

OHIO AUDITOR OF STATE
KEITH FABER



Wauseon
Exempted Village
School District

Performance Audit

April 2022

OHIO AUDITOR OF STATE
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To the Wauseon Exempted Village School District community,

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

This performance audit report contains recommendations, supported by detailed analysis, to enhance the District's overall economy, efficiency, and/or effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management. The District has been encouraged to use the recommendations contained in the report and to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report.

This data-driven analysis of operations provides the District valuable information which can be used to make important financial decisions. Additional resources related to performance audits are available on the Ohio Auditor of State's website.

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

Sincerely,

Keith Faber
Auditor of State
Columbus, Ohio

April 7, 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 semi-circle and a white document with a grid pattern. 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.

Wauseon Exempted Village School District

Wauseon Exempted Village School District (WEVSD or the District) is located in Fulton County and, as of FY 2021, had 1,722 students enrolled. The District spans approximately 55 square miles and has a median income of \$34,809. Of the total enrolled students, 11.5 percent were students with disabilities. In November 2020, the District passed a 3.87 mill continuing substitute levy for emergency requirements. In November 2021, the District placed a 2 percent, five-year earned income tax levy on the ballot for current expenses and permanent improvements. That levy attempt failed; however, the District has a 1.75 percent, five-year earned income tax levy on the ballot in May 2022 for current expenses.



Financial Condition

In May 2021, WEVSD released its semi-annual five-year forecast, which showed progressively declining year-end fund balances throughout the forecast period. That forecast showed deficit spending projected in FY 2021 through FY 2025, and negative fund balances beginning in FY 2023 and continuing throughout the remainder of the forecast period. Due to the declining financial condition, and in consultation with ODE, we chose to conduct a performance audit for the District.

Financial Condition Overview (May 2021)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Revenue	\$21,022,406	\$19,448,248	\$19,502,375	\$19,569,174	\$19,646,151
Total Expenditures	\$21,802,628	\$21,484,512	\$22,338,138	\$23,522,337	\$23,570,561
Results of Operations	(\$780,222)	(\$2,036,264)	(\$2,835,763)	(\$3,953,163)	(\$3,924,411)
Beginning Cash Balance	\$4,536,491	\$3,756,270	\$1,720,005	(\$1,115,758)	(\$5,068,921)
Ending Cash Balance	\$3,756,270	\$1,720,005	(\$1,115,758)	(\$5,068,921)	(\$8,993,332)
Encumbrances	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$0	\$0	\$0	\$0
Ending Fund Balance	\$3,706,270	\$1,670,005	(\$1,165,758)	(\$5,118,921)	(\$9,043,332)

Source: ODE

The District’s most recent five-year forecast was released in November 2021 and shows an improved financial condition in FY 2022 and FY 2023, resulting from lower projected expenditures. While this improvement delayed the projected negative fund balance by one year, from FY 2023 to FY 2024, the District continues to project deficit spending throughout the forecast period. The following table is a high level summary of the November 2021 five-year forecast.

Financial Condition Overview (November 2021)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Revenue	\$19,090,006	\$18,597,701	\$18,673,839	\$18,714,773	\$18,747,605
Total Expenditures	\$20,202,128	\$20,506,491	\$21,154,126	\$21,829,112	\$22,530,711
Results of Operations	(\$1,112,122)	(\$1,908,790)	(\$2,480,287)	(\$3,114,339)	(\$3,783,106)
Beginning Cash Balance	\$4,092,553	\$2,980,431	\$1,071,641	(\$1,408,646)	(\$4,522,985)
Ending Cash Balance	\$2,980,431	\$1,071,641	(\$1,408,646)	(\$4,522,985)	(\$8,306,091)
Encumbrances	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0
Cumulative Balance of New Levies	\$0	\$207,252	\$2,680,230	\$6,414,286	\$10,390,722
Ending Fund Balance	\$2,905,431	\$1,203,893	\$1,196,584	\$1,816,301	\$2,009,631

Source: ODE

While the November 2021 forecast also shows an improved financial condition in FY 2024 through FY 2026, this improvement is largely the result of an assumption that the May 2022 income tax ballot issue will pass, generating additional revenue. If the District is unable to pass the income tax levy, the negative fund balance would increase to approximately \$8.3 million in FY 2026.

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 residents³ – 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 Constitution⁴ and the Ohio Revised Code (ORC).⁵ These restrictions limit the amount of tax that can be levied without voter approval to 10 mills⁶ 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. School districts usually receive revenue from 4 to 6 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

³ See <https://tax.ohio.gov/wps/portal/gov/tax/individual/school-district-income-tax>

⁴ Ohio Const. Art. XII, Section 2.

⁵ Ohio Rev. Code § 5705.02.

⁶ A mill is defined as one-tenth of one percent or \$1 for every \$1,000 of taxable value.

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 levies⁷ 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 year.⁸ In subsequent years, with exceptions such as new construction, a district would not receive additional revenue from a levy as property values increased.⁹ Instead, the outside mills are subject to reduction factors¹⁰ which lower the effective millage rate in order to maintain the preceding year's level of revenue from the same properties.¹¹

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.¹² 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

⁷ Authorized by ORC §5705.194.

⁸ Am.Sub.H.B. No. 920, 136 Ohio Laws, Part II, 3182, 3194.

⁹ If property value decreased due to reappraisal, it is possible that a district would receive less revenue than originally intended.

¹⁰ ORC § 319.301

¹¹ 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.

¹² 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.

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 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.

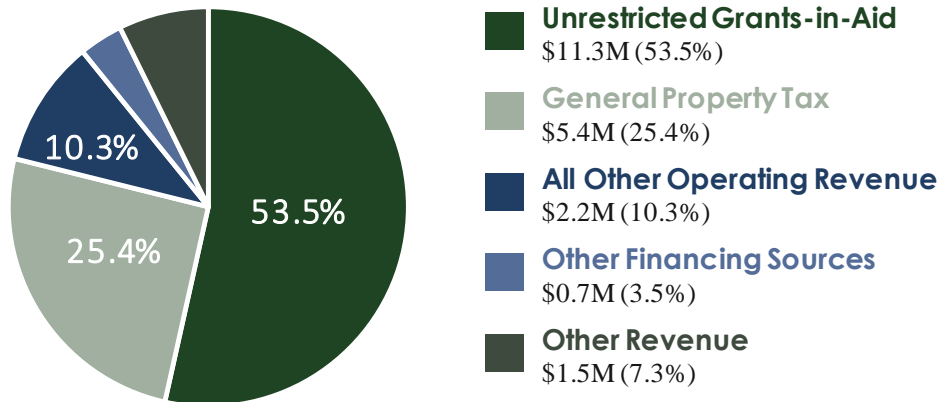
The Ohio Department of Taxation collects income tax through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as are currently used for state income taxes.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

WEVSD Revenues

In FY 2021, the District's total general fund revenue was approximately \$21.1 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 in the chart on the following page.

