

OHIO AUDITOR OF STATE
KEITH FABER



Waterloo
Local School District

Performance Audit

May 2022

OHIO AUDITOR OF STATE
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To the Waterloo Local School District community,

The Auditor of State's Office recently completed a performance audit for the Waterloo Local School District (the District) at the District's request. This review was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas.

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

May 26, 2022

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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.¹ These documents provide three years of historical financial data, as well as the projected revenues and expenses for a five-year period.

The graphic features the title "Ohio Department of Education Five-Year Forecasts" in a large, dark green font. Below the title, a paragraph of text explains that Ohio school districts provide a five-year financial forecast to ODE twice a year. It states that these forecasts provide an overview of a district's financial health and that ODE has developed a guide to help interested parties understand them. The guide includes definitions of key terms, general ideas of what a good forecast should contain, and a line-by-line explanation of the forecast. To the right of the text is a stylized graphic of a green circle partially overlapping a white document icon with horizontal lines. At the bottom of the graphic is a green button with the text "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.²

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.

¹ Ohio Rev. Code § 5705.391 and Ohio Admin. Code 3301-92-04.

² Performance audits are conducted using Generally Accepted Government Auditing Standards guidelines, see **Appendix A** for more details.

Waterloo Local School District

Waterloo Local School District (WLSLD or the District) is located in Portage County and, as of FY 2021, had 863 students enrolled. The District spans approximately 56 square miles and has a median income of \$37,000. Of the total enrolled students, 19 percent were students with disabilities. In November 2021, the District placed a 1 percent, five-year earned income tax levy on the ballot for current expenses. That levy attempt failed.



Financial Condition

The Ohio Auditor of State monitors the fiscal health of school districts and at times may declare a state of fiscal caution, watch or emergency.³ These declarations are based on specific criteria and are designed to identify situations where the solvency of a district is threatened and provide appropriate assistance to resolve financial issues. In February 2020, WLSLD was placed under fiscal caution. WLSLD has had two previous performance audits which were released in July 2018 and October 2008. These performance audits were also in response to the District’s financial condition.

In November 2021, WLSLD released its semi-annual five-year financial forecast, which showed progressively declining year-end fund balances throughout the forecast period. That forecast showed deficit spending projected in FY 2024 through FY 2026. Although the forecast shows positive ending fund balances throughout the forecast period, this is largely the result of an assumption that the District will be able to pass a renewal levy in 2023 and a new levy in the fall of 2022. Due to the declining financial condition, and in consultation with ODE, we chose to conduct a performance audit of the District.

³ ORC § 3316.03.

Financial Condition Overview (November 2021)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Revenue	\$10,814,683	\$10,419,004	\$9,948,121	\$9,477,238	\$9,477,238
Total Expenditures	\$10,210,153	\$10,251,803	\$11,796,585	\$12,411,082	\$12,859,932
Results of Operations	\$604,530	\$167,201	(\$1,848,464)	(\$2,933,844)	(\$3,382,694)
Beginning Cash Balance	\$320,673	\$925,203	\$1,092,404	(\$756,060)	(\$3,689,904)
Ending Cash Balance	\$925,203	\$1,092,404	(\$756,060)	(\$3,689,904)	(\$7,072,598)
Encumbrances	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$470,883	\$1,412,649	\$2,354,415
Cumulative Balance of New Levies	\$0	\$104,685	\$1,353,817	\$3,239,935	\$5,248,482
Ending Fund Balance	\$775,203	\$1,047,089	\$918,640	\$812,680	\$380,299

Source: ODE

During the course of the audit, the District received updated property tax revenue estimates from the Portage County Auditor's Office. While the new estimates showed lower than previously forecasted total tax revenue in FY 2022, they also projected higher than previously forecasted total tax revenue beginning in FY 2023 and continuing throughout the remainder of the forecast period. The District chose to submit an updated five-year forecast in March, 2022 using the updated tax estimates which also included inaccurate foundation funding data.⁴ The following table is a high level summary of the March 2022 five-year forecast.

Financial Condition Overview (March 2022)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Revenue	\$11,182,068	\$11,083,168	\$10,531,000	\$10,060,117	\$10,060,117
Total Expenditures	\$9,984,589	\$10,172,195	\$11,716,977	\$12,331,474	\$12,780,323
Results of Operations	\$1,197,479	\$910,973	(\$1,185,977)	(\$2,271,357)	(\$2,720,206)
Beginning Cash Balance	\$320,673	\$1,518,152	\$2,429,125	\$1,243,148	(\$1,028,209)
Ending Cash Balance	\$1,518,152	\$2,429,125	\$1,243,148	(\$1,028,209)	(\$3,748,415)
Encumbrances	\$430,251	\$430,251	\$430,251	\$430,251	\$430,251
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$470,349	\$1,411,046	\$2,351,743
Cumulative Balance of New Levies	\$0	\$104,685	\$1,353,817	\$3,239,935	\$5,248,482
Ending Fund Balance	\$1,087,901	\$2,103,559	\$2,637,063	\$3,192,521	\$3,421,559

Source: ODE

Note: This table includes inaccurately forecasted state foundation funding, resulting in an overstatement of revenue of \$343,327 in both FY 2022 and FY 2023, for a total overstatement of revenue of \$686,654 during the forecast period.

⁴ The February #2 payment to districts from ODE included funding that should have been deducted and paid to STEM schools. This led some districts to project inflated foundation funding for the remainder of the fiscal year.

The March 2022 forecast projects that the District will have a fund balance of approximately \$3.4 million in FY 2026. However, similar to the November 2021 forecast, this is due primarily to the projected revenues from a new levy that is expected to be voted on in November, 2022. While increased tax revenues will alleviate some of the District's deficit balance, without the passage of a new money levy, it faces a negative fund balance of approximately \$1.8 million in FY 2026.

While the District drafted a new five-year forecast with revised state revenues in March after the submission shown above, the forecast will be officially revised during the required May submission period. The five-year forecast approved by the Board of Education March 10th, 2022 and the following five-year forecast draft both show reduced forecasted expenditures compared to the November 2021 five-year forecast.

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.

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 residents⁵ – that is, individuals who work in a district but do not reside there would not be assessed an income tax on wages. 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 Constitution⁶ and the Ohio Revised Code (ORC).⁷ These restrictions limit the amount of tax that can be levied without voter approval to 10 mills⁸ 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 range from three mills in some districts to nearly seven mills in some other. 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 an amount of mills that will be assessed in order to raise revenues. If new construction occurs within the district, the rate would 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 levies⁹ 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 that the amount collected on fixed-rate millage is frozen at the dollar value collected in its first

⁵ See <https://tax.ohio.gov/wps/portal/gov/tax/individual/school-district-income-tax>

⁶ Ohio Const. Art. XII, Section 2.

⁷ Ohio Rev. Code § 5705.02.

⁸ A mill is defined as one-tenth of one percent or \$1 for every \$1,000 of taxable value.

⁹ Authorized by ORC §5705.194.

year.¹⁰ In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.¹¹ Instead, the outside mills are subject to reduction factors¹² which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.¹³

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.¹⁴ 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, as discussed below, 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

¹⁰ Am.Sub.H.B. No. 920, 136 Ohio Laws, Part II, 3182, 3194.

¹¹ If property value decreased due to reappraisal, it is possible that a district would receive less revenue than originally intended.

¹² ORC § 319.301

¹³ 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.

¹⁴ 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.

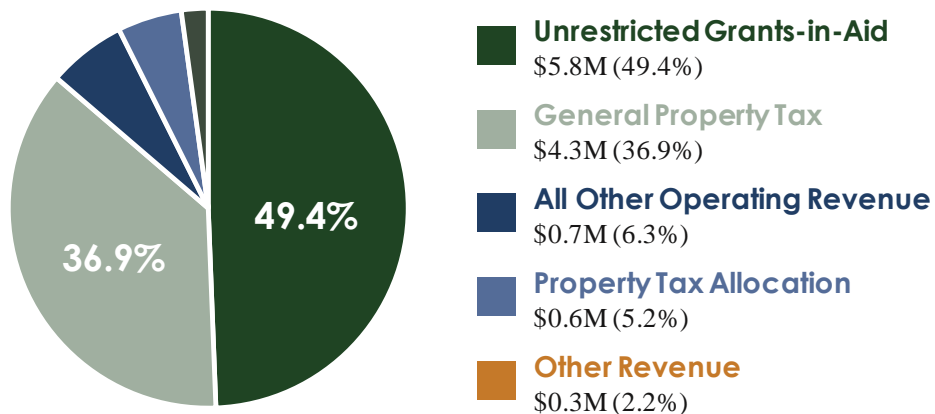
The Ohio Department of Taxation collects income tax through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as are currently used for state income taxes. 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.

