



Dave Yost • Auditor of State





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

At the request of the Ohio Department of Education, the Auditor of State's Ohio Performance Team conducted a performance audit of the District to provide an independent assessment of operations. Functional areas selected for operational review were identified with input from District administrators and were selected due to strategic and financial importance to the District. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the District's overall efficiency and effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management.

The District has been encouraged to use the management information and recommendations contained in the performance audit report. However, the District is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

**SkinnyOhio.org:** This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

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

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost  
Auditor of State

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# Executive Summary

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## Purpose and Scope of the Audit

The Ohio Department of Education (ODE) requested and funded this performance audit of the West Clermont Local School District (WCLSD or the District). ODE requested this performance audit with the goal of improving WCLSD's financial condition through an objective assessment of the economy, efficiency, and effectiveness of the District's operations and management. See **Table 1 in Background** for a full explanation of the District's financial condition.

The following scope areas were selected for detailed review and analysis in consultation with the District, including financial management, human resources, transportation, and facilities. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

## Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as generally accepted government auditing standards (GAGAS).

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

This performance audit provides 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.

## Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the various divisions internally and externally, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources including; peer comparison, surrounding district comparisons, industry standards, leading practices, statutory authority, and applicable policies and procedures.

In consultation with the District, the following 10 Ohio school districts were identified as peers: Brunswick City School District (Medina County), Fairfield City School District (Butler County),

Jackson Local School District (Stark County), Lebanon City School District (Warren County), Medina City School District (Medina County), Miamisburg City School District (Montgomery County), Milford Exempted Village School District (Clermont County), Oak Hills Local School District (Hamilton County), Plain Local School District (Stark County), and Stow-Munroe Falls City School District (Summit County). Where reasonable and appropriate, peer districts were used for comparison.

Some operational areas, including employee compensation and benefits, can be impacted by factors outside District management's direct control, such as geographic location and surrounding district competition. For this reason, comparisons were made to a select group of five districts, referred to as the surrounding districts. The surrounding districts include: Batavia Local School District (Clermont County), Clermont-Northeastern Local School District (Clermont County), Forest Hills Local School District (Hamilton County), Milford Exempted Village School District (Clermont County), and New Richmond Exempted Village School District (Clermont County).

Finally, industry standards or leading practices were used for primary comparison in some operational areas. Sources of industry standards or leading practices used in this audit include: the State Employment Relations Board (SERB), the Ohio Administrative Code (OAC), the National Center for Education Statistics (NCES), the Society for Human Resource Management (SHRM), the School Employees Retirement System (SERS), the State Teachers Retirement System (STRS), the National State Auditors Association, the Ohio Department of Education (ODE), the California Association of School Business Officials (CASBO), the Government Finance Officers Association, the Ohio School Facilities Commission (OSFC), and the Montana Department of Administration.

The performance audit involved information sharing with the District, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the District of key issues impacting selected areas, and shared proposed recommendations to improve operations. The District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the elected officials, management, and employees of the West Clermont Local School District for their cooperation and assistance throughout this audit.

## Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. The District should further study the following issue:

- **Building Utilization:** WCLSD's elementary schools are under-utilized. The difference between actual enrollment and total available capacity may be large enough to warrant the closure of an elementary school (see **R.12**). Closure of a building would largely depend on the District's future decision of whether to reinstate certain academic programs including art and music in the elementary schools. See **Appendix B** for additional information.

## Summary of Recommendations

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

### Summary of Recommendations

Recommendations	Savings
<b>R.1 Reduce up to 25.0 FTE general education teachers</b>	\$1,140,000
<b>R.2 Reduce 7.75 FTE custodians</b>	\$339,000
<b>R.3 Develop a staffing plan that addresses current and future staffing needs</b>	N/A
<b>R.4 Reduce expenditures dedicated to employee health insurance</b>	\$2,289,000
<b>R.5 Negotiate an employee contribution for dental premiums</b>	\$73,000
<b>R.6 Discontinue the retirement fringe benefits offered to administrative staff</b>	\$270,500
<b>R.7 Ensure the Transportation Agreement is properly monitored</b>	N/A
<b>R.8 Increase transportation routing efficiency</b>	\$210,000
<b>R.9 Explore opportunities to increase efficiency in special needs transportation</b>	N/A
<b>R.10 Ensure expenditures are charged to the appropriate funds</b>	N/A
<b>R.11 Eliminate General Fund transfers to the Athletic Fund</b>	N/A
<b>R.12 Update student enrollment projections</b>	N/A
<b>R.13 Implement a fuel reconciliation policy</b>	N/A
<b>Cost Savings Adjustments<sup>1</sup></b>	(\$129,000)
<b>Total Cost Savings from Performance Audit Recommendations</b>	<b>\$4,192,500</b>

<sup>1</sup> Cost savings from certain recommendations are mutually exclusive. The order in which these recommendations are implemented may impact other recommendations and in turn will influence total savings. This cost savings adjustment assumes that the District will implement all staffing reductions (**R.1** and **R.2**) prior to implementing health insurance (**R.4**) and dental insurance (**R.5**). Detailed information concerning the individual financial implications is contained in the respective recommendation within the performance audit.

The following table shows the District's ending fund balances as projected in the May 2013 five-year forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances from fiscal year (FY) 2013-14 through FY 2016-17.

### Financial Forecast with Performance Audit Recommendations

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<b>Original Ending Fund Balance</b>	(\$4,848,896)	(\$9,697,994)	(\$15,469,882)	(\$22,209,904)
<b>Cumulative Balance of Performance Audit Recommendations</b>	\$1,382,325	\$5,844,830	\$10,454,875	\$15,219,739
<b>Revised Ending Fund Balance</b>	(\$3,466,571)	(\$3,853,164)	(\$5,015,007)	(\$6,990,165)

Source: WCLSD May 2013 five-year forecast and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practicable there may be a reasonable delay in doing so. As a result, cost savings in some areas have been applied to FY 2014-15 through FY 2016-17 only.

While the performance audit recommendations are based on the District's operations during FY 2012-13, implementation of all recommendations may not be possible until FY 2014-15 as some recommendations require contract negotiations and others simply would not be implementable until the start of a new fiscal year. If WCLSD implements the recommendations within the performance audit, projected deficits in FY 2016-17 would decrease from approximately \$22.2 million to approximately \$6.9 million. This estimate does not take into consideration the additional efforts made by the District which are expected to reduce the projected deficit even further.

# Background

## District Overview

WCLSD is located approximately 20 miles east of downtown Cincinnati and is comprised of Union Township; Amelia Village; and portions of Batavia, Monroe, Ohio, and Pierce Townships. WCLSD operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms, and is responsible for providing public education to students.

In FY 2012-13, the District served 8,670 students and employed approximately 690 full-time equivalent (FTE) employees. WCLSD operates 12 school buildings for educational purposes: 8 elementary schools serving kindergarten through fifth grade, 2 middle schools serving sixth through eighth grade, and 2 high schools serving ninth through twelfth grade. The District serves an area of approximately 54 square miles and in FY 2012-13, provided transportation services to 2,164 students.

## Financial Status

On July 30, 2012 the District was placed in fiscal caution by ODE based on the potential for deficits. **Table 1** shows WCLSD's total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balance as projected in the District's May 2013 five-year forecast. This information is an important measure of the financial health of the District and serves as the basis for identification of conditions leading to fiscal status designation by AOS and ODE.

**Table 1: WCLSD Financial Condition Overview (May 2013)**

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Total Revenue	\$66,323,619	\$60,502,985	\$62,693,228	\$63,079,422	\$63,469,477
Total Expenditure	\$66,425,236	\$66,280,502	\$67,542,326	\$68,851,311	\$70,209,499
<b>Results of Operations</b>	<b>(\$101,617)</b>	<b>(\$5,777,517)</b>	<b>(\$4,849,098)</b>	<b>(\$5,771,889)</b>	<b>(\$6,740,022)</b>
Beginning Cash Balance	\$1,830,238	\$1,728,621	(\$4,048,896)	(\$8,897,994)	\$14,669,882
<b>Ending Cash Balance</b>	<b>\$1,728,621</b>	<b>(\$4,048,896)</b>	<b>(\$8,897,994)</b>	<b>(\$14,669,882)</b>	<b>(\$21,409,904)</b>
<b>Ending Fund Balance</b>	<b>\$928,621</b>	<b>(\$4,848,896)</b>	<b>(\$9,697,994)</b>	<b>(\$15,469,882)</b>	<b>(\$22,209,904)</b>

Source: WCLSD May 2013 five-year forecast

As shown in **Table 1**, the District's May 2013 five-year forecast projects a deficit of \$4,848,896 in FY 2013-14. This deficit is largely due to a projected 9.1 percent drop in revenue from FY 2012-13 to FY 2013-14 attributed primarily to lower projected Real Estate and Property Tax revenues. The deficit condition over the forecasted period is a direct result of expenditures continuing to outpace revenues and depleted cash balances over the forecast period. Left unaddressed, these conditions are projected to result in a cumulative deficit of \$22,209,904 by FY 2016-17.

Eliminating future deficits can be accomplished by decreasing expenditures, increasing revenue, or a combination of both. Management control over operating decisions can directly affect expenditures. Consequently, WCLSD's operations and related expenses were examined by OPT in an effort to identify areas of potential cost savings for the District.

Revenue, on the other hand, is not directly controlled by school districts, but instead by federal and State laws and regulations and support from local residents. ODE's Local Tax Effort Index is a tool designed to reflect the extent of effort the residents of a school district make in supporting public elementary and secondary education while considering the residents' ability to pay.<sup>1</sup> In FY 2011-12, WCLSD's Local Tax Effort Index was 0.69. The average of the other eight school districts in Clermont County was 0.92. If WCLSD's revenue increases, the District may be able to address the projected deficits with fewer reductions to services.

## Subsequent Events

Findings and recommendations within this performance audit were based on an analysis of the District's May 2013 five-year forecast (see **Table 1**) and operations during FY 2012-13. During the course of the performance audit, WCLSD exhibited prudent fiscal and operational decision-making in managing its projected General Fund deficit. The Board and District administrators were proactive in making difficult decisions to reduce overall expenditures and lessen future operating deficits. During the course of the audit, the District worked with OPT to implement some of the recommendations. After completion of field work and prior to the release of the audit, WCLSD negotiated and/or approved the following changes:

- Reduced 3.0 FTE custodians for FY 2013-14 (see **R.2**);
- Negotiated to increase employee health insurance contributions (see **R.4**);
- Negotiated to implement an employee contribution for dental insurance (see **R.5**);
- Reduced four active buses used to transport regular students (see **R.8**); and
- Negotiated a freeze on all District employees' salaries (see **Appendix B**).