FY 2021 Total General Fund Revenue Composition

Total: \$21.1M



Source: ODE

Note: Other Operating Revenue may include tuition, fees, earnings on investments, rentals, and donations.

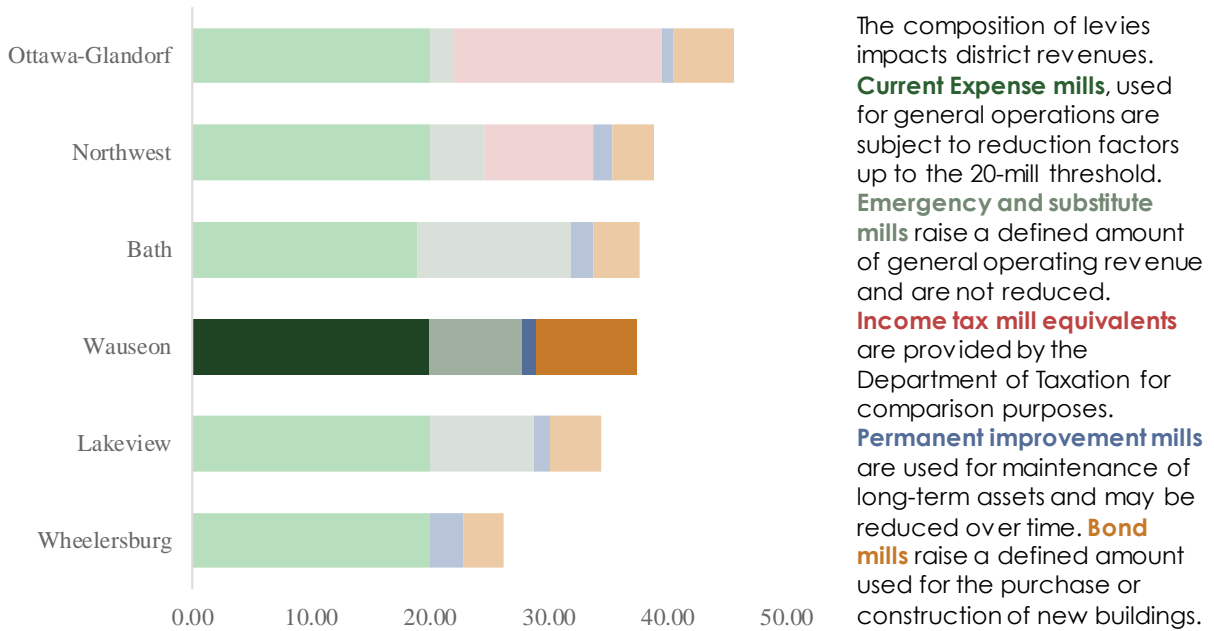
Note: Other Revenue includes Tangible Personal Property Tax, Restricted Grants-in-Aid, and Property Tax Allocation.

In 2020, WEVSD collected revenues on 37.45 mills of property tax for residential properties.¹³ This included 5.15 inside mills and 14.85 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 2020, this additional millage totaled 17.45 mills and was comprised of emergency and substitute levies totaling 7.77 mills, a permanent improvement levy of 1.23 mills, and a bond levy of 8.45 mills.

Because the total millage rate can be rolled back as a result of reduction factors, we compared the total effective millage for WEVSD to that of its primary peers. This comparison is found in the chart on the following page. The green portion of the bar represents the current expense millage rate, where all but one of the peers are also on the 20-mill floor. The grey portion represents emergency and substitute revenue which is not subject to reduction factors. The blue represents permanent improvement funds, and the orange represents bond funding. While WEVSD 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.

¹³ 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 41.31.

2020 Millage and Millage Equivalents | Primary Peers



Source: Ohio Department of Taxation

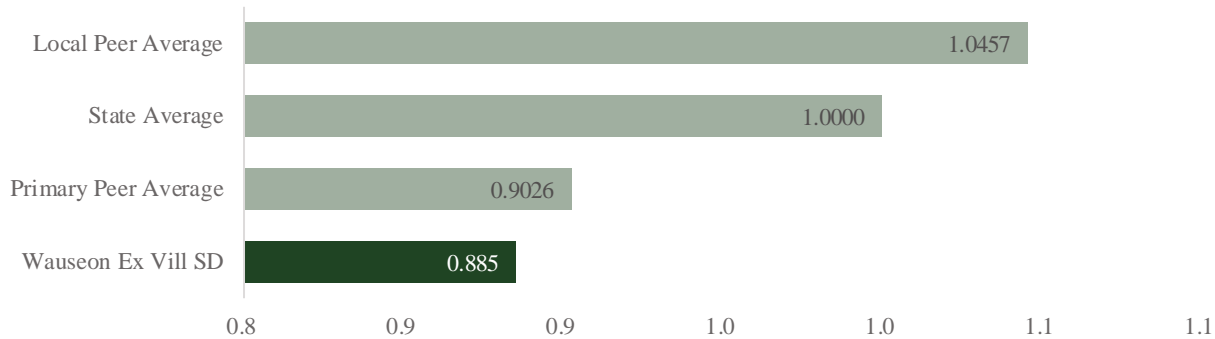
Overall, the District’s effective millage rate of 37.45 is close to the median rate of the primary peers. However, the two peers with the highest effective millage rate also have an income tax. If income tax information were removed, the District would have amongst the highest millage based on property taxes alone. 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. WEVSD 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 0.885, which is lower than the state average. Out of 612 school districts, this is the 373rd highest local tax effort in the state, which is approximately the 40th percentile of all districts. By comparison, the local peer average of 1.046 would rank approximately 258th out of all 612 districts, or the 58th percentile. WEVSD’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.¹⁴ In FY 2021, the District received \$12,264 per pupil, with 28 percent, or approximately \$3,437, coming from local taxes.¹⁵ In FY 2021, the primary peer average was \$10,842 in revenue per pupil, with 43.8 percent, or approximately \$4,744, coming from local taxes.¹⁶ The District’s local revenue was lower than the primary peer average in FY 2021.

¹⁴ Forecasted funds include the District’s General Fund and funds derived from emergency levies.

¹⁵ 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.

