust bus purchasing process	\$255,600
Facilities		
R.13	Consider closing an Elementary School	\$2,005,600
R.14	Sell, repurpose, or donate the vacant Southlyn Elementary building	\$23,700
R.15	Eliminate 1.0 FTE Facilities position	\$59,800
Food Services		
R.16	Eliminate 17.0 labor hours from the food service program	\$66,000
Cost Savings Adjustments¹		(\$1,894,100)
Total Cost Savings from Performance Audit Recommendations		\$7,338,300

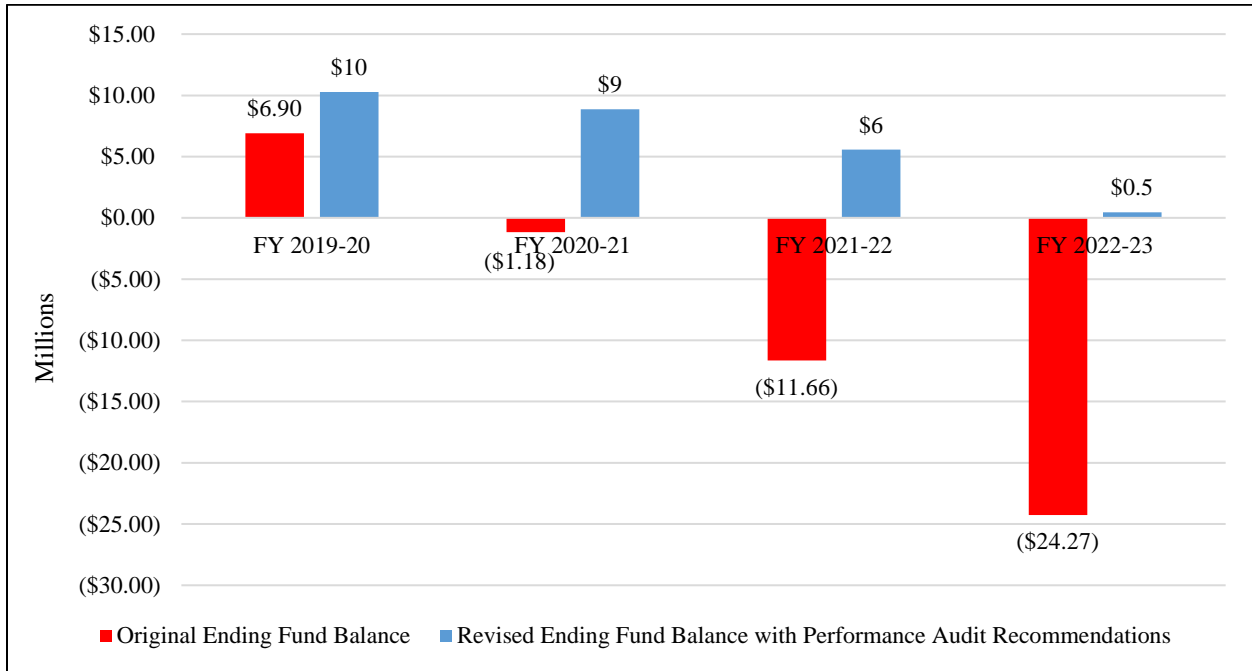
Note 1: Each recommendation's savings is calculated based on the average annual cost savings for each year of implementation during the forecast period.

Note 2: Estimated savings from eliminated positions are based on the least tenured personnel and could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff. Estimated savings would be reduced if the District is temporarily obligated to pay unemployment compensation.

¹ Implementation of **R.3** through **R.5**, **R.11**, **R.15**, and **R.16** would reduce the savings achievable in **R.9** and **R.13**.

Chart 4 shows the District's ending fund balances as projected in the May 2019 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.

Chart 4: Financial Forecast with Performance Audit Recommendations



Source: SELCSD, ODE, and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practicable there may be a reasonable delay in doing so. As a result, cost savings for **R.3** through **R.5**, **R.11**, **R.15**, and **R.16** have been applied to half a year in FY 2019-20 assuming implementation half-way through the school year, and full savings for FY 2020-21 through FY 2022-23. Cost savings for **R.12** is only accounted for in FY 2019-20. Cost savings for **R.13**, and **R.14** assume implementation beginning in FY 2020-21. Cost savings for **R.6**, **R.7**, and **R.8** assume implementation in FY 2021-22 as that is the first year after the CBAs expire.

The recommendations identified in this performance audit, if fully implemented as shown in **Chart 4** would address the projected fund deficit throughout the remainder of the forecast period. This audit report provides the District’s leadership with researched, data-driven options to consider when addressing budget concerns. As of the release of the audit, the District determined that it would freeze new bus purchases for the current fiscal year.

Issues for Further Study

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

- **Busing of non-public students:** Transporting non-public students, as required by Ohio Revised Code³, causes SELCSD to be inefficient in busing procedures. Currently 18 percent of the District’s riders are non-public students and 34.4 percent of the routes

³ ORC § 3327.01

serve these children. If the District is able to be more efficient in the busing of non-public students it could save money through the reduction of routes which would result in requiring fewer drivers and fewer buses. The District could consider the following solutions:

- Provide payment-in-lieu of transportation for the most inefficient routes;
- Continue working with non-public schools to align start and end times of the school day in order to provide efficient busing to all students;
- Lobbying Ohio General Assembly to adjust busing requirements; and
- Review the impact of closing an elementary school on busing schedules.

Financial Management

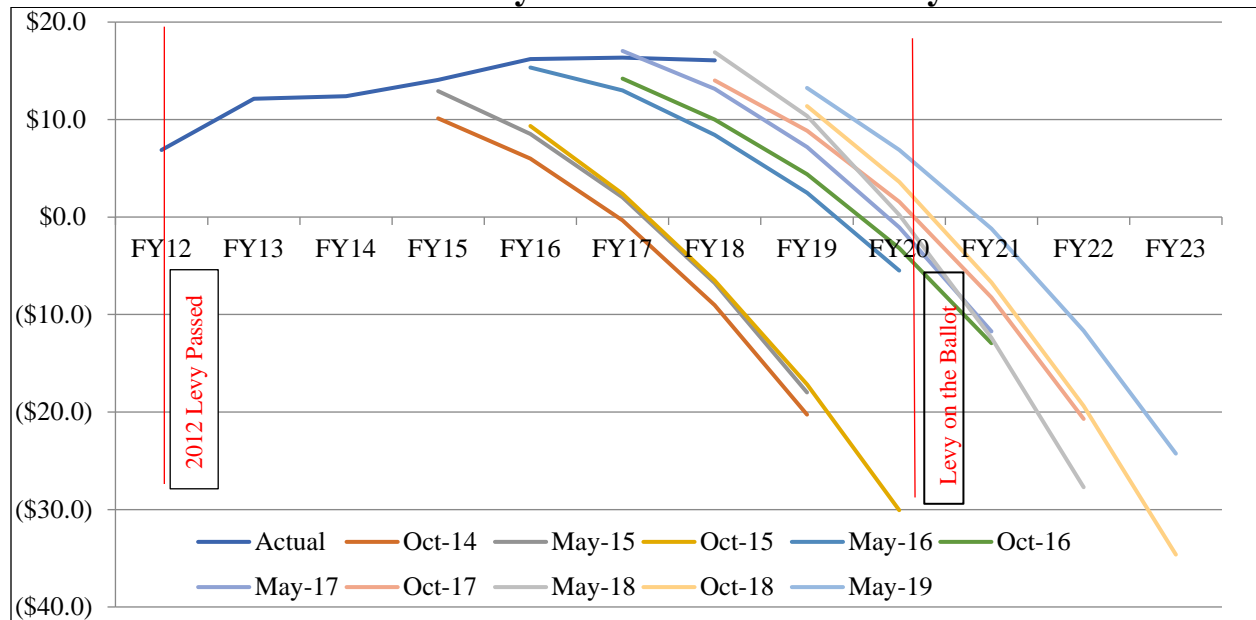
Managing a district’s finances requires strategic thinking and decision making for both the short and long-term. Policies and procedures that are used by a district should assist leadership in making difficult decisions regarding the allocation of school resources. OPT reviewed SELCSD’s financial management policies in order to determine if there were areas for improvement.

R.1 Improve the budget process to ensure transparency in financial reporting

Methodology and Analysis

The District’s May five-year forecast was reviewed to determine its accuracy. The five-year forecast has consistently projected severe unreserved fund balance deficits by the end of the forecast period. However, the ending fund balance for SELCSD’s general fund has increased over a seven year period. **Chart 5** shows the October 2014 through May 2019 five-year forecast ending fund balances as well as the actual ending fund balance since the passage of the most recent levy in 2012.

Chart 5: Five- year Forecast Trend Analysis



Source: SELCSD and ODE

As shown in **Chart 5** the most recent five-year forecasts have projected deficit balances. These ending deficits vary greatly from forecast to forecast. The October 2015 forecast projected an

ending deficit of just more than \$30 million and the updated forecast in May of 2016 had a revised projected deficit of only \$5.4 million.

While SELCSD has projected decreasing fund balances and deficits, the actual ending fund balances have increased during the past several years. The District ended FY 2011-12 with a fund balance of \$6.8 million; by FY 2017-18 the fund balance had increased to \$16.3 million.

The current audit was initiated in January 2019 after the release of the October 2018 forecast showing a projected deficit of \$34.6 million. The May 2019 update projected a reduced deficit of \$24.2 million.

The audit identified issues with projections of both revenues and expenses by the District. A comparison of the District's May 2019 forecast projections for the year end fund balances for FY 2018-19 to the actual showed that the District had collected approximately \$638,000 more in revenue than projected, and had expenditures that were approximately \$744,300 less than projected.

A well designed budget process should accurately reflect expenses and revenue. *Budget Monitoring* (Government Finance Officers Association (GFOA), 2018) recommends all governments establish a formal set of processes for comparing budget to actual results to monitor financial performance. Establishing and conducting regular budget monitoring provides organizations the opportunity to promptly adjust for any significant variance to ensure continuity of program/service deliver. Governments should establish comprehensive budget monitoring that includes key items such as, revenues, expenditures, operations, capital, economic trends, and performance measures.

