

OHIO AUDITOR OF STATE  
KEITH FABER



Franklin  
City School District

# Performance Audit

November 2022

OHIO AUDITOR OF STATE  
**KEITH FABER**



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**To the Franklin City School District community,**

The Auditor of State's Office recently completed a performance audit for the Franklin 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 provides the District valuable information which can be used to make important financial decisions. 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  
Columbus, Ohio

November 10, 2022

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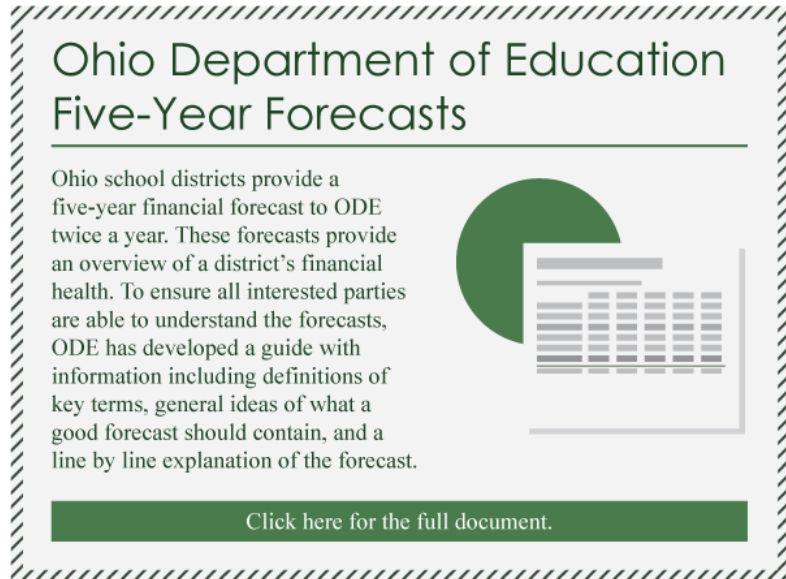
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# Introduction

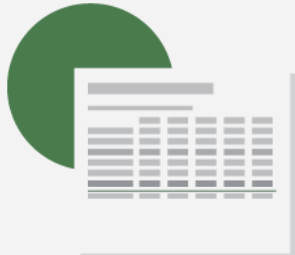
The public expects and deserves government entities to be good stewards of taxpayer dollars. School officials have a responsibility to maximize program outcomes and success while minimizing costs. Transparent management of taxpayer dollars promotes a good relationship with the constituents served by a school district. School districts in Ohio are required to submit budget forecasts to the Ohio Department of Education (ODE) annually in the fall, with updates to the forecast submitted in the spring.<sup>1</sup> These documents provide three years of historical financial data, as well as the projected revenues and expenses for a five-year period.



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### Ohio Department of Education Five-Year Forecasts

Ohio school districts provide a five-year financial forecast to ODE twice a year. These forecasts provide an overview of a district's financial health. To ensure all interested parties are able to understand the forecasts, ODE has developed a guide with information including definitions of key terms, general ideas of what a good forecast should contain, and a line by line explanation of the forecast.



Click here for the full document.

The Ohio Auditor of State's Office Ohio Performance Team (OPT) routinely reviews the submitted forecasts in order to identify districts which may benefit from a performance audit. These audits are designed to assist school districts that are struggling financially. We use data-driven analyses to produce and support recommendations that identify opportunities for improved operations, effectiveness, increased transparency and reductions in cost. While we have the authority to initiate a performance audit for school districts facing financial distress, any school district can request, and benefit from, an audit.<sup>2</sup>



## NOTE TO REPORT USERS

Due to the COVID-19 pandemic, districts received federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The aid was provided through Elementary and Secondary School Emergency Relief (ESSER) funding. Nearly \$500 million was allocated to traditional public schools and community schools throughout Ohio. Districts are allowed to use this funding on a variety of expenditures, and may, for a short time, impact the five-year forecasts.

<sup>1</sup>ORC § 5705.391 and OAC 3301-92-04.

<sup>2</sup>Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see [Appendix A](#) for more details.

# Franklin City School District

Franklin City School District (FCSD or the District) is located in Warren County and, as of fiscal year (FY) 2021, had 2,610 students enrolled. The District spans approximately 24 square miles and has a median resident income of \$34,405. Of the total enrolled students, 20.2 percent were students with disabilities.



In 2020, District voters passed a bond issue that is expected to raise a total of \$66 million for facilities projects. The bond will be paid back using property tax revenues over a 37-year period.<sup>3</sup> This funding will be used to update the District’s facilities through new construction and renovations. Using the funds from the 2020 bond issue, along with funding from Ohio Facilities Construction Commission,<sup>4</sup> the District plans to renovate or replace all buildings over the course of several years. Currently, the District is using revenue from the sale of bonds to construct a new high school at the site of the former junior high school, which is slated to be completed in 2023. Once this new high school is open, the current high school will be renovated into a middle school serving sixth through eighth grades. Additionally, three new elementary schools, which will serve kindergarten through fifth grade, are to be built to replace the five current elementary school buildings. These new buildings will be constructed using state funding, when funding becomes available.<sup>5</sup>

Currently the District has a 15.89-mill, five-year substitute levy that is due for renewal in November 2023; however, the District has decided to bring this renewal levy to the ballot early in November 2022. The levy would provide approximately \$7.18 million in funding annually for the next five years.

## Audit Methodology

Our audit focuses on identifying opportunities where expenditures may be reduced as the District administration can make decisions in these areas. The information, which was presented to District officials, is based on a combination of peer district comparisons, industry standards, and statewide requirements.

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<sup>3</sup> The District has chosen to structure debt repayment so that the millage used to raise revenue will remain consistent throughout the repayment period. The District may retire the debt early if it chooses to and if funds are available.

<sup>4</sup> The District is expected to pay 43 percent of the total cost of the project with the state of Ohio providing funding for the remaining 57 percent.

<sup>5</sup> The District is taking advantage of the Expedited Local Partnership Program, which is offered by the OFCC and allows a district to begin portions of a facilities plan while waiting to become eligible for state funding. Under this program, state funding be used to complete an entire building project. FCSD determined the three elementary schools would be completed using state funding, when it is available.

Two groups of peer districts were identified for the purpose of this audit. The first, local peers, are comprised of districts in the surrounding area and are used for labor market comparisons, such as salary schedules. The second peer group, primary peers, are districts located throughout Ohio and are chosen based on having a similar or better academic performance while maintaining relatively lower spending per pupil. Primary peer districts are used for financial comparisons and analyses regarding operations such as staffing levels. See [Appendix A](#) for a list of all districts used in our peer comparisons.

## Financial Condition

In November 2021, the District released its semi-annual five-year forecast that showed negative year-end fund balances in the forecast period beginning in FY 2024. A summary of this forecast is in the table below. Due to the declining fiscal condition of the District, and in consultation with ODE, we chose to conduct a performance audit.

### Financial Condition Overview (November 2021)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Revenue	\$36,415,217	\$35,676,746	\$31,939,083	\$28,530,205	\$29,163,227
Total Expenditures	\$38,844,895	\$39,552,796	\$40,604,101	\$41,519,886	\$42,371,662
<b>Results of Operations</b>	<b>(\$2,429,678)</b>	<b>(\$3,876,050)</b>	<b>(\$8,665,018)</b>	<b>(\$12,989,681)</b>	<b>(\$13,208,435)</b>
Beginning Cash Balance	\$7,088,410	\$4,658,732	\$782,682	(\$7,882,336)	(\$20,872,017)
<b>Ending Cash Balance</b>	<b>\$4,658,732</b>	<b>\$782,682</b>	<b>(\$7,882,336)</b>	<b>(\$20,872,017)</b>	<b>(\$34,080,452)</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$4,054,671	\$12,164,873	\$20,275,761
Cumulative Balance of New Levies	\$0	\$0	\$31,746	\$126,871	\$283,329
<b>Ending Fund Balance</b>	<b>\$4,658,732</b>	<b>\$782,682</b>	<b>(\$3,795,919)</b>	<b>(\$8,580,273)</b>	<b>(\$13,521,362)</b>

Source: ODE

In May 2022, the District released the required update to its five-year forecast. The updated forecast, as summarized in the table on the following page, shows an improved financial condition, due in part to increased revenues and lower expenditures. While slightly improved, the District's May 2022 five-year forecast continues to project negative year-end fund balances beginning in FY 2025. This deficit is projected to grow to more than \$6.7 million by the end of the forecast period in FY 2026.

## Financial Condition Overview (May 2022)

	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
Total Revenue	\$37,487,880	\$35,891,621	\$32,609,817	\$29,524,236	\$30,429,370
Total Expenditures	\$38,649,760	\$38,401,821	\$39,763,452	\$40,802,195	\$41,766,138
<b>Results of Operations</b>	<b>(\$1,161,880)</b>	<b>(\$2,510,200)</b>	<b>(\$7,153,635)</b>	<b>(\$11,277,959)</b>	<b>(\$11,336,768)</b>
Beginning Cash Balance	\$7,088,408	\$5,926,528	\$3,416,328	(\$3,737,307)	(\$15,015,266)
<b>Ending Cash Balance</b>	<b>\$5,926,528</b>	<b>\$3,416,328</b>	<b>(\$3,737,307)</b>	<b>(\$15,015,266)</b>	<b>(\$26,352,034)</b>
Encumbrances	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$3,857,334	\$11,573,003	\$19,289,543
Cumulative Balance of New Levies	\$0	\$0	\$38,951	\$155,634	\$347,609
<b>Ending Fund Balance</b>	<b>\$5,926,528</b>	<b>\$3,416,328</b>	<b>\$158,978</b>	<b>(\$3,286,629)</b>	<b>(\$6,714,882)</b>

Source: ODE

## School Funding

Historically, school funding in Ohio has been a partnership between the state and local districts. Local districts can raise funds through property and income taxes and the state provides funding primarily through a foundation formula, which is intended to ensure a basic level of education funding for all students. Districts may also receive some funding from other sources, such as federal grants. In FY 2021, of the approximately \$25.3 billion in reported revenue for public education in Ohio, nearly 84 percent, or \$21.2 billion, came from state and local sources.

## State Funding

On June 30, 2021, House Bill 110 of the 134th General Assembly (the biennial budget bill) was signed by the Governor. This bill included changes to the state foundation funding formula, commonly referred to as the Fair School Funding Plan, which replaced the previous state funding allocation model. This new model establishes and implements a cost methodology using student teacher ratios, minimum staffing levels, local property values, and district-level income data. Further, the legislation includes guarantees to ensure no school district receives less funding than it did in FY 2021.

The new model is planned to be phased-in over several years, which will impact the amount of state funding received under the new formula over the period of the phase-in. During the phase-in period, the amount of state funding received in any given year may be less than what would have been received if the formula were fully funded. ODE transitioned to the new funding model in January of 2022.

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## Local Funding

Local revenue can be raised through a combination of property and income taxes. While property taxes are assessed on both residential and business properties within a district, income tax is assessed only on residents.<sup>6</sup> Approximately one third of Ohio school districts currently have an income tax.

### *Property Tax*

Property taxes levied in Ohio are subject to restrictions in the Ohio Constitution<sup>7</sup> and the Ohio Revised Code (ORC).<sup>8</sup> These restrictions limit the amount of tax that can be levied without voter approval to 10 mills<sup>9</sup> or 1 percent of property value. While the Constitutional limitation is based on fair market value, the ORC sets a more restrictive limit based on taxable value, which is defined as 35 percent of fair market value. These taxes are split between the various taxing districts that operate where a property is located.

The 10 mills allowed by the Constitution are typically referred to as inside, or un-voted mills. Inside mills for school districts varies. On average, school districts have approximately 4.7 inside mills, and the remainder of property tax revenue would come from voted, or outside millage.

School districts can obtain additional property tax revenue through voter approved bonds and levies. These taxes can have a variety of purposes that are defined in the authorizing language which are generally divided into three broad categories: general operations, permanent improvement, and construction.

Levies may be defined as either a fixed-rate or a fixed-sum. A fixed-rate levy identifies the number of mills that will be assessed in order to raise revenues. If new construction occurs within the district, the rate will apply, and the district would realize additional revenues. Current expense levies, used for general operations, and permanent improvement levies are typically fixed-rate. A fixed-sum levy identifies an amount that will be generated from the levy. While there may be an estimated millage rate, the actual rate will vary based on assessed property values. If new construction occurs within the district, there would be no new revenues for a fixed-sum levy. Emergency levies<sup>10</sup> for general operations, and bond levies for the financing of new buildings, are typically fixed-sum levies.

Ohio has historically had laws which limit the impact rising property values can have on property taxes. The most recent version of these limitations was enacted in 1976 and requires

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<sup>6</sup> See <https://tax.ohio.gov/wps/portal/gov/tax/individual/school-district-income-tax>

<sup>7</sup> Ohio Const. Art. XII, Section 2.

<sup>8</sup> Ohio Rev. Code § 5705.02.

<sup>9</sup> A mill is defined as one-tenth of one percent or \$1 for every \$1,000 of taxable value.

<sup>10</sup> Authorized by ORC §5705.194.

that the amount collected on fixed-rate millage is frozen at the dollar value collected in its first year.<sup>11</sup> In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.<sup>12</sup> Instead, the outside mills are subject to reduction factors<sup>13</sup> which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.<sup>14</sup>

However, under state law, in order to receive state foundation funding, a district must collect a minimum of 20 mills in property taxes for general purposes, or current expenses.<sup>15</sup> In order to prevent a district from failing to meet this minimum threshold, reduction factors stop being applied once a district reaches an effective rate of 20-mills, colloquially known as the 20-mill floor. Practically speaking, this means that if a district's effective tax rate is reduced to 20 mills for current expenses, the amount of revenue generated from levies will increase with property values unless a new operating levy is approved by voters. It is important to note not all levies count toward the 20-mill floor.

Ultimately, the mixture of property taxes approved by voters can have a wide-ranging impact on both the revenues collected by a district and the amount of tax that individual property owners are required to pay on an annual basis.

### *Income Tax*

A school district income tax is an alternative method of raising local revenue. Like property taxes, an income tax must be approved by voters and may be for either general use or specific purposes, such as bond repayment. Once approved, a tax becomes effective on January 1st of the following year. Unlike municipal income taxes which are generally levied on wages earned in the municipality by both residents and nonresidents, school district income taxes are levied on wages earned by residents of the district, regardless of where the resident may work. Businesses operating within the school district are not required to pay the income tax.

A school board, when determining that an income tax is necessary for additional revenue, must submit a resolution to the Ohio Tax Commissioner identifying the amount of revenue to be raised and the tax base to be used for calculations. A school district income tax can be assessed on either a traditional tax base or an earned income tax base. The traditional tax base uses the same income base as Ohio's income tax and the earned income tax base is only earned income from an employer or self-employment. Under the earned income tax base, income such as capital

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<sup>11</sup> Am.Sub.H.B. No. 920, 136 Ohio Laws, Part II, 3182, 3194.