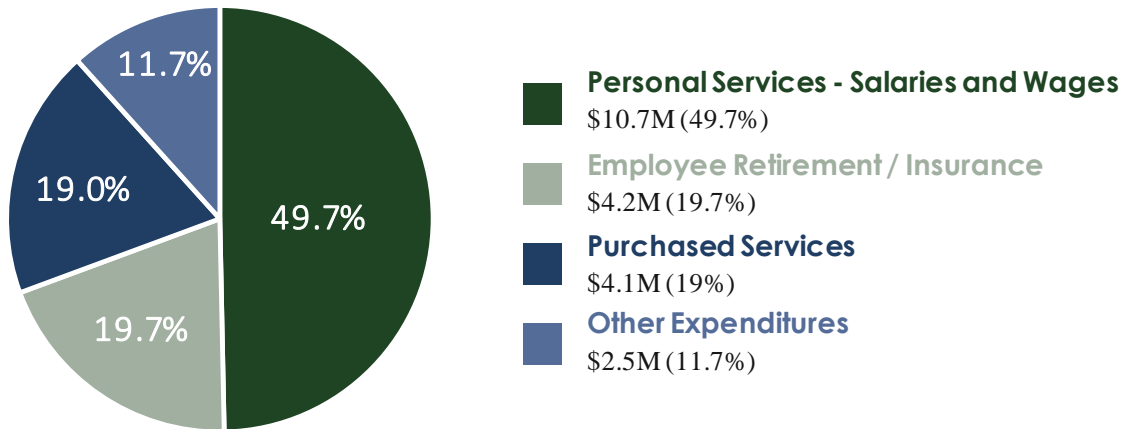
¹⁶ Northwest Local School District was not included in this peer analysis.

Expenditures

In FY 2021, the District’s total expenditures were \$21.5 million. The largest source of expenditures was human resources, which includes salaries, wages, and benefits, followed by purchased services. The chart that follows provides additional detail regarding District expenditures.

FY 2021 Total General Fund Expenditure Composition

Total: \$21.5M



Source: ODE

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

Expenditures per Pupil

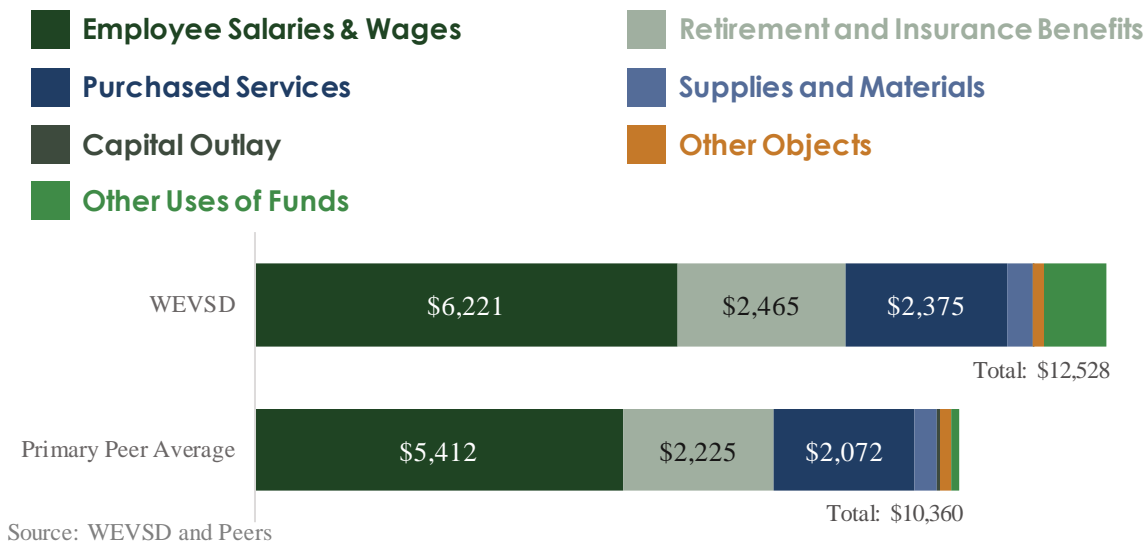
In FY 2021, WEVSD spent \$12,528, or 20.9 percent more, per pupil when compared to the primary peer average of \$10,360 per pupil.¹⁷ The District spent more than the primary peer average on employee salaries and wages, employee benefits, purchased services, supplies and materials, other objects, and other uses of funds. The District spent less than the primary peer average on capital outlay.¹⁸

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

¹⁷ Northwest Local School District was not included in this peer analysis.

¹⁸ The category of “Other Objects” includes things such as interest on loans and other debt service payments dues and fees, and insurance. “Other Uses of Funds” mainly consists of transfers, contingencies, and payments to refunded bond escrow agent.

FY 2021 Total Expenditures Per Pupil



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 five recommendations which would result in reduced expenses or an improvement in the District’s operational management based on industry standards and peer averages. These five recommendations are referred to as **Tier I** recommendations in the audit. The table below provides a summary of the **Tier I** recommendations identified in this report.

Summary of Tier I Recommendations

Recommendations	Savings
R.1 Develop Formal Strategic and Capital Plans	
R.2 Eliminate Administrative Support Positions above the Peer Average	\$109,000
Eliminate 1.5 FTEs Central Office Support Staff	\$53,000
Eliminate 2.0 FTEs Building Office Support Staff	\$56,000
R.3 Eliminate Direct Student Education and Support Positions above the Peer Average	\$299,000
Eliminate 1.0 FTE K-8 Art Teachers	\$76,000
Eliminate 1.0 FTE K-8 Physical Education Teachers	\$76,000
Eliminate 0.5 FTE Curriculum Specialist	\$50,000

Efficient • Effective • Transparent

Eliminate 0.5 FTE Counselor	\$29,000
Eliminate 2.0 FTE Library Staff	\$68,000

R.4 Renegotiate Subcontracting Provision

R.5 Develop a Formal Bus Replacement Plan

Total Cost Savings from Performance Audit Tier I Recommendations **\$408,000**

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

The impact of this audit’s **Tier I** recommendations on the November 2021 five-year financial forecast is shown in the following table.

Results of the Tier I Audit Recommendations

	FY 2023	FY 2024	FY 2025	FY 2026
Original Ending Fund Balance	\$996,641	(\$1,483,646)	(\$4,597,985)	(\$8,381,091)
Cumulative Balance of Tier I Recommendations	\$406,233	\$816,040	\$1,229,142	\$1,644,871
Revised Ending Fund Balance with Tier I Recommendations	\$1,402,874	(\$667,606)	(\$3,368,843)	(\$6,736,220)

Source: WEVSD

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.

Additional Recommendations

Recommendations	Savings
Tier II Eliminate General Fund Subsidy of Extracurricular Activities	\$570,000
Tier II Eliminate Tuition Reimbursement	\$28,000
Tier II Freeze Salaries at FY 2022 Forecast Levels	\$686,000
Tier III Eliminate up to 25.0 FTEs General Education Teachers	\$2,058,000

Note: 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: Numbers in this table are rounded down to the nearest \$1000 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 recommendations 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 WEVSD operating at levels that would likely impact the level of services provided to the community. WEVSD officials may wish to consider implementing any of these additional recommendations, or some combination of them, based on the current financial needs 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 WEVSD’s financial management policies in order to determine if there were areas for improved management.