Conclusion

The District's current budget process does not accurately reflect departmental expenses and budgets are generally inflated. This results in inaccurate forecasts showing large deficits over the five year period. SELCSD should improve their budget monitoring process in order to improve transparency and accuracy in the five-year forecast.

Ohio school districts are able to submit updated forecasts to ODE at any time during the year. SELCSD should consider submitting more regular updates due to the high level of variance in previous forecast periods.

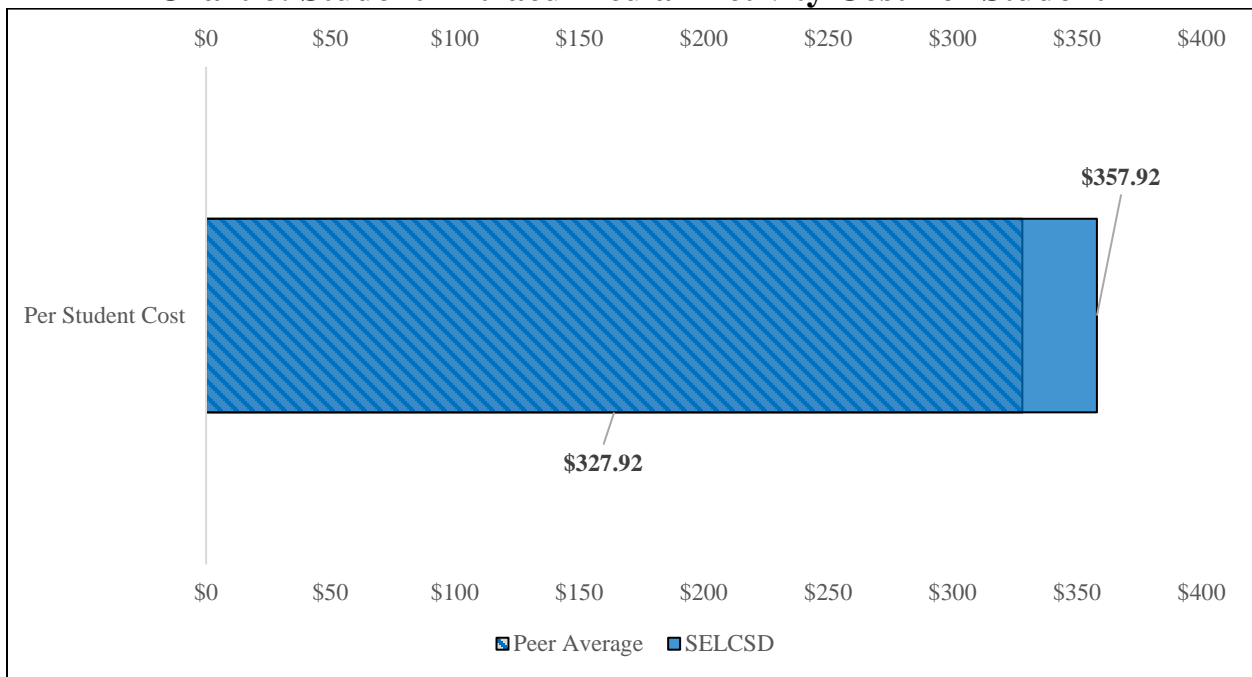
R.2 Reduce the General Fund subsidy of extracurricular activities to local peer level

Financial Implication: Reducing expenditures and/or increasing revenue to bring the General Fund subsidy of extracurricular activities in line with the local peer average would save the district \$101,800 annually.

Methodology and Analysis

The District’s per pupil spending for extracurricular activities was compared to local peer averages. **Chart 6** shows the difference in per pupil subsidy from the general fund between SELCSD and local peer districts.

Chart 6: Student Extracurricular Activity Cost Per Student



Source: SELCSD, local peers, and ODE

As shown in **Chart 6**, the District subsidy of extracurricular activities was \$357.92 per pupil in FY2017-18. This level of subsidization was \$30.00 more per pupil than the local peer average. While it is common for Ohio school districts to subsidize extracurricular activities from the General Fund, doing so at a rate that exceeds the local peer average may represent an undue burden on the District’s General Fund.

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

- Implement pay to participate fees for extracurricular activities;

- Increase admissions and sales;
- Increase booster club funding;
- Reduce the supplemental salary schedule; and/or
- Eliminate programs.

Conclusion

Reducing expenditures or increasing revenue in order to bring the General Fund subsidy of extracurricular activities in line with local peer district per pupil spending averages would save SELCSD \$101,800 annually.

Human Resources

The appropriateness of staffing levels is significant to both the operational and financial conditions within school districts. Specifically, personnel costs (i.e., salaries and benefits) accounted for 74.0 percent of SELCSD's General Fund expenditures in FY 2017-18, a significant impact on the District's budget and financial condition. OPT reviewed SELCSD's staffing levels compared to peer districts and ORC requirements to determine areas where the District could save money through reductions. See **Appendix B** for additional information regarding staffing analysis.

R.3 Eliminate administrative and administrative support positions above the peer average:

- **8.5 FTE central office administrator positions;**
- **7.0 FTE building administrator positions;**
- **0.5 FTE technical positions;**
- **6.5 FTE central office support positions;**
- **3.0 FTE building office support positions; and**
- **0.5 FTE messenger position.**

Financial Implications: By reducing administrative staff, the district could save \$2.6 million in salaries and benefits over the forecast period in the following categories:

- Central administrator, \$895,800;
- Building administrator, \$988,900;
- Technical staff, \$49,200;
- Central office support staff, \$508,400;
- Building office support staff, \$201,600; and
- Messenger staff, \$27,500.⁴

Methodology and Analysis

Central Office Administrators

Ohio school districts are required by law to employ a Superintendent and Treasurer; additional central administrative staff is based on the needs of the District. SELCSD currently employs 17.0 FTEs in the central office which equates to 5.2 FTEs per 1,000 students. These individuals are responsible for maintaining programs on a District wide level. The primary peers employ 2.6 FTEs per 1,000 students for a total difference of 8.5 FTEs.

⁴ The value of the savings from this recommendation is projected to increase based on projected increases in salaries and benefits. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, and workers' compensation. The rate of increase is indexed to the average for each of the position types listed.

Building Administrators

Building administrators are principals, assistant principals, and Dean of Students. These individuals are responsible for the supervision of students and staff in a building along with general operations. Building administrator staff is 5.21 FTEs per 1,000 students compared to the primary peer average of 3.03. This is higher than the primary peer average by a total of 7.12 FTEs.

Ohio Administrative Code requires that every school shall be provided the services of a principal. While it is common practice for schools to employ a dedicated principal, and in some cases an assistant principal, some districts choose to fulfill the requirement by sharing the services of a principal between multiple school buildings. The audit reviewed staffing per building and determined that the variance between SELCSD and peer districts was not due to differences in the number of buildings within the districts.

Technology Staff

The District currently employs 2.0 FTE technology based positions including an AV/Computer repair specialist and a network technician. This equates to 0.61 FTEs per 1,000 students compared to the primary peer average of 0.45 FTEs per 1,000 students or a total of 0.52 FTEs more technical staff than the primary peer average.

Central Office Support Staff

SELCSD employs 15.0 FTE central office support staff, including 4.0 FTE administrative assistants, 1.0 FTE bookkeeper, and 10.0 FTE central office clerical positions, who provide support to District administrative officials. This equates to 4.59 FTEs per 1,000 students compared to the primary peer average of 2.50 FTEs per 1,000 students, or a total of 6.83 FTEs more than the peers.

Building Support Staff

SELCSD employs 16.0 FTE building office support positions, which are all school building clerical positions, or 4.90 FTEs per 1,000 students compared to the primary peer average of 3.95 FTEs per 1,000 students. Therefore, the District staffing is higher than primary peer average by 3.10 FTE support staff.

Messenger Staff

SELCSD employs 1.0 FTE messenger position which works 3.2 hours per day and is responsible for transporting correspondence between district buildings. This is equivalent to 0.31 FTEs per 1,000 students. The primary peers employ an average of 0.05 FTEs per 1,000 students. The District staffing level for the messenger position is 0.85 FTE higher than the primary peer average.

Conclusion

The analysis shows that the District employs more administrative and administrative support staff than the primary peers in several areas. This includes central administration, building administration, technical staff, central and building support staff and messenger positions. The cumulative savings associated with realigning staff with the peer averages is \$2.67 million. These estimates are based on actual salaries and benefits of the least tenured staff in the classification and savings could be greater if the reduction in staff occurred through retirement or voluntary separation of more-tenured staff.

R.4 Eliminate direct student education and support positions above the peer average:

- **25.5 FTE general education teacher positions;**
- **1.5 FTE counseling positions;**
- **1.5 FTE social work positions;**
- **1.0 FTE library staff positions; and**
- **14.0 FTE monitoring positions.**

Financial Implication: By reducing direct student services staff, the district could save \$3.05 million in salaries and benefits over the forecast period in the following categories:

- General education teacher positions, \$2,285,400;
- Counseling positions, \$152,200;
- Social work positions, \$194,500;
- Library staff positions, \$53,900; and
- Monitoring positions \$368,900.⁵

Methodology and Analysis

General Education Teachers

General education teachers teach in a normal classroom environment and exclude specialized staff such as gifted, special education, art, music, or physical education. SELCSD employs 25.8 FTE more general education teachers than the primary peer average per 1,000 students. OAC § 3301-35-05 requires districts to maintain a 25 to 1 student to teacher ratio.⁶ If the District were to reduce the teaching staff to be in line with primary peers per 1,000 students, it would maintain a regular student to teacher ratio lower than state minimum standards and exceed the minimum staffing by 30.5 teachers.

Counseling Professionals

SELCSD currently employs 9.6 FTE counseling professionals throughout the District or 2.94 FTEs per 1,000 students. The primary peers employ 2.33 FTEs per 1,000 students. Therefore, SELCSD exceeds the peers by a total of 1.99 FTE more counseling positions.

⁵ The value of the savings from these recommendations is projected to increase annually during the forecast period to account for projected increases in salaries and benefits. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, and workers' compensation.

⁶ In FY 2018-19, SELCSD's regular student population was 2,822.42 with a total of 169.00 FTE general education teachers. This resulted in a District-wide ratio of 16.70 students per general education teacher. If the District were to operate at the State minimum ratio of 25:1, it would need a total of 112.90 FTEs, 56.0 less than are currently employed.