<sup>12</sup> If property value decreased due to reappraisal, it is possible that a district would receive less revenue than originally intended.

<sup>13</sup> ORC § 319.301.

<sup>14</sup> We are providing this information for historical purposes only. The law which regulates collection of on outside millage has been amended since enacted in 1976. The District should consult with the most current version of the law for a clear understanding of how this process works today.

<sup>15</sup> The term 'current expense' refers to revenue generated from levies that are not restricted in their use. It does not include bonds or levies that generate revenues for restricted funds, such as Permanent Improvement levies.

gains or pension payments is not taxable, though this type of income may be taxed under the traditional tax base. Once this information is received, the Tax Commissioner identifies the income tax rate and equivalent property tax millage for the district.

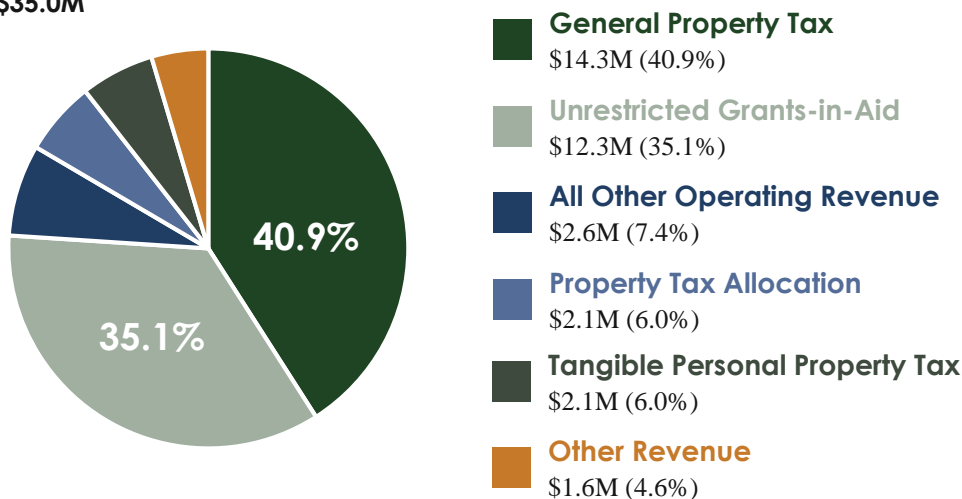
The Ohio Department of Taxation collects income tax through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as are currently used for state income taxes. Districts receive quarterly payments from the Department of Taxation and each payment is for the amount collected during the prior quarter. A district receives the total amount of revenue collected less a 1.5 percent fee retained by the state for administration purposes. The amount of revenue collected via income tax each year will vary based on the earnings of the district’s residents.

## FCSD Revenues

A school district budget is comprised of revenues and expenditures. In FY 2021, the District’s total General Fund revenue was approximately \$35.0 million. The District’s primary sources of revenue are general property taxes and state foundation funding. The remaining revenue is comprised of a variety of sources as seen below.

### FY 2021 Total General Fund Revenue Composition

**Total: \$35.0M**



Source: ODE

Note: Unrestricted grants-in-aid is comprised primarily of state foundation funding.

Note: Property Tax Allocation consists of reimbursements from the state for local taxpayer credits or reductions.

Note: Other Revenue includes Advances-In, Restricted Grants-in-Aid, and Other Financing Sources.

In 2021, FCSD collected revenues on 39.8 mills of property tax on residential properties.<sup>16</sup> This included 2.5 inside mills and 17.5 outside mills for current expenses. The District’s current expense millage rate is at the 20-mill floor and therefore not subject to reduction factors. The District collects revenue on an additional 1.53 inside mills for permanent improvement purposes. These inside mills are not subject to reduction factors. However, because they are used for permanent improvement purposes, they do not count towards the 20-mill floor for general operation funding. The remaining 18.27 mills that the District collected revenue from in 2021 were comprised of a substitute levy that collects approximately \$7.18 million and was assessed at 13.6 mills, and a bond issue which will be used to repay debt related to new facilities and was assessed at 4.67 mills.

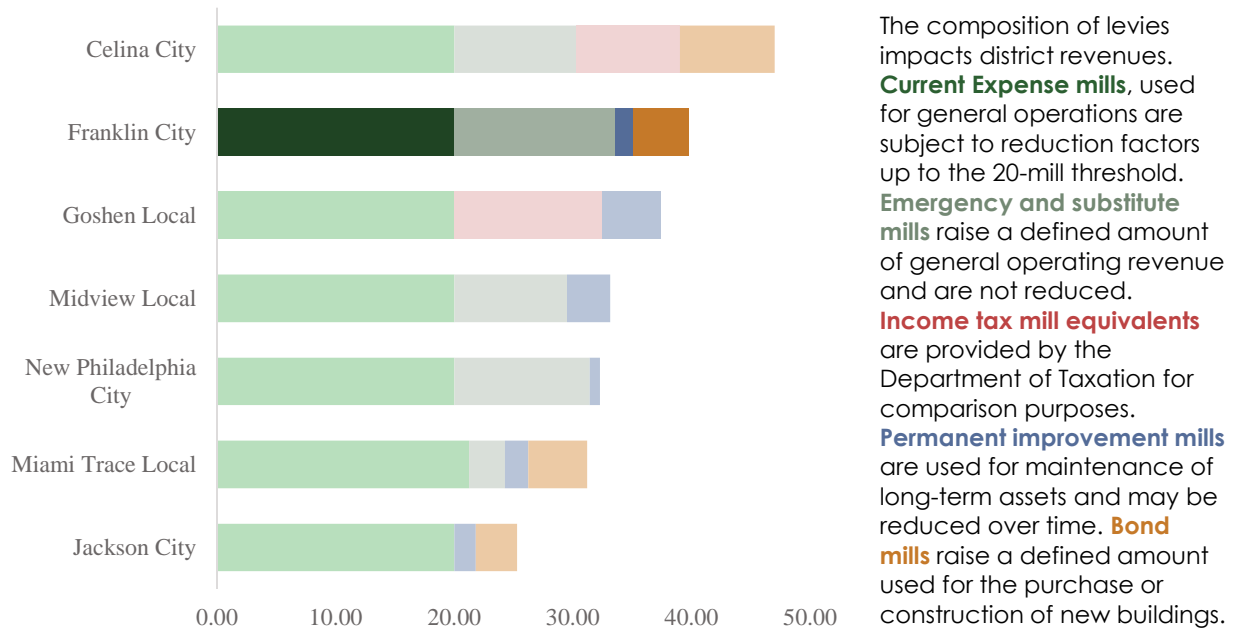
Because the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for FCSD to that of its primary peers. This comparison is found in the chart on the following page. The green portion of the bar represents the current expense millage rate, where all but one of the peers are also on the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding. While FCSD does not have a school district income tax, some peers do have revenue from income taxes. This revenue is converted to an estimated millage equivalent by the Department of Taxation and represented in pink.

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<sup>16</sup> Residential and agricultural property is considered Class 1 real estate. Commercial Property is considered Class 2 real estate and subject to a different set of reduction factors. The effective millage rate for Class 2 property in 2020 was 42.36.



## 2021 Millage and Millage Equivalents | Primary Peers



Source: Ohio Department of Taxation

Note: The District's permanent improvement revenue is collected using inside mills. This millage is in addition to the inside mills used for general operations.

Overall, the District's effective millage rate of 39.80 is greater than all but one of the primary peers. It is important to understand that the revenue generated from bond and emergency levies remains the same regardless of changes to property values as they are voted as a fixed-sum levies. The current expense millage and permanent improvement millage also stay the same until the 20-mill floor is hit for current expense taxes. At that point, a district at the floor would see additional revenues from increases in value to existing properties. FCSD and the majority of its peers are currently at the 20-mill floor, or very close to it, which means most will see additional revenue if property values increase.

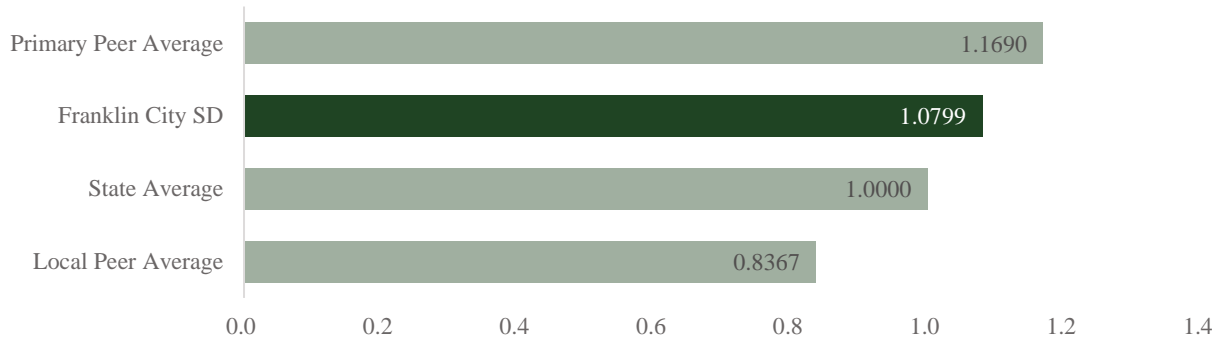
### Local Tax Effort

ODE uses the Local Tax Effort Index as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents' abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents' income devoted to supporting public education. This index uses median income data and provides context to better understand a community's tax burden, not only compared to other districts, but also as a function of the residents' ability to pay.

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On this sliding scale, a value of 1.0 indicates the state average, a baseline against which all districts in the state are weighed. If a district has a local tax effort below 1.0, residents provide a smaller portion of their available income to public education, whereas a value above 1.0 indicates the community pays a larger portion of their available income to public education compared to the state average. The index is updated annually by ODE as part of its District Profile Reports, also known as the Cupp Report, to reflect changes in local conditions from year to year.

### FY 2021 Local Tax Effort Comparison



Source: ODE

The District’s local tax effort was compared to the local peers, primary peers, and the state average. The District has a local tax effort of 1.0799. This is the 239th highest local tax effort out of 606 districts in the state, which is approximately the 60th percentile of all districts. By comparison, the local peer average of .08367 would rank approximately 409th out of all 606 districts, or the 33rd percentile.

### Revenue per Pupil

Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. Because our audit focuses on the projected deficit in the five-year forecast, we reviewed only the forecasted fund revenues for this purpose.<sup>17</sup> In FY 2021, the District received \$13,431 per pupil, with 46.9 percent, or approximately \$6,297, coming from local taxes.<sup>18</sup> In FY 2021, the primary peer average was \$12,521 in revenue per pupil, with 41.9 percent, or approximately \$5,245, coming from local taxes. The District’s local revenue was higher than the primary peer average in FY 2021.

<sup>17</sup> Forecasted funds include the District’s General Fund and funds derived from emergency levies.

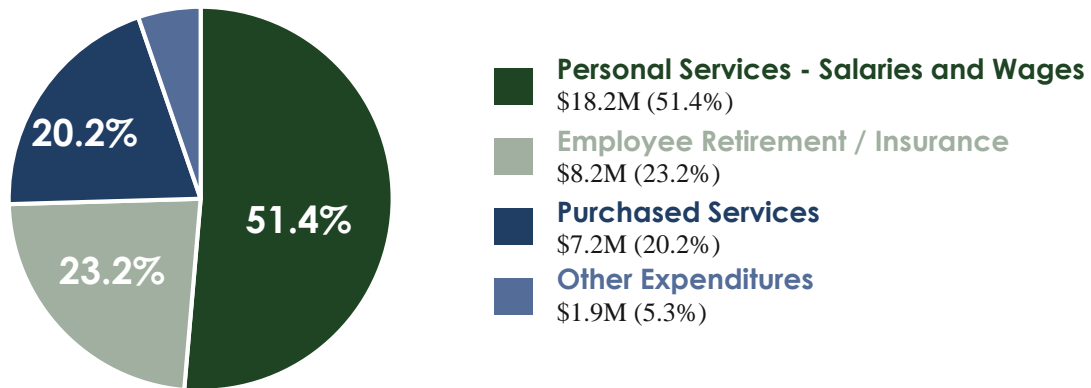
<sup>18</sup> The Cupp Report, issued by ODE, provides information on all revenues received by a district. Because of this, the percentage of revenues from local revenues in the Cupp Report may vary from the amount in our report due to the inclusion of additional revenues. This is particularly true when reviewing FY 2021 data as districts received federal funding for COVID-19 relief through ESSER grants.

## Expenditures

In FY 2021, the District’s total General Fund expenditures were approximately \$35.5 million. The largest source of expenditures was human resources, which includes salaries, wages, and benefits, followed by purchased services. The chart that follows provides additional detail regarding District expenditures.

### FY 2021 Total General Fund Expenditure Composition

**Total: \$35.5M**



Source: ODE

Note: Other Expenditures includes Supplies and Materials, Capital Outlay, Principal on Loans, Interest & Fiscal Charges, and Other Objects.

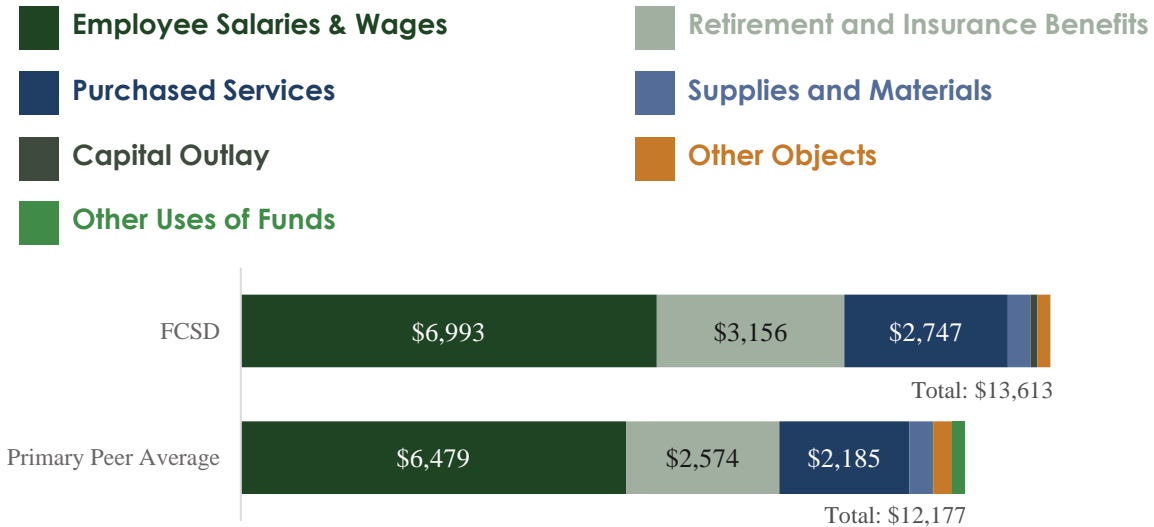
Note: Due to rounding, the percentage in the chart is equal to 100.1 percent.