In addition to the aforementioned reductions, WCLSD created the October 2013 five-year forecast prior to the release of the audit. This forecast reflects reductions made by the District during the course of the audit as well as potential changes in projected revenue. The October 2013 five-year forecast, along with the assumptions, can be viewed on ODE's website at <http://education.ohio.gov/>.

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<sup>1</sup> A value of 1 indicates average local tax support, while values below 1 or above 1 reflect below average or above average support, respectively.

# Recommendations

## R.1 Reduce up to 25.0 FTE general education teachers

General education teachers instruct students in a regular classroom environment. Ohio Administrative Code (OAC) 3301-35-05 requires the ratio of general education teachers to students, district-wide, to be at least 1.0 FTE classroom teacher for every 25 students in the regular student population. This category excludes teaching staff in other areas such as gifted, special education, and education service personnel (ESP) teachers.<sup>2</sup>

**Table 2** compares WCLSD's general education teaching staff ratio to the State minimum requirements for FY 2012-13.

**Table 2: FY 2012-13 General Education Teacher Comparison**

General Education Teachers FTEs	315.3
Regular Student Population	7,257
Regular Students to General Education Teacher Ratio	23:1
State Minimum Required Teachers (based on 25:1 ratio)	290.3
<b>General Education Teachers Above State Minimum Requirement</b>	<b>25.0</b>

Source: WCLSD and OAC

As illustrated in **Table 2**, WCLSD staffs 25.0 FTEs over the State minimum requirement for general education teachers. While it is not a common practice in Ohio to operate at or near State minimums, WCLSD may need to make significant staffing reductions to address potential deficits if savings cannot be identified and achieved in other areas of operation and revenue sources stabilized. If the District determines that staffing reductions are necessary in order to function within its current operating budget, it should first consult with ODE to ensure it maintains compliance with State requirements.<sup>3</sup> Further reductions to teaching staff may negatively affect student achievement.

**Financial Implication:** Reducing 25.0 FTE general education teachers would save approximately **\$1,140,000** in salaries and benefits annually. This savings was calculated using the FY 2012-13 base salary for a teacher with a bachelor's degree of \$33,022 and includes an average benefit of 38.1 percent (\$12,580).<sup>4</sup> Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried staff.

<sup>2</sup> ESP positions include art, music, and physical education teachers, counselors, librarians, media specialists, school nurses, and social workers. OAC 3301-35-05 requires that school districts employ a minimum of 5.0 FTE ESP for every 1,000 students in the regular student population. In FY 2012-13 WCLSD's ESP staffing was below the guideline by 7.0 FTEs.

<sup>3</sup> The 25.0 FTEs is calculated using the regular student population reported in FY 2012-13. If the District determines that further staffing reductions are necessary it should work with ODE once the FY 2013-14 regular student population numbers are finalized to ensure that it continues to staff teachers within the State minimum requirements.

<sup>4</sup> The average benefit percentage is calculated by taking the District's total employee retirement and insurance benefits divided by the District's total personal service expenditures in FY 2011-12.

## R.2 Reduce 7.75 FTE custodians

As turnover and attrition allows, WCLSD should seek to replace some of its 12 month custodial positions with 9 month custodians in order to minimize staffing costs during non-peak times.<sup>5</sup>

In FY 2012-13, WCLSD's custodial staffing was comprised of 10.0 FTE head custodians and 30.75 FTE building custodians for a total of 40.75 FTEs.<sup>6</sup> Each of the District's 10 buildings has a full-time head custodian responsible for custodial duties such as cleaning and supply inventory as well as non-custodial support including light maintenance and school bus duty.

The National Center for Education Statistics (NCES) is an entity within the U.S. Department of Education responsible for collecting, analyzing, and reporting data related to education. The *Planning Guide for Maintaining School Facilities* (NCES, 2003) was developed to assist in evaluating a facilities maintenance plan. According to NCES, on average, a custodian can clean approximately 29,500 square feet in eight hours at a level that is typical of school facilities. **Table 3** illustrates WCLSD's custodial staffing by building compared to the NCES benchmark.

**Table 3: FY 2012-13 WCLSD Custodial Workload**

Campus	WCLSD		NCES	Difference
	Square Footage Cleaned <sup>1</sup>	FY 2012-13 FTE Custodians	Custodial Need <sup>2</sup>	FTEs Above (Below) Benchmark
Amelia Elementary	78,741	3.00	2.75	0.25
Brantner Elementary	45,531	2.50	1.75	0.75
Clough Pike Elementary	42,058	2.00	1.50	0.50
Holly Hill Elementary	45,738	2.50	1.75	0.75
Merwin Elementary	52,225	2.50	2.00	0.50
Summerside Elementary	47,303	2.50	1.75	0.75
Willowville Elementary	42,041	2.00	1.50	0.50
Withamsville-Tobasco Elementary	64,329	2.50	2.25	0.25
Amelia Campus	226,340	9.50	7.75	1.75
Glen Este Campus	279,573	11.00	9.50	1.50
Administration Center	14,000	0.75	0.50	0.25
<b>Total</b>	<b>937,879</b>	<b>40.75</b>	<b>33.00<sup>3</sup></b>	<b>7.75</b>

Source: WCLSD and NCES

<sup>1</sup> Represents 95 percent of total building square footage to account for storage and mechanical spaces that are not regularly cleaned.

<sup>2</sup> Calculated by dividing the building square footage by the benchmark of 29,500 square feet. FTE custodians needed per building were rounded up to the nearest 0.25 FTE to present a more conservative estimate of potential staffing reductions.

<sup>3</sup> This total reflects the sum of FTEs needed to service all 11 buildings.

<sup>5</sup> In FY 2012-13, WCLSD's custodians worked 260 days per year, including summer, winter, and spring breaks.

<sup>6</sup> Building custodians are comprised of full-time and part-time day and evening shift employees.

As shown in **Table 3**, the District's custodial staffing exceeded the benchmark by 7.75 FTEs in FY 2012-13. On average, WCLSD's custodians clean approximately 6,485 square feet less than NCEs's recommended level of 29,500 square feet. Reducing custodial FTEs will allow the District to properly align workload to an appropriate staffing level while maintaining an efficient number of FTEs to perform cleaning duties throughout the District's buildings.

**Financial Implication:** Reducing 7.75 FTE custodians would save approximately **\$339,000** in salary and benefits. This savings is calculated using the average salary of the lowest paid 7.75 FTE custodians at WCLSD in FY 2012-13 (\$31,762) and includes an average benefit of 38.1 percent (\$12,101).<sup>7</sup> Estimated savings could increase if reduction occurs through retirement or voluntary separation of higher salaried staff.

### **R.3 Develop a staffing plan that addresses current and future staffing needs**

The District implemented numerous organizational changes during FY 2012-13, including the reduction and reorganization of administrative personnel and the elimination of various certificated and classified positions. However, WCLSD does not have formal procedures to guide District personnel in determining appropriate staffing levels across the District. Instead, the District determines staffing levels on an as needed basis based on student population and available financial resources.

*Strategic Staffing Plans* (Society for Human Resource Management (SHRM), June 2002) notes that high performing organizations use plans and a system to monitor and control the cost of engaging human capital. A strategic staffing plan forms an infrastructure to support effective decision-making in an organization. In addition, *Estimating Future Staffing Levels* (SHRM, 2006) highlights the need for a staffing plan. This publication notes that the most important question for any organization is what type of workforce it will need in order to successfully implement its business strategy. Once this question is answered, the organization must focus on recruiting, developing, motivating, and retaining the number and mix of employees that will be required at each point in time.

Two area school districts have developed effective staffing plans that WCLSD administrators may wish to consult when developing the District's plan. Lakota Local School District (Butler County) established a staffing plan that incorporates staffing allocation factors such as State and federal regulations as well as workload measures. In general, staffing benchmarks in this plan are calibrated to available General Fund revenues. In addition, Cincinnati City School District (Hamilton County) has developed a staffing plan that incorporates State requirements, contractual agreements, available resources, and educational goals into a process that includes central and site based administrators and other personnel.

A comprehensive staffing plan will help WCLSD openly communicate staffing strategies and priorities, as well as contingency plans should the District fail to secure sufficient revenue again in the future. Furthermore, the District can explain or defend its decisions to hire or reduce personnel based on the objective analysis and clear reasoning that a staffing plan offers.

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<sup>7</sup> The average benefit percentage is calculated by taking the District's total employee retirement and insurance benefits divided by the District's total personal service expenditures in FY 2011-12.

#### R.4 Reduce expenditures dedicated to employee health insurance

**Prior to making any changes to health insurance, the District should review the Patient Protection and Affordable Care Act to ensure that intended results will be achievable under the new legislation.**

WCLSD offers the choice between two plans for medical coverage; a Preferred Provider Organization (PPO) Plan and a High Deductible Health Plan (HDHP). In 2013<sup>8</sup>, there were 605 District employees enrolled and receiving medical coverage, 596 of which elected to enroll in the PPO plan.<sup>9</sup> **Table 4** provides an illustration of WCLSD's 2013 insurance premiums for both plans, including District and employee contributions.

**Table 4: WCLSD 2013 Health Insurance Premiums**

<i>Preferred Provider Organization</i>				
	<b>Single Employee Coverage</b>		<b>Family Coverage</b>	
	<b>Dollar Amount</b>	<b>% of Total Premium</b>	<b>Dollar Amount</b>	<b>% of Total Premium</b>
Employee Contribution	\$75.92	12.6%	\$201.19	12.6%
District Contribution	\$527.33	87.4%	\$1,397.42	87.4%
<b>Total Premium</b>	<b>\$603.25</b>		<b>\$1,598.61</b>	
<i>High Deductible Health Plan</i>				
	<b>Single Employee Coverage</b>		<b>Family Coverage</b>	
	<b>Dollar Amount</b>	<b>% of Total Premium</b>	<b>Dollar Amount</b>	<b>% of Total Premium</b>
Employee Contribution	\$61.85	12.6%	\$163.91	12.6%
District Contribution	\$429.62	87.4%	\$1,138.47	87.4%
<b>Total Premium</b>	<b>\$491.47</b>		<b>\$1,302.38</b>	

Source: WCLSD

The State Employment Relations Board (SERB) surveys public sector entities concerning health insurance costs and publishes this information on an annual basis. The purpose of this survey is to provide data on various aspects of health insurance, plan design, and cost for government entities in Ohio. WCLSD's 2013 PPO premiums for single and family coverage were compared to averages published in the *21<sup>st</sup> Annual Report on the Cost of Health Insurance in Ohio's Public Sector (SERB, 2013)*<sup>10</sup> and to the surrounding district average. **Table 5** illustrates this comparison.

<sup>8</sup> WCLSD's insurance coverage is based on a calendar year (January to December).

<sup>9</sup> Includes 135 employees with single coverage and 461 employees with family coverage

<sup>10</sup> The 2013 survey was sent to 1,325 governmental jurisdictions, 720 of which were school districts and Education Service Centers (ESC). The response rate for 2013 included 92.5 percent of all public jurisdictions responding to the health insurance survey including 700 school districts and ESCs.