Social Workers

The District currently employs 2.0 FTE social work positions. Not all districts choose to employ social workers directly as these services may not be needed on a daily basis, and can be contracted for on an as needed basis. Based on the peers who use social work positions and employ these personnel in-house (versus contracting out for services), SELCSD employs 1.6 FTE more social work staff than the primary peers.

Library Staff

The District currently employs 6.0 FTE library staff positions including 1.0 FTE librarian, and 5.0 FTE library aides, or 1.84 FTE library staff positions per 1,000 students. The peers employ an average of 1.43 FTEs per 1,000 students. In total, the district employs 1.34 FTE more library staff than the peer average.

Monitor Staff

SELCSD employs 18.11 FTE monitor positions, or 5.54 FTEs per 1,000 students, which are responsible for monitoring the playground, cafeteria, and study halls throughout the District. The peers employ an average of 1.22 FTEs per 1,000 students. In total, SELCSD employs 14.11 FTE more staff in the monitoring position when compared to primary peer districts. Several of the peer districts use teaching staff to cover the majority of monitoring duties.

Conclusion

The analysis shows that the District employs more teaching and direct student support staff than the primary peers in several areas. This includes general education teachers, counselors, social workers, library positions, and monitoring positions. The cumulative savings associated with realigning staff with the peer averages is \$3.05 million. These estimates are based on actual salaries and benefits of the least tenured staff in the classification and savings could be greater if the reduction in staff occurred through retirement or voluntary separation of more-tenured staff.

R.5 Evaluate the District’s security strategy and staffing and adjust the strategy to achieve more cost effective implementation of District security goals.

Financial Implication: Eliminating 10.0 FTE guard/watchman positions could save an average of \$631,600 in salaries and benefits in each year of implementation over the forecasted period.⁷

Methodology and Analysis

The District employed 10.0 FTE unarmed safety personnel in FY 2018-19. These guards are split between the High School, Junior High School, and Upper Elementary School, with the majority of guards working at the High School. SELCSD also has two School Resource Officers (SRO) which are armed police officers stationed at the High School Building.

Nine of the ten primary peer districts use SROs through a contractual agreement with local law enforcement for security purposes. None of the primary peers employ safety personnel in a manner similar to SELCSD.

Table 3 provides a comparison of security personnel usage between SELCSD and the primary peer averages.

Table 3: Other Support Staff Comparison

Students	SELCSD		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Guard/Watchman ³	10.00	3.06	0.00	3.06	10.00
School Resource Officer	2.00	0.61	0.36	0.25	0.82
Total	12.00	3.67	0.36	3.31	10.82

Source: SELCSD 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 3**, the District security personnel staff is 10.82 FTE above the primary peer average. SELCSD does employ more SROs compared to primary peer districts, however these

⁷ The value of the savings from this recommendation is projected to increase 4.4 percent annually for FY 2020-21 through FY 2022-23 to account for projected increases in salaries and benefits. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, and workers’ compensation.

Officers are provided by the City of Lyndhurst at no cost to the District, and therefore no recommendation is made related to the Officers.

While the primary peer districts do not utilize safety personnel similarly to SELCSD, two local peer districts do. Cleveland Heights/University Heights CSD employs 18 security officers and Euclid CSD employs 13 security officers and contracts with local law enforcement for one SRO. The appropriateness of staffing was not compared to local peer districts, however local needs should be taken into consideration when determining the appropriate level of safety personnel for the District.

Beginning in FY 2019-20, the District hired an additional 3.0 FTE safety personnel and an additional 1.0 FTE SRO in response to parent feedback collected at focus groups within the community. The additional safety personnel are located at the three elementary buildings. The additional SRO is primarily located at the Junior High School, is through the City of Lyndhurst, and is paid for by the District. These costs and positions were not included in the analysis as they were not included in the May 2019 forecast. If the District feels that security staffing is appropriate and necessary there are alternative funding methods that it could research and consider, including:

- Working with local law enforcement to develop a cost sharing agreement for additional SROs;
- Apply for grant funding for school safety programs; and
- Petition the PTO to assist in funding SRO or safety personnel expense

Additional information on this issue can be found through the Ohio School Resource Officers Association.

In addition to safety personnel, SELCSD has a safety plan in place that includes practice lockdowns and fire drills, staff is provided with alert, lockdown, inform, counter, and evacuate (A.L.I.C.E) training, exterior doors are locked during the school days, and buzzer systems and video cameras are used at all entrances. The District also utilized two COPS Secure Our Schools grants to install over 450 security cameras and alarm systems. Continuing these practices, and providing more training and safety measures may also lessen the need for safety personnel.

Conclusion

The safety and security of the District is important and officials should consider all options when determining what level of safety practices and personnel is necessary. Bringing security personnel in line with primary peer averages could save the District \$631,600 annually over the forecasted period. The District should also explore funding options for safety personnel, and additional training and resources.

R.6 Renegotiate collective bargaining agreement provisions

Financial Implication: Renegotiating tuition reimbursement provisions could save the District approximately \$31,900 annually, based on the average of actual reimbursements paid from FY 2015-16 through FY 2017-18.

Methodology and Analysis

SELCSO maintains three collective bargaining agreements:

1. The South Euclid-Lyndhurst Teachers Association⁸ (certificated CBA);
2. The Ohio Association of Public School Employees #110⁹; and
3. The Ohio Association of Public School Employees #207¹⁰ (classified CBAs).

These agreements were compared to state standards and to local peer CBA provisions to determine any opportunity for cost savings. The analysis identified several areas which are more generous than ORC requirements and/or local peer provisions:

- Sick Leave accumulation and severance payout;
- Vacation Leave accrual;
- Uniform Allowance; and
- Tuition reimbursement.

Provisions with Long-Term Impact

- **Vacation Accrual:** Under the classified CBAs, employees working 11 or more months per year are entitled to annual vacation accrual whereby they can earn up to 600 vacation days over a 30-year career. This exceeds the local peer average of 549 days and the ORC §3319.084 State minimum of 460 days. Although savings could not be quantified, providing those additional days could potentially increase the amount paid for overtime and substitute costs. Reducing the amount of vacation leave hours could increase available work hours at no additional cost to the District. No more than two weeks of vacation time can be deferred year to year. Any vacation time in excess of two weeks is paid to the employee.

The District should consider renegotiating vacation accrual policies to be in line with local peer averages to avoid increased costs.

⁸ The South Euclid-Lyndhurst Teachers Association includes Classroom, Art, Music, and Physical Education Teachers; Reading and Math Specialists; Guidance Counselors; Psychologists; Social Workers; Librarians; and Speech and Language Pathologists

⁹ OAPSE #110 includes all Custodial, Maintenance, Transportation, and Cafeteria personnel

¹⁰ OAPSE #207 includes secretarial and clerical personnel

- **Sick Leave Accumulation:** Both the certificated and classified CBA 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 to 120 days. Providing accumulation in excess of State minimum levels represents the potential for increased liability when sick leave is paid out to retiring employees.

The District should consider renegotiating sick leave accumulation and limit the number of days which can be accumulated.

- **Severance Payout:** the CBAs entitle employees to severance payments for accumulated sick leave upon retirement. Certificated employees are entitled to 30 percent of total accumulated and unused sick leave up to a total of 80 full days upon retirement. Classified employees are entitled to 30 percent of total accumulated and unused sick leave up to a total of 75 full days upon retirement. The local peer average is a maximum of 76.5 days for certificated employees and 69 days for classified employees. The ORC requires school employees to be paid for 25 percent of unused sick leave up to a maximum of 30 days.

The District should consider renegotiating severance pay out in order to avoid excess costs at retirement.

- **Uniform Allowance:** members of the classified CBA are provided stipend in order to purchase uniforms. A review of local peers shows that other districts did not have a set stipend amount and used a reimbursement process for uniform expenses or provided the uniform directly. In FY 2017-18 SELCSD spent \$38,548 on Uniform Allowance compared to a peer average of \$2,100.

The District should consider renegotiating the uniform allowance provision and replacing the stipend with a reimbursement policy to better review uniform purchases and ensure that only necessary funds are spent.

Provisions with Immediate Impact

- **Tuition Reimbursement:** Under the certificated CBA, a total of \$27,000 is allocated annually for tuition reimbursement. Full-time teachers are eligible for reimbursement of one-half the actual tuition up to a maximum of \$2,000 per district fiscal year for graduate work toward a Master's Degree, either a second Master's Degree or a doctorate in education or a field related to a teacher's area(s) of instruction, or toward additional educational certification/licensure such as in a subject area or counseling, psychology, or administration. Under the classified CBA, tuition reimbursement will be awarded up to 50% pending the meeting of specific criteria and approval of the superintendent. The criteria includes satisfying a district need, building need, or professional development need.

From FY 2015-16 through FY 2017-18, the District spent an annual average of \$43,455 for tuition reimbursements. In comparison, the local peer districts had an average tuition reimbursement amount of \$11,473 in FY 2017-18, which was \$31,981 less than the Districts actual average expenditure. The ORC does not require school districts to reimburse tuition costs.

Table 4 provides more detail regarding the expense of tuition reimbursement compared to local peer districts.

Table 4: Tuition Reimbursement Comparison

	3-Year Avg	Peer Average	Variance	% Variance
Tuition Reimbursement ¹	\$43,455.44	\$11,473.84	\$31,981.60	278.73%

Source: SELCSD and Peers

¹ Total reimbursement includes \$25,578.65 for certificated staff and \$17,876.80 for classified staff.

The District should consider renegotiating tuition reimbursement policies to be more in line with local peer districts.

Conclusion

The District should consider renegotiating collective bargaining agreements to include more efficient provisions pertaining to:

- Sick leave accumulation / Severance Payout
- Vacation Leave Accrual
- Uniform Allowance
- Tuition Reimbursement

Renegotiating the tuition reimbursement provisions could save the District approximately \$31,900 annually based on the averages of actual reimbursements paid from FY 2015-16 through FY 2017-18. These provisions are subject to CBA agreements. Because of this, the recommendation cannot be implemented until after the CBA expires in June of 2021.