### Expenditures per Pupil

In FY 2021, FCSD spent approximately \$13,613, or 11.8 percent more, per pupil when compared to the primary peer average of \$12,177 per pupil, based on forecasted funds. The chart on the following page provides a graphic comparison of expenditures per pupil between FCSD and the primary peer average. The District spent more than the primary peer average on employee salaries and wages, employee retirement and insurance benefits, purchased services, and capital outlay. The District spent less than the primary peer average on supplies and materials, other objects, and other uses of funds.<sup>19</sup>

<sup>19</sup> The category of “Other Objects” includes things such as interest on loans, memberships in professional organizations, County Board of Education contributions, and various types of non-healthcare insurance. “Other Uses of Funds” mainly consists of transfers, contingencies, and advances within the various accounting dimensions.

## FY 2021 Total Expenditures Per Pupil



Source: FCSO and Peers

Note: Other Objects includes Redemption of Principal (Serial Bonds, Loans for Energy Conservation, Interest), Dues & Fees, Insurance, Awards & Prizes, Student Activity Payments, and Other Miscellaneous.

## Results of the Audit

Based on an initial analysis of the District’s data as compared to its peer groups, the following scope areas were included for detailed review and further analyses: Financial Management, Human Resources, Facilities, Transportation, and Food Service. We identified 11 recommendations and one issue for further study which would result in reduced expenses or improve the District’s operational management based on industry standards and peer averages.

### Summary of Recommendations

Recommendations	Average Annual Savings
<b>R.1 Develop Formal Strategic and Capital Plans</b>	N/A
<b>R.2 Reduce the General Fund Subsidy Percent of Total Expenditures for Extracurricular Activities to the Local Peer Level</b>	<b>\$28,000</b>
<b>R.3 Eliminate 3.0 FTEs from Administrative and Administrative Support Positions above the Peer Average</b>	N/A
Reduce 2.0 FTE Building Administrators	N/A
Reduce 1.0 FTE Building Office Support Staff	N/A

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<b>R.4</b>	<b>Eliminate 18.0 FTEs from Direct Student Education and Support Positions above the Peer Average</b>	<b>\$1,085,000</b>
	Reduce 8.0 FTE Teacher positions	\$665,000
	Reduce 3.0 FTE Library Staff	\$102,000
	Reduce 7.0 FTE Nursing staff	\$318,000
<b>R.5</b>	<b>Renegotiate Collective Bargaining Agreement Provisions</b>	N/A
<b>R.6</b>	<b>Align Salary Schedules with the Local Peer Average</b>	N/A
<b>R.7</b>	<b>Align Employer Insurance Costs with SERB Regional Average</b>	<b>\$1,484,000</b>
<b>R.8</b>	<b>Align Expenditures for Non-Regular Labor with the Peer Average</b>	<b>\$41,000</b>
<b>R.9</b>	<b>Eliminate One Bus Route</b>	<b>\$27,000</b>
<b>R.10</b>	<b>Develop a Formal Bus Replacement Plan</b>	N/A
<b>R.11</b>	<b>Monitor Food Service Operations</b>	N/A

<b>Average Annual Cost Savings from Performance Audit Recommendations</b>	<b>\$2,665,000</b>
<b>Food Service Portion of Insurance Costs (see R.7)</b>	<b>\$101,000</b>
<b>Average Annual Cost Savings from Performance Audit Recommendations (General Fund)</b>	<b>\$2,564,000</b>

Note: These estimated savings reflect the average annual savings that could be achieved in FY 2024 through the remainder of the forecast period.

Note: Numbers in this table are rounded down to the nearest \$1000 to provide conservative estimates and for readability purposes.

The financial impact of this audit’s recommendations on the May 2022 five-year forecast are shown in the following table. This table reflects the cumulative financial impact of the implementation of these recommendations on the five-year forecast.

### Results of the Audit Recommendations

	FY 2023	FY 2024	FY 2025	FY 2026
<b>Original Ending Fund Balance</b>	<b>\$3,416,328</b>	<b>\$120,027</b>	<b>(\$3,442,263)</b>	<b>(\$7,062,491)</b>
Cumulative Balance of Tier I Recommendations	\$0	\$2,466,142	\$5,032,505	\$7,702,887
<b>Revised Ending Fund Balance with Tier I Recommendations</b>	<b>\$3,416,328</b>	<b>\$2,586,169</b>	<b>\$1,590,242</b>	<b>\$640,396</b>

# Financial Management

Any organization needs to consider both short-term needs and long-term goals when developing policies and procedures related to financial management. This requires strategic planning in order to identify the best use of available resources. School districts, in particular, must have sound planning processes in place so that they can effectively and transparently provide services to their residents. We reviewed FCSD’s financial management policies in order to determine if there were areas for improved management.

## Recommendation 1: Develop Formal Strategic and Capital Plans

### Impact

Developing long-term strategic and capital plans that are linked to annual budgets could provide the District with necessary guidance on overall spending and program allocations based on plan-related goals and objectives. The development of these plans could also assist the District in making more efficient and effective long-term decisions.

### Methodology

We interviewed District officials and confirmed that the District does not have a strategic plan or capital plan. We also compared the District’s current strategic and capital planning practices to the Government Finance Officers’ Association (GFOA) best practices to identify opportunities for improvement.

### Analysis

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

Key steps in the strategic planning process include:

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

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- Obtaining approval of the plan; and,
- Implementing, monitoring, and reassessing the plan.

*Multi-Year Capital Planning: Best Practice* (GFOA, 2006) recommends that public entities create and implement a multi-year capital plan as a component of their comprehensive strategic plan. A properly prepared capital plan is essential to the future of the financial health of an organization and its continued delivery to its constituents and stakeholders. An adequate capital plan should:

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

*Long-Term Financial Planning* (GFOA, 2008) specifies that long-term financial planning should encompass the following elements:

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

FCSD does not have a formal comprehensive strategic plan that guides long-term operations and spending decisions, nor does it have a formal capital plan linked to the budget. As a result, the District's annual budget is not directly linked to formal goals, objectives, and performance measures.

## Conclusion

By not having formal strategic and capital plans linked to the budget, FCSD is not able to effectively address all financial, programmatic, and operational needs of the District. Therefore, it should concurrently develop such plans in order to improve program and funding decisions. Without a goal and resource-oriented strategic plan based on input from key financial, operational, and instructional participants, the District is at risk of not fully evaluating the relationship between its spending decisions and program outcomes.

## Recommendation 2: Reduce the General Fund Subsidy Percent of Total Expenditures for Extracurricular Activities to the Local Peer Level

### Impact

Reducing expenditures and increasing revenue to bring the General Fund subsidy percent of total expenditures for extracurricular activities in line with the local peer average would save FCSD an average of approximately \$28,000 in each year of implementation.

### Background

Extracurricular activities include student activities under the guidance or supervision of qualified adults which are designed to provide opportunities for pupils to participate in such experiences on an individual basis, in small groups, or in large groups - at school events, public events, or a combination of these - for purposes such as motivation, enjoyment, and skill improvement. In practice, participation usually is not required and credit usually is not given. When participation is required, or credit given, the activity generally is considered to be a curricular course.

Extracurricular activities include, but are not limited to, academic oriented activities (drama, marching band, Spanish club), sport-oriented activities (individual and team sports), and co-curricular activities (student government, yearbook).

### Methodology

We reviewed and analyzed the extracurricular activities offered by FCSD. This included reviewing the types of extracurricular activities along with expenditures of the extracurricular activities.

### Analysis

This evaluation looked at the District's General Fund subsidy of extracurricular activities as a percentage of total extracurricular expenditures relative to the local peer districts during FY 2019 through FY 2022. As seen in the table on the following page, the District has historically subsidized a larger percentage of extracurricular activity expenditures compared to peer districts. It should be noted that in FY 2020, which included the beginning of the COVID-19 pandemic, the District received a significant amount of funding through private donations. These donations explain why, in that year, FCSD subsidized a smaller percentage of extracurricular expenditures compared to peer districts.



## General Fund Subsidy as a Percent of Total Expenditures

<b>Local Peer Districts</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>
Middletown CSD	80.1%	78.8%	84.5%	79.5%
Miamisburg CSD	58.0%	70.3%	72.9%	68.9%
Lebanon CSD	34.5%	29.4%	47.6%	55.9%
Springboro Community CSD	22.6%	27.2%	31.1%	29.8%
Carlisle CSD	73.8%	70.4%	78.3%	62.8%
<b>Peer Average</b>	<b>53.8%</b>	<b>55.2%</b>	<b>62.9%</b>	<b>59.4%</b>
Franklin CSD	67.4%	49.3%	67.5%	64.9%
<i>Difference</i>	<i>13.6%</i>	<i>(5.9%)</i>	<i>4.6%</i>	<i>5.5%</i>

Source: FCSO and local peers

The COVID-19 pandemic had significant impacts on operations related to extracurricular activities. For example, when spectators were limited, ticket sales and concession sales were reduced, limiting a district’s ability to raise revenues for activities. Because of the impact that COVID-19 had on operations, we chose to not use data from those years to calculate potential cost savings.

Of the remaining years of analysis, FY 2019 and FY 2022, we chose to base this recommendation on FY 2022 data to provide a conservative estimate of cost savings. In FY 2022, the District had an extracurricular subsidy of approximately \$521,000, which on a percentage basis was 5.5 percent higher than local peers. Using this information, we determined that the District should reduce the General Fund subsidy for extracurricular activities by \$28,000 to be in-line with the local peer average.

The District could consider the following steps to reduce expenditures or raise additional revenue related to extracurricular activities:

- Increase pay-to-participate fees;
- Increase admissions and sales;
- Increase booster club funding;
- Reduce the supplemental salary schedule; or,
- Eliminate programs.

### Conclusion

The District’s General Fund subsidy of extracurricular activities as a percent of total extracurricular expenditures is above the peer average. To close the gap between the revenue and expenditures, and in turn alleviate the amount of General Fund support needed, the District should reduce the general fund subsidy as a percent of total expenditures for extracurricular activities to the local peer average. Doing so would save the District approximately \$28,000 in each year of implementation.

# Human Resources

Human resources (HR) expenditures are significant to both the operational and financial conditions within school districts. OPT reviewed FCSD’s staffing levels, salaries, CBA provisions, and insurance policies and compared them to peer districts. Certain staff, including Title I and Special Education staffing, were excluded from our analyses due to various legal and contractual requirements within these programs.

## Recommendation 3: Eliminate Building Administrator and Building Office Support Positions above the Peer Average

FCSD should consider eliminating building administrator and building office support positions above the primary peer average.

### Impact

By reducing building administrative and office support staff to be in line with the primary peer average, the District could save an average of approximately \$315,000 annually.<sup>20</sup>

### Background

The District employs individuals in building administrative and office support positions, such as principals, assistant principals, and building secretaries who are responsible for activities related to the daily operations of the District. Once the District’s facilities projects are completed, it may be able to reduce positions based on peer comparisons.

### Methodology/Analysis

Staffing levels for the District were identified and compared to primary peer averages on a per-1,000 student and per-building basis.<sup>21</sup> Because the District is undergoing a large-scale facilities project that will result in fewer total school buildings, our per-building analysis is based on the projected future state. Areas where FCSD has staffing levels above the primary peer average and could reduce staff in the future state include:

- 2.0 FTE Building Administrator Staff; and
- 1.0 FTE Building Office Support Staff.

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<sup>20</sup> Calculated savings are based on the salary and benefits of the lowest tenured employee in each position category. Because these reductions are based on the District’s future building configuration, savings were not applied to the five-year forecast.

<sup>21</sup> A Full-Time Equivalent (FTE) was used to identify staffing levels, based on ODE reporting guidelines.

### *Building Administrators*

FCSD employs 9.0 FTEs, which is 1.7 FTEs above the peer average on a per-1,000 student basis and will employ 1.85 FTEs above the peer average on a per-building basis in the future state. Eliminating 2.0 FTE building administrator positions when the building projects are complete could save an average of approximately \$250,000 annually.

### *Building Office Support*

FCSD employs 11.0 FTEs, which is .99 FTE above the per-1,000 student peer average and will employ 1.2 FTE above the per-building peer average in the future state. Eliminating 1.0 FTE building office support position when the building projects are complete could save an average of approximately \$65,000 annually.

### **Conclusion**

FCSD should eliminate 2.0 FTE building administrator positions, and 1.0 FTE building office support position once the current building projects are completed. Eliminating these positions could result in average annual savings of approximately \$315,000 and bring the District's staffing more in line with the primary peer average. Because the building projects are not expected to be fully completed during the most recent forecast period, these savings are not included in our calculations.

## Recommendation 4: Eliminate Direct Student Education and Support Positions above the Peer Average

FCSD should consider eliminating direct student education and support positions above the primary peer average.

### Impact

By reducing direct education and student support staff to be in line with the primary peer average, the District could save an average of approximately \$1,085,000 annually.<sup>22</sup>

### Background

Direct education and support positions perform functions that assist students in an educational setting directly in some manner. Positions may include a variety of professionals including teachers, educational support specialists, and counselors. Based on peer comparisons, FCSD could eliminate staffing positions in several categories.

### Methodology/Analysis

Staffing levels for the District were identified and compared to primary peer averages on a normalized FTE per-1,000 student basis. Areas where FCSD could reduce direct student education and support staffing include:

- 8.0 Teachers;<sup>23</sup>
- 3.0 Library Aide Staff; and,
- 7.0 Nursing Staff.<sup>24</sup>

### Teachers

FCSD employs 128.0 FTE general education teachers and 1.0 FTE career technical teacher. When examining these positions in total, the District is 8.2 FTEs above the primary peer average. Eliminating 8.0 FTE teacher positions could save an average of approximately \$665,000 annually.

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<sup>22</sup> Calculated savings are based on the salary and benefits of the lowest tenured employee in each position category.

<sup>23</sup> The District does not have instructional paraprofessionals who assist the general education teachers. They are only available to the special education population.

<sup>24</sup> Some peer districts contract out nursing and therefore those districts are excluded from the staffing analysis.

### *Library Aides*

FCSD employs 7.0 FTE library aides, who function as media center facilitators, which is 3.29 FTEs above the peer average. Eliminating 3.0 FTE library aide positions could save an average of approximately \$102,000 annually.

### *Nursing Staff*

FCSD employs 9.0 FTE nursing staff members, which is 7.23 FTEs above the peer average. This average is exclusive of the peer districts who contract out these services. Therefore, eliminating 7.0 FTE health aide positions could save an average of approximately \$318,000 annually.<sup>25</sup>

### **Conclusion**

The District should eliminate 18.0 direct student education and support positions. Eliminating these positions could save an average of approximately \$1,085,000 annually and bring its staffing to a level consistent with the primary peer average.

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<sup>25</sup> When taking all peers into account, including those that contract out services, FCSD is 7.23 FTEs above the peer average. Additionally, peer schools may not have health aides and instead use existing positions such as secretaries or even building principals to fill this role.