WLSD Revenues

In FY 2021, the District’s total general fund revenue was approximately \$11.8 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: \$11.8M



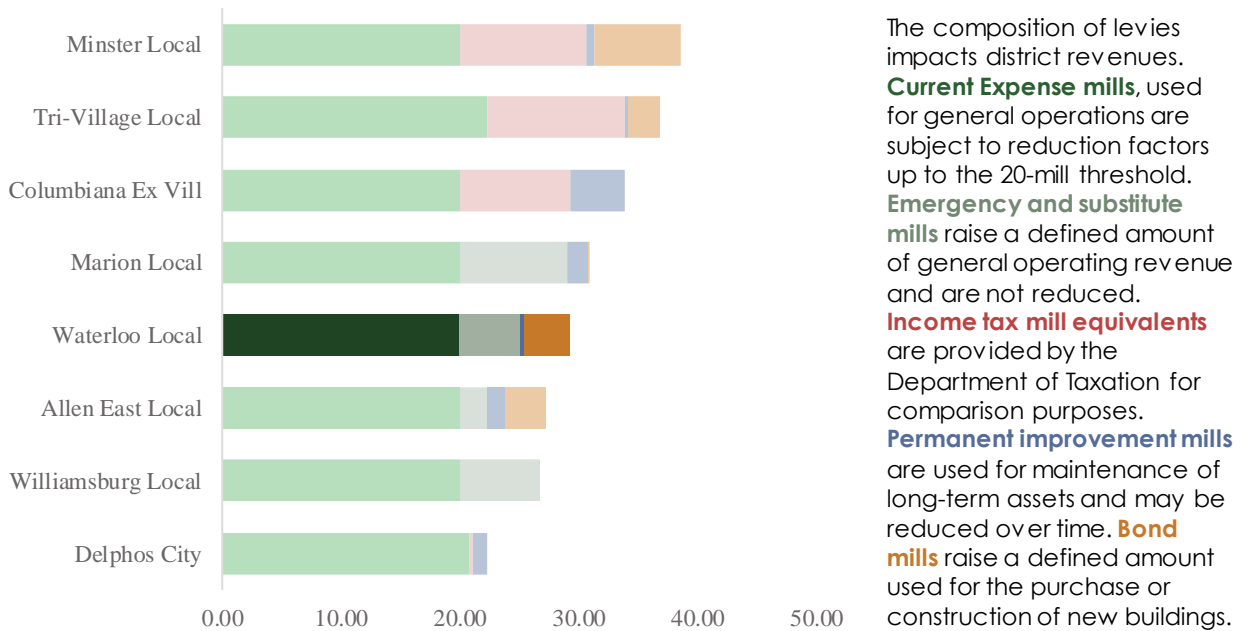
Source: ODE

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

In 2021, WLSD collected revenues on 29.29 mills of property tax for residential properties.¹⁵ This included 5.30 inside mills and 14.70 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. In addition to the 20 mills collected for current expenses, the District collects additional property tax revenue that does not count toward the 20-mill floor. In 2021, this additional millage totaled 9.29 mills and was comprised of permanent improvement levy of 0.36 mills, an emergency of 5.06 mills, and a bond levy of 3.87 mills.

Because the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for WLSD to that of its primary peers. This comparison is found in the chart below. 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 WLSD does not yet 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.

2020 Millage and Millage Equivalents | Primary Peers



Source: Ohio Department of Taxation

The composition of levies impacts district revenues. **Current Expense mills**, used for general operations are subject to reduction factors up to the 20-mill threshold. **Emergency and substitute mills** raise a defined amount of general operating revenue and are not reduced. **Income tax mill equivalents** are provided by the Department of Taxation for comparison purposes. **Permanent improvement mills** are used for maintenance of long-term assets and may be reduced over time. **Bond mills** raise a defined amount used for the purchase or construction of new buildings.

¹⁵ 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 33.61.

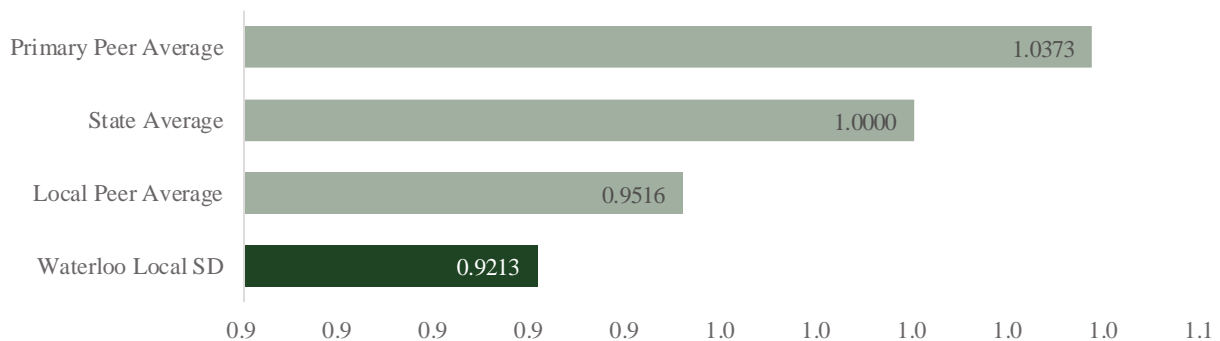
Overall, the District’s effective millage rate of 29.29 is lower than four of the primary peers. Four of the peers have an income tax. It is important to understand that the revenue generated from bond and emergency levies will remain the same regardless of changes to property values as they are voted as a fixed-sum levy. 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 on the floor would see additional revenues from increases in value to existing properties. WLSD and its peers are currently at the 20-mill floor, or very close to it, which means they will all 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.

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 0.9213, which is lower than the state average. Out of 612 school districts, this is the 341st highest local tax effort in the state, which is approximately the 44th percentile of all districts. By comparison, the local peer average of 0.9516

would rank approximately 332nd out of all 612 districts, or the 45th percentile. WLSD’s local tax effort could change as a result of the passage of any additional tax initiatives.

Revenue per Pupil

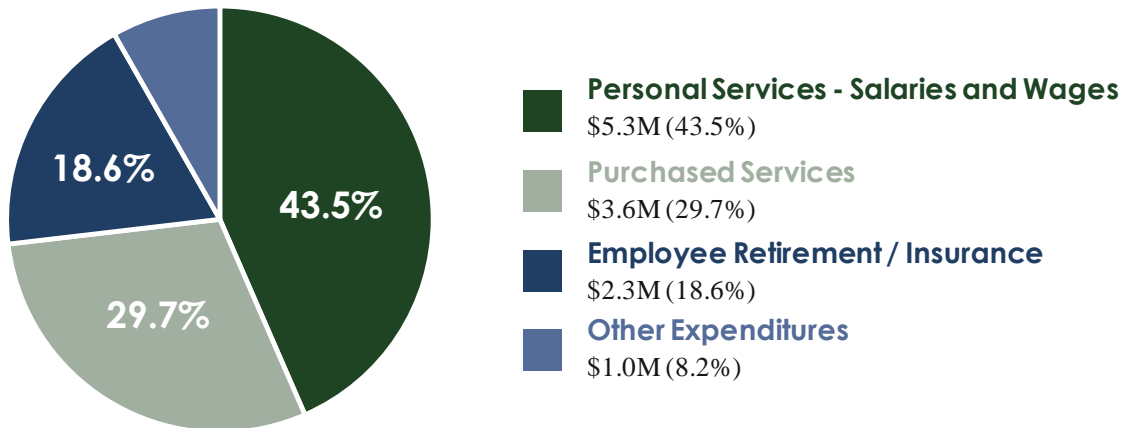
Revenue per pupil, broken down by type of funding, is another way to compare funding sources between Ohio school districts. Because our audit focuses on the projected deficit in the five year forecast, we reviewed only the forecasted fund revenues for this purpose.¹⁶ In FY 2021, the District received \$14,161 per pupil, with 36 percent, or \$5,099, coming from local taxes.¹⁷ In FY 2021, the primary peer average was \$12,007 per pupil, with 41 percent, or \$4,947, coming from local taxes. The District’s local revenue was higher than the primary peer average in FY 2021.

Expenditures

In FY 2021, the District’s total expenditures were \$12.2 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: \$12.2M



Source: ODE

Note: Other Expenditures includes Advances-Out; Supplies and Materials; Other Objects; Principal on Loans, Interest & Fiscal Charges; Capital Outlay; Operating Transfers-Out; and All Other Financing Uses.

¹⁶ Forecasted funds include the District’s General Fund and funds derived from emergency levies.

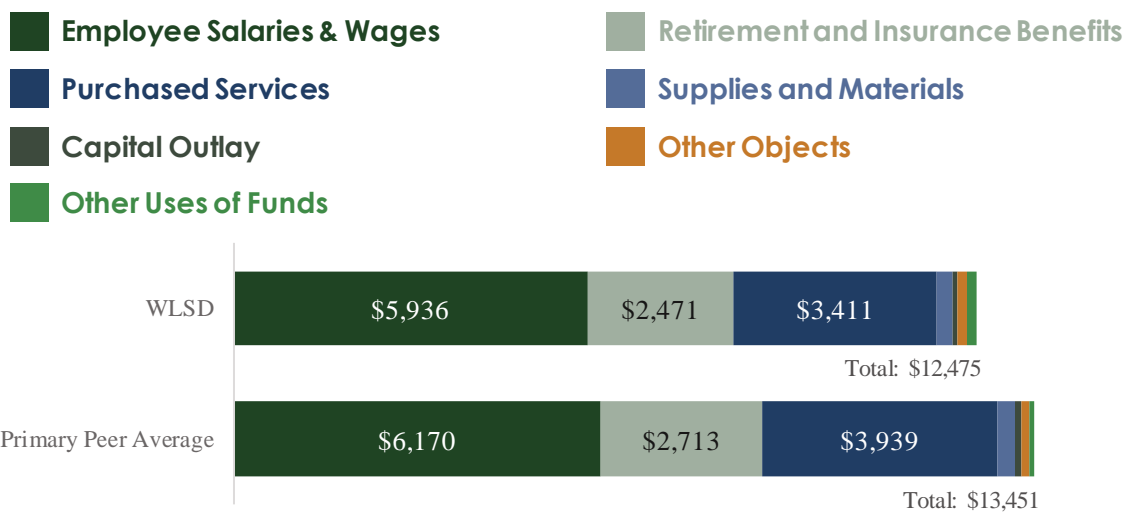
¹⁷ The Cupp Report, issued by ODE, provides information on all revenues received by a district. Because of this, the percentage of revenues from local revenues in the Cupp report may vary from the amount in our report due to the inclusion of additional revenues. This is particularly true when reviewing FY 2021 data as districts received federal funding for COVID-19 relief through ESSER grants.