**Table 5: WCLSD Premium Comparison**

	WCLSD PPO Plan Premiums	SERB Average Premium (Ohio School Districts) <sup>1</sup>	Surrounding District Average Premium <sup>2</sup>	Difference to SERB Average	Difference to Surrounding District Average
<b>Single Coverage</b>	\$603.25	\$523.00	\$446.87	15.3%	35.0%
<b>Family Coverage</b>	\$1,598.61	\$1,343.00	\$1,203.39	19.0%	32.8%

Source: WCLSD, SERB, and the surrounding districts

<sup>1</sup> Reflects the 2013 average monthly medical/prescription premiums for school districts in Ohio.

<sup>2</sup> Reflects information collected through a questionnaire sent to the surrounding districts regarding 2013 employee health insurance. All five surrounding districts responded. Four of the five surrounding districts offer a PPO plan while the fifth offers a point-of-service plan (POS). A POS is a type of managed care plan that is a hybrid of HMO and PPO plans. According to SERB, PPOs continue to have the status of most utilized plan type and in 2013 represented 72.3 percent of all medical plans statewide.

As illustrated in **Table 5**, WCLSD's premiums for both single and family coverage exceeded the SERB and surrounding districts averages in 2013. The primary cost driver of premiums for health insurance is the level of coverage provided by the chosen plan, including co-insurance, deductibles, and co-payments. Specifically, the more comprehensive the coverage of the plan, the more expensive the premium will be to the employer / employee. Coverage levels are a function of the District's collective bargaining agreements (CBA) and changes would need to be negotiated. See **Table A2** in **Appendix B** for a comparison of WCLSD's coverage to the surrounding district average.

Redesigning coverage, such as increasing the deductibles, out of pocket maximums, and / or co-payments, to a level more in line with the surrounding district average may allow WCLSD to obtain overall lower premiums.<sup>11</sup> In addition to redesigning coverage to reduce premiums, WCLSD should evaluate the following strategies to help lower expenditures dedicated to providing employee health insurance.

- High Deductible Health Insurance Plan (HDHP):** Given that the HDHP plan offers lower premiums to both the employee and the District (see **Table 4**), WCLSD should explore options to increase participation in the High Deductible Health Plan including implementing and contributing to a Health Saving Account (HSA) on behalf of participating employees.<sup>12</sup> In 2013, 9 of the 605 employees (1.5 percent) enrolled in health insurance at WCLSD elected the HDHP. According to the *21<sup>st</sup> Annual Report on the Cost of Health Insurance in Ohio's Public Sector (SERB, 2013)*, HDHPs are growing in popularity (now up to 21 percent of medical plans Statewide) as they feature lower premiums compared to other managed care and traditional insurance plans. If 60 District employees (10 percent) moved from the PPO to the HDHP the District could save \$159,000.<sup>13</sup> If the District coupled the HDHP with a HSA of \$1,000 it could still save

<sup>11</sup> In 2012, WCLSD obtained bids from multiple providers which included several coverage options and premium prices. Changes in coverage would have lowered premium costs for both the employee and the District. However, employees decided to maintain current coverage levels and consequently, higher than average premiums.

<sup>12</sup> Because of the District's financial conditions, as of January 2013 WCLSD decided to no longer fund a Health Savings Account (HSA) for members enrolled in the HDHP.

<sup>13</sup> Calculated based on 10 percent of employees enrolled in both single and family PPO plan switching to the single and family HDHP.

\$100,000 annually. Offering an HSA and proactively educating employees about health insurance may assist the District in increasing participation.

- **Consortium:** Purchasing through a consortium allows entities to leverage purchasing power to obtain more competitive rates. Each of the responding surrounding districts purchases employee health insurance through one of two local consortiums. As a tradeoff of receiving more competitive rates, districts obtaining health insurance through a consortium typically are bound to offering the coverage of the consortium's plan(s). As a result, coverage adjustments may be required for WCLSD. The District should continually evaluate these available options.
- **Employee Contributions to Premiums:** If WCLSD employees wish to maintain current plan structure and coverage levels, the District may consider negotiating a higher employee contribution to premiums. The 2013 employee contributions are illustrated in **Table 4** and are compared to the surrounding district average in **Table A3 of Appendix B**. Increasing employee contributions would provide lower contributions for the District resulting in annual savings.
- **Eliminate Insurance Provisions for Married Couples:** WCLSD provides a benefit to married couples where the District pays 100 percent of the health insurance premium for one family insurance plan or two single plans. This benefit is included within the bargaining agreements and was provided to 15 couples (30 employees) in 2013.

**Financial Implication:** Reducing the District's expenditures dedicated to the PPO health insurance premiums to a level in line with the surrounding districts would save approximately **\$2,289,000** annually. This estimate of savings was calculated by applying the difference between WCLSD's contribution and the surrounding district average contribution to the number of employees on WCLSD's single and family plans. **Table 6** provides a detailed illustration of this calculation.<sup>14</sup>

**Table 6: WCLSD Health Insurance Cost Savings**

District Contribution to Monthly Premium			
Plan Type	WCLSD	Surrounding District Average	Difference
Single Plan District Contribution Premium	\$527.33	\$380.93	\$146.40
Family Plan District Contribution to Premium	\$1,397.42	\$1,026.53	\$370.89
WCLSD Achievable Monthly Cost Savings			
Plan Type	Participants	Monthly Total	
Single Plan	135	\$19,764	
Family Plan	461	\$170,980	
Annual Savings			
<b>Annual Savings</b>			<b>\$2,288,928</b>

Source: WCLSD and surrounding districts

<sup>14</sup> Table A3 in **Appendix B** provides a detailed illustration of WCLSD's premiums and cost sharing between the District and employees compared to the surrounding district average in 2013.

## R.5 Negotiate an employee contribution for dental premiums

In 2013, 615 of WCLSD's employees were enrolled in the District's dental plan and the premium for both single and family coverage was \$87.79 per month.<sup>15</sup> WCLSD's CBAs did not require employee contributions in 2013 and the District paid the full premium for dental coverage. **Table 7** illustrates WCLSD's contribution percentage toward the dental premium compared to the surrounding district and SERB averages.

**Table 7: WCLSD 2013 Employee Dental Contribution Comparison**

	WCLSD	Surrounding District Average <sup>1</sup>	SERB <sup>2</sup>
Employee Contribution	0.0%	10.4%	13.7%
District Contribution	100.0%	89.6%	86.3%

Source: WCLSD and the surrounding districts

<sup>1</sup> Four of the five surrounding districts require some level of employee contribution to dental coverage ranging from 10 percent to 20 percent. One surrounding district, Forest Hills Local School District, does not require an employee contribution and, like WCLSD, pays 100 percent of the dental insurance premium for its employees. This average reflects the average of all five surrounding districts' employee contributions.

<sup>2</sup> Reflects the average employee contribution toward dental premium for school districts in Ohio responding to the 2013 SERB survey.

As shown in **Table 7**, WCLSD's contribution toward dental coverage exceeded the surrounding district and SERB averages. Negotiating an employee contribution closer to these benchmarks will provide the District with comparable contribution percentages as well as a recognized annual savings.

**Financial Implication:** Based on WCLSD's 2013 premiums and employee participation in dental coverage, implementing an employee contribution of 12.5 percent, a level closer to both the surrounding district and SERB benchmarks, would provide the District with approximately **\$73,000** in annual savings.<sup>16</sup>

## R.6 Discontinue the retirement fringe benefits offered to administrative staff

While WCLSD's certificated and classified employees make retirement contributions through salary reduction to the School Employees Retirement System of Ohio (SERS) or State Teachers Retirement System of Ohio (STRS), the District's 25 administrators receive a fringe benefit where the Board pays the employee's contribution for them.

STRS and SERS required employees to contribute 10 percent of their gross salaries to the respective retirement system in FY 2012-13.<sup>17</sup> There are two types of retirement fringe benefits

<sup>15</sup> WCLSD is self-insured for dental insurance. This premium reflects the \$7.80 monthly administrative fee paid for each participating employee plus the District's estimated coverage expense of \$79.99 per employee.

<sup>16</sup> This savings assumes that 90 percent of employees receiving dental coverage in 2013 would continue to participate if an employee contribution were required.

<sup>17</sup> In September 2012, the Ohio General Assembly passed Substitute Senate Bill 342 to improve the financial condition of STRS Ohio. As part of this bill, employee contribution rates will increase from 10 percent to 14 percent. This increase will be phased in at a rate of 1 percent each fiscal year beginning July 1, 2013, through July 1, 2016. According to WCLSD, administrative employees receiving the retirement benefit will be responsible for

some employers have elected to extend to select employees. The first method is referred to as “pick-up” and occurs when the employees’ 10 percent contributions are paid by the district and not deducted from the employees’ salary. The second method is referred to as “pick-up on the pick-up”. This method includes an added benefit where the Board contributes an additional 10 percent of what the employee is supposed to contribute. For example, if an administrative employee earns \$100,000 per year the Board pays the \$10,000 required employee contribution plus an additional \$1,000 (10 percent of \$10,000) for a total contribution of \$11,000. These employer paid contributions are in addition to the 14 percent already paid by the Board as the employer contribution.

In FY 2012-13, WCLSD provided both the pick-up and the pick-up on the pick-up fringe benefits to all 25 of its administrative employees consisting of the Superintendent, Treasurer, Assistant Treasurer, 10 principals, 4 assistant principals, 3 directors, and 5 supervisors.

Paying all, or a portion of, the employee share of retirement contributions allows for some districts to control salary costs and attract administrative personnel by offering these fringe benefits in lieu of a higher salary. As a common practice in Ohio school districts, WCLSD may decide to continue offering this benefit to its senior level staff (Superintendent and Treasurer). However, offering this retirement benefit can be costly and WCLSD may need to make significant reductions to address potential deficits if savings cannot be identified and achieved in other areas of operation.

The District may decide to take a gradual method to decrease this benefit such as a percentage decrease or elimination at individual contract expiration. Another method would be to offer a partial pick-up of employee contributions, rather than the entire 10 percent. If the District reduced the pick-up amount to 5 percent for its 25 administrative employees, it could still recognize a savings of \$150,000 in FY 2014-15.

Financial Implication: Eliminating the pick-up and the pick-up on the pick-up retirement fringe benefits offered to the District’s 25 administrative employees would save approximately **\$270,500** in FY 2014-15.

### **R.7 Ensure the Transportation Agreement is properly monitored**

WCLSD outsources its busing service to Petermann Ltd. (the Contractor). The Transportation Agreement (the Agreement) between the Contractor and the District is effective June 30, 2012 through June 30, 2017. According to the Agreement, the Contractor is responsible for developing an appropriate routing plan to transport students while the District approves routes as well as any material changes made throughout the year.