## **Issue for Further Study: Evaluate Technical Services**

The District has 3.0 FTE technical services employees, one senior network administrator and two computer support technicians, who are responsible for the operation and support of computer learning labs, media center computer labs, instructional technology centers, instructional networks, and similar operations. In addition, FCSD has a Director of Educational Technology, who works with the District’s servers and hardware. These employees help to insure the District’s information technology is maintained in good operating condition.

While FCSD chooses to employ these individuals directly, we found that some peers use contracted services or a hybrid of contract services and in-house staff to perform similar functions. We found that the District has more staff in this area on a per-1,000 student basis than the primary peer average. However, because of the variation in how staff is obtained and coded by each district, we were unable to determine if FCSD is more or less efficient than its primary peers in this area.

The District should review its technical services staffing to ensure it is appropriate based on operational needs. This may include a review of the number of devices individual staff are responsible for maintaining. Based on this review, FCSD officials may choose to alter the level of staffing or the method in which technical services are provided.

## Recommendation 5: Renegotiate Collective Bargaining Agreement Provisions

FCSD should renegotiate its collective bargaining agreement (CBA) provisions to be in line with ORC/OAC requirements and local peer districts in order to reduce future expenditures and decrease the risk for future liabilities.

### Impact

While there is no identified financial implication for this recommendation, the District’s certificated and classified CBAs contain certain provisions that may increase future liabilities. Aligning some of these provisions with ORC minimums and local peer averages would reduce future expenditures.

### Background

FCSD maintains two CBAs: The Franklin Education Association and the Ohio Association of Public Schools Employees (OAPSE) Chapter 635. Both of these contracts have been extended through FY 2023.

### Methodology

The District’s CBAs were obtained from the State Employment Relations Board (SERB). FCSD’s CBAs were then analyzed and compared to ORC requirements and local peer districts’ CBAs to highlight any overly generous provisions or potential opportunities to reduce costs or increase operational efficiency.

### Analysis

**Sick Leave Accumulation and Severance payout:** ORC §124.39 requires that public employees must be paid one quarter of accrued sick leave at retirement, based on a maximum accrual of 120 days. Based on this requirement, employees are eligible for up to 30 days of severance pay. However, public entities may choose to provide severance pay in excess of ORC requirements.

According to the District’s CBAs, certificated and classified employees both may receive up to 65 days in paid severance, which is more than double the ORC requirement (30 days). Certificated staff severance payouts are less than half a day (0.4) over the local peer average while classified staff are 4.23 days under the local peer average.

Furthermore, the District allows certificated staff to accumulate up to 300 days of sick leave, which is 39.50 days above the local peer average of 260.5 and 180 days over ORC minimum of 120 days. Classified staff can accumulate an unlimited amount of sick leave days, which is above the local peer average of 255.50 days, and above the 120 days of sick leave required by the ORC.

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Only one peer allows unlimited sick leave accrual for certificated and classified staff. Excessive sick leave accrual increases the likelihood of severance payouts that are larger than required by state law, and can increase the cost associated with substitutes or overtime.

**Internal Substitution rate:** FCSD offers \$30 an hour for an internal substitute teacher, which is \$3 over the local peer average of \$27 an hour.

**Certificated Tuition Reimbursement:** FCSD allows each certificated employee to be reimbursed up to \$1,200 each year, which is \$230 above the local peer average of \$970. Additionally, the ORC does not specify tuition reimbursement requirements.

**Attendance Incentive:** FCSD offers an attendance incentive to both classified and certificated staff. A classified employee may earn up to \$600 based on quarterly attendance and a certificated employee may earn up to \$500 based on quarterly attendance. Some peer districts offer similar incentive program; however, due to variation in how the incentive is awarded at peers, we were unable to determine the variation in expense related to this CBA provision compared to peers. We did note that not all peers have such an incentive, nor does the ORC require attendance incentive compensation. Because of this, the District could consider eliminating this provision from the CBA to reduce future expenditures.

**Vacation Leave Allowance:** Under the District's classified CBA, employees are entitled to annual vacation accrual whereby they can earn 565 vacation days over the course of a 30-year career. This exceeds the statutory minimum of 460 days established for full-time employees under ORC § 3319.084. This also exceeds the local peer average of 503 days. Providing employees with more vacation days could increase substitute and overtime costs and increase future liabilities. Direct savings from reducing the vacation schedule could not be quantified; however, this would serve to increase the number of available work hours, at no additional cost to the District.

## Conclusion

The District has negotiated CBA provisions that exceed ORC requirements and local peer averages. FCSD should consider renegotiating the provisions discussed above in order to provide cost savings and reduce potential liabilities.



## Recommendation 6: Align Salary Schedules with the Local Peer Average

FCSD should align its certificated and classified salary schedules with the local peer average.

### Impact

Aligning salary schedules with local peers will allow the District to improve its overall fiscal condition and reduce overall expenditures. While cost savings are not calculated for this recommendation, by bringing base salaries in-line with the local peer average, the District can reduce future expenses.

### Background

The District has collective bargaining agreements (CBAs) for both certificated and classified employees. The certificated CBA was in effect from August 1, 2019 through July 31, 2022. This contract was extended through July 31, 2023 and increased base salaries by 2.5 percent. The classified CBA was in effect from July 1, 2020 through June 30, 2022 and this contract was also extended through FY 2023. The classified salary extension increased base salaries by 2.5 percent.

### Methodology

We used the District’s CBAs and salary schedules which were in effect during FY 2022 for purposes of our analysis. The District’s certificated and classified salaries over a 30-year career were reviewed and compared to the local peer averages (see [Appendix C](#)). A 30-year career was chosen since school district CBAs are generally structured around a 30-year period. Pay schedules from the peer district CBAs were obtained from the SERB website. When updated contracts were unavailable from SERB, they were obtained directly from the peer districts.

### Analysis

We selected a sample of certificated and classified position categories to use for our analysis and comparison to local peer districts. The following certificated categories were identified for salary comparison between the District and the local peers:

- BA;
- MA; and,
- MA+30.

The following classified categories were identified for salary comparison between the District and the local peers:

- Head Mechanic;
- Bus Driver;

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- Library & Media Center Aide;
- Maintenance;
- Custodians;
- Cook;
- Secretary;
- Educational Aide; and,
- Head Cook

Career compensation is impacted by both the starting wage an individual earns and the regular increases in pay that are negotiated in CBAs. We found that for all the position categories identified, FCSD had a higher starting salary or hourly wage. However, the District’s average step increases are in-line with or slightly below the local peer averages for each of these positions. This means that while each position has a higher rate when first hired, ranging from 0.3 percent to 22.8 percent, the majority of positions evaluated have a similar career compensation level by the end of a 30-year career.

### Starting Salaries and Career Compensation Comparison

	<b>Franklin City SD</b>	<b>Local Peer Average</b>	<b>Starting Salary \$ Difference</b>	<b>Starting Salary % Difference</b>	<b>Career Compensation % Difference<sup>1</sup></b>
BA	\$44,172	\$42,155	\$2,017	4.8%	3.2%
MA	\$48,589	\$47,261	\$1,328	2.8%	2.9%
MA+30	\$50,798	\$50,665	\$133	0.3%	2.7%
Head Mechanic	\$28.53	\$24.48	\$4.05	16.5%	20.3%
Bus Driver	\$21.53	\$20.21	\$1.32	6.5%	0.9%
Library & Media Center Aide	\$16.03	\$14.88	\$1.15	7.7%	3.6%
Maintenance	\$20.07	\$19.35	\$0.72	3.7%	(0.2%)
Custodians	\$16.93	\$16.11	\$0.82	5.1%	1.3%
Cook	\$16.26	\$13.24	\$3.02	22.8%	20.5%
Secretary	\$17.24	\$16.66	\$0.58	3.5%	(1.1%)
Educational Aide	\$15.74	\$14.40	\$1.34	9.3%	6.3%
Head Cook	\$17.17	\$15.06	\$2.11	14.0%	13.4%

Source: FCSD and Local Peers

<sup>1</sup> Percent difference in total compensation over a 30-year career

Bringing salaries in-line with local peers can help the District to ensure fiscal stability. FCSD officials could consider renegotiating starting salaries for those positions that exceed the local peer average. By doing so, the District would be able to bring compensation in-line with peers as new employees are hired.

The District could also consider a salary freeze. This would require negotiations and would hold the wages and salaries for current employees steady for a period of time. Such a freeze is one way to bring the current salaries in line with peer districts. However, if a freeze were implemented, it is possible that some employees would fall behind local peers in relation to career compensation.

## Conclusion

The salary schedules contained in the District's certificated and classified CBAs, for all categories analyzed, have a higher starting salary than the local peer average. As a result, the District compensates many of its employees at a higher rate over a 30-year career even though average step increases are in line or below peer levels. To achieve savings, the District should renegotiate certificated and classified salaries to be more in-line with peers.

## Recommendation 7: Align Employer Insurance Costs with SERB Regional Average

The District should align its employer costs for medical, dental, and vision insurance premiums with the SERB regional average for other school districts.

### Impact

Aligning employer costs with the State Employment Relations Board (SERB) regional average for school districts would reduce expenditures and result in average annual savings of approximately \$1.4 million beginning in FY 2024.<sup>26</sup> This could be accomplished by renegotiating provisions that are more generous than SERB regional averages for school districts, seeking out alternative insurance offerings, or increasing employee premium contributions.

### Background

The District purchases insurance plans from the Southwestern Ohio Educational Purchasing Council, a Council of Governments that assists school districts with cooperative purchasing and shared services opportunities.

Employees are offered a choice between two medical plans, a high deductible health plan (HDHP) and a preferred provider organization plan (PPO), pursuant to provisions in the CBA. These plans include medical and prescription coverage. Both medical plans offer an option for single or family coverage and the PPO plan further offers employees an option of a single plus child plan. In addition to medical coverage, the District also offers employees dental and vision insurance.

At the time of the analysis, the District had 130 employees enrolled in the PPO family plan, 45 employees enrolled in the single plan, and 32 employees enrolled in the single plus child plan. Additionally, the District had 63 employees enrolled in the HDHP family plan and 21 employees in the HDHP single plan. The District's dental insurance had 278 employees enrolled in the family plan and 55 employees enrolled in the single plan. Finally, the District's vision insurance had 270 employees enrolled in the family plan and 53 employees enrolled in the single plan.

### Methodology

We compared the District's medical, dental, and vision insurance provisions and costs to the SERB regional peer average for school districts. Peer information was obtained through the FY 2022 SERB survey. This peer average excluded outlier districts whose plans were more than two

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<sup>26</sup> Approximately \$101,000 of this savings would not impact the General Fund as food service employees' benefits are charged to the Food Service Fund (see [Recommendation 11](#)).

standard deviations outside the mean. Using the District’s assumptions for increases to annual insurance costs, we then projected the potential cost savings over the course of the forecast period.

## Analysis

The District’s medical, dental, and vision plans were compared to 68 SERB regional peer school districts. With the exception of the single plus child PPO plan, the District spends more than the SERB regional average for school districts on an employer cost and total cost basis.

The District offers medical and prescription coverage for both full-time and part-time employees in its certificated and classified CBAs. The cost of obtaining insurance is typically identified as a premium payment. These premiums are divided between the employer and employee. FCSD offers a variety of health insurance plans to its employees, and the premium cost varies between each plan. The premium payment for both medical insurance options is split so that FCSD pays 80 percent of the premium and the employee pays 20 percent of the premium. The District covers 100 percent of dental insurance and 99 percent of vision insurance.

The District’s total cost for all plans except for the PPO single plus child plan are higher than the regional peer average for school districts. A number of elements could result in a higher plan cost. For example, FCSD has lower copayments than the regional peer average, lower deductibles, and lower out-of-pocket maximums. For example, a District employee who is enrolled in the PPO plan has an individual out-of-pocket maximum of \$1,500 and a family out-of-pocket maximum of \$3,000. The SERB regional peer group has a higher average individual out-of-pocket maximum of approximately \$2,700 and a higher family out-of-pocket maximum of approximately \$5,400. If the District could renegotiate plan elements such as this, it would likely lower the overall premium costs associated with medical plans. Additional information regarding the District’s plan elements can be found in [Appendix C](#).

Under the current insurance plan, as seen in the table on the following page, both the District and the employee pay more for medical insurance on a monthly basis than the regional peer group. If the District were to maintain the current insurance plan, it would need an adjustment to shift a greater portion of the premium to employees to reduce its insurance related expenditures. The results of this adjustment are calculated in the tables below, and would result in employees paying an even higher percentage of the insurance premium compared to the regional peer average. In many cases, this adjustment would be significant, and may even double the monthly premium for employees.

### 2022 Monthly Medical Insurance Costs – HDHP

		Franklin CSD		Regional Peer Averages		Franklin CSD Adjustment	
		Costs	% Share	Costs	% Share	Costs	% Share
<b>Single Medical + Rx</b>	District	\$635.87	80.0%	\$540.45	84.6%	\$540.45	68.0%
	Employee	\$158.97	20.0%	\$98.19	15.4%	\$254.39	32.0%
<b>Family Medical + Rx</b>	District	\$1,748.66	80.0%	\$1,416.28	83.4%	\$1,416.28	64.8%
	Employee	\$437.17	20.0%	\$282.05	16.6%	\$769.55	35.2%

Source: FCSD and SERB

### 2022 Monthly Medical Insurance Costs – PPO

		Franklin CSD		Regional Peer Averages		Franklin CSD Adjustment	
		Costs	% Share	Costs	% Share	Costs	% Share
<b>Single Medical + Rx</b>	District	\$729.38	80.0%	\$592.69	84.3%	\$592.69	65.0%
	Employee	\$182.35	20.0%	\$110.72	15.7%	\$319.04	35.0%
<b>Single &amp; Child Medical + Rx</b>	District	\$1,349.35	80.0%	\$1,372.59	80.7%	\$1,372.59	81.4%
	Employee	\$337.34	20.0%	\$327.30	19.3%	\$314.10	18.6%
<b>Family Medical + Rx</b>	District	\$2,013.74	80.0%	\$1,494.70	83.3%	\$1,494.70	59.4%
	Employee	\$503.43	20.0%	\$299.24	16.7%	\$1,022.47	40.6%

Source: FCSD and SERB

The District pays a higher portion of dental and vision insurance compared to the regional peer average. The tables below show the impact of bringing this payment in line with the peer average. In this case, the adjustment would bring the District in line with regional peers on both a dollar and percentage basis for all plans except for the family dental plan.