Expenditures per Pupil

In FY 2021, WLSD spent \$12,475, or 7.3 percent less, per pupil when compared to the primary peer average of \$13,451 per pupil. The District spent less than the primary peer average on employee salaries and wages, employee benefits, purchased services, supplies and materials, and capital outlay. The District spent more than the primary peer average on other objects, and other uses of funds.¹⁸

The chart that follows provides a graphic comparison of expenditures per pupil for WLSD and the primary peer average.

FY 2021 Total Expenditures Per Pupil



Source: WLSD and Peers

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, and Transportation. We identified six recommendations which would result in reduced expenses or an improvement in the District’s operational management based on industry standards and peer averages. These six recommendations are referred to as **Tier I** recommendations in the audit. The tables on the following page provide a summary of the

¹⁸ 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.

Tier I recommendations identified in this report and the impact they would have on the five year forecast..

Summary of Tier I Recommendations

Recommendations	Savings
R.1 Develop Formal Strategic and Capital Plans Linked to the Budget	
R.2 Eliminate Administrative Support Positions above the Peer Average	\$43,000
Eliminate 0.5 FTEs Building Office Support Staff	\$43,000
R.3 Eliminate Direct Student Education and Support Positions above the Peer Average	\$213,000
Eliminate 2.00 FTE General Education Teachers	\$149,000
Eliminate 2.98 FTE monitoring staff	\$64,000
R.4 Renegotiate Collective Bargaining Agreement Provisions	
R.5 Develop a Formal Bus Replacement Plan	
R.6 Consider Transitioning to a Two-Tier Transportation Model	\$45,000
Expand Bus Services	\$126,000
Total Cost Savings from Performance Audit Tier I Recommendations	\$429,000

Note: These estimated savings reflect the average annual savings that could be achieved in FY 2023 through the remainder of the forecast period.

Note: Numbers in this table are rounded down to the nearest \$1,000 to provide conservative estimates and for readability purposes.

Results of the Tier I Audit Recommendations

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Original Ending Fund Balance	\$1,087,901	\$1,998,874	\$1,283,246	(\$47,415)	(\$1,826,924)
Revenue Adjustment ¹	(\$343,327)	(\$686,654)	(\$686,654)	(\$686,654)	(\$686,654)
Adjusted Ending Fund Balance	\$744,574	\$1,312,220	\$596,592	(\$734,069)	(\$2,513,578)
Cumulative Balance of Tier I Recommendations ²		\$412,471	\$835,875	\$1,270,730	\$1,717,705
Revised Ending Fund Balance with Tier I Recommendations	\$744,574	\$1,724,691	\$1,432,467	\$536,661	(\$795,873)

Source: WLSD

¹ The revenue adjustment is due to an error in the February #2 Statement of Settlement that was issued by ODE which WLSD used when updating the March 2022 forecast. The revenue adjustment is based on WLSD's most updated forecast at the time of this analysis, but was not Board approved.

² Due to the timing of the release of this performance audit some recommendations may not be fully implemented until FY 2024 which would impact the revised ending fund balance. This is due to the District finalizing staffing contracts and CBAs in May of 2022.

The District’s current financial condition is such that implementation of these **Tier I** recommendations would not resolve the projected deficit fund balance in the most recent five-year forecast. Because of this, we identified additional recommendations that the District can consider that go beyond alignment with peer averages and industry standards. In the audit, **Tier II** recommendations are those that have potential for increased savings but do not include additional personnel reductions. **Tier III** recommendations are additional personnel reductions identified on a case-by-case basis in areas where the District was staffed in-line with, or lower than, the respective peer averages. The potential cost savings associated with **Tier II** and **Tier III** recommendations are seen in the table below. These estimated savings reflect the average annual savings that could be achieved in FY 2023 through the remainder of the forecast period.

Additional Recommendations

Recommendations	Savings
Tier II Eliminate General Fund Subsidy of Extracurricular Activities	\$177,000
Tier II Eliminate Administrator Retirement Pick-Up	\$26,000
Tier II Freeze Salaries at FY 2022 Forecast Levels	\$183,000
Tier III Eliminate up to 14.0 FTEs Classroom Teachers	\$1,089,000

Note 1: These estimated savings reflect the average annual savings that could be achieved in FY 2023 through the remainder of the forecast period, aside from the administrator retirement pick-up estimated savings which reflects the average annual savings that could be achieved in FY 2024 through the remainder of the forecast period.

Note 2: The cost savings associated with a salary freeze is based on current staffing levels. Actual savings may be less if staffing reductions in Tier I are made.

Note 3: Numbers in this table are rounded down to the nearest \$1,000 to provide conservative estimates and for readability purposes.

When considering implementation of either **Tier II** or **Tier III** recommendations, the District must consider the impact on overall operations. The salary recommendation identified in **Tier II** could require contract negotiations and may not be implemented immediately. Reducing the number of general education teachers in the District is something that officials are able to do without negotiations. However, doing so may result in WLSD operating at levels that would likely impact the level of services provided to the community. WLSD officials may wish to consider implementing any of these additional recommendations, or some combination of them, based on the current financial condition of the District.

Tier I Recommendations

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 WLSD’s financial management policies in order to determine if there were areas for improved management.

Recommendation 1: Develop Formal Strategic and Capital Plans Linked to the Budget

Impact

Developing long-term strategic and capital plans along with capital planning policies 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 to confirm that the District has an outdated strategic plan¹⁹, an informal capital plan and does not have a capital planning policy. We also reviewed WLSD’s current strategic and capital planning practices and compared them to the Government Finance Officers’ Association (GFOA)²⁰ best practices to identify opportunities for improvement. In reviewing the policies, we discovered the capital and strategic plans are qualitative, and not linked to quantitative measures. The capital plan also does not list out capital needs and costs associated with each that coincide with the lifecycle of the capital assets.

¹⁹ During the audit, the District was in the process of developing a new three-year strategic plan with the involvement of internal and external stakeholders such as trustees, parents, students, and teachers. The new strategic plan emphasizes strong communication and involvement of stakeholders to increase support of future levies. The plan was formally announced at the District’s monthly board meeting on April 14th, 2022.

²⁰ Founded in 1906, GFOA represents public finance officials throughout the United States and Canada. The association’s more than 20,000 members are federal, state/provincial, and local finance officials who are deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions. GFOA’s mission is to advance excellence in public finance.

Analysis

The Government Finance Officers' Association (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 systemic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, and develop commitment to the organization’s mission, and achieve consensus on strategies and objectives for achieving that mission.”

Key steps in the strategic planning process include:

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

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

- Planning at least five to 10 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.

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

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

Finally, *Capital Planning Policies* (GFOA, 2006) recommends public entities should develop and adopt capital planning policies which are sensitive to unique organizational characteristics such as the services that they provide and how they are structured. A capital planning policy describe and have the following:

- Organizational approach to capital planning
- Clear definition of capital planning project
- Establishment of review committee along with identification of members
- Role of internal and external stakeholders
- Decision making process
- Assessment of government fiscal capacity along with process for funding
- Procedure for accumulation of capital reserves for new and replacement purchases
- Policy linking funding strategies with asset lifecycle
- Requirement for development of capital plan
- Mandate that capital plan includes significant maintenance projects
- Provisions for monitoring and oversight

The District's annual budget is not linked to formal planning goals, objectives, or performance measures. WLSD is at risk of not fully evaluating the relationship between its spending decisions and program outcomes.

Conclusion

The District should concurrently develop a strategic plan and a capital plan along with a capital plan policy that are linked to the budget. By not having formal strategic and capital plans linked to the budget, WLSD 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.

Human Resources

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

Recommendation 2: Eliminate Administrative Support Positions above the Peer Average

Impact

By reducing administrative support staff to be in line with the primary peer average, the District could save an average of approximately \$43,000 annually. The value of the savings for all staffing recommendations were based on the lowest tenured employee salaries and inflated for contractual wage increases and increases in the costs of benefits. Benefits include medical, prescription drug, dental, vision, and life insurance, Medicare, and retirement.

Background

The District employs individuals in administrative support positions who are responsible for activities related to the daily operations of the District. While these positions provide support to students and educators within WLSD, the District may be able to reduce some positions based on peer comparisons.

Methodology

Staffing levels for the District were compared to primary peer averages.²¹ In order to make data-driven decisions, the data was normalized on a per 1,000 student basis and compared to the primary peer average.

Areas where WLSD has staffing levels above the primary peer average and could reduce administrative support staff include building office support staff.

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

Analysis

WLSD employs 4.0 FTE building office support staff, which is 0.5 FTEs above the primary peer average. This category of positions includes building secretaries. Eliminating 0.5 FTE building office support staff positions could save an average of approximately \$43,000 in each year of implementation and bring the District's baseline staffing ratio to a level consistent with the primary peer average.

Conclusion

WLSD should eliminate 0.5 FTE building office support positions. Eliminating these positions could save an average of approximately \$43,000 in each year of implementation and bring the District's baseline staffing ratio more in line with the primary peer average. These estimated savings reflect the average annual savings that could be achieved in FY 2023 through the remainder of the forecast period.

Recommendation 3: Eliminate Direct Student Education and Support Positions above the 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 \$213,000 annually.