R.7 Implement a step freeze on all classified OAPSE #110 salaries

Financial Implication: Implementing a salary step freeze for all OAPSE #110 employees for FY 2021-22 and FY 2022-23 could save the District an average of approximately \$102,300 annually.

Methodology and Analysis

Within the District's three CBAs, two of the contracts, OAPSE #110¹¹ and OAPSE #207¹², include two sets of salary schedules.¹³ Grandfathered employees have two additional steps on the salary schedule and higher hourly rates of pay. These changes will result in decreased salary and benefit expenditures over time as grandfathered employees leave the District or retire.

The District's most recent five-year forecast assumes a base increase and step increases for FY 2019-20 and FY 2020-21 as agreed to in the current CBAs. The forecast assumes that the new CBAs, beginning in FY 2021-22, will have a freeze on base salaries for the remainder of the forecast period, but that employees would still receive step increases during that period.

Table 5 shows the impact of implementing a step increase freeze for FY 2021-22 and FY 2022-23 for all OAPSE #110 employees.

Table 5: Impact of Salary Step Freeze

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Salaries and Benefits with Base Increase and Steps	\$6,297,346	\$6,514,885	\$6,733,170	\$6,955,037
Salaries and Benefits with Base and Step Freeze	\$6,297,346	\$6,514,885	\$6,662,768	\$6,820,832
Difference	\$0	\$0	\$70,402	\$134,205
Cumulative Savings				\$204,607
Average Annual Savings				\$102,303

Source: SELCSD

Conclusion

Implementing a step freeze could save the District a total of \$204,607 over a two year period. This freeze would affect all members of the OAPSE #110 collective bargaining agreement

¹¹ Employees included in this CBA are transportation, food services, maintenance, and custodial staff. Employees hired before December 31, 2013 are considered grandfathered. Of the 104 employees included in the OAPSE #110 contract, 72, or 69.2 percent are grandfathered.

¹² Employees included in this CBA are the following classifications: accounting, EMIS, secretarial, clerks, intervention/instructional assistants, security guards, and noon aides. Employees hired before January 31, 2014 are considered grandfathered. Of the 124 employees included in the OAPSE #207 contract, 80, or 64.5 percent are grandfathered.

¹³ These CBAs also include different premium contributions for employees for medical/prescription, dental, and vision insurance (see **R.9**).

within the District. Salaries and wages are subject to CBA agreements. Because of this, the recommendation cannot be implemented until after the CBA expires in June of 2021.

R.8 Monitor classified employee sick leave use per CBA

Methodology and Analysis

Expenditures related to facilities temporary labor and overtime were reviewed and compared to primary peer averages. Sick leave use for classified staff was also reviewed for compliance to policies in the classified CBAs.

The District currently spends more on facilities temporary labor and overtime compared to primary peer averages. In total, the District spent \$131,873.38 (or 218.8 percent) more on temporary labor and \$217,927.40, or 692.8 percent, more on overtime than the primary peer average. Facilities expenses are reviewed on a per square foot basis in order to normalize these ratios. SELCSD spent 105.3 percent more per square foot on temporary labor and 410.5 percent more per square foot on overtime expenses than the primary peer averages.

The classified CBAs provide fifteen days of sick leave for all employees annually. The agreement also states a physician's note may be required if an employee has more than seven absences due to sick leave in a contractual year. In FY 2017-18 facilities employees¹⁴ took an average of 10.66 days of sick leave.

Conclusion

The District should closely monitor the usage of sick leave by classified employees in order to reduce excess cost of temporary labor and overtime.

¹⁴ Facilities employees includes safety personnel, custodial, maintenance, and ground keeping employees.

R.9 Reduce employer cost of medical, dental, and vision insurance

Financial Implication: Bringing the employer cost of medical, dental, and vision insurance in line with the Cuyahoga County average could save the District an average of \$168,200 in each year of implementation over the forecasted period.¹⁵

Methodology and Analysis

SELCSO purchases medical, prescription drug, dental, and vision insurance through the Suburban Health Consortium (the Consortium). The District offers insurance to all employees under an individual or family plan. While the plans offered to employees are the same, employee contributions vary and Administrators,¹⁶ certificated¹⁷, classified, and classified grandfathered¹⁸ employees have different contribution rates. Employees who work less than full-time have prorated employee contributions and these employees are not included in this analysis.

The State Employment Relations Board (SERB) gathers information from government entities relating to medical, dental, and vision insurance costs and publishes it annually. This information was used by OPT staff in order to provide meaningful comparisons of District costs to the Cuyahoga County average for insurance benefits.¹⁹

SELCSO's employer cost for a single medical, dental, and vision plan was higher than the County average for at least one of the employee groups. Bringing the employer cost down to the County average could save an average of \$50,200 annually during the forecast period.

Additionally, employer costs for family dental and vision were more expensive than the County average for all employee groups. Bringing the employer cost down to the County average could save an average of \$117,900 annually during the forecast period.

¹⁵ The District predicts a 9.0 percent increase in insurance costs annually. As such, the cost savings applied to the five-year forecast are also inflated by 9.0 percent annually to be consistent.

¹⁶ Administrators contribute 10 percent of the premium, however, they also have a cap of a set dollar amount that is listed in the agreement, which decreases the actual employee contribution.

¹⁷ Certificated employees contribute 9 percent of the premium, however, they also have a cap of a set dollar amount that is listed in the agreement, which decreases the actual employee contribution.

¹⁸ Employees hired before February 1, 2014 are considered grandfathered and have contribution rates are 8 percent, while non-grandfathered employees are 15 percent.

¹⁹ As of the completion of the field work phase of this performance audit, the most recent SERB survey available was published in 2018. In order to compare SELCSO's FY 2018-19 premiums, the SERB 2018 information was inflated using the weighted average of historical premium increase of 4.0 percent for calendar year (CY) 2014 through CY 2018

Conclusion

Bringing the employer cost of medical/prescription, dental, and vision insurance in line with the Cuyahoga County average could save the District an average of \$168,200 in each year of implementation over the forecasted period.

Some aspects of the plan are subject to CBA agreements. Because of this, the recommendation cannot be implemented until after the CBA expires in June of 2021.

Transportation

Transportation of students is a critical function for school districts. Ensuring that busing services are provided in an efficient manner can assist a district in remaining fiscally responsible. OPT staff reviewed SELCSD’s transportation plan and compared it to industry standards and best practices to determine if it was appropriately routed and efficient.

R.10 Complete T-1 Forms as prescribed by ODE

Methodology and Analysis

School districts in Ohio are required to submit annual T-1 and T-2 forms to ODE as required by ORC § 3327.012 and OAC 3301-83-01.

A review of the District’s T-1 Form for FY 2018-19 shows that it was not completed accurately and in accordance with ODE reporting instructions. The District had multiple cases where ridership and mileage data was missing on various days of the week. In most cases, the Transportation Supervisor estimated the missing days to complete the five day average calculation.

Conclusion

The District should develop formal internal policies and procedures for acquiring and compiling T-Form data. Developing and implementing formal procedures would help ensure accuracy when compiling and submitting rider count sheets for the T-1 Form and associated costs on the T-2 Form. The type of errors identified above indicate that there are deficiencies in the data collection and review process used by the District. Failure to accurately report this information could result in incorrect calculations of State pupil transportation payments to the District.²⁰

²⁰ ODE’s Office of Pupil Transportation is responsible for oversight of all transportation data reporting. Given that the reporting error identified in this performance audit could potentially impact the District’s transportation funding this matter has been sent to ODE for additional review should the Department that it is necessary.

R.11 Right-size the active bus fleet and eliminate three routes

Financial Implication: Eliminating three routes on each tier would allow the District to eliminate three buses which could save an average of \$59,600 in salaries and benefits in each year of implementation over the forecasted period.²¹

Methodology and Analysis

SELCSO provides transportation to students based on their grade level and distance traveled. Elementary students are transported distances more than one mile, Upper Elementary students are transported more than one and a half miles, and Junior High students are transported two miles or more from their assigned schools.

The District provides busing on three tiered schedules in the mornings and afternoons:

- AM route information²²
 - Tier I – Included 428 peak upper elementary school riders and 18 routes
 - Tier II – Included 153 peak junior high school riders and 7 routes
 - Tier III – Included 320 peak elementary school riders and 15 routes
- PM route information
 - Tier I – Included 501 peak upper elementary school riders and 16 routes
 - Tier II – Included 188 peak junior high school riders and 8 routes
 - Tier III – Included 374 peak elementary school riders and 16 routes

Busing standards measure optimal capacity at 80 percent utilization. In reviewing the usage for SELCSO it was determined that PM routes have a higher usage rate and would be used for analysis purposes. Routes that already had a minimum of 80 percent utilization were excluded from analysis.

Each tier was reviewed to determine the impact of eliminating bus routes. Based on analysis, three routes could be eliminated and each schedule tier would increase efficiency while not putting an undue burden on the transportation system. This analysis assumes two riders per seat, which is the District's current standard. The option to move to three riders per seat for younger students was also reviewed, but there were no additional efficiencies gained.

²¹ The value of the savings from this recommendation is projected to increase by 4.6 percent annually for FY 2019-20 through FY 2022-23 to account for projected increases in salaries and benefits. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, and workers' compensation.

²² This analysis uses peak riders, which is defined as the maximum riders per route that were observed during the count week. This is different than the average ridership required to be reported to ODE and is necessary to consider to ensure that a right-sized fleet will have a sufficient capacity to accommodate actual ridership fluctuations.

Conclusion

Eliminating three routes on each tier would allow the District to eliminate three buses which could save an average of \$59,600 in salaries and benefits in each year of implementation over the forecasted period. See **Appendix B, Table B-13** through **Table B-15** for more information regarding transportation.

R.12 Adjust bus purchasing process

Financial Implication: The District saved \$255,600 in FY 2019-20 by freezing additional bus purchases. Additional savings throughout the forecast period could be achieved but is dependent on the District's future purchasing decisions.