### 2022 Monthly Insurance Costs – Dental

		Franklin CSD		Regional Peer Averages		Franklin CSD Adjustment	
		Costs	% Share	Costs	% Share	Costs	% Share
<b>Single Dental</b>	District	\$39.43	100.0%	\$34.29	86.3%	\$34.29	87.0%
	Employee	\$0.00	0.0%	\$5.46	13.7%	\$5.14	13.0%
<b>Family Dental</b>	District	\$99.76	100.0%	\$79.96	87.3%	\$79.96	80.2%
	Employee	\$0.00	0.0%	\$11.66	12.7%	\$19.80	19.8%

Source: FCSD and SERB

## 2022 Monthly Insurance Costs – Vision

		Franklin CSD		Regional Peer Averages		Franklin CSD Adjustment	
		Costs	% Share	Costs	% Share	Costs	% Share
<b>Single Vision</b>	District	\$7.69	99.0%	\$2.16	26.5%	\$2.16	27.8%
	Employee	\$0.08	1.0%	\$6.00	73.5%	\$5.61	72.2%
<b>Family Vision</b>	District	\$17.91	99.0%	\$6.25	31.0%	\$6.25	34.6%
	Employee	\$0.18	1.0%	\$13.95	69.0%	\$11.84	65.4%

Source: FCSD and SERB

The District could choose to negotiate alternative premium payments to bring costs in-line with the regional peer average. Because this would require a significant increase in the employee premium, alternative options, such as renegotiating individual plan provisions or seeking out alternative insurance options, may be preferred.

Using the May 2022 forecast submitted by FCSD, we identified potential cost savings associated with bringing insurance costs in-line with the regional peer average. The District has projected a six percent increase in health care related premiums for FY 2023 and five percent increases in the remaining years of the forecast. The District could save an average of \$1.3 million<sup>27</sup> annually in FY 2024 through FY 2026 by bringing insurance costs in-line with regional peers.

### Conclusion

FCSD should work to bring its insurance premiums for medical, dental, and vision more in line with the SERB regional average. Doing so could result in average annual savings of approximately \$1.3 million. These savings can be realized by modifying plan provisions that are overly generous compared to SERB regional averages, reducing District contributions toward premium costs, and further exploring cost sharing options.

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<sup>27</sup> Approximately \$101,000 of this savings would not impact the General Fund as food service employees' benefits are charged to the Food Service Fund (see [Recommendation 11](#)).

# Facilities

The changing landscape of education requires periodic reviews of facility staffing and maintenance to ensure that a district is using limited resources wisely. We reviewed FCSD’s facilities staffing levels and maintenance practices in comparison to best practices and industry standards to determine if there were any areas for improvement.

## Recommendation 8: Align Expenditures for Non-Regular Labor with Peer Average

### Impact

Aligning non-regular facilities labor, particularly temporary and overtime labor, with the peer average would save the District an average of approximately \$41,000 annually.

### Background

FCSD has employees that are responsible for the maintenance and cleaning of the District’s grounds and facilities. These individuals receive wages and benefits that are defined in the classified CBA. At times it may be necessary for additional temporary labor to be hired, such as for mowing during summer months, or for regular staff to work overtime.

### Methodology

We reviewed the District’s facilities staffing salaries and wages and compared it to peer districts. Within this data, wages are broken down into regular, temporary, and overtime hours. We compared the level of temporary and overtime wages to the primary peer districts and noted that FCSD spent a higher total dollar amount than the peer average. We reviewed the level of temporary and overtime wages as a percent of total salaries and wages in order to determine the extent to which the District could reduce expenditures in this area.

### Analysis

The District spent approximately \$114,000 on facilities non-regular salaries and wages in FY 2021, which accounted for 9.9 percent of the total salaries and wages. The primary peer average for non-regular salaries and wages was approximately \$52,000, which accounted for 5.9 percent of the peer average total salaries and wages. The District’s level of temporary and overtime expense is 67.2 percent higher than the primary peer average.

The District could take steps to reduce the need for temporary and overtime wages. In particular, FCSD officials could closely monitor the use of overtime by regular employees in order to identify trends that could be addressed. If the District were to reduce the percentage of non-



regular labor from 9.9 percent to the peer average of 5.9 percent, it would save an average of \$41,000 annually (see [Appendix E](#) for table).

## Conclusion

FCSD's non-regular salaries and wages as a percent of total salaries and wages is higher than the peer average on both a percentage basis and actual dollar amount. The District should align non-regular labor as a percent of total salaries and wages with that of their peers. Doing so could save FCSD an average of approximately \$41,000 annually.

# Transportation

Transportation of students is a critical function for school districts. Ensuring that busing services are provided in a safe and efficient manner is important for both the well-being of students and the fiscal health of the school district. We examined FCSD’s T-1 reporting policies and procedures as well as bus routing and bus replacement practices in comparison to industry standards and best practices to determine areas for improvement.

## Recommendation 9: Eliminate One Bus Route

FCSD should eliminate one bus route on each tier from its active bus fleet in order to improve routing efficiency and increase ridership per bus.

### Impact

Eliminating one bus route could save the District an average of approximately \$27,000 in salaries and benefits in each year of implementation over the forecasted period.

### Background

In FY 2022, FCSD operated with 20 active buses and 7 spare buses. The District’s practice is to transport all resident riders requesting transportation, regardless of distance from their assigned schools. In addition to its regular routes, which transport students to District schools, FCSD transports students to local nonpublic schools. The District is responsible for providing transportation to all students in the area, including those that attend non-public schools. In FY 2022, FCSD transported approximately 1,100 students on a total of 37 routes.

The District uses a two-tier system for transportation.<sup>28</sup> This means that the majority of buses run two routes in the morning and in the afternoon based on differing start and end times at schools. Tier I bus routes serve junior high and high school students and Tier II bus routes serve elementary school students. Once a bus is finished collecting and dropping students on a Tier I route, it may then be used for the transportation of students on Tier II routes.

ORC § 3327.01 establishes minimum transportation requirements, including an obligation to transport all resident K-8 students living two or more miles from their assigned schools, and an obligation to transport all non-public riders to their destinations if the location is within a 30-minute drive of the otherwise assigned resident school. State law does not cap bus ride times for students. While FCSD does not have a formal policy in place to cap ride times, it has an informal goal of 60 minutes. However, the District has six routes that exceed 60 minutes of ride time.

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<sup>28</sup> The District has a third tier, but it has two buses and serves only pre-kindergarten.

## Methodology

Opportunities for improved efficiency were identified in order to bring all possible bus routes up to the goal of 80 percent capacity utilization, consistent with benchmark criteria from the American Association of School Administrators (AASA). According to the AASA (*Hidden Savings in Your Bus Budget, 2017*), “an effective pupil-to-bus ratio should average at least 100 pupils on a double-route, two-tier bus system. Actual capacity use must be measured with 80 percent of rated capacity as a goal.” The District’s ridership on each tier was compared to this industry benchmark.

## Analysis

FCSD currently transports K-12 students using a two-tiered routing system.<sup>29</sup> In FY 2022, the District operated 29 regular education routes, 7 special education routes, and 1 non-public route. On the FY 2022 T-1 report submitted to ODE, the District reported transporting approximately 1,100 riders.

When evaluating opportunities for improved efficiency without significant changes to tiers, start times, and bell schedules, it is important to determine whether all routes that are underutilized can be reasonably improved. This determination can be problematic for special purpose routes and for that reason, special education, nonpublic, community, and shuttle routes have been excluded from our analysis.

The following table shows a baseline overview of utilization for the regular education routes in Tiers I and II. For purposes of this analysis, we examined the routes used by the District and the number of riders reported in FY 2022. Based on the analysis, as seen in the table below, the baseline utilization for existing regular bus routes is well below the 80 percent benchmark, indicating that there is opportunity to reduce routes within the District.

### FY 2022 Baseline Utilization by Tier

<b>Tier</b>	<b>Total Routes</b>	<b>Average Capacity</b>	<b>Total Capacity</b>	<b>Peak Riders</b>	<b>Baseline Utilization</b>
Tier I	16	60.0	960	599	62.4%
Tier II	13	60.0	780	539	69.1%

Source: FCSD and ODE

Once baseline utilization indicated there were opportunities for bus route reductions, we reviewed the utilization within each tier to identify the maximum number of routes that may be

<sup>29</sup> Under the new foundation funding formula, school districts will receive additional revenue for transporting high school students.

reduced without exceeding 80 percent capacity. The following tables show a detailed review of Tier I and Tier II routes after accounting for and excluding those routes that were meeting or exceeding the 80 percent utilization goal. In addition, routes at or near the District’s 60 minute maximum ride time have also been excluded from analysis.<sup>30</sup> This review uses the average capacity on remaining routes to determine the total number of routes that could be eliminated on each Tier.

### Tier I Routes Reviewed for Additional Efficiency Opportunity

<b>Tier</b>	<b>Total Routes</b>	<b>Avg. Capacity</b>	<b>Total Capacity</b>	<b>Peak Riders</b>
Tier I	10	60.0	600	348

#### **Tier I Route Elimination Sensitivity Analysis and Impact on Utilization**

Routes Eliminated	0	1	2	3
Capacity Eliminated	0.0	60.0	<b>120.0</b>	180.0
Adjusted Total Capacity	600	540	<b>480</b>	420
Adjusted Total Utilization	58.0%	64.4%	<b>72.5%</b>	82.9%

Source: FCSD and ODE

### Tier II Routes Reviewed for Additional Efficiency Opportunity

<b>Tier</b>	<b>Total Routes</b>	<b>Avg. Capacity</b>	<b>Total Capacity</b>	<b>Peak Riders</b>
Tier II	8	60.0	480	312

#### **Tier II Route Elimination Sensitivity Analysis and Impact on Utilization**

Routes Eliminated	0	<b>1</b>	2	3
Capacity Eliminated	0.0	<b>60.0</b>	120.0	180.0
Adjusted Total Capacity	480	<b>420</b>	360	300
Adjusted Total Utilization	65.0%	<b>74.3%</b>	86.7%	104.0%

Source: FCSD and ODE

Using the ridership for each tier in FY 2022, the District could reduce one or two routes. Because the District must have enough buses to transport students for all tiers, we based our recommendation on the Tier II ridership analysis. Using the available data, we determined that the District could remove one bus route and remain within the 80 percent benchmark for both Tier I and Tier II.

<sup>30</sup> The District’s 60 minute maximum ride time is not based on a requirement set by the state. As such, the District could consider routes that exceeded 60 minutes in length if necessary.

## Conclusion

The District's fleet is not operating as efficiently as possible by operating one more route than necessary. Eliminating one bus route could save an average of \$27,000 annually in salaries and benefits in each year of implementation over the forecasted period.

Due to the planned changes to facilities within the District, FCSD officials should continue to monitor transportation needs and make adjustments as necessary.

## Recommendation 10: Develop a Formal Bus Replacement Plan

FCSD should develop a formal bus replacement plan that considers the full cost of bus operations. Doing so would allow the District 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.

### Impact

The adoption of a formal bus replacement plan could reduce overall operating costs and help to avoid the need to replace a major portion of the fleet at the same time.

### Background

FCSD currently owns 20 assigned and 7 spare buses for a total of 27 buses. The average age of an assigned or active bus is 3.7 years and the average mileage is 54,559. The average age of all buses is 6.7 years, and the average mileage of the entire fleet is 83,719.

### Methodology

We interviewed District leadership regarding FCSD's bus replacement planning. We also visited the District's transportation facility and confirmed the bus fleet inventory along with mileages and model year. We then compared the current state of bus fleet to industry benchmarks.

### Analysis

The National Association of State Directors of Pupil Transportation Services (NASDPTS) suggests a bus replacement cycle of 12 to 15 years, or when buses reach 250,000 miles. The District does not have a formal bus replacement plan. Currently, one active bus meets or exceeds the NASDPTS replacement criteria of 12 to 15 years or 250,000 miles. The lack of a formal bus replacement plan has the potential to increase fleet maintenance costs and could contribute to the number of replacement-eligible buses in the fleet.

### Conclusion

FCSD should develop a formal, data-driven bus replacement plan that considers the full cost of bus operations, including fuel, parts, labor, and vehicle depreciation, in addition to safety and emissions. 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. Doing so 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.

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# Food Service

Providing meals to students is a critical component of any school district’s operations. The way districts choose to provide and fund food services can have a significant impact on the annual budget and the overall fiscal health of the district.

## Recommendation 11: Monitor Food Service Operations

### Impact

The District’s food service operates using a separate fund that should be self-sustaining. If the fund has a deficit balance, it would require a transfer from the General Fund, which could impact the District’s overall fiscal condition. As food service operations return to pre-pandemic levels, careful monitoring and evaluation can help to ensure that expenditures are appropriate. There are no cost savings associated with this recommendation as the District maintains a balance in the Food Service Fund.

### Background

Prior to the COVID-19 pandemic, the District’s Food Service Fund had a fund balance of more than \$700,000. During the past several years, this Fund has been spent down and, in FY 2022, ended with a balance of approximately \$250,000. While the District has not needed to subsidize this Fund with the General Fund, it should be aware of changes in operations moving forward to ensure the food service operations remain self-sustaining.

The District’s Food Service Fund is used to pay for the salaries and benefits of food service staff as well as purchasing food and supplies needed to prepare and serve meals. In FY 2022, the District served meals at its seven buildings using a hybrid system of convenience and conventional food service to provide meals to students.

### Methodology

We conducted interviews with food service staff to understand how the District provides meals to students. Further, we reviewed financial data to calculate operational revenues and expenditures for FY 2019 through FY 2022. Using data from ODE, we identified the number of lunches that were served in order to calculate a meals per labor hour (MPLH) metric to identify the efficiency of food service staffing and operations at the District.

Due to the COVID-19 Pandemic, we assumed that the District’s food service operation would likely return to the level of participation and meal equivalents served in FY2020 with FY 2022 staffing levels, while being cognizant of FY 2023 building and staffing changes, to gauge MPLH and best determine how the District’s food service program can be self-sustaining.

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## Analysis

*School and Nutrition Service Management for the 21<sup>st</sup> Century* (Pannell-Martin and Boettger, 2014) establishes a MPLH benchmark based on the number of meals served and the type of system used for food service. Using this criteria, we found that the District is efficiently staffed. Further, the District has high participation rates in its food service program compared to both peer and statewide averages. However, the District’s Food Service Fund has been spending down a fund balance for the past several years. In FY 2019 the District had more than \$710,000 as a beginning fund balance. This has declined to approximately \$250,000 at the end of FY 2022. According to federal guidelines, schools are supposed to limit fund balances to three months average expenditures.

The FCSD food service program experienced an operating deficit from FY 2019 to FY 2021. As seen in the following table, FY 2019 had a deficit of \$83,952, FY 2020 had a deficit of \$286,595, and FY 2021 had a deficit of \$277,015. During this timeframe, the COVID-19 pandemic had significant impacts on operations. For example, in FY 2020, the District’s wages were significantly higher due to contractual language that provided employees overtime wages while schools were shut down. Additionally, revenues rose dramatically in FY 2022 due to universal free breakfast and lunch offered by the USDA.