According to WCLSD, the District receives periodic invoices with limited billing information from the Contractor. These invoices reflect the bus routes assigned at the beginning of the school year and are not updated when routing adjustments occur. The District does not request documentation or justification for the changes made to bus routes throughout the school year.

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contributing the additional 1 percent each year. The District plans to continue contributing on behalf of the employee at the same level as in FY 2012-13, 10 percent of salary plus 10 percent of the contribution.

According to *Best Practices in Contracting for Services* (National State Auditors Association, 2003), monitoring is an essential part of the contracting process. Monitoring should ensure that contractors comply with contract terms, performance expectations are achieved, and any problems are identified and resolved.

To properly monitor a contract, the District should:

- Assign a contract manager with the authority, resources, and time to monitor the project;
- Ensure the contract manager possesses adequate skills to properly manage the contract;
- Track budgets and compare invoices and charges to contract terms and conditions;
- Ensure that deliverables are received on time and document acceptance or rejection;
- Withhold payments to vendors until deliverables are received;
- Retain documentation supporting charges against the contract; and
- Evaluate the contract against established criteria.

In February 2013, administrative responsibilities at the District were reassigned and the Director of Operations was charged with ensuring the transportation service is properly monitored. Requiring the contractor to provide routine reports with accurate and updated service information will allow the Director of Operations to efficiently manage the contract terms, review changes in riders and service levels, and ensure optimal services are provided for the District.

Improved contract monitoring will allow WCLSD to maintain quality services while ensuring that costs are reasonable and expectations are being met. Further, contract monitoring will be useful as the District seeks to reduce costs through improved routing efficiency (see **R.8**) and the delivery of special needs transportation (see **R.9**).

### **R.8 Increase transportation routing efficiency**

In an effort to provide a management tool that schools can use to compare transportation operations to other districts in Ohio, ODE created a transportation efficiency measurement system referred to as the Regular Education Efficiency Target. This measurement system establishes a target student-per-bus value for each individual district in the State and creates an efficiency measurement that is dependent on the number of regular education students transported per bus. Total number of riders and district square miles is then used to make adjustments to account for the significant differences in geographical and population sizes which influence the ability of school districts to route school buses. Districts that exceed the target are defined as being efficient relative to other districts in the State. In FY 2012-13, ODE's adjusted target ridership for WCLSD was 68.0 riders per bus.

At the start of FY 2012-13, the Contractor transported 2,164 regular and non-public riders on 36 buses.<sup>18</sup> This equates to 60.1 riders per bus, 8 riders below the ODE target ridership per bus. **Table 8** compares WCLSD's bus utilization to the ODE target in FY 2012-13.

**Table 8: FY 2012-13 WCLSD and ODE Bus Utilization Comparison**

WCLSD Riders	2,164		
	WCLSD <sup>1</sup>	ODE Target	Difference
Buses	36.0	31.8	4.2
Riders per bus	60.1	68.0	(7.9)

Source: WCLSD and ODE

<sup>1</sup>Reflects buses and riders as reported on the District's FY 2012-13 T-1 reports.

As illustrated in **Table 8**, the District could reduce four regular education buses if it routed buses more efficiently to meet ODE's ridership target of 68 riders per bus.

According to ODE, the ultimate goal in pupil transportation logistics is to transport as many students as possible with as little cost as possible. There are various options that WCLSD should consider to assist with increasing routing efficiency including:

- Re-routing buses throughout the school year:** At the start of each school year, building principals provide the Contractor with a list of all students enrolled. The Contractor formulates the bus routes based on the number of students enrolled in accordance with State minimum guidelines.<sup>19</sup> In FY 2012-13, the Contractor routed buses to accommodate 3,120 riders. However, the District's FY 2012-13 T-1 report indicated it had 2,164 actual riders, a difference of 956 riders. The Contractor noted it does not change routes during the school year because the drivers bid on the routes based on route length. The District could increase its efficiency by re-routing its buses on a regular basis.
- Maximizing the use of cluster stops:** The District could increase its routing efficiency by further implementing the use of cluster stops in residential neighborhoods and other areas where safety permits. Although the District uses cluster stops, it should examine areas where it may be able to expand this option. According to OAC 3301-83-13, pupils in grades kindergarten through eight may be required to walk up to one-half mile to a designated bus stop.
- Evaluating the time between bell schedules:** The District may be able to increase efficiency by lengthening the time between its bell schedules. This would provide buses more time to pick up riders and possibly reduce the total number of buses needed to provide services.

<sup>18</sup> Does not include the buses used to transport special needs riders (see **R.9**).

<sup>19</sup> In FY 2011-12 financial conditions led the District to reduce transportation services to State minimum levels.

Pupil transportation service must be provided in Ohio for students in grades K-8 who live more than two miles from their school.

- **Using student registration forms to better plan for routes:** Sycamore Community School District (Hamilton County) is a leading practice example of a school district that requires parents to submit a transportation registration form on an annual basis to indicate whether the student will require school transportation. Adopting a policy requesting parents to submit a transportation request form will allow WCLSD and the Contractor to more efficiently plan for the number of routes needed to transport students. Further, the form can provide parents a means to communicate other important information such as the student's transportation method, emergency contact information, and authorized guardians.

Implementing one or all of the above options may assist WCLSD in increasing routing efficiency, subsequently reducing the number of buses need to provide transportation to District students.

Financial Implication: Providing transportation services at an efficiency level equal to ODE's ridership target will allow WCLSD to eliminate four active buses, yielding a savings of approximately **\$210,000** annually. This estimate of savings is based on \$52,500 per bus the District realized once it reduced its service to State minimums in FY 2011-12.

### **R.9 Explore opportunities to increase efficiency in special needs transportation**

At the start of FY 2012-13, the Contractor transported 137 special needs riders on 17 buses. Of these buses, 10 transported only special needs riders while the remaining 7 buses consisted of special needs riders mainstreamed with regular riders.

The Contractor charged approximately \$72,000 annually for the operation of each bus in FY 2012-13.<sup>20</sup> This expense includes the Contractor's administrative cost to provide transportation services, bus drivers' salaries and benefits, maintenance and repair of buses, bus insurance, and other costs related to transporting WCLSD students. In addition to the fee paid to the Contractor, the District pays for all fuel used to provide transportation services (see **R.13**) as well as the salaries of bus monitors assigned to special education riders. In FY 2012-13, WCLSD spent approximately \$270,000 for the 13.5 FTE monitors<sup>21</sup> assigned to assist the District's special needs riders. WCLSD's Board approves each monitor prior to being hired.

Individualized Education Programs (IEPs) define the individualized objectives of a child who receives special education and related services, including transportation needs. WCLSD's IEPs are completed at the building level and approved by the IEP committee. The Transportation Supervisor noted that while she is not included in the IEP process, the IEP committee may contact her to ensure the transportation of a student is feasible.

WCLSD should work to improve the efficiency of providing special education transportation by considering the guidelines presented at the 2012 California Association of School Business Officials (CASBO) Expo. This Expo included a workshop that provided information on why

<sup>20</sup> In FY 2012-13, the Contractor charged WCLSD \$404.88 per bus per day. With 178 days of service, this equates to approximately \$72,000 per bus each year.

<sup>21</sup> In FY 2012-13, 0.5 FTE monitor was paid for by the Contractor. This position was eliminated for FY 2013-14.

special education transportation costs are expensive and tips on how to keep costs under control. CASBO's workshop included the following guidelines regarding special education transportation:

- Ensure the special education and transportation departments have a good working relationship, including the transportation department's involvement in the IEP process in order to validate decisions and offer suggestions;
- Advocate changes to building bell schedules for optimal transportation efficiency;
- Provide annual training to teachers, program specialists, other special education personnel, and parents to ensure they understand limitations and costs associated with transportation decisions;
- Investigate cooperating with neighboring districts to reduce duplication of transportation services and seek to share these costs;
- Seek payment-in-lieu of transportation where applicable;
- Review current district ride time guidelines and seek to lengthen the ride time to reduce the number of buses needed;
- Mainstream special needs students where applicable; and
- Have one aide work with multiple students on the bus, if possible.

Implementing some or all of these guidelines may assist WCLSD in improving the efficiency of transporting special needs riders. While actual savings may not be quantifiable, the District could recognize a cost savings if it were able to reduce the number of buses needed to transport special education riders.

#### **R.10 Ensure expenditures are charged to the appropriate funds**

WCLSD pays its Food Service Supervisor and two Athletic Directors entirely from the District's General Fund. The salaries and benefits of these three positions were approximately \$348,000 in FY 2012-13.

According to *Measuring the Cost of Government Services* (Government Finance Officers Association, 2003), all direct and indirect costs associated with measurable activities should be funded by their related proprietary fund. Funding these personnel costs from the General Fund creates an inaccurate depiction of the costs associated with food service and athletic operations. Charging the salaries and benefits of these employees to the Food Service Fund and Athletic Fund will provide an accurate representation of total costs associated with these activities.

WCLSD's Athletic Directors are responsible for various activities that are not associated with athletic operations including overseeing student attendance, resolving discipline problems, and assisting with building supervision and security. In order to accurately measure and evaluate costs, WCLSD should develop a cost allocation plan to provide a true estimate of administrative costs that are essential to the operation of athletic activities. The District should estimate the time and services provided by the Athletic Directors and allocate the costs of these services to the appropriate fund.

### R.11 Eliminate General Fund transfers to the Athletic Fund

In addition to paying WCLSD's Athletic Directors' salaries and benefits from the General Fund (see **R.10**), the District transferred over \$119,000 in FY 2012-13 from its General Fund to its Athletic Fund to cover other costs associated with athletic operations.

WCLSD's pay-to-participate fee structure in FY 2012-13 was \$495 per sport, with no limit for the number of sports played or number of students per family. Pay-to-participate fee schedules were compared to the surrounding districts and were found to be higher than average. Additionally, coach to athlete ratios for high school sports as well as supplemental salary schedules were in line with surrounding districts.

WCLSD should explore opportunities to eliminate the need of General Fund transfers to supplement athletic operations either through enhancing revenue or decreasing expenditures. This may be accomplished by reevaluating its supplemental salary schedules, reducing the number of supplemental positions, reducing the number of athletic teams, or increasing its pay-to-participate fees.

### R.12 Update student enrollment projections

The District does not complete its own enrollment projections. At the request of the Ohio School Facilities Commission (OSFC)<sup>22</sup>, WCLSD's enrollment projections were completed by a consultant in June 2005. The projections were based on data available in FY 2004-05 and forecast student enrollment by grade level through FY 2014-15. OSFC integrated the District's enrollment projections into WCLSD's 2007 Revised Expedited Local Partnership Program Master Plan (the Master Plan). This document established a plan for future development of the District's facilities. **Table 9** shows projected enrollment contained in the Master Plan for FY 2010-11 through FY 2014-15.