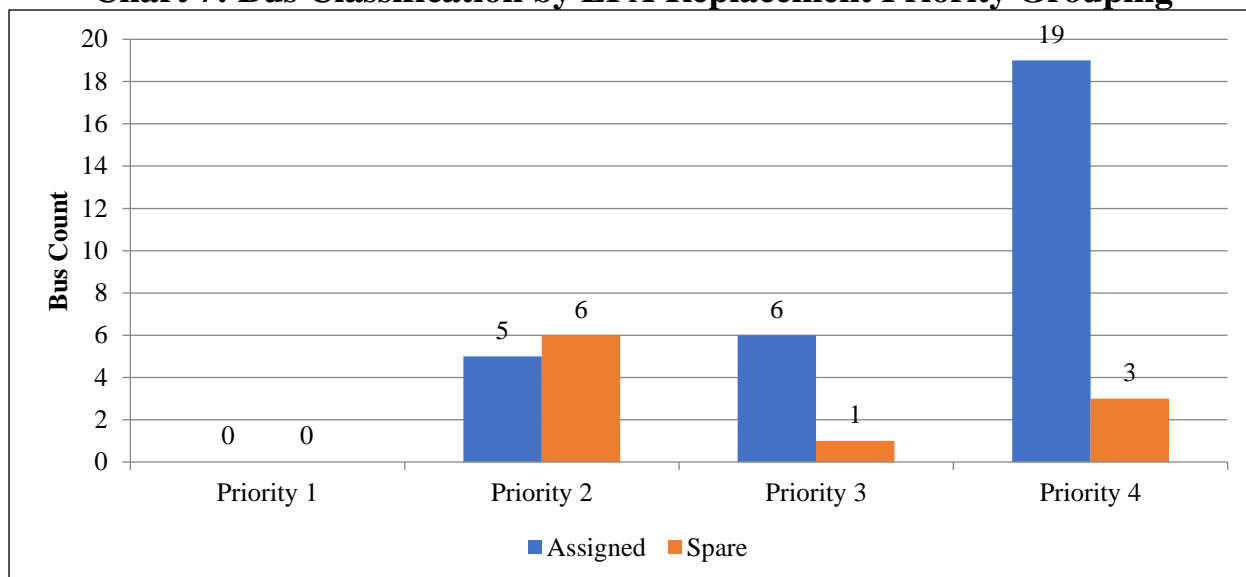
Methodology and Analysis

The District has purchased three new buses each year as a general practice at an average cost of \$85,230 per bus. According to the Environmental Protection Agency (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. In addition, the EPA provides further replacement guidance by categorizing buses into four priority groups based on model year. Groups in Priority One are considered most in need of immediate replacement with Priority Four being the least in need.²³

Chart 7 shows the District's FY 2018-19 active bus fleet classified by EPA priority grouping. This provides a high level indication of the extent of the District's fleet replacement needs relative to EPA guidelines.

²³ Buses are classified by model year in the following priority groups: Priority One: pre-1998 model years; Priority Two: model years 1998 through 2003; Priority Three: model years 2004 through 2006; and Priority Four: model years 2007 and newer. For this analysis, the groupings were updated to the following priority groupings: Priority One: pre-2004 model years; Priority Two: model years 2004 through 2009; Priority Three: model years 2010 through 2012; Priority Four: model years 2013 and newer. It is important to note that the original EPA parameters also take into account emission standards changes occurring in 2004 and 2007. There have not been significant emissions standards changes affecting school buses since that time.

Chart 7: Bus Classification by EPA Replacement Priority Grouping



Source: SELCSD and EPA

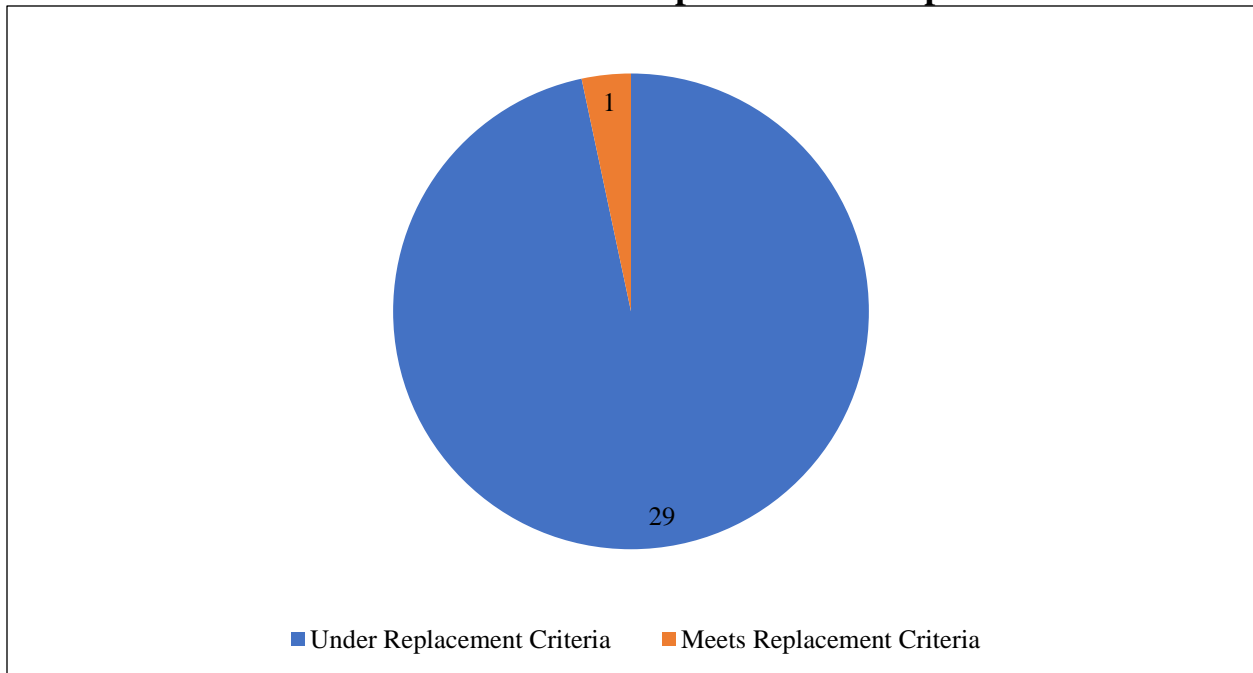
Note: Assigned buses include both regular and special needs.

As shown in **Chart 7**, 22 buses, or 55.0 percent, of the District’s active bus fleet falls in the lowest priority group (Priority Four) while 45.0 percent of the District’s buses will near replacement age in the short-term, assuming no change in fleet size. A fleet replacement plan could help the District gain visibility into the costs of the fleet in priority groupings and in determining future reductions and/or replacements, enabling it to meet EPA suggested guidelines.

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 bus replacement plan should incorporate maintenance data and should establish priorities with regard to safety and emissions. 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.

Chart 8 shows how the District’s active bus fleet compares to the bus replacement thresholds for either age or mileage as established by the NASDPTS. This is important as it shows the number of buses that could be given priority for replacement in the fleet.

Chart 8: Active Bus Fleet Replacement Comparison



Source: SELCSD and NASDPTS

As shown in **Chart 8**, one of the District's 30 active buses, or 3.3 percent of its active fleet, meet the replacement thresholds established by the NASDPTS of either 12 years and older or greater than 150,000 miles.

Conclusion

The District should develop a formal data driven bus replacement plan that considers the full cost of bus operation, including fuel, parts, labor, and vehicle depreciation, in addition to safety and emissions. 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.

After bringing this issue to the attention of the District, bus purchases for FY 2019-2020 were halted, saving SELCSD \$255,600 for the fiscal year.

Facilities

The changing landscape of education requires periodic reviews of facility usage and maintenance to ensure that a district is using limited resources wisely. OPT staff reviewed SELCSD’s usage of existing facilities in comparison to enrollment trends, best practices, and industry standards to determine if usage was appropriate.

R.13 Consider closing an Elementary School

Financial Implication: For purposes of analysis, Adrian Elementary school was chosen due to capacity levels. Closing Adrian Elementary school could save the District \$2,005,600.²⁴

Methodology and Analysis

The District currently uses six buildings for the purposes of educating students:

- Adrian Elementary School (K-3)
- Sunview Elementary School (K-3)
- Rowland Elementary School (K-3)
- Greenview Upper Elementary School (4-6)
- Memorial Junior High School (7-8)
- Brush High School (9-12)

Overall building capacity is 67.3 percent. **Table 6** provides capacity information by building.

Table 6: Current District School Building Capacity

Building	Classrooms	Head Count	Capacity	Utilization
Adrian Elementary School	13	273	325	84.0%
Sunview Elementary School	16	304	400	76.0%
Rowland Elementary School	20	441	500	88.2%
Greenview Upper Elementary School	39	703	975	72.1%
Memorial Junior High School	43	511	914	55.9%
Brush High School	89	1,137	1,891	60.1%
Total		3,369	5,005	67.3%

Source: SELCSD and DeJong

Student enrollment for the District is projected to decrease by 10.0 percent over the remainder of the forecast period. This decrease would allow the District to close Adrian Elementary school

²⁴ The closing of Adrain Elementary School could be implemented in FY 2020-21.

and have a capacity level of 81.6 by FY 2023-24. **Tables 7** through **Table 9** provide information on capacity if Adrian Elementary was closed.

Table 7: FY 2018-19 Elementary School Capacity

Building	Classrooms	Head Count	Capacity	Utilization
Adrian Elementary School	13	273	325	84.0%
Sunview Elementary School	16	304	400	76.0%
Rowland Elementary School	20	441	500	88.2%
Greenview Upper Elementary School	39	703	975	72.1%
Total		1,721	2,200	78.2%

Source: SELCSD and DeJong

Table 7 identifies data available to OPT staff which was used to determine if a building closure was possible. The table identifies the actual usage compared to capacity for the District's three Elementary schools and the Upper Elementary school.

Table 8: FY 2020-21 Elementary Capacity with Building Closure

Building	Classrooms	Head Count	Capacity	Utilization
Adrian Elementary School	Closed	Closed	Closed	Closed
Sunview Elementary School	16	351	400	85.2%
Rowland Elementary School	20	439	500	85.2%
Greenview Upper Elementary School	39	855	975	85.2%
Total		1,645	1,875	85.2%

Source: SELCSD and DeJong

Table 8 shows what the usage would be if Adrian Elementary school were closed in FY 2020-21. The remaining schools would utilize 85.2 percent of their capacity during the fiscal year. This closure would require the above schools to reorganize grade levels.