Recommendation 1: Develop Formal Strategic and Capital Plans

Impact

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

Methodology

We interviewed District officials to confirm that the District does not have formal strategic or capital plans. We also reviewed WEVSD’s current strategic and capital planning practices and compared them to the Government Finance Officers’ Association (GFOA) best practices to identify opportunities for improvement.

Analysis

The District does not have a strategic plan. Furthermore, our analysis revealed that while the District does have some capital planning processes in place along with an informal capital plan, it is not formalized. WEVSD also indicated that it has been unable to implement its informal capital plan due to a lack of financial resources. As a result, WEVSD’s annual budget is not linked to formal planning goals, objectives, or performance measures.

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.

Finally, *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.

Conclusion

The District should concurrently develop a strategic plan and a capital plan. By not having formal strategic and capital plans linked to the budget, WEVSD 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 WEVSD’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 \$109,000 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 WEVSD, 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.¹⁹ 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 WEVSD has staffing levels above the primary peer average and could reduce administrative support staff include:

- Central office support; and
- Building office support.

¹⁹ A Full-Time Equivalent (FTE) was used to identify staffing levels, based on ODE reporting guidelines.

Analysis

Central Office Support Staff

WEVSD employs 5.0 FTE central office support staff, which is 1.5 FTEs above the primary peer average. This category of positions consists of bookkeeping and central office clerical staff. Eliminating 1.5 FTEs central office support staff positions could save an average of approximately \$53,000 in each year of implementation and bring the District's baseline staffing ratio to a level consistent with the primary peer average.

Building Office Support Staff

WEVSD employs 8.6 FTE building office support staff, which is 2.0 FTEs above the primary peer average. This category of positions includes building secretaries. Eliminating 2.0 FTE building office support staff positions could save an average of approximately \$56,000 in each year of implementation and bring the district's baseline staffing ratio to a level consistent with the primary peer average.

Conclusion

WEVSD should eliminate 1.5 FTE central office support positions and 2.0 FTE building office support positions. Eliminating these positions could save an average of approximately \$109,000 in each year of implementation and bring the district's baseline staffing ratio more in line with the primary peer average.

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 \$299,000 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, WEVSD 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 average.

Areas where WEVSD has staffing levels above the primary peer average and could reduce direct student education and support staff include:

- Curriculum Specialists;
- Counselors;
- K-8 Art and K-8 Physical Education Teachers; and
- Library Aides.

Analysis

Curriculum Specialists

WEVSD employs 1.0 FTE curriculum specialist, which is 0.78 FTEs above the primary peer average.

- Eliminating 0.5 FTE in the curriculum specialist position could save an average of approximately \$50,000 annually and bring the District's baseline staffing ratio to a level consistent with the primary peer average.

Counselors

WEVSD employs 4.0 FTE counselors, which is 0.76 FTEs above the primary peer average. Eliminating 0.50 FTE in the counselor position could save an average of approximately \$29,000 annually and bring the District's baseline staffing ratio to a level consistent with the primary peer average.

K-8 Art and K-8 Physical Education Teachers

WEVSD employs 3.0 FTE K-8 art teachers and 3.0 FTE K-8 physical education teachers. The District is 1.28 FTEs above the primary peer average for art education and 1.49 FTEs above the primary peer average for physical education.

Eliminating 1.0 FTE K-8 art teacher position could save an average of approximately \$76,000 annually. Eliminating 1.0 FTE K-8 physical education teacher position could save an average of approximately \$76,000 annually. These reductions would bring the District's baseline staffing ratio to a level consistent with the primary peer average.

Library Staff

WEVSD employs 4.0 FTEs library staff, which includes library aides. The District is 2.21 FTEs above the primary peer average for library staff. Eliminating 2.0 FTEs library positions could save an average of approximately \$68,000 annually and bring the District's baseline staffing ratio to a level consistent with the primary peer average.

Conclusion

By eliminating the direct student education and support positions described above, the District could save approximately \$299,000 annually and bring its baseline staffing ratio to a level consistent with the primary peer average.

Recommendation 4: Renegotiate Sub-Contracting Provision

Impact

While there is no identified financial implication for this recommendation, the District's classified collective bargaining agreement (CBA) contains a provision relating to sub-contracting that may limit the District's ability to make management decisions. Aligning this provision with local peers would increase management's ability to make sound operational decisions.

Background

WEVSD maintains two collective bargaining agreements (CBAs):

- Wauseon Education Association, representing certificated staff, effective through August 31, 2022; and
- Ohio Association of Public School Employees (OAPSE), representing bus drivers, effective through June 30, 2024

Methodology

CBAs were obtained from the State Employment Relations Board (SERB) for WEVSD and the local peer districts. WEVSD's CBAs were then analyzed and compared to local peer CBAs, as well as applicable ORC and OAC requirements in order to highlight any overly generous provisions or potential opportunities to reduce costs or increase operational efficiency.

Analysis

The District's classified CBA includes a provision that prohibits the district from contracting out, or sub-contracting, any bargaining unit work without having first entered into collective bargaining with the Association. The provision allows the District to seek temporary measures to prevent the cancelling or combining of a route in the event the district has exhausted all means available to hire a permanent or sub-driver. However, the board must continue to recruit permanent and/or sub-drivers.

Only one peer district's CBA restricts sub-contracting, and this provision is not required by the ORC or OAC. Including this provision in the CBA limits WEVSD's ability to make management decisions related to its financial position.

Conclusion

The district should consider renegotiating the provision discussed above in order to increase management control over district operations.

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 WEVSD’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, WEVSD had 14 assigned buses and 5 spares. The average age of an assigned, or active, bus was 9.9 years and the average mileage was 97,224.

Methodology

OPT interviewed District officials regarding WEVSD’s bus fleet and replacement planning. The mileage and model years of WEVSD’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) suggests a bus replacement cycle of 12 to 15 years, or when buses reach 250,000 miles. The District does not have a formal Bus Replacement plan. While it has an informal replacement schedule that is included in the District’s informal capital plan (see Recommendation 1), District officials indicated that the informal capital plan has not been implemented due to a lack of funding.

WEVSD has 6 active buses that meet or exceed the NASDPTS replacement criteria of 12-15 years or 250,000 miles. The lack of a formal bus replacement plan may contribute to the number of replacement-eligible buses in the fleet.

Conclusion

WEVSD 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.

Issue for Further Study: Minimum Transportation

The district's current practice is to provide transportation to students outside of two miles from their assigned school building for students enrolled in kindergarten through twelfth grade. The district also transports preschool students. However, in February 2022, the District approved a plan that would limit transportation to only the minimally required levels, which includes students enrolled in kindergarten through eighth grade living more than two miles away from a school.²⁰ This decision was made due to the failure of the November 2021 income tax levy in attempt to reduce future costs. The new transportation policy is set to take effect in the school year beginning in the fall of 2022.