**Table 9: WCLSD Five-Year Projected Enrollment**

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	Five-Year Difference
<b>Elementary Total</b>	4,670	4,647	4,658	4,658	4,663	(7)
<b>Middle Total</b>	2,134	2,191	2,217	2,258	2,232	98
<b>High Total</b>	2,347	2,379	2,406	2,419	2,514	167
<b>District Total</b>	<b>9,151</b>	<b>9,217</b>	<b>9,281</b>	<b>9,335</b>	<b>9,409</b>	<b>258</b>

Source: WCLSD enrollment projections

Note: Enrollment projections exclude full-time joint vocational students and regular education Pre-K students.

**Table 9** illustrates an overall increasing enrollment trend. Elementary enrollment was projected to remain flat with steady growth occurring in the middle and high school enrollments. The Master Plan is based on these projections, with a peak enrollment of 9,409 students occurring in FY 2014-15.

<sup>22</sup> The Ohio Facilities Construction Commission, formed in September 2012, consolidated the operations of the former State Architect's Office and the Ohio School Facilities Commission. OSFC continues to exist within the new consolidated agency and is focused on programmatic issues related to funding K-12 construction projects.

**Table 10** the shows WCLSD's actual building enrollment from FY 2010-11 to FY 2012-13.

**Table 10: WCLSD Three-Year Actual Enrollment**

Building	FY 2010-11	FY 2011-12	FY 2012-13	Difference	% Difference
Elementary Total	4,543	4,412	4,193	(350)	(7.7%)
Middle Total	1,961	1,990	1,951	(10)	(0.5%)
High Total	2,665	2,509	2,460	(205)	(7.7%)
<b>District Total</b>	<b>9,169</b>	<b>8,911</b>	<b>8,604</b>	<b>(565)</b>	<b>(6.2%)</b>

Source: ODE October headcount data

Note: Enrollment includes full-time joint vocational students and regular education Pre-K students. It does not include students who are enrolled in the District but not assigned to a specific building.

As shown in **Table 10**, the District's enrollment decreased by 350 students at the elementary level and 565 students for the District as a whole. This amount is contrary to the District's enrollment projections illustrated in **Table 9**. Consequently, the current enrollment projections are inaccurate and should not be used to evaluate the District's future facilities requirements (see **Issue for Further Study**). The District should develop updated enrollment projections that take into account the most current data. Completing these projections is a complex process as it involves comprehensive data collection and requires expertise when analyzing and projecting enrollment numbers. If WCLSD does not have a qualified person on staff to complete these projections, it should consider contracting with a third party specializing in this practice.

### **R.13 Implement a fuel reconciliation policy**

WCLSD has a fuel tank at its bus facility and purchases diesel fuel in bulk for the operation of regular transportation routes and field trips. Fuel is not part of the Transportation Agreement and the District incurs these expenses in addition to the purchased service fees paid to the Contractor for transportation services. In FY 2012-13, WCLSD's transportation fuel expenditures totaled approximately \$400,000.

The fuel tank is secured by a gated fence and an on/off switch located inside the bus garage. According to the Contractor, the fuel tank is turned off in the evening for security purposes. During hours of operation, drivers pull up to the bulk tank at the District's bus facility and fill up the bus. Drivers do not have vehicle log books and are not required to track dates of fill up, gallons of fuel used, or mileage traveled.

The Montana Department of Administration has a bulk fuel policy that requires physical controls over bulk fuel tanks. WCLSD should consider implementing the following controls:

- Adding and regularly rotating padlocks to tank nozzles;
- Installing a dispensing meter on bulk tanks; and
- Reconciling vehicle logbooks against bulk tank transaction logs.

Failing to report mileage and fuel usage leaves the Contractor and the District with limited information on whether fuel is being properly used. Reconciling the bulk fuel purchases to vehicle log books will ensure the fuel purchased is being used for its intended purpose.

## Appendix A: Scope and Objectives

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

In consultation with ODE and the District, OPT identified the following scope areas for detailed review: financial management, human resources, transportation operations, and facility operations. Based on the agreed upon scope OPT developed objectives designed to identify improvements to economy, efficiency, and / or effectiveness. Objectives and scope areas assessed in this performance audit include:

- **Financial Management**
  - What is the District's current financial state (including fiscal designation and forecasted revenue and expenditures)?
  - How do the District's revenue and expenditures compare to the peer districts (and/or surrounding districts, state averages, etc. when applicable)?
  
- **Human Resources**
  - What is the organizational structure and function of the human resource operations at the District?
  - Does the District have a staffing plan and process that is consistent with its educational goals, available resources, State requirements, and best practices?
  - How do the staffing levels at the District compare to the peer district average and State standards?
  - How do the District's salary schedules for classified and certificated staff compare to the surrounding district average? How do future salary increases for certificated and classified employees compare with the surrounding districts?
  - How do administrative compensation packages (including salary and the District's contribution to the employee's portion of STRS/ SERS) compare to surrounding districts?
  - How do insurance benefits (medical, prescription, dental, vision, and life) offered by the District compare with State averages and surrounding districts?
  - Does the District's Worker's Compensation risk rating and mitigation practices meet recommended practices?
  - How does the District's leave policies and usage compare to State averages?
  - Are there contractual issues within the certificated and classified employee collective bargaining agreements that could be costly for the District?
  - How do the District athletic supplemental staffing positions and accompanying compensation compare to the surrounding district average?
  - How do the District' special education program costs and student population compare to peer districts?

- **Transportation**

- Are there contractual issues that are costly and/or can be more detailed to benefit the District?
- Is the District properly monitoring its private contractor?
- Is the contractor effectively routing buses and maximizing capacity?
- Do bell schedules and start/end times provide for the most effective tier schedule in the District?
- Does the District's procedure for purchasing fuel meet recommended practices to ensure the lowest possible costs? Does the District have a process to monitor fuel usage?
- Are non-public students living in the District transported in the most efficient way?
- Is transportation for the District's special education population properly planned for?

- **Facilities**

- How do the District's facilities expenditures compare to peer districts?
- What is the department's organizational structure and staffing level and how do they compare to benchmarks?
- Do building capacity and enrollment projections suggest that the District should change how it plans to use its buildings?
- How do overtime expenditures for facility maintenance and operations compare with peer districts?
- How does the District's Preschool operation compare to alternative methods?

## Appendix B: Additional Comparisons

### Staffing

**Table A1** illustrates the full-time equivalent (FTE) staffing levels per 1,000 students at WCLSD and the average of the peer districts. According to the *FY 2013 EMIS Reporting Manual* (ODE, 2013) instructions for reporting staff data, an FTE is defined by the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time. One (1.0) FTE is equal to the number of hours in a regular working day for that position, as defined by the district.

Peer data is from FY 2011-12 as reported to ODE through the Education Management Information System (EMIS) while WCLSD's data is from FY 2012-13.<sup>23</sup> The staff levels in **Table A1** have been presented on a per 1,000 student basis as staffing levels are partially dependent on the number of students served. In addition, presenting staffing data in this manner decreases differences attributable to the size of the peers. It should be noted that adjustments were made to WCLSD's EMIS data to reflect accurate staffing at the time of the assessment.<sup>24</sup>

**Table A1: WCLSD Staffing Comparison**

	WCLSD		Peer Avg.	Difference	
Students <sup>1</sup>	7,925		6,417	1,508	
Staffing Categories	WCLSD FTEs	WCLSD FTEs Per 1,000 Students	Peer FTEs Per 1,000 Students	Difference Per 1,000 Students	Total FTEs Above (Below) <sup>2</sup>
Administrative	25.0	3.2	4.3	(1.1)	(8.7)
Office/Clerical	38.0	4.8	6.2	(1.4)	(11.1)
General Education Teachers	315.3	39.8	40.4	(0.6)	(4.8)
All Other Teachers	80.7	10.2	10.6	(0.4)	(3.2)
Education Service Personnel (ESP)	29.1	3.7	6.2	(2.5)	(19.8)
Educational Support	13.0	1.6	2.2	(0.6)	(4.8)
Other Certificated	0.0	0.0	0.8	(0.8)	(6.3)
Non-Certificated Classroom Support	61.5	7.8	9.7	(1.9)	(15.1)
Other Professional and Technical Staff	28.2	3.6	4.5	(0.9)	(7.1)

Source: WCLSD FY 2012-13 and peer district FY 2011-12 staffing data as reported to ODE.

Note: WCLSD's operational staffing, including bus drivers, custodians, maintenance workers, and food service employees are not included in the peer comparison. These areas were assessed based on industry and operational standards.

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

<sup>2</sup> Represents the number of FTEs that, when added or subtracted, would bring WCLSD's number of employees per 1,000 students in line with the peer average.

<sup>23</sup> The peer districts were chosen as a benchmark based on data reported in FY 2011-12 including financial data, population and student statistics, and educational performance indicators.

<sup>24</sup> The assessment reflects WCLSD's staffing levels as of May 2013.

As illustrated in **Table A1**, WCLSD was below the peer average in all staffing categories compared. However, due to the District's projected deficit, general education teachers were also assessed in relation to State minimum standards (see **R.1**).

The District's operational staffing areas were not compared to the peer average for various reasons. WCLSD contracts for transportation services and bus drivers are not employees of the District. Food service employees are supported by the Food Service Fund and were not included in the staffing analysis. Custodians and maintenance workers were compared to specific industry benchmarks and workload measures unique to these functional areas (see **R.2**).