### Food Service Net Gain/(Loss) History

	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Revenues	\$1,103,758.51	\$1,075,589.25	\$1,127,348.71	\$1,708,908.75
Expenditures	\$1,187,711.46	\$1,362,184.60	\$1,404,363.87	\$1,520,554.05
<b>Net Gain/(Loss)</b>	<b>(\$83,952.95)</b>	<b>(\$286,595.35)</b>	<b>(\$277,015.16)</b>	<b>\$188,354.70</b>

Source: Franklin CSD

The District can take steps to reduce operational costs or increase revenues related to food service operations. The Florida Office of Program Policy Analysis & Government Accountability outlines may steps that can be taken including:

- Establish expectations and measures for program performance and cost;
- Develop effective annual budgets and long-term program plans;
- Identify and reduce participation barriers;
- Promote the food service program;
- Maximize the use of USDA commodities;
- Join purchasing cooperatives to receive quantity discounts; and/or,
- Revise meal prices, but only after ensuring the food service program is efficient and effective.<sup>31</sup>

<sup>31</sup> *Best Practices Could Help School Districts Reduce Their Food Service Program Costs*, Florida Office of Program Policy Analysis & Government Accountability, 2009.



While the District should not maintain excessive fund balances for food services, it should be mindful in its spending and maximize available assistance. The USDA provides funds to the District to offset the cost of food purchases, known as commodity dollars. The District can use these dollars to purchase foods such as meat, fish, poultry, fruits, cheese and grains. Based on our analysis, FCSD used, on average, 46 percent of its available USDA funding between FY 2020 and FY 2022. The District left an average of about \$57,500 in commodity entitlement dollars on the table between FY 2020 and FY 2022.

As food prices rise, it will be important for the District to take advantage of this available funding. The District may also benefit from continuing participation in the Southwest Educational Purchasing Council (EPC), which handles the bidding process for food service supplies, and FCSD is able to choose from among the companies identified by the EPC.

Further, if the District makes changes to salary schedules as identified in [Recommendation 5](#) or insurance as identified in [Recommendation 7](#), the cost associated with food service labor will be reduced.

## Conclusion

The District's food service staff is operating efficiently in relation to the MPLH benchmark and the District has had high participation rates compared to peer and statewide averages. However, as FCSD continues to spend down existing fund balances, it risks requiring subsidies from the General Fund to maintain operations. The District should carefully monitor operations and adjust as necessary to ensure food service operations continue to operate efficiently. In doing so, it should seek to maximize available resources such as commodity funding, encourage cooperative purchasing options, and monitor employee salaries and benefits that are paid from the Food Service Fund.

# Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The letter on the following page is the District's official statement in regards to this performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When the District disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.



October 19, 2022

The Honorable Keith Faber, Auditor of State  
Office of the Auditor of State  
88 East Broad Street 5th Floor  
Columbus, OH 43215

Auditor Faber:

Franklin City Schools appreciates the work of the auditor's office during this State Performance Audit of our school district. We value the dialogue and the collaborative structure of this endeavor in support of our ongoing efforts to provide a quality education for our students in the most fiscally responsible way possible. We commend Scott and his team and welcome the recommendations that are presented to our district in an effort to remain transparent with our community as we work to balance our budget.

Franklin City Schools is committed to improving our performance, reducing costs, and prioritizing needs. The audit will provide us with a template for future decisions that impact our school district and community. This process is providing our district with a third party, objective perspective of our operations and finances. It will guide our decisions as we prepare for an upcoming levy in May or November 2023.

The audit report includes recommendations that broadly fall into four categories (operations, staffing levels, salaries, and insurance premiums) for our Board and the leadership to consider. Many of these recommendations align with actions that the district is already taking to address costs. It has provided us with significant data to share as we make these decisions based on the best interest of our stakeholders. In all cases, impact on students will be in the forefront as we work to balance our budget through informed decision making. As a leadership team, we have already begun addressing one of the proposed recommendations, insurance premiums. With negotiations of both collective bargaining agreements coming in the spring of 2023 and consolidation of our elementary schools, we look to address the remaining two recommendations.

Franklin City Schools would like to acknowledge the professionalism of the audit team and the simplicity with which we were able to work together. The insights gained through this process will drive operational and staffing decisions by the district administration.

Sincerely,

Michael Sander, Superintendent

Kevin Hawley, Treasurer

# Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

## 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.

Generally accepted government auditing standards (GAGAS) 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.

## Audit Scope and 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:

### Audit Scope, Objectives, and Recommendations

Objective	Recommendation
<b>Financial Management</b>	
Are the District’s forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?	<b>No Recommendation:</b> The District’s forecast was evaluated and met recommended practices.
Are the District’s strategic and capital planning efforts consistent with leading practices?	<b>R.1</b>
Is the District’s General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District’s financial condition?	<b>R.2</b>

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<b>Human Resources</b>	
Are the District's staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District's financial condition?	<b>R.3 &amp; R.4</b>
Are the District's salaries and wages appropriate in comparison to local peers and the District's financial condition?	<b>R.5</b>
Are the District's collective bargaining agreement provisions appropriate in comparison to local peers, minimum requirements, and the District's financial condition?	<b>R.6</b>
Are the District's insurance costs appropriate in comparison to other governmental entities within the local market and the District's financial condition?	<b>R.7</b>
<b>Facilities</b>	
Are the District's facilities staffing levels appropriate in comparison to leading practices, industry standards, and the District's financial condition?	<b>No Recommendation:</b> The District's facilities staffing is lower than the industry standard, based on the future configuration of buildings.
Are the District's facilities non-regular labor expenditures appropriate in comparison to peers, leading practices, industry standards, and the District's financial condition?	<b>R.8</b>
<b>Transportation</b>	
Is the District's fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District's financial condition?	<b>R.9</b>  <b>Verbal Recommendation:</b> due to variances between T-1 report and driver count sheets
Are the District's fleet replacement practices consistent with leading practices and industry standards and appropriate based on the District's financial condition?	<b>R.10</b>
<b>Food Service</b>	
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?	<b>R.11</b>

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. The following internal control components and underlying principles were relevant to our audit objectives:<sup>32</sup>

- Control environment
  - We considered the District control of its EMIS system.
- Risk Assessment
  - We considered the District’s activities to assess fraud risks.
- Information and Communication
  - We considered the District’s use of quality information in relation to transportation data.
- Control Activities
  - We considered the District’s compliance with applicable laws and contracts.

Internal control deficiencies were not identified during the course of this audit.

## Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District’s 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 similar or better academic performance. A “Local Peers” set was selected for a comparison of the General Fund subsidy of extracurricular activities, 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 operational comparisons related to the bus fleet. This

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<sup>32</sup> We relied upon standards for internal controls obtained from *Standards for Internal Control in the Federal Government* (2014), the U.S. Government Accountability Office, report GAO-14-704G

peer set was selected from a pool that most closely reflected the geographic, rider density, and other factors affecting transportation operations in FCSD. The lists below shows the Ohio school districts included in these peer groups.

## Peer Group Districts

### Primary Peers

- Goshen Local School District (Clermont County)
- Miami Trace Local School District (Fayette County)
- New Philadelphia City School District (Tuscarawas County)
- Celina City School District (Mercer County)
- Midview Local School District (Lorain County)
- Jackson City School District (Jackson County)

### Local Peers

- Middletown City School District (Butler County)
- Carlisle Local School District (Warren County)
- Miamisburg City School District (Montgomery County)
- Lebanon City School District (Warren County)
- Springboro Community City School District (Warren County)

### Transportation Peers

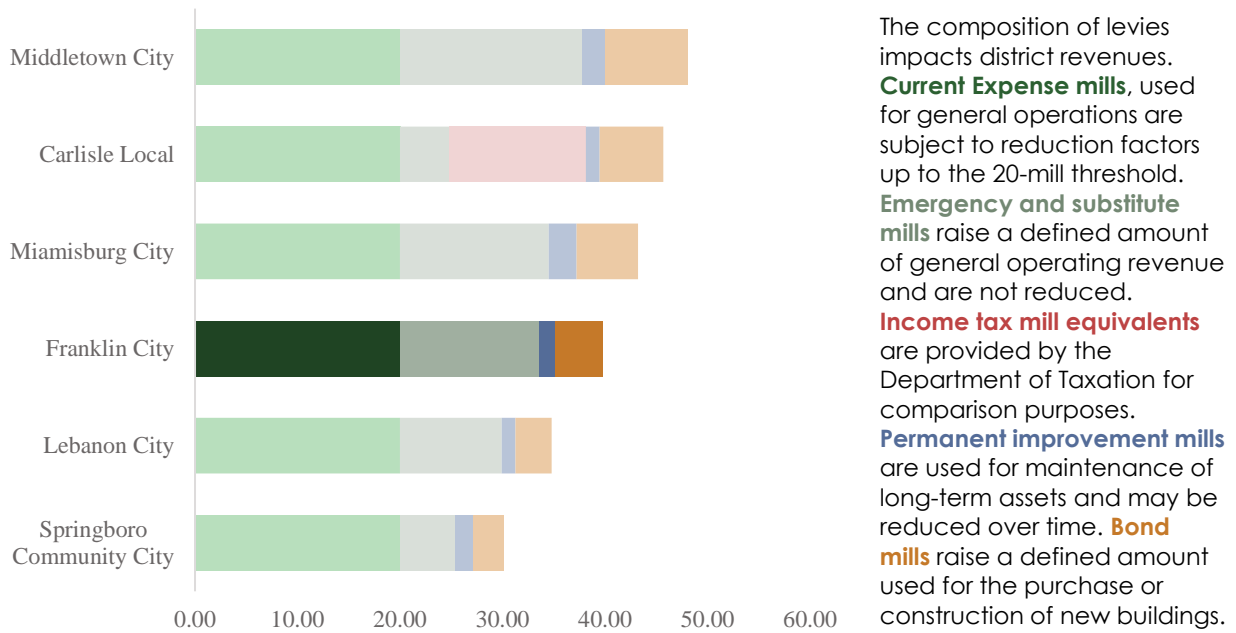
- Ravenna City School District (Portage County)
- Chillicothe City School District (Ross County)
- Fostoria City School District (Seneca County)

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. Each recommendation in this report describes the specific methodology and criteria used to reach our conclusions.

# Appendix B: Financial Systems

The following chart provides a comparison of the total amount of millage or millage equivalents that were collected in 2020 by FCSD and local peer districts. The green portion of the bar represents the current expense millage rate, where all of the peers are on the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding.

## 2021 Millage and Millage Equivalents | Local Peers



Source: Ohio Department of Taxation

Note: The District's permanent improvement revenue is collected using inside mills. This millage is in addition to the inside mills used for general operations.



Some districts collect revenue from an income tax on district residents. The Ohio Department of Taxation calculates the estimated amount of millage that would need to be raised in a given year to replicate the revenue generated by an income tax. The table below shows the income tax rate, revenue, and estimated millage equivalents based on 2020 tax revenue.

### 2021 Income Tax Revenue and Millage Equivalents | Primary Peers

<b>District</b>	<b>Tax Rate</b>	<b>Income Tax Revenue</b>	<b>Estimated Millage Equivalents</b>
Celina City	1.00%	\$4,160,632.43	8.7266
Goshen Local	1.00%	\$4,279,882.82	12.4592
Franklin City	0.00%	-	-
Miami Trace Local	0.00%	-	-
Midview Local	0.00%	-	-
New Philadelphia City	0.00%	-	-

Source: Ohio Department of Taxation

### 2021 Income Tax Revenue and Millage Equivalents | Local Peers

<b>District</b>	<b>Tax Rate</b>	<b>Income Tax Revenue</b>	<b>Estimated Millage Equivalents</b>
Carlisle Local	1.00%	\$ 2,900,852.82	13.33
Franklin City	0.00%	-	-
Lebanon City	0.00%	-	-
Miamisburg City	0.00%	-	-
Middletown City	0.00%	-	-
Springboro Community City	0.00%	-	-

Source: Ohio Department of Taxation

The following tables show the local tax effort for both primary and local peer districts. Local tax effort is a metric identified by ODE as a measure of taxpayer support for the district in which they reside. This index, one of a number of possible measures for evaluating local effort, was initially developed by the Division of Tax Analysis within the Ohio Department of Taxation and is calculated in the context of the residents’ abilities to pay by determining the relative position of each school district in the state in terms of the portion of residents’ income devoted to supporting public education.

### 2021 Local Tax Effort Comparison | Primary Peers

	<b>LTE</b>	<b>Rank</b>	<b>Percentile</b>
Celina City	1.5603	57	90.6%
Miami Trace Local	1.3641	116	80.9%
New Philadelphia City	1.2151	168	72.3%
Goshen Local	1.1614	196	67.7%
Franklin City	1.0799	239	60.6%
Midview Local	1.0018	295	51.3%
Jackson City	0.7113	510	15.8%
<b>Peer Average</b>	<b>1.1690</b>	<b>189</b>	<b>68.81%</b>

Source: ODE

### 2021 Local Tax Effort Comparison | Local Peers

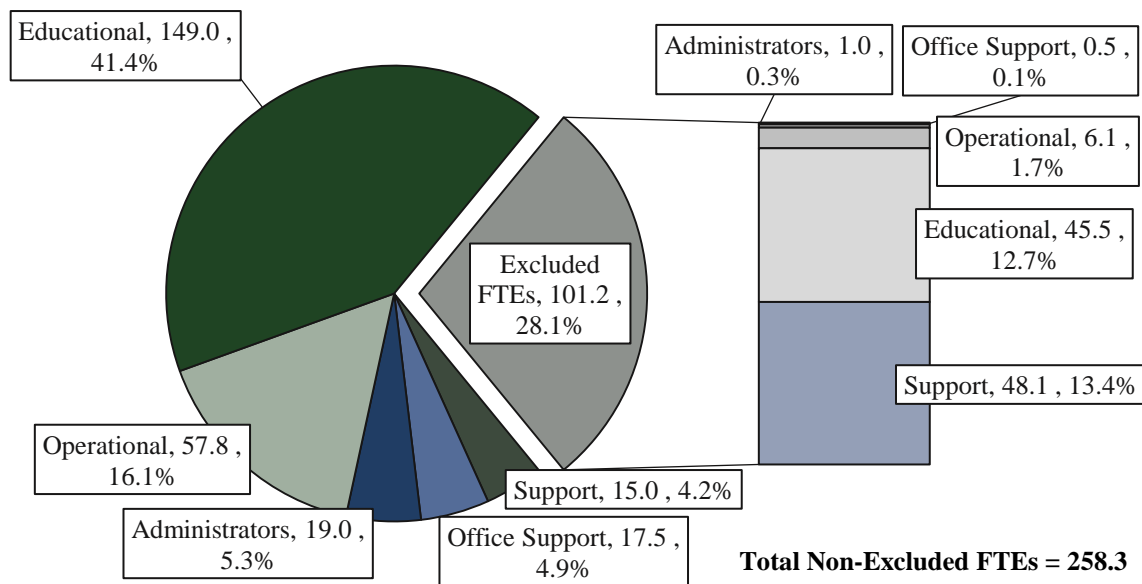
	<b>LTE</b>	<b>Rank</b>	<b>Percentile</b>
Carlisle Local	1.1649	192	68.3%
Franklin City	1.0799	239	60.6%
Middletown City	1.0299	272	55.1%
Lebanon City	0.813	423	30.2%
Miamisburg City	0.7335	493	18.6%
Springboro Community City	0.4421	599	1.2%
<b>Peer Average</b>	<b>0.8367</b>	<b>409</b>	<b>32.51%</b>

Source: ODE

## Appendix C: Human Resources

Personnel costs represent over 74 percent of the District’s spending. Due to this, we conduct several analyses relating to the expense associated with maintaining existing staffing levels. During the course of our analysis, we routinely excluded staff that are designated as Title 1 or Special Education as a result of specific rules relating to the funding of these individuals.