Background

Direct education and support positions perform functions that assist students directly in some manner. These positions may include a variety of professionals including teachers, educational support specialists, and counselors. We found that based on peer comparisons, WLSD could eliminate staffing positions in several categories.

Methodology

Staffing levels for the District were identified and compared to primary peer averages. Full-time Equivalents (FTEs) were used to identify staffing levels, based on ODE reporting guidelines. In order to make data-driven decisions, the data was normalized on a per 1,000 student basis and compared to the peer average²².

Areas where WLSD has staffing levels above the primary peer average and could reduce direct student education and support staff include general education teachers and monitors.

Analysis

General Education Teachers

WLSD employs 42.29 FTE general education teachers, which is 2.0 FTEs above the primary peer average. Eliminating 2.0 FTE²³ general education teachers could save an average of approximately \$149,000 annually and bring the District's baseline staffing ratio to a level consistent with the primary peer average.²⁴

²² Calculated FTE's per 1,000 students by analyzing the FTE's for general education, gifted and talented, career-technical program/career pathways, and LEP Instructional program in total rather than on a line-by-line basis. This is because they act as a general education teacher in the sense that students are being educated by those teachers in the same way they are being educated by general education teachers and is why they were looked at in total.

²³ Rounded down from 2.14 FTE

²⁴ The value of the savings for all staffing recommendations were based on the lowest tenured employee salaries. Benefits include medical, dental, and life insurance, Medicare, and retirement.

Monitors

WLSD employs 2.98 FTE monitors who cover duties such as monitoring the lunchroom, the playground, and the buses. In comparison, three of the peers use already existing positions such as teachers and principals to handle monitoring duties. Eliminating 2.98 FTEs monitor positions could save an average of approximately \$64,000 annually.

Conclusion

By eliminating the direct student education and support positions described above, the District could save approximately \$213,000 annually and bring its baseline staffing ratio to a level consistent with the primary peer average. These estimated savings reflect the average annual savings that could be achieved in FY 2023 through the remainder of the forecast period.

Recommendation 4: Renegotiate Collective Bargaining Agreement Provisions

History

In July 2018, OPT released a performance audit of WLSD²⁵ which contained a recommendation to renegotiate collective bargaining agreement provisions. Nine specific provisions exceeded the ORC/OAC which included: vacation accrual, paid holidays, sick leave accumulation and severance payout, Local Professional Development Committee (LPDC) compensation, Waterloo Evaluation System Committee (WESC) compensation, ESP teacher requirement, building checks, guaranteed daily hours for bus drivers, and bus driver attendance bonus.

Impact

While the financial implication for this recommendation was not updated, the District's classified and certificated collective bargaining agreements (CBA) contain provisions which are more generous or costly than required in the ORC and OAC. Aligning the overly generous provisions with statutory minimums would result in cost savings and additional productive work hours.

Background

WLSD maintains three collective bargaining agreements (CBAs):

- Waterloo Education Association, representing professional²⁶ staff²⁷, effective through June 30, 2022;
- Ohio Association of Public School Employees (OAPSE), representing cafeteria, custodial, maintenance, mechanic, para-professional, and transportation departments, effective through June 30, 2022; and,
- Administrative Secretaries Contract, representing building secretaries²⁸, effective through June 30, 2022.

²⁵ See **Appendix A** for a full list of prior audit objectives and recommendations.

²⁶ ORC § 4117.01(I) defines a "Professional employee" as any employee engaged in work that is predominantly intellectual, involving the consistent exercise of discretion and judgment in its performance and requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course in an institution of higher learning or a hospital, as distinguished from a general academic education or from an apprenticeship; or an employee who has completed the courses of specialized intellectual instruction and is performing related work under the supervision of a professional person to become qualified as a professional employee.

²⁷ This excludes casual employees, substitute teachers on a day-to-day basis, and all Supervisors and Management Level employees which are defined in ORC § 4117.01(F) and (K).

²⁸ This contract excludes central office secretaries and other secretaries determined by the Superintendent to be confidential at the district level.

Methodology

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

Analysis

Vacation Accrual: Under the classified OAPSE CBA, employees are entitled to annual vacation accrual whereby they can earn 490 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. 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.

Paid Holidays: Under the classified OAPSE CBA, 12-month employees are entitled to 11 paid holidays and 9-month and 10-month employees are entitled to seven paid holidays. The Administrative Secretaries CBA states employees are entitled to 7 paid holidays. This exceeds the statutory minimum of 8 paid holidays for 12-month employees and 6 paid holidays for 9-month and 10-month employees under ORC § 3319.087²⁹. Direct savings from reducing the number of holidays could not be quantified; however, a reduction would increase the number of available work hours at no additional cost to the District.

Sick Leave Accumulation and Severance Payout: ORC §124.39 requires that public employees must be paid one-quarter, or 25 percent, 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. Under the OAPSE and certificated CBAs, District employees are entitled to accumulate an unlimited amount of sick leave. This leave is paid at a rate of 40 percent and employees are eligible for a maximum of 90 days of paid severance leave, which is three times higher than the state minimum requirement. Excessive sick leave accrual increases the likelihood of severance payouts that are larger than required by state law and puts the District at risk for increased future liabilities.

Local Professional Development Committee (LPDC) Compensation: LPDCs are groups sanctioned by ORC § 3319.22 to review coursework and professional development activities proposed and completed by educators to determine if State certification and licensure requirements have been met. Under the certificated CBA, the committee is comprised of five

²⁹ An updated iteration of ORC §3319.087 will come into effect on June 10, 2022. The current statutory state minimums identified for paid holidays are based off of the upcoming version of the statute.

members who receive \$1,500 annually, for a minimum liability of \$7,500. At a minimum, ORC § 3319.22 does not require compensation to LPDC members and therefore is at risk for increased liabilities.

Waterloo Evaluation System Committee (WESC) Compensation: WESCs are groups sanctioned by ORC § 3319.111 and ORC § 3319.112 to review the policy, procedures, instrument, and forms for the teacher evaluation system. While the certificated CBA allows for up to six members, the committee is currently operating with five members who receive \$1,500 annually, for a minimum liability of \$7,500. At a minimum, ORC § 3319.111 and ORC § 3319.112 also do not require compensation to WESC members and therefore is spending more than is required by ORC.

ESP Teacher Requirement: According to the certificated CBA, a minimum of 5.0 FTE educational service personnel (ESP) shall be employed districtwide for each 1,000 pupils in average daily membership (ADM). ESP staff shall be assigned to at least five of nine areas: Dean of Students, counselor, librarian, school nurse, visiting teacher, social worker, and elementary art, music and physical education. ESP assigned to elementary art, music, and physical education shall hold the special teaching certificate/license in the subject assigned. This provision is no longer required under OAC 3301-35-05 and may unnecessarily restrict management flexibility to staff according to District needs while also maintaining overall financial stability.

Building Checks: Under the classified CBA, it is required to perform building checks of the school buildings on the weekends and holidays. The head custodian has right of first refusal. If the head custodian declines, it shall be offered to custodians on a rotating basis. While the CBA does not specify hours it takes to perform the building checks, it was estimated by the District that it takes two hours of overtime to complete each building check. Building checks performed on Saturdays are paid at one and one-half times the custodian’s regular rate of pay; building checks performed on Sundays are paid at two times the custodian’s regular rate of pay; and building checks on holidays are paid at the regular rate of pay for hours worked in addition to holiday pay, which is eight hours of pay at the custodian’s regular rate of pay. These building checks result in increased overtime costs.

Guaranteed Daily Hours for Bus Drivers: In FY 2017-18, and continuing to present, in an effort to attract and retain bus drivers, the District and the classified bargaining unit agreed to a memorandum of understanding (MOU) stating all bus drivers will be paid a minimum of four hours per day worked, regardless if the actual time worked is under four hours. These guaranteed hours may result in employees being paid for unproductive time.

Conclusion

The District’s CBAs contain many provisions that exceed minimum requirements identified in ORC. The District should consider renegotiating the provisions discussed above in order to increase management control over district operations and reduce potential liabilities.

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 WLSD’s reporting policies and procedures as well as bus routing, preventative maintenance, and bus replacement practices in comparison to industry standards and best practices to determine whether there were any areas for improvement.

Recommendation 5: Develop a Formal Bus Replacement Plan

Impact

Adopting a formal bus replacement plan will assist the District in planning for large purchases, will reduce the risk of incurring large maintenance expenses for buses that have exceeded their expected life-span, and will help avoid the need to replace a major portion of the fleet at the same time.

Background

In FY 2022, WLSD had 10 assigned buses and 7 spares. The average age of an assigned, or active, bus was 7.2 years and the average mileage was 71,180.

Methodology

OPT interviewed District officials regarding WLSD’s bus fleet and replacement planning. The mileage and model years of WLSD’s bus fleet were confirmed with the District. Finally, the current state of the bus fleet was compared to industry benchmarks.

Analysis

The National Association of State Directors of Pupil Transportation Services (NASDPTS)³⁰ recommends that districts create a bus replacement plan that takes into account data related to maintenance costs, insurance costs, and other factors specific to the area in order to facilitate timely replacement of buses. The District does not have a formal data-driven bus replacement plan. District officials indicated that they have an informal capital plan as they do not have money to purchase new buses due to a lack of funding.

³⁰ NASDPTS also recommends a bus replacement cycle of 12 to 15 years, or when buses reach 250,000 miles. The District currently has zero buses meeting or exceeding replacement criteria.

While the District does not have any buses that require immediate replacement, the lack of a formal bus replacement plan may heighten the risk of operating buses that have increased maintenance concerns, decreased fuel economy benefits, higher pollution levels, and less stringent safety equipment in the future. Further, because the District lacks a formal bus replacement plan, it may not be able to adequately budget for the purchase of new buses.