### *Salary*

WCLSD's starting wages and step increases were compared to the surrounding district average.<sup>25</sup> This was completed using negotiated salary schedules from FY 2012-13 employee bargaining agreements for WCLSD and the surrounding districts. The following positions were included in the comparison:

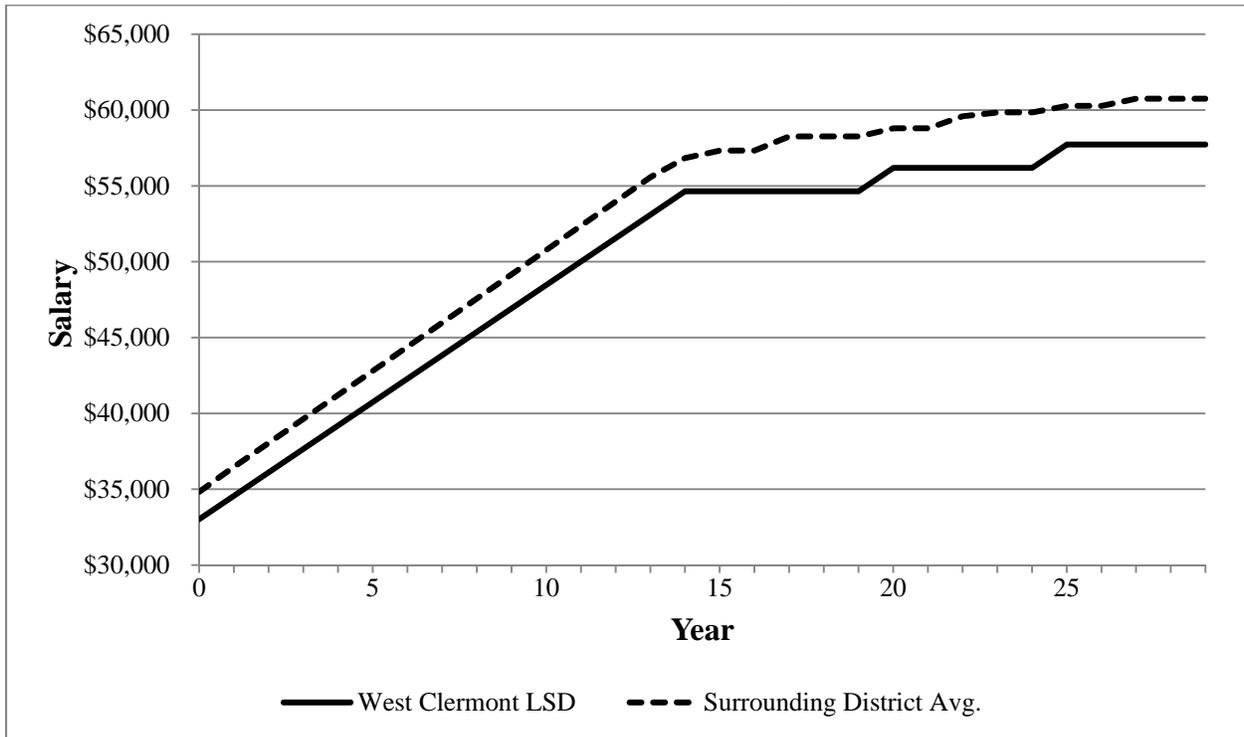
- Teacher (Bachelor's Degree and Master's Degree);
- Custodian;
- Clerical / Secretary; and
- Paraprofessional.

The following charts represent the results within each of the comparisons. Certificated compensation (**Chart A1** and **Chart A2**) is shown as annual salary while classified compensation is shown as hourly rates (**Chart A3**, **Chart A4**, and **Chart A5**). Both categories show salaries and wages at step 0 through step 30 of the salary schedules. While salaries in all areas compared were in line with the surrounding district average, WCLSD should examine all opportunities to address potential deficits if savings cannot be identified and achieved in other areas of operation. During the course of the audit, WCLSD's employees agreed to a salary freeze for FY 2013-14.

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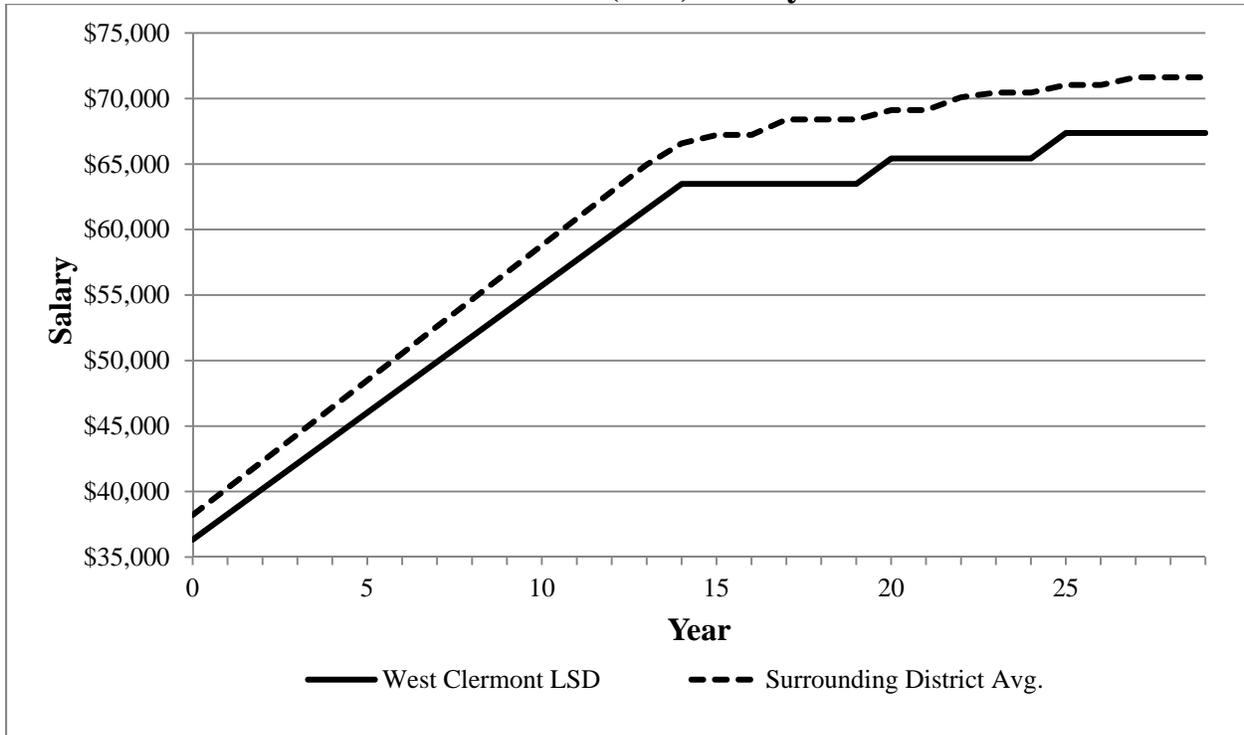
<sup>25</sup> The surrounding districts include: Batavia Local School District (Clermont County), Clermont-Northeastern Local School District (Clermont County), Forest Hills Local School District (Hamilton County), Milford Exempted Village School District (Clermont County), and New Richmond Exempted Village School District (Clermont County).

**Chart A1: Teacher (BA) Salary Schedule**



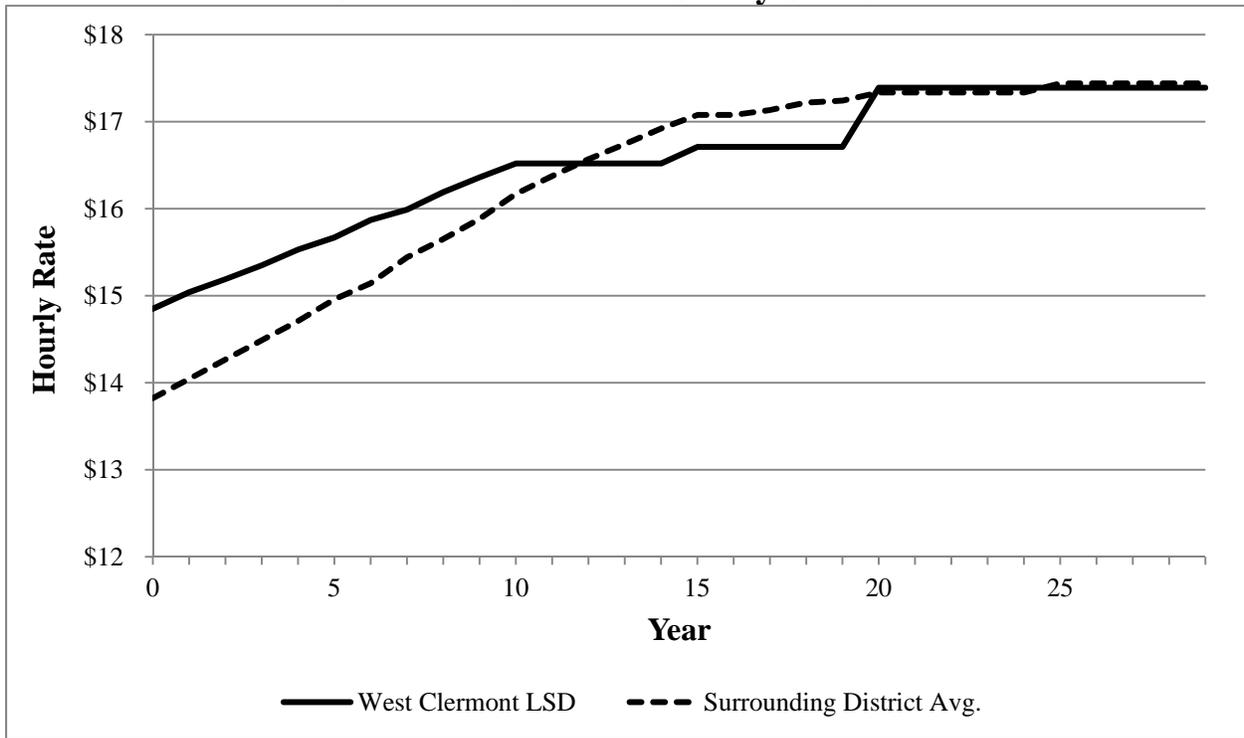
Source: WCLSD and surrounding districts' FY 2012-13 salary schedules

**Chart A2: Teacher (MA) Salary Schedule**



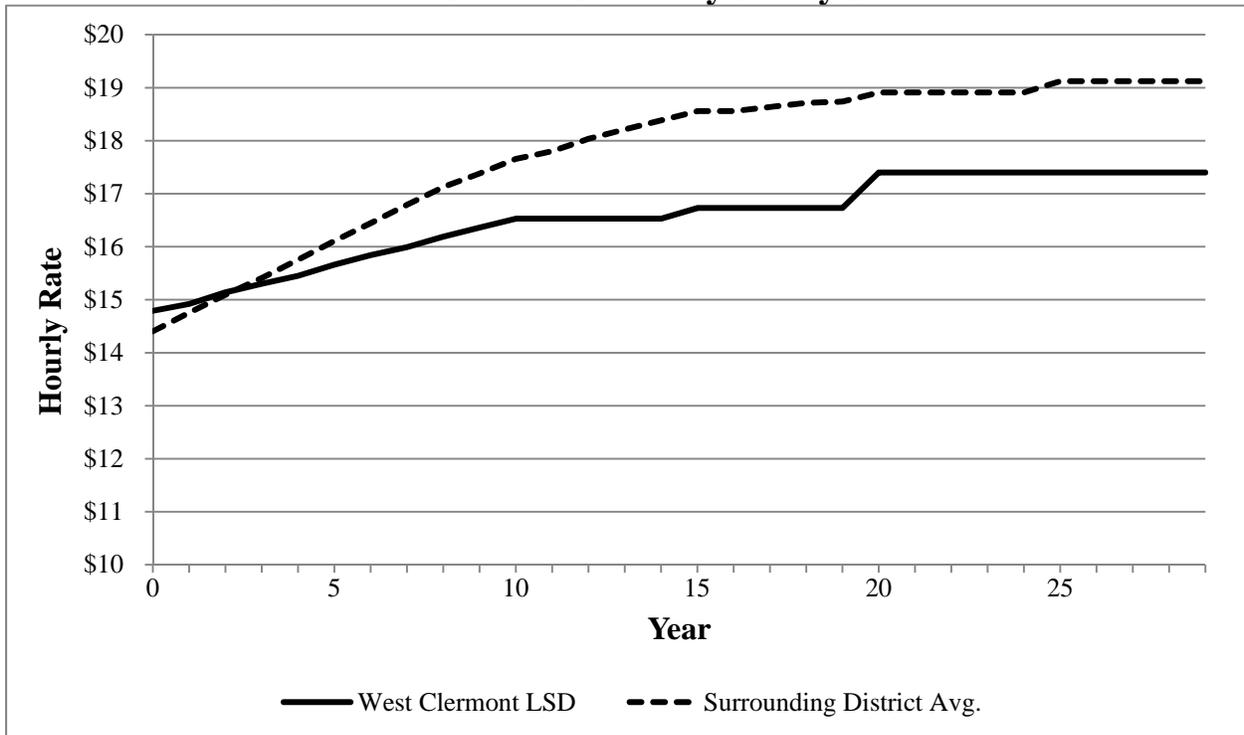
Source: WCLSD and surrounding districts' FY 2012-13 salary schedules