Recent changes to state funding for education impacts transportation budgets. The new funding formula now provides reimbursement for riders enrolled in preschool through twelfth grade. It should conduct a review of the implications of reducing transportation and take into consideration the potential for additional funding from the state for providing this service.

²⁰ ORC § 3327.01.

Tier II and Tier III Recommendations

As discussed in detail throughout the preceding sections of this report, WEVSD 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, WEVSD spent \$894,831 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 \$256,565 for admissions and other extracurricular activity sources.²¹ The remaining expenditures relating to student activities are subsidized by the general fund money.

The District's general fund subsidy for extracurricular activities of \$332 per pupil was lower than the local peer average of \$342 per pupil. However, if further savings are needed, WEVSD could consider fully eliminating the entire General Fund subsidy of approximately \$570,000 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

²¹ In FY 2021, the District also transferred \$100,000 from the general fund to the District Managed Student Activity Fund. This transfer was not considered in this analysis since it was a one-time transfer. The District has not transferred from the general fund in at least the three years prior, and there are no general fund transfers anticipated in the five-year-forecast.

The WEVSD Board of Education approved the non-renewal of athletic supplemental contracts at a February 2022 board meeting due to the failure of the November 2, 2021 Earned Income Tax Levy.

Eliminate Tuition Reimbursement

The District has a CBA with the Wauseon Education Association, representing certificated staff, which is effective through August 31, 2022. Under this agreement, WEVSD allocates \$35,000 per year for tuition reimbursement for certificated staff. While all the peers also offer tuition reimbursement in their certified CBAs and WEVSD's reimbursement amounts are lower than the peer average, this benefit is not required by the ORC or OAC.

The District could consider renegotiating this CBA provision in order to provide additional cost savings. Eliminating tuition reimbursements for certified staff could result in average annual savings of approximately \$28,000 based on actual expenditures in FYs 2019 through 2021.

Freeze Salaries at FY 2022 Forecast Levels

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 2 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 2 percent annual increase, it could realize average annual savings of approximately \$686,000.

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 25.5 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 1.²² In FY 2022, the District had a student to teacher ratio of 17.68 to 1.

WEVSD could eliminate up to 25.5 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 29.3 percent of the District's classroom teachers and would save the District an average of approximately \$2,058,000 annually. While this option would provide additional savings each year, it would drastically change service levels within the District.

²² 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.



WAUSEON BOARD OF EDUCATION

930 East Oak Street, Wauseon, OH 43567
419-335-6616

March 31, 2022

Dear Auditor Faber:

Wauseon Schools is at a crossroads. Our most recent graduating class was offered over \$1.5 million in scholarship awards while five students entered the military, and many students successfully entered the workforce. Our overall expenditure per pupil as well as our administrative expenditure per pupil are below the state average. We are proud of the work that our employees do every day to ensure all students achieve their greatest potential. We are proud of our amazing and talented student body. We appreciate the longstanding support of our community, without which these accomplishments would not have been possible.

Over the years, our state and federal revenue has decreased. The district has not asked local tax payers for new money since 2011. The Board of Education voted unanimously to place an Earned Income Tax Levy on the November 2021 ballot, however it was defeated. The Board then decided to place the levy back on the May 2022 ballot, and we await our community's response.

Locally, the Wauseon taxpayers have funded the school district at the lowest level of all schools in our athletic conference over the past several years. This is due to the fact the Board of Education chose not to ask voters for new money over the past 10 years. Furthermore, the pandemic has caused an increase to all expenditures.

For the same reason the Board placed this levy on the ballot, an audit was triggered by your office, in consultation with the Ohio Department of Education, for Wauseon Schools. The report has now been released, and it paints a stark picture of how our school district would look without additional operating revenue if the May 3rd levy does not pass. Steps the auditors have outlined would result in a \$3,180,000 reduction to the five year forecast, including the elimination of 36 jobs. To put this in perspective, this is approximately the same number of employees we currently have at each of the following buildings - Wauseon Primary School, Elementary School and Middle School.

The recommendations include:

- Eliminate 27.5 teachers
- Eliminate 3.5 support staff
- Eliminate 5 student education support staff

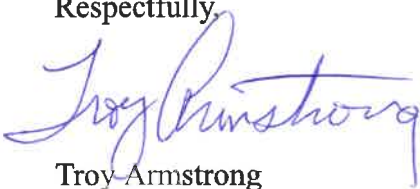
The audit report states: “However, doing so may result in WEVSD operating at levels that would likely impact the level of services provided to the community.” No matter how you feel about school funding, this is the reality for Wauseon Schools. The recommendations to be implemented in the event that there are no additional operating funds would create a school district unrecognizable to the community. Every student in the school district would be impacted in a less than desirable way by the required cuts, and the school district would have substantial difficulty **attracting and retaining quality employees and students.**

We take the management of taxpayer dollars seriously. We share information regularly with the community and are very responsive when citizens have questions. The financial issues we are facing are not due to our stewardship, but rather how the state funding model and the COVID-19 Pandemic have created the perfect storm. In fact, during this performance audit, you identified areas of employment where Wauseon needs more staff yet we are not able to do so.

The Wauseon School District leadership regularly assesses each position vacated by a resignation, retirement or change in school year to determine its need and structure. This practice will continue guiding future reduction plans that would be implemented if the levy were to fail in May. While there may be slightly different components between the plans, the end result of cutting \$3,180,000 is the final destination that must be reached if no additional local funds become available this year. Regardless of the outcome of the levy, the information in this report will be examined as we continue to evaluate our services.

In conclusion, the audit team that worked directly with the Wauseon Exempted Village School District strove to understand our data and listened to our concerns and input. As a school district, we will consider the Tier I, II and III Recommendations in our pursuit to balance our budget and in our effort to provide a high quality education to all students.

Respectfully,



Troy Armstrong
Superintendent

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

Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

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

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

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

Audit Scope, Objectives, and Recommendations

Objective	Recommendation
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.
Are the District's collective bargaining agreement provisions appropriate in comparison to local peers, minimum requirements, and the District's financial condition?	R.4
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 non-regular labor 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.
Are the District's facilities preventive maintenance practices consistent with leading practices and industry standards?	Verbal Recommendation: Due to the minor nature of variance from expected performance.
Transportation	
Is the District's fleet sized appropriately and routed efficiently in comparison to leading practices, industry standards, and the District's financial condition?	No Recommendation: The District's fleet is sized according to best practices.
Is the District's T-1 Report accurate, and did it result in the appropriate level of State transportation funding?	No Recommendation: The District's T-1 Report had immaterial variance.