### FTEs by Category with Excluded FTEs Breakout



We excluded 101.2 FTE District employees from our analysis since they are considered Special Education or Title 1 employees, such as supplemental service teachers, psychologists, occupational therapists, speech and language therapists, and educational interpreters. This represents 28.1 percent of all FCSD staff.

All non-excluded staff were then compared on a district-wide level to primary peer staffing levels. Staffing was analyzed using the District and peer district Education Management Information System (EMIS) reports. Data reliability testing for the District’s EMIS data was performed by comparing the EMIS report to payroll reports corresponding to the time of the report. Variances between EMIS and payroll were discussed with the District, with adjustments made as necessary. Adjustments were also made to the peer EMIS data in order to account for coding variations among FCSD and the peers. Following testing, the EMIS data was considered reliable use.

## Staffing Comparison Tables

The following tables illustrate the District’s employee FTEs compared to the primary peer average. In order to allow for more precise comparison, employees were compared on an FTE per 1,000 student basis. These variances are then converted to FTEs for the client district. This calculation (shown below) allows a more accurate comparison between districts when student counts differ.

### Adjusted Difference in FTEs Equation

$$\left[ \frac{\text{Client FTE}}{\left( \frac{\text{Client Enrollment}}{1,000} \right)} \right] - \left[ \frac{\text{Peer Avg FTE}}{\left( \frac{\text{Peer Avg Enrollment}}{1,000} \right)} \right] * \left( \frac{\text{Client Enrollment}}{1,000} \right)$$

### Central Office Administrator Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,610	2,562	48		
Students Educated (Thousands)	2.610	2.562	0.048		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Assistant, Deputy/Associate Superintendent	1.00	0.38	0.26	0.12	0.31
Supervisor/Manager	1.00	0.38	0.98	(0.60)	(1.57)
Coordinator	6.00	2.30	1.12	1.18	3.08
Education Administrative Specialist	0.00	0.00	0.13	(0.13)	(0.34)
Director	0.00	0.00	0.59	(0.59)	(1.54)
<b>Total</b>	<b>8.00</b>	<b>3.06</b>	<b>3.08</b>	<b>(0.02)</b>	<b>(0.05)</b>

Source: FCSD and ODE

### Building Administrator Staff Comparison

<b>Students and Buildings</b>		<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated		2,610	2,562	48	
Students Educated (thousands)		2.610	2.562	0.048	
Buildings		7.0	5.0	2.0	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Assistant Principal	2.00	0.77	1.17	(0.40)	(1.04)
Principal	7.00	2.68	1.63	1.05	2.74
<b>Total</b>	<b>9.00</b>	<b>3.45</b>	<b>2.80</b>	<b>0.65</b>	<b>1.70</b>
<b>Position</b>	<b>FTEs</b>	<b>FTEs per Building</b>	<b>FTEs per Building</b>	<b>Difference in FTE per Building</b>	<b>Adjusted Difference in FTEs</b>
Assistant Principal	2.00	0.29	0.60	(0.31)	(2.17)
Principal	7.00	1.00	0.83	0.17	1.19
<b>Total</b>	<b>9.00</b>	<b>1.29</b>	<b>1.43</b>	<b>(0.14)</b>	<b>(0.98)</b>

Source: FCSD and ODE

### Building Administrator Staff Comparison – Future State

<b>Students and Buildings</b>		<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated		2,610	2,562	48	
Students Educated (thousands)		2.610	2.562	0.048	
Buildings		5.0	5.0	0.0	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Assistant Principal	2.00	0.77	1.17	(0.40)	(1.04)
Principal	7.00	2.68	1.63	1.05	2.74
<b>Total</b>	<b>9.00</b>	<b>3.45</b>	<b>2.80</b>	<b>0.65</b>	<b>1.70</b>
<b>Position</b>	<b>FTEs</b>	<b>FTEs per Building</b>	<b>FTEs per Building</b>	<b>Difference in FTE per Building</b>	<b>Adjusted Difference in FTEs</b>
Assistant Principal	2.00	0.40	0.60	(0.20)	(1.00)
Principal	7.00	1.40	0.83	0.57	2.85
<b>Total</b>	<b>9.00</b>	<b>1.80</b>	<b>1.43</b>	<b>0.37</b>	<b>1.85</b>

Source: FCSD and ODE

## Teaching Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,610	2,562	48		
Students Educated (Thousands)	2.610	2.562	0.048		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
General Education	128.00	49.04	43.94	5.10	13.31
Gifted and Talented	0.00	0.00	0.88	(0.88)	(2.30)
Career-Technical Programs/Career Pathways	1.00	0.38	1.33	(0.95)	(2.48)
LEP Instructional Program	0.00	0.00	0.13	(0.13)	(0.34)
<b>Total</b>	<b>129.00</b>	<b>49.42</b>	<b>46.28</b>	<b>3.14</b>	<b>8.20</b>

Source: FCSD and ODE

## K-8 Teaching Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	1,873	1,779	94		
Students Educated (Thousands)	1.873	1.779	0.094		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Art Education K-8	2.00	1.07	1.36	(0.29)	(0.55)
Music Education K-8	3.00	1.60	2.04	(0.44)	(0.82)
Physical Education K-8	3.00	1.60	1.97	(0.37)	(0.69)

Source: FCSD and ODE

## Non-Teaching Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,610	2,562	48		
Students Educated (Thousands)	2.610	2.562	0.048		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Curriculum Specialist	0.00	0.00	0.24	(0.24)	(0.63)
Counseling	4.00	1.53	1.73	(0.20)	(0.52)
Remedial Specialist	0.00	0.00	0.59	(0.59)	(1.54)
Tutor/Small Group Instructor	0.00	0.00	0.91	(0.91)	(2.38)
Teacher Mentor/Evaluator	0.00	0.00	0.33	(0.33)	(0.86)
Other Educational	1.00	0.38	0.87	(0.49)	(1.28)

Source: FCSD and ODE

## Professional Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,610	2,562	48		
Students Educated (Thousands)	2.610	2.562	0.048		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Psychologist	0.00	0.00	0.48	(0.48)	(1.25)
Social Work	1.00	0.38	0.20	0.18	0.47

Source: FCSD and ODE

## Technical Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,610	2,399	211		
Students Educated (Thousands)	2.610	2.399	0.211		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Computer Operating	3.00	1.15	0.49	0.66	<b>1.72</b>
Other Technical	0.00	0.00	0.07	(0.07)	(0.18)

Source: FCSD and ODE

### Central Office Support Staff Comparison

		<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
<b>Students</b>					
Students Educated		2,610	2,562	48	
Students Educated (Thousands)		2.610	2.562	0.048	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Administrative Assistant	0.00	0.00	0.07	(0.07)	(0.18)
Accounting	1.00	0.38	0.13	0.25	0.65
Bookkeeping	1.00	0.38	0.38	0.00	0.00
Central Office Clerical	4.50	1.72	1.68	0.04	0.10
Records Managing	0.00	0.00	0.07	(0.07)	(0.18)
Other Office/Clerical	0.00	0.00	0.06	(0.06)	(0.16)
<b>Total</b>	<b>6.50</b>	<b>2.48</b>	<b>2.39</b>	<b>0.09</b>	<b>0.23</b>

Source: FCSD and ODE

### Building Office Support Staff Comparison

		<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
<b>Students and Buildings</b>					
Students Educated		2,610	2,562	48	
Students Educated (thousands)		2.610	2.562	0.048	
Buildings		7.0	5.0	2.0	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
School Building Clerical	11.00	4.21	3.82	0.39	1.02
Bookkeeping	0.00	0.00	0.07	(0.07)	(0.18)
Other Office/Clerical	0.00	0.00	(0.06)	0.06	0.16
<b>Total</b>	<b>11.00</b>	<b>4.21</b>	<b>3.83</b>	<b>0.38</b>	<b>0.99</b>
<b>Position</b>	<b>FTEs</b>	<b>FTEs per Building</b>	<b>FTEs per Building</b>	<b>Difference in FTE per Building</b>	<b>Adjusted Difference in FTEs</b>
School Building Clerical	11.00	1.57	1.96	(0.39)	(2.73)
Bookkeeping	0.00	0.00	0.03	(0.03)	(0.21)
Other Office/Clerical	0.00	0.00	(0.03)	0.03	0.21
<b>Total</b>	<b>11.00</b>	<b>1.57</b>	<b>1.96</b>	<b>(0.39)</b>	<b>(2.73)</b>

Source: FCSD and ODE



### Building Office Support Staff Comparison – Future State

<b>Students and Buildings</b>		<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated		2,610	2,562	48	
Students Educated (thousands)		2.610	2.562	0.048	
Buildings		5.0	5.0	0.0	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
School Building Clerical	11.00	4.21	3.82	0.39	1.02
Bookkeeping	0.00	0.00	0.07	(0.07)	(0.18)
Other Office/Clerical	0.00	0.00	(0.06)	0.06	0.16
<b>Total</b>	<b>11.00</b>	<b>4.21</b>	<b>3.83</b>	<b>0.38</b>	<b>0.99</b>
<b>Position</b>	<b>FTEs</b>	<b>FTEs per Building</b>	<b>FTEs per Building</b>	<b>Difference in FTE per Building</b>	<b>Adjusted Difference in FTEs</b>
School Building Clerical	11.00	2.20	1.96	0.24	1.20
Bookkeeping	0.00	0.00	0.03	(0.03)	(0.15)
Other Office/Clerical	0.00	0.00	(0.03)	0.03	0.15
<b>Total</b>	<b>11.00</b>	<b>2.20</b>	<b>1.96</b>	<b>0.24</b>	<b>1.20</b>

Source: FCSD and ODE

### Library Staff Comparison

<b>Students</b>		<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated		2,610	2,562	48	
Students Educated (Thousands)		2.610	2.562	0.048	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Librarian/Media	0.00	0.00	0.39	(0.39)	(1.02)
Library Aide	7.00	2.68	1.03	1.65	4.31
<b>Total</b>	<b>7.00</b>	<b>2.68</b>	<b>1.42</b>	<b>1.26</b>	<b>3.29</b>

Source: FCSD and ODE

### Nursing Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,610	2,567	43		
Students Educated (Thousands)	2.610	2.567	0.043		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Registered Nursing	1.00	0.38	0.52	(0.14)	(0.37)
Practical Nursing	8.00	3.07	0.16	2.91	7.60
<b>Total</b>	<b>9.00</b>	<b>3.45</b>	<b>0.68</b>	<b>2.77</b>	<b>7.23</b>

Source: FCSD and ODE

### Classroom Support Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,610	2,562	48		
Students Educated (Thousands)	2.610	2.562	0.048		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Instructional Paraprofessional	0.00	0.00	2.90	(2.90)	(7.57)
Teaching Aide	0.00	0.00	1.52	(1.52)	(3.97)
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>4.42</b>	<b>(4.42)</b>	<b>(11.54)</b>

Source: FCSD and ODE

### Other Support Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>		
Students Educated	2,610	2,562	48		
Students Educated (Thousands)	2.610	2.562	0.048		
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Attendance Officer	0.00	0.00	0.07	(0.07)	(0.18)
Guard/Watchman	0.00	0.00	0.03	(0.03)	(0.08)
Monitoring	2.00	0.77	2.03	(1.26)	(3.29)

Source: FCSD and ODE

## Other Clerical Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	2,610	2,562	48	
Students Educated (Thousands)	2.610	2.562	0.048	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Family and Community Liaison	0.00	0.00	(0.05)	(0.13)

Source: FCSD and ODE

## Extra-Curricular/Intra-Curricular Staff Comparison

<b>Students</b>	<b>Franklin City SD</b>	<b>Primary Peer Avg.</b>	<b>Difference</b>	
Students Educated	2,610	2,562	48	
Students Educated (Thousands)	2.610	2.562	0.048	
<b>Position</b>	<b>FTEs</b>	<b>FTEs per 1,000 Students</b>	<b>Difference per 1,000 Students</b>	<b>Adjusted Difference in FTEs</b>
Coaching	0.00	0.00	(0.07)	(0.18)

Source: FCSD and ODE

## Salary Comparison Tables

In addition to comparing staffing levels, we also reviewed FY 2022 salary schedules and compared the District's compensation to those of local peers. The following tables illustrate the District's employee career compensation compared to the local peer average.

### Certificated Career Compensation Comparison

	<b>Franklin City SD</b>	<b>Local Peer Average</b>	<b>Difference</b>	<b>% Difference</b>
BA	\$44,172	\$42,155	\$2,017	4.8%
MA	\$48,589	\$47,261	\$1,328	2.8%
MA+30	\$50,798	\$50,665	\$133	0.3%

Source: FCSD and SERB

### Classified Career Compensation Comparison

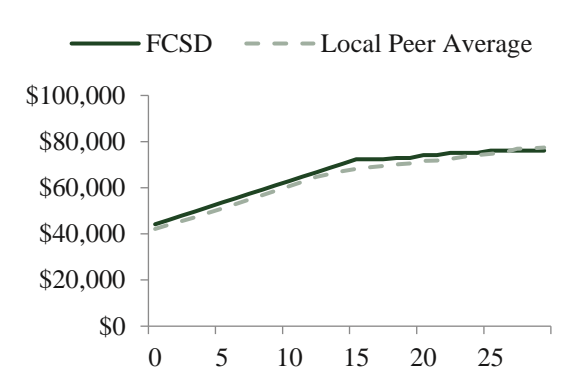
	<b>Franklin City SD</b>	<b>Local Peer Average</b>	<b>Difference</b>	<b>% Difference</b>
Head Mechanic	\$2,127,695	\$1,769,250	\$358,445	20.3%
Bus Driver	\$675,266	\$669,446	\$5,819	0.9%
Library & Media Center Aide	\$738,525	\$713,071	\$25,455	3.6%
Maintenance	\$1,496,648	\$1,499,568	(\$2,921)	(0.2%)
Custodians	\$1,263,147	\$1,246,540	\$16,607	1.3%
Cook	\$323,980	\$268,932	\$55,048	20.5%
Secretary	\$1,031,423	\$1,043,371	(\$11,948)	(1.1%)
Educational Aide	\$725,416	\$682,370	\$43,046	6.3%
Head Cook	\$684,900	\$603,989	\$80,910	13.4%

Source: FCSD and SERB

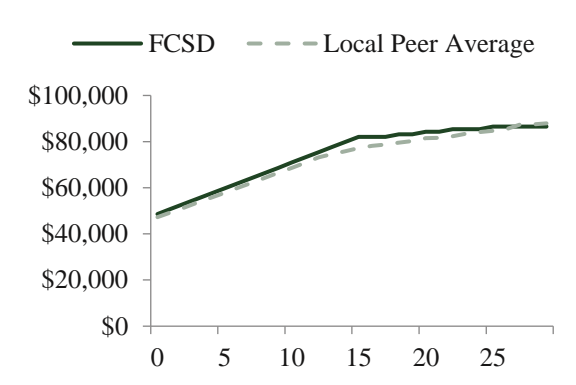
We also looked at annual salaries for all certificated employees and the hourly wage rates for various classified employee positions over the course of a career, as seen in the following charts.