**Chart A3: Custodian Salary Schedule**

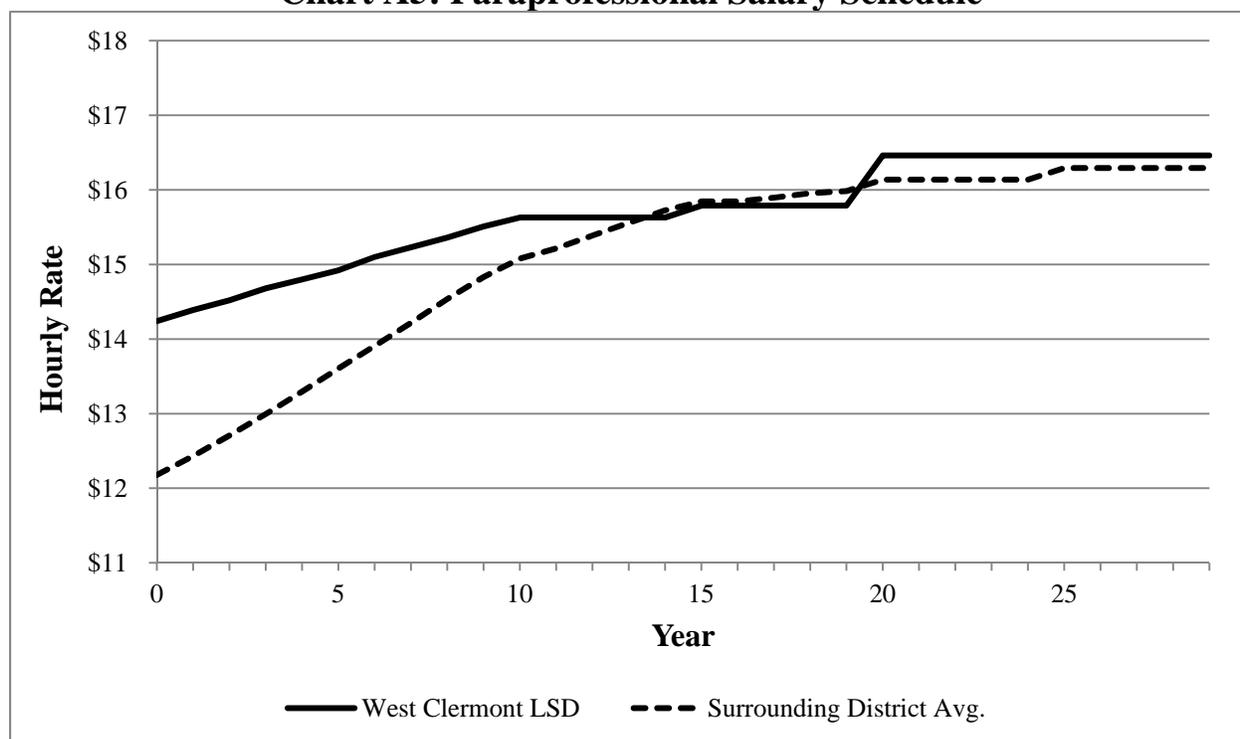


Source: WCLSD and surrounding districts' FY 2012-13 salary schedules

**Chart A4: Clerical/Secretary Salary Schedule**



Source: WCLSD and surrounding districts' FY 2012-13 salary schedules

**Chart A5: Paraprofessional Salary Schedule**

Source: WCLSD and surrounding districts' FY 2012-13 salary schedules

### Health Insurance

The primary cost driver of health insurance premiums is the level of coverage provided by the chosen plan. With higher than average premiums (see **R.4**), evaluating coverage is critical to lowering overall health insurance expenditures. **Table A2** displays a comparison of the coverage levels of WCLSD and the surrounding district average.

**Table A2: WCLSD Medical Coverage Comparison**

	WCLSD	Surrounding District Average <sup>1</sup>
Deductible (Single/Family)	\$200 / \$400	\$500 / \$1,000
Employee Co-Insurance	20%	18%
Out-of-Pocket Maximum - Single/Family	\$1,000 / \$2,000	\$2,300 / \$4,600
Primary Care Physician Co-pay	\$25	\$25
Specialty Care Physician Co-pay	\$25	\$45
Emergency Room	\$100	\$190
Urgent Care	\$35	\$33
Prescription Drugs Retail Pharmacies 30 Day Supply <sup>2</sup>	\$15 / \$30 / \$50	\$17 / \$33 / \$55
Prescription Drugs Mail Service 90 Day Supply <sup>2</sup>	\$30 / \$60 / \$100	\$24 / \$66 / \$116

Source: WCLSD and surrounding districts

<sup>1</sup> Reflects information collected through a questionnaire sent to the surrounding districts regarding 2013 employee health insurance. All five surrounding districts responded.

<sup>2</sup> Three tier structure for prescription drugs that represents generic / brand (formulary) / brand (non-formulary).

As illustrated in **Table A2**, WCLSD's coverage is more generous than the surrounding district average as it provides lower deductibles, out-of-pocket maximums, and co-payments.

**Table A3** compares WCLSD's 2013 PPO health insurance premiums and District contributions to the surrounding district average. In 2013, WCLSD's District contributions for single and family plans were 38.4 percent and 36.1 percent higher than the surrounding district average, respectively. WCLSD may be able to reduce its overall insurance expenditures to a level in line with the surrounding district average by reducing the total premiums through redesigning coverage, increasing the employee contribution to the premium, or a combination of the two (see **R.4**).

**Table A3: Health Insurance Premium Contribution Comparison**

	WCLSD <sup>1</sup>	Surrounding District Average <sup>2</sup>	Difference	% Difference
<b>District Contribution to Monthly Premium</b>				
Single	\$527.33	\$380.93	\$146.40	38.4%
Family	\$1,397.42	\$1,026.53	\$370.89	36.1%
<b>Employee Contribution to Monthly Premium</b>				
Single	\$75.92	\$65.94	\$9.98	15.1%
Family	\$201.19	\$176.87	\$24.32	13.8%
<b>Total Monthly Premium</b>				
Single	\$603.25	\$446.87	\$156.38	35.0%
Family	\$1,598.61	\$1,203.40	\$395.21	32.8%

Source: WCLSD and surrounding districts

<sup>1</sup> WCLSD's 2013 PPO Plan premiums

<sup>2</sup> Reflects information collected through a questionnaire sent to the surrounding districts regarding 2013 employee health insurance. All five surrounding districts responded. Four of the five surrounding districts offer a PPO plan while the fifth offers a point-of-service plan (POS). A POS is a type of managed care plan that is a hybrid of HMO and PPO plans.

## Building Capacity

The District's building capacity and utilization was analyzed according to the methodology described in *Defining Capacity* (DeJong, 1999) to determine if the District is optimizing the use of its buildings. **Table A4** illustrates WCLSD's building capacity<sup>26</sup>, student enrollment, and building utilization rates for each of the District's eight elementary schools.

**Table A4: FY 2012-13 Elementary School Utilization**

WCLSD Building	Capacity	Enrollment <sup>1</sup>	Utilization Rate <sup>2</sup>
Amelia Elementary	875	746	85.3%
Brantner	425	428	100.7%
Clough Pike	650	524	80.6%
Holly Hill	450	411	91.3%
Merwin	650	596	91.7%
Summerside	600	487	81.2%
Withamsville-Tobasco	600	557	92.8%
Willowville	600	444	74.0%
<b>Elementary Total</b>	<b>4,850</b>	<b>4,193</b>	<b>86.5%</b>

Source: WCLSD enrollment and building capacity

<sup>1</sup> Enrollment is based on the October headcount reported to ODE.

<sup>2</sup> Utilization rate is calculated using enrollment divided by building capacity.

As shown in **Table A4**, utilization rates within the District's elementary buildings range from 74.0 percent to 100.7 percent. A number of factors impact capacity within each respective building including the number of non-regular classrooms, desired average class size, and types of instruction provided. For example, the District's elementary school buildings house preschool, Head Start, special education, and county-sponsored programs. Though these program offerings may be beneficial to the District's students or to the broader community they effectively reduce availability of building space which increases overall utilization. Reductions in available capacity can raise the building utilization rates. The Brantner, Holly Hill, and Withamsville-Tobasco buildings have the largest number of non-regular classrooms (omitted when calculating utilization) which contributes to the high utilization rates for these buildings.

<sup>26</sup> Building capacity is calculated based on the number of available regular education classrooms. An average class size of 25 students is used to determine the capacity. Art and music spaces are counted as an available classroom space because the District does not offer these programs in its elementary schools. The available capacity would be affected if these programs are reinstated. Large unused rooms that could be converted for use as classrooms are also included as part of the building's capacity. Non-regular rooms, special education and other programs that require a dedicated space, are excluded from the capacity analysis.

According to *Defining Capacity* (DeJong, 1999), building utilization for middle and high schools is determined using the concept of design capacity<sup>27</sup> compared to enrollment. **Table A5** shows the design capacity, enrollment, and building utilization rates for the District's middle and high schools.

**Table A5: FY 2013-13 Middle School and High School Utilization**

Building	Enrollment	Design Capacity	Utilization Rate
Amelia Middle	1,009	1,275	79.1%
Glen Este Middle	942	1,300	72.5%
<b>Middle Total</b>	<b>1,951</b>	<b>2,575</b>	<b>75.8%</b>
<hr/>			
Amelia High	1,191	1,725	69.0%
Glen Este High	1,269	2,175	58.3%
<b>High Total</b>	<b>2,460</b>	<b>3,900</b>	<b>63.1%</b>

Source: WCLSD enrollment and building capacity

Based on *Defining Capacity* (DeJong, 1999) a utilization rate of 85 percent is considered the target capacity for maximizing utilization of middle and high school buildings. **Table A5** shows that the utilization rate of each of the middle and high schools is below 85 percent. Glen Este High School has the lowest utilization due to the partial closure of one wing of the building which is intended for eventual demolition and reconstruction; most classes have been relocated to other areas of the building. While the utilization rate is low, the District has taken steps to consolidate classes into the most functional areas of Glen Este High School.