Are the District’s fleet replacement practices consistent with leading practices and industry standards and appropriate based on the District’s financial condition?	R.6
Is the District’s fleet maintained efficiently and appropriately in comparison to transportation peers, leading practices, industry standards, and the District’s financial condition?	Verbal Recommendation: Due to the minor nature of variance from expected performance.

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 objectives²³:

- 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.

²³ 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 WEVSD. The lists below show the Ohio school districts included in these peer groups.

Peer Group Districts

Primary Peers

- Bath Local School District, Allen County
- Lakeview Local School District, Trumbull County
- Northwest Local School District, Stark County
- Ottawa-Glandorf Local School District, Putnam County
- Wheelersburg Local School District, Scioto County

Local Peers (Compensation, Benefits, and Bargaining Agreements)

- Archbold-Area Local School District, Fulton County
- Bryan City School District, Williams County
- Defiance City School District, Defiance County
- Napoleon City School District, Henry County
- Swanton Local School District, Fulton County

Transportation Peers

- Bath Local School District, Allen County
- Bloom-Carroll Local School District, Fairfield County
- Johnstown-Monroe Local School District, Licking County
- London City School District, Madison 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
Ottawa-Glandorf Local	1.2533	148	75.58%
Northwest Local	1.0812	237	60.89%
Wauseon Ex Vill	0.8850	373	38.45%
Bath Local	0.8502	400	33.99%
Lakeview Local	0.7610	470	22.44%
Wheelersburg Local	0.5672	577	4.79%
Peer Average	0.9026	N/A	N/A

Source: ODE

2021 Local Tax Effort Comparison | Local Peers

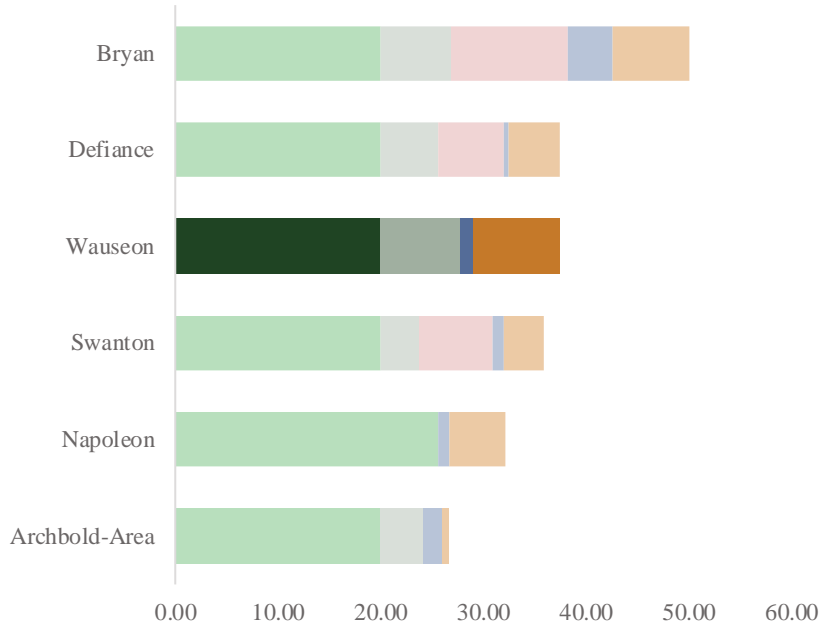
District	LTE	Rank	Percentile
Bryan City	1.3292	127	79.04%
Swanton Local	1.0961	226	62.71%
Defiance City	1.0413	263	56.60%
Napoleon City	0.9468	329	45.71%
Wauseon Ex Vill	0.8850	373	38.45%
Archbold-Area Local	0.8152	421	30.53%
Peer Average	1.0457	N/A	N/A

Source: ODE

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

Efficient • Effective • Transparent

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
Ottawa-Glandorf	1.50%	\$4,496,608	17.5535
Northwest	1.00%	\$3,146,761	9.2205
Bath	-	-	-
Lakeview	-	-	-
Wauseon	-	-	-
Wheelersburg	-	-	-

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

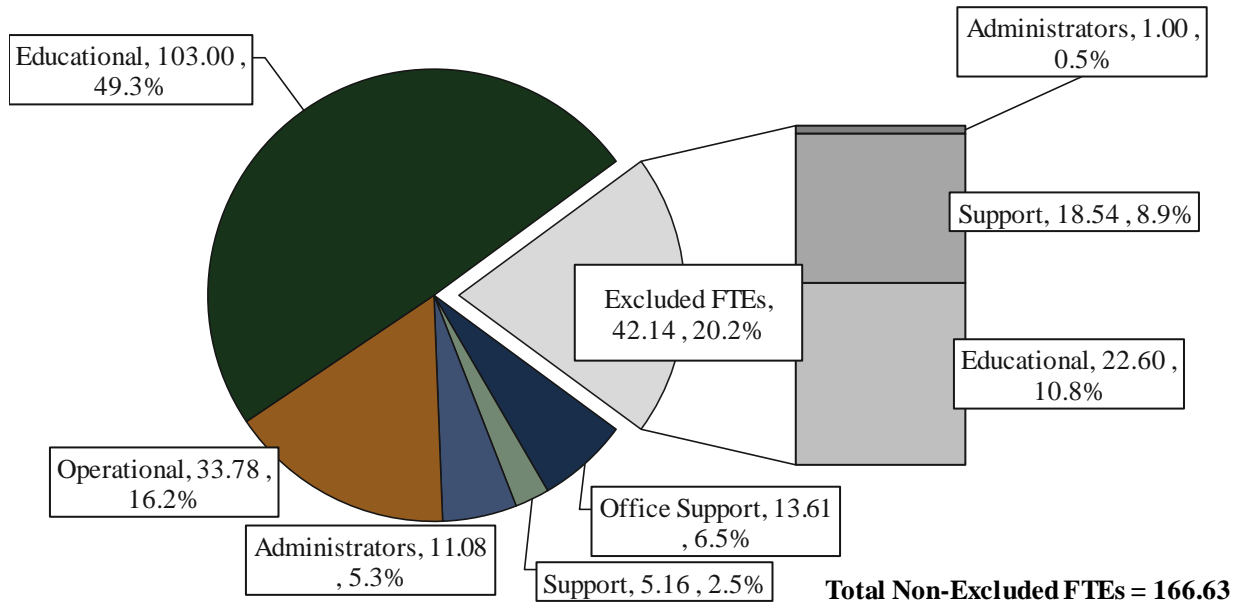
Students Activity Type	WEVSD			Local Peer Avg.
	Rev.	Exp.	1,719 Net Cost	1,614 Net Cost
Academic Oriented	\$0	\$491,568	(\$491,568)	(\$75,430)
Occupation Oriented	\$0	\$89,701	(\$89,701)	(\$15,560)
Sport Oriented	\$0	\$272,875	(\$272,875)	(\$586,459)
School & Public Service Co-Curricular	\$0	\$40,687	(\$40,687)	(\$30,813)
Bookstore Sales	\$0	N/A	\$0	\$894
Other Extracurricular	\$196,712	N/A	\$196,712	\$17,449
Non-specified ¹	\$59,853	N/A	\$59,853	\$76,752
Total	\$256,565	\$894,831	(\$638,266)	(\$613,167)
Total General Fund Direct Revenue			\$6,000.00	\$4,286.00
Total General Fund Direct Expenditures			\$576,740.11	\$552,836.89
Total General Fund Transfers				\$4,000.00
Total General Fund Subsidy of Extracurricular Activities			\$570,740.11	\$552,550.89
Total General Fund Subsidy of Extracurricular Activities per Pupil			\$332.02	\$342.35
Total Difference in General Fund Subsidy to Local Peer Average			(\$17,757.27)	
Remaining General Fund Subsidy			\$570,740.11	