Table 9: FY 2023-24 Elementary Capacity with Building Closure

Building	Classrooms	Head Count	Capacity	Utilization
Adrian Elementary School	Closed	Closed	Closed	Closed
Sunview Elementary School	16	326	400	81.6%
Rowland Elementary School	20	408	500	81.6%
Greenview Upper Elementary School	39	796	975	81.6%
Total		1,530	1,875	81.6%

Source: SELCSD and DeJong

As shown in **Table 9**, by the end of the forecast period utilization would drop to 81.6 percent of capacity for the remaining schools. If the school were closed, the District would save on building maintenance and upkeep. **Table 10** identifies the non-payroll cost savings associated with the school closure.

Table 10: Non-Payroll Savings from Building Closure

Utilities	\$29,802.73
Maintenance	\$24,842.45
Supplies	\$23,328.37
Total	\$77,973.54

Source: SELCSD and National Clearinghouse for Educational Facilities (NCEF)

Note: Savings is based on a three year average.

A closed building would still require a certain level of maintenance in order to keep the building safe and in usable condition. **Table 10** calculates the amount of cost reduction that can be expected based on industry standards for basic building upkeep.

The additional savings from closing the school building are a direct result of staffing reductions. **Table 11** provides information regarding the cost savings related to payroll reductions.

Table 11: Staffing Reductions from Building Closure

Description	FTE
Principal	1.00
Counselor	0.52
General Education Teachers	16.00
Library Aide	0.54
Clerical	1.00
Teaching Aide	1.87
Custodian	2.00
Food Service	1.50
Monitor	2.22
Total	26.65

Source: SELCSD

Table 11 shows the staff that could be reduced due to the closure of Adrian Elementary School. This reduction would result in annual cost savings of \$1,927,700 from the reduction of salaries and benefits.²⁵

Conclusion

The District should consider closing an elementary school due to declining student populations. Closing Adrian Elementary could result in cost savings of \$2,005,600 annually from a reduction in staffing and building maintenance.

²⁵ Some reductions included in **Table 11** coincide with reductions in **R.3** and **R.4**.

R.14 Sell, repurpose, or donate the vacant Southlyn Elementary Building

Financial Implication: Closing the Southlyn Elementary School building could save the District approximately \$23,700 annually.

Methodology and Analysis

The District currently maintains an empty building that was previously an elementary school. The building currently is used for office space, requiring the district to spend money in order to maintain the building.

As the District already has a low utilization rate for the school buildings currently open and a declining student population, it is not likely that the seventh building will be needed in the future for educational purposes. In aiming to reduce or completely eliminate the annual expenditures associated with the vacant Southlyn Elementary building, the District has the following primary options:

Sell or donate the building. This would likely represent the most financially beneficial outcome for the District in the short-term as it would eliminate all operating expenditures as well as any expenditures for future repairs. If the District were successful in selling the building, it could also achieve a one-time revenue enhancement resulting from the sale. It is important to note that, barring any circumstances that could supersede the provisions as set forth in ORC § 3313.41, the District would be obligated to first offer the building for lease or sale to any community school, board of trustees of any college-preparatory boarding schools, or the governing bodies of any STEM schools, that are located within the territory of the District.

Retain ownership of the building and repurpose it for public use. In FY 2017-18, the Delaware City School District (Delaware County) opted to repurpose a portion of its Willis Education Center for public and non-profit leasing. In addition to housing the District's administrative office and select student programming, the building's meeting facilities, auditorium, gymnasium, and full cafeteria serve as a community resource. According to Delaware CSD, lease revenue covered approximately 25 percent of the building's operating costs in FY 2017-18. This option could be cost-effective for SELCSD if it were successful in generating enough lease revenue to cover the building's annual operating expenditures.

Close the building. Table 12 shows annual savings achievable based upon the closure of Southlyn Elementary School. Total savings from direct closure is typically inclusive of component savings for decreased utilities and maintenance expenditures, and elimination of supplies and materials.

Table 12: Annual Savings from Building Closure

Southlyn Elementary	
Utilities	\$13,591
Maintenance	\$4,564
Supplies and Materials	\$5,601
Total Savings	\$23,756

Source: SELCSD and the National Clearinghouse for Education Facilities (NCEF)

Note: Savings for utilities and maintenance are based on the estimate that 40 percent and 10 percent, respectively, of normal expenditures, are needed to maintain a closed school building as published in *Closing a School Building: A Systematic Approach* (NCEF, 2010).

Conclusion

The District should sell, donate, or repurpose the vacant Southlyn Elementary building. Closing the building would save the District \$23,756 annually during the forecasted period.

R.15 Eliminate 1.0 Facilities position

Financial Implication: Eliminating 1.0 facilities position could save the District an average of \$59,800 in salaries and benefits each year of implementation over the forecasted period.²⁶

Methodology and Analysis

The District currently employs 38.6 FTE facilities employees including custodial workers, groundskeepers, and maintenance employees. Several industry standards exist to determine how many employees are needed to maintain facilities based on the size of the buildings and acreage of the grounds.

While the District does identify a specific work area for each employee within facilities, staff routinely perform duties outside of their specified function area. Because of this, the staffing analysis for facilities employees is cumulative in nature.

A total of 37.4 FTE are needed to maintain the buildings and grounds for SELCSD according to various industry standards. The District employs 1.2 FTEs above the benchmark needs in total for the three functional areas for facilities staff. See **Appendix B, Table B-17** for more information regarding facilities staffing.

Conclusion

The District should consider eliminating 1.0 FTE facilities positions which could save the District an average of \$59,800 in salaries and benefits annually over the forecasted period.

²⁶ The value of the savings from this recommendation was projected to increase by an average of 4.0 percent annually over the forecasted period to account for projected increases in salaries and benefits. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

Food Services

Industry standards and best practices can be used to determine the efficiency of a food services program. A district should attempt to run a food services program which does not operate at a loss. OPT staff reviewed SELCSD’s food services program to determine if room for increased effectiveness existed.

R.16 Eliminate 17.0 labor hours from the food service program

Financial Implication: Eliminating 17.0 hours from the food service operation could save an average of \$66,000 in salaries and benefits in each year of implementation over the forecasted period.²⁷

Methodology and Analysis

SELCSD uses a management service to operate the food services within the District. The contracted manager is responsible for ordering food and supplies, developing menus, and managing staff. The food services staff are employed by the District and are members of the classified CBA.

The Food Service Fund is an enterprise fund and is designed to be self-sustaining through charges for services or fees. When the fund is not self-sustaining, the District is required to supplement the fund through a General Fund transfer in order to subsidize operations. **Table 13** shows the historic performance of the District’s Food Service Fund.

Table 13: Food Service Fund Performance FY 2015-16-FY 2017-18

	FY 2015-16	FY 2016-17	FY 2017-18	Three-Year Avg.
Total Revenues	\$1,681,198.91	\$1,501,936.08	\$1,462,842.65	\$1,548,659.21
Total Expenditures	\$1,859,697.69	\$1,772,240.92	\$1,738,002.48	\$1,789,980.36
Results of Operations	(\$178,498.78)	(\$270,304.84)	(\$275,159.83)	(\$241,321.15)
Beginning Fund Balance	\$35,883.19	\$29,384.41	\$24,079.57	\$29,782.39
General Fund Subsidy	\$185,000.00	\$265,000.00	\$275,000.00	\$241,666.67
Advances Out	\$13,000.00	\$0.00	\$0.00	\$4,333.33
Refund from Prior Year	\$0.00	\$0.00	\$0.00	\$0.00
Ending Fund Balance	\$29,384.41	\$24,079.57	\$23,919.74	\$25,794.57
Fund Balance as % of Expenditures	1.6%	1.4%	1.4%	1.4%

Source: SELCSD

²⁷ The value of the savings from this recommendation is projected to increase 6.2 percent annually for FY 2020-21 through FY 2022-23 to account for projected increases in salaries and benefits. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, and worker’s compensation.

The District employs 24 staff for food services totaling 19.47 FTEs. The standard for food service in schools is meals per labor hour which identifies the number of meal equivalents served in relation to the number of hours required for preparation. **Table 14** shows the District’s labor hours compared to industry benchmarks by school.

Table 14: Meal per Labor Hour Comparison

Building	Meal Equivalents Served per Day	Daily Labor Hours	Meals per Labor Hour	Industry Benchmark	Over/ (Under) Industry Benchmark	Total Labor Hours Required	Daily Labor Hours Over/ (Under) Industry Benchmark
Adrian Elementary School	225	12.00	18.8	14.5	4.29	15.5	(3.55)
Brush High School	679	50.20	13.5	19.0	(5.47)	35.8	14.44
Greenview Upper Elementary School	525	39.25	13.4	18.0	(4.63)	29.1	10.11
Memorial Junior High School	354	23.00	15.4	17.0	(1.60)	20.8	2.17
Rowland Elementary School	274	13.00	21.1	15.5	5.61	17.7	(4.71)
Sunview Elementary School	162	11.25	14.4	13.0	1.43	12.5	(1.24)
Total	2,219	148.70	96.6	97.0	(0.38)	131.5	17.23

Source: SELCSD and Pannell-Martin

As shown above, the District’s daily labor hours exceeded the benchmark by a total of 17.23 labor hours. Eliminating a district-wide total of 17.0 labor hours would reduce salary and benefit expenditures for food service operations and reduce the Food Service Fund deficit.

Conclusion

Eliminating 17.0 labor hours from the food service operation could save an average of \$66,000 in each year of implementation over the forecasted period. The value of each labor hour is calculated using actual salaries and benefits and projected increases of the least tenured food service positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.²⁸

²⁸ The value of the savings from this recommendation is projected to increase 6.2 percent annually for FY 0220-21 through FY 2022-23 to account for projected increases in salaries and benefits. Benefits include medical, prescription drug, dental, life insurance, Medicare, retirement, and worker’s compensation.

Additional measures the District could take to reduce its deficit include:

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

Appendix A: Purpose, Methodology Scope and Objectives

Performance Audit Purpose and 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 Ohio Performance Team initiated this audit pursuant to Ohio Revised Code § 3316.042.

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.

We conducted this performance audit in accordance with GAGAS. Those standards require that we 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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. This performance audit did identify internal control deficiencies specific to transportation reporting. These deficiencies were communicated to both the District and ODE.