### Certificated Career Compensation

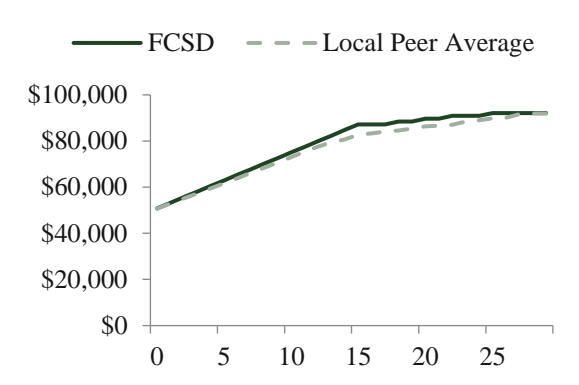
Bachelors



Master's

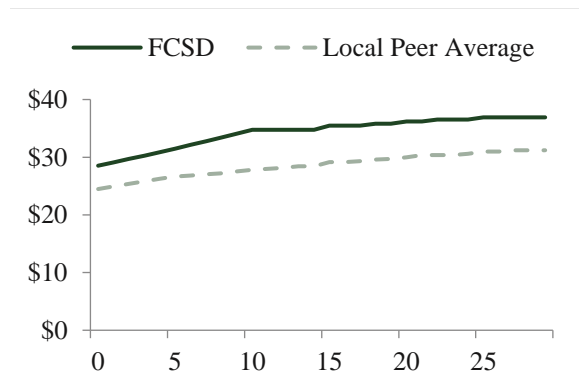


### MA+30

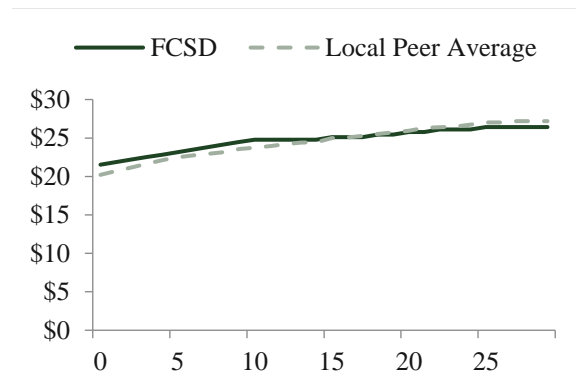


## Classified Career Compensation

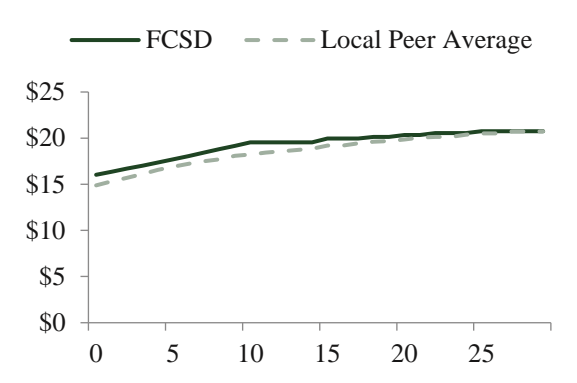
### Head Mechanic



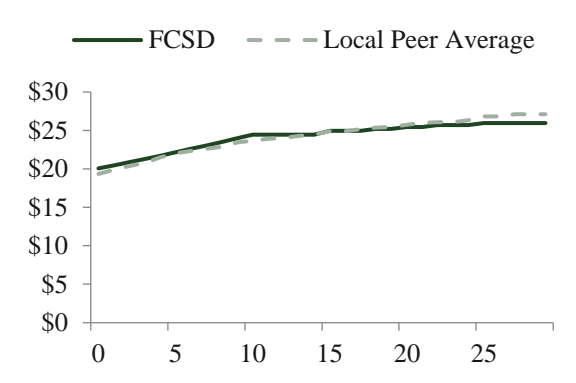
### Bus Driver



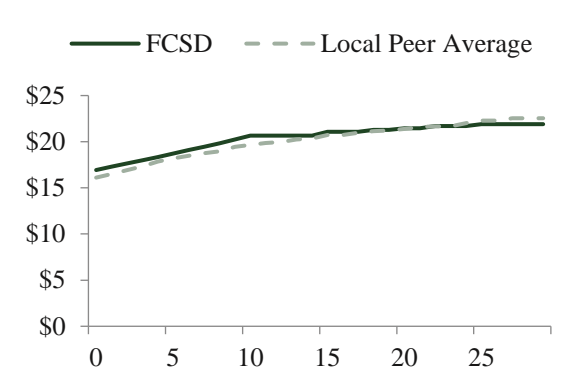
### Library & Media Center Aides



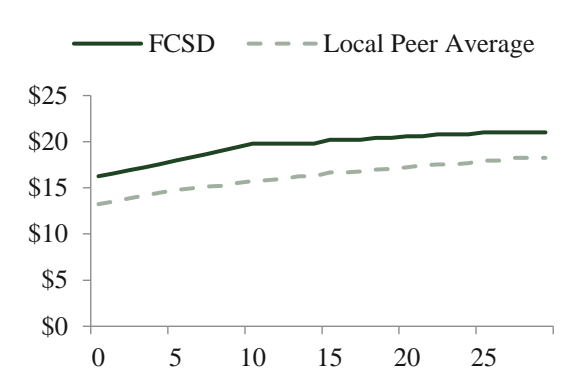
### Maintenance



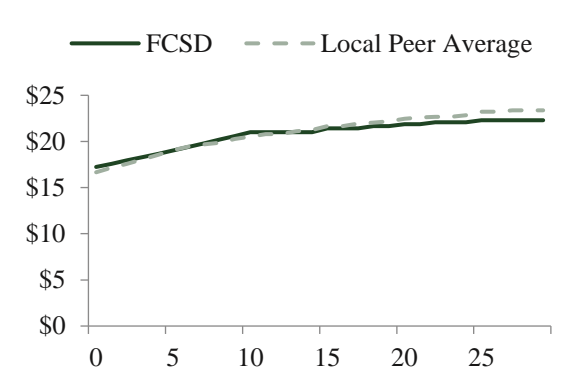
### Custodians



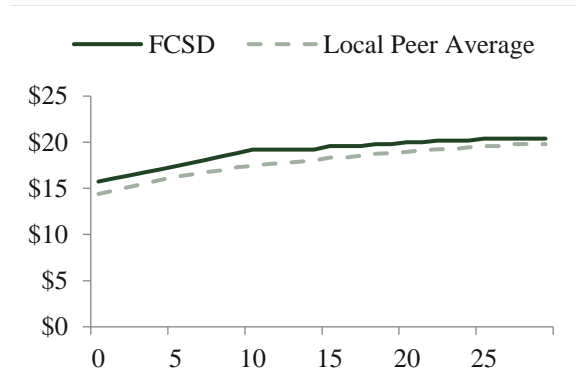
### Cook



### Secretary

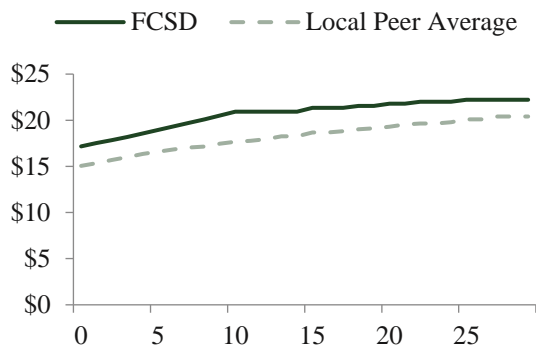


### Educational Aide



Efficient • Effective • Transparent

## Head Cook



## Insurance

The District’s insurance plan has benefit provisions that are extremely generous compared to the SERB regional peer average for school districts. The tables below show the comparisons to the peer group. The comparisons are based on plan type and identify the difference in expense to the employee for accessing various types of medical care.

### FY 2022 Benefit Comparison | PPO

	FCSD	Updated	Peer Average	Difference
<b>Copayments</b>				
Office Visit	\$20.00	\$20.00	\$25.85	(\$5.85)
Urgent Care Visit	\$50.00	\$50.00	\$51.44	(\$1.44)
Emergency Room Visit	\$100	\$100	\$191.35	(\$91.35)
<b>Deductible</b>				
Network				
<i>Single</i>	\$100	\$100	\$627.36	(\$527.36)
<i>Family</i>	\$300	\$300	\$1,266.04	(\$966.04)
Non-Network				
<i>Single</i>	\$200	\$200	\$1,536.79	(\$1,336.79)
<i>Family</i>	\$400	\$400	\$3,371.70	(\$2,971.70)
<b>Out-of-Pocket Maximum</b>				
Network				
<i>Single</i>	\$1,500	\$1,500	\$2,699.43	(\$1,199.43)
<i>Family</i>	\$2,000	\$3,000	\$5,411.32	(\$2,411.32)
Non-Network				
<i>Single</i>	\$3,000	\$2,000	\$5,990.38	(\$3,990.38)
<i>Family</i>	\$4,000	\$4,000	\$12,569.81	(\$8,569.81)
<b>Coinsurance</b>				
Network				
Office Visit	0% <sup>1</sup>	0%	22%	(22%)
Urgent Care Visit	0%	0%	16%	(16%)
Emergency Room Visit	0%	0%	17%	(17%)
Non-Network				
Office Visit	30%	30%	42%	(12%)
Urgent Care Visit	0% <sup>2</sup>	0%	40%	(40%)
Emergency Room Visit	0% <sup>2</sup>	0%	40%	(40%)

Source: FCSD and SERB

<sup>1</sup> A review of coinsurance values indicate that client does not have coinsurance values for these particular services; therefore, the value is entered as 0%.

<sup>2</sup> Covered as In-Network and therefore no coinsurance value is applicable for this service.



## FY 2022 Benefit Comparison | HDHP

	FCSD <sup>1</sup>	Updated	Peer Average	Difference
<b>Copayments</b>				
Office Visit	\$0.00	\$0.00	\$15.31	(\$15.31)
Urgent Care Visit	\$0.00	\$0.00	\$28.93	(\$28.93)
Emergency Room Visit	\$0	\$0	\$84.62	(\$84.62)
<b>Deductible</b>				
Network				
<i>Single</i>	\$2,000	\$2,000	\$3,302.17	(\$1,302.17)
<i>Family</i>	\$4,000	\$4,000	\$6,463.04	(\$2,463.04)
Non-Network				
<i>Single</i>	\$4,000	\$4,000	\$5,076.92	(\$1,076.92)
<i>Family</i>	\$8,000	\$8,000	\$9,412.82	(\$1,412.82)
<b>Out-of-Pocket Maximum</b>				
Network				
<i>Single</i>	\$2,000	\$2,000	\$3,965.76	(\$1,965.76)
<i>Family</i>	\$4,000	\$4,000	\$7,918.89	(\$3,918.89)
Non-Network				
<i>Single</i>	\$8,000	\$8,000	\$140,753.91	(\$132,753.91)
<i>Family</i>	\$16,000	\$16,000	\$148,621.69	(\$132,621.69)
<b>Coinsurance</b>				
Network				
Office Visit	0%	0%	20%	(20%)
Urgent Care Visit	0%	0%	22%	(22%)
Emergency Room Visit	0%	0%	25%	(25%)
Non-Network				
Office Visit	0%	30%	50%	(20%)
Urgent Care Visit	0%	30%	29%	1%
Emergency Room Visit	0% <sup>2</sup>	0%	21%	(21%)

Source: FCSD and SERB

<sup>1</sup> No cost after deductible is met. All out of pocket for employee until deductible is met.

<sup>2</sup> Covered as In-Network and therefore no coinsurance value is applicable for this service.

# Appendix E: Facilities

The following table shows the District’s overtime and temporary salaries and wages compared the peer average.

## Facilities Non-Certificated Salaries & Wages Comparison

	<b>Franklin City</b>	<b>Peer Average</b>	<b>Difference</b>	<b>Average % Change</b>
140 - Certificated & Non-Certificated Salaries & Wages	\$0.00	\$0.00	\$0.00	0.0%
141 - Regular	\$1,035,027.16	\$832,229.29	\$202,797.87	24.4%
142 - Temporary	\$54,062.82	\$34,702.44	\$19,360.38	55.8%
143 - Supplemental	\$0.00	\$0.00	\$0.00	0.0%
144 - Overtime	\$60,056.01	\$17,853.05	\$42,202.96	236.4%
145 - Regular Non-Contributing	\$0.00	\$0.00	\$0.00	0.0%
146 - Temporary Non-Contributing	\$0.00	\$0.00	\$0.00	0.0%
147 - Supplemental Non-Contributing	\$0.00	\$0.00	\$0.00	0.0%
148 - Overtime Non-Contributing	\$0.00	\$0.00	\$0.00	0.0%
149 - Other Certificated and Non-Certificated Salaries	\$0.00	\$0.00	\$0.00	0.0%
<b>Total Regular Salaries &amp; Wages</b>	<b>\$1,035,027.16</b>	<b>\$832,229.29</b>	<b>\$0.00</b>	<b>24.4%</b>
<b>Total Non-Regular Salaries &amp; Wages</b>	<b>\$114,118.83</b>	<b>\$52,555.49</b>	<b>\$0.00</b>	<b>117.1%</b>
<b>Total Certificated &amp; Non-Certificated Salaries &amp; Wages</b>	<b>\$1,149,145.99</b>	<b>\$884,784.78</b>	<b>\$0.00</b>	<b>29.9%</b>
<b>Non-Regular As % Of Total Salaries &amp; Wages</b>	<b>9.9%</b>	<b>5.9%</b>	<b>4.0%</b>	<b>67.2%</b>
<b>Overtime As % Of Regular Salaries &amp; Wages</b>	<b>5.8%</b>	<b>2.1%</b>	<b>3.7%</b>	<b>170.5%</b>

# OHIO AUDITOR OF STATE KEITH FABER



**FRANKLIN CITY SCHOOL DISTRICT**

**WARREN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/10/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)