Source: WEVSD, 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: WEVSD

Staffing Comparison Tables

Staffing was analyzed using Education Management Information System (EMIS) records for WEVSD 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	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Supervisor/Manager	2.20	1.28	1.27	0.01	0.02
Coordinator	0.00	0.00	0.47	(0.47)	(0.81)
Director	0.00	0.00	0.25	(0.25)	(0.43)
Other Official/Administrative	1.88	1.09	0.43	0.66	1.14
Total	4.08	2.37	2.42	(0.05)	(0.09)

Source: WEVSD and ODE

Building Administrator Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Buildings	4.0	3.6	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	1.00	0.58	0.94	(0.36)	(0.62)
Principal	4.00	2.32	2.01	0.31	0.53
Total	5.00	2.90	2.95	(0.05)	(0.09)
Position	FTEs	FTEs per Building	FTEs per Building	Difference per Building	Adjusted Difference in FTEs
Assistant Principal	1.00	0.25	0.42	(0.17)	(0.68)
Principal	4.00	1.00	0.89	0.11	0.44
Total	5.00	1.25	1.31	(0.06)	(0.24)

Source: WEVSD and ODE

Teaching Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
General Education	80.50	46.67	48.87	(2.20)	(3.79)
Gifted and Talented	1.00	0.58	0.38	0.20	0.35
Career-Technical Programs/Career Pathways	2.78	1.61	0.13	1.48	2.55
Total	84.28	48.86	49.38	(0.52)	(0.90)

Source: WEVSD and ODE

K-8 Teaching Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,202	1,117	85		
Students Educated (Thousands)	1.202	1.117	0.085		
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	3.00	2.50	1.43	1.07	1.28
Music Education K-8	2.72	2.26	2.63	(0.37)	(0.44)
Physical Education K-8	3.00	2.50	1.25	1.25	1.50

Source: WEVSD and ODE

Non-Teaching Educational Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Curriculum Specialist	1.00	0.58	0.13	0.45	0.78
Counseling	4.00	2.32	1.88	0.44	0.76
Remedial Specialist	0.00	0.00	0.38	(0.38)	(0.66)
Tutor/Small Group Instructor	1.00	0.58	1.05	(0.47)	(0.81)
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.63	(0.63)	(1.09)
Other Educational	0.00	0.00	0.50	(0.50)	(0.86)

Source: WEVSD and ODE

Professional Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Psychologist	1.00	0.58	0.48	0.10	0.17
Social Work	0.00	0.00	0.25	(0.25)	(0.43)
Other Professional - Other	0.00	0.00	0.13	(0.13)	(0.22)

Source: WEVSD and ODE

Technical Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Computer Operating	1.00	0.58	0.63	(0.05)	(0.09)
Computer Programming	0.00	0.00	0.50	(0.50)	(0.86)
Other Technical	1.00	0.58	0.25	0.33	0.57
Total	2.00	1.16	1.38	(0.22)	(0.38)

Source: WEVSD and ODE

Central Office Support Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
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	0.44	(0.44)	(0.76)
Bookkeeping	2.00	1.16	0.49	0.67	1.16
Central Office Clerical	3.00	1.74	0.85	0.89	1.54
Total	5.00	2.90	1.78	1.12	1.93

Source: WEVSD and ODE

Building Office Support Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Buildings	4.0	3.6	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	8.61	4.99	3.78	1.21	2.09
Total	8.61	4.99	3.78	1.21	2.09

Position	FTEs	FTEs per Building	FTEs per Building	Difference per Building	Adjusted Difference in FTEs
School Building Clerical	8.61	2.15	1.67	0.48	1.92
Total	8.61	2.15	1.67	0.48	1.92

Source: WEVSD and ODE

Library Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Librarian/Media	0.00	0.00	0.13	(0.13)	(0.22)
Library Aide	4.00	2.32	0.91	1.41	2.43
Total	4.00	2.32	1.04	1.28	2.21

Source: WEVSD and ODE

Nursing Staff Comparison

Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Registered Nursing	0.85	0.49	1.06	(0.57)	(0.98)
Total	0.85	0.49	1.06	(0.57)	(0.98)

Source: WEVSD and ODE

Other Support Staff Comparison

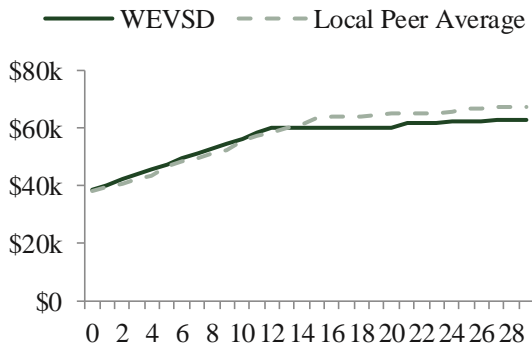
Students	Wauseon Ex Vill SD	Primary Peer Avg.	Difference		
Students Educated	1,725	1,593	132		
Students Educated (Thousands)	1.725	1.593	0.132		
Position	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	Difference per 1,000 Students	Adjusted Difference in FTEs
Monitoring	1.31	0.76	2.62	(1.86)	(3.21)

Source: WEVSD and ODE

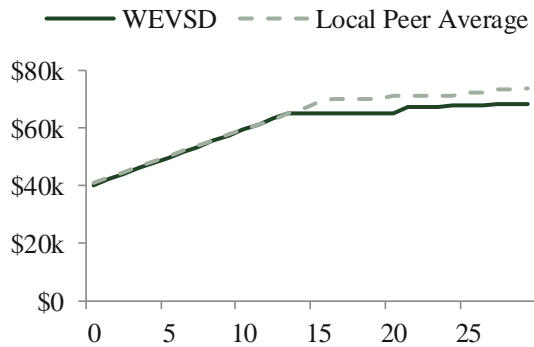
We also looked at annual salaries for all certificated employees and the hourly wage rates for some classified employee position types over the course of a career. The charts which follow show how the annual salaries compare to the peer districts based on the respective salary and wage schedules.