The District's enrollment significantly affects the building utilization rates. However, the District's enrollment forecast is out-of-date and is not reliable (see **R.12**). Therefore, a reliable enrollment projection must be created before any decision can be made to close or renovate a building.

<sup>27</sup> Design capacity of a building is calculated by multiplying the number of teaching stations by an average class size of 25 students. A teaching station is defined as any regularly sized space where students are educated. Gymnasiums, science, art, music, and computer rooms are all considered teaching stations. Auditoriums, libraries, and cafeterias are not considered teaching stations.

## **Client Response**

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The letter that follows is the District's official response to the performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When the District disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.



## WEST CLERMONT LOCAL SCHOOL DISTRICT

4350 Aicholtz Road, Suite 220  
Cincinnati, OH 45245  
(513) 943-5000  
www.westcler.org

Dr. Keith Kline – Superintendent  
Mrs. Alana Cropper, CPA - Treasurer

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December 10, 2013

Mr. David Yost  
Ohio Auditor of State  
88 E. Broad Street  
Columbus, OH 43215

Auditor Yost,

On behalf of the West Clermont Local School District, we would like to thank the entire Performance Audit Team for their work with our administrative team during the course of this past calendar year. Lead Auditor Melissa Rohr provided quality leadership for your team who, to a person, were both timely and professional in their interactions with our staff.

Because this audit took place while we were looking at a variety of reductions for the 2013-14 school year, just under \$3 million in recommendations from the final report have already been implemented. Unfortunately, this past November, West Clermont was unsuccessful in passing a fourth operating levy that would have stabilized the District's finances and allowed us to bring back many of the services that were lost over the course of the past several years.

We will utilize this audit as we look beyond reductions that have already been made in West Clermont since our last successful levy in 2004. Without question, we are committed to providing our students with the best possible education given the resources provided by our community. We anticipate that, even if the recommendations in this report were fully implemented, the District would remain in Fiscal Caution and eventually move to Fiscal Emergency within the next several years.

This response includes steps already taken as part of our cost containment plan as well as implications for employing the remainder of the recommendations as presented.

### **R.1. Reduce up to 25.0 FTE general education teachers**

Going into the 2013-14 school year, the West Clermont Local School District reduced 12.0 FTE general education teachers. By doing so, the District increased its average class size moving closer to the 25:1 student to teacher ratio suggested by the State. In fact, West Clermont typically uses a 27:1 ratio for most secondary courses and a 25:1 ratio for elementary classrooms. The student population continues to shrink throughout the District as more and more of our students and families leave the District to attend neighboring schools that provide Art, Music, Physical Education, Library services and transportation. The District will address staffing ratios as we begin scheduling for the 2014-15 school year in late spring. We will continue to use the district student to teacher ratios articulated above to determine staffing levels for the upcoming year.

**The reductions that were made prior to the 2013-14 school year reduced district costs in this area by \$821,592.**

### **R.2. Reduce 7.75 custodians**

As with our teaching staff, West Clermont reduced our custodial staff by 3.0 FTE going into the 2013-14 school year. **In doing so, the District has already reduced costs by \$162,037 going into this school year.**

In the audit report, it was mentioned that the head custodians were responsible for additional duties such as inventory, non-custodial support including light maintenance and school bus duty. While these duties, and others, certainly fill each employee's day, it is important to remember that facility cleaning while school is in session, is limited at best. Certainly public areas such as cafeterias and kitchens may be cleaned during regular hours, classroom and restroom cleaning must be completed after students and staff has left at the end of the day. We believe the Performance Audit included Head Custodians in the Custodial Need according to the *Planning Guide for Maintaining School Facilities* when their cleaning time is limited due to additional responsibilities.

As a result, after the elimination of 3.0 FTE's going into this current school year, we believe our custodial staffing levels are appropriate in order to maintain clean and safe buildings for our students and staff.

### **R.3. Develop a staffing plan that addresses current and future staffing need**

As we begin to plan for the 2014-15 school year, we will continue to use student to teacher ratios discussed under Recommendation 1. The District is currently engaging the OFCC to conduct a longer term enrollment study to better understand enrollment trends over the next decade. As our enrollment continues to decrease due to the lack of services we can provide, staffing levels will be adjusted accordingly. We anticipate future reductions in staff can be largely covered through attrition which is monitored closely.

### **R.4. Reduce expenditures dedicated to employee health insurance.**

During the spring and summer of 2013, the District engaged in labor negotiations with both the West Clermont Education Association (Professional Staff) and the Helping Ohio's Public Employees (Support Staff) union. **Through these negotiations, the District was able to realize an \$879,583 reduction in expenditures dedicated to health and dental insurance coverage.**

All employees (including administrators) moved from paying 8% of their health care premiums to paying 16% of the same.

Further, it was agreed that the District and employees would split any increase in health/dental care premiums 50-50 beyond a 10% threshold. This helps to protect the district by sharing potentially large increases in coverage with employees moving forward. Additionally, the District Insurance Committee will continue to meet to find ways to further reduce the District's liability in this area.

### **R.5. Negotiate an employee contribution for dental premiums**

This was included in 2013 negotiations with both associations. The end result was all employees (including administrators) paying 16% of their coverage moving forward.

### **R.6. Discontinue the retirement fringe benefits offered to administrative staff**

According to regional studies, West Clermont's administrative salaries and benefits are currently competitive with other area school districts. That being said, the District will review salaries and benefits for its administrators, as well as job responsibilities, as compared with like districts and appropriate adjustments will be considered by the Board of Education. It should be remembered that any adjustments to salary and/or benefits must be implemented at the start of a new contract for the individual administrator. Further, as attempts to retain and recruit quality administrators are made, it is critical that compensation stay competitive with similar districts in the region.

### **R.7. Ensure the Transportation Agreement is properly monitored**

Currently, the Director of Operations oversees the Transportation Department and the Contractor. Moving into the 2013-14 school year, the District requested the elimination of four bus routes. **This allowed the district to reduce costs by \$280,000 going into the 2013-14 school year.**

Over the summer of 2013, the District partnered with Peterman to survey parents in regards to their use of the transportation system for the new school year. Through this process, we were able to identify approximately 50 student riders who were eligible for transportation but were not going to utilize it over the course of the year. This allowed for additional streamlining of transportation routes as the year began.

Looking to the future, we will continue to monitor the contract with Peterman to assure we are maximizing efficiencies in the system.

**R.8. Increase transportation routing efficiency**

As the District plans for the 2014-15 school year, we are considering the adjustment of start/end times for our buildings in order to maximize efficiencies within the system. Further, we will investigate the possibility of using more cluster stops to reduce the number and time involved in running each route.

**R.9. Explore opportunities to increase efficiency in special needs transportation**

We reduced the number of special education monitors by 5 for the 2013-14 school year and have added back 2 as the need dictated. **This resulted in a savings of \$94,500.**

The office of Student Services and Building Operations will continue to work with the Director of Transportation to monitor the number of special education students that require transportation due to their disability. Decisions to qualify special education students will be the responsibility of the Individualized Education Team under the supervision of a special education Supervisor or Director. These decisions will take place at the building level with all members of the IEP team present. Currently West Clermont has 1,319 identified special education students. Of those 1,319 students, 248 students with significant disabilities (ex. cognitively delayed, non-verbal, non-ambulatory, emotionally disturbed) have been identified as students that require specialized transportation by their IEP team members. Ed Dyer, Director of Operation, Laura Nazzarine, Director of Student Services and Sharon Stark, Director of Transportation will continue to meet to discuss student concerns and transportation trainings involving the care and qualifications of special education students.

**R.10. Ensure expenditures are charged to the appropriate funds**

The District will change the Food Service Supervisor to be coded to the Food Service Fund and the Athletic Directors will be coded to the Athletic Fund. Since either of these funds have the resources to support these expenditures, transfers will need to be made from the General Fund to continue this service. No savings to the General Fund will occur as the result of this change.

**R.11. Eliminate General Fund transfers to the Athletic Fund**

As noted in the report, to eliminate the transfers into the Athletic Fund, the District will need to raise revenues or reduce staffing. We will continue to evaluate our sport staffing levels relative to student interest, safety and OHSAA requirements, in order to identify any reductions that could be accomplished. The District surveyed our students who have left under open enrollment and the District's comparably high pay to participate fees has been cited as a reason. To raise the fees could cause further reduction in the number of athletes paying the fees, which could lead to an increased amount necessary to transfer rather than the desired reduction of the amount of the transfer.

**R.12. Update student enrollment projections**

The West Clermont Local School District has engaged with the Ohio Facilities Construction Commission (OFCC) this fall to begin the process of creating a new Master Plan for the District's facilities. Part of this study includes a thorough projection of enrollment for the next decade. We anticipate having new student enrollment projections in hand in the spring of 2014.

**R.13. Implement a fuel reconciliation policy**

We currently reconcile our invoices to the delivery receipts. We have been working with Petermann Transportation to install the necessary equipment to facilitate monitoring of fuel by use of log books in each bus. We expect to have this in place by January 2014.

**Summary**

As you can readily see, West Clermont has spent significant time and energy to proactively address the recommendations presented in this Performance Audit.

In addition to the reductions listed above, the District was also able to negotiate a step and base freeze for the 2013-14 school year. **That amount saved the district an additional \$688,758 in personnel costs.**

**In total, the District proactively made just under \$3 million in reductions going into the start of the current school year. Many of these reductions were recommended as part of the Auditor's report.**

**In addition, on December 9, 2013, the West Clermont Board of Education agreed to roll over the contracts of both the West Clermont Education Association and the Helping Ohio Public Employees union. This action continues a freeze on both the base and steps for the next two academic years. Administrative and Exempt employees will be subject to the same freeze. In doing so, the Board of Education has saved West Clermont taxpayers over \$2 million through the 2015-16 school year.**

As a new Board of Education takes office in January of 2014, we will use this audit as we continue to search for efficiencies in our operation.

Again, we would like to thank you and your team for the work that has been done to date. Your assistance and findings are much appreciated as West Clermont works to avoid Fiscal Emergency in the future.

Sincerely,



Dr. Keith Kline  
Superintendent



Mrs. Alana Cropper  
Treasurer

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# Dave Yost • Auditor of State

**WEST CLERMONT LOCAL SCHOOL DISTRICT**

**CLERMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 24, 2013**