Conclusion

WLSD should develop a formal, data driven bus replacement plan that considers the full cost of bus operation, including fuel, parts, labor, and vehicle depreciation, in addition to safety and emissions. Doing so would allow the District to communicate progress in meeting its schedule of replacement and any risks posed by the current state of the fleet.

Recommendation 6: Consider Transitioning to a Two-Tier Transportation Model and Expand Bus Services

Impact

Transitioning to a two-tier transportation model, in which buses complete two routes in the morning and afternoon, would save the District an average of \$45,000 annually based on the estimated reduction in driver salary and benefits. Furthermore, if the District begins to transport high school students, it can increase revenue by approximately \$126,000 due to changes in state funding.

Background

Prior to 2011, the District operated a two-tier transportation model, meaning that buses drove two routes in the morning and two routes in the afternoon. WLSD switched to the one-tier system as a cost savings measure. The District currently provides transportation to students in preschool through eighth grade using a single-tier transportation model. This means that each bus in operation drives one route in the morning and one route in the afternoon. Currently, WLSD operates eight regular-education routes and two special education routes.

Because of concerns related to transportation staffing shortages statewide, we reviewed the feasibility of returning to a two-tier system. Additionally, changes in the state foundation funding have expanded the pool of eligible riders. Previously, districts received reimbursement for transporting students in kindergarten through eighth grade. Under the new funding formula, districts receive reimbursement for transporting students in preschool through twelfth grade.

Methodology

We based our analysis on ridership that would include students in preschool through twelfth grade. For preschool through eighth grade, we used ridership data from the District for FY 2022. For high school students in ninth through twelfth grade, we estimated the number of riders by taking District enrollment multiplied by the average statewide percentage of ridership for those grades.

Once estimated ridership was determined, we identified the impact of moving from a one-tier to a two-tier transportation model. In doing so, we identified the number of buses needed to transport the existing ridership and estimated high school ridership using a standard 72-passenger bus with a capacity calculated at 2.5 students per seat, which is a capacity of 60 riders.

After identifying the number of buses needed to transport students using a two-tier model, we created four scenarios for the District which considered the following cost elements:

Efficient • Effective • Transparent

- Cost of Living Adjustment (COLA) assumptions;
- Step increases and longevity stipends;
- Health care benefits (medical, dental, Rx, vision, and life insurance)³¹;
- Medicare and SERS retirement board contributions; and,
- Estimated operating costs.³²

Analysis

The District’s current transportation model is efficient in that it cannot eliminate any existing routes without exceeding the industry benchmark of 80 percent capacity on individual buses.³³ However, switching to a two-tier system where buses take on more than one route would allow for cost savings.

The following table shows the impact of moving to a two-tier system. We provided a range of options for the District to consider as there are many variables that impact this decision. The table shows the potential cost savings based on four to seven drivers operating between four and six hours a day.

Average Forecasted Cost Savings & Revenue in Transitioning to Two-Tier Ridership Structure

Hours/Day	4 Drivers	5 Drivers	6 Drivers	7 Drivers
4.00	\$123,665.89	\$87,855.40	\$52,640.35	\$17,827.14
4.50	\$115,634.09	\$77,943.42	\$40,922.62	\$4,353.89
5.00	\$85,484.63	\$45,913.78	\$7,087.23	(\$31,237.02)
5.50	\$77,452.83	\$36,001.80	(\$4,630.51)	(\$44,710.27)
6.00	\$3,068.06	(\$62,380.81)	(\$126,936.52)	(\$190,889.46)

In theory, the District could eliminate up to four drivers and continue to transport existing ridership through a two-tier system. However, this may require changes to the start and end time of schools and may not be practical. If the District were to choose an option with more than four drivers, the cost savings from salary and benefit reductions would be offset by the cost associated with operating additional buses.

If the District decides to provide transportation to high school students, it would receive an estimated \$126,000 in additional revenue from state funding. It should be noted that the revenue

³¹ Per the CBA, if a bus driver works 5 daily hours or more, they qualify for health benefits and therefore was factored into the analysis. Also, health care benefits assume family coverage.

³² Operating costs based off ODE T-2 Report.

³³ American Association of School Administrators.

would be offset, in part, by the additional fuel and mileage cost associated with transporting additional students.

According to the District, implementing a two-tier system with five routes on each tier is the most feasible option. Moving to this transportation model would provide two new routes that could be used for the transportation of high school students. Ultimately, the District must review its options and determine how best to provide transportation students.

Conclusion

The District should consider a two-tier system and the transportation of high school students. This transition would reduce expenditures, increase revenue, and assist with bus replacement. The District's average forecasted annual savings with the implementation of the two-tier model is \$45,000. These estimated savings reflect the average annual savings that could be achieved in FY 2023 through the remainder of the forecast period operating with 5 regular routes at 5 hours per day. There is also additional potential revenue of \$126,000 if the District transports high school students.

Tier II and Tier III Recommendations

As discussed in detail throughout the preceding sections of this report, WLSD could gain efficiencies by aligning its operations with the peer averages and industry standards and implementing the aforementioned baseline, or Tier I, recommendations. However, the recommendations identified previously in this report would not resolve the projected deficit in the most recent five-year forecast. The following recommendations are additional actions that District leadership can consider when addressing the current fiscal situation.

Implementing the following Tier II and Tier III actions could have a significant impact on the District's operations and instructional activities. However, without additional revenue, the District will likely need to consider the following recommendations in order to remain fiscally solvent.

Tier II Recommendations

Eliminate the General Fund Subsidy for Extracurricular Activities

In FY 2021, WLSD spent \$299,430 on student extracurricular activities, which included the salaries and benefits of directors and coaches, supplies and materials, transportation services, and other miscellaneous expenditures. A portion of these expenditures were offset by generating revenue of \$126,724 for admissions and other extracurricular activity sources. The remaining expenditures relating to student activities are subsidized by the general fund money.

The District's general fund subsidy for extracurricular activities of \$216 per pupil was lower than the local peer average of \$376 per pupil. However, if further savings are needed, WLSD could consider fully eliminating the entire General Fund subsidy of approximately \$177,000 by considering implementation of one or more of the following options:

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

Freeze Salaries

The District could consider implementing additional salary-related measures in order to achieve additional savings. While its certificated and classified career compensation is generally lower than the peer average, significant annual savings could be realized without reducing additional staff by implementing a freeze in salaries.

The District's five-year financial forecast assumes a 3 percent increase in salaries for FY 2023 through FY 2026. If the District froze salaries at the FY 2022 forecast levels for FY 2023 through FY 2026 instead of implementing the 3 percent annual increase, it could realize average annual savings of approximately \$183,000. These estimated savings reflect the average annual savings that could be achieved in FY 2023 through the remainder of the forecast period.

Eliminate Administrator Pension and Medicare Pick-Up

The District should consider eliminating retirement pick-up for central office administrators. While some local peer districts also provide retirement pick-up for central office administrators, annual savings can be realized by eliminating this particular benefit.

WLSD provides employee pension program benefits that are not required by law. Ohio school districts and their employees are required to contribute payments into one of two retirement plans: the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Ohio law mandates the contribution percentages to be made by employers and employees.³⁴ As a form of alternative compensation for three central office administrators in FY 2022, WLSD goes beyond the SERS and STRS requirements by paying the entire employee share of retirement, which is considered retirement "pick-up."

Furthermore, the Internal Revenue Service (IRS) requires payment of Medicare taxes and therefore, certain withholding rates apply for the employer and employee. The District extended beyond the minimum legal requirements by paying the current Medicare rate for two administrators, which is also a form of "pick-up."

In reference to FY 2022 payroll data, eliminating the retirement and Medicare pick-up provision could save the District approximately \$26,000 annually. These estimated savings reflect the average annual savings that could be achieved in FY 2024 through the remainder of the forecast period.

³⁴ Employers are required to contribute 14 percent of each employee's annual salary to the appropriate retirement fund. Employee members of SERS are responsible for contributing an additional 10 percent, while employee members of STRS contribute an additional 14 percent.

Tier III Recommendations

If the District is unable to return to fiscal solvency through the implementation of other recommendations within this report, it could consider making additional changes to reduce expenditures. One potential option could be the reduction of general education teachers.

Eliminate up to 14.0 FTE Classroom Teachers

Though previous recommendations (See **Recommendation 2** and **Recommendation 3**) addressed the District’s staffing levels relative to the primary peer average, the District could make additional staffing reductions in order to regain fiscal solvency.

State law requires that for every 25 students, districts employ at least one classroom teacher, for a student to teacher ratio of 25 to 1.³⁵ In FY 2022, the District had a student to teacher ratio of 15.81 to 1.

WLSD could eliminate up to 14.0 FTE classroom teachers and remain in compliance with state minimum staffing requirements. If this level of reduction becomes necessary, the District should work with ODE to ensure compliance with the state minimum requirement in OAC 3301-35-05 before reducing classroom teaching levels.

This reduction would represent the elimination of 33.7 percent of the District’s classroom teachers and would save the District an average of approximately \$1,089,000 annually. While this option would provide additional savings each year, it would drastically change service levels within the District. These estimated savings reflect the average annual savings that could be achieved in FY 2023 through the remainder of the forecast period.

³⁵ The student number used in this ratio represents the regular student population – a formula driven number that reflects students enrolled and educated within the district, excluding categories two through six of special education students. Classroom teachers include K-12 general education teachers as well as art, music, physical education, English language instructional program, and gifted and talented teachers. Preschool teachers, special education teachers and career-technical teachers are excluded from the ratio (*Source, ODE*).