Audit Objectives

In order to provide the District with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Financial Management

- Are the District's budgeting and forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?
- Are the District's planning practices consistent with leading practices?
- Is the District's General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District's financial condition?

- Are the District’s purchasing practices consistent with leading practices and appropriate based on the District’s financial condition?

Human Resources

- Are the District’s staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District’s financial condition?
- Are the District’s salaries and wages appropriate in comparison to local peers and the District’s financial condition?
- Are the District’s collective bargaining agreement provisions appropriate in comparison to local peers, minimums requirements, and the District’s financial condition?
- Are the District’s insurance costs appropriate in comparison to other governmental entities within the local market and the District’s financial condition?

Facilities

- Is the District’s building utilization appropriate in comparison to leading practices, industry standards, and the District’s financial condition?
- Are the District’s facilities staffing levels appropriate in comparison to leading practices, industry standards, and the District’s financial condition?
- Are the District’s facilities temporary labor expenditures appropriate in comparison to primary peers, leading practices, industry standards, and the District’s financial condition?

Transportation

- Is the District’s fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District’s financial condition?

Food Service

- Is the District’s food service program operated in a manner that is consistent with leading practices and industry standards and appropriate based on the District’s financial condition?

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 A-1** shows the Ohio school districts included in these peer groups.

Table A-1: Peer Group Districts

Primary Peers
<ul style="list-style-type: none"> • Bowling Green City School District (Wood County) • Goshen Local School District (Clermont County) • Hamilton Local School District (Franklin County) • Kent City School District (Portage County) • Mount Vernon City School District (Knox County) • Norwalk City School District (Huron County) • Piqua City School District (Miami County) • Western Brown Local School District (Brown County) • Wilmington City School District (Clinton County) • Wooster City School District (Wayne County)
Local Peers (Compensation, Benefits, and Bargaining Agreements)
<ul style="list-style-type: none"> • Beachwood City School District (Cuyahoga County) • Cleveland Heights University Heights City School District (Cuyahoga County) • Euclid City School District (Cuyahoga County) • Mayfield City School District (Cuyahoga County) • Orange City School District (Cuyahoga County) • Richmond Heights Local School District (Cuyahoga County)
Transportation Peers
<ul style="list-style-type: none"> • Barberton City School District (Summit County) • Marion City School District (Marion County) • Maumee City School District (Lucas County) • Niles City School District (Trumbull County) • Sandusky City School District (Erie 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. 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

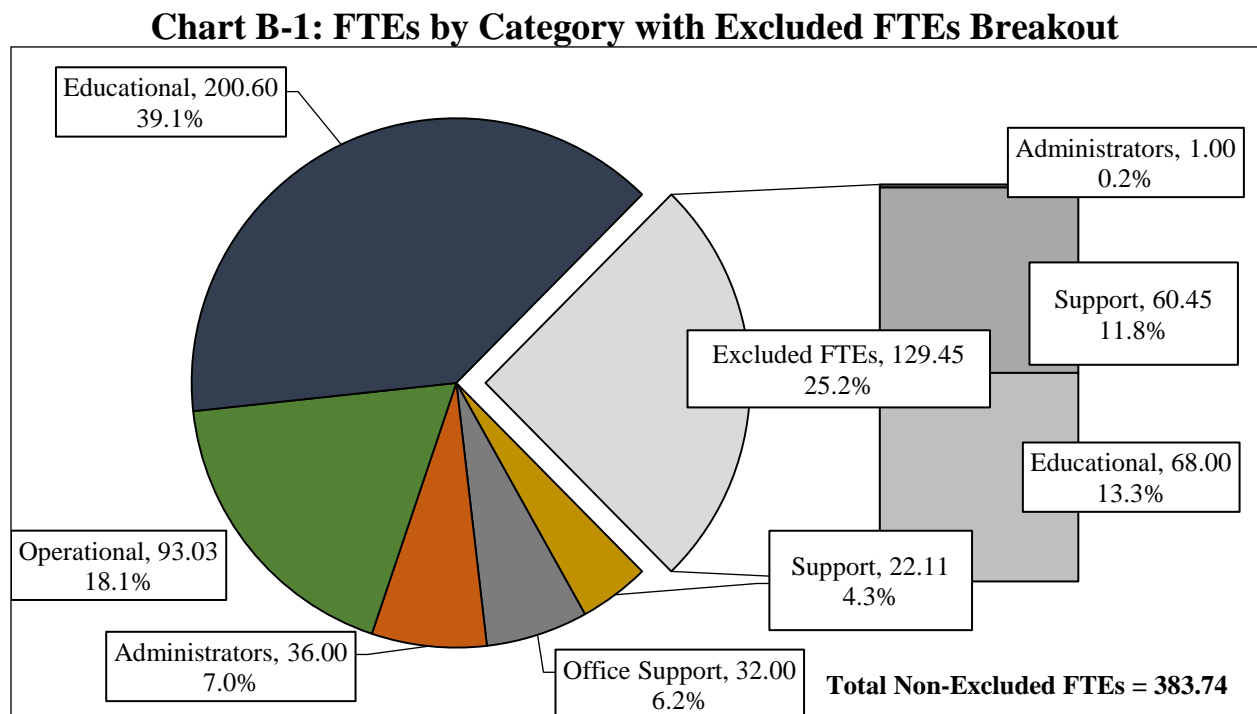
written comments in response to various recommendations, which were taken into consideration during the reporting process.

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

Appendix B: Audit Analysis and Calculations

Human Resources

Chart B-1 shows SELCSD’s FY 2018-19 full-time equivalent (FTE) staffing levels by category and breaks down staffing by categories that are included in this performance audit and those that are excluded from the scope of this performance audit due to association with special education or Title I funding.



Source: SELCSD

As shown in **Chart B-1**, SELCSD employed a total of 513.19 FTEs in FY 2018-19. Of this total, 129.45 FTEs, or 25.2 percent, were specifically dedicated to special education services or Title I funded.

Staffing levels for peer district analysis is normalized on a per 1,000 student basis. The District’s staffing level is compared to an average of the peer districts staffing based on job function and cost category. A series of calculations is used in order to determine potential staffing reductions:

Full Time Equivalent per 1,000 Students:

FTE Value by Position Code
(Student Enrollment ÷ 1,000)

Difference Per 1,000 Students:

Client FTE per 1,000 students – Peer FTE per 1,000 Students

Actual FTE Variance:

Difference Per 1,000 * (Student Enrollment ÷ 1,000)

Tables B-1 through B-12 are staffing analyses conducted by OPT staff which resulted in R.3 and R.4

Table B-1: Central Office Administrator Staff Comparison

Students	SELCS D	Primary Peer Avg.	Difference		
Students Educated ¹	3,267	3,017	250		
Students Educated (Thousands)	3.267	3.017	0.250		
Position	SELCS 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, Deputy/Associate Superintendent	1.00	0.31	0.17	0.14	0.46
Supervisor/Manager	4.00	1.22	0.76	0.46	1.50
Coordinator	6.00	1.84	0.45	1.39	4.54
Education Administrative Specialist	0.00	0.00	0.03	(0.03)	(0.10)
Director	5.00	1.53	0.64	0.89	2.91
Other Official/Administrative	1.00	0.31	0.55	(0.24)	(0.78)
Total	17.00	5.21	2.60	2.61	8.53

Source: SELCS 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.

Table B-2: Building Administrator Staff Comparison

Students and Buildings	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Buildings ²	6.0		5.6	0.4	
Position	SELCS 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	10.00	3.06	1.26	1.80	5.88
Principal	6.00	1.84	1.72	0.12	0.39
Dean of Students	1.00	0.31	0.05	0.26	0.85
Total	17.00	5.21	3.03	2.18	7.12

Source: SELCS 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.

Table B-3: Technical Staff Comparison

Students	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCS 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
Computer Operating	0.00	0.00	0.17	(0.17)	(0.56)
Other Technical	2.00	0.61	0.28	0.33	1.08
Total	2.00	0.61	0.45	0.16	0.52

Source: SELCS D 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.

Table B-4: Central Office Support Staff Comparison

Students	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCS 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
Administrative Assistant	4.00	1.22	0.03	1.19	3.89
Accounting	0.00	0.00	0.03	(0.03)	(0.10)
Bookkeeping	1.00	0.31	0.42	(0.11)	(0.36)
Central Office Clerical	10.00	3.06	1.93	1.13	3.69
Records Managing	0.00	0.00	0.03	(0.03)	(0.10)
Other Office/Clerical	0.00	0.00	0.06	(0.06)	(0.20)
Total	15.00	4.59	2.50	2.09	6.83

Source: SELCS D 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.

Table B-5: Building Office Support Staff Comparison

Students and Buildings	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Buildings	6.00		5.60	0.40	
Position	SELCS 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
School Building Clerical	16.00	4.90	3.66	1.24	4.05
Bookkeeping	0.00	0.00	0.07	(0.07)	(0.23)
Records Managing	0.00	0.00	0.07	(0.07)	(0.23)
Telephone Operator	0.00	0.00	0.03	(0.03)	(0.10)
Other Office/Clerical	0.00	0.00	0.12	(0.12)	(0.39)
Total	16.00	4.90	3.95	0.95	3.10

Source: SELCS 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 clerical FTEs per 1,000 students in line with the primary peer average.

Table B-6: Messenger Staff Comparison

Students	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCS 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
Messenger	1.00	0.31	0.05	0.26	0.85

Source: SELCS D 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.

Table B-7: General Education Teaching Staff Comparison

Students	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCS 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
General Education	169.00	51.73	43.83	7.90	25.81

Source: SELCS 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.

Table B-8: Counseling Staff Comparison

Students	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCS 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
Counseling	9.60	2.94	2.33	0.61	1.99

Source: SELCS D 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.

Table B-9: Counseling Staff Comparison – High School Only

Position	SELCS D		Primary Peers		Difference	
	FTEs	FTEs per 1,000	Total Peer FTEs	FTEs per 1,000	FTE Per 1,000 Students	FTE
Counseling	4.00	3.87	29.60	3.27	0.60	0.62

Source: SELCS D and primary peers

Table B-10: Social Work Staff Comparison

Students	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCS 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
Social Work	2.00	0.61	0.12	0.49	1.60

Source: SELCS D and primary peers

Note: Only two of the peer districts confirmed that social work staff are used in the same manner as SELCS D. Of the remaining districts, two did not respond to inquiries from the audit staff on this issue and two stated that social work services were obtained through outside sources.