Certificated Career Compensation

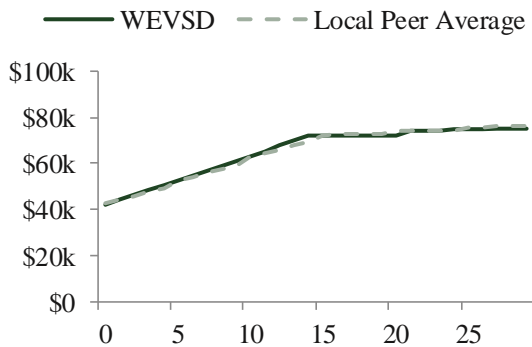
Bachelor's



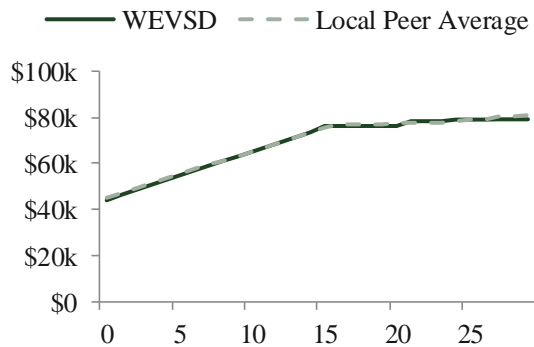
BA+150



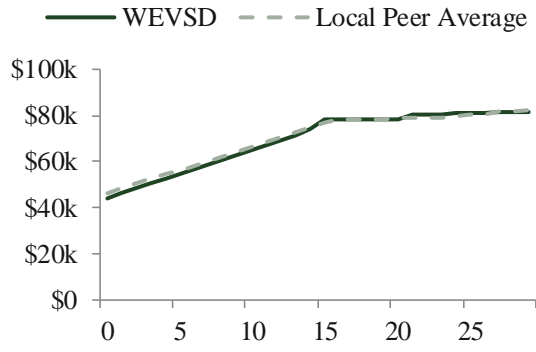
Master's



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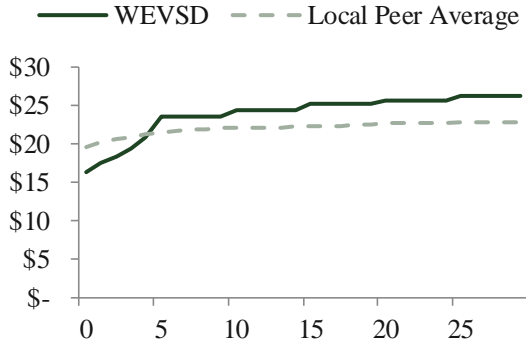
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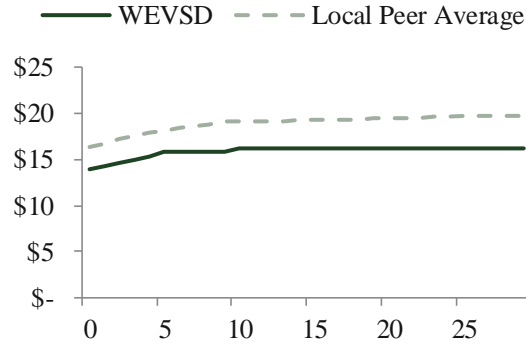
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Classified Career Compensation

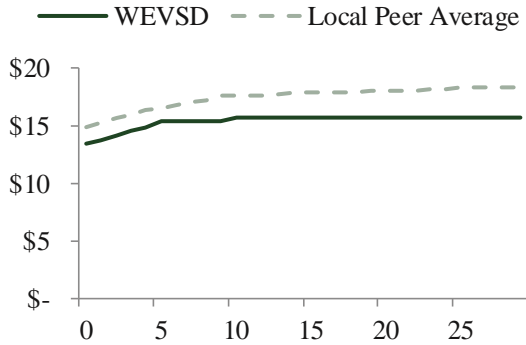
Bus Driver



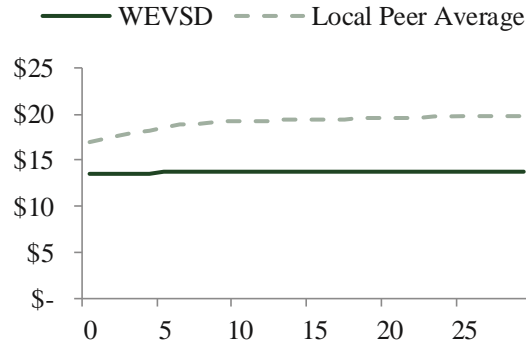
Head Cook



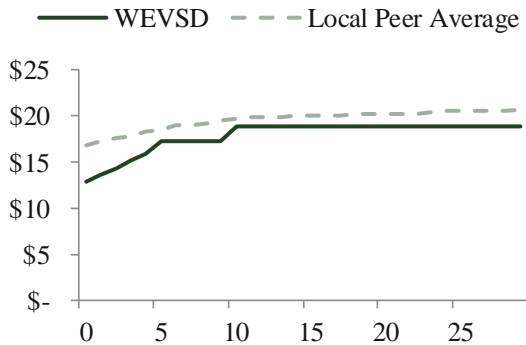
Cook



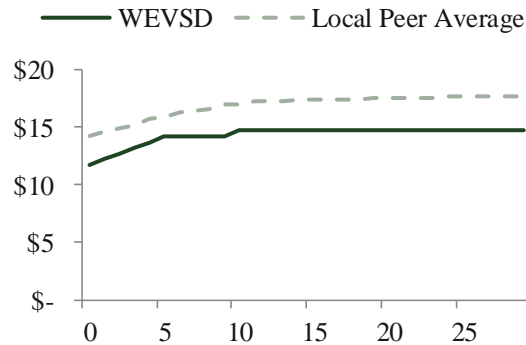
Custodian



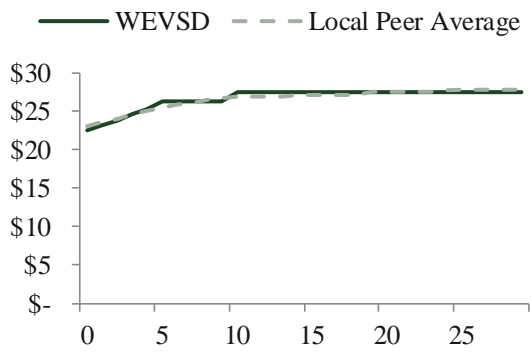
Secretary



Aide



Bus Mechanic



OHIO AUDITOR OF STATE KEITH FABER



WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT

FULTON 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 4/12/2022

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

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