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.



Waterloo Local Schools

May 2022

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

To Auditor of State Faber:

The Waterloo Local School District Board of Education would like to thank you for conducting our performance audit. Your staff was thorough, informative and detail oriented throughout the process. The audit was confirmation that the district has engaged in practices and decisions that are fiscally responsible.

We appreciate the recommendations regarding staffing, transportation, developing capital plans that are linked to a budget, and collective bargaining agreement provisions. The school board will consider those recommendations as we continue to seek ways to improve our district. We feel that implementing the tier two and three recommendations would be detrimental to our mission of creating a comprehensive and challenging educational program for the children of our community.

We will work to implement additional practices where and when appropriate over the upcoming months to help maintain the financial well-being of the Waterloo Local School District.

Sincerely,



Angela Terella
Superintendent



Todd B. Carpenter
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.

WLSD has had two previous performance audits which were released in July 2018 and October 2008. These performance audits were also in response to the District’s financial condition. The table below identifies the July 2018 audit objectives and recommendations and includes the implementation status of the prior recommendations.

Prior Audit Scope and Objectives (July 2018)

Prior Objective	Prior Recommendation	Implementation Status
Financial Management		
Are budgeting and forecasting practices comparable to leading practices and is the forecast reasonable and supported?	N/A	N/A, forecast and budgeting practices were reviewed and were in line with benchmarks.
Is the District’s strategic plan consistent with leading practices?	Develop a formal long term capital plan to enhance and support the strategic plan.	Partially implemented, see R.1.

Are extracurricular activities appropriate to peers and/or the District's financial condition?	N/A	N/A, see Tier II .
Human Resources		
Are CBA provisions comparable to local peers and/or ORC minimums and appropriate based on the District's financial condition?	Renegotiate collective bargaining agreement provisions.	Partially implemented, see R.4.
Are staffing levels efficient compared to general peers, state minimum requirements, and/or demand for service and are they appropriate based on the District's financial condition?	-Eliminate 2.0 FTE general education teacher positions; -Eliminate 0.5 FTE counseling position; -Eliminate 0.5 FTE building clerical position; -Eliminate 2.88 FTE monitoring positions; and -Make additional reductions to address the remaining deficit.	Partially implemented, see R.2, R.3, and Tier III.
Are salaries and wages comparable to local peers and appropriate based on the District's financial condition?	N/A	N/A, see Tier II.
Are insurance costs comparable to local markets and appropriate based on the District's financial condition?	N/A	N/A, insurance was reviewed and was lower than peer averages.
Facilities		
Is facilities staffing efficient compared to benchmarks and appropriate based on the District's financial condition?	N/A	N/A, facilities staffing was reviewed and was lower than benchmarks.
Are temporary labor expenditures comparable to peers and industry benchmarks and appropriate based on the District's financial condition?	N/A	N/A, reviewed during planning and the District does not have temporary labor expenditures.

Are preventive maintenance practices consistent with industry standards and/or leading practices?	Develop and update formal preventive maintenance programs.	Fully implemented.
Is the capital planning efforts consistent with leading practices?	Develop a formal long term capital plan to enhance and support the strategic plan.	See R.1
Transportation		
Are the District T-Report procedures and practices consistent with ODE requirements?	N/A	N/A, practices were reviewed as part of the fleet size objective.
Is the fleet sized appropriately and routed efficiently compared to leading practices and are transportation operations appropriate based on the District's financial condition?	Right-size the active bus fleet.	Fully Implemented. See R.6 for additional comparison related to transportation structure.
Is the fleet maintained efficiently compared to industry benchmarks and/or transportation peers and appropriately based on the District's financial condition?	Develop and update formal preventive maintenance programs.	Fully implemented.
Are District fuel purchasing practices resulting in efficient pricing?	N/A	N/A
Are the bus replacement practices consistent with industry benchmarks and leading practices and appropriate based on the District's financial condition?	Develop a bus replacement plan.	See R.5.

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
Financial Management	
Are the District's forecasting practices consistent with leading practices and is the five-year forecast reasonable and supported?	No Recommendation: We reviewed the District's forecasting practices and found them to be in line with industry

	standards.
Are the District's strategic and capital planning practices consistent with leading practices?	R.1
Is the District's General Fund subsidy of extracurricular activities appropriate in comparison to local peers and the District's financial condition?	Tier II Recommendation: The District is in line with the local peers on a per pupil basis, but this represents an area for potential savings.
Human Resources	
Are the District's staffing levels appropriate in comparison to primary peers, state minimum standards, demand for services, and the District's financial condition?	R.2, R.3, Tier III
Are the District's salaries and wages appropriate in comparison to local peers and the District's financial condition?	Tier II Recommendation: The District's certified and classified salaries are mostly in line with the local peers, but this is presented as an area for potential additional savings. The District could also eliminate pension pick-up for additional savings.
Are the District's insurance costs appropriate in comparison to other governmental entities within the local market and the District's financial condition?	No Recommendation: The employer-paid premiums for each of the District's two insurance plans, and the Dental insurance plan, are below the regional peer average.
Facilities	
Are the District's facility staffing levels appropriate in comparison to leading practices, industry standards, and the District's financial condition?	No Recommendation: The District's facilities staffing is lower than the industry standard.
Are the District's facilities expenditures appropriate in comparison to primary peers, leading practices, industry standards, and the District's financial condition?	No Recommendation: The District's non-labor costs are lower than the peer average.
Transportation	
Is the District's fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District's financial	No Recommendation: The District's fleet is sized according to best practices.

condition?	R.6: The District could reduce costs by moving to a two-tier transportation system.
Are the District’s fleet replacement practices consistent with leading practices and industry standards and appropriate based on the District’s financial condition?	R.5

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 objectives³⁶:

- 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 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.

³⁶ 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

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 academic performance. A “Local Peers” set was selected for a comparison of compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. Finally, a “Transportation Peers” set was selected for operational comparisons related to the bus fleet. This peer set was selected from a pool that most closely reflected the geographic, rider density, and other factors affecting transportation operations in WLSD. The lists below show the Ohio school districts included in these peer groups.

Peer Group Districts

Primary Peers

- Allen East Local School District, Allen County
- Columbiana Exempted Village School District, Columbiana County
- Delphos City School District, Allen County
- Marion Local School District, Mercer County
- Minster Local School District, Auglaize County
- Tri-Village Local School District, Darke County
- Williamsburg Local School District, Clermont County

Local Peers (Compensation and Benefits)

- Field Local School District, Portage County
- Marlinton Local School District, Stark County
- Rootstown Local School District, Portage County
- Sebring Local School District, Mahoning County
- Southeast Local School District, Portage County

Transportation Peers

- Arcanum Butler Local School District, Darke County
- Georgetown Ex Vill School District, Brown County
- Huntington Local School District, Ross County
- St Henry Consolidated Local School District, Mercer 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

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.

2021 Local Tax Effort Comparison | Primary Peers

District	LTE	Rank	Percentile
Tri-Village Local	1.9615	12	98.02%
Columbiana Ex Vill	1.2342	161	73.43%
Williamsburg Local	1.0405	265	56.27%
Marion Local	0.9674	317	47.69%
Waterloo Local	0.9213	341	43.73%
Minster Local	0.7590	472	22.11%
Allen East Local	0.7330	496	18.15%
Delphos City	0.5653	578	4.62%
Peer Average	1.0373	N/A	N/A

Source: ODE

2021 Local Tax Effort Comparison | Local Peers

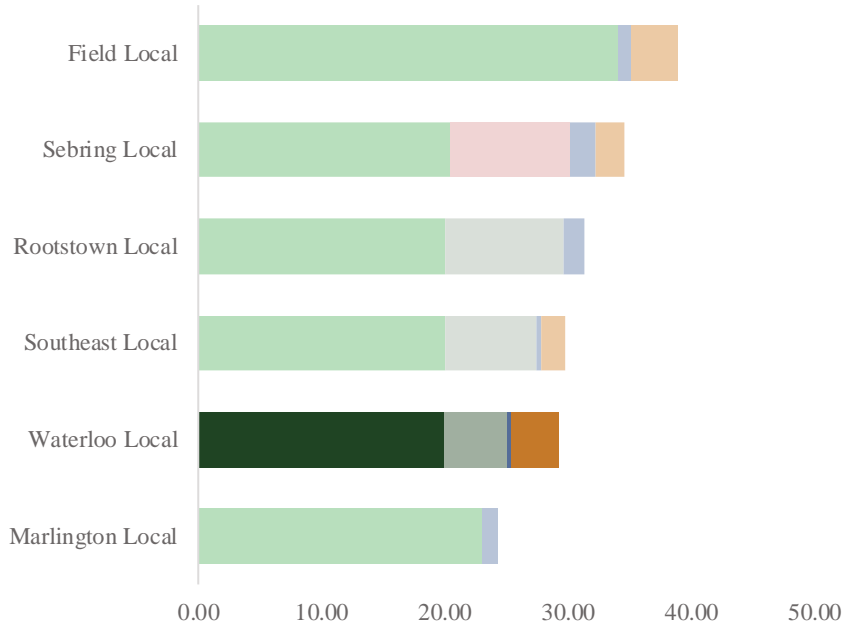
District	LTE	Rank	Percentile
Field Local	1.1040	223	63.20%
Sebring Local	1.0175	282	53.47%
Southeast Local	1.0099	291	51.98%
Waterloo Local	0.9213	341	43.73%
Rootstown Local	0.8721	386	36.30%
Marlington Local	0.7546	478	21.12%
Peer Average	0.9516	N/A	N/A

Source: ODE

The following chart provides a comparison of the total amount of millage or millage equivalents that were collected in 2020 by WLSD and local peer districts.