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.

Table B-11: Library Staff Comparison

Students	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCS 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
Librarian/Media	1.00	0.31	0.31	0.00	0.00
Library Aide	5.00	1.53	1.12	0.41	1.34
Total	6.00	1.84	1.43	0.41	1.34

Source: SELCS D 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.

Table B-12: Monitoring Staff Comparison

Students	SELCS D		Primary Peer Avg.	Difference	
Students Educated ¹	3,267		3,017	250	
Students Educated (thousands)	3.267		3.017	0.250	
Position	SELCS 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
Monitoring	18.11	5.54	1.22	4.32	14.11

Source: SELCS D 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.

Transportation

Tables B-13 through B-15 provide additional detail related to the analysis resulting in R.11.

Table B-13: Tier I Detailed Review (PM Routes)

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier I	16	50.5	808	501
Tier I Exclusions				
Reason for Exclusion	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Already at Standard	2	51.0	102	94
80th+ Percentile Time	0	0.0	0	0
Tier I Routes Reviewed for Additional Efficiency Opportunity				
Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier I	14	50.4	706	407
Tier I Route Elimination Sensitivity Analysis and Impact on Utilization				
Routes Eliminated	1	2	3	4
Capacity Eliminated	50.4	100.8	151.2	201.6
Adjusted Total Capacity	655	605	554	504
Adjusted Total Utilization	62.1%	67.3%	73.5%	80.8%

Source: SELCSD and ODE

Table B-14: Tier II Detailed Review (PM Routes)

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier II	8	51.4	411	188
Tier II Exclusions				
Reason for Exclusion	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Already at Standard	0	0.0	0	0
80th+ Percentile Time	0	0.0	0	0
Tier II Routes Reviewed for Additional Efficiency Opportunity				
Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier II	8	51.4	411	188
Tier II Route Elimination Sensitivity Analysis and Impact on Utilization				
Routes Eliminated	1	2	3	4
Capacity Eliminated	51.4	102.8	154.2	205.6
Adjusted Total Capacity	360	308	257	206
Adjusted Total Utilization	52.2%	61.0%	73.2%	91.3%

Source: SELCSD and ODE

Table B-15: Tier III Detailed Review (PM Routes)

Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier III	16	49.9	798	374
Tier III Exclusions				
Reason for Exclusion	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Already at Standard	0	0.0	0	0
80th+ Percentile Time	0	0.0	0	0
Tier III Routes Reviewed for Additional Efficiency Opportunity				
Tier	Total Routes	Avg. Capacity	Total Capacity	Peak Riders
Tier III	16	74.5	1,192	374
Tier III Route Elimination Sensitivity Analysis and Impact on Utilization				
Routes Eliminated	4	5	6	7
Capacity Eliminated	199.6	249.5	299.4	349.3
Adjusted Total Capacity	599	549	499	449
Adjusted Total Utilization	62.4%	68.1%	74.9%	83.3%

Source: SELCSD and ODE

Facilities

Table B-16 provides historic enrollment data along with projections from ODE showing a continuing decline in student population (see **R.13**).

Table B-16: Student Enrollment Projections

Grade	Historical FYs				Projected FYs			
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
K	233	262	240	232	231	227	222	218
1	247	248	245	240	227	226	222	217
2	247	249	245	243	241	228	227	223
3	240	269	253	241	248	246	233	232
4	272	236	247	217	222	229	227	215
5	235	257	247	256	218	223	230	228
6	257	233	264	233	258	219	224	231
7	251	247	222	278	228	252	214	219
8	280	260	251	230	286	234	259	220
9	318	307	299	277	255	318	260	288
10	295	271	269	286	246	227	283	231
11	275	275	282	281	288	247	228	285
12	331	280	279	288	279	285	245	226
Total:	3,481	3,394	3,343	3,302	3,227	3,161	3,074	3,033

Source: SELCSD and ODE

Table B-17 provides context for **R.15** to eliminate 1.0 FTE facilities position.

Table B-17: Facilities Staffing Comparison

Grounds Staffing	
Grounds FTEs	3.4
Acreage Maintained	104.9
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	2.6
Grounds FTEs Above/(Below) Benchmark	0.8
Custodial Staffing	
Custodial FTEs	21.9
Square Footage Cleaned	774,471
NCES Level 3 Cleaning Benchmark - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	26.3
Custodial FTEs Above/(Below) Benchmark	(4.4)
Maintenance Staffing	
Maintenance FTEs	13.3
Square Footage Maintained	807,236
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	8.5
Maintenance FTEs Above/(Below) Benchmark	4.8
Total Buildings & Grounds Staffing	
Total FTEs Employed	38.6
Total Benchmarked Staffing Need	37.4
Total FTEs Above/(Below) Benchmark	1.2

Source: SELCSD and *Planning Guide for Maintaining School Facilities* (NCES, 2003)

Linda N. Reid
Superintendent of Schools



Joshua J. Hill
Treasurer

September 30, 2019

Mr. Keith Faber
Office of Auditor of State
88 East Broad Street, 5th Floor
Columbus, Ohio 43215

Dear Auditor Faber,

On behalf of the South Euclid Lyndhurst Board of Education and Administration, we would like to thank Amanda Curran and James Ringer for their time and effort in preparing the audit report for our district. Ms. Curran and Mr. Ringer were thorough and professional through all phases of the performance audit.

We appreciate your office providing recommendations contained in the report. Our leadership team reviewed all recommendations and look to address them as stated below:

R. 1—Improve the budget process to ensure transparency in financial reporting

With the hiring of a new Treasurer, and the reorganization of the Treasurer's Department, the District's budget process will be reviewed to improve transparency and accuracy in the five-year forecast.

R. 2—Reduce the General Fund subsidy of extracurricular activities to local peer level

Due to 55.8% of our student population identified as economically disadvantaged, the District looks to minimize pay to participate fees for extracurricular activities. However, the District will explore ways to increase sales and booster club funding to offset costs.

R. 3—Eliminate administrative and administrative support positions above the peer average

The District shall evaluate its staffing levels on a departmental basis to ensure that we are not overstaffed; we will need to be careful not to make staffing reductions that would compromise safety and operational needs. The District will look for opportunities of cost savings by realigning staff as a result of retirements and other voluntary separation of more-tenured staff.

R. 4—Eliminate direct student education and support positions above the peer average

The District shall evaluate its staffing levels on a departmental basis to ensure that we are not overstaffed; we will need to be careful not to make staffing reductions that would compromise the quality of education provided to our students, their safety, and operational needs. The District will look for opportunities of cost savings by realigning staff as a result of retirements and other voluntary separation of more-tenured staff.

R. 5—Evaluate the District's security strategy and staffing and adjust the strategy to achieve more cost effective implementation of District security goals

The District shall evaluate its staffing levels on a departmental basis to ensure that we are not overstaffed; we will need to be careful not to make staffing reductions that would compromise safety. The District will explore alternative funding options for safety personnel.

R. 6—Renegotiate collective bargaining agreement provisions

All items suggested in this audit will be evaluated and addressed as an item of negotiation in the next collective bargaining agreement proposal.

5044 Mayfield Road, Lyndhurst, Ohio 44124
Phone: (216) 691-2048 • FAX: (216) 691-2797 • www.sel.k12.oh.us

R. 7—Implement of a step freeze on all classified OAPSE #110 salaries

This certainly will be considered for the next negotiation session. The movement that we achieved in the last two sessions, which included the implementation of a two-tier system for salary and benefits and the removal of two steps on the salary schedule, made it difficult to include in those proposals.

R. 8—Monitor classified employee sick leave use per CBA

We shall continue to monitor the use of sick leave to ensure that it is being utilized appropriately, as much as the law and CBA will allow. Additionally we will look at adding language to the bargaining agreement that will reinforce our ability to do so in the next negotiation process. We will also continue to ensure that all use of temporary staff and overtime is absolutely necessary to meet the operational needs of the district.

R. 9—Reduce employer cost of medical, dental, and vision insurance

All items suggested in this audit will be evaluated and addressed as an item of negotiation in the next collective bargaining agreement proposal.

R. 10—Complete T-1 Forms as prescribed by ODE

The Office of Business Affairs will be directed to work with the Transportation Supervisor to develop and implement adequate procedures to ensure that all information reported is accurate as per the ODE instructions and requirements.

R. 11—Right-size the active bus fleet and eliminate three routes

The Office of Business Affairs will work with the Transportation Supervisor to continue to ensure that our routing is as cost effective as possible. We have consolidated and eliminated many route segments over the years with our primary challenge being school session times and their limitations on our route times.

R. 12—Adjust bus purchasing process

The Transportation Supervisor shall be directed to work with the District's Fleet Mechanics to devise and implement a comprehensive fleet replacement plan, which incorporates all necessary criteria.

R. 13—Consider closing an Elementary School

We will utilize Ohio School Facility Commission resources to evaluate current buildings.

R. 14—Sell, repurpose, or donate the vacant Southlyn Elementary Building

As part of the District's strategic plan, the vacant Southlyn Building is slated to be repurpose as an early childhood and family center.

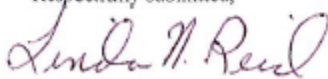
R. 15—Eliminate 1.0 Facilities position

The District shall evaluate its staffing levels on a departmental basis to ensure that we are not overstaffed. Given that this District accomplishes many of its facility maintenance requirements in-house, opposed to contracting this work out, we will need to be careful not to make staffing reductions that would result in the overall increase cost to the District.

R. 16—Eliminate 17.0 labor hours from the food service program

The Office of Business Affairs will evaluate all Food Service staffing levels with the FSMC to ensure that we are not overstaffed to meet the daily needs of the Food Service Program.

Respectfully submitted,



Linda N. Reid
Superintendent



Joshua J. Hill
Treasurer

OHIO AUDITOR OF STATE
KEITH FABER



SOUTH EUCLID – LYNDHURST CITY SCHOOL DISTRICT

CUYAHOGA 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
OCTOBER 15, 2019**