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2020 Millage and Millage Equivalents | Local Peers



The composition of levies impacts district revenues. **Current Expense mills**, used for general operations are subject to reduction factors up to the 20-mill threshold. **Emergency and substitute mills** raise a defined amount of general operating revenue and are not reduced. **Income tax mill equivalents** are provided by the Department of Taxation for comparison purposes. **Permanent improvement mills** are used for maintenance of long-term assets and may be reduced over time. **Bond mills** raise a defined amount used for the purchase or construction of new buildings.

Source: Ohio Department of Taxation

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.

2020 Income Tax Revenue and Millage Equivalents

District	Tax Rate	Income Tax Revenue	Estimated Millage Equivalents
Tri-Village Local	1.50%	\$1,475,247	11.6125
Columbiana Ex Vill	1.00%	\$2,078,294	9.3172
Minster Local	1.00%	\$1,892,865	10.6315
Delphos City	0.50%	\$81,099	0.3765
Allen East Local	0.00%	-	-
Marion Local	0.00%	-	-
Waterloo Local	0.00%	-	-
Williamsburg Local	0.00%	-	-

Source: Ohio Department of Taxation

Appendix C: Financial Management

Extracurricular Activity Net Cost Comparison

We analyzed the types of revenues and expenditures associated with extracurricular activities. The analysis included the identification of costs by type and a determination of the amount of expenditures from the General Fund.

Student Extracurricular Activity Net Cost Comparison

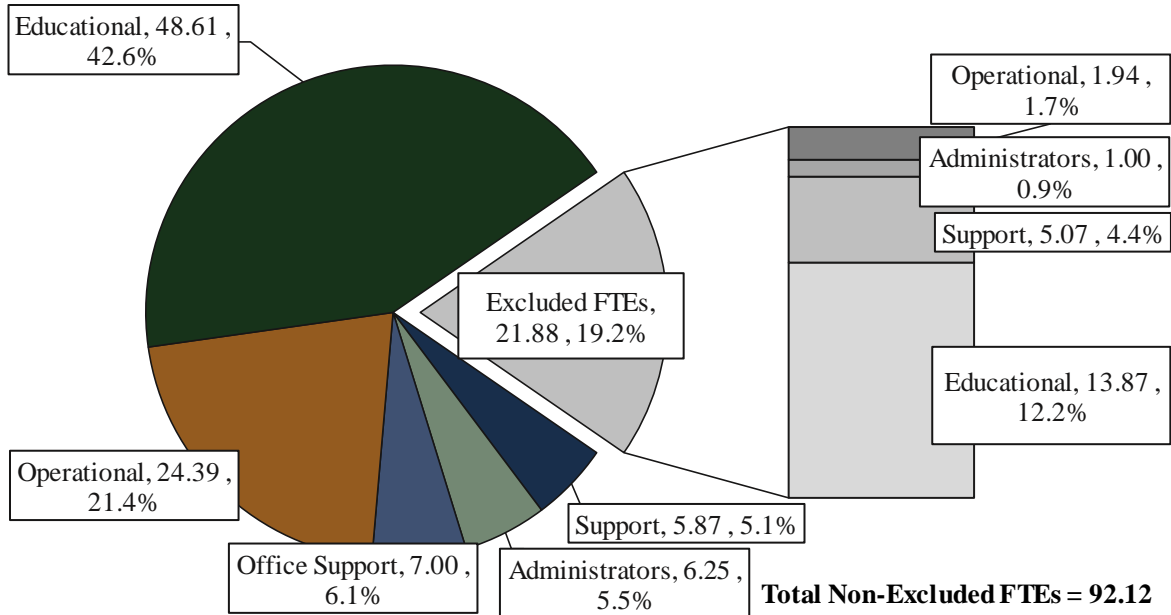
Students	WLSD			Local Peer Avg.
Activity Type	Rev.	Exp.	Net Cost	Net Cost
Academic Oriented	\$1,285	\$11,489	(\$10,204)	(\$55,770)
Occupation Oriented	\$0	\$0	\$0	(\$810)
Sport Oriented	\$35,363	\$245,935	(\$210,572)	(\$446,702)
School & Public Service Co-Curricular	\$0	\$42,006	(\$42,006)	(\$39,495)
Bookstore Sales	\$0	N/A	\$0	\$0
Other Extracurricular	\$0	N/A	\$0	\$10,889
Non-specified ¹	\$90,076	N/A	\$90,076	\$24,180
Total	\$126,724	\$299,430	(\$172,706)	(\$507,708)
Total General Fund Direct Revenue			\$57,469.32	\$3,878.38
Total General Fund Direct Expenditures			\$208,143.65	\$472,041.64
Total General Fund Transfers			\$26,421,026	\$21,987.39
Total General Fund Subsidy of Extracurricular Activities			\$177,095.59	\$490,150.65
Total General Fund Subsidy of Extracurricular Activities per Pupil			\$216.23	\$376.75
Total Difference in General Fund Subsidy to Local Peer Average			(\$131,465.88)	
Remaining General Fund Subsidy			\$177,095.59	

Source: WLSD, local peers, and ODE

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

Appendix D: Human Resources

FTEs by Category with Excluded FTEs Breakout



Source: WLSD

Staffing Comparison Tables

Staffing was analyzed using Education Management Information System (EMIS) records for WLSD and the primary peer districts. 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.

The following tables illustrate the District's FTE staffing compared to the primary peer average. These tables contain the data associated with the analyses conducted in **R.2** and **R.3**. In order to allow for more precise comparison, employees were compared on an FTE per 1,000 student basis, consistent with ODE reporting guidelines. This calculation (shown below) allows for a more accurate comparison between districts by accounting for differences in student enrollment.

Adjusted Difference in FTEs Equation

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

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Central Office Administrator Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Supervisor/Manager	2.25	2.69	2.39	0.30	0.25
Coordinator	0.00	0.00	0.16	(0.16)	(0.13)
Director	0.00	0.00	0.16	(0.16)	(0.13)
Building Manager	0.00	0.00	1.27	(1.27)	(1.06)
Other Official/Administrative	0.00	0.00	0.16	(0.16)	(0.13)
Total	2.25	2.69	4.14	(1.45)	(1.21)

Source: WLS D and ODE

Building Administrator Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Buildings	3.0		2.6	0.4	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Assistant Principal	0.00	0.00	0.32	(0.32)	(0.27)
Principal	2.00	2.39	2.69	(0.30)	(0.25)
Dean of Students	0.00	0.00	0.25	(0.25)	(0.21)
Total	2.00	2.39	3.26	(0.87)	(0.73)
Position	FTEs	FTEs per Building	FTEs per Building	Difference per Building	Adjusted Difference in FTEs
Assistant Principal	0.00	0.00	0.11	(0.11)	(0.33)
Principal	2.00	0.67	0.94	(0.27)	(0.81)
Dean of Students	0.00	0.00	0.09	(0.09)	(0.27)
Total	2.00	0.67	1.14	(0.47)	(1.41)

Source: WLS D and ODE

Teaching Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
General Education	42.29	50.59	46.45	4.14	3.46
Gifted and Talented	0.00	0.00	0.63	(0.63)	(0.53)
Career-Technical Programs/Career Pathways	0.00	0.00	0.63	(0.63)	(0.53)
LEP Instructional Program	0.00	0.00	0.32	(0.32)	(0.27)
Total	42.29	50.59	48.03	2.56	2.14

Source: WLSJ and ODE

K-8 Teaching Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	540		627	(87)	
Students Educated (Thousands)	0.540		0.627	(0.087)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Art Education K-8	0.50	0.93	1.75	(0.82)	(0.45)
Music Education K-8	0.21	0.39	2.23	(1.84)	(0.99)
Physical Education K-8	1.11	2.06	2.01	0.05	0.02

Source: WLSJ and ODE

Non-Teaching Educational Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Counseling	2.00	2.39	1.42	0.97	0.81
Remedial Specialist	0.00	0.00	0.44	(0.44)	(0.37)
Tutor/Small Group Instructor	0.00	0.00	0.72	(0.72)	(0.60)
Other Educational	1.50	1.79	0.30	1.49	1.25

Source: WLSL and ODE

Note: WLSL has 2.0 FTE counselors while 1 of the 7 peers contract out for these services. Further analysis showed that WLSL was 0.58 FTEs above the peer average when compared to only those peers that also have in-house counselors.

Note: *Other Educational* includes a 1.0 FTE Dean of Students position at WLSL. Peer districts code this position to *Dean of Students*. Furthermore, the District does not have any assistant principals and so having a Dean of Students could fill the void here as they, to some extent, handle duties like that of an assistant principal. Therefore, as a result, there is no recommendation.

Professional Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Dietitian/Nutritionist	0.00	0.00	0.16	(0.16)	(0.13)
Psychologist	1.00	1.20	0.50	0.70	0.59
Social Work	0.00	0.00	0.47	(0.47)	(0.39)

Source: WLSL and ODE

Note: WLSL has a 1.0 FTE psychologist while 3 of the 7 peers contract out for these services. Further analysis showed that WLSL was 0.29 FTEs above the peer average when compared to only peers that also have in house psychologist.

Technical Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Computer Operating	0.89	1.06	0.78	0.28	0.23
Computer Programming	0.00	0.00	0.16	(0.16)	(0.13)
Other Technical	0.00	0.00	0.47	(0.47)	(0.39)

Source: WLSL and ODE

Central Office Support Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Administrative Assistant	0.00	0.00	0.32	(0.32)	(0.27)
Accounting	0.00	0.00	0.32	(0.32)	(0.27)
Bookkeeping	0.00	0.00	0.61	(0.61)	(0.51)
Central Office Clerical	3.00	3.59	1.31	2.28	1.91
Records Managing	0.00	0.00	0.08	(0.08)	(0.07)
Total	3.00	3.59	2.64	0.95	0.79

Source: WLSL and ODE

Building Office Support Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated		836	903	(67)	
Students Educated (Thousands)		0.836	0.903	(0.067)	
Buildings		3.0	2.6	0.4	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
School Building Clerical	4.00	4.78	3.21	1.57	1.31
Total	4.00	4.78	3.21	1.57	1.31
Position	FTEs	FTEs per Building	FTEs per Building	Difference per Building	Adjusted Difference in FTEs
School Building Clerical	4.00	1.33	1.13	0.20	0.60
Total	4.00	1.33	1.13	0.20	0.60

Source: WLSD and ODE

Library Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated		836	903	(67)	
Students Educated (Thousands)		0.836	0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Library Aide	1.00	1.20	0.83	0.37	0.31
Total	1.00	1.20	0.83	0.37	0.31

Source: WLSD and ODE

Nursing Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Registered Nursing	1.00	1.20	0.71	0.49	0.41
Practical Nursing	0.00	0.00	0.27	(0.27)	(0.23)
Total	1.00	1.20	0.98	0.22	0.18

Source: WLSD and ODE

Classroom Support Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Instructional Paraprofessional	0.00	0.00	0.41	(0.41)	(0.34)
Teaching Aide	0.00	0.00	2.72	(2.72)	(2.27)
Total	0.00	0.00	3.13	(3.13)	(2.62)

Source: WLSD and ODE

Other Support Staff Comparison

Students	Waterloo Local SD		Primary Peer Avg.	Difference	
Students Educated	836		903	(67)	
Students Educated (Thousands)	0.836		0.903	(0.067)	
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Attendance Officer	0.00	0.00	0.12	(0.12)	(0.10)
Monitoring	2.98	3.56	0.20	3.36	2.81

Source: WLSD and ODE

Extra Curricular/Intra Curricular Staff Comparison

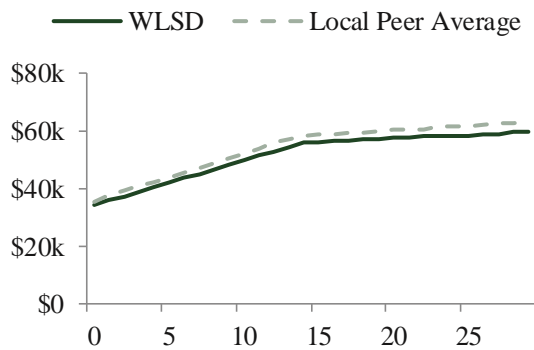
Students	Waterloo Local SD	Primary Peer Avg.	Difference		
Students Educated	836	903	(67)		
Students Educated (Thousands)	0.836	0.903	(0.067)		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Coaching	0.00	0.00	0.16	(0.16)	(0.13)
Other Extra/Intra - Curricular Activities	0.00	0.00	0.15	(0.15)	(0.13)

Source: WLS D and ODE

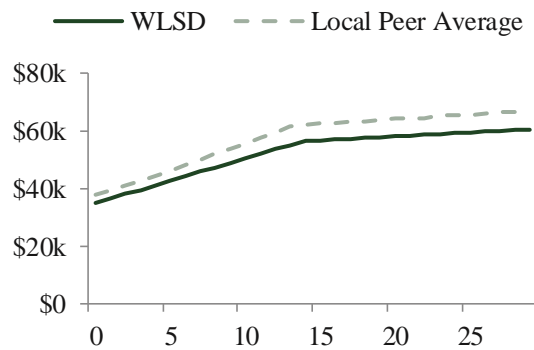
We also looked at annual salaries for all certificated employees and the hourly wage rates for some classified employee position types over the course of a career. The charts which follow show how the annual salaries compare to the peer districts based on the respective salary and wage schedules.

Certificated Career Compensation

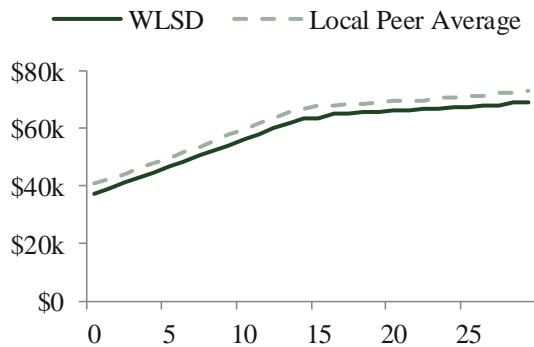
Bachelor's



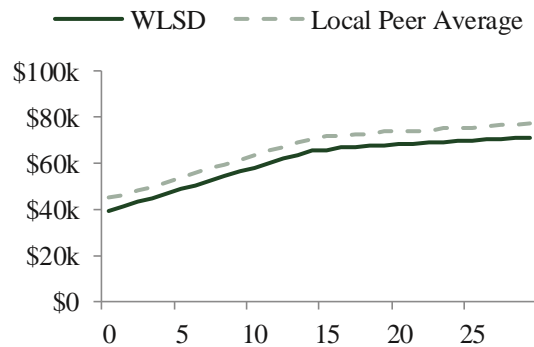
BA+15



Master's



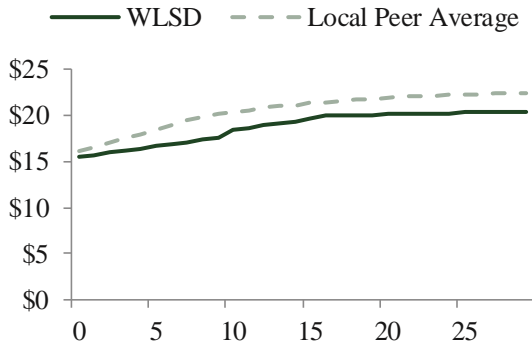
MA+20



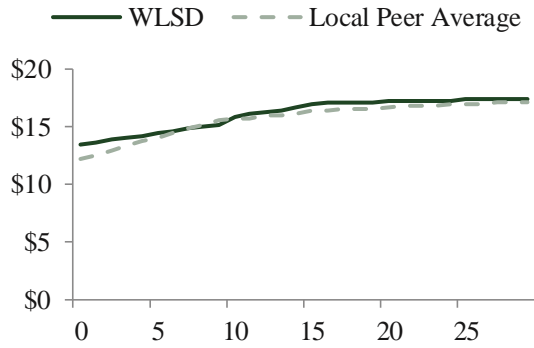
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Classified Career Compensation

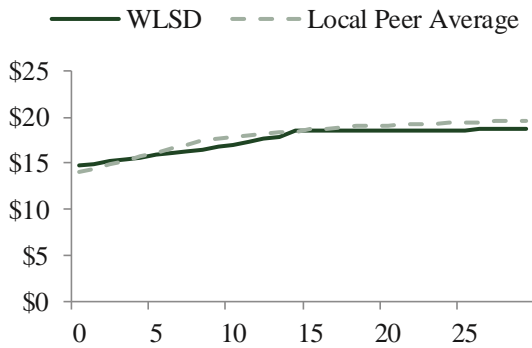
Bus Driver II



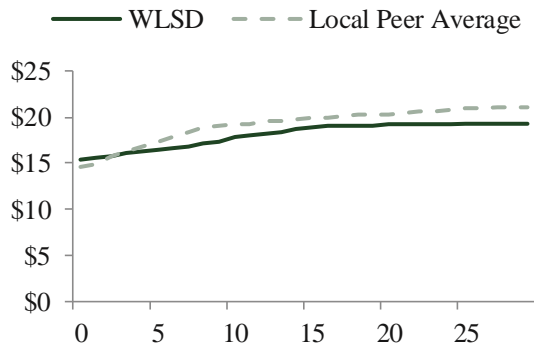
Breakfast Cook II



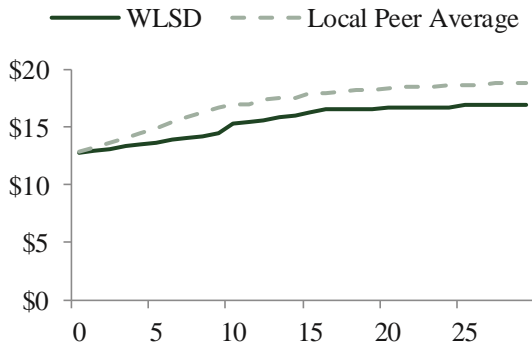
Administrative Secretary



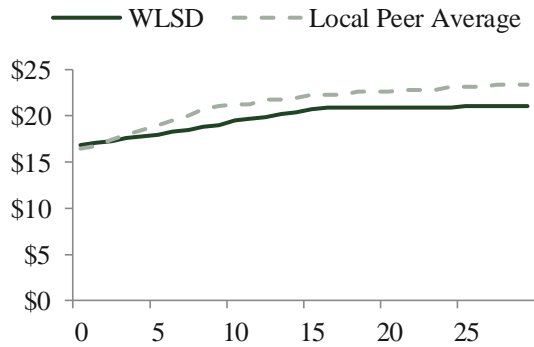
Custodian II



Paraprofessional II



Mechanic II



OHIO AUDITOR OF STATE KEITH FABER



WATERLOO LOCAL SCHOOL DISTRICT

PORTAGE 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 5/26/